



City of Hart, Michigan

TIFA Board

September 16, 2025, 1:00 PM

Hart City Hall Community Center, 407 State Street, Hart, Michigan

NOTICE OF PUBLIC MEETING

TIFA Agenda

1. Call to order
2. Roll Call; B. Hegg, G. Goldberg, Tracey Lipps, Deborah Windell, S Hegg, Caleb Griffis, Maria Rosas
 - a. *Amy Trudell resigned from the board via text on August 20, 2025*
3. Approval of Agenda
4. Public Comment
5. Approval of Aug 2025 Minutes
6. Approval of Aug 2025 Financials
7. Action Items
 - a. Resolution 2025-01 Accept Agreement with West Shore Community College
 - b. Resolution 2025-02 to Reconsider Proposals and Sale of Ceres Property, 3 E Main Street
 - c. Resolution 2025-03 Authorizing (2) \$500 Prizes for the 2025 HartPrize Photo Realism Contest towards Hartprize People's Choice Awards
8. Discussion Items
 - a. Lease Agreement at 3 E Main – Clarification of Rights (Morningside Pallet Co)
9. Public Comment
10. Member Comment
11. Adjournment - *next regular meeting October 21, 2025*



MINUTES

Call to Order: Wendell called the meeting to order at 1:00 pm. Voice rollcall was then taken.

Members Present: Gale Goldberg, Tracey Lipps, Scott Hegg, Maria Rosas, Deborah Windell, Bill Hegg

Members absent: Caleb Griffis, Amy Trudell

Others present: Nichole Kleiner, Cindy Beth Davis Dykema, Marie Deruiter, Chad Gale

Approval of Agenda: Motion by Goldberg, supported by S Hegg, to approve the agenda. Motion carried.

Public Comment: Chad Gale stated that he would like to withdraw his proposal for the Ceres Solution development but was available for discussion.

Approval of July Minutes – motion by Goldberg, supported by Rosas, to approve the minutes. Motion carried.

Financials – Motion by S Hegg, supported by Lipps to accept July financials. Motion carried.

Action Items:

- a. **Adopt Policy on Administrative Oversight and Conflict of Interest** – Nichole presented the board with a conflict of interest policy to cover board voting and administrative oversight. Nichole wanted to clarify that after being appointed Interim City Manager, she will administer for TIFA under that role instead of the current contract for Administrative services. Goldberg stated that the conflict of interest for voting was covered in the bylaws and S Hegg stated that he planned to abstain from voting on the agenda item where he has a conflict of interest. Nichole asked if the board felt that B. Hegg, father of S Hegg would be a conflict of interest and Goldberg stated, “he has no financial gain on the matter”. The board did not feel the policy was necessary. No motion was made.
- b. **Authorize Extension of Lease Between TIFA and Hart Christian Fellowship through April 1, 2026** – After reviewing the lease extension, motion by S Hegg, supported by B Hegg to extend lease to HCF through April 1, 2026, as presented. Motion carried.
- c. **Authorize Terms of Lease with Option to Purchase 408 & 412 S State St** - Kleiner presented the board with a lease with option to purchase 408 & 412 S State with The Monarch, LLC. The board reviewed. S Hegg suggested the contract should have a “personal guarantee” naming the owner of the LLC. Cindy Beth Davis Dykema, present at the meeting suggested adding “Cindy Beth Davis Dykema, personally responsible for The Monarch, LLC”. Motion by B Hegg to authorize terms of lease with option to purchase 408 & 412 S State St with The Monarch LLC, with the addition of Cindy Beth Davis Dykema named as personally responsible on the lease. Supported by Rosas. Motion carried.
- d. **Review Ceres Development Proposals** – RFP’s for the Ceres Solution Development were open to developers through August 12, 2025. Two proposals were received, one from Chad Gale which was withdrawn by C Gale during public comments, and one from S Hegg Real Estate, LLC. S. Hegg Real Estate, LLC submitted a proposal to purchase the Ceres property at 3 E. Main Street from TIFA for \$30,000 with no contingencies or development timeline. After reviewing the proposals, S Hegg stating that he would abstain from voting on the matter but was available for questions.

