

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT REGULAR MEETING

Monday, September 30, 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: October 28, 2019

I. Call to Order

Madam Deputy Chair, Joyce Parker called the meeting to order at 1:12 p.m.

The meeting was informed that in accordance with Public Act 181 of 2014, The Michigan Financial Review Commission Act, MCL 141.1631-141.1643, Joyce A. Parker, Deputy State Treasurer, State and Local Finance, will serve as designee and a member of the Financial Review Commission in the absence of Chairperson Rachael Eubanks, State Treasurer, for the City of Detroit, the Detroit Public Schools and the Detroit Public Schools Community District.

In addition, and pursuant to Section 5 (5) of the Act, MCL 141.1635 (5), Joyce A. Parker will also serve as Chairperson of the Commission in the absence of Rachel Eubanks, State Treasurer.

II. Roll Call

Members Present – 6

Stacy Fox (via teleconference)
Chris Kolb (via teleconference)
Ike McKinnon (via teleconference)
David Nicholson
Joyce Parker
Nicholai Vitti

Members Absent – 6

Rachel Eubanks
Brenda Jones (non-voting)
Dave Massaron (non-voting)
Ron Rose
Iris Taylor
John Walsh

Let the record show that 6 Commission members eligible to vote were present. 3 participated in person, and 3 participated via teleconference. A quorum was present.

III. Approval of Proposed Minutes from the August 26, 2019 School District Meeting

Motion made to approve the draft minutes of the Commission's August 26, 2019 School District Meeting as presented. Motion moved and supported; the Commission approved the minutes of the August 26, 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 noted that DPS's cash and debt payment forecast report shows projected revenues for FY 2020 of \$89.9 million from the 13 mills levy and \$70.8 million from the 18 mills levy. Expenditures related to emergency loan and bond payments of \$45.3 million and expenditures related to supplemental ORS payments of \$14.2 million. Tax collections for July were \$8.8 million from the 13 mills levy, it is the final Wayne County payment for FY 2019. Tax collections for July were \$0.1 million from the 18 mills levy. As of July 31, 2019, DPS's cash balance is \$3.2 million and the projected year-end cash balance for FY 2020 is \$3.2 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 July 2020, Detroit Public Schools Community District (DPSCD) has a surplus of \$22.3 million of revenues over expenditures; the projected budget showed a \$22.6 million surplus, which is a \$0.3 million negative variance. The District is behind plan by \$0.9 million on the July 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 for special education summer programs that were not needed.

Mr. Vidito also reported that As of July 31, 2019, the District's cash balance is \$115.0 million and the projected year-end cash balance for FY 2020 is \$106.6 million. As of July 31, 2019, the District's internal service fund cash balance is \$17.6 million and the projected year-end cash balance for FY 2020 is \$15.1 million. The District's capital projects fund cash balance is \$17.7 million. The District's rainy-day fund cash balance is \$35.8 million. The District's MILAF investment account cash balance is \$6.5 million. The District's food service fund cash balance is \$21.8 million. The District's legal reserve fund cash balance is \$1.2 million. He addressed questions from the Commission.

c. Consideration of Resolution 2019-21 certifying the Detroit Public Schools Community District's (DPSCD) compliance with the Michigan Financial Review Commission Act per MCL 141.1636 (2)

Mr. Vidito gave a brief overview of the resolution, which is an annual FRC certification required by statute. He noted that in accordance with PA 181 of 2014, the FRC requested the School District's Chief Financial Officer (CFO) to verify compliance with certain statutory requirements as outlined in the CFO's Administrative order.

Motion made to approve Resolution 2019-21 as presented. Motion moved and supported; the Commission approved Resolution 2019-21 as presented.

d. Consideration of Resolution 2019-2 certifying the Detroit Public Schools (DPS) compliance with the Michigan Financial Review Commission Act per MCL 141.1636 (2)

Mr. Vidito gave a brief overview of the resolution, which is an annual FRC certification required by statute. He noted that in accordance with PA 181 of 2014, the FRC requested the School District's Chief Financial Officer (CFO) to verify compliance with certain statutory requirements as outlined in the CFO's Administrative order.

