

CITY OF DETROIT

**Office of the Chief Financial Officer**

**Financial Report for the 10 Months ended April 30, 2016**

June 27, 2016



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## Executive summary

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- The Office of the CFO has had strong interest in its new positions as part of its restructuring. As of June 23<sup>rd</sup>, 328 offers have been accepted and 314 individuals have started. Vacant middle management, professional, and paraprofessional positions will remain open until filled.
- The Mayor recommended, and the City Council approved, a contract with Cheiron to provide Pension and Actuarial-related Services on June 14<sup>th</sup>. The City is scheduling an introductory conference that will occur this week or next week.
- The City is recommending a Budget change that identifies \$30 million in funding from \$10 million in 2016 funds and \$20 million in accumulated unallocated surpluses. It will be discussed in greater detail later.
- Responses to the City's Audit RFP were due June 24<sup>th</sup>.
- April YTD actuals continue to indicate that FY 2016 results are expected to be favorable to budget and that the liquidity situation is stable. (page 3)
  - The primary tax revenues are based on the February 2016 Consensus Revenue Estimating Conference results.
  - Payroll and benefits related expenditures are projected to be below budget as a result of lower headcount, partially offset by a higher number of contract staff and wage increases to public safety employees. (page 3 and page 8)
  - Reinvestment related expenditures are moving forward consistent with the timing of project implementation as well as the amount of exit financing proceeds available. (page 7)
- While the Cash-GL reconciliation is improving, the City is working to improve the timeliness of its postings. (page 5)
- No new projects funded with exit financing were approved in the month of April. Expenses incurred decreased due to the reclassification of certain expenses. (page 7)
- The Office of the CFO is working on new reports, such as AP Aging, that will be produced using the new ERP.



# Revised FY 2016 projection continues to result in a General Fund surplus

\$ in millions

General Fund	Notes	FY 2016 Projection			FY 2016 EM's	Difference
		Mar 2016	Adjustments	Apr 2016	Budget	
General Fund Property taxes		\$ 117.0	\$ -	\$ 117.0	\$ 100.8	\$ 16.2
Net Income taxes		264.0	-	264.0	268.4	(4.4)
Utility taxes	(1)	37.0	-	37.0	15.9	21.1
Gaming taxes		173.5	-	173.5	169.0	4.5
Distributable State aid		194.9	-	194.9	197.4	(2.5)
Other	(2)	262.1	-	262.1	284.9	(22.8)
Other operating revenues	(3)	-	-	-	35.1	(35.1)
<b>Total Revenues</b>	(4)	<b>1,048.5</b>	<b>-</b>	<b>1,048.5</b>	<b>1,071.5</b>	<b>(23.0)</b>
Payroll, taxes, & deductions	(5)	(323.2)	-	(323.2)	(329.8)	6.6
Benefits	(5)	(117.3)	-	(117.3)	(119.6)	2.4
Pension contributions	(6)	(23.4)	-	(23.4)	(28.6)	5.2
Subsidy payments		(81.2)	-	(81.2)	(81.6)	0.4
Materials, contracts & other operating expenditures	(7)	(383.6)	-	(383.6)	(428.4)	44.8
<b>Total Expenditures</b>		<b>(928.6)</b>	<b>-</b>	<b>(928.6)</b>	<b>(988.0)</b>	<b>59.4</b>
<b>Operating Surplus</b>		<b>119.9</b>	<b>-</b>	<b>119.9</b>	<b>83.5</b>	<b>36.4</b>
Debt service	(8)	(78.9)	-	(78.9)	(83.5)	4.6
<b>Surplus / (Deficit)</b>		<b>\$ 41.0</b>	<b>\$ -</b>	<b>\$ 41.0</b>	<b>\$ 0.0</b>	<b>\$ 41.0</b>

Notes:

- (1) EM's Budget includes \$12.5m transfer to the Public Lighting Authority (PLA). FY 2016 Projection reflects transfer under expenditures.
- (2) FY 2016 Projection reflects lower reinvestment initiative revenues based on YTD results and anticipated project implementation.
- (3) EM's Budget includes Public Lighting Dept. (PLD) revenues from internal charges and reimbursements from DTE (\$26m) and grant receipts for blight (\$9m), which will not flow through the General Fund.
- (4) FY 2016 Projection reflects February 2016 Consensus Revenue Estimating Conference results.
- (5) Lower projected expenditures due to vacant positions, partially offset by projected public safety wage increases.
- (6) Lower projected contributions due to lower YTD and projected payroll.
- (7) EM's Budget includes PLD operating expenditures (\$26m) and payments related to blight (\$9m), which will not be incurred by the General Fund. EM's budget also includes personnel related reinvestment expenditures that are captured in payroll/benefits in the FY 2016 Projections. FY 2016 Projection includes \$12.5m transfer to PLA.
- (8) Lower interest payment on Exit financing due to principal repayment.



# The City's YTD net cash flows continue to be ahead of budget

\$ in millions

General Fund	Actual	Prior Year		Budget (1)	
	10 months	10 months	Difference	10 months	Variance
General Fund Property taxes	\$ 114.2	\$ 107.9	\$ 6.3	\$ 100.0	\$ 14.3
Net Income taxes	219.7	220.7	(1.0) (2)	224.1	(4.4)
Utility taxes	17.8	20.2	(2.4)	19.6	(1.8)
Gaming taxes	146.2	144.9	1.4	140.3	5.9
Distributable State aid	162.4	162.4	0.0	165.3	(2.9)
Other	155.1	243.0	(87.9) (3)	148.6	6.5 (4)
<b>Total Receipts</b>	<b>815.5</b>	<b>899.0</b>	<b>(83.5)</b>	<b>797.9</b>	<b>17.5</b>
Payroll, taxes, & deductions	(303.9)	(285.7)	(18.2)	(318.9)	15.0
Benefits	(48.7)	(54.0)	5.2 (5)	(57.1)	8.3
Pension contributions	-	-	-	-	-
Subsidy payments	(14.6)	(50.7)	36.0	(28.8)	14.2 (6)
Materials, contracts & other operating expenditures	(212.1)	(391.7)	179.6 (3)	(197.7)	(14.4) (4)
<b>Total Disbursements</b>	<b>(579.3)</b>	<b>(782.0)</b>	<b>202.7</b>	<b>(602.5)</b>	<b>23.2</b>
<b>Operating Surplus (before Reinvestment)</b>	<b>236.1</b>	<b>117.0</b>	<b>119.1</b>	<b>195.4</b>	<b>40.7</b>
Financing Adjustments	(119.7)	(154.9)	35.3	(89.7)	(30.0) (7)
Non-Financing Adjustments	31.6	88.1	(56.4)	(109.1)	140.7 (8)
<b>Total Adjustments to arrive at Net Cash Flow</b>	<b>(88.0)</b>	<b>(66.9)</b>	<b>(21.2)</b>	<b>(198.8)</b>	<b>110.7</b>
<b>Net Cash Flow (9)</b>	<b>\$ 148.1</b>	<b>\$ 50.1</b>	<b>\$ 98.0</b>	<b>\$ (3.3)</b>	<b>\$ 151.4</b>

Memo:

<b>Beginning cash balance (net of dist. owed) (10)</b>	<b>\$ 207.8</b>	<b>\$ 156.8</b>
Net Cash Flow (9)	148.1	50.1
Lockbox reserves	-	(0.4)
<b>Ending cash balance (net of dist. owed) (10)</b>	<b>\$ 355.9</b>	<b>\$ 206.4</b>

Notes:

- (1) Budget has been spread based on historical cash activity.
- (2) \$10m of income tax refunds were issued in FY'16 related to prior periods compared to \$4m issued in FY'15 related to prior periods YTD.
- (3) Negative trend in other receipts is offset by positive trend in materials, contracts & other operating expenditures and is primarily attributable to the segregation of DPW, BSEED, and Grants proceeds. In addition, the prior year included \$88m of professional fee expenditures.
- (4) Variance primarily due to cash actuals including non-Fund 1000 activity and \$10m loan repayment from the Land Bank.
- (5) Difference primarily due to retiree healthcare payments made in the prior year, which will not occur post-bankruptcy.
- (6) Variance primarily due to lower DDOT subsidy.
- (7) Actuals include \$30m principal repayment on Exit financing made in August 2015.
- (8) Actuals include the segregation of \$56m related to the Major and Local Street funds offset by inflow of \$87m 2012 refinancing proceeds held in escrow. Budget includes \$109m of reinvestment payments in excess of Exit financing proceeds.
- (9) Net Cash Flow was determined based on General Fund cash activity adjusted for known deposits in transit, prior period adjustments and classification differences.
- (10) The main operating account contains cash balances of the Risk Management Fund, Construction Fund, Street Funds, Solid Waste Fund, General Grants, and Motor Vehicle Fund.



