CITY OF HART
407 S. STATE ST.
HART, MI 49420
REGULAR MEETING OF CITY COUNCIL - COUNCIL PROCEEDINGS
January 14th, 2025
MINUTES – APPROVED

PRESENT: Mayor Amanda Klotz, Councilors, Catalina Burillo, Dean Hodges, Andrew Mullen, Betty Root and Karen Thomson

ABSENT: Jim Cunningham

OTHERS PRESENT: City Manager – Rob Splane City Clerk – Karla Swihart, BioPure Superintendent – Paul Cutter, Police Chief Juan Salazar, Sharon Hallack, Cristine Juska, Cindy Morrison, Miguel-Lopez Rogelio, Emily Sigler, Rolando Salgado, and Lyn Splane,

APPROVAL OF AGENDA:

- A. Mullen motioned to approve Amended agenda and was supported by K. Thomson
  - Ayes: 6 Nays: 0 Absent: 1

PUBLIC COMMENTS:

- Miguel – Lopez Rogelio, was in need of a Spanish translation interrupter. Due to telephone issues Councilor C. Burillo translated. Mr. Rogelio wanted to address the council and let them know he would like to be more involved when it comes to water and sewer discussions. He is going to come to the next City Council meeting with an interrupter.

CORRESPONDENCE, EVENTS, PRESENTATIONS:

- Jordan Smith – Maner Costerisan, 2024 Audit Presentation

  We have audited the financial statements of the governmental activites, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hart (the City), for the year ended June 30,2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 13, 2024. Professional stadnards also require that we communicate to you the following information related to our audit.

  Significant audit findings.

  Qualitative Aspects of Accunting Practices

  Management is responsible for the selection and use of appropriate accouting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 13 to the financial statements, the City adpoted Governmental Accouting Standards Board (GASB) Statement No. 100, *Accouting Changes and Error Corrections*, during the year ended June 30,2024. Accordingly, the cumulative effect or the accouting changes as of the beginning of the year is reported in the financial statements. We noted no tranactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the finanical statements in the proper period.

  Accounting estimates are a integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accouting estimates are particularly sensitive because of their significance to the financial statements and because of the possiblity that future events affecting them may differ signifincantly from those expected. The most sensitive estimates affecting the financial statements were:

  Management's calculation of current and noncurrent compensated absence liablities is based on an estimate of employees' use of compensated absences.

  Maagement's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

  Management's calculation of th eallowance for uncollectible receivables for the current period is based on past experience of collections.

Mangement's calculation of the net other post-employeement benefit liability and related defeerals are estimated based upon certain valuation assumptions.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards are required us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and comminicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements were detected as result of audit procedures and were corrected by management: Capital assets, deffered inflows of resources, other post-employement benefits trust activity, and net position.

Disagreements with Management

For purpose of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consuly with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation invovles application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. Management did engage an outside expert to review the financial statements on their behalf and to provide the skills, knowledge, and experience to ensure our independence under relevant professional standards. To our knowledge, this was the only such consultation with other accountants.

Other Audit Findings and Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with mamagement each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and OPEB schedules, which are required supplementary information (RSI)that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of perparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to detemine that the information complies with accounting principles generally accepted in the United States of America, the method of perparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit

of the financial statements. We compared and reconsiled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Hart and is not intended to be, and should not be, used by anyone other than these specified parties.

Very Truly yours,

Maner Costerisan PC

CONSENT AGENDA:

- Approval of minutes from December 10th, 2024
- Bills, Claims, Payroll
- Reports of Boards, Commissions, and Committees
- Department Reports – Police/BioPure/Public Works/Energy/C&E Dvlp
    - C. Burillo motioned to approve Consent Agenda and supported by B. Root
        - Ayes: 6 Nays: 0 Absent: 1

ACTION ITEMS:

- Resolution 2025-01 Approve RAP Grant Application – Hart Commons Plaza

  WHEREAS, the Michigan Economic Development Corporation (MEDC) offers grant assistance to qualified organizations in Michigan to revitalize and develop public spaces through the Revitalization and Placemaking (RAP) program; and

  WHEREAS, the City of Hart authorized Prein&Newhof to prepare site development and cost estimate documents for the redevelopment of the State Street and Main Street corridors;

  WHEREAS, the City Council desires to apply for funding assistance for redevelopment of State Street and Main Street intersection to provide more pedestrian and event use;

  NOW THEREFORE BE IT RESOLVED THAT THE CITY COUNCIL

  Approves and authorizes applying for $1,000,000 in grant assistance from MEDC

  Recognizing that local matching funds are available for allocation to the project as follows:

    - City of Hart TIFA - $660,000
    - Hart Economic and Redevelopment Team - $50,000
    - Hart Energy - $80,000 (electric infrastructure)
    - Hart Water Department - $45,000 (water infrastructure)
    - Hart Sewer Department - $45,000 (sewer infrastructure)
    - Major Steets Fund - $70,000
    - Local Streets Fund - $30,000
    - City of Hart Parks and Recreation - $20,000

  Authorizes and directs the City Manager to prepare, sign and submit the MEDC RAP Application on behalf of the City of Hart

    - C. Burillo to approve Resolution 2025-01 and supported by K. Thomson
        - Ayes: 6 Nays: 0 Absent: 1

DISCUSSION ITEMS:

- AT&T Water Tower Lease Agreement,

  AT&T Mobility (AT&T) has partnered with MD7 to work with you to facilitate certain modifications to cell site lease property. These modifications will allow AT&T to meet current business requirements and enhance your site's value to the network.

