

DETROIT FINANCIAL REVIEW COMMISSION

REGULAR MEETING

Monday, September 28, 2015 at 2:30 p.m.
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

APPROVED – OCTOBER 26, 2015

I. Call to Order

Nick A. Khouri called the meeting to order at 2:36 p.m.

II. Roll Call

Members Present - 9

Members Absent - 0

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

Let the record show that 9 Commission members were present. A quorum was present.

III. Approval of Minutes

Motion made to approve the draft minutes of the August 24, 2015 FRC meeting as presented.

Motion moved and supported, the Commission unanimously approved the minutes of the August 24, 2015 FRC meeting as presented.

9 ayes, 0 nays

IV. Executive Director's Report

Executive Director Ron Rose noted there is a request for the Commission to enter Closed Session later in the meeting.

V. **Consideration of Resolution 2015-14 certifying the City of Detroit's compliance with the Michigan Financial Review Commission Act per MCL 141.1636(2)**

Mr. Rose gave a brief overview of the resolution, which is an annual FRC certification required by statute. He noted that in accordance with PA 181 of 2014, the FRC requested the City's Chief Financial Officer (CFO) to verify compliance with certain statutory requirements as outlined in the CFO's Administrative Order.

Motion made to approve Resolution 2015-14 as presented.

Motion moved and supported, the Commission unanimously approved Resolution 2015-14 as presented.

VI. **Administrative Reports**

September 2015 Revenue Estimating Conference Report

The City held its September revenue conference on September 17, 2015. The participants were CFO John Hill, Jay Wortley from the State Treasury Department, and Professor George Fulton from the University of Michigan. Mr. Fulton provided a brief overview of the current status of the U.S. and Michigan economies, discussed the forecasts of various economic indicators, and commented on the City's revenue estimates. He concluded his presentation stating the City's revenue estimates are conservative.

Mr. Hill thanked the City's internal team who prepared the draft report reviewed at the conference. The team included the Budget Office, Auditor General, and City Council's Legislative Policy Division. Mr. Hill reported that most of the discussion at the conference centered on the General Fund's major revenues: income tax, property tax, utility users' tax, wagering tax, and State revenue sharing. Gary Evanko, the City's Chief Assessor, gave the Commission a brief overview of the property tax and changes in assessed values.

ERP System Implementation

CFO John Hill, CIO Beth Niblock, and HR Director Denise Starr gave an update on the Enterprise Resource Planning (ERP) project. Ms. Niblock indicated the public budgeting module is on track to go live in November, and the other financial modules will enter system integration testing in October lasting about three weeks. The City plans to update the Commission on its project schedule and budget after this testing phase is complete. Ms. Starr gave an update on the HR and payroll modules. The team is validating data converted from the old system and will continue with system testing.

A discussion ensued on the status of hiring and restructuring the Office of the Chief Financial Officer (OCFO), the HR Department, and the Department of Innovation and Technology (DoIT). Mr. Hill reported that over 70 interviews were conducted and completed for senior OCFO positions and are in the process of making job offers. Ms. Niblock reported she is establishing the new organizational structure for DoIT in October and will then follow the same restructuring process used for the OCFO. Ms. Starr reported the HR restructuring is almost done, but she is still trying to fill the Chief Classification and Compensation Officer position.

Transmittal of Debt Service Requirements Report

Mr. Rose stated the Debt Service Requirements Report is a statutorily required report from the City and has been signed by the City Council President, the City's Chief Financial Officer, and the Mayor. As required, the City has provided prior versions of this report to the Commission on a quarterly basis.

VII. Consideration of Contract Approval Requests

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.

Boysie Jackson, the City's Chief Procurement Officer, addressed questions from the Commission on the 10 contract approval requests. All contracts have been reviewed by the FRC Advisory Subcommittee on Contracts and Procurement.

The Commission discussed why Detroit Water and Sewerage Department (DWSD) contracts do not all come before City Council and the future process when DWSD separates into DWSD-Retail and the Great Lakes Water Authority. The current process is governed by a federal court order. The Commission also asked the City about its ongoing public lighting improvements. The City indicated it is continuing to replace old street lights with new ones.

Motion made to approve all Contract Approval Requests from the City of Detroit as presented.

Motion moved and supported, the Commission unanimously approved the 10 Contract Approval Requests from the City of Detroit as presented.

VIII. Public Comment

John Lauve, Detroit, MI
Jim Casha, Norwich, Ontario, Canada

IX. New Business

The Commission discussed the status of the Emergency Manager Orders, which remain in effect, and are subject to revision or repeal by City Council effective in December. Such changes may or may not have a budget impact, which would require FRC approval. The Commission asked the FRC staff to work with the City on this issue.

X. Next Meeting Date

Chairman Khouri notified the public that the next Financial Review Commission meeting is scheduled for Monday, October 26, 2015 - 2:30 p.m. at Cadillac Place, 3062 W. Grand Boulevard, Suite L-150, Detroit, MI 48202.

XI. Closed Session

Chairman Khouri notified the public that the Commission will now go into closed session, at the City's request, to discuss the City's negotiating strategy for pending collective bargaining agreements. He noted that it is the last order of business except for the motion to adjourn, which will be done when the Commission returns to open session.

Motion made to go into closed session. Motion moved and supported, the Commission unanimously approved the motion to go into closed session. The Commission discussed the City's negotiating strategy. The Commission did not make any decisions in the closed session.

Motion made to come out of closed session. Motion moved and supported, the commission unanimously approved the motion to come out of closed session.

XII. Adjournment

Motion made to adjourn. Motion moved and supported, the Commission unanimously approved the motion to adjourn.

9 ayes, 0 nays

There being no further business, the meeting adjourned at 4:05 p.m.