S Hegg Real Estate's proposal and "vision" for the property is to creating parking to support their adjacent venue, developing duplexes/townhomes along Water and Washington Streets to address Hart's housing shortage, and retaining the historic mill building for retail/storage. The Heggs emphasized their longstanding investment in downtown Hart, their redevelopment experience, and their commitment to keeping the property locally owned. The board discussed the proposal and wondered if the property should be placed on the MLS for a broader reach since there was only one proposal submitted. Marie DeRuiter, a realtor in the audience spoke up to share that she is still interested in representing TIFA as an agent to try to find a developer. She is not looking for financial gain, but to help find a developer. Lipps asked S Hegg why they specifically stated, "no contingencies or timeline" on development and S Hegg responded that he, "didn't want the city dictating what they do". S Hegg stated that he would continue to lease to C Gale, who just withdrew his development offer. S Hegg stated that they need an additional 100 parking spaces for their venue and for townhomes, once developed. Nichole expressed concerns with the proposal having, "no contingencies" and reminded board that MEDC offered to bring developers to the site for a tour and that listing with an agent could also bring other opportunities that align with the RFP. Marie (realtor in the audience) spoke up stating that if TIFA would go under contract with her, she could help "seek" development. C Gale in the audience highlighted the accomplishments of Heggs past developments. Rosas asked if the parking lot would be public, S Hegg stated, "no" it would be a private parking lot. Rosas commented that she thought we should try the MLS for 6 months. Lipps stated she, "doesn't want an outsider to come in". Golberg supported this concern stating it likely that a developer won't have the urgency to see this through and could leave the project abandoned. Lipps added that she preferred the idea of selling the property to someone we know because she is concerned about what will be developed next to her residence. Windell liked the idea of hiring an agency to recruit developers. B Hegg commented that "we gave developers a long time to submit a plan". S Hegg added that it has been "1-2 years". Rosas likes the idea of a "local" proposal but sees potential in listing with an agent. Tracey stated that she's worried about developers who don't live in the community. Kleiner asked, "if you were concerned about developers outside of the community, then why did we issue an RFP"? Goldberg stated, "We know S Hegg has a conscience, others may not". S Hegg added, "if my offer is not accepted today, it may not stand." Windell asked realtor Marie, in the audience, if she could get something done in 90 days or less and she stated that she could try. Chad Gale who withdrew his proposal spoke up from the audience stating that he wants first right of refusal for the building he is leasing at 3 E Main and if the board does not accept S Hegg Real Estate's proposal that he wants his proposal reinstated.

Motion by Goldberg, "since TIFA has owned the property for over 2-years with no action, and since TIFA waited for development proposals and received two, with one withdrawing, she moves to accept the offer from S Hegg Real Estate, LLC". Motion supported by Bill Hegg. A voice roll call was taken: Bill Hegg-yes, Gale Goldberg-yes, Deb Windell-yes, Tracey Lipps-yes, Maria Rosas-no. ~~Goldberg announced that the vote failed explaining that the vote would need to be the "majority of entire board" meaning, of the 8-person board, the vote would require 5 yes votes. With two absent, one abstaining, and one no vote — that only leaves 4 yes votes, so the motion failed.~~ Motion carried as determined at the September 16, 2025 meeting – minute changed to reflect.

Chad Gale spoke up from audience that he wants his proposal "put back in".

It was suggested that we could present TIFA's recommendation to sell to S Hegg Real Estate to city council.

Motion by Rosas, supported by Goldberg, to hire a realtor, possibly Marie Duruiter in the audience, giving her 60 days to find a developer. Opposed (4), those in favor (2), motion failed.

Discussion Items –

- a. **Process for reinstating TIFA for 15 years in response to council's resolution** – tabled
- b. **15-year project plan discussion** - tabled
- c. **TIFA Board Members** – S Hegg spoke to Mayor Klotz regarding Trudell's attendance. The Mayor would like documentation and more history before considering the request to remove Trudell.