# Differences between cash and general ledger YTD are mostly due to the period in which activity was recorded

\$ in millions

General Fund	Cash Activity			General Ledger			Difference
	Actuals	Adjustments	Adjusted	Posted	To Be Posted (1)	Total	
General Fund Property taxes	\$ 114.2	\$ -	\$ 114.2	\$ 108.4	\$ 6.0	\$ 114.4	\$ 0.2
Net Income taxes	219.7	(14.0)	205.7 (2)	195.5	10.2	205.7	(0.0)
Utility taxes	17.8	-	17.8	10.8	7.0	17.8	0.0
Gaming taxes	146.2	0.2	146.5 (2)	131.9	14.6	146.4	(0.0)
Distributable State aid	162.4	(64.2)	98.3 (2)	98.2	-	98.2	(0.0)
Other	155.1	(59.0)	96.1 (3)	74.1	22.1	96.1	0.0
<b>Total Receipts</b>	<b>815.5</b>	<b>(136.9)</b>	<b>678.5</b>	<b>618.9</b>	<b>59.8</b>	<b>678.7</b>	<b>0.1</b>
Payroll, taxes, & deductions	(303.9)	23.2	(280.7) (4)	(280.7)	-	(280.7)	0.0
Benefits	(48.7)	(12.6)	(61.3) (5)	(61.3)	-	(61.3)	0.0
Pension contributions	-	-	-	-	-	-	-
Subsidy payments	(14.6)	(12.0)	(26.6) (6)	(14.7)	(11.9)	(26.6)	(0.0)
Materials, contracts & other operating expenditures	(212.1)	50.5	(161.6) (7)	(161.5)	-	(161.5)	0.1
<b>Total Disbursements</b>	<b>(579.3)</b>	<b>49.1</b>	<b>(530.2)</b>	<b>(518.2)</b>	<b>(11.9)</b>	<b>(530.2)</b>	<b>0.1</b>
<b>Operating Surplus (before Reinvestment)</b>	<b>236.1</b>	<b>(87.8)</b>	<b>148.3</b>	<b>100.7</b>	<b>47.8</b>	<b>148.5</b>	<b>0.2</b>
Financing Adjustments	(119.7)	62.0	(57.7) (8)	(57.4)	-	(57.4)	0.3
Non-Financing Adjustments	31.6	(31.6)	- (9)	-	-	-	-
<b>Subtotal Adjustments</b>	<b>(88.0)</b>	<b>30.3</b>	<b>(57.7)</b>	<b>(57.4)</b>	<b>-</b>	<b>(57.4)</b>	<b>0.3</b>
<b>Net Surplus/(Deficit)</b>	<b>\$ 148.1</b>	<b>\$ (57.5)</b>	<b>\$ 90.6</b>	<b>\$ 43.3</b>	<b>\$ 47.8</b>	<b>\$ 91.1</b>	<b>\$ 0.5</b>

Notes:

- (1) To be posted amounts represent collections and disbursements that have not yet been reconciled to the appropriate object code accounts. Certain to be posted amounts need to be further researched given data limitations due to the ERP implementation.
- (2) \$14m of Income Tax and \$64m of DSA revenues were collected in FY 2016 related to activity in FY 2015. \$0.8m of Gaming Taxes were collected in FY 2016 related to activity in FY 2015 is offset by \$1m of Gaming Taxes collected in May 2016 but recorded in April 2016.
- (3) \$30m of revenues were collected in FY 2016 related to activity in FY 2015. \$6m of collections are cash specific transactions, \$13m are non-Fund 1000, and \$10m for Land Bank loan repayment.
- (4) Approximately \$13m of the difference is due to the timing and accrual of payroll. Approximately \$10m of disbursements are non-Fund 1000.
- (5) Cash disbursements were lower than posted expenditures due to excess cash balance in the Benefits Fund account at the beginning of the fiscal year.
- (6) \$12m subsidy was given to DDOT to fund risk management related expenses where the cash was sent directly to the risk management fund from the General Fund versus flowing through DDOT.
- (7) Approximately \$20m of disbursements were paid in FY 2016 related to invoices from FY 2015 or prior. \$18m of disbursements are cash specific transactions and \$12.5m are non-Fund 1000.
- (8) Cash actuals include \$30m Exit financing principal repayment and \$21.6m transfer to fund the self insurance escrow account. In addition, \$2.8m of Exit financing interest payments and \$7.6m Note C principal and interest payments being captured by the trustee are included in the cash actuals.
- (9) Non-financing adjustments is primarily due to the segregation of \$56.5m of funds related to the Major Street and Local Street funds offset by inflow of \$86.9 of Refinancing Proceeds in Escrow.



# The collection rate for City property taxes YTD is higher than in the prior year

*\$ in millions*

	FY 2016			FY 2015		
	Adjusted tax roll	Collections YTD (1)	Collection rate	Adjusted tax roll	Collections YTD (1)	Collection rate
General City	\$ 131.8	\$ 107.1	81.3%	\$ 132.6	\$ 100.2	75.5%
Debt Service	69.6	54.2	77.9%	73.8	55.8	75.7%
Solid Waste	59.6	31.6	53.1%	57.0	28.2	49.6%
<b>Total City (2)</b>	<b>\$ 260.9</b>	<b>\$ 192.9</b>	<b>73.9%</b>	<b>\$ 263.3</b>	<b>\$ 184.2</b>	<b>70.0%</b>

Note:

- (1) Amounts do not include collections from Wayne County settlement checks as a result of foreclosure activity.
- (2) Amounts are net of property taxes collected by the City on behalf of DPS, State Education Trust, Wayne County and other non-City taxing authorities.



## Exit financing proceeds have been utilized to jump start improving technology, neighborhoods, and public safety

- In the month of April, no additional projects funded by exit financing had been approved. Expenses incurred decreased due to the reclassification of certain expenses.

