

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT REGULAR MEETING

Monday, July 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

I. Call to Order

Madam Chair, Rachael Eubanks called the meeting to order at 1:13 p.m.

II. Roll Call

Members Present – 7

Rachael Eubanks
Stacy Fox (via teleconference)
Chris Kolb (via teleconference)
David Nicholson
Ron Rose
Nicholai Vitti
John Walsh

Members Absent – 4

Brenda Jones (non-voting)
Dave Massaron (non-voting)
Ike McKinnon
Iris Taylor

Let the record show that 7 Commission members eligible to vote were present. 5 participated in person, and 2 participated via teleconference. A quorum was present.

III. Approval of Proposed Minutes from the June 24, 2019 School District Meeting

Motion made to approve the draft minutes of the Commission's June 24, 2019 School District Meeting as presented. Motion moved and supported; the Commission approved the minutes of the June 24, 2019 meeting as presented.

IV. Old Business - None

V. 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 \$71.4 million and expenditures related to emergency loan and

bond payments of \$41.4 million. Tax collections for May were \$2.4 million from the 13 mills levy and \$1.5 million from the 18 mills levy. Total tax collections through May 31 is \$67.9 million from the 13 mills levy and \$57.0 million from the 18 mills levy, and total tax collections through June 30, is \$77.2 million from the 13 mills levy and \$69.5 million from the 18 mills levy. As of May 31, 2019, DPS's cash balance is \$5.7 million. As of June 14, 2019, DPS's cash balance remains unchanged and the projected year-end cash balance for FY 2019 is \$5.7 million. 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 May 2019, DPSCD has a surplus of \$59.0 million of revenues over expenditures; the projected budget showed a \$57.2 million surplus, which is a \$1.8 million positive variance. The District is behind plan by \$25.1 million on the May YTD in the receipt of budgeted revenues. The projected variance is due to federal 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 May 31, 2019, is \$138.9 million and the projected year-end cash balance for FY 2019 is \$144.2 million. As of May 31, 2019, the District's internal service and fiduciary account cash balance is \$24.0 million and the projected year-end cash balance for FY 2019 is \$22.0 million. The District's capital projects account cash balance is \$22.0 million. The District's rainy-day account cash balance is \$35.7 million. He addressed questions from the Commission.

c. Detroit Federation of Teachers (DFT) Wage Reopener – FY 20

Mr. Vidito gave an update on DFT Wage Re-opener noting that the District has been in extensive and lengthy negotiations with the DFT regarding the wages for the final year of the three-year contract, which expires in June 2020. He stated that the total cost of their third-year wage re-opener is \$23.4 million, \$14.1 million in one-time costs and 9.3 million in recurring costs. He addressed questions from the Commission.

d. Consideration of the Community District's July 2019 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2019-17)

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 8 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 8 Community District's July 2019 contract approval request (FRC School District Resolution 2019-17). Motion moved and supported. The Commission approve School District Resolution 2019-17 as presented.

VI. Public Comment

Edy Peeples

VII. Next Meeting Date

School District Regular Meeting: August 26, 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.

VIII. 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 1:50 p.m.

DRAFT

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

<p style="text-align: center;">FRC 7/29/2019 Meeting (DPSCD)</p>	<p style="text-align: center;">School District Resolution 2019-17 (Consideration of SD March Contracts Requests)</p> <p style="text-align: center;">Roll Call</p>
Ms. Eubanks	Yes
Ms. Fox	Yes
Mr. Kolb	Yes
Mr. McKinnon	Absent
Mr. Nicholson	Yes
Mr. Rose	Yes
Ms. Taylor	Absent
Mr. Vitti	Yes
Mr. Walsh	Yes

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

Date: 7-29-2019