Public Comments: Chad Gale stated that he was going to pursue his right of first refusal to purchase the building at 3 E Main St that he is currently leasing.

Communications From Members: S Hegg would like Chad Gale's lease and first right of refusal discussion on next month's agenda.

Adjournment: Motion by Gale, supported by B Hegg to adjourn the meeting at 2:16pm. Motion carried.

Respectfully submitted Nichole Kleiner, TIFA Administrator



CITY OF HART
TIFA ACCOUNT
407 S STATE ST
HART MI 49420-1259

Have a Question or Concern?

Stop by your nearest
Huntington office or
contact us at:

1-800-480-2001

www.huntington.com/
businessresources

Huntington PublicFund Business Interest Checking

Account: -----9172

Statement Activity From: 08/01/25 to 08/31/25		Beginning Balance	\$66,881.01
		Credits (+)	91,452.66
		Regular Deposits	90,648.23
		Electronic Deposits	700.00
		Interest Earned	104.43
Days in Statement Period	31	Debits (-)	528.45
Average Ledger Balance*	94,600.83	Regular Checks Paid	528.45
Average Collected Balance*	94,585.38	Total Service Charges (-)	0.00
		Ending Balance	\$157,805.22

* The above balances correspond to the
service charge cycle for this account.

Average Percentage Yield Earned this period 1.307%

Interest
185,614.16 mi CLASS 685.79
343,419.38

Deposits (+)

Account:-----9172

Date	Amount	Serial #	Type	Date	Amount	Serial #	Type
08/01	• 10,480.69	taxes	Remote	08/28	• 64,229.57		Remote
08/15	• 15,937.97	taxes	Remote		63,750.23	taxes	
					479.34	church utilities	

Other Credits (+)

Account:-----9172

Date	Amount	Description
08/04	700.00	BUS ONL TFR FRM CHECKING 080425 XXXXXX0405 ceres rent
08/29	104.43	INTEREST PAYMENT

Checks (-)

Account:-----9172

Date	Amount	Check #	Date	Amount	Check #
08/11	40.16	1243 gas church	08/07	488.29	1244 electric church

(*) Indicates the prior sequentially numbered check(s) may have 1) been voided by you 2) not yet been presented 3) appeared on a previous statement or 4) been included in a list of checks.

Service Charge Summary

Account:-----9172

Previous Month Service Charges (-)	\$0.00
Total Service Charges (-)	\$0.00

Investments are offered through the Huntington Investment Company, Registered Investment Advisor, member FINRA/SIPC, a wholly-owned subsidiary of Huntington Bancshares Inc.

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RESOLUTION 2025-01
Tax Increment Finance Authority
City of Hart, Michigan
Oceana County

APPROVING AGREEMENT WITH WEST SHORE COMMUNITY COLLEGE

WHEREAS, the City of Hart Tax Increment Finance Authority (“TIFA”) was duly established pursuant to Act 57 of the Public Acts of Michigan of 2018 (the “Act”); and

WHEREAS, TIFA has adopted a Development and Tax Increment Financing Plan (the “TIFA Plan”) that identifies eligible public improvements, infrastructure projects, amenities, and development activities; and

WHEREAS, West Shore Community College (“WSCC”) has requested financial support for projects and improvements that align with the eligible activities listed in the TIFA Plan; and

WHEREAS, the TIFA Board has voted to contribute funds in the total amount of **One Hundred Fifty Thousand Dollars (\$150,000)** to WSCC, payable in three equal installments of Fifty Thousand Dollars (\$50,000) in Fiscal Years 2025–26, 2026–27, and 2027–28; and

WHEREAS, the Board desires to ensure that such funds are used exclusively for projects consistent with the TIFA Plan and subject to reporting and accountability provisions.