*\$ in millions*

	Number of Projects	Amount Approved	Expense Incurred
<b>Available Exit financing proceeds</b>		<b>\$ 233.2</b>	
<b>Project Allocation:</b>			
Dept. of Innovation and Technology	5	\$ (34.2)	\$ (34.2)
Blight	7	(29.7)	(25.6)
Police	6	(29.0)	(18.7)
Fire	9	(22.0)	(14.4)
General Services	13	(20.3)	(18.6)
OCFO	7	(15.8)	(12.8)
BSEED	1	(4.4)	(2.9)
Law	1	(2.2)	(0.5)
DDOT	1	(1.8)	(1.8)
Recreation	1	(1.2)	(1.2)
Human Resources	2	(0.8)	(0.7)
Other	3	(0.3)	(0.1)
<b>Total</b>	<b>56</b>	<b>\$ (161.6)</b>	<b>\$ (131.5)</b>
Interest/Fees		(2.8)	(2.8)
<b>Amount reserved for projects under review</b>		<b>\$ 68.8</b>	



# General City headcount is increasing gradually and remains under budget

	Actual Apr'15	Actual Apr'16 (1)	Budget FY 2016 (2)	Variance	% Variance
<b>Public safety</b>					
Police	2,645	2,806	2,932	126	4%
Fire (3)	1,273	1,182	1,329	147	11%
Total Uniform	3,918	3,988	4,261	273	6%
<b>Non-public safety</b>					
Budget	8	0	0	0	
Finance	186	0	0	0	
Office of the Chief Financial Officer (4)	0	367	477	110	
Dept. of Public Works (5)	368	368	376	8	
Health & Wellness	7	9	8	(1)	
Human Resources	75	84	51	(33)	
Housing & Revitalization/Planning & Development	90	97	130	33	
Dept. of Innovation and Technology	33	34	47	13	
Law	88	96	100	4	
Mayor	55	59	62	3	
Public Lighting Dept.	7	5	13	8	
Recreation (5)	165	161	169	8	
General Services (6)	470	482	453	(29)	
Legislative (7)	108	156	158	2	
36th District Court	353	353	353	0	
Other (8)	46	50	74	24	
Total Civilian	2,059	2,321	2,471	150	6%
<b>Total General City</b>	<b>5,977</b>	<b>6,309</b>	<b>6,732</b>	<b>423</b>	<b>6%</b>
<b>Enterprise</b>					
Airport	4	3	4	1	
BSEED	181	176	205	29	
Transportation (9)	890	1,074	917	(157)	
Parking	84	88	94	6	
Water/Sewerage (10)	1,378	499	425	(74)	
Library	314	285	334	49	
Total Enterprise	2,851	2,125	1,979	(146)	-7%
<b>Total City</b>	<b>8,828</b>	<b>8,434</b>	<b>8,711</b>	<b>277</b>	<b>3%</b>

Notes:

- (1) Actual positions for OCFO reflects reclassifying positions from Finance and Budget to OCFO as well as new OCFO hires as part of the restructuring. Actual positions for non-OCFO departments have not been reclassified and remain in the departments.
- (2) Includes positions for reinvestment projects that have been approved for funding.
- (3) Budget reflects 1,189 FTE per Four Year Financial Plan and 150 funded by SAFER grants.
- (4) Budget reflects FTE at the time of the OCFO budget amendment approved by the FRC.
- (5) Budget reflects FTE which was adjusted to convert the budget into a headcount equivalent.
- (6) Budget reflects FTE. Actuals reflect headcount which includes seasonal and part time employees.
- (7) Includes: Auditor General, Zoning, City Council, Ombudsperson, City Clerk, and Elections. Board of Zoning includes 8 board of review members that are contract staff.
- (8) Includes: Human Rights, Administrative Hearings, Homeland Security, and Non-departmental.
- (9) Actuals include non-active employees that are out on disability.
- (10) FY'16 actuals exclude GLWA employees. Actuals include employees who no longer work at DWSD, but are still on DWSD's payroll.



## The City is leveraging funding from external sources

- Amount awarded and number of grants decreased from the prior month. Housing & Revitalization fully expended and closed out a Community Development Block Grant and BSEED fully expended and closed out a grant.

*\$ in millions*

Department	Amount Awarded (1)	Number of Grants
Transportation	\$ 333.8	23
Housing & Revitalization	208.8	18
Fire Department	56.1	9
Public Works	30.6	20
Health & Wellness Promotion	16.2	4
Police	15.4	25
Coleman A. Young Airport (Airport)	6.2	7
Recreation	4.6	18
Homeland Security and Emergency Management (HSEM)	1.8	7
General Services	1.5	2
Other (2)	0.6	4
<b>Active Federal/State grants (3)</b>	<b>\$ 675.6</b>	<b>137</b>
<b>Active private grants</b>	<b>25.6</b>	<b>19</b>
<b>Active private donations</b>	<b>26.9</b>	<b>37</b>
<b>Total active grants and donations</b>	<b>\$ 728.2</b>	<b>193</b>

Notes:

- (1) Reflects original amount awarded and amendments. Amount available to be spent will be lower for most departments.
- (2) Other includes BSEED and Historic Designation.
- (3) Total does not include Hardest Hit Fund grants, which are reflected in the Land Bank Authority.



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STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**CITY RESOLUTION 2016-1**

**APPROVING THE CITY'S REQUEST TO ISSUE REFUNDING BONDS**

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 City of Detroit (the "City") beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 7(e) of the Act authorizes the Commission to review and approve requests by the City to issue debt; and

WHEREAS, at the Commission meeting on June 27, 2016, the City requested authorization to issue distributable state aid refunding bonds, through the Michigan Finance Authority Local Government Loan Program, in amounts not to exceed \$275,000,000 to refund all or a portion of certain outstanding unlimited tax general obligation bonds and in amounts not to exceed \$385,000,000 to refund all or a portion of certain outstanding limited tax general obligation bonds, for the purpose of, in part, achieving not less than 3% overall net present value savings.

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

1. That the City's request to issue refunding bonds, as presented to the Commission on June 27, 2016, is 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.

IN WITNESS WHEREOF, the eligible voting members of the Commission, or their designees, have signed and adopted this Resolution.

DETROIT FINANCIAL REVIEW COMMISSION

By \_\_\_\_\_  
Darrell Burks, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Michael Duggan, Detroit Financial Review  
Commission Member

By \_\_\_\_\_  
Stacy Fox, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Lorron James, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Brenda Jones, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Nick A. Khouri, State Treasurer and Detroit Financial  
Review Commission Member

By \_\_\_\_\_  
William Martin, Detroit Financial Review  
Commission Member

By \_\_\_\_\_  
John S. Roberts, Detroit Financial Review  
Commission Member

By \_\_\_\_\_  
Tony Saunders, Detroit Financial Review Commission  
Member

Date: \_\_\_\_\_  
Detroit, Michigan

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*Presentation to the Financial Review Commission*

Michigan Finance Authority Local Government  
Loan Program Revenue Bonds, Series 2016  
(City of Detroit Distributable State Aid Refunding  
Local Project Bonds)

June 27, 2016

Estimated / Preliminary

# Summary of City of Detroit Refunding Plan<sup>1</sup>

Under current market conditions, the City can refund a total of \$569.7 million bonds for total NPV savings of \$37.8 million (6.64%)

\$ Millions

Bond Series	Principal Amount to be Refunded	Principal Amount of Refunding	Refunding Type	Tax Status of Refunding Bonds	NPV Savings (\$/%)
First Lien DSA/LTGO	\$225.2	\$242.5	Advance	Taxable	\$11.0 / 4.87%
Third Lien DSA/LTGO	\$82.4	\$89.8	Advance	Taxable	\$2.8 / 3.40%
Fourth Lien DSA/UTGO	\$227.8	\$210.8	Current and Advance	Majority Tax-Exempt	\$21.0 / 9.22%
Stub UTGO	\$34.3	\$32.4	Current and Advance	Majority Tax-Exempt	\$3.0 / 8.69%
<b>Total</b>	<b>\$569.7</b>	<b>\$575.5</b>	--	--	<b>\$37.8 / 6.64%</b>

