

**The Village of Lexington Common Council held a Regular Council Meeting Monday, March 24, 2025 in the Council Chambers at 7227 Huron Ave., Lexington, MI 48450**

**Call to order the Regular Council Meeting at 7:00 p.m.** by President Kristen Kaatz

**Pledge of Allegiance** led by President Kristen Kaatz

**Roll call taken by** Clerk Vicki Scott

**Present:** Ehardt, Adams, Muoio, Dost, DeCoster, Kaatz

**Absent:** – Cole

**Others present:** L. Fisher, and 4 citizens

**ATTENDANCE** – Board members unanimously voted Cole as an unexcused absence

**PUBLIC COMMENT** – None

**APPROVAL OF AGENDA** – Motion by Muoio, seconded by DeCoster, to approve the agenda as amended adding G1. USDA Final Pay Application #9 to SAK Construction and G2. USDA Final Pay Application #3 to Biotech Agronomics.

All ayes

Motion carried

**BUSINESS**

**ADMINISTRATION**

**A. EVANS EHARDT – COUNTY COMMISSIONER** – Ehardt reported he is unable to attend the April or May meeting. Ehardt asked if the Village would be applying for the Community Funds Project funds. Lori Fisher responded yes. Ehardt will be providing updates during the time he is gone.

**B. LORI FISHER – VILLAGE MANAGER'S REPORT** – Fisher reported the Harbor/Tierney Park Plans is coming to an end. The bid process is going to be behind a few days. Edgewater is running a bit behind. The bid package should go out by Wednesday of this week. The MEDC visited Lexington a few weeks ago. They were most excited about the Parrish property. They have about \$35,000.00 that they can hold for us and utilize in marketing efforts. I have a meeting lined up in April with the Church. We received 6 Audit RFP's back and are in tonight's packet. Greg Soule from AHP came back as the low bid. Greg has some local ties with Lexington. The DNR acquisition grant is still in process. We are working on getting the results back from a Phase 1 Environmental Assessment. I have selected the lowest priced vendor which was \$1,900.00. We also have to get a 40-year title search. Both have to happen before we move forward with paperwork. We are hoping to get the appraisal done by summer or fall.

**C. MINUTES** – Motion by DeCoster, seconded by Ehardt, to approve the minutes of the Regular Council meeting of February 24, 2025, as presented.

All ayes

Motion carried

Motion by DeCoster, seconded by Ehardt, to approve the minutes of the Special Council meeting of March 14, 2025, as presented.

All ayes

Motion carried

**D. INVOICE- FLETCHER FEALKO SHOUDY & FRANCIS, P.C. –** Motion by Muoio, seconded by Adams, to approve the payment of \$360.00 to Fletcher Fealko Shoudy & Francis, P.C. - \$180.00 from the General Fund, and \$180.00 from the Mobile Home Park Fund.

Roll Call

Ayes – Muoio, Adams, Ehardt, Dost, DeCoster, Kaatz

Nays – None

Motion carried

**E. USDA CHANGE ORDER FOR THE SEWER PROJECT -** Motion by Ehardt, seconded by Muoio, to approve Change Order #4 with Boddy Construction for an increase in the contract price in the amount of \$7,456.00 for the Sewer Project. (This Change Order is to extend the contract time and for additional work to the transformer at Huron Pump Station).

Discussion: Kaatz asked if that money can come from the grant. Chris Heiden stated we can pay for it directly out of the sewer fund. Fisher stated we can pay for it from sewer fund and reimburse later. Dost would like to extend our deepest condolences to the family of Horace Boddy, the owner and founder of Boddy Construction. He passed away on March 15, 2025 at 90 years old.

Roll Call

Ayes – Ehardt, Muoio, Adams, DeCoster, Dost, Kaatz

Nays - None

Motion carried

**F. USDA CHANGE ORDER FOR THE SEWER PROJECT -** Motion by Dost, seconded by DeCoster, to approve Change Order #1 with SAK Construction for the Sewer Project. (This Change Order is to extend the contract time and balance the contract quantities, no change in contract price).

Roll Call

Ayes – Dost, DeCoster, Muoio, Adams, Ehardt, Kaatz

Nays - None

Motion carried

**G. USDA CHANGE ORDER FOR THE SEWER PROJECT -** Motion by Adams, seconded by Dost, to approve Change Order #2 with Biotech Agronomics for the Sewer Project. (This Change Order is to extend the contract time, no change in contract price).

Roll Call

Ayes – Adams, Dost, DeCoster, Muoio, Ehardt, Kaatz

Nays - None

Motion carried

**G. 1. USDA FINAL PAY APPLICATION #9 TO SAK CONSTRUCTION** - Motion by DeCoster, seconded by Adams, to approve the final payment application #9 to SAK Construction in the amount of \$68,274.67 for expenses incurred related to the Sewer Infrastructure Project.

Discussion: This amount is included in the next draw request.

Roll Call

Ayes – DeCoster, Adams, Ehardt, Muoio, Dost, Kaatz

Nays - None

Motion carried

**G. 2. USDA FINAL PAY APPLICATION #3 TO BIOTECH AGRONOMICS** - Motion by Muoio, seconded by Dost, to approve the final payment application #3 to Biotech Agronomics in the amount of \$54,750.60 for expenses incurred related to the Sewer Infrastructure Project.

Discussion: This amount is included in the next draw request.

Roll Call

Ayes – Muoio, Dost, DeCoster, Adams, Ehardt, Kaatz

Nays - None

Motion carried

**H. USDA SEWER PROJECT** - Motion by DeCoster, seconded by Ehardt, to authorize the draw amount of \$310,002.82 from the USDA Rural Development for expenses incurred related to the Sewer Infrastructure Project.

