

# DETROIT FINANCIAL REVIEW COMMISSION

## SCHOOL DISTRICT REGULAR MEETING

Monday, May 20, 2019  
Following the City Regular Meeting  
(Begins no earlier than 1:15 p.m.)  
Cadillac Place, Suite L-150  
3062 West Grand Boulevard  
Detroit, MI 48202

### MINUTES

**Approved: June 24, 2019**

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

Madam Chair, Rachael Eubanks called the meeting to order at 1:29 p.m.

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

##### Members Present – 9

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

##### Members Absent – 2

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

Let the record show that 9 Commission members eligible to vote were present. 5 participated in person, and 4 participated via teleconference. A quorum was present.

#### **III. Approval of Proposed Minutes from the April 29, 2019 School District Meeting**

Motion made to approve the draft minutes of the Commission's April 29, 2019 School District Meeting as presented. Motion moved and supported; the Commission approved the minutes of the April 29, 2019 meeting as presented.

#### **Old Business – None**

#### **IV. New Business**

##### **a. Presentation – American Federation of Teachers, Michigan (AFT, Michigan) Terrance Martin, President of DFT (Detroit Federation of Teachers) Presenting**

President of the Detroit Federation of Teachers (DFT) Terrance Martin, made a presentation to the Commission and stated that they are currently negotiating a wage reopener with DPSCD. He further noted that the goal of DFT at the end of the presentation was to make their position clear to the FRC and requested a follow up meeting to go over costs, projections and the School District's budget. He also presented historical background relating to wages and step increases, while expressing concern

about the projected 326 teacher vacancies for FY20. He stated that the intention of DFT is to obtain and retain talented teachers.

Mr. Martin was reminded of the mandate of the Commission, noting that its responsibility is not to get involve in the day to day operations of the District, but to have oversight of their finances.

**b. 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 \$78.9 million and expenditures related to emergency loan and bond payments of \$41.4 million. Tax collections for March were \$0.6 million from the 13 mills levy and \$1.7 million from the 18 mills levy. Total tax collections to date is \$64.5 million from the 13 mills levy and \$55.0 million from the 18 mills levy. Expenditures for March were \$0.029 million which consisted of audit fees for the FY 2018 DPS financial audit. As of March 31, 2019, DPS's cash balance is \$5.7 million. As of April 12, 2019, DPS's cash balance is \$5.7 million and the projected year-end cash balance for FY 2019 is \$5.8 million. The District borrowed \$91.5 million instead of the projected \$95.0 million from the SLRF to make the scheduled bond debt payment in May 2019. He addressed questions from the Commission.

**c. 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 March 2019, DPSCD has a surplus of \$67.6 million of revenues over expenditures; the projected budget showed a \$68.2 million surplus, which is a \$0.6 million negative variance. The District is behind plan by \$22.7 million on the March YTD in the receipt of budgeted revenues. The projected variance is due to a delay from Wayne county for the enhancement millage payment and federal and state 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 March 31, 2019, is \$154.4 million and the projected year-end cash balance for FY 2019 is \$150.0 million, the District's internal service and fiduciary account cash balance is \$24.0 million, the projected year-end cash balance for FY 2019 is \$20.0 million, and the capital projects cash balance is \$18.0 million. He addressed questions from the Commission.

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

Chief Financial Officer, Jeremy Vidito, stated that the Debt Service Requirements Report is a statutorily required report from the School District. He further stated that the Community District has no debt requirement to report at this time, however he presented a report outlining all bonds, leases and other debt for DPS and stated that DPS forecasts to be financially able to meet the debt service requirements through the First Quarter of FY 20.

**e. Consideration of the Community District's May 2019 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2019-11)**

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 10 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 10 Community District's May 2019 contract approval request (FRC School District Resolution 2019-11). Motion moved and supported. The Commission approve School District Resolution 2019-11 as presented.

**f. Consideration of the Community District's May 2019 out-of-state travel reimbursement requests per MCL 141.1637 (q) (FRC School Resolution 2019-12)**

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 5 requests for the month of May 2019 for the Community District.

Motion made to approve the Community District's May 2019 out-of- state travel reimbursement requests (FRC School District Resolution 2019-12) as presented. Motion moved and supported. The Commission approved School District Resolution 2019-12 as presented.

**V. Public Comment**

Michele George

**VI. Next Meeting Date**

School District Regular Meeting: June 24, 2019, following the City Meeting, beginning no earlier than 1:15 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.

**VII. 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 2:10 p.m.

FRC Committee Monthly Meeting  
 School District  
Resolution Roll Call  
 Monday, May 20, 2019

FRC 5/20/2019 Meeting (DPSCD)	School District Resolution 2019-11 (Consideration of SD March Contracts Requests)  Roll Call	School District Resolution 2019-12 (Consideration of SD March out-of-state travel Requests)  Roll Call
Ms. Eubanks	Yes	Yes
Ms. Fox	Yes	Yes
Mr. Kolb	Yes	Yes
Mr. McKinnon	Yes	Yes
Mr. Nicholson	Yes	Yes
Mr. Rose	Yes	Yes
Ms. Taylor	Yes	Yes
Mr. Vitti	Yes	Yes
Mr. Walsh	Yes	Yes

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

Date: 5/20/2019