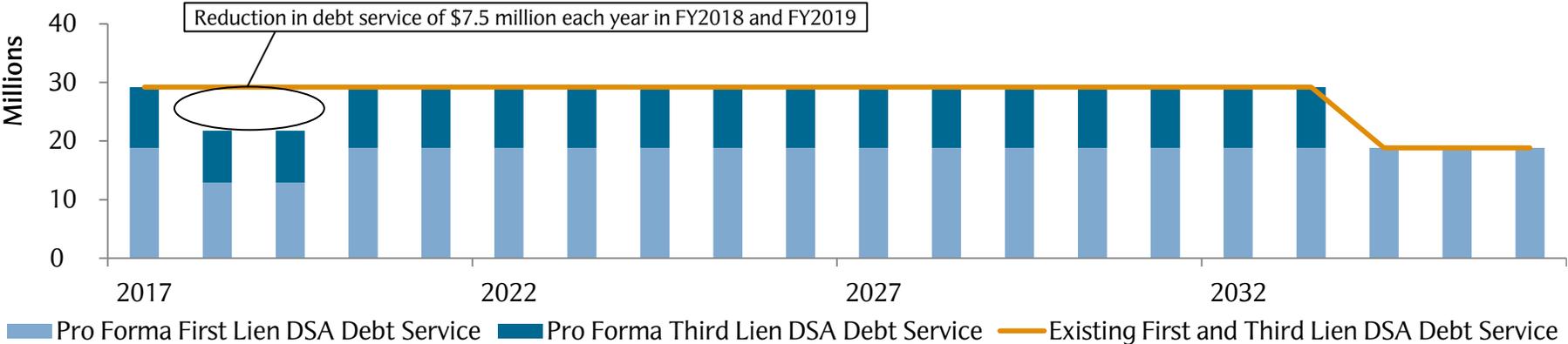
- Because the proposed bonds will be secured by Distributable State Aid, they will be issued by the Michigan Finance Authority through their Local Government Loan Program
- The FRC should note that the market for municipal bonds is currently very strong; a reduction in demand or adverse Federal Reserve Bank action would likely increase interest rates and reduce or eliminate the savings shown herein

1. Estimated, subject to change.

# Taxable Refunding Analysis for LTGO/First and Third Lien DSA Bonds

## Refunding savings will generate cash flow relief for the City

Taxable LTGO Refunding Results <sup>1,2</sup> (\$ Millions)			
DSA Lien	First Lien DSA	Third Lien DSA	Total
Par Amount	\$242.5	\$89.8	\$332.3
Estimated Premium	\$0.0	\$0.0	\$0.0
Amortization (11/1)	2016-2035	2016-2032	2016-2035
Average Life (years)	11.7	9.6	--
All-In TIC	3.95%	3.72%	--
Refunded Par <sup>3</sup>	\$225.2	\$82.4	\$307.6
Gross Savings	\$11.9	\$3.1	\$15.0
FY2018 Savings	\$6.0	\$1.5	\$7.5
FY2019 Savings	\$6.0	\$1.5	\$7.5
NPV Savings	\$11.0	\$2.8	\$13.8
NPV Savings Percentage	4.87%	3.40%	4.49%
Negative Arbitrage	\$4.4	\$1.5	\$5.9
Assumed Credit Ratings	Aa2/AA	A1/A+	--



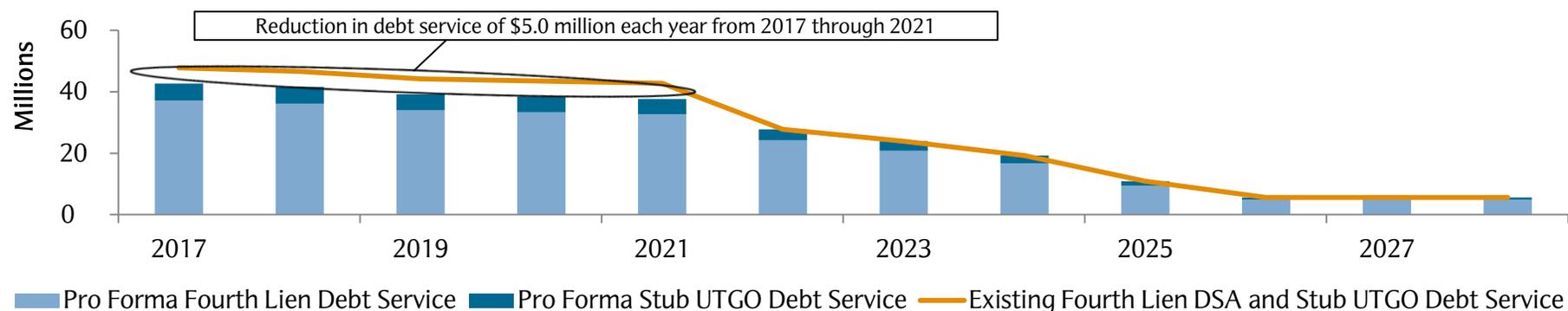
The FRC should also note that taxable municipal bonds typically incorporate optional redemption features that include “make-whole” call prices. A subsequent refunding of these taxable bonds likely would not generate savings, regardless of interest rate levels.

1. Analysis does not include a release of any funds on hand.  
 2. Analysis reflects market conditions as of 6/23/2016.  
 3. Refunded par amount may increase or decrease subject to market conditions.

# Tax-Exempt Refunding Analysis for UTGO/Fourth Lien DSA Bonds and Stub UTGO Bonds

Refunding savings will reduce the debt millage levy in the first five years by approximately 7/10 mill per year

UTGO Refunding Results <sup>1,2</sup> (\$ Millions)				
DSA Lien	Fourth Lien DSA (Tax-Exempt)	Fourth Lien DSA (Taxable)	Fourth Lien DSA <sup>4</sup> (Stubs) <sup>5</sup>	Total
Par Amount	\$210.5	\$0.2	\$32.4	\$243.1
Estimated Premium	\$23.4	\$0.0	\$3.5	\$26.9
Amortization (4/1)	2017-2028	2017-2018	2017-2028	2017-2028
Average Life (years)	4.4	1.0	4.3	--
All-In TIC	2.37%	2.81%	2.43%	--
Refunded Par	\$227.6	\$0.2	\$34.3	\$262.1
Gross Savings	\$22.2	\$0.0 <sup>3</sup>	\$3.1	\$25.3
Savings in Each of the First 5 Years (Debt Millage Decreases)	\$4.4	\$0.0 <sup>3</sup>	\$0.6	\$5.0
NPV Savings	\$21.0	\$0.0 <sup>3</sup>	\$3.0	\$24.0
NPV Savings Percentage	9.23%	-2.19%	8.69%	9.16%
Negative Arbitrage	\$1.2	\$0.0 <sup>3</sup>	\$0.2	\$1.4
Assumed Credit Ratings	A2/A-	A2/A-	A2/A-	--



1. Analysis assumes a release of \$2,900,000 of funds on hand to reduce the size of the Fourth Lien refunding and no funds on hand to reduce the size of the Stub UTGO refunding.
2. Analysis reflects market conditions as of 6/23/2016.
3. The taxable refunding produces a slight loss. Savings reflect \$0.0 million because the losses range from only -\$3,400 to -\$7,500.
4. Assumes that the Stub UTGO refunding bonds will be secured with UTGO and a Fourth Lien pledge of Distributable State Aid.
5. Refunding analysis was structured to produce uniform savings and includes a taxable refunding of \$40,000 bonds. The taxable refunding was not listed separately due to small size. Ability to execute refunding of all \$34.3 million Stub UTGO bonds is subject to negotiation with the four bond insurers and agreement of the pension systems.

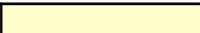
## Appendix

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## Summary of Outstanding LTGO/First and Third Lien DSA Bonds

Outstanding First Lien DSA Bonds <sup>1</sup>										
Security	Series	Par Outstanding (\$ Millions)	Maturity Range	Coupon Range	Par Call Date / Price (%)	Next EMR <sup>2</sup>	Tax Status	Use of Proceeds	Considering Refunding in 2016?	Insurer
LTGO & 1 <sup>st</sup> Lien DSA	2010	\$11.4	2016-2017	5.00%	Noncallable	3/1/2017	Non-AMT	Working Capital	No, non-economic	None
LTGO & 1 <sup>st</sup> Lien DSA	2010	\$225.2	2017-2035	4.25%-5.25%	11.1.2020 / 100%	3/1/2017	Non-AMT	Working Capital	Yes	None
<b>Total</b>		<b>\$236.6</b>								

Outstanding Third Lien DSA Bonds <sup>1</sup>										
Security	Series	Par Outstanding (\$ Millions)	Maturity Range	Coupon Range	Par Call Date / Price (%)	Next EMR <sup>2</sup>	Tax Status	Use of Proceeds	Considering Refunding in 2016?	Insurer
LTGO & 3 <sup>rd</sup> Lien DSA	2012C	\$19.4	2016-2019	4.00%-5.00%	Noncallable	3/1/2017	Non-AMT	Working Capital / Self Insurance	No, non-economic	None
LTGO & 3 <sup>rd</sup> Lien DSA	2012C	\$82.4	2017-2018; 2020-2029; 2032	4.00%-5.00%	11.1.2019 / 100%	3/1/2017	Non-AMT	Working Capital / Self Insurance	Yes	None
LTGO & 3 <sup>rd</sup> Lien DSA	2012C	\$18.9	2030-2031	4.00%-4.25%	11.1.2022 / 100%	3/1/2017	Non-AMT	Working Capital / Self Insurance	No, non-economic	None
<b>Total</b>		<b>\$120.7</b>								

 Yellow highlighting indicates proposed refunding candidates.

