



*The City of Auburn Hills*  
City Council Meeting  
Minutes

May 8, 2017

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**CALL TO ORDER:** Mayor McDaniel at 7:00 p.m.  
**LOCATION:** City Council Chamber, 1827 N. Squirrel Road, Auburn Hills, MI 48326  
Present: Mayor McDaniel, Council Members Burmeister, Hammond, Kittle, Knight, Mitchell, and Verbeke.  
Absent: None  
Also Present: City Manager Tanghe, Assistant City Manager Grice, City Attorney Beckerleg, Police Lt. Miarka, City Clerk Kowal, Community Development Director Cohen, DPW Deputy Director Herczeg, Finance Director Schulz, Management Intern Thomas.

4 Guests

Ms. Mitchell had laryngitis and voted by hand signal.

#### 4. APPROVAL OF MINUTES

4a. Regular City Council Minutes – April 24, 2017

**Moved by Verbeke, Seconded by Burmeister.**

**RESOLVED: To approve the April 24, 2017 City Council meeting minutes.**

**VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke**

**No: None**

**Resolution No. 17.05.075**

**Motion Carried (7 - 0)**

#### 5. APPOINTMENTS AND PRESENTATIONS

#### 6. PUBLIC COMMENT

Crystal Proxmeyer, publisher of the Oakland County Times, explained that the Oakland County Times is a community driven news organization based in Ferndale. She noted that they already cover some of Auburn Hills as a result of the blogging and communication from the City Manager and Police Chief. She extended an invitation to City Council and community groups who want to get information out there to use Oakland County Times as a resource.

City Manager Tanghe introduced Zack Thomas, new management assistant intern. Mr. Thomas introduced himself and explained that he is working toward a Master's Degree in Public Administration with a concentration in local government management at Oakland University.

#### 7. CONSENT AGENDA

All items listed are considered to be routine by the City council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

##### 7a. Board and Commission Minutes

7a1. Tax Increment Finance Authority – April 11, 2017

7a2. Downtown Development Authority – April 17, 2017

7a3. Beautification Advisory Commission – April 19, 2017

7b. Motion – Approve DTE Master Agreement for Option 1 Streetlight Conversion

**RESOLVED: To approve the DTE Master Agreement for Option 1 Streetlight Conversions with an amendment to General Fund Street Lighting account, 101-261-922.000, increasing the current budget by an additional \$21,613.00 for conversion costs of the 2017 DTE program.**

**Moved by Knight, Seconded by Verbeke.**

**RESOLVED: To approve the Consent Agenda items 7a, 7b.**

**VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke**

**No: None**

**Resolution No. 17.05.076**

**Motion Carried (7 - 0)**

## **8. OLD BUSINESS**

## **9. NEW BUSINESS**

### 9a. Public Hearing/Motion - Approve an Amendment to the Auburn Hills Code of Ordinances, Chapter 74 – Utilities

Mr. Herczeg explained the proposed amendment will add two new subsections: Subsection (E) to address the use of water and Subsection (F) regarding proper backflow protection devices. He noted that the amendments were prepared by the City Attorney and staff recommends adoption of the amendments.

Mayor McDaniel opened the Public Hearing at 7:06 PM. Hearing no public comment, the Mayor closed the Public Hearing at 7:06 PM.

**Moved by Verbeke, Seconded by Hammond.**

**RESOLVED: To adopt Ordinance No. 17-890, an ordinance to amend to the utilities ordinance, by adding new subsections (e) and (f) with respect to unauthorized water use to the Auburn Hills Code of Ordinances, Chapter 74, Utilities, Sec. 74-145.**

**VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke**

**No: None**

**Resolution No. 17.05.077**

**Motion Carried (7 - 0)**

### 9b. Motion - Declare Official Intent to Reimburse Expenditures with Bond Proceeds

Ms. Schulz explained that the City is considering utilizing 2017 bond proceeds to fund the cost for several planned capital expenditures, roads, and buildings. The resolution is necessary in order to preserve the ability to reimburse the City from bond proceeds for expenditures paid within sixty days prior to, and any time after, the date of passage of this resolution. She noted that the resolution does not require the City to issue debt for any project listed in the resolution. Should the City move forward with a bond issuance, there would be a separate bond resolution brought forward that would include the actual parameters for the issuance of any bonds. She noted that staff recommends approval of the resolution.

