

# DETROIT FINANCIAL REVIEW COMMISSION

## SCHOOL DISTRICT REGULAR MEETING

Monday, April 29, 2019  
Following the City Regular Meeting  
(Begins no earlier than 1:05 p.m.)  
Cadillac Place, Suite L-150  
3062 West Grand Boulevard  
Detroit, MI 48202

### MINUTES

**Approved: May 20, 2019**

#### **I. Call to Order**

Madam Chair, Rachael Eubanks called the meeting to order at 1: 08 p.m.

#### **II. Roll Call**

##### Members Present – 6

Rachael Eubanks  
Stacy Fox (via teleconference)  
Chris Kolb (via teleconference)  
Ron Rose  
Iris Taylor  
Nicholai Vitti

##### Members Absent – 5

Mike Duggan (non-voting)  
Brenda Jones (non-voting)  
David Nicholson  
Ike McKinnon  
John Walsh

Let the record show that 6 Commission members eligible to vote were present. 4 participated in person, and 2 participated via teleconference. A quorum was present.

#### **III. Approval of Proposed Minutes from the March 25, 2019 School District Meeting**

Motion made to approve the draft minutes of the Commission's March 25, 2019 School District Meeting as presented. Motion moved and supported, the Commission approved the minutes of the March 25, 2019 meeting as presented.

#### **Old Business – None**

#### **IV. New Business**

##### **a. DPS Financial Report**

Chief Financial Officer Jeremy Vidito presented the Financial Report for DPS and stated that DPS is primarily a wind-down entity whose purpose is the satisfaction of legacy debt obligations.

He further stated that the District's cash and debt payment forecast report shows projected revenues for FY 2019 of \$77.4 million and expenditures related to emergency

loan and bond payments of \$41.4 million. Tax collections for February were \$18.2 million from the 13 mills levy and \$17.3 million from the 18 mills levy. Total tax collections to date is \$63.9 million from the 13 mills levy and \$53.2 million from the 18 mills levy. As of February 28, 2019, DPS's cash balance is \$6.1 million. As of March 8, 2019, DPS's cash balance is \$5.7 million and the projected year-end cash balance for FY 2019 is \$5.0 million. The District has applied to borrow \$95.0 million from the SLRF in order to make the scheduled bond debt payment in May 2019. He addressed questions from the Commission.

**b. Presentation of the Community District's Monthly Financial Report**

Chief Financial Officer Jeremy Vidito presented the monthly financial report and stated that based on actual results through February 2019, DPSCD has a surplus of \$64.0 million of revenues over expenditures; the projected budget showed a \$65.1 million surplus, which is a \$1.1 million negative variance. The District is behind plan by \$18.3 million on the February YTD in the receipt of budgeted revenues. The projected variance is due to a delay from Wayne county for the enhancement millage payment and federal and state reimbursement revenue was below based on lower than expected costs for purchased services and salaries.

Mr. Vidito also reported that DPSCD's cash balance as of February 28, 2019, is \$140.7 million and the projected year-end cash balance for FY 2019 is \$153.7 million, the District's internal service and fiduciary account cash balance is \$25.3 million, the projected year-end cash balance for FY 2019 is \$19.3 million, and the capital projects cash balance is \$1.3 million. He addressed questions from the Commission.

**c. DPSCD FY 20 Budget Projection**

Mr. Vidito gave a brief overview of the DPSCD's FY20 budget projection. He stated that the budget is based on a strategic but conservative revenue and expense framework and highlighted the following:

- **Budget includes a projected \$10M contingency, maintains 10% reserve (Rainy Day Fund), and a projected \$80-90M fund balance for potential one-time investments.**
- **Assumes a one percent increase in fall 2019 enrollment.**
- **Includes limited but strategic reoccurring salary increases and larger one-time bonus salary increases.**
- **Maintains and increases investments at school level through: School Staffing Model, and continues investment in grade level curriculum and expansion of professional development.**

**d. DPSCD FY 20 Proposed Food Service Budget**

Mr. Vidito presented the FY 20 preliminary Food Service Budget noting that the revenue increase is based on a projected 1% increase in student enrollment, and personnel expenses increased to match projected salary increases. He further stated that expenditures were increased to accommodate the projected increase in student enrollment.