1. As of 6/1/2016.
2. Next Extraordinary Mandatory Redemption date.

## Summary of Outstanding UTGO/Fourth Lien DSA Bonds

Outstanding UTGO/Fourth Lien DSA Bonds <sup>1</sup>							
Series	Par Outstanding	Maturity Range	Coupon Range	Par Call Date / Price (%)	Tax Status	Refunding Type	Insurer
2014G-1A	\$8,382,400	2017-2019	5.00%	Any Date / 100%	Non-AMT	CR	Assured
2014G-1B	\$238,080	2017-2019	5.00%	Any Date / 100%	Non-AMT	CR	None
2014G-2A	\$52,897,000	2017-2021	5.000%-5.375%	Any Date / 100%	Non-AMT	CR	NPFG
2014G-2B	\$1,502,400	2017-2021	5.000%-5.375%	Any Date / 100%	Non-AMT	CR	None
2014G-3A	\$5,615,025	2021-2022	5.125%	Any Date / 100%	Non-AMT	CR	NPFG
2014G-3B	\$159,480	2021-2022	5.125%	Any Date / 100%	Non-AMT	CR	None
2014G-4A	\$21,826,350	2017-2023	4.50%-5.25%	Any Date / 100%	Non-AMT	CR	Syncora
2014G-4B	\$619,920	2017-2023	4.50%-5.25%	Any Date / 100%	Non-AMT	CR	None
2014G-5A	\$33,183,150	2019-2024	4.25%-5.25%	Any Date / 100%	Non-AMT	CR	Ambac
2014G-5B	\$942,480	2019-2024	4.25%-5.25%	Any Date / 100%	Non-AMT	CR	None
2014G-6A	\$9,789,325	2017-2018	4.00%-5.25%	Any Date / 100%	Non-AMT	CR	Ambac
2014G-6B	\$278,040	2017-2018	4.00%-5.25%	Any Date / 100%	Non-AMT	CR	None
2014G-7A	\$215,475	2017-2018	5.24%	Noncallable	Taxable	Escrow to Maturity	Ambac
2014G-7B	\$6,120	2017-2018	5.24%	Noncallable	Taxable	Escrow to Maturity	None
2014G-8A	\$32,042,400	2017-2025	4.30%-5.00%	4.1.2016 / 100%	Non-AMT	CR	Assured
2014G-8B	\$910,080	2017-2025	4.30%-5.00%	4.1.2016 / 100%	Non-AMT	CR	None
2014G-9A	\$9,121,775	2017-2020	4.30%-5.25%	4.1.2016 / 100%	Non-AMT	CR	Assured
2014G-9B	\$259,080	2017-2020	4.30%-5.25%	4.1.2016 / 100%	Non-AMT	CR	None
2014G-10A	\$5,488,275	2017-2018	4.00%-5.00%	Noncallable	Non-AMT	Escrow to Maturity	Assured
2014G-10A	\$36,765,950	2019-2028	5.00%	4.1.2018 / 100%	Non-AMT	AR	Assured
2014G-10B	\$155,880	2017-2018	4.00%-5.00%	Noncallable	Non-AMT	Escrow to Maturity	None
2014G-10B	\$1,044,240	2017-2028	5.00%	4.1.2018 / 100%	Non-AMT	AR	None
2014G-11A	\$6,227,650	2017-2018	5.00%	Noncallable	Non-AMT	Escrow to Maturity	Assured
2014G-11B	\$176,880	2017-2018	5.00%	Noncallable	Non-AMT	Escrow to Maturity	None
<b>Total</b>	<b>\$227,847,455</b>						

1. As of 6/1/2016.

## Summary of Outstanding Stub UTGO Bonds

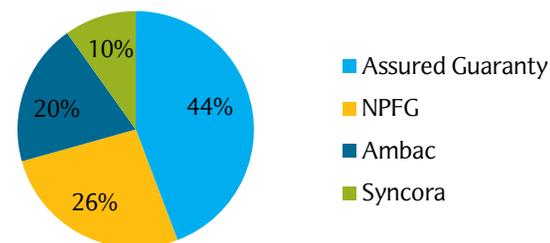
### After the bankruptcy, a portion of UTGO Bonds remained outstanding (the “Stub UTGO Bonds”)

With respect to the Stub UTGO bonds, the bond insurers have assumed responsibility for debt service payments to bondholders, while the City contributes equivalent debt service payments to the City’s General Retirement System and the Income Stabilization Funds for the City’s General Retirement System and Police and Fire Retirement System.

Outstanding Stub UTGO Bonds <sup>1</sup>								
Security	Series	Par Outstanding	Maturity Range	Coupon Range	Par Call Date / Price (%)	Tax Status	Refunding Type	Insurer
UTGO	1999-A	\$1,299,520	2017-2019	5.00%	Any Date / 100%	Non-AMT	CR	Assured
UTGO	2001-A(1)	\$8,200,600	2017-2021	5.000%-5.375%	Any Date / 100%	Non-AMT	CR	NPFG
UTGO	2002	\$870,495	2021-2022	5.125%	Any Date / 100%	Non-AMT	CR	NPFG
UTGO	2003-A	\$3,383,730	2017-2023	4.50%-5.25%	Any Date / 100%	Non-AMT	CR	Syncora
UTGO	2004-A(1)	\$5,144,370	2019-2024	4.25%-5.25%	Any Date / 100%	Non-AMT	CR	Ambac
UTGO	2004-B(1)	\$1,517,635	2017-2018	4.00%-5.25%	Any Date / 100%	Non-AMT	CR	Ambac
UTGO	2004-B(2)	\$33,405	2017-2018	5.24%	Noncallable	Taxable	Escrow to Maturity	Ambac
UTGO	2005-B	\$4,967,520	2017-2025	4.30%-5.00%	4.1.2016 / 100%	Non-AMT	CR	Assured
UTGO	2005-C	\$1,414,145	2017-2020	4.30%-5.25%	4.1.2016 / 100%	Non-AMT	CR	Assured
UTGO	2008-A	\$850,845	2017-2018	4.00%-5.00%	Noncallable	Non-AMT	Escrow to Maturity	Assured
UTGO	2008-A	\$5,699,810	2019-2028	5.00%	4.1.2018/100%	Non-AMT	AR	Assured
UTGO	2008-B(1)	\$965,470	2017-2018	5.00%	Noncallable	Non-AMT	Escrow to Maturity	Assured
<b>Total</b>		<b>\$34,347,545</b>						

### Insurer Breakdown

Insurer	Maturities	Par Amount
Assured Guaranty	2017-2028	\$15,197,310
NPFG	2017-2022	\$9,071,095
Ambac	2017-2024	\$6,695,410
Syncora	2017-2023	\$3,383,730



1. As of 6/1/2016.



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**CITY RESOLUTION 2016-2**

**APPROVING THE CITY'S JUNE 2016 FISCAL YEAR 2016 BUDGET  
AMENDMENT 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 City of Detroit (the "City") beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 7(c) of the Act provides that during the period of oversight, the Commission review, modify, and approve the City's proposed and amended operational budgets and that a proposed budget or budget amendment does not take effect unless approved by the Commission; and

WHEREAS, Section 6(3) of the Act further requires the Commission to ensure that the City complies with the requirements of the Uniform Budgeting and Accounting Act; and

WHEREAS, the Uniform Budgeting and Accounting Act prevents the City from deviating from its original general appropriations act without amending it and requires the City to amend its general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined; and

WHEREAS, at the Commission meeting on June 27, 2016, the City presented fiscal year 2016 budget amendment requests, 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 City's June 2016 fiscal year 2016 budget amendment requests, attached as **Exhibit A** to this Resolution but excluding any budget amendments 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.

