



OUR MISSION is to improve,
modernize and maintain the
street lighting system in Detroit.

PUBLIC LIGHTING AUTHORITY
Board of Directors Special Meeting Minutes
Via Uber Conference
October 26, 2021

Board Member(s) in Attendance

Dr. Lorna Thomas, Chair
Patrick Padgett, Secretary
Rod Parker, Treasurer
Melvin Butch Hollowell
Ric Preuss
Beau Taylor, Executive Director

Resolution:

Resolution 2021-02

Motions Carried/Failed:

Resolution 2021-02 Carried

Legal Representative(s)

George Pitchford

CALL TO ORDER

The Regular Board Meeting of the Public Lighting Authority (PLA) was held on October 26, 2021, via Uber Conference. Dr. Lorna Thomas, Chair of the Board, called the meeting to order at 12:02 p.m. George Pitchford then makes an announcement reminding Board Members that during roll call, all Board members must identify that they are participating in this meeting virtually and that they confirm what City, County and State they are calling from, and that the same be recorded in the meeting minutes. George Pitchford then turns the meeting back over to Dr. Thomas.

ROLL CALL

The following Board members confirm they were participating virtually at this meeting:

Lorna Thomas, Detroit, Wayne County, Michigan
Rod Parker, Detroit, Wayne County, Michigan
Melvin Butch Hollowell, Detroit, Wayne County, Michigan
Ric Preuss, Detroit, Wayne County, Michigan
Patrick Padgett, Troy, Oakland County, Michigan

Others in attendance included Beau Taylor, Executive Director and Legal Representative George Pitchford.

APPROVE AGENDA

Motion made to approve agenda by: Butch Hollowell.

Motion seconded by: Ric Preuss.

Roll call vote:

Dr. Thomas Yes

Patrick Padgett Yes

Butch Hollowell Yes

Ric Preuss Yes

Rod Parker Yes

Motion Carried.

APPROVE MINUTES

Motion made to approve agenda by: Butch Hollowell.

Motion seconded by: Rod Parker.

Roll call vote:

Dr. Thomas Yes

Patrick Padgett Yes

Rod Parker Yes

Butch Hollowell Yes

Ric Preuss Yes

Motion Carried.

DISCUSSION and ACTION ITEM(S)

- a. FY 2020/2021 Annual Audit
Resolution 2021-02 Resolution to Accept the FY 20/21 Annual Audit

Dr. Thomas asks if there is any discussion for this item.

Ric Preuss: The Audit was done in June. Is there a reason why the Audit takes so long to come before the Board?

Rod Parker: Answers by saying June 30 is the year end. The Audit begins in August. It takes a couple of months to audit the financial statements – they are finished by the end of September; then presented to the Board in October.

Butch Hollowell states he has read the document and moves to approve. Patrick Padgett supports.

Dr. Thomas comments that she is pleased to see our net position is quite good despite our year from “a dark place” and that our Operating Revenue is holding well. She also states PLA’s expenses are very well controlled complements to our Executive Director – there were no deficiencies she saw, and overall, looked like a very clean audit, coming a non-financial person’s standpoint.

Rod Parker added PLA assets were placed in service in 2013/2014. As part of the 10-year plan, we at a point now going forward where our operating expenses will see derivatives, which is how our rate fee is structured. We knew the first 5 years revenue would exceed expenses, and the last 5 years it would be the reverse so at the end of 10 years, we would be whole. He has asked Mohamed and Beau to revisit the 10-year plan, see where we are, and update it for the next year.

Beau Taylor echoed Rod Parker's remarks saying we need to update our 10-year plan to reflect changes in the market as well as escalating costs and will work with Mohamed, Rod and Melissa to present to the Board as part of the next Budget cycle.

Butch Hollowell believes our Executive Director has nailed it in the public's understanding of it. When we say increased costs - these are international factors at play, in the costs of steel and costs associated with construction and supply chain issues that are being experienced across the American economy. So it's not like this is unique to us.

Ric Preuss then states he would like to give approval of the motion on the floor with a comment with his approval. That in the future he would like a week to examine the Board book to get a good understanding of what he is approving. Also, to have the auditor come in to give comments.

The Auditors from George Johnson are on the call.

Michael Nichols, Quality Control Partner and Gloria Zhao, Principal Auditor from the George Johnson Group gave a presentation based on the Audit Wrap Up Report submitted to the Board.

GJC expects to issue a modified or clean opinion, and once the draft is approved by the Board, GJC will do their subsequent events procedure, submit a management representative letter, and then submit a final report.

Dr. Thomas asks if there are any questions regarding the Audit presentation.

Butch Hollowell asks is the operating loss an anomaly or this a trend?

Gloria defers the answer to management, but states what she can see is cost savings in salaries (down \$200K) a decrease in streetscape project expense (\$2.5M in the prior year) the O&M increased by \$4M compared to prior year. She states that going forward, there will be fewer capital expenditures and more maintenance expenditures.

Ric Preuss asks how are our investments doing? And what are we investing in?

Beau defers to Mohamed but states our investments are risk free they are fund through a bank. It is more of a fluctuation of interest rates and money market accounts.

Rod Parker adds, PLA is restricted to what we can invest, namely US bank treasury bonds and other instruments by the government.

Ric Preuss asks are we restricted because of Federal or State law?

Rod Parker replies state law.

Beau Taylor adds we have bond covenants as well.

Rod Parker: It was part of the act that helped create the PLA- that dictates what we can and cannot invest in.

Dr. Thomas then asks if there are any other questions regarding this resolution. Hearing none, Dr. Thomas asks for a motion to affirm vote to approve.

Motion made approve Resolution 2021-02: Butch Hollowell

Motion seconded by: Patrick Padgett

Roll call vote:

Dr. Thomas	Yes
Patrick Padgett	Yes
Butch Hollowell	Yes
Rod Parker	Yes
Ric Preuss	Yes

Motion Carried.

PUBLIC COMMENT

Dr. Thomas then asks if anyone would like to give public comment. George Pitchford then asks is there any indication that anyone is waiting to make public comment. Marie Brown indicates there is no one waiting to make a comment.

ADJOURNMENT

Motion to adjourn made by: Rod Parker

Seconded by: Ric Preuss

Roll call vote:

Dr. Thomas	Yes
Patrick Padgett	Yes
Butch Hollowell	Yes
Rod Parker	Yes
Ric Preuss	Yes

Motion Carried.

Dr. Thomas adjourned the meeting at 12:37 p.m.