**e. DPSCD Five -Year Projection**

Mr. Vidito presented an overview of the preliminary five-year budget projections, explaining that the District is projecting a balanced budget through 2024, and an annual 7-8M contingency through 2022. He further noted that the Enhancement Millage revenue is forecast at a reduced rate starting in 2023 which nearly eliminates contingency

funds. If the millage is not renewed in 2022, revenues will be reduced by \$13M requiring expense reductions to maintain a balanced budget.

**f. DPS FY 20 Budget Projection**

Mr. Vidito gave a brief overview of DPS FY20 budget projection, noting that DPS has two types of debt, capital bonds and operating debt, which are repaid by the 13 and 18 mills levy respectively. He further stated that as of June 30, 2019, there was \$1.46 billion in debt associated with the capital bonds which the current debt schedules forecast being repaid by 2049 and \$285.8 million in operating debt which is scheduled to be repaid by 2027. The debt repayment schedules are updated annually based on the projected tax collections.

**g. Consideration of the Community District's April 2019 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2019-9)**

Public Act 181 of 2014 requires the Financial Review Commission to review and approve contracts meeting any of the three criteria: 1) the contract exceeds \$750,000; 2) the contract has a term exceeding 2 years; and 3) multiple contracts within a single entity that exceed \$750,000 in aggregate.

Chief Financial Officer, Jeremy Vidito gave a brief overview of the Community District's 4 contract approval requests and addressed questions from the Commission. All contracts have been reviewed by the FRC Advisory Subcommittee on Contracts and Procurement.

Motion made to consider and approve the 3 Community District's April 2019 contract approval request (FRC School District Resolution 2019-9). Motion moved and supported. The Commission approve School District Resolution 2019-9 as presented.

**h. Consideration of the Community District's April 2019 out-of-state travel reimbursement requests per MCL 141.1637 (q) (FRC School Resolution 2019-10)**

Public Act 181 of 2014 requires the Financial Review Commission to review and approve the Community District's out-of-state travel reimbursements to school board members, officials, and employees. Mr. Vidito presented 1 request for the month of April 2019 for the Community District.

Motion made to approve the Community District's April 2019 out-of- state travel reimbursement request (FRC School District Resolution 2019-10) as presented. Motion moved and supported. The Commission approved School District Resolution 2019-10 as presented.

**V. Public Comment**

Michelle George

**VI. Next Meeting Date**

School District Regular Meeting: May 20, 2019, following the City Meeting, beginning no earlier than 1:05 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.

**VII. Adjournment**

Motion made to adjourn. Motion moved and supported, the Commission approved the motion to adjourn.

There being no further business, the meeting adjourned at 1:52 p.m.

**FRC Committee Monthly Meeting  
School District  
Resolution Roll Call  
Monday, April 29, 2019**

<b>FRC 4/29/2019 Meeting (DPSCD)</b>	<b>School District Resolution 2019-9 (Consideration of SD March Contracts Requests)</b>  <b>Roll Call</b>	<b>School District Resolution 2019-10 (Consideration of SD March out-of-state travel Requests)</b>  <b>Roll Call</b>
Ms. Eubanks	Yes	Yes
Ms. Fox	Yes	Yes
Mr. Kolb	Yes	Yes
Mr. McKinnon	Absent	Absent
Mr. Nicholson	Absent	Absent
Mr. Rose	Yes	Yes
Ms. Taylor	Yes	Yes
Mr. Vitti	Yes	Yes
Mr. Walsh	Absent	Absent

Signed by: *B. Greaves*  
Beverly C. Greaves- Secretary

Date: 4/29/2019