NOW, THEREFORE, BE IT RESOLVED:

1. The City of Hart TIFA hereby approves the attached **Agreement for Contribution of Funds** between TIFA and West Shore Community College (attached as *Exhibit A*).
2. The Agreement provides that:
 - TIFA shall contribute \$150,000 to WSCC over three fiscal years (FY 25–26 through FY 27–28).
 - WSCC shall use such funds solely for eligible projects and activities as set forth in the TIFA Plan (attached as *Exhibit B*).
 - WSCC shall provide annual reporting to TIFA, including itemized expenditures and an explanation of alignment with the TIFA Plan.
 - TIFA shall retain audit and clawback rights to ensure accountability.
3. The Chairperson of the TIFA Board (or authorized designee) is hereby authorized and directed to execute the Agreement on behalf of the TIFA and to take any additional actions necessary to carry out its intent.
4. This Resolution and Agreement shall be entered into the official records of the TIFA.

Adopted by the City of Hart Tax Increment Finance Authority on [date].

Vote: AYES: _____ NAYS: _____ ABSENT: _____

CERTIFICATION

I, the undersigned Secretary of the City of Hart Tax Increment Finance Authority, do hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the TIFA

Board at a regular meeting held on [date], and that said resolution is on file in the records of the TIFA.

Karla Swihart, City Clerk

AGREEMENT FOR CONTRIBUTION OF FUNDS

Between the City of Hart Tax Increment Finance Authority (TIFA) and West Shore Community College (WSCC).

WHEREAS, the City of Hart Tax Increment Finance Authority (“TIFA”) was established pursuant to Act 57 of the Public Acts of Michigan of 2018 (the “Act”) and has adopted a Development and Tax Increment Financing Plan (the “TIFA Plan”); and

WHEREAS, TIFA desires to contribute funds to West Shore Community College (“WSCC”) in support of projects and improvements that align with the eligible activities and development costs set forth in the TIFA Plan; and

WHEREAS, WSCC desires to accept such funds and apply them solely toward projects and improvements that are consistent with the TIFA Plan.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. Contribution of Funds

TIFA agrees to contribute to WSCC the total sum of One Hundred Fifty Thousand Dollars (\$150,000), disbursed as follows:

- \$50,000 in Fiscal Year 2025–2026
- \$50,000 in Fiscal Year 2026–2027
- \$50,000 in Fiscal Year 2027–2028

Disbursements are contingent on TIFA’s annual budget adoption and availability of funds.

2. Use of Funds

a. WSCC shall use the funds solely for projects or activities eligible under the TIFA Plan, including but not limited to infrastructure, utilities, stormwater, landscaping, lighting, public amenities, signage, parking, nonmotorized trails, parks, open space, as outlined in *Exhibit A*.

b. Funds shall not be used for purposes outside the scope of the TIFA Plan.

3. Reporting and Accountability

a. Annual Report: By January 30 of each fiscal year in which funds are received, WSCC shall provide TIFA with a written report detailing:

- The project(s) supported by TIFA funds;
- A line-item accounting of expenditures;

- A narrative explanation of how each expenditure aligns with the TIFA Plan.
- b. Supporting Documentation: WSCC shall maintain invoices, contracts, and other financial records related to the expenditures and provide them upon request by TIFA.
- c. Audit Rights: TIFA shall have the right, upon reasonable notice, to review and audit WSCC's expenditures of the funds.
- d. Clawback: Any funds determined by TIFA to have been expended for ineligible purposes must be repaid to TIFA within ninety (90) days of written notification.

4. Term

This Agreement shall remain in effect through September 30, 2028, or until all required reports and reconciliations are submitted and approved by TIFA.

5. General Provisions

- Amendment: This Agreement may only be amended in writing signed by both parties.
- Termination: TIFA may terminate this Agreement if WSCC materially breaches its obligations.
- Governing Law: This Agreement shall be governed by the laws of the State of Michigan.
- Entire Agreement: This document contains the entire understanding of the parties and supersedes all prior discussions.