IN WITNESS WHEREOF, the eligible voting members of the Commission, or their designees, have signed and adopted this Resolution.

DETROIT FINANCIAL REVIEW COMMISSION

By \_\_\_\_\_  
Darrell Burks, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Michael Duggan, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Stacy Fox, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Lorron James, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Brenda Jones, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Nick A. Khouri, State Treasurer and Detroit Financial  
Review Commission Member

By \_\_\_\_\_  
William Martin, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
John S. Roberts, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Tony Saunders, Detroit Financial Review Commission  
Member

Date: \_\_\_\_\_  
Detroit, Michigan

CITY OF DETROIT BUDGET AMENDMENTS

THE FOLLOWING BUDGET AMENDMENTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO  
THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT  
For June 27, 2016 MEETING

**Grant Budget Amendments**

No.	Department	Grantor	Brief Description	Revenue	Expense	Appr. #
1	Fire Dept	Detroit Wayne Mental Health Authority	The objective of the grant is to fund the overtime necessary to complete the Mental Health First Aid and Question, Persuade and Refer (QPR) training during hours beyond scheduled shifts for first responders. It is believed that this training will help alleviate recidivism in the criminal justice system among those with mental illnesses.	450,000	450,000	20282
<b>Fire Department Total</b>				<b>450,000</b>	<b>450,000</b>	
2	Police Dept.	Detroit Wayne Mental Health Authority	The objective of the grant is to fund the overtime necessary to complete the Mental Health First Aid and Question, Persuade and Refer (QPR) training during hours beyond scheduled shifts for first responders. It is believed that this training will help alleviate recidivism in the criminal justice system among those with mental illnesses.	450,000	450,000	20281
3	Police Dept.	Michigan Department of Health and Human Services	The objective of this grant is to provide funding for the Detroit Police Department's Victim's Assistance Program. Services will be provided to survivors of homicide victims, victims of child physical abuse, child sexual abuse, domestic violence, adult sexual assault, elder abuse and molestation.	700,000	700,000	20164
<b>Police Department Total</b>				<b>1,150,000</b>	<b>1,150,000</b>	
4	Recreation	Detroit Recreation Foundation	The objective of this grant is to provide support for the Youth Tennis Program at the Farwell and Palmer Recreation Centers. The funds will allow for the support of instructors, equipment purchases and a banquet ceremony for participants.	9,611	9,611	20190
5	Recreation	Michigan Department of Natural Resources	The objective of this grant is to provide support for the development of public recreation facilities. This funding will be used for improvements to the Howarth Playground which includes picnic tables, grills, benches, fencing, recycle bins, play equipment surfacing and swings.	45,000	45,000	20241
<b>Recreation Department Total</b>				<b>54,611</b>	<b>54,611</b>	
The purpose of this reprogramming is to assist in the effort of remediating lead hazards in both single-						
6	Housing & Revitalization	U.S. Department of Housing and Urban Development (HUD)	<b>Reprogramming CDBG/NOF:</b>			
			Increase CDBG Citywide Lead Hazard Reduction Program	-	689,750	10409
			Decrease Administration BG	-	(689,750)	06040
<b>Housing &amp; Revitalization Net Change</b>				<b>-</b>	<b>-</b>	
<b>GRAND TOTAL</b>				<b>1,654,611</b>	<b>1,654,611</b>	

## CITY OF DETROIT BUDGET AMENDMENTS

THE FOLLOWING BUDGET AMENDMENTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO  
THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT  
For June 27, 2016 MEETING

### Non-Grant Budget Amendments

No.	Department	Brief Description	Revenue	Expense	Appr. #
The purpose of the amendment is to increase funding for discretionary pension contributions. This is part of an overall strategy to address the increased pension					
7	Office of the Chief Financial Officer (OCFO)	Utilize \$20.0M of the \$70.9M FY 2014 - 2015 Unassigned Fund Balance			
		Reduce Non-Departmental - Contingency Funds account	-	(10,000,000)	13967
		To Establish Departmental - Discretionary Pension Contributions in FY16	-	30,000,000	13854
		<b>Net Change</b>	-	20,000,000	
The purpose of the amendment is to establish a new Improvement & Extension fund for capital purchases.					
8	DWSD - R	Reduce Fund 5720 DWSD-R and Long-Term Planning Appropriation (Water)	-	(20,172,981)	20174
		To establish Fund 5721 DWSD-R Improvement & Extension (Water)	-	20,172,981	20244
		Reduce Fund 5820 DWSD-R and Long-Term Planning Appropriation (Sewer)	-	(11,529,026)	20185
		To establish Fund 5821 DWSD-R Improvement & Extension (Sewer)	-	11,529,026	20243
		<b>Net Change</b>	-	-	

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STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**CITY RESOLUTION 2016-3**

**APPROVING THE CITY'S JUNE 2016 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 City of Detroit (the "City") beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the City'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 June 27, 2016, the City 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 City's June 2016 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.

IN WITNESS WHEREOF, the eligible voting members of the Commission, or their designees, have signed and adopted this Resolution.

DETROIT FINANCIAL REVIEW COMMISSION

By \_\_\_\_\_  
Darrell Burks, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Michael Duggan, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Stacy Fox, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Lorron James, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Brenda Jones, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Nick A. Khouri, State Treasurer and Detroit Financial  
Review Commission Member

By \_\_\_\_\_  
William Martin, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
John S. Roberts, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Tony Saunders, Detroit Financial Review Commission  
Member

Date: \_\_\_\_\_  
Detroit, Michigan

**CITY OF DETROIT CONTRACT SUBMISSION TO FINANCIAL REVIEW COMMISSION**  
**THE FOLLOWING CONTRACTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO**  
**SECTION 6, SUBSECTION 6 OF THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT**

For June 27, 2016 Meeting

Prepared By: Boiesie Jackson, Chief Procurement Officer - 6/27/2016

City Council and Water Board Approvals Through June 21, 2016

	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?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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**CONTRACTS GREATER THAN \$750K**

