



**CITY OF HART**  
**407 S. STATE ST.**  
**HART, MI 49420**  
**REGULAR MEETING OF CITY COUNCIL - COUNCIL PROCEEDINGS**  
**September 24<sup>th</sup>, 2024**  
**MINUTES – Approved**

**PRESENT:** Mayor Vicki Platt, Councilors Catalina Burillo, Jim Cunningham, Dean Hodges, and Amanda Klotz

**ABSENT:** Jim Evans and Kris Trygstad

**OTHERS PRESENT:** City Manager – Rob Splane, DPW Superintendent – Brad Whitney, Sharon Hallack, Christina Juska, and Barbara Marczak Prien & Newhof and Andy Campbell

Mayor Platt called the meeting to order; following the roll call, then led the Council in the pledge of allegiance.

**APPROVAL OF AGENDA:**

- A. Klotz motioned to approve Amended agenda and was supported by J. Cunningham
  - Ayes: 5 Nays: 0 Absent: 2

**PUBLIC COMMENTS:**

- None

**CORRESPONDENCE, EVENTS, PRESENTATIONS:**

- Presentation – Drinking Water State Revolving Fund (DWSRF) Opportunity, With Barbara Marczak,(Prien & Newhof) and Andy Campbell, (Bendzinski and Co.)

Drinking Water State Revolving Fund

Draft Intended Use Plan, Fiscal Year 2025

Water Infrastructure Funding and Financing Section

Michigan’s Water Infrastructure Funding and Financing Section (WIFFS) within the Finance Division of the Department of Environment , Great Lakes, and Energy (EGLE) assists municipalities in their efforts to protect public health and the environment through the administration of low interest loans and grants and by providing project support and outstanding customer assistance. Information on Michigan’s DWSRF can be found at michigan.gov/DWSRF

Bendzinski & CO Municipal Finance Advisors

**CITY OF HART**

**Estimated DWSRF Water Project Scenarios**

DRAFT DWSRF Project Details (overburdened):

Total Project Costs	\$	3,655,000
Less: State LSLR + WM Grant		<u>(34,710)</u>
Total Bond Amount		3,620,290
Less: BIL DWSRF LSLR PF		<u>(696,290)</u>
Total Bond Repayment	\$	<u>2,924,000</u>
DWSRF Loan	\$	2,199,290
BIL DWSRF LSLR Loan	\$	724,710

	<u>20-Year Repayment At Project Estimate</u>	<u>30-Year Repayment At Project Estimate</u>	<u>40-Year Repayment At Project Estimate</u>
Interest Rate	2.000%	2.000%	2.000%
Repayment Amount	\$ 2,924,000.00	\$ 2,924,000.00	\$ 2,924,000.00
Annual Debt Service on Repayment Amount	\$ 180,000.00	\$ 130,000.00	\$ 110,000.00
	<u>20-Year Repayment Costs 10% Over Estimate</u>	<u>30-Year Repayment Costs 10% Over Estimate</u>	<u>40-Year Repayment Costs 10% Over Estimate</u>
Interest Rate	2.000%	2.000%	2.000%
Repayment Amount	\$ 3,289,500.00	\$ 3,289,500.00	\$ 3,289,500.00
Annual Debt Service on Repayment Amount	\$ 200,000.00	\$ 147,000.00	\$ 124,000.00

- Governance Letter – Maner Costerisan  
September 13<sup>th</sup> 2024

We are engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discernment units, presented component units and the aggregate remaining fund information of City of Hart for the year ending June 30 2024. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibility under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, and Uniform Guidance.

As stated in our engagement letter dated, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider City of Hart's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether City of Hart's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine on a test basis, evidence about City of Hart's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on City of Hart's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on City of Hart's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, budgetary comparison information, and OPEB schedules, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on other supplementary information, which accompanies the financial statements but is not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including the system of internal control. Sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some

matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

As a part of planning our audit, we have identified significant risks of material misstatement. According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risk.