Roll Call

Ayes – DeCoster, Ehardt, Adams, Muoio, Dost, Kaatz

Nays – None

Motion carried

**I. USDA WATER PROJECT** - Motion by Adams, seconded by Muoio, to authorize the draw amount of \$337,176.67 from the USDA Rural Development for expenses incurred related to the Water Infrastructure Project.

Roll Call

Ayes – Adams, Muoio, Ehardt, Dost, DeCoster, Kaatz

Nays – None

Motion carried

**J. REVIEW OF FINANCIAL STATEMENT POLICY** – Motion by Dost, seconded by DeCoster, to approve the proposed policy for Review of Financial Statement as presented.

Discussion: Fisher stated we received a few findings in our audit; we should have had written policy & procedure for accepting a federal award. In December, Council approved the document putting that policy in place (24-002 & 24-003) that document took care of these items. We were asked to put together a management overview of our financial statement prior to our audit. We do this, but needed to have a policy on paper. Kaatz asked if the internal review is done between the manager and treasurer whereas they review all inhouse financial statements, transfers, including the MD&A to ensure accuracy and completeness. Fisher stated we do meet together and review things. I prepare the MD&A. We supply the information to the audit company. Kaatz asked under Monitoring and

Compliance this policy states “the treasurer will track any recommendations from the audit and implement corrective actions as necessary” do we have a backup to that? Fisher replied no we only have one treasurer. Kaatz asked if the treasurer normally does this or the manager. Fisher replied the manager does not do anything with financials. Kaatz asked if this policy was run by our auditor and was told we no longer have an auditor so we don’t have anyone to run it by. Fisher stated the auditor contract ran through doing the audit. In January, we put it out for bid. Auditors audit our process according to our policies. Kaatz noted we don’t have anything stating this policy is compliant with state standards. Fisher stated if USDA kicks this out, that could possibly happen and we would have to come back next month.

Roll Call

Ayes – Dost, DeCoster, Muoio, Adams, Ehardt, Kaatz

Nays – None

Motion carried

**K. PURCHASING/FISCAL/BIDDING PROCEDURES POLICY 401-03 AMENDMENTS** – Motion by Muoio, seconded by Adams, to approve the amendments to the Purchasing/Fiscal/Bidding Procedures Policy 401-03 as presented.

Discussion: Muoio asked if \$500 for department heads is reasonable. Fisher stated this is not an issue. The bulk of what gets ordered that is an issue is chemicals for the water plant. In reviewing this document, I had to add language such as if this is a federal issue look at another document. While I was modifying it, I increased the amounts for item G. Utilities Manager from \$1,500 to \$3,000, item H. Village Manager from \$3,000 to \$5,000, and item I. Village Manager emergency purchases from \$5,000 to \$8,000. I eliminated item D. as we don’t use petty cash that much. On item K. I took out the Finance Committee Chairperson and indicated it would be better to notify Council via email for emergency purchases. Item L. was removed due to no Finance Committee. Item Q. was added for federal funds. On the Bid Procedure section I, I removed publishing in local papers as we use an online service called Bidnet Direct. Kaatz asked if advertising through on-line websites ensures bids are sealed. Fisher stated there is a feature that holds them in a queue. People can either mail them in or email them. Fisher stated the policy is bids come through the clerk.

Roll Call

Ayes – Muoio, Adams, Ehardt, Dost, DeCoster, Kaatz

Nays – None

Motion carried

**L. BIDDING PROCEDURES POLICY 411-10 AMENDMENTS** – Motion by Ehardt, seconded by Adams, to approve the amendments to the Bidding procedures Policy 411-10 as presented.

Discussion: Fisher stated this document mimics the policy above. I cleaned up the bidding procedures to match the other policy. Kaatz asked why the amount went from \$500 to \$10,000. Fisher stated it was \$2,000 on the original document. Kaatz stated in the original document I thought it stated anything over \$2,000 must be bid out. Fisher explained it stated “all planned expenditures above \$2,000 must have 3 accompanying quotes prior to selecting a vendor, and \$10,000 required bids. Muoio suggested using the \$2,000 threshold previously stated. Kaatz stated we have current language saying “a notice inviting bids for all jobs greater than \$3,000 shall be advertised in bid procedure” we should keep it consistent. Fisher asked if Council wanted it to say

"Bids are required for all jobs estimated greater than \$3,000 and will be advertised on the Village website. Emailed or hard copies may be mailed to vendors and/or solicited online via online bidding sites". Kaatz suggested adding all jobs and services.

Amended Motion by Ehardt, seconded by Adams to approve the amendments to the Bidding procedures Policy 411-10 with the following changes "Bids are required for all jobs estimated greater than \$3,000 and will be advertised on the Village website. Email or hard copies may be mailed to vendors and/or solicited online via online bidding sites".

Roll Call

Ayes – Ehardt, Adams, Muoio, Dost, DeCoster, Kaatz

Nays – None

Motion carried

**M. MANER COSTERISAN PROPOSAL** – Motion by Muoio, seconded by Dost, to approve the Maner Costerisan proposal as presented not to exceed \$10,000.00 in expenses.

Discussion: Fisher explained after looking into this most audit firms provide a similar type of service. When we get our audit and turn our books over, there shouldn't be any changes from that point forward. That is where we run into cost overruns like last year. A company like this will come in and work with us helping us get spreadsheets set up so we can take over doing those duties ourselves. This is for pre audit support. Somewhere a spreadsheet exists showing depreciation on all the assets and infrastructure. Kaatz suggested reaching out to our audit firm asking for the spreadsheets that already exist. Fisher stated she had the treasurer reach out to UHY and get what she could. Kaatz noted the point of getting a new auditor is to save funds. Kaatz asked Fisher if she