1	CITYWIDE	3001811	<b>Contract Amount: \$1,100,000.00</b> <b>Contract Period: 7/1/16 through 5/30/17</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Various Office Supplies and Services as Offered Under the Michigan Delivery Extended Agreement (MiDeal) through the State of Michigan's Master Agreement</b> <b>Contractor: Staples</b> <b>Location: 500 Staples Drive, Framingham, MA 01702</b>	New	Yes	Yes	6/14/2016	6/27/2016	Leveraging of Spend with State of Michigan Contract. Discounts of 30% to 75% on most supplies.
2	GENERAL SERVICES	CPA6000136	<b>Contract Amount: \$1,141,884.00</b> <b>Contract Period: 7/1/16 through 6/30/17</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Neighborhood Parks Improvement for Luizzo, Simmons and Mansfield-Diversity Playground</b> <b>Contractor: Keo and Associates</b> <b>Location: 18286 Wyoming Street, Detroit, MI 48221</b>	New	Yes	Yes	6/21/2016	6/27/2016	
3	GENERAL SERVICES	CPA6000142	<b>Contract Amount: \$1,570,450.00</b> <b>Contract Period: 7/1/16 through 6/30/17</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Neighborhood Parks Improvement for Boyer, Calimera, Cross/Tireman, Hansen, Fields and Lathan Playgrounds</b> <b>Contractor: Michigan Recreational Construction, Inc.</b> <b>Location: P.O. Box 2127 Brighton, MI 48116</b>	New	Yes	Yes	6/21/2016	6/27/2016	
4	HEALTH AND WELLNESS	6000032	<b>Contract Amount: \$8,250,000.00</b> <b>Contract Period: 6/1/16 through 3/31/17</b> <b>Source: 100% Federal Funding</b> <b>Purpose: To Provide Provision of Fiduciary Fiscal Management Services for Administration and Contract Management</b> <b>Contractor: Southeastern MI Health Association</b> <b>Location: 3011 West Grand Blvd, Suite 200, Detroit, MI 48202</b>	New	Yes	Yes	6/14/2016	6/27/2016	
5	PUBLIC WORKS	2875784	<b>Contract Amount: \$800,000.00</b> <b>Contract Period: Upon FRC Approval through 3/23/17</b> <b>Source: 100% Other (Street) Funding</b> <b>Purpose: To Provide Hauling of Street Debris</b> <b>Contractor: Homrich Wrecking Inc.</b> <b>Location: 4195 Central St., Suite H, Detroit, MI 48210</b>	Renewal	Yes	Yes	5/31/2016	6/27/2016	This Renewal option is for extension of time only, No funds needed. The original contract period is April 1, 2013 through March 31, 2015.

	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?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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CONTRACTS GREATER THAN \$750K -- continued

6	PUBLIC WORKS	6000035	<b>Contract Amount: \$2,086,980.00</b> <b>Contract Period: Upon FRC Approval through 12/31/17</b> <b>Source: 100% City (Metro) Funding</b> <b>Purpose: To Provide PW-7595 Repair of Tree Root Damaged Sidewalk and Driveways at Various Locations on the Eastside</b> Contractor: Giorgi Concrete Joint Venture with Major Cement Location: 20450 Sherwood, Detroit, MI 48234	New	Yes	Yes	6/7/2016	6/27/2016	
7	PUBLIC WORKS	6000036	<b>Contract Amount: 2,077,150.00</b> <b>Contract Period: Upon FRC Approval through 12/31/17</b> <b>Source: 100% City (Metro) Funding</b> <b>Purpose: To Provide PW-7595 Repair of Tree Root Damaged Sidewalk and Driveways at Various Locations on the Westside</b> Contractor: Giorgi Concrete Joint Venture with Major Cement Location: 20450 Sherwood, Detroit, MI 48234	New	Yes	Yes	6/7/2016	6/27/2016	
8	PUBLIC WORKS	6000062	<b>Contract Amount: \$8,792,731.94</b> <b>Contract Period: Upon FRC Approval through 12/31/17</b> <b>Source: 100% Other (Street) Funding</b> <b>Purpose: To Provide PW-6975 Bituminous Surface Removal, (Milling) and Miscellaneous Construction</b> Contractor: Giorgi Concrete, LLC/Major Cement Co., a Joint Venture Location: 20450 Sherwood, Detroit, MI 48234	New	Yes	Yes	5/31/2016	6/27/2016	

WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

9	Housing and Revitalization	PO3001566	<b>Contract Amount: \$305,000.00</b> <b>Contract Period: One Time Purchase</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Commercial Demolition of 8 Properties, Group #41</b> Contractor: Dore & Associates Contracting, Inc. Location: 900 Harry S. Truman Parkway, Bay City, MI 48706	New	Yes	Yes	6/21/2016	6/27/2016	
10	Housing and Revitalization	PO3001568	<b>Contract Amount: \$214,000.00</b> <b>Contract Period: One Time Purchase</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Commercial Demolition of 8 Properties</b> Contractor: Dore & Associates Contracting, Inc. Location: 900 Harry S. Truman Parkway, Bay City, MI 48706	New	Yes	Yes	6/21/2016	6/27/2016	
11	Housing and Revitalization	PO3001571	<b>Contract Amount: \$298,000.00</b> <b>Contract Period: One Time Purchase</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Commercial Demolition of 9 Properties, Group #39</b> Contractor: Dore & Associates Contracting, Inc. Location: 900 Harry S. Truman Parkway, Bay City, MI 48706	New	Yes	Yes	6/21/2016	6/27/2016	
12	FINANCE	2911783	<b>Contract Amount: \$133,911.00</b> <b>Contract Period: Upon FRC's Approval through 6/30/16</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Preparation of the City of Detroit, Comprehensive Annual Financial Report for FY 2015</b> Contractor: Plante & Moran, PLLC Location: 27400 Northwestern Hwy., Ann Arbor, MI 48104	Increase of Funds	Yes	Yes	6/21/2016	6/27/2016	Contract being Rebid currently.  Amendment #1 is for increase of funds only. Original contract amount is \$820,000.00 and original contract period is October 26, 2015 through June 30, 2016. Total Contract Amount: \$900,000.00

	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?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K -- continued

13	POLICE	6000099	<b>Contract Amount: \$86,741.00</b> <b>Contract Period: 7/1/16 through 6/30/17</b> <b>Source: 100% Federal Funding</b> <b>Purpose: To Provide and Install Surveillance Cameras for Both Pole Mounted and Covert Applications</b> Contractor: <b>Motorola Solutions, Inc.</b> Location: 1303 East Algonquin Road, Schaumburg, IL 60196	New	Yes	Yes	6/14/2016	6/27/2016	There is a different contract with the same entity. Contract #2914367 in the amount of \$7,499,999.00, City Council approved 9/22/15 and FRC approved 9/28/15
14	PUBLIC WORKS	2902588	<b>Contract Amount: \$227,906.55</b> <b>Contract Period: 12/14/14 through 12/31/17</b> <b>Source: 100% Other (Private) Funding</b> <b>Purpose: To Provide Relocation of Oakwood Blvd. from Dix to Oakwood, PW-6969</b> Contractor: <b>Giorgi Concrete, LLC/Major Cement Co., a Joint Venture</b> Location: 20450 Sherwood, Detroit, MI 48234	Increase of Funds	Yes	Yes	5/31/2016	6/27/2016	New Scope of Work includes removal of gas mains, pipelines, foundations, etc.  This Amendment is for increase of funds only. Original contract is \$4,954,311.40 and original contract period is December 14, 2014 through December 31, 2017. Total Contract Amount: \$5,182,217.95

CONTRACTS GREATER THAN 2 YEARS

15	2917330	GENERAL SERVICES	<b>Contract Amount: \$1,355,837.39</b> <b>Contract Period: 1/1/16 through 6/30/18</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Fuel System Upgrade Services</b> Contractor: <b>Phoenix Environmental Inc.</b> Location: 11042 Hi Tech Drive, Whitmore Lake, MI 48189	Increase of Funds	Yes	Yes	6/21/2016	6/27/2016	Increase due to unforeseen Fuel System Maintenance and Underground Work.  Amendment #1 is for increase of funds only. Original contract amount is \$695,000.00 and original contract period is January 1, 2016 through June 30, 2018 Total Contract is \$2,050,837.39
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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?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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DEPARTMENT OF WATER AND SEWERAGE CONTRACTS

CONTRACTS GREATER THAN \$750,000.00

16	Water and Sewerage	WS-697	<p><b>Contract Amount Not to Exceed: \$4,584,240.50</b>  <b>Contract Period:</b> 850 calendar days  <b>Source:</b> 100% Operating Budget (Operations &amp; Maintenance)  <b>Purpose:</b> Water Main replacement, various locations in the City of Detroit                      Contractor: Imperial Construction Company                      Location: 13507 Helen Street, Detroit, MI 482120</p>	New	Yes	Yes	N/A	Approved 5/11/2016 BOWC  DWSD Contract No. WS-697 is part of an ongoing distribution piping system water main replacement program. The work consists of replacing eight inch and twelve inch diameter water mains in Detroit residential neighborhoods that have a history of frequent breaks and high maintenance cost. This contract is similar to WS-686, which was approved by the Board of Water Commissioners on April 22, 2015
17	Water and Sewerage	WS-693A	<p><b>Contract Amount Not to Exceed: \$9,479,876.00</b>  <b>Contract Period:</b> 730 calendar days  <b>Source:</b> 100% CIP Funded  <b>Purpose:</b> Water Main replacement, various locations in the City of Detroit                      Contractor: Lakeshore Global Corp.                      Location: 7310 Woodward Ave, Ste 500A, Detroit, MI 48202</p>	New	Yes	Yes	N/A	Approved 5/11/2016 BOWC  DWSD Contract No. WS-693A is part of an ongoing distribution piping system water main replacement program. The work consists of replacing pipelines that have a history of frequent breaks and high maintenance cost. This contract is similar to WS-686, which was approved by the Board of Water Commissioners on April 22, 2015.  Initially withdrawn pending confirmation that City Council approval not required. Re-introduced at the FRC meeting on June 27, 2016.

