

DETROIT FINANCIAL REVIEW COMMISSION

CITY REGULAR MEETING

Monday, June 27, 2016 at 2:30 p.m.
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

APPROVED – JULY 25, 2016

I. Call to Order

Chairman Nick A. Khouri called the meeting to order at 2:30 p.m.

II. Roll Call

Members Present – 8

Darrell Burks
Mike Duggan
Stacy Fox
Lorron James
Brenda Jones
Nick A. Khouri
John Roberts
Tony Saunders

Members Absent – 2

Bill Martin
Alycia Meriweather (non-voting)

Let the record show that 8 Commission members eligible to vote were present and participated in person. A quorum was present.

III. Approval of Proposed Minutes from the May 23, 2016 Meeting

Motion made to approve the draft minutes of the May 23, 2016 Commission meeting as presented. Motion moved and supported, the Commission approved the minutes of the May 23, 2016 meeting as presented.

IV. Executive Director's Report

Executive Director Ron Rose reported that at the Commission's special meeting on Friday, June 24, 2016, the Commission amended its Bylaws and Ethics Policy to reflect the Commission's new oversight responsibilities for the Detroit Public Schools Community District. He also reported that there are two resolutions that will be brought to the Commission for consideration at today's meetings: (1) to increase the aggregate amount, under certain conditions, for when multiple City

contracts with a single vendor require FRC approval and (2) for the City to provide an annual report to the FRC on pension contributions.

V. Old Business - None

VI. New Business

a. Presentation of the City's Monthly Financial Report

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

- The City approved a contract with Cheiron to assist with its pension funding analysis.
- The City is proposing a FY16 budget amendment to add \$30 million in funding for pension obligations (included in the budget amendment requests later in the agenda).
- The City received responses to its request for proposals for its FY16 independent audit, and selection of an auditor is expected soon.
- No changes were made to the City's FY16 budget projection based on April year-to-date actuals.
- The City continues to work on improving financial processes and creating new reports using the new ERP finance system.

b. Presentation of the City's FY 2015 Comprehensive Annual Financial Report (CAFR)

Chief Deputy CFO/Finance Director John Naglick reported that the City's FY 2015 CAFR was issued on May 31, 2016. He noted that producing the City's last three CAFRs were major efforts, and the three reports reflect the City's pre-bankruptcy position (FY13), its position during bankruptcy (FY14), and its improved position after exiting bankruptcy (FY15).

c. Consideration of the City's request to issue refunding bonds per MCL 141.1637(e) (FRC City Resolution 2016-1)

Mr. Naglick and Harold Bulger of Miller Canfield presented the City's request to issue refunding bonds. Mr. Naglick explained the bonds are secured by the City's distributable state aid (State Revenue Sharing) and will allow the City to achieve savings for its taxpayers and its General Fund. The Commission expects the City to achieve no less than 3% overall net present value savings before proceeding with the sale. Current savings estimates exceed this expected benchmark.

Motion made to approve the City's request to issue refunding bonds (City Resolution 2016-1) as presented. Motion moved and supported. The Commission approved City Resolution 2016-1 as presented.

d. **Consideration of the City's June 2016 budget amendment requests for FY 2016 per MCL 141.1637(c) (FRC City Resolution 2016-2)**

Deputy CFO/Budget Director Tanya Stoudemire presented the City's 8 budget amendment requests for FY16. The 6 grant amendments include additional grants the City has received or reallocations of spending across appropriations. The 2 non-grant amendments include the additional \$30 million appropriated for legacy pension obligations and the Water and Sewerage department's reclassification of expenses between operations and capital. Ms. Stoudemire addressed questions and comments from the Commission.

Motion made to approve the City's 8 June 2016 budget amendment requests (City Resolution 2016-2) as presented. Motion moved and supported. The Commission approved City Resolution 2016-2 as presented.

e. **Consideration of the City's June 2016 contract approval requests per MCL 141.1636(6) (FRC City Resolution 2016-3)**

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.

Chief Procurement Officer Boysie Jackson and Gary Brown, the Director of the Detroit Water and Sewerage Department (DWSD), gave an overview of the City's 17 contract approval requests and addressed questions from the Commission. They noted the City added back 1 contract request for DWSD not on the Commission's list as it was determined it did not require City Council approval and, thus, could be reviewed by the FRC today. All contracts have been reviewed with the FRC Advisory Subcommittee on Contracts and Procurement.

Motion made to approve the City's 17 June 2016 contract approval requests (City Resolution 2016-3) as presented. Motion moved and supported. The Commission approved City Resolution 2016-3 as presented.

f. **Consideration of resolution to increase the aggregate amount, under certain conditions, for when multiple City contracts require FRC approval (FRC City Resolution 2016-4)**

Executive Director Ron Rose presented the resolution, which increases the \$750,000 aggregate amount, under certain conditions and limitations, for when multiple City contracts with a single vendor require FRC approval.

Motion made to approve City Resolution 2016-4 as presented. Motion moved and supported. The Commission approved City Resolution 2016-4 as presented.

g. **Consideration of resolution for City to provide an annual report to the FRC on pension contributions (FRC City Resolution 2016-5)**

Executive Director Ron Rose presented the resolution, which creates a new report the City will provide annually by July 15 on its pension payments.

Motion made to approve City Resolution 2016-5 as presented. Motion moved and supported. The Commission approved City Resolution 2016-5 as presented.

VII. Public Comment

John Lauve

VIII. Next Meeting Date

- a. City Regular Meeting: Monday, July 25, 2016 at 2:30 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 3:15 p.m.