



**Special City Council Meeting
6:00 PM, MONDAY, JUNE 24, 2013
Conference Room A
Farmington City Hall
23600 Liberty St
Farmington, MI 48335**

FINAL

SPECIAL MEETING MINUTES

A Special meeting of the Farmington City Council was held on June 24, 2013, in Conference Room A, Farmington City Hall, Farmington, MI. Notice of the meeting was posted in compliance with Public Act 267-1976.

The meeting was called to order at 6:02 PM by Mayor J.T. Buck.

1. ROLL CALL

Attendee Name	Title	Status	Arrived
J.T. Buck	Mayor	Present	
Greg Cowley	Councilmember	Present	
William Galvin	Mayor Pro Tem	Present	
JoAnne McShane	Councilmember	Present	

City Administration Present

Director Christiansen
City Clerk Halberstadt
City Manager Pastue
Attorney Schultz
Treasurer Weber

2. APPROVAL OF AGENDA

RESULT:	APPROVED [UNANIMOUS]
MOVER:	JoAnne McShane, Councilmember
SECONDER:	William Galvin, Mayor Pro Tem
AYES:	Buck, Cowley, Galvin, McShane

3. PUBLIC COMMENT

No public comment was heard.

4. PUBLIC HEARING - REVIEW OF OFFERS TO PURCHASE OLD 47TH DISTRICT COURTHOUSE

A. Public Hearing - Review of Purchase Offer for Old 47th District Courthouse Property

Pastue advised city administration is recommending the Balfour Senior Living purchase offer for the old courthouse property. He discussed the reasons for their recommendation. He reviewed other offers received for the property.

Christiansen discussed an additional offer of \$425,000 received for a business training and consulting facility.

Mike Parks, Cypress Partners, LLC, stated they are partnering with Balfour Senior Living on the proposed project for the old courthouse property. He introduced Michael Schonbrun, CEO and Founder of Balfour.

Mr. Schonbrun spoke about the increasing need for Alzheimers and dementia inpatient care. He discussed the services offered by his facilities.

Responding to a question from Cowley, Schonbrun stated the facilities have nursing care, but no physicians on site. He stated slips and falls are addressed on site, but anything more serious would require hospital care.

Cowley expressed concern about the impact the facility would have on Public Safety in terms of emergency runs.

Pastue confirmed officers would be first responders.

Responding to a question from McShane, Schonbrun stated the proposed facility would be secured.

Discussion followed regarding the level of training Balfour provides employees.

Responding to a question from Galvin, Parks stated funding is secured. He confirmed they have a long term business plan that is satisfactory to the banks. He further confirmed that if they were not awarded the property, he would consider other properties in the Farmington area, but stressed they were focused on the courthouse property.

Anthony Carta, representing The River Church, was present to discuss their proposal. He stated what they propose would have minimal impact on the neighborhood and financing is secured.

Responding to a question from McShane, Mr. Carta stated the church holds services on Sunday and Wednesday nights.

Discussion followed regarding other uses including ministerial classes and activities for teens.

Marlin Reed, Pastor of The River Church, spoke about other ministries the church would sponsor including a latchkey program and possible daycare.

Motion to open the public hearing to receive comment on offers to purchase old 47th District Courthouse.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Greg Cowley, Councilmember
SECONDER:	JoAnne McShane, Councilmember
AYES:	J.T. Buck, Greg Cowley, William Galvin, JoAnne McShane

Jim Duffy, 24144 Elizabeth Court, asked if there will be any change to easements.

Pastue responded the city secured an easement from a couple of homes 8-9 years ago in order to connect the building to the sanitary sewer system. He did not anticipate that any additional easements would be necessary.

Duffy asked regarding privacy and safety with new people coming in for church services and otherwise.

Pastue stated churches typically do not present a public safety challenge. He pointed out a senior facility is self-contained and safe.

Duffy asked if any consideration was given to the animals living in the wooded area.

Pastue responded a substantial habitat for animals will still remain.

Buck pointed out landscaping plans could improve environment for animals.

Duffy questioned the property lines of the courthouse property and the location of a new development.

Buck discussed the process going forward in selecting a development and subsequent approvals required for site plans. He stated there will be other opportunities for discussion on plans.

McShane pointed out the site plans will go through the Planning Commission process allowing residents to attend the meetings and hear the details of the plans. She noted plans must comply with city ordinance.

Buzz Holzknacht, 24172 Elizabeth Court, asked if the the property lines of the site can be marked. He stated the proposed senior housing looks to be 25' from the property line.

Christiansen provided an aerial view of the property lines and he indicated a survey could also be provided.

Holzknacht asked if the woods would be filled in totally and whether that area would be included in the sale.

Pastue confirmed it would be part of the sale of the property.