Motion made to approve Resolution 2019-2 as presented. Motion moved and supported; the Commission approved Resolution 2019-2 as presented.

e. Presentation of Wage Re-Opener Agreements for:

- Detroit Federation of Paraprofessionals (DFP) Local no. 2350
- American Federation of State, County and Municipal Employees (AFSCME) Council 25, Local no. 345
- International Union of Operating Engineers - Non-Instructional Supervisory Personnel (NISP), Local no. 324
- Detroit Association of Educational Office Employees (DAEOE), Local no. 4168
- International Brotherhood of Teamsters, Local no. 214
 - Police Officers and Campus Security Police
 - Police Lien Operators
 - Security Officers
- Organization of School Administrators and Supervisors (OSAS), Local no. 28

Mr. Vidito gave an overview of the proposed wage reopener agreements. He noted that the school district reached preliminary agreements with all the bargaining units listed above for FY 2020. He presented a summarized table which included increases in FY 2018 and FY 2019. He stated that: the FY 19 and projected FY 20 costs assumes that the district is fully staffed; FY20 budgeted costs reflect a semester 2 wage increase of 3% for all bargaining units; the proposed CBAs bring the district salaries closer to pre-concession levels and help to make them more competitive with surrounding school districts. He further stated that the Detroit Federation of Teachers is the only union to receive an increase above the budgeted 3% increase to help close the teacher salary gap, and of the \$22 million in proposed costs above FY20 budget estimates, and \$16.8 million are one-time costs in the form of bonus payments. He addressed questions from the Commission.

f. Consideration of the Community District's September 2019 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2019-22)

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 3 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 Community District's September 2019 contract approval requests (FRC School District Resolution 2019-22). Motion moved and supported. The Commission approve School District Resolution 2019-22 as presented.

g. Consideration of the Community District's September 2019 out-of-state travel reimbursement requests per MCL 141.1637 (q) (FRC School Resolution 2019-23)

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 3 requests for the month of September 2019 for the Community District

Motion made to approve the Community District's September 2019 out-of-state travel reimbursement request (FRC School District Resolution 2019-23) as presented. Motion moved and supported. The Commission approved School District Resolution 2019-23 as presented.

VI. Public Comment

Michelle George
Lemar Lemmons

VII. Next Meeting Date

School District Regular Meeting: October 28, 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 1:47 p.m.

FRC Committee Monthly Meeting

School District

Resolution Roll Call

Monday, September 30, 2019

<p>FRC 9/30/2019 Meeting (DPSCD)</p>	<p>School District Resolution 2019-21 (Approving certification of DPSCD's compliance with the Michigan Financial Review Commission Act – Sept. 2018-Aug. 2019 Roll Call)</p>	<p>School District Resolution 2019-22 (Consideration of SD August Contracts Requests) Roll Call</p>	<p>School District Resolution 2019-23 (Consideration of SD August out-of-state travel) Roll Call</p>
Ms. Eubanks	Absent	Absent	Absent
Ms. Fox	Yes	Yes	Yes
Mr. Kolb	Yes	Yes	Yes
Mr. McKinnon	Yes	Yes	Yes
Mr. Nicholson	Yes	Yes	Yes
Ms. Parker	Yes	Yes	Yes
Mr. Rose	Absent	Absent	Absent
Ms. Taylor	Absent	Absent	Absent
Mr. Vitti	Yes	Yes	Yes
Mr. Walsh	Absent	Absent	Absent

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

Date: 9-30-2019

FRC Committee Monthly Meeting
 Detroit Public Schools (DPS)
Resolution Roll Call
 Monday, September 30, 2019

<p style="text-align: center;">FRC 9/30/2019 Meeting (DPS)</p>	<p style="text-align: center;">School District Resolution 2019-2 (Approving certification of DPS compliance with the Michigan Financial Review Commission Act – Sept. 2018-Aug. 2019)</p> <p style="text-align: center;">Roll Call</p>
Ms. Eubanks	Absent
Ms. Fox	Yes
Ms. Jones	Absent
Mr. Kolb	Yes
Mr. Massaron	Absent
Mr. McKinnon	Yes
Mr. Nicholson	Yes
Ms. Parker	Yes
Mr. Rose	Absent
Mr. Walsh	Absent

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

Date: 9-30-2019.