Fraser City Council - Regular Meeting
Thursday – January 8, 2015 - 7:00 P.M.
Municipal Building

A Regular Meeting of the Fraser City Council was conducted on the above date at the City Municipal Building, located at 33000 Garfield Road, Fraser, County of Macomb, Michigan.

Present:	Mayor Hagerty and Council Members Accavitti, Carnagie, Cilluffo, Hemelberg, and Jennings
Absent:	Council Member Morelli
Also Present:	Richard Haberman, City Manager
	Kathy Kacanowski, City Clerk
	Jack Dolan, City Attorney

1. **Call Meeting to Order** - Mayor Hagerty called the regular meeting to order at 7:05 p.m.

2. **Pledge of Allegiance**

3. **Approval of Agenda**

Mayor Hagerty noted that Councilman Morelli was absent from this meeting.

Mayor Hagerty moved, seconded by Member Cilluffo, TO REMOVE ITEM 8b AND APPROVE THE AGENDA AS AMENDED.

The motion carried 6-0

4. **Citizen Participation on Agenda Items** - none

5. **Public Hearings**

Public Hearing on the request from Orlandi Gear Company, 17755 Masonic, Fraser MI for an Industrial Facilities Tax Exemption in the amount of $1,749,217.

Jim Ahee, Macomb County Economic Development, and Michael Schiavi, Orlandi Gear Company, were present and spoke on this request.

Mayor Hagerty opened the public hearing at 7:11 p.m. With no public to be heard, Mayor Hagerty closed the public hearing at 7:12 p.m.

Member Cilluffo moved, seconded by Member Carnagie, TO APPROVE THE REQUEST FROM ORLANDI GEAR COMPANY, 17755 MASONIC, FRASER FOR AN INDUSTRIAL FACILITIES TAX EXEMPTION IN THE AMOUNT OF $1,749,217 FOR A PERIOD OF 12 YEARS.

The motion carried 6-0

6. **Presentations**

a) Aaron Stevens from Abraham Gaffney provided a presentation on the 2013-2014 audit. Council was advised there was a decline in the fund balance with the main reasons being the increased cost of retiree health care and less tax revenues. The minimum recommended fund balance is 17% and we are currently at 12%. Mr. Stevens stated he is not concerned with the 12% but more the downward trend.

It was noted the water and sewer fund has improved significantly and the deficit elimination plan continues until the end of the year.

7. **Consent Agenda**

Member Carnagie moved, seconded by Member Accavitti, to APPROVE THE CONSENT AGENDA ITEMS AS PRESENTED.

a) Approval of Minutes of the Regular Council Meeting of December 11, 2014
b) Approval of Bills for the Month of December 2014 in the amount of $940,245,49
c) Approval of resolution authorizing installment purchasing for the AMI system.

The motion carried 6-0

RESOLUTION AUTHORIZING
INSTALLMENT PURCHASE AGREEMENT

WHEREAS, the City Council of the City of Fraser, County of Macomb, State of Michigan (the "City") determines it to be necessary for the public health, safety and welfare of the City and its residents to acquire water meters (the "Equipment") in an amount of Six Hundred Thirty-Seven Thousand Thirty-Six Dollars ($637,036); and

WHEREAS, under the provisions of Act No. 99, Public Acts of Michigan, 1933, as amended ("Act 99"), the City is authorized to enter into any contracts or agreements for the purchase of the Equipment to be paid for in installments over a period of not to exceed the useful life of the Equipment acquired as determined by resolution of the City; and

WHEREAS, the outstanding balance of all purchases by the City under Act 99, exclusive of interest, shall not exceed one and one quarter percent (1-1/4%) of the taxable value of the real and personal property in the City at the date of such contract or agreement; and

WHEREAS, purchase of the Equipment pursuant to an installment purchase agreement will not result in the outstanding balance of all such purchases in excess of the limitation contained within Act 99 as set forth above; and

WHEREAS, it is necessary for the City to arrange for the financing of the Equipment; and

WHEREAS, the City Council wishes to delegate to the City Manager and the Finance Director/Treasurer to arrange for the financing of the Equipment with a bank or financial institution pursuant to an installment purchase agreement within the parameters set forth herein.

NOW THEREFORE, BE IT RESOLVED THAT;

1. The City Manager and the Finance Director/Treasurer are each hereby authorized to arrange for the financing of the Equipment with a bank or financial institution pursuant to an installment purchase agreement. Interest on the agreement shall not exceed 4.5% per annum, the aggregate principal amount of the agreement shall not exceed Six Hundred Thirty-Seven Thousand Thirty-Six Dollars ($637,036), and the term of the agreement shall not exceed ten (10) years. The Mayor, City Clerk, City Manager, Finance Director/Treasurer or their designee are each hereby authorized to execute the agreement, when in final form, and deliver it to the purchaser.

2. The useful life of the Equipment is hereby determined to be not less than ten (10) years.

3. The Mayor, City Clerk, City Manager, Finance Director/Treasurer or their designee are each authorized to execute such additional documentation as shall be necessary to effectuate the closing contemplated by the agreement.

4. The City hereby agrees to include in its budget for each year, commencing with the present fiscal year, a sum which will be sufficient to pay the principal of and the interest coming due under the agreement during such fiscal year.

5. The City covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest component

of the payments due under the agreement from adjusted gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable.

6. The acquisition of the Equipment and the approval of the agreement hereby are found and declared to be for a valid public purpose and in the best interest of the health and welfare of the residents of the City.