Mr. Knight suggested including every project planned for the next three years for consideration. The rationale is that the tax rate that will be charged on these bonds will be less than the cost increases for construction if we delay something two years. He expressed support, but thought there may be other projects to include.

Mr. Tanghe commented that construction cost increases and the bond interest rate both influence the discussion about possibly bonding now versus a year or two from now.

In response to a question from Mr. Kittle regarding the next steps, Ms. Schulz stated that there is still some discussion to be had with staff and City Council on the direction. If the City chose to move forward with a

bond issuance, a financial advisor would have to be brought on, then the City would consider an official bond resolution.

Mr. Tanghe explained that the budget task force will continue to work on and review the capital projects that might of be necessity in the next year or two. By June, City Council will be presented with a more comprehensive list, which will have already been discussed and vetted by the three members of City Council on the task force.

**Moved by Burmeister, Seconded by Kittle.**

**RESOLVED: To adopt the Resolution Declaring Official Intent to Reimburse Expenditures with Bond Proceeds. (Attachment A)**

**VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke**

**No: None**

**Resolution No. 17.05.078**

**Motion Carried (7 - 0)**

9c. Motion – Appeal of Cigar License Denial for the Loft Cigar Room

Ms. Kowal explained that The Loft Cigar Room submitted an application to operate a smoking lounge within the City. At the time, they wanted to transfer in a license, which is not allowed per City ordinance. However, there is an appeal process to City Council. She stated that Grizzly Smoking Lounge is no longer operating, therefore staff recommends approval as this request.

Phillip Maxwell, representing Clubhouse 81 dba The Loft Cigar Bar explained that they acquired a cigar license, then found out that the ordinance did not permit a transfer. He stated that they have complied with all the requirements of the Michigan Department of Health and Human Services (DHHS). The DHHS has informed them that the exemption cannot be issued until the license is approved by the City. He explained that The Loft Cigar Room will be located on the second floor of the old Ciccirilli's. It will be glassed in and separate from the other licensed premise. He pointed out that they are complying with the Michigan Liquor Control Commission requirements regarding this type of feature.

Viktor Paljusaj, co-owner of the establishment, explained that the first floor of the establishment is more of a bar and grill and the cigar room is up top. He stated that he had no clue the City had to approve this. With the Palace leaving, in order for them to survive at that location, it has to be a destination spot that is something that no one else has in this area. He remarked that they run a clean establishment and are focused on service, community involvement, and schools. They are looking forward to doing business here.

Mayor McDaniel stated that he met with Mr. Paljusaj and his partner. One of the things that impressed him was that their business plan was geared toward making it a 365 days a year establishment. He commented on the renovations done to the building. He stated that they have similar acquaintances who have said that the owner is very experienced and a well-respected restaurateur.

Ms. Verbeke questioned about the air filtration system. Mr. Paljusaj explained that the second floor will have its own top of the line ventilation, which costs approximately \$70,000.

In response to a question from Ms. Hammond, Mr. Beckerleg explained that the applicant is proposing to transfer in a license. If approved, it would be an approval to use the transferred license. The other license remaining theoretically could be sold to another establishment in the City.

Ms. Hammond questioned to limitation of three licenses. Mr. Beckerleg clarified that the ordinance does not say we can only have three. There were three licenses available that could be utilized without transferring it from outside.

Mr. Knight stated that when the ordinance was enacted, the City had three establishments which did not behave, so the City restricted the hours of operation. He stated that if things get out of hand, there could be a change in hours. Mr. Paljusaj stated that this is a different crowd than a hookah bar.

