

DETROIT FINANCIAL REVIEW COMMISSION

REGULAR MEETING

Monday, March 28, 2016 at 2:30 p.m.
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

APPROVED – APRIL 13, 2016

I. Call to Order

Chairman Nick A. Khouri called the meeting to order at 2:35 p.m.

II. Roll Call

Members Present - 9

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

Members Absent - 0

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 the February 22, 2016 Meeting

Motion made to approve the draft minutes of the February 22, 2016 FRC meeting as presented. Motion moved and supported, the Commission unanimously approved the minutes of the February 22, 2016 FRC meeting as presented.

IV. Executive Director's Report

Executive Director Ron Rose reported that additional language related to the City's agreement with the Detroit International Bridge Company was added to the Commission's standard contract and budget amendment approval resolutions with regard to a contract and budget amendment submitted for consideration later on today's Commission meeting agenda.

He also reported that the City will present its February Consensus Revenue Estimating Conference report and its Four-Year Financial Plan submission at today's meeting. He thanked City Budget Director Tanya Stoudemire and her team for their work to ensure the financial plan was delivered in a timely manner as required by statute. He stated the FRC will hold a special meeting on April 13, 2016 to allow for questions and answers on the City's proposed financial

plan, and the regular FRC meeting will be held on April 18, 2016, at which time the FRC will approve or disapprove the financial plan.

V. Old Business - None

VI. New Business

a. Presentation of the City's Financial Report for the 7 Months ended January 31, 2016

City CFO John Hill presented his monthly financial report to the Commission and highlighted the City went live with its new financial management system on March 9. He reported the expected go-live date for the new human resources system would be delayed beyond the previously planned April 1 date. He noted the City is reviewing proposals from its RFP for pension and actuarial-related services and expects to make a selection shortly. He also reported on the current status of the Office of the CFO restructuring and the City's FY16 budget projections. He addressed questions from the Commission.

b. Presentation of the City's February 2016 Consensus Revenue Estimating Conference Report

Professor George Fulton and City Budget Director Tanya Stoudemire presented the City's revenue conference report and the underlying economic forecast. The conference participants were CFO John Hill, Chief Economist Jay Wortley from the Michigan Department of Treasury, and Professor George Fulton from the University of Michigan. Professor Fulton chaired the conference, and the resulting consensus revenue estimates established the revenues the City used in its financial plan. Professor Fulton and Ms. Stoudemire addressed questions from the Commission.

c. Presentation of the City's FY 2017-FY 2020 Four-Year Financial Plan

Mr. Hill and Ms. Stoudemire presented the City's four-year financial plan, which was transmitted to the FRC on March 23, 2016. Mr. Hill highlighted that the plan includes an additional \$10 million per year from FY17 through FY20 to fund future pension obligations, and the City anticipates a \$20 million to \$30 million budget amendment in FY16 to also provide additional funding for future pension obligations. He also explained the City is maintaining an extra \$8 million to \$11 million in excess balances in its budget reserve fund each year on top of the statutorily required balance (5% of projected expenditures). He concluded by discussing potential risks to the plan and the potential upsides not included in the plan. Mr. Hill and Ms. Stoudemire addressed questions from the Commission.

City Council President Brenda Jones discussed the City Council's budget review and adoption process that followed the Mayor's budget address on February 25, 2016. She submitted letters in support of the adopted financial plan from Council Members Raquel Castañeda-López, Andre Spivey, and Scott Benson. Council Member Janeé Ayers addressed the Commission in support of the financial plan.

d. Consideration of City's Time Extension Request for its FY 2015 Comprehensive Annual Financial Report to May 31, 2016 (FRC Resolution 2016-3)

Chief Deputy CFO and Finance Director John Naglick presented the City's request to extend its FY15 Comprehensive Annual Financial Report (CAFR) submission deadline

from March 31 to May 31, noting the water, sewer, and library funds require additional time to complete their separate audits, which are then incorporated into the citywide audit.

Motion made to approve the City's extension request (Resolution 2016-3) as presented. Motion moved and supported. The Commission unanimously approved Resolution 2016-3 as presented.

e. Consideration of the City's March 2016 contract approval requests per MCL 141.1636(6) (FRC Resolution 2016-4)

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 5 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 5 March 2016 contract approval requests (Resolution 2016-4) as presented. Motion moved and supported. The Commission unanimously approved Resolution 2016-4 as presented.

f. Consideration of the City's March 2016 fiscal year 2016 budget amendment requests per MCL 141.1637(c) (FRC Resolution 2016-5)

Ms. Stoudemire presented the City's budget amendment request, which is a \$5 million grant for the Recreation Department to support the Riverside Park improvement project.

Motion made to approve the City's March 2016 budget amendment request (Resolution 2016-5) as presented. Motion moved and supported. The Commission unanimously approved Resolution 2016-5 as presented.

VII. Public Comment

John Lauve

VIII. Next Meeting Date

- a. Special Meeting: Wednesday, April 13, 2016 at 2:30 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202
- b. Regular Meeting: Monday, April 18, 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 3:40 p.m.