Holzknrecht asked about fencing that was mentioned by the senior living representatives.

Schonbrun spoke about a secured courtyard, but no plans for fencing at the property line.

Holzknrecht asked about the church proposal that included purchase of the building and only a portion of the property.

Pastue responded the proposal excludes the west two acres of the property which the city could potentially use for residential development.

Joe Loruss, 24158 Elizabeth Court, questioned the easement noting the former owner of his home signed off, but he did not.

Pastue responded the easement runs with the land.

Loruss asked if there was any guarantee that there would be no issue with the sanitary sewer system in terms of back-ups, etc. with a new development on that property.

Pastue advised the city engineers are comfortable that the existing capacity would accommodate new development.

Loruss asked about proposed residential homes and whether they would be 2-story.

Pastue responded 2-story residences could be possible.

Christiansen discussed setback requirements for residential.

Loruss asked how he would address any issues he may have with a proposed development.

Pastue indicated the Planning Commission will hold a public hearing regarding proposed site plans providing ample opportunity for public input.

Loruss asked if there would be any type of barrier installed to block their sight of the development.

Pastue responded the Planning Commission takes into account the need for screening.

Patrick McElroy, 24130 Elizabeth Court, expressed support for proposed senior living development. He did not believe there was enough parking for the church should they decide to expand.

Motion to close the public hearing.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	JoAnne McShane, Councilmember
SECONDER:	Greg Cowley, Councilmember
AYES:	J.T. Buck, Greg Cowley, William Galvin, JoAnne McShane

Responding to a question from Buck, Pastue suggested placing sale of the courthouse property on the July 15th agenda.

Cowley expressed concern regarding the amount of support the senior living facility would require from public safety. He noted the city has limited resources.

Pastue pointed out this has not been an issue with a healthcare facility currently in Farmington. He advised Community EMS is the back-up for public safety if they are not available. He noted Farmington Hills would also provide back-up if necessary.

Mr. Schonbrun stated that at one of their other facilities that is similar in size to the one they are proposing, emergency services are required only 2-3 times a month. He pointed out that patients in their type of facility are usually physically robust.

Council concurred to place item on the July 15th agenda.

Cowley expressed his preference for a residential development on the property.

Discussion followed regarding other properties in the city available for redevelopment.

McShane concurred with Cowley regarding the benefit of creating revenue streams from single family homes. She noted the city has a number of sites for this type of development. She does not want to rule out the benefit a senior living facility would bring to the community. She noted it will create jobs and auxiliary services would likely result.

McShane noted the church is also looking to meet the needs of our community. She encouraged council to stay open-minded.

Buck was pleased that the interest in the property was heating up and that Council is looking at real proposals on the best use of the property. He is intrigued by the proposal for a senior development community. He noted it is a beautiful facility that would bring tax revenue and jobs to the city with minimal interruption to the surrounding properties. He stated Council has a tough decision to make.

5. AUTHORIZATION TO ISSUE OTHER POST EMPLOYMENT BENEFIT (OPEB) BONDS

Laura Bassett, Miller Canfield, discussed the process for issuing bonds starting with the Notice of Intent Resolution

A. OPEB Bond Presentation and Consideration to Adopt Resolution of Intent to Issue Bonds

Council received presentations regarding OPEB Bonds from the following individuals/organizations:

Vince Pastue, City Manager

- Introduction

Chris Weber, City Treasurer

- Review of Long Term Liability
- Recent Actions and Actuarial valuations
- How OPEB bonds address long-term liability and stabilize the General Fund
- Why \$8.0 Million?

Robert Daddow, Deputy County Executive

- Rationale for OPEB bonds

Council Questions/Comments:

Galvin pointed out the OPEB bonds will not completely solve the cost of retiree healthcare, but rather we are passing this problem down to the next generation of councilmembers, taxpayers, etc.

Galvin asked regarding management of healthcare costs.

Daddow responded Oakland County has managed costs by increasing co-pays; changing vendors for prescription drugs; adjusting payments for doctors' visits; non-emergency emergency room visits requiring \$100 co-pay, closing RHC to new employees; and implementing wellness incentives.

Responding to a question from Cowley, Daddow stated the plan submitted to the Treasury is a one-time requirement at the front end of the issuance of debt.

Cowley asked what is different here versus what happened in California.

Daddow responded in California the base rates and pension payments are astronomical. He stated it is not uncommon for a Police Chief to retire with a \$150,000 annual pension benefit. He stated the biggest problem in California was they didn't close the plans.

McShane asked regarding containment healthcare costs. Daddow responded the city will have to continue to control healthcare options. He recommended changing the retirement date for Public Safety.