SIGNATURES

CITY OF HART TAX INCREMENT FINANCE AUTHORITY

By: _____

Name: _____

Title: _____

Date: _____

WEST SHORE COMMUNITY COLLEGE

By: _____

Name: _____

Title: _____

Date: _____

RESOLUTION 2025-02 TO RECONSIDER PROPOSALS AND SALE OF 3 E MAIN STREET

WHEREAS, the Hart Tax Increment Finance Authority (“TIFA”) issued a Request for Qualifications/Proposals for redevelopment of the 3 E Main Street property with a submission deadline of August 12, 2025; and

WHEREAS, two proposals were received by the published deadline, and a third proposal was submitted subsequent to the deadline but prior to the Board’s action; and

WHEREAS, the proposals present varying levels of alignment with the redevelopment vision and community priorities identified in the RFQ, including housing, green space, and retail opportunities; and

WHEREAS, at its last meeting, the TIFA Board voted to approve the sale of the property to S. Hegg Real Estate, LLC for \$30,000 with no contingencies or development timeline; and

WHEREAS, subsequent legal review determined that TIFA’s 2024 bylaws were not formally adopted by the City Council as required by their own terms, and no prior bylaws could be located, leaving uncertainty as to the procedural validity of the vote; and

WHEREAS, on August 26, 2025, the City Council formally adopted TIFA’s bylaws, thereby providing clear governance standards moving forward; and

WHEREAS, the TIFA Administrator is recommending that the TIFA Board re-examine all proposals and re-vote on the disposition of the property under the authority of the now formally adopted bylaws;

NOW, THEREFORE, BE IT RESOLVED that the TIFA Board hereby:

1. Declares the prior vote regarding the sale of 3 E Main Street to be void of effect due to lack of clear governing bylaws at the time of action;
2. Directs that all three proposals received — including the one submitted after the deadline — shall be reviewed and considered by the Board in order to ensure a fair and transparent process;
3. Reaffirms its commitment to a redevelopment outcome that is consistent with the community-supported vision and redevelopment priorities; and
4. Schedules reconsideration of this matter, with all proposals evaluated under the authority of the bylaws formally adopted by City Council on August 26, 2025 at which time all proposals will be reviewed using a transparent scoring matrix based on the published RFQ criteria and redevelopment priorities, and a vote will be taken in accordance with the bylaws formally adopted by City Council on August 26, 2025.

PROPOSAL #1

3 East Main Street Proposal / Letter of Interest

1. The Mill Building
 - a. Continue using the back as a warehouse for Morningside Pallet Merchandise.
 - b. Front part use as a bin store.
 - c. Keep the “ grain room intact “
 - d. Side of building that is covered us as a flee market
2. Middle Building
 - a. Brinks Landscaping and Hydroseeding is interested in moving their business from Ludington to this location.
 - b. Melody Brinks is also interested in moving her hair salon into this location.
3. Corner Building
 - a. Hart Pizza and Hart Dairy Delight maybe interested in this location for storage in a possible cooler/freezer.
 - b. Other local businesses maybe interested in using this space as storage also.
4. Building 4
 - a. Demo this building
5. Outside space
 - a. Will let local businesses utilize the parking lot for events.
 - b. Green space, work alongside the City of Hart to plant trees creating a bike/walk pathway from Water st. to Courtland st.
6. Vacant area at corner of Washington and Water streets (including Building 4 area) will remain available to developers that the City of Hart would feel would be a good fit.

Mill building project would start immediately and opening when the renovations needed are complete.

Middle building project would start immediately for the Brinks to move their businesses to Hart.

Corner building will be getting estimates on refrigeration, and finding out the exact needs for the businesses.

Building 4 will work with the City of Hart looking for grants to demo this building as soon as possible.

Green space project will be coordinated with the City of Hart street scape projects.

Flee market area would be ready for next summer.

Please feel free to reach out to me if you have any questions.

Chad Gale

Morningside Pallet Merchandise

231-742-3373 cell

galechad@aol.com

morningsidepalletmechandise@yahoo.com



KRISTI STARIHA

REALTOR

FIVE STAR REAL ESTATE

LETTER OF INTENT

**SUBJECT: THE ACQUISITION OF THE CERES SOLUTIONS PROPERTY
LOCATED AT 3 & 15 E MAIN STREET AND 15 COURTLAND STREET**

Dear City of Hart Authority,

Let me introduce you to Ceres Court, a concept of gorgeous mixed-use development of the former Ceres Solutions site...

