

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

BOARD OF EDUCATION SPECIAL BOARD MEETING

Friday, June 23, 2017 – 5:00pm

Fisher Building
3011 W. Grand Boulevard, 12th Floor
Detroit, MI 48207

MINUTES

Call to Order

The Special Board Meeting of the Board of Education of the Detroit Public Schools Community District was called to order by President Taylor at 5:00pm.

Moment of Silence

Chair called for a moment of silence

Meeting Norms

Meeting Norms were read by the Chair

Roll Call

Secretary of the Board, Karen Morgan called the roll:

Present: Deborah Hunter-Harvill, Georgia Lemmons, LaMar Lemmons, Sonya Mays, Angelique Peterson-Mayberry, Misha Stallworth, and Iris Taylor

There being a quorum present, the meeting was declared in session.

Call for Special Board Meeting

Secretary of the Board Karen Morgan read the following statement:

I, Karen Morgan, Secretary to the Detroit Public Schools Community District Board of Education, do hereby certify that the foregoing Notice of the Special Board of Education Meeting was delivered to each Board of Education Member on Wednesday, June 21, 2017, pursuant to its applicable statute.

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Approval of Agenda

Member L. Lemmons motion to approve the Agenda

Vice President Peterson-Mayberry seconded

Motion carried without objection

Approval of Minutes

Member L. Lemmons motion to defer minutes from the Budget Hearing and Regular Meeting of June 13, 2017 to next meeting.

Member Dr. Hunter-Harvill seconded

Motion carried without objection

Chair stated the purpose of the meeting was to consider issues of tax captures involving the Pistons Little Caesars Arena project in Detroit and Detroit Public Schools Community District's authority to place on the ballot a question regarding the Downtown Development Authority's and the Detroit Brownfield Redevelopment's use of incremental tax revenues generated by the levy of the 18 mills for the School District of the City of Detroit operations.

Phyllis Hurks-Hill, General Counsel provided a legal opinion by first giving a brief history as it related to the agreement. In December 2013 City Council approved the expansion of Downtown Development Authority area one to include a catalyst. At that time, Council issued a Public Notice of Hearing at which time the District could have objected or opted out of the expansion portion of the development.

On November 22, 2013, the Downtown Development Authority announced the Pistons move to downtown Detroit. On November 22, 2016 the Brownfield Redevelopment Authority approved the facility to move into midtown a switch from downtown.

On May 10, 2017 City Council scheduled a discussion session to submit any recommendation, comments or concerns pertaining to the Brownfield Development Plan. The notice was received by DPSCD on May 16, 2017.

On May 25, 2017 a Public Hearing was scheduled at the City County Building with two discussions: the Brownfield Development Authority issue of an additional \$34 million to retrofit the arena to house NBA players and the other for the Brownfield Development to build a corporate headquarters and facility as a DBA and RDA.

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On June 6, 2017, City Council voted to approve the DBA's Piston Headquarters and practice facilities plan with a tax increment capture of \$20 million. On June 20, 2017, City Council voted to approve the DBA amendment to the tax increment financing plan and development plan area one to a tax increment packet of \$34.5 million.

The tax captures are authorized by Michigan Statute. The Downtown Development Authority pursuant to MCL 125.1653 and Brownfield pursuant to MCL 125.2651. Additionally, the unconstitutionality of the issue of tax increment financing has gone before the Michigan Supreme Court and Attorney General. Both stating it was not unconstitutional.

Counsel stated it should be noted the City of Detroit voted to approve the mileage to collect 18 mills. None of the mills are used for DPSCD they are used to pay the debt of DPS. The district will not receive any incremental revenue that will be captured by NBA OR DBA.

There was an opportunity for the District to opt out. The District did not argue. If there is an amendment to the plan the District may voice their opinion or put a vote for or against. Council has the authority to vote it up or down.

Member L. Lemmons asked was the District directly notified and was it conveyed to the President.

Counsel stated on May 16, 2017, the Superintendent received notification regarding the May 25, 2017 Hearing.

Member L. Lemmons asked if it was conveyed to the body.

Treasurer Mays stated she was never notified.

Member L. Lemmons asked who was notified.

Mrs. Hurks-Hill did not know if it was conveyed to the Board. The notice went to Interim Superintendent, Alycia Meriweather and Ken Tokarz, Deputy Superintendent, Operations.

Member L. Lemmons stated so the notice went to our staff and staff did not notify the body. He then asked if the notice had gone to legal.

Counsel stated that she did see it.

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Member L. Lemmons asked did she not feel compelled to notify the body.

Counsel did not respond.

Treasurer Mays asked what is the statutory requirement for the Brownfield Development Authority.

Counsel stated the Brownfield Development has to give notice to the tax jurisdiction which is DPSCD in regards to their plan. Council must hold a hearing so the tax jurisdiction must have a discussion first then a public hearing.