Buck asked what was Oakland County's revenue when it issued the \$500 million bond. Daddow responded approximately \$450 million.

Kari Blanchett, Public Financial Management

- Review of Process to Receive Department of Treasury Approval
- Current and Evolving Market Conditions
- Structure of Bond Issue and Projected Cash Flows
- Impact on City's Borrowing Capacity and Bond Rating

Council Questions/Comments:

Galvin asked if the Treasury would still approve the City's plan if it cannot guarantee it will eliminate unfunded liability.

Blanchett responded the Treasury understands no municipality can project their actual liability. She pointed out the city will need to obtain a June 30, 2013 actuarial report.

McShane expressed concern regarding the bond interest rate, but pointed out the city's options are limited other than to raise taxes.

Responding to a question from Buck, Blanchett pointed out there are only 40 AA rated communities eligible for OPEB bonds.

Brian Green, Morgan Stanley

- Recommended Investment Strategy to protect short-term drops in the market

Laura Bassett, Miller Canfield Paddock and Stone

- Review Authorization to Issue OPEB Bonds
- Review Notice of Intent Resolution

Council Questions/Comments:

Galvin asked if there is any reason the City shouldn't issue more than \$8 million in bonds.

Basset stated the city wants to balance its maximum need with public perception. She noted bonds are subject to petition.

Blanchett stated the Treasury is very sensitive on the amount and will not allow the city to issue what it wants. The amount is subject to the actuarial report.

Responding to a question from Cowley, Daddow stated Oakland County projected increases in healthcare costs of 8%, 6%, & 6% over the next three years respectively. He noted the county has \$33 million in a fringe benefit fund to cover costs over projections.

Discussion followed regarding how to address increasing healthcare costs.

McShane pointed out these bonds are not a new liability, but a refinancing of a current one. We are just changing the payment process. This allows the preservation of capital that can be used to increase revenues.

Buck stated the city is addressing retiree healthcare costs in the most constructive way possible and not kick this down the road.

Cowley stated this was Plan B because there was available to voters a more aggressive strategy to reduce costs with further shared services.

Galvin pointed out that all the financial engineering in the world will not reduce eliminate future costs.

Motion to adopt a Resolution of Intent to issue bonds. [SEE ATTACHED RESOLUTION]. CMR 06-13-040

RESULT:	APPROVED [UNANIMOUS]
MOVER:	JoAnne McShane, Councilmember
SECONDER:	Greg Cowley, Councilmember
AYES:	J.T. Buck, Greg Cowley, William Galvin, JoAnne McShane

6. CONSIDERATION TO APPOINT TO VACANT CITY COUNCIL SEAT

Council took a 5 minute break at 9:21 p.m.

Buck instructed Council to submit in writing to the City Manager their top two candidates.

Buck was pleased there were five viable candidates and noted a majority of them have been serving the city.

McShane noted Council is looking for someone who will be a team member and assist the city in focusing on economic development and implementing goals citizens have identified in the visioning process.

Buck was pleased to see one of the candidates attend tonight's meeting.

Pastue announced Steven Schneemann received the majority vote.

Galvin requested that the media explain the process by which council interviewed and made the appointment.

Cowley stated the decision point for him was to find someone who was invested and passionate about the city and who would not need significant training.

Motion to Appoint Steve Schneemann to the City Council to fill an unexpired term ending November 2015.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Greg Cowley, Councilmember
SECONDER:	William Galvin, Mayor Pro Tem
AYES:	J.T. Buck, Greg Cowley, William Galvin, JoAnne McShane

7. COUNCIL COMMENTS

Pastue asked Council regarding their thoughts on the courthouse proposal. He reiterated the City's recommendation to accept the Balfour Senior Living proposal.

Buck would like more information on the latest proposal that was received just prior to the meeting.

Christiansen responded he had limited information on the proposal. He described it as a training facility with housing for students.

Cowley stated he would be willing to wait for a residential development opportunity. He asked if the city was closing the door to the schools in developing the property.

Christiansen discussed other residential development opportunities in the city.

Discussion followed regarding the economics of the senior living and residential proposals.

Galvin expressed support for Balfour Senior Living given the property tax revenue it would generate.

McShane expressed support for Balfour Senior Living.

Buck expressed support for Balfour Senior Living. He would like more information from Balfour including the economic impact on the community and data on the number of EMS runs and the affect on Public Safety.

8. ADJOURNMENT

Motion to adjourn the meeting.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	JoAnne McShane, Councilmember
SECONDER:	William Galvin, Mayor Pro Tem
AYES:	J.T. Buck, Greg Cowley, William Galvin, JoAnne McShane

The meeting adjourned at 10:17 pm.

Mayor J.T. Buck

Susan K. Halberstadt, City Clerk

Approval Date: _____