

DETROIT FINANCIAL REVIEW COMMISSION

REGULAR MEETING

Monday, December 21, 2015 at 2:30 p.m.
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

APPROVED – JANUARY 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 - 9

Members Absent - 0

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

Let the record show that 9 Commission members were present; 8 Commission members participated in person, and 1 Commission member participated via teleconference. A quorum was present.

III. Approval of Proposed Minutes from November 23, 2015 Meeting

Motion made to approve the draft minutes of the November 23, 2015 FRC meeting as presented. Motion moved and supported, the Commission unanimously approved the minutes of the November 23, 2015 FRC meeting as presented.

IV. Executive Director's Report

Steven Watson, Senior Analyst for the Commission, introduced himself and stated he was sitting in on behalf of Executive Director Ronald Rose for today's meeting.

V. Old Business

None

VI. New Business

a. **OCFO Financial Report for the 4 Months ended October 31, 2015**

City CFO John Hill presented his financial report to the Commission and highlighted the following items: the City is finalizing agency budget submission requests for fiscal year 2017; the OCFO has continued making progress on filling its new positions; and October YTD actuals continue to indicate fiscal year 2016 results are favorable to budget. Mr. Hill continued to discuss the report's details further and addressed the Commission members' questions.

b. **FY 2014 Single Audit and FY 2015 Comprehensive Annual Financial Report**

City Chief Deputy CFO John Naglick discussed the City's FY 2014 Single Audit report for federal grants. He highlighted the substantial reduction in findings and questioned costs in FY 2014 when compared to FY 2012 and FY 2013, while noting the City still has work to do to continue improving its compliance. An update was provided on the City's efforts to complete its FY 2015 Comprehensive Annual Financial Report (CAFR). The City is normally required to file its FY 2015 CAFR with the State Treasurer no later than December 31, 2015 but has requested an extension to March 31, 2016, which the State Treasurer recently approved. Discussion ensued on the remaining open items for completing the CAFR and the City's efforts to improve the process in the future.

c. **Consideration of City's Time Extension Request for its Fiscal Year 2015 Comprehensive Annual Financial Report to March 31, 2016 (FRC Resolution 2015-18)**

The Commission considered a resolution to consent to the City's FY 2015 CAFR deadline extension. Motion made to approve Resolution 2015-18 as presented. Motion moved and supported. The Commission unanimously approved Resolution 2015-18 as presented.

Mr. Duggan requested that the Commission consider a resolution next month to support pending State legislation that would authorize universal withholding for the City's income tax.

d. **Consideration of City of Detroit Police Officer's collective bargaining agreement amendments requested per MCL 141.1636(9) (FRC Resolution 2015-19)**

The Commission considered a resolution to approve the City's collective bargaining agreement amendments for its police officers, which would, among other things, provide additional pay increases. The City provided documentation on how it would pay for the additional cost, and Police Chief James Craig was available to address any questions from the Commission. Motion made to approve Resolution 2015-19 as presented. Motion moved and supported. The Commission unanimously approved Resolution 2015-19 as presented.

e. **Detroit Water and Sewerage Department and Great Lakes Water Authority Reorganization Presentation**

DWSD Director Gary Brown and DWSD CFO Marcus Hudson made a presentation to the Commission on the split of DWSD into the new local DWSD-Retail (DWSD-R) operation and the new regional Great Lakes Water Authority, which will be effective on January 1, 2016. They addressed questions from the Commission and requested the Commission approve a City budget amendment to reflect the reorganization.

f. **Consideration of City of Detroit fiscal year 2016 budget amendment requests per MCL 141.1637(c) (FRC Resolution 2015-20)**

City Budget Director Tanya Stoudemire gave the Commission an overview of the 30 fiscal year 2016 budget amendments the City is requesting, including the DWSD-R amendment referenced above. All of the amendments are budget-neutral, and many reflect additional grant funding the City has received. Discussion ensued regarding the FRC review process for budget amendments and the level of detail required. The Commission agreed to exclude budget amendment request No. 10 (Recreation Department, \$5,000,000) from this month's approval and may reconsider it at a later date.

Motion made to approve the City's December 2015 budget amendment requests (Resolution 2015-20), with the exception of amendment No. 10. Motion moved and supported. The Commission unanimously approved Resolution 2015-20 with amendment No. 10 excluded.

g. **Consideration of City of Detroit contract approvals requests per MCL 141.1636(6)**

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 gave an overview of the City'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 approve the City's 10 December 2015 contract approval requests (Resolution 2015-21) as presented. Motion moved and supported. The Commission unanimously approved Resolution 2015-21 as presented.

VII. Public Comment

John Lauve

Irvin Corley, Jr.

VIII. Next Meeting Date

The next Financial Review Commission meeting is scheduled for Monday, January 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 unanimously approved the motion to adjourn.

There being no further business, the meeting adjourned at 3:33 p.m.