CONTRACTS GREATER THAN 2 YEARS

		No Contracts Submitted for this Category						
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WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

		No Contracts Submitted for this Category						
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STATE OF MICHIGAN  
DEPARTMENT OF TREASURY

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DATE:** June 23, 2016

**TO:** Financial Review Commission members

**FROM:** Ronald L. Rose, Executive Director  
Steven C. Watson, Senior Analyst  
Financial Review Commission

**SUBJECT: FRC June 2016 City of Detroit Contracts Review**

The City is requesting 16 contract approvals at the FRC Meeting on June 27, 2016. The following is a summary of the requests, which were reviewed by and discussed with the FRC Advisory Subcommittee on Contracts and Procurement. The various contract categories and funding sources are summarized in the tables below:

Contract Request Type	Count	Contract List Item #s	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?
New Contracts	12	1,2,3,4,6,7,8,9,10,11,13,14	Yes	Yes
Time Extension (Renewal Option)	1	5	Yes	Yes
Funds Increase	3	12,14,15	Yes	Yes

Funding Source	Count	Contract List Item #s	Total Dollar Amount
Bonds Funds	2	2,3	\$2,712,334
Federal Funds	2	4,13	\$8,336,741
General Fund	5	9,10,11,12,15	\$2,306,748
Private Funds	1	14	\$227,907
Street and Metro Funds	4	5,6,7,8	\$13,756,862
Water and Sewer Funds	1	16	\$4,584,241
Various Citywide	1	1	\$1,100,000

Additional details about each contract are discussed below:

*New Contracts*

The following new contracts were competitively bid and awarded to the lowest bidder:

- Citywide office supplies contract through 5/30/2017 utilizing the State's contract through the MiDEAL extended purchasing program (item #1)

- General Services Department improvements at 9 neighborhood parks through 6/30/2017 as part of overall plan for capital improvements at 40 City parks (items #2-3)
- Health and Wellness contract to provide third-party program administration for federal Ryan White HIV treatment program through 3/31/2017 (item #4)
- Public Works repair contracts for sidewalks and driveways and surface removal/milling through 12/31/2017 (items #6-8)
- Housing and Revitalization commercial demolition contracts for various properties (items #9-11)
- Police contract to provide and install certain surveillance cameras through 6/30/2017 (item #13)
- Water and Sewerage contract for certain water main replacements at various locations for over two years (item #16)

*Time Extensions and Funds Increases*

- Public Works contract for street debris hauling extended by renewal option through 3/23/2017 and remains within existing total contract dollar amount due to lower than expected volume to date. City plans to rebid for a new contract after this renewal period (item #5).
- Office of the Chief Financial Officer (OCFO) contract for third-party assistance in preparing the FY 2015 comprehensive annual financial report requires a funds increase (\$133,911) to cover total expenses, which includes services to train and transition the work to new City staff under the OCFO restructuring (item #12).
- Public Works contract to relocate Oakwood Boulevard requires a funds increase (\$227,907) for additional required underground work. The contract is entirely funded by a private third party involved in the project (item #14).
- General Services Department contract to upgrade the City's vehicle fueling system requires a funds increase (\$1.35 million) to cover unforeseen project requirements after a full needs assessment was completed (item #15).

RLR/SCW



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**CITY RESOLUTION 2016-4**

**INCREASING THE AGGREGATE AMOUNT FOR WHEN MULTIPLE  
CONTRACTS REQUIRE THE COMMISSION'S APPROVAL**

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 City of Detroit (the "City") beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the City'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, Section 3(a) of the Act includes in its definition of applicable contracts "multiple contracts for less than \$750,000.00, or the higher amount determined by the commission, with 1 entity that, in the aggregate, exceed \$750,000.00, or a higher amount as determined by the commission, within a 12-month period"; and

WHEREAS, the Commission wishes to exercise its authority to determine a higher aggregate amount within a 12-month period for defining when multiple City contracts for less than \$750,000, with 1 entity, are defined as applicable contracts requiring the Commission's approval, subject to certain conditions and limitations and expiration after one year.

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

1. That the aggregate amount within a 12-month period, for defining when multiple City contracts for less than \$750,000, with 1 entity, are defined as applicable contracts requiring the Commission's approval, is hereby increased from \$750,000 to \$2,000,000, subject to the following conditions and limitations:
  - a. This higher aggregate threshold for multiple contracts shall only apply to City contracts for less than \$250,000;
  - b. This higher aggregate threshold for multiple contracts shall only apply to City contracts that are competitively bid;
  - c. The City shall provide monthly reports, in a form acceptable to the Commission, of all approved contracts that otherwise would have required the Commission's approval but for this Resolution.
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 and expire in one year.

IN WITNESS WHEREOF, the eligible voting members of the Commission, or their designees, have signed and adopted this Resolution.

DETROIT FINANCIAL REVIEW COMMISSION

By \_\_\_\_\_  
Darrell Burks, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Michael Duggan, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Stacy Fox, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Lorron James, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Brenda Jones, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Nick A. Khouri, State Treasurer and Detroit Financial  
Review Commission Member

By \_\_\_\_\_  
William Martin, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
John S. Roberts, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Tony Saunders, Detroit Financial Review Commission  
Member

Date: \_\_\_\_\_  
Detroit, Michigan

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STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**CITY RESOLUTION 2016-5**

**ANNUAL REPORTING BY THE CITY ON PENSION PAYMENTS**

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 City of Detroit (the “City”) beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Sections 6(7) and 7(d) of the Act provides that during the period of oversight, the City shall present written reports regarding its financial stability and provide information related to its finances when requested by the Commission; and

WHEREAS, during the period of oversight, the City has consistently provided such reports and information when requested by the Commission; and

WHEREAS, the Commission wishes to formalize its request for a recurring annual report (the “Pension Payments Report”) on pension payments made to the Retirement Systems of the City of Detroit (the “Retirement Systems”) and any other funding provided or allocated for the City’s pension obligations.

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

1. That the City shall provide annual reports on or before July 15, in a form acceptable to the Commission, on pension payments made to the Retirement Systems and any other funding provided or allocated for the City's pension obligations.
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.

IN WITNESS WHEREOF, the eligible voting members of the Commission, or their designees, have signed and adopted this Resolution.

DETROIT FINANCIAL REVIEW COMMISSION

By \_\_\_\_\_  
Darrell Burks, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Michael Duggan, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Stacy Fox, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Lorron James, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Brenda Jones, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Nick A. Khouri, State Treasurer and Detroit Financial  
Review Commission Member

By \_\_\_\_\_  
William Martin, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
John S. Roberts, Detroit Financial Review Commission  
Member

By \_\_\_\_\_  
Tony Saunders, Detroit Financial Review Commission  
Member

Date: \_\_\_\_\_  
Detroit, Michigan