Mr. Kittle clarified that there are three privately held licenses approved by ordinance. This would make four as one license is dormant. The risk could be that we end up with four smoking establishments.

Mr. Maxwell responded that his understanding from speaking with Blaine Cressman, who runs the tobacco section at DHHS, the third license was sold and transferred to another county. There are currently two current licenses and this would be the third.

Mr. Knight commented on the license being transferred out of the City. He stated that if the license was transferred out of the City, it is because it was approved by the State and is no longer a City license. Mr. Beckerleg pointed out that not every municipality has a provision like Auburn Hills. The City would not know if a license was transferred out of the City.

**Moved by Verbeke, Seconded by Kittle.**

**RESOLVED: To approve the license for Viktor Paljusaj to establish a smoking room known as The Loft Cigar Room, at 3880 Lapeer Road, Auburn Hills, MI 48326, subject to Ordinance 14-861 as amended in Ordinance 15-870.**

Mr. Knight questioned if the applicant wanted to move the cigar room to a different address, they would have to come back to Council to get it approved at a different location. Mr. Beckerleg confirmed for Mr. Knight that if the applicant wanted to move to a different location within the City, they would need Council approval.

**VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke  
No: None**

**Resolution No. 17.05.079**

**Motion Carried (7 - 0)**

## **10. COMMENTS AND MOTIONS FROM COUNCIL**

Ms. Hammond

- Thanked Chief Olko for giving interviews and setting the record straight regarding the Great Lakes Crossing rumors.
- Noted that burning season started May 1<sup>st</sup>. Burning is allowed on Monday, Wednesday, Friday, and Saturday from dawn to dusk.

Mr. Kittle

- Suggested a couple signs be installed on Lapeer Road for Fieldstone for those travelling northbound. He requested staff look into this.

Mr. Knight

- Commented on a rumor his son heard in Caro about what will replace the Palace and how everyone knows the City solutions.
- Stated that the sundial in the middle of the road is marvelous and an attractive installation. He suggested placing a Christmas tree in the boulevard between the banks and the condos.
- Suggested staff keep an eye on the Mound Steel / Superior Concrete property as there is a lot of junk on it. He questioned if the City is required to keep a road parallel to the current building to go to the other piece of property. Mr. Tanghe explained that there is an easement that provides access to Superior Excavating.

- Commented that he drove to Lexington in his Volt, which was the first time he burned any gasoline. He discussed the cost savings when running the vehicle on electricity and suggested the City consider adding ecological cars to its fleet.

Mr. Burmeister

- Thanked staff for the workshop tonight as it was very informative.
- Pointed out that construction work was still being done at Five Points Apartment at 8:00 PM. He questioned the construction hours on a Sunday.
- Noted that it was enjoyable to drive around the City yesterday and see all of the construction. There is a lot going on.
- Pointed out that there were numerous boxes and wooden crates standing outside of George P. Johnson Outdoor Storage on Friday night. He requested staff check on it.

Mayor McDaniel

- Stated that he would like an update on the gravel issue on Auburn Road to see if there is anything the City can do to mediate it. He also requested an update on the tree cutting near the Clinton River Bridge and whether there will be additional clean-up efforts there. He stated an email update or an update at the next Council meeting would be appreciated.
- Wished all the Mothers a Happy Mother's Day