Treasurer Mays asked does the statute require the notice to be directed to the board physically or does it just have to be a notice.

Counsel stated the notice have to be directed to the tax jurisdiction.

Vice President Peterson-Mayberry asked is the understanding that in 2013 DPS was approached but elected to opt out of this expanded development.

Counsel stated she did not have any personal knowledge of occurrences in 2013 other than what she gathered from City Councils website.

Vice President Peterson-Mayberry requested a copy of the 2013 notification.

Member L. Lemmons asked what was the opt out timeline or provisions and is there a time to opt out now.

Counsel stated something may have occurred in 1994. The time to opt out is when the authority and boundaries were created. The opt out provision is when they are setting things up.

Chair requested Counsel to research to find out what notice was delivered in 2013 and in May 2017.

Treasurer Mays requested Counsel to also research the statute of limitations for 2013.

Member Dr. Hunter-Harvill stated she requested the meeting to gain awareness of all the facets, explore the law, and various statutes. Her main concern is the children and whether there is an opportunity to set up

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meetings with the Pistons, etc. to discuss some of the great things that can be done with the physical plant that would benefit the students and teachers.

Chair stated that so it is clear the Board have not determined if there is something to litigate. Having an opportunity to have a conversation with any developer for an option to partnership and invest in the District is an option.

Treasurer Mays requested clarification that a decision of the body that this matter would be thoroughly investigated through the committee structure still stands

Member L. Lemmons stated time is under the essence to put a vote before the people and requested that members be prepped and vote no later than the regular Board meeting noting the Financial Review Committee have cancelled their June meeting.

Treasurer Mays don't understand the Board have the power to put the question on the ballot.

Member L. Lemmons stated to the issue do we have authority as a member I do know even though sometimes we put things on the ballot that are nonbinding by the state or just to let the public know. This body does and have put things on the ballot that is not binding with the state.

Treasurer Mays asked Counsel as you frame it can you provide an understanding of what our statutory flexibility as a school board in assessing both local matters as it relates to state matters since the Development Authority is conveyed through state law.

Counsel stated the school board is created under the Michigan Revised School Code. Michigan Election Law sets forth when and how the school board is to place an issue on the ballot while the Michigan School Code authorizes what kind of ballot can be placed. The district is limited to what they can place on the ballot.

Member L. Lemmons stated that it clearly can be worded in a fashion to suit the Board's purpose.

Member G. Lemmons as citizens of Detroit we should be very concerned about how our tax dollars are being spent and we should do our research and do our due diligence in making sure our money goes to the school.

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Treasurer Mays wanted it noted for the record that Member L. Lemmons stepped out of the meeting at 5:38pm.

Secretary Stallworth requested an exact clarification of the scope of the Michigan Revised School Code.

Counsel stated the Revised School Code is very specific in listing the things that can be placed on the ballot.

Treasurer Mays asked what happens if it is not on that articulated list.

Member L. Lemmons returned to the meeting at 5:42pm

Counsel stated it could be challenged.

Member L. Lemmons stated is there anything that cannot be challenged.

Counsel stated that anything can be challenged.

Chair stated there are two (2) areas that need vetting. The Notices for 2013 and 2017 along with the statute of limitations, the scope and authority withstanding does the District have with putting anything on the ballot for voting, and definitively is there actually a loss to DPS.

Treasurer Mays motion the board defer the financial implications and consequences to this matter to the Financial Committee as originally stated at the Monday, June 19, 2017 meeting.

Vice President Peterson-Mayberry seconded

Motion carried without objection

Chair asked Counsel if she was confident she would have answers to the legal items requested.

Counsel stated in the affirmative.

Member L. Lemmons requested that the Letter and Request for Demand from tax payer be read into the record responding to the Finance Committee first before bringing to the Board.

Treasurer Mays seconded

Motion carried without objection

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Chair provided a summary of requested information as follows: Deferring to Financial Committee to vet any financial implications, research around 2013 and 2017 notices, determine the scope of authority to place on the ballot under the current revised school code, and respond to document submitted by taxpayers.

Member L. Lemmons stated also to vet and research receipt of notifications that was not received by the Board and determine the shortfall.

Treasurer Mays requested to amend Member L. Lemmons request that the Board commit themselves to a process to understand and state how legal notices are delivered.

Superintendent Dr. Vitti requested that accurately summarize all requests in one conclusive comprehensive report back to share with the entire board.

Member L. Lemmons stated to there was already an established process so we need to see if that process was violated.

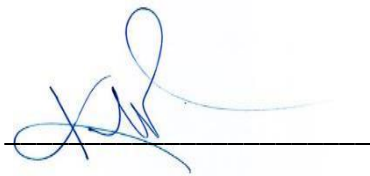
Public Comment

There were several participants in Public Comment.

Adjournment

Chair motioned for adjournment

No objections Meeting adjourned at 6:27pm



Certified:

Karen Morgan, B.S.B.M
Secretary of the Board