My vision would involve complete or near complete removal of existing structures in order to allow the construction of an L-Shaped three-story building open to a lovely courtyard off of Main Street. Think old-world pavers and a wishing fountain. The ground level would attract and house mixed use: offices, retail, services. The upper two levels would be home to residential flats ranging from 1000-2500 square feet designed to maximize affordability while still feeling luxurious. The intent of these flats would be to open them up to private ownership rather than rent. The rooftop would be designed to allow for green space and shared patio use. Parking would be planned off of Water Street. Based on building integrity and financial merit, an original building may be repurposed to add storage/garage units available for purchase or rent to accompany commercial or residential spaces. The entire design would be in the spirit of the nostalgic character of downtown Hart and the neighboring buildings. The courtyard would be intended as public space to allow residents to enjoy the retail shops and a newly beautified area in downtown Hart.

Benefits to the City

- Additional tax revenue from both residential and commercial units.
- Diversifying and increasing housing options for current and new Hart community members.
- Community enrichment by providing more services/retail as well as a common area for gathering.
- A general improvement of the aspect of the downtown community.

Who am I? Why am I qualified? Those are great questions and the reason my interest letter has been slow in coming. I was a teacher for 22 years at Shelby High School. I have been a realtor for 3 years, full time for just over 2 years. My shift into real estate has brought me more success than I expected at this phase in my new career, and investment and development has been a long-term goal of mine since starting in the profession. I have witnessed a need for more housing options in our communities. I have desired an opportunity to undertake projects that will meet that need and enrich our community. This project has large potential for me to accomplish both. That stated, I am fresh in this game and will need to have some additional time to find investor and contractor partners and support in the process of making this dream a reality. But, my work ethic and my commitment to community has been evidenced in both my career as a realtor and my tenure as an educator, and given the opportunity and the support, I can make something extraordinary happen in Hart.

With respect and gratitude,

Kristi Stariha

REALTOR with Five Star Real Estate-Hart

231-301-0059

109 E Main

Hart, MI 49429

Proposal for Ceres Property

Hart, MI 49420

7/17/25

To Whom It Concerns:

As we look to transition our property at 112 E. Main St. Hart, MI to a venue, parking will become a need to accommodate larger groups in downtown Hart. S. Hegg Real Estate, LLC is proposing to purchase the Ceres property located at 3 E Main Street currently owned by TIFA. Our vision is to turn a portion of the property into parking, a portion of the property into duplexes/townhomes along Water Street and Washington Street, and to maintain the old mill building for retail/storage.

S. Hegg Real Estate, LLC is making an offer of \$30,000 for the property with no contingencies; however, we would also require there to be no contingencies on the execution of our vision for the project. We would like to explore the incentives available as detailed on the development opportunity page of the takemetohart.org website.

Because rental options in Hart are limited and most are at capacity, our vision is to have a mix of duplexes and townhomes that could be sold or rented. The designs will be conducive with the surrounding neighborhood design and character. Because the venue clients will bring young people to town, having housing options may attract some of them to stay and start families.

As third and fourth generation business owners in downtown Hart, we care about the city and its future. We gave a larger developer time to take on a large-scale development as proposed in the Redevelopment Ready plan TIFA had done for the property. However, if this is not coming to fruition, we would like to throw our hats in the ring to keep the property locally-owned. Our vision is similar to phase 1 of the predevelopment plan and could also incorporate green space but maintains the old mill building in its current use and adds much-needed parking for our new venue venture. We have successfully renovated three large commercial buildings, including our historic building in downtown Hart, a historic building in downtown Ludington, and a 90,000 square foot building on US31 in Holland. We are currently renovating a second historic building in downtown Ludington, as well as preparing to renovate our building adjacent to the Ceres property for a venue. We have the experience and fortitude necessary to take on this project and the fiscal capacity to do what is necessary over time.