We expect to begin our year-end audit procedures in September 2024 and issue our report on or before December 31<sup>st</sup> 2024. Jordan E. Smith, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

Maner Costerisan PC

#### **CONSENT AGENDA:**

- Approval of minutes from September 10<sup>th</sup>, 2024
- Bills, Claims, Payroll
- Reports of Boards, Commissions, and Committees
- Department Reports – Police/BioPure/Public Works/Energy/C&E Dvlp
  - A. Klotz motioned to approve Consent Agenda and supported by D. Hodges
    - Ayes: 5 Nays: 0 Absent: 2

#### **ACTION ITEMS:**

- Resolution 2024-25 Accept Engagement Agreement for Single Audit Services  
WHEREAS, the City of Hart is required to have an outstanding independent audit completed at the end of every fiscal year to ensure that the City’s accounting practices and accounts follow generally accepted accounting practices and all Governmental Accounting Standards Board (GASB) and Other Post-Employment Benefits (OPEB) reporting requirements; and  
WHEREAS, during FY 2024, the City of Hart has exceeded federal fund expenditures of \$800,000 triggering the need for a single audit per US Treasury requirements; and  
WHEREAS, with the end of Fiscal Year 2024 and also in 2025, it is necessary to enter into an agreement with an independent auditing firm to conduct a single audit, the purpose of a single audit is to provide assurance to the US government that the City of Hart has adequate internal controls in place and is in compliance with program requirements required by Subpart F of the uniform guidance code; and  
WHEREAS, in order to secure the benefits of efficient self-government and to promote and protect our common interests and welfare, the City Council hereby declares:  
NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL  
*Accepts the engagement agreement with Maner Costerisan for single audit services for FY 2024 in the amount of \$5,000 and FY 2025 in the amount of \$5,200; and*  
*Authorize the City Manager to sign the engagement letter.*
  - J. Cunningham motioned to approve Resolution 2024-25 and supported by A. Klotz
    - Ayes: 5 Nays: 0 Absent: 2
- Resolution 2024-26 Approve Belle River power sales and project support contracts  
WHEREAS, the City of Hart is a member municipality of the Michigan Public Power Agency (“MPPA”), a joint agency organized and existent pursuant to Act No. 448 of the Michigan Public Acts of 1976; and  
WHEREAS, in accordance with, and pursuant to, the Belle River Participation Agreement, dated as of December 1, 1982 between MPPA and the Detroit Edison Company (whose successor in interest is DTE Electric Company), as amended and restated on May 7, 2024, MPPA acquired an undivided ownership interest in Belle River Units 1 and 2 as well as its common facilities (collectively referred to as the “Belle River Project”); and

WHEREAS, the City of Hart and other member municipalities of MPPA have previously executed and now desire to enter into amended and restated contracts with MPPA to provide for the purchase and sale and transmission of power and energy derived from the Belle River Project; and

WHEREAS, MPPA financed its purchase of the Belle River Project by the issuance of revenue bonds and in the future may issue additional revenue bonds for the Belle River Project; and

WHEREAS, in order to finance its purchase of the Belle River Project and/or issue its revenue bonds, it is necessary that MPPA have substantially similar binding contracts with this municipality and each other municipality electing to participate in the purchase of power and energy and transmission with respect to the Belle River Project; and

WHEREAS, MPPA previously pledged to and will pledge future payments required to be made in accordance with such contracts as security for the payment of such revenue bonds; and

WHEREAS, the City of Hart has on file a copy of the proposed Belle River Power Sales Contract, as amended and restated from time to time (bearing a draft date of 9/10/2024), to be entered into by MPPA and each municipality participating in the Belle River Project, which Power Sales Contract provides for the purchase and sale of power and energy derived from the Belle River Project; and

