



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-23

**APPROVING THE COMMUNITY DISTRICT'S SEPTEMBER 2018
CONTRACT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 2016; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the Community District's applicable contracts, as defined by Section 3(a) of the Act, and that an applicable contract does not take effect unless approved by the Commission; and

WHEREAS, at the Commission meeting on September 24, 2018, the Community District presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's September 2018 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
1	Facilities	13-0422-2	<p>Contract Amount: \$5,017,775 Contract Period: October 01, 2017 – November 30, 2018 Source: General Funds Purpose: To purchase Natural Gas for District schools Contractor: Constellation New Energy – Gas Division, LLC Location: 9960 Corporate Campus Drive, Suite 2000 Louisville, KY 40223</p>	Increase	Yes	Yes	<p>Board 09.11.2018</p> <p>Anticipated Approval</p> <p>FRC 09.24.2018</p>	<p>The District issued a Request for Proposal #13-0422 during the 2013-2014 school year for the Supply and Delivery of Natural Gas. There was only one response in which Constellation was awarded the contract with the option for two additional one-year renewals.</p> <p>This contract will end on September 30, 2018. This request is for approval for a two month extension and an increase of \$540,000 to enable sufficient time to re-bid and award these services.</p>
2	IT	071B6600111	<p>Contract Amount: \$15,612,740 Contract Period: July 01, 2018 – June 30, 2019 Source: General Funds & Grant Funds Purpose: To allow individual schools to accelerate purchases of Dell Devices Contractor: Dell Location: One Dell Way, MS RR1-33 Round Rock, Texas 78682</p>	Cooperative	N/A	N/A	<p>Board 09.11.2018</p> <p>Anticipated Approval</p> <p>FRC 09.24.2018</p>	<p>This request is to increase the previously approved amount by \$2,750,000 bringing the total value of anticipated expenditures to \$15,612,740. The School Board and FRC previously approved expenditures totaling \$12,862,740 in July 2018 for student, teacher, and administrator laptops.</p> <p>The District’s Finance Department estimates that schools may be able to reallocate up to \$2M Title I grant dollars, through amendments, toward technology purchases over the course of next year. Accordingly, the district seeks to accelerate progress with individual schools purchasing their own devices.</p> <p>This co-operative contract (MiDeal) was bid through an authorized lead agency in compliance with Michigan statutes.</p>

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3	Curriculum & Instruction	N/A	Contract Amount: \$1,700,000.00 Contract Period: July 30, 2018 – June 30, 2019 Source: Title Funds & Student Purchases Purpose: School level purchases Contractor: Scholastic, Inc. Location: 2931 E. McCarty St. Jefferson City, MO 65102	Increase	Yes	Yes	Board 09.11.2018 Anticipated Approval FRC 09.24.2018	<p>This request is to increase the existing amount by \$500,000 bringing the total anticipated expenditures to \$1,700,000.00. The School Board and FRC approved \$1,200,000 in purchases in July 2018.</p> <p>This increase allows schools and classrooms the flexibility and autonomy to select additional supplementary text, from a trusted partner, that are aligned with the specific goals and interests of each school. As a point of reference, in the 2017/2018 school year, the district approved school level purchases from Scholastic totaling \$240,246.95.</p>

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4	Human Resources	New	<p>Contract Amount: \$49,441,498 (Subject to actual enrollment) Contract Period: January 01, 2019 – December 31, 2019 Source: General Funds & Grant Funds Purpose: To provide medical, dental and vision benefits to District employees. Contractor: Blue Care Network, Health Alliance Plan, Delta Dental, Heritage Vision Location: 900 Wilshire Drive Suite 354 Troy, MI 48084 2850 W. Grand Blvd. Detroit, MI 48202 4100 Okemos Rd, Okemos, MI 48864 One Woodward Ave. Detroit, MI 48226</p>	New	Yes	Yes	<p>Board 09.11.2018</p> <p>Anticipated Approval</p> <p>FRC 09.24.2018</p>	<p>Kapnick, the District’s selected third-party benefits administrator, issued the District’s 2019 Benefits RFP in May. Eight (8) medical insurance providers in Southeastern Michigan were notified, and the District received four (4) responses. Finalists presented to District Leadership and the coalition of unions.</p> <p>The decision was made to continue with a contract for Blue Care Network (BCN) and add Health Alliance Plan (HAP) due to (i) continuity of service (with BCN) and adding HAP as a co-existing provider (ii) lowest market pricing while maintaining a significant network of physicians; and (iii) flexibility in providing alternative plans that meet the specific needs of the District.</p> <p>Dental and vision benefits will remain with Delta Dental and Heritage Vision, respectively. Buy up options will be added to each in order for the employee to add additional coverages and locations, if they choose.</p> <p>\$49,441,498 reflects the District and employee total projected spend across all benefit categories.</p>