Thank-you in advance for your consideration,

Scott and Stacie Hegg

S. Hegg Real Estate, LLC

RESOLUTION 2025-03 AUTHORIZING TWO \$500 PRIZES FOR THE 2025 PHOTO REALISM CONTEST

WHEREAS, the Hart Economic & Redevelopment Team is hosting the 2025 Photo Realism Contest as part of downtown ArtWalk on Saturday, October 4, 2025, to activate the downtown, attract visitors, and support local artists; and

WHEREAS, the event timeline includes public voting October 5–28, 2025, winner announcement November 3, 2025, and art pickup November 1–15, 2025; and

WHEREAS, the contest features two categories—Novice/Intermediate and Advanced—and the organizers seek to award a \$500 prize to the top public vote-getter in each category; and

WHEREAS, the Hart TIFA supports programming that enhances downtown vibrancy, foot traffic, and commerce consistent with its development and promotion purposes.

NOW, THEREFORE, BE IT RESOLVED that the Hart TIFA hereby:

1. Approves Prize Funding. Authorizes an expenditure not to exceed One Thousand Dollars (\$1,000) to fund two (2) \$500 prizes, one per category (Novice/Intermediate and Advanced), for the 2025 Photo Realism Contest.
2. Budget Source. Directs that said expenditure be charged to the TIFA “Art Support” budgeted line item.
3. Administration. Designates City event staff (primary contact: Lindsay Brown, to administer prize logistics and coordination of disbursement.
4. Disbursement & Compliance. Authorizes issuance of prize payments to the two winners following verification of results from public voting; requires a completed W-9 from each winner prior to payment; and directs staff to handle any applicable reporting (e.g., Form 1099-NEC if required).

YEAS: _____ NAYS: _____ ABSENT: _____

RESOLUTION DECLARED ADOPTED

Chair, Hart TIFA

Attest: _____

Secretary/Recording Officer

Hart TIFA Board Memorandum

To: Hart Tax Increment Finance Authority Board
From: Nichole Kleiner, TIFA Administrator
Date: September 16, 2025
Subject: Clarification of Lease Rights – Mill Building, 3 E Main Street

Background

On May 16, 2023, the Hart TIFA Board voted to lease the Mill Building at 3 E Main Street to Morningside Pallet Co. (Chad Gale) for storage use. During that meeting, there was discussion among board members regarding the possibility of granting Mr. Gale a first right of refusal if the building were to be sold.

The official motion adopted by the Board did not include language related to an option to buy or first right of refusal. Subsequently, a standard lease agreement was executed with Morningside Pallet Co., containing no such provisions.

Current Situation

Mr. Gale has expressed the belief that he holds a first right of refusal on the Mill Building, citing meeting discussion [date tbd].

The executed lease agreement governs the arrangement and does not grant any purchase rights.

No first right of refusal exists unless explicitly granted in writing and approved by the Board.

At the August 2025 meeting, Board Member S. Hegg raised this issue during member comments and asked for it to be placed on the agenda for further discussion.

Considerations

RFQ/Redevelopment Process: Recognizing or granting a right of first refusal at this stage would directly conflict with the redevelopment RFQ process for 3 E Main Street and undermine transparency.

Lease Terms Control: The binding lease agreement is clear — it contains no purchase rights.

Governance: Past discussion during a meeting does not supersede the formal motion or the signed lease.

Options for the Board

- Affirm the Lease as Written
- Adopt a motion confirming that the lease with Morningside Pallet Co. is a standard lease agreement with no right of first refusal or option to purchase.
- Take No Action

- Allow the lease to continue as written, with no changes.
- Grant New Rights (Not Recommended)
 - Consider granting Mr. Gale a right of first refusal now. This would complicate the redevelopment process, conflict with the RFQ, and set an unfavorable precedent.

Staff Recommendation

Staff recommends that the Board adopt a motion affirming the lease as written and clarifying for the record that no right of first refusal or purchase option exists. This approach preserves the integrity of the redevelopment process and provides transparency for all stakeholders.

Suggested Motion:

“Motion to affirm that the existing lease with Morningside Pallet Co. for the Mill Building at 3 E Main Street is a standard lease agreement without a right of first refusal or option to purchase.”