

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT REGULAR MEETING

Monday, June 25, 2018
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: July 30, 2018

I. Call to Order

Bill Martin informed the Commission that the State Treasurer Nick Khouri is unavailable to attend the meeting and has asked him to chair today's meeting. Mr. Martin called the meeting to order at 1:07 p.m.

II. Roll Call

Members Present –

Darrell Burks (via teleconference)
Stacy Fox (via teleconference)
Bill Martin
Ike Mckinnon
David Nicholson (via teleconference)
Iris Taylor
Nicholai Vitti
John Walsh (via teleconference)

Members Absent – 5

Mike Duggan (non-voting)
Brenda Jones (non-voting)
Nick Khouri

Let the record show that 8 Commission members eligible to vote were present. 4 participated in person, and 4 participated via teleconference. A quorum was present.

III. Approval of Proposed Minutes from the May 21, 2018 School District Meeting

Motion made to approve the draft minutes of the Commission's May 21, 2018 School District Meeting as presented. Motion moved and supported, the Commission approved the minutes of the May 21, 2018 meeting as presented.

IV. Executive Director's Report - None

Old Business – None

V. New Business

a. DPS Financial Report

Chief Financial Officer Jeremy Vidito presented the Financial Report for DPS and stated that based on actual results through April 2018, DPS recorded a slight deficit of revenues over expenditures of \$1.4M. Year-to-date local source revenues remain below what was anticipated in budget, due to the timing of property tax distributions from the City and County. In the month of April, DPS incurred an additional \$875K in debt service, and received additional local revenues of \$554K. He further stated that DPS's cash balance for the month of April is \$6.7 million and the projected year end cash balance is \$17.0 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 highlighted that DPSCD recorded a surplus of revenues over expenditures of \$5.7 million in the month of April, 2018. He stated that the District's April YTD expenditure versus budget variance was \$11.6 million and April YTD surplus of revenues over expenditures was \$80.0 million. The District is behind plan by \$7.4 million on the April YTD in receipt of budgeted revenues, but this has been offset by the expenditure savings, in salary and benefits due to vacancy savings and unspent contingency allocated in the budget.

Mr. Vidito also reported that DPSCD's cash balance for the month of April was \$130.0 million and the projected year end cash balance is estimated by the District to be \$150.2 million. (both cash balances exclude \$48.5 million allocated to Internal Service and a Fiduciary account). He addressed questions from the Commission.

c. Consideration of the Detroit Detroit Public Schools (DPS) June 2018 budget amendment #1 requests per MCL 141.1637 (c) (FRC Detroit Public Schools Resolution 2018-1)

Mr. Vidito presented proposed changes to the FY 18 adopted budget to the Commission, noting that budget amendment No. 1 increases the projected surplus to \$1.1 million at the end of the fiscal year. A decrease in total revenue and sources of \$0.009 million, primarily due to a decrease in state sources from an adjustment in Renaissance Zone funding to reflect actual amounts collected; total expenditures decreased by \$1.1 million, primarily due to a decrease in support services of \$0.3 million due to lower than anticipated audit fees and legal fees; an increase in stabilization bonds of \$0.1 million due to the new tax policy which increases interest and a decrease in emergency loan debt service of \$0.9 million based on updated debt schedules. He addressed questions from the Commission.

Motion made to consider and approve DPS June 2018 Budget amendment #1 requests (FRC School District Resolution 2018-1). Motion moved and supported. The Commission approve Detroit Public Schools (DPS) Resolution 2018-1 as presented.

d. Consideration of the Detroit Public Schools (DPS) FY 2019 budget amendment #1 requests per MCL 141.1637 (c) (FRC Detroit Public Schools Resolution 2018-2)

Mr. Vidito presented proposed changes to the FY19 adopted budget (Budget Amendment No. 1) to the Commission. He stated that Budget Amendment No. 1 increases the projected surplus to \$7.2 million at the end of the fiscal year. He further stated that there is an increase in total revenue and sources of \$.03 million, primarily due to an increase in local sources based on conservative property tax value increase of .5 percent and total expenditure increased by \$0.3 million due to the new tax policy which increases interest and a decrease in MPERS interest of \$0.9 million based on updated debt schedules. He addressed questions from the Commission.

Motion made to approve DPS FY 19 Budget Amendment #1 requests (FRC School District Resolution 2018-2). Motion moved and supported. The Commission approve Detroit Public Schools (DPS) Resolution 2018-2 as presented.

e. Consideration of the Community District's June 2018 budget amendment #3 requests per MCL 141.1637 (c) (FRC School District Resolution 2018-14)

Mr. Vidito presented the School District's Budget Amendment requests #3 for consideration. The amendments include various revenue corresponding expenditure increases, as well as realigning various costs between functions. He addressed questions from the Commission.

Motion made to approve the Community District's (DPSCD) budget amendment #3 requests (FRC School District Resolution 2018-14). Motion moved and supported. The Commission approve School District Resolution 2018-14 as presented.

f. Consideration of the Community District's FY 2019 food service budget submission per MCL 141.1637 (c) (FRC School District Resolution 2018-15)

Mr. Vidito presented the proposed FY19 food service budget to the Commission for consideration. He stated that the proposed budget is a balanced budget with substantial contingency and all positions are fully funded. The overall increase in revenue of \$1.4 million resulted from the increase in student enrollment. Total expenditures increase of \$1.4 million are associated with the increase in student enrollment. He addressed questions from the Commission.