## 11. CITY ATTORNEY'S REPORT

## 12. CITY MANAGER'S REPORT

Mr. Tanghe

- Noted that Community Relations will be working on a video in which the City will be asking corporate executives, throughout the City, to provide a brief testimonial about their experience with doing business in Auburn Hills. Staff plan to seek a broad spectrum of small to large businesses. This project is expected to conclude this summer.
- Attended a meeting, on April 25<sup>th</sup>, of the Michigan Strategic Fund in support of U.S. Farathane and their acquisition of another Auburn Hills company: Delta Technologies. The Company was awarded funding to support their growth initiatives here in the City.
- Every other year, City representatives meet with the Oakland County Road Commission to review their completed and planned work to discuss their overall partnership with the community. The meeting took place on April 26<sup>th</sup> and gave the City an opportunity to discuss areas of concern for the City as it relates to County roads.
- The City orchestrated a donation between the Auburn Hills Community Foundation and a private donor to re-carpet the Boys and Girls Club. The installation is expected to occur the week of June 12<sup>th</sup>.
- Auburn Hills will soon welcome the new president of Oakland University, Dr. Ora Hirsch Pescovitz, on July 1<sup>st</sup>.

Ms. Verbeke noted that on May 20<sup>th</sup> at 10:00 AM, the City is holding its annual Perennial Exchange.

## 13. EXECUTIVE SESSION

### 13a. City Attorney Legal Opinion

**Moved by Verbeke, Seconded by Burmeister.**

**RESOLVED: To meet in Executive Session to discuss a City Attorney legal opinion.**

**VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke**

**No: None**

**Resolution No. 17.05.080**

**Motion Carried (7 - 0)**

The meeting recessed into Executive Session at 7:44 PM.

City Council reconvened in open session 8:27 PM.

**14. ADJOURNMENT**

Hearing no objections, the meeting adjourned at 8:28 PM

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Kevin R. McDaniel, Mayor

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Terri Kowal, City Clerk

**ATTACHMENT A**

Capital Improvements

RESOLUTION DECLARING OFFICIAL INTENT TO  
REIMBURSE EXPENDITURES WITH BOND PROCEEDS

At a regular meeting of the City Council of the City of Auburn Hills (the "City"), held on the 8<sup>th</sup> day of May, 2017.

PRESENT: Mayor McDaniel, Council Members Burmeister, Hammond, Kittle, Knight, Mitchell, and Verbeke

ABSENT: None

The following resolution was offered by Council Member Burmeister and seconded by Council Member Kittle:

WHEREAS, the City proposes to issue its tax-exempt bonds (the "Bonds") to finance City capital improvements as hereinafter described (the "Project"); and

WHEREAS, it is anticipated that the City will advance a portion of the costs of the Project prior to the issuance of the Bonds, such advance to be repaid from proceeds of the Bonds upon the issuance thereof; and

WHEREAS, Section 1.150-2 of the Treasury Regulations on Income Tax (the "Reimbursement Regulations") specifies conditions under which a reimbursement allocation may be treated as an expenditure of bond proceeds, and the City intends by this resolution to qualify amounts advanced by the City to the Project for reimbursement from proceeds of the Bonds in accordance with the requirements of the Reimbursement Regulations;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City as follows:

The Project shall consist of capital improvements including: (a) road improvements to major and local roads within the City and any and all related appurtenances and (b) improvements to City buildings and other facilities, including without limitation the replacement of one or more roofs, parking lots or portions thereof, and other City facilities, structures, and related appurtenances.

The maximum principal amount of the Bonds expected to be issued for the Project is \$11,000,000.

The City hereby declares its official intent to issue the Bonds to finance the costs of the Project and hereby declares that it reasonably expects to reimburse advances of the City to the Project as anticipated by this resolution. The City is not obligated to make any such advances.

The Bonds shall be authorized in one or more series by proper proceedings subsequent to this resolution.

All prior resolutions and parts of resolutions insofar as they may be in conflict with this resolution are hereby rescinded.

RESOLUTION DECLARED ADOPTED.

YEAS: Burmeister, Hammond, Kittle, Knight, McDaniel, Mitchell, Verbeke

NAYS: None

ABSTENTIONS: None

STATE OF MICHIGAN)  
COUNTY OF OAKLAND)

I do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Auburn Hills, County of Oakland, Michigan, at a regular meeting held on the 8<sup>th</sup> day of May, 2017, and that notice of said meeting was given in accordance with the Open Meetings Act.

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Terri Kowal, City Clerk  
City of Auburn Hills