

DETROIT FINANCIAL REVIEW COMMISSION

CITY REGULAR MEETING

Monday, February 26, 2018 at 1:00 p.m.
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

Approved: March 26, 2018

I. Call to Order

Chairman Nick Khouri called the meeting to order at 1:03 p.m.

II. Roll Call

Members Present – 7

Darrell Burks (via teleconference)
Mike Duggan
Stacy Fox
Nick Khouri
Bill Martin
David Nicholson
John Walsh

Members Absent – 4

Brenda Jones
Dr. Ike Mckinnon
Dr. Iris Taylor (non-voting)
Dr. Nicholai Vitti (non-voting)

Let the record show that 7 Commission members eligible to vote were present, 6 participated in person and 1 participated via teleconference. A quorum was present.

Approval of Proposed Minutes from the January 29, 2018 City Meeting

Motion made to approve the draft minutes of the Commission's January 29, 2018 City Meeting as presented. Motion moved and supported, the Commission approved the minutes of the January 29, 2018 meeting as presented.

III. Executive Director's Report

Kevin Kubacki reported that the City will present its FY 2017 Comprehensive Annual Financial Report at today's meeting. He noted that it is the third consecutive year the city has ended the year with a balanced budget and operating surplus, which forms part of the conditions for a waiver to be granted.

IV. Old Business - None

V. New Business

a. Presentation of the City Financial Report, including Status Update on Debt Repurchase and Status Update on the Four-Year Financial Plan

Mr. John Hill, CFO, presented the City's monthly financial report and highlighted that the office of the Chief Financial Officer has begun issuing key financial policies for the City under a new comprehensive system for establishing and disseminating all information regarding the authority, functions, procedures, statements, opinions and other governance of the OCFO; the City is utilizing up to \$55 million of unassigned fund balance to repurchase a portion of its outstanding Financial Recovery Bonds and the Mayor presented his recommended FY 2019-2022 Four-Year Financial Plan on February 23. He further stated FY 2018 is currently projected to end with an operating surplus of approximately \$27M; Revenue projections continue to reflect the September 2017 Revenue Estimating Conference results; payroll and employee benefit expenditures are trending below budget and the General City active employee count increased in December, but remains below budget; the December YTD General City property tax collection rate of 55% has improved over the prior year and total Accounts payable as of December had a net decrease of \$8.2M. He also noted that there was a net federal/state grants increase of \$43.5M. He addressed questions from the Commission.

b. Presentation of the City's February 2018 Consensus Revenue Estimating Conference Report

The City held its February revenue conference on February 14, 2018. Deputy CFO/Budget Director Tanya Stoudemire provided a brief overview of the City's revenue estimates. Ms. Stoudemire reported that most of the discussion at the conference centered on the five major revenues that represent 83% of the General Fund revenues per the Fiscal Year 2017 results: Income tax; Property tax; Utility Users' tax; Wagering tax, and State Revenue Sharing. Revenues will be reduced in the next FRC financial update by \$7 million as a result of decreases in departmental revenues.

c. Consideration of the City's February budget amendment per MCL141.1637(c) (FRC City Resolution 2018-4)

Deputy CFO/Budget Director Tanya Stoudemire presented and sought approval for the City's February 3 grant related budget amendments.

Motion made to approve the City's February 2018 budget amendment requests (FRC City Resolution 2018-4). The Commission unanimously approved City Resolution 2018-4 as presented.

d. Presentation of the City of Detroit FY2017 Comprehensive Annual Financial Report (CAFR) and results of the Single Audit

Deputy CFO John Naglick presented the results of the City's 2017 Comprehensive Annual Financial Report (CAFR). He stated that the City has ended the year with a balanced budget and operating surplus for the third consecutive year. He further stated that the General Fund had an operating surplus of \$53.8 million; an unassigned fund balance of \$169 million, and the total fund balance was \$592.8 million, most of which is assigned for reinvestment, future liabilities and other potential risks.

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

Deputy CFO, John Naglick stated that the Debt Service Requirements Report is a statutorily required report from the City. He reviewed the quarterly debt obligation, and clarified how funds are escrowed by the bond trustees.

f. Consideration of the City's January 2018 contract approval requests per MCL 141.1636(6) (FRC City Resolution 2018-5)

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 34 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 February 2018 contract approval requests (City Resolution 2018-5) as presented. Motion moved and supported. The Commission approved City Resolution 2018-5 as presented.

VI. Public Comment

John Lauve
Michelle George

VII. Next Meeting Date

City Regular Meeting: Monday, March 26, 2018 at 1:00 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.

VIII. 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 1:30 p.m.

FRC Committee Monthly Meeting
 City of Detroit
Resolution Roll Call
 Monday, February 26, 2018

FRC 2/26/2018 Meeting (City of Detroit)	City Resolution 2018-4 (consideration of February 2018 budget amendments) Roll Call	City Resolution 2018-5 (February 2018 City Contract approval requests) Roll Call
Mr. Burks	Yes	Yes
Mr. Duggan	Yes	Yes
Ms. Fox	Yes	Yes
Ms. Jones	Absent	Absent
Mr. Khouri	Yes	Yes
Mr. Martin	Yes	Yes
Mr. McKinnon	Absent	Absent
Mr. Nicholson	Yes	Yes
Mr. Walsh	Yes	Yes

Signed by: B. Greaves
 Beverly C. Greaves- Secretary

Date: Feb 26, 2018