Motion made to consider and approve the Community District's (DPSCD) FY 2019 food service budget requests (FRC School District Resolution 2018-15). Motion moved and supported. The Commission approve School District Resolution 2018-15 as presented.

g. Consideration of the Community District's FY 2018/19 capital projects budget submission per MCL 141.1637 (c) (FRC School District Resolution 2018-16)

Mr. Vidito presented the proposed FY18 budget to the Commission for consideration. He stated that the proposed budget establishes the capital projects fund which will account for the necessary maintenance and repairs of the District's buildings and equipment. The district will budget non-recurring capital expenditures as part of the capital projects fund. This will shift one-time capital expenditures out of the general fund's restricted reserve. The Capital projects fund budget includes projections for immediate health and safety expenditures related to the roof replacement at Palmer Park.

Mr. Vidito presented the proposed FY19 budget to the Commission for consideration. He stated that the proposed budget is funded with restricted reserve from the general operating budget that includes bond settlement of \$0.7 million, EAA transition funds of \$0.9 million and state transition fund of \$7.5 million.

The capital projects fund budget includes projections for immediate health and safety expenditures related to the roof replacement of six other schools, building maintenance and bond settlement repairs related to Cass Tech HVAC and football field. He addressed questions from the Commission.

Motion made to consider and approve the Community District's (DPSCD) FY 2018/19 capital projects budget requests (FRC School District Resolution 2018-16). Motion moved and supported. The Commission approve School District Resolution 2018-16 as presented.

h. Consideration of the Community District's June 2018 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2018-17)

Public Act 181 of 2014 requires the Financial Review Commission to review and approve contracts meeting any of the three following 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 16 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 16 Community District's June 2018 contract approval requests (FRC School District Resolution 2018-17). Motion moved and supported. The Commission approve School District Resolution 2018-17 as presented.

i. **Consideration of the Community District's June 2018 out-of-state travel reimbursement requests per MCL 141.1637(q) (FRC School District Resolution 2018-18)**

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 request for the Community District's June 2018 out-of-state travel.

Motion made to approve the 2 Community District's June 2018 out-of- state travel reimbursement requests (FRC School District Resolution 2018-18) as presented. Motion moved and supported. The Commission unanimously approved School District Resolution 2018-18 as presented.

VI. Public Comment

Helen Moore
Eddie Peoples

VII. Next Meeting Date

School District Regular Meeting: July 30, 2018, 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 1:45 p.m.

Financial Review Commission
 Monthly Meeting
 School District (DPS)
 Resolution Roll Call Vote
 Monday, June 25, 2018

| FRC 6/25/2018 Meeting | FRC DPS Resolution 2018 -1 Consideration of June FY 2018 Budget Amendment #1 | FRC DPS Resolution 2018-2 Consideration of DPS FY 2019 Budget amendment #2 |
|-----------------------|---|---|
| | Roll Call | Roll Call |
| Mr. Burks | Yes | Yes |
| Mr. Duggan | Absent | Absent |
| Ms. Fox | Yes | Yes |
| Ms. Jones | Absent | Absent |
| Mr. Khouri | Absent | Absent |
| Mr. Martin | Yes | Yes |
| Mr. McKinnon | Yes | Yes |
| Mr. Nicholson | Yes | Yes |
| Mr. Walsh | Yes | Yes |

Signed by: Beverly Greaves
 Beverly C. Greaves, Secretary

Date: 06/25/2018

Financial Review Commission
 Monthly Meeting
 School District
Resolution Roll Call Vote
 Monday, June 25, 2018

| FRC 6/25/2018 Meeting | FRC SD Resolution 2018 -14 Consideration of FY 2019 Budget Amendment #3 | FRC SD Resolution 2018-15 Consideration of Food Service Budget 2019 | FRC SD Resolution 2018-16 Consideration of capital projects budget 2018/19 | FRC SD Resolution 2018-17 (Consideration of June contracts approval requests | Amended FRC SD Resolution 2018-18 consideration of SD June out-of-state reimbursement approval requests |
|-----------------------|--|--|---|---|--|
| | Roll Call | Roll Call | Roll Call | Roll Call | Roll Call |
| Mr. Burks | Yes | Yes | Yes | Yes | Yes |
| Ms. Fox | Yes | Yes | Yes | Yes | Yes |
| Mr. Khouri | Absent | Absent | Absent | Absent | Absent |
| Mr. Martin | Yes | Yes | Yes | Yes | Yes |
| Mr. McKinnon | Yes | Yes | Yes | Yes | Yes |
| Mr. Nicholson | Yes | Yes | Yes | Yes | Yes |
| Ms. Taylor | Yes | Yes | Yes | Yes | Yes |
| Mr. Vitti | Yes | Yes | Yes | Yes | Yes |
| Mr. Walsh | Yes | Yes | Yes | Yes | Yes |

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

Date: 06/25/2018