  Changes in the Wireless Industry

  Recent industry developments are changing how wireless telecommunication carries operate. In the past, carriers focused on rapidly building out their networks in order to provide the best coverage. Today, while consumers are enjoying greater services and better coverage than ever before, operating costs continue to escalate. As a result, the wireless industry is also focusing on operating networks as efficiently as possible.

Eliminating Risk and Increasing Value

AT&T is addressing this shift by reviewing its cell site portfolio. AT&T has partnered with MD7 to offer selected landlords like you to opportunity to minimize the business risks associated with industry uncertainties and to increase the value of your cell site lease.

Criteria for Cellular Site Retention:

Option 1:

- Lump Sum Rent Payment Option: Provide a one-time lump sum payment of **$629,750**. In return, you will grant a **ninety-nine (99)** year easement on your property and assign the lease rights and rental income under your lease with AT&T to MD7 or an affiliate of MD7

Option 2:

- Lump Sum Rent Payment Option: Provide a one-time payment of **$621,500.** In return, you will grant a **Forty (40)** year easement on your property and assign the lease rights and rental income under your lease with AT&T to MD7or an affiliate of MD7.
  It is important for you to know that the pre-payment does not change the ownership or control of the rest of your property in any manner.

Option 3:

AT&T is willing to offer the following option to secure a longer-term lease with you:

- **$2905.00** per month, commencing **May 1, 2025**
- **12%** rent increase every 5 years, commencing **May 1, 2030**
- Extension of Lease through **October 31, 2053**

- Mayoral appointment of Maria Rosas to TIFA Board – Approved
- Newly Elected Officials Training, Michigan Municipal League – Feb 8,2025 – signed up Mayor Klotz, B. Root, D. Hodges and A. Mullen
- City Council Retreat 2025 March 1st,2025
- Special Events Permit – Hart Winterfest – Approved

CITY MANAGER'S REPORT:

Updates:

- The National Asparagus Festival held a public input meeting on Monday, January 6th. The meeting confirmed that the NAF would stay in Hart for 2025. The NAF Queen will return again this year. The Historic District Car Show will run in cooperation with the Taste of Asparagus Food event at the Hart Historic District. All other events from the past will return. The community discussion was positive with new volunteers offering to help.
- The council-authorized dump truck purchase was placed into service in December, and it is working well as the nicest member of our aging fleet. (We like the Hart Pirate Red color as well!)
- The City Hall computer server will be replaced as soon as all equipment is received. The server replacement will require downtime (1-2 days), which will affect the City's ability to take utility and tax payments. City staff will determine an appropriate time for this to occur and communicate those plans to the City Council and Community.
- The City of Hart is currently involved in ongoing litigation. It was accused of violating the USERRA (Uniformed Services Employment and Reemployment Act) following the termination of an employee who failed a random drug screen. The City was guided by legal representation through the employee's dismissal and is currently working with an attorney provided by the Michigan Municipal Risk Management Agency, the City's liability insurance consortium. Updates will be forthcoming as the case evolves.
- The City Manager and BioPure Superintendent will attend the Michigan Wastewater Administrators conference next week. This annual event provides many learning opportunities on new technologies, best operational practices, and challenges regarding Wastewater treatment.

Legacy Topics:

- Safe Routes to School trail project – work with MDOT is on-going

Upcoming Topics:

- Redevelopment Ready Community re-certification in 2025
  Adoption of 5-year Park and Rec Master Plan
  Reaffirmation of the City Master plan
  TIFA By-Laws
  Zoning Drawings – add to ordinances
  Adopt Zoning Board of Appeals By-Laws

Review proposal to have council members serve as ZBA

- Council review of rental inspection policies, procedures, and implementation.

COMMUNICATIONS FROM THE MAYOR AND COUNCIL:

- C. Burillo, Reminder Hart Cemetery Board meeting Monday January 20th at 7pm at the Township Hall

ADJOURN:

- There being no further business to come before the Council, Mayor Klotz adjourned the meeting at 8:36pm. The next regularly scheduled meeting will be on January 28th, 2025, at 7:30 pm.

Respectfully Submitted

Karla Swihart

Karla Swihart, City Clerk