

# DETROIT FINANCIAL REVIEW COMMISSION

## SCHOOL DISTRICT REGULAR MEETING

Monday, February 24, 2020  
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: Monday, March 30, 2020**

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

Madame Chair, Rachael Eubanks called the meeting to order at 1:10 p.m.

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

##### Members Present – 7

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

##### Members Absent – 3

Brenda Jones (non-voting)  
Dave Massaron (non-voting)  
John Walsh

Let the record show that Seven (7) Commission members eligible to vote were present. Four (4) participated in person, and three (3) participated via teleconference. A quorum was present.

#### **III. Approval of Proposed Minutes from the January 27, 2020 School District Meeting**

Motion made to approve the draft minutes of the Commission's January 27, 2020 School District Meeting as presented. Motion moved and supported; the Commission approved the minutes of the January 27, 2020 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. He noted that in October, the District received \$952K in 13 mills receipts bringing the year-to-date total to \$45.5 million. The current 13 mill tax receipt reserves are \$22.5M.

The District also received \$539K in 18mills receipts bringing the year to date total to \$36.1M. The ending general fund cash balance for December is \$6.2 million, and the

projected ending balance on June 30, 2020 is \$2.9 million. He addressed questions from the Commission.

**b. Transmittal of the Community District/DPS debt service requirements per MCL 141.1636 (11)**

Jeremy Vidito stated that the Debt Service Requirements Report is a statutorily required report from the School District. He reported that the Community District has no debt requirement to report at this time. He further stated that the School District of the City of Detroit (DPS) is estimating that it will need to borrow approximately \$100M from the School Loan Revolving Fund in the Fourth Quarter so that it can meet its debt service requirements through the end of Fiscal Year 2020.

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

Chief Financial Officer Jeremy Vidito presented the monthly financial report and stated that year to date revenues through December are running 6.7% (\$23.5M) ahead of budget; local revenue is higher due to sale of real estate, and Medicaid reimbursements continue to run higher than budgeted. He further stated that while maintaining a surplus, year-to-date expenses are running slightly ahead of budget (4.0M). He further stated that salaries and benefits continue to run slightly higher due to a faster than anticipated reduction in vacancies.

Mr. Vidito reported that as of December 31, 2019, the District's cash balance is \$85.3 million and the projected year-end cash balance for FY 2020 is \$77.3 million. He further stated that the District's internal service fund cash balance is \$17.8 million and the projected year-end cash balance for FY 2020 is \$15.0 million; the rainy-day fund cash balance is \$36.1 million; the MILAF investment account cash balance is \$59.6 million, and the total available general fund cash is \$200.0 million. He also noted that the District's capital projects fund cash balance is \$16.7 million; the food service fund cash balance is \$22.0 million, and the legal reserve fund cash balance is \$1.2 million. He addressed questions from the Commission.

**d. Consideration of the Community District's February 24, 2020 Contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2020-3)**

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 Six (6) contract approval requests and addressed questions from the Commission. All contracts have been reviewed by the FRC Advisory Subcommittee on Contracts and Procurement.

**Contracts 7 & 8 on the list of contracts for February 2020 were approved under the School District of the City of Detroit (DPS) Resolutions 2020-1 and 2020-2 respectively.**

Motion made to consider and approve the Community District's February contract approval requests (FRC School District Resolution 2020-2). Motion moved and supported. The Commission approve School District Resolution 2020-3.

**e. Consideration of School District of the City of Detroit (DPS) requests to issue refunding bonds per MCL 141.1637 (e) (FRC School District of the City of Detroit (DPS) Resolution 2020-1**

Mr. Vidito presented the School District of the City of Detroit (DPS) request to issue bonds refinancing. Mr. Vidito explained that proposals for placement bids on the proposed taxable refunding of the School District of the City of Detroit's (DPS) School Loan Revolving Funds loans were issued, and DPS received 9 bids for Direct Placement and 15 bids for Senior Manager Underwriting Services. He gave a detailed presentation on the Issuance, Costs and the Analysis, and stated that based on the analysis, it is being recommended that DPS proceeds with proposals from JP Morgan Chase for direct placement as they yielded the greatest savings from the district.

Motion moved to approve Detroit Public Schools (DPS) requests to issue refinancing of bonds (FRC/The School District of the City of Detroit (DPS) Resolution 2020-1) as presented. Motion moved and supported. The Commission approved DPS Resolution 2020-1 as presented.

**f. Consideration of the School District of the City of Detroit (DPS) requests to issue refunding bonds per MCL 141.1637 (e) (FRC School District of the City of Detroit (DPS) Resolution 2020-2**

Mr. Vidito presented the School District of the City of Detroit (DPS) request to issue bonds refinancing. Mr. Vidito explained that proposals for placement bids on the proposed taxable refunding of the School District of the City of Detroit's (DPS) School Loan Revolving Funds loans were issued, and DPS received 9 bids for Direct Placement and 15 bids for Senior Manager Underwriting Services. He gave a detailed presentation on the Issuance, Costs and the Analysis, and stated that based on the knowledge of market, previous experience, capacity and rates, it is being recommended that DPS proceeds with proposals from Siebert Williams Shank & Co. for Senior Manager Underwriting Services.

Motion moved to approve Detroit Public Schools (DPS) requests to issue refinancing of bonds (FRC/The School District of the City of Detroit (DPS) Resolution 2020-2) as presented. Motion moved and supported. The Commission approved DPS Resolution 2020-2 as presented.

**g. Consideration of the School District's February 2020 out-of-state travel reimbursement requests per MCL 141.1637 (q) (FRC School District Resolution 2020-4)**

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 February 2020 for the Community District.

Motion made to approve the Community District's February 2020 out-of-state travel reimbursement requests (FRC School District Resolution 2020-4) as presented. Motion moved and supported. The Commission approved School District Resolution 2020-4 as presented.

**VI. Public Comment - None**

**VII. Next Meeting Date**

School District Regular Meeting: March 30, 2020, 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.

**FRC Committee Monthly Meeting  
School District  
Resolution Roll Call  
Monday, February 24, 2020**

<b>FRC 2/24/2020 Meeting (DPSCD)</b>	<b>School District Resolution 2020-3 (Consideration of SD February Contracts Requests)</b>	<b>School District Resolution 2020-4 (Consideration of SD February out-of-state travel)</b>
	<b>Roll Call</b>	<b>Roll Call</b>
Ms. Eubanks	Yes	Yes
Ms. Fox	Yes	Yes
Mr. Kolb	Yes	Yes
Mr. Nicholson	Yes	Yes
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: 2-24-2020

**FRC Committee Monthly Meeting  
School District for the City of Detroit (DPS)  
Resolution Roll Call  
Monday, February 24, 2020**

<b>FRC 2/24/2020 Meeting (DPSCD)</b>	<b>School District Resolution 2020-1 (Consideration of the School District of the City of Detroit (DPS) request to issue refunding bonds-JP Morgan Chase direct placement not to exceed \$550,000,000)</b>	<b>School District Resolution 2020-2 (Consideration of the School District of the City of Detroit (DPS) request to issue refunding bonds-Siebert Williams Shank &amp; Co., Senior Manager underwriter not to exceed \$925,000,000)</b>
	Roll Call	Roll Call
Ms. Eubanks	Yes	Yes
Ms. Fox	Yes	Yes
Ms. Jones	Absent	Absent
Mr. Kolb	Yes	Yes
Mr. Massaron	Absent	Absent
Mr. Nicholson	Yes	Yes
Mr. Rose	Yes	Yes
Mr. Walsh	Absent	Absent

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

Date: 2-24-2020