7. The City hereby designates the agreement as a "qualified tax exempt obligation" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

8. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(a) As of the date hereof, the City reasonably expects to reimburse the City for the expenditures described in (b) below with proceeds of debt to be incurred by the City.

(b) The expenditures described in this paragraph (b) are for the costs of acquiring the Equipment which were or will be paid subsequent to sixty (60) days prior to the date hereof.

(c) The maximum principal amount of debt expected to be issued for the Equipment does not exceed $637,036.

9. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded to the extent of such conflict.

RESOLUTION DECLARED ADOPTED.

8. <u>Requests For Council Action</u>

a. Request Council approve an ordinance amending the code of ordinances article v chapter 25 sections 25-54 and 25-56 providing for the filing of a bond in order to cover estimated costs of elements of the project completion including backfill, compaction, inspection and pavement repair, providing for repealer, severability, penalties and effective date.

Manager Haberman and Attorney Dolan spoke on this item explaining this amendment allows flexibility in receiving compensation and assures inspection services.

Member Cilluffo moved, seconded by Member Hemelberg, TO APPROVE AN ORDINANCE AMENDING THE CODE OF ORDINANCES ARTICLE V CHAPTER 25 SECTIONS 25-54 AND 25-56 PROVIDING FOR THE FILING OF A BOND IN ORDER TO COVER ESTIMATED COSTS OF ELEMENTS OF THE PROJECT COMPLETION INCLUDING BACKFILL, COMPACTION, INSPECTIONAND PAVEMENT REPAIR, PROVIDING FOR REPEALER, SEVERABILITY, PENALTIES AND EFFECTIVE DATE.

The motion carried 6-0

b. Request Council approve Massage Business License for Blonde Ambition, 33190 Groesbeck, Fraser.

ITEM REMOVED

c. Request Council approve budget adjustments as presented.

Member Accavitti moved, seconded by Member Jennings, TO APPROVE THE BUDGET ADJUSTMENTS AS PRESENTED.

The motion carried 6-0

d. Request Council review Section 4.04 of Council Rules and Procedures, Old Business, to determine if the rules need to be amended for this item.

Member Carnagie had made a suggestion that Old Business be included in future council agendas. Mayor Hagerty stated he would like to have the entire Council Rules and Procedures booklet reviewed and asked if any council members would like to be a member of this committee. Members Jennings, Cilluffo and Carnagie will comprise the committee to review the current booklet and report back to Council by June. Manager Haberman will provide rules and procedures from other cities and Member Cilluffo will obtain suggested rules provided by the Michigan Municipal League.

This action will remove item 8f at this time.

e. Request Council review the Temporary Towing arrangement for the City of Fraser.

Manager Haberman explained the city has entered into a temporary towing agreement with Maxx Towing at this time and ultimately Council will give direction once consideration is given to a permanent arrangement. Mayor Hagerty stated he had requested this item be placed on the agenda to clarify Council's role as he feels this should be Council's, not Administration's, decision.

Discussion ensued on this item. It was explained that while Foster's Towing is under investigation, a different company was chosen on a temporary basis. Director Rouhib explained the process of selecting a towing company, noting response time is a priority.

Once the court decision is complete, Council will direct Administration to prepare a request for proposal for a permanent arrangement/contract.

f. Request Council review the Rules of Procedure with respect to Citizen Comments.

SEE ITEM 8d.

g. <u>Request Council Enter Into Closed Session</u> pursuant to 15.268 (a) of the Open Meetings Act, Act 267 of 1976 as Amended, to consider a review of the City Manager.

A roll call vote was taken to enter into closed session at 9:26 p.m. TO CONSIDER A REVIEW OF THE CITY MANAGER.

Accavitti - yes	Hemelberg - yes
Carnagie - yes	Jennings - yes
Cilluffo - yes	Morelli - absent
Hagerty - yes	

The motion carried 6-0

At this time, 10:12 p.m. the meeting reconvened.

Member Carnagie moved, seconded by Member Cilluffo, TO EXTEND THE CITY MANAGER'S CONTRACT STATUS QUO UNTIL JANUARY 29, 2016 WITH A PERFORMANCE REVIEW AT THE JULY 2015 COUNCIL MEETING.

The motion carried 6-0

9. Report of City Administration/Pending Items

Manager Haberman advised he received applications for the Finance Director position. Mayor Hagerty requested all resumes be provided to Council for their review along with Manager Haberman's top choices.

Manager Haberman provided an update on the former gas station on 14 Mile, former Dairy Queen property, and progress of Flamingo Motel repairs.

10. Report of Mayor and City Council/New Business

Mayor and Council spoke on various topics.

Member Jennings asked that council consider a review of the door to door solicitors ordinance as times are not currently listed.

Member Accavitti stated he received several concerns that the city offices were closed during the holidays and we may need to revisit this topic.

Mayor Hagerty requested Manager Haberman prepare a strategy for Planning and Economic Development to be provided at the next meeting.

11. Citizen Participation

Yvette Foster, 33693 Mulvey

12. Adjournment

Member Carnagie moved, seconded by Member Hemelberg, to ADJOURN THE REGULAR COUNCIL MEETING OF THURSDAY, JANUARY 8, 2015 AT 10:42 P.M.

The motion carried 6-0

Respectfully submitted,

_____
Kathy Kacanowski, City Clerk

_____
Doug Hagerty, Mayor

/kk