WHEREAS, the City of Hart also has on file a copy of the proposed Belle River Project Support Contract, as entered into by MPPA and each municipality participating in the Belle River Project which Project Support Contract provides for the payment by each municipality to MPPA for certain fixed costs relating to the acquisition, construction and equipping of the Belle River Project during those periods in which power and energy is not made available to such municipalities under the Belle River Power Sales Contract; and

NOW THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL

1. *The forms of the Belle River Power Sales Contract and the Belle River Project Support Contract (the "Belle River Contracts") presented to the City of Hart on this date are hereby approved and the City Manager is hereby authorized and directed to execute such contracts on behalf of the City in substantially the form as presented on this date with such insertions, deletions, and minor modifications as the City Manager deems necessary; providing such changes are not materially adverse to the City.*
2. *The City Manager is further authorized and directed to execute such other documents necessary to enable the City to enter into the Belle River Contracts hereby authorized.*
3. *The City hereby agrees to make such payments as are required under the Belle River Contracts.*
4. *All ordinances and resolutions or parts thereof in conflict with this resolution are, to the extent of such conflict, hereby repealed.*
5. *This Resolution shall take effect immediately from and after the date of its adoption.*
  - A. Klotz motioned to approve Resolution 2024-26 and supported by J. Cunningham
    - Ayes: 5 Nays: 0 Absent: 2

#### **DISCUSSION ITEMS:**

- Employee Health Care – January 2025 HAS Option  
The City had a HSA years ago, high deductible health care plans are much more common now than they were years ago. Starting next month I'd like to introduce to Council, health care options to City employees as part of the discussion HSA seems to be more of a way to go.
- Hart Water System and Hydrant Maintenance Discussion  
Attached is a list of hydrants the Fire Department struggled with. Out of 28 hydrants there are 9 not working, but the City is addressing the issues and working to get them all in working order. Also there is discussion to color coat the hydrants and also mark out of service hydrants better.
- Special Event Permit – Spooky Museum and Halloween Movie Night

#### **CITY MANAGER'S REPORT:**

##### **Updates:**

- Wadel Stabilization completed West Main Street in 10-days beginning to end – OUTSTANDING!
- Wadel Stabilization will begin Parking Lot #0 (Walkers Lot) construction this week.

- Michigan Municipal League Annual Conference yielded food input on health care, artificial intelligence, emergency planning, and other topics. The ability to meet with City engineers in a relaxed setting also allowed some good discussion on how to proceed with Veteran's Park
- Last week City officials met with MDOT, the Oceana Road Commission, and City engineers to discuss on-going struggles with the project and other state organizations. New Collaboration between the four groups should help to move the project forward.
- City auditors were on-site last week and all processes went well, work with them will continue for another month or so with an audit presentation closer to the end of the year.
- Next week is the Michigan Municipal Electric Association Annual meeting in Port Huron where members discuss strategy and learn about regional and national initiatives. (The MMEA is the legislative learning body where the MPPA is the energy purchase, forecasting, and operations body, which together form the umbrella under which out municipal energy company operates.)
- Plan to attend Hart Art Walk October 5<sup>th</sup> downtown from 11am-2pm

**Legacy Topics:**

- Safe Routes to School trail project – **Approved for bid letting in October' 24!**

**Upcoming Topics:**

- Adoption of 5-year Park and Rec Master Plan
- Council review of rental inspection policies, procedures, and implementation. Chief Salazar is delayed due to 2 employee resignations and 2 employees parental leave)

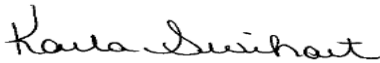
**COMMUNICATIONS FROM THE MAYOR AND COUNCIL:**

- None

**ADJOURN:**

- There being no further business to come before the Council, the meeting adjourned upon a motion by C. Burillo and supported by J. Cunningham. The next regularly scheduled meeting will be on October 8<sup>th</sup>, 2024, at 7:30 pm.

Respectfully Submitted



Karla Swihart, City Clerk