

DETROIT FINANCIAL REVIEW COMMISSION

CITY REGULAR MEETING

Monday, August 29, 2016 at 2:30 p.m.
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

Approved – September 16, 2016

I. Call to Order

Chairman Nick A. Khouri called the meeting to order at 2:33 p.m.

II. Roll Call

Members Present – 10

Darrell Burks
Mike Duggan
Stacy Fox
Lorron James
Brenda Jones
Nick A. Khouri
Bill Martin
Alycia Meriweather (non-voting)
John Roberts
Tony Saunders (via teleconference)

Let the record show that 9 Commission members eligible to vote were present; 8 participated in person and 1 participated via teleconference. A quorum was present. One non-voting member was also present.

III. Approval of Proposed Minutes from the July 25, 2016 City Meeting

Motion made to approve the draft minutes of the Commission's July 25, 2016 City Meeting as presented. Motion moved and supported, the Commission approved the minutes of the July 25, 2016 meeting as presented.

IV. Executive Director's Report

Executive Director Ron Rose provided an update on the City's pension funding analysis.

V. Old Business - None

VI. New Business

a. Consideration of the 2017 Regular Meeting Schedule (FRC City Resolution 2016-10)

The Commission discussed the proposed 2017 Regular Meeting Schedule. Motion made to approve the dates of the 2017 Regular Meeting Schedule (City Resolution 2016-10) as presented. Motion moved and supported. The Commission unanimously approved City Resolution 2016-10 as presented.

b. Presentation of the City's Monthly Financial Report

CFO John Hill presented the City's monthly financial report and addressed questions from the Commission. Highlights from his summary include:

- Preliminary FY 2016 actuals indicate the results are expected to be favorable to budget and that liquidity is stable.
- There continued to be movement on the timely posting of cash to the general ledger; however, to-be posted items will be posted as part of the year-end close process.
- The Fire Department hired approximately 7 employees in the month of June, while the Police Department lost approximately 17 employees.

Commission members and the City discussed the City's ongoing efforts to recruit and retain police officers, as well as the status of the City's audit contract.

c. Update on the City's Refunding Bonds Issuance

Chief Deputy CFO/Finance Director John Naglick gave an update on the City's Refunding Bonds Issuance, noting that the City closed its Series 2016C refunding bonds, which are secured by its distributable state aid. He stated that the proceeds will refund \$607.7 million of the existing bonds. This will generate gross savings of \$64.6 million with a net present value of \$60.1 million (9.89%). He addressed questions and comments from the Commission.

d. Transmittal of the City's debt service requirements certification per MCL 141.1636(11)

Mr. Naglick presented the City's debt service requirements report, noting the first four debt obligations on the summary page will be replaced by the 2016C refunding bonds at the next quarterly certification in November.

e. Consideration of the City's August 2016 budget amendment requests per MCL141.1637(c) (FRC City Resolution 2016-11)

Deputy CFO/Budget Director Tanya Stoudemire and Detroit Water and Sewerage Department (DWSD) CFO Marcus Hudson presented the City's 4 budget amendment (2 grant and 2 non-grant) requests. Ms. Stoudemire addressed questions and comments from the Commission. The Commission discussed DWSD budget amendment approval procedures. The Commission decided to table approval of non-grant item No. 2 (SDWSD-R \$4,438,336), pending further review.

Motion made to approve the City's August 2016 budget amendment requests (City Resolution 2016-11, excluding non-grant amendment item No. 2). Motion moved and supported. The Commission voted 8 in favor and 1 abstention. The Commission approved City Resolution 2016-11 with non-grant amendment item No. 2 excluded.

f. Consideration of the City's August 2016 contract approval requests per MCL 141.1636(6) (FRC City Resolution 2016-12)

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. This month's contracts have been reviewed with the FRC Advisory Subcommittee on Contracts and Procurement.

Chief Procurement Officer Boysie Jackson and Mr. Hudson gave an overview of the City's 11 contract approval requests and addressed questions from the Commission. The Commission discussed DWSD contract approval procedures.

Motion made to approve the City's 11 August 2016 contract approval requests (City Resolution 2016-12) as presented. Motion moved and supported. The Commission voted 8 in favor and 1 opposed. The Commission approved City Resolution 2016-12 as presented.

VII. Public Comment

John Lauve
Gene Cunningham

VIII. Next Meeting Date

City Regular Meeting: Friday, September 16, 2016 at 1:00 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.

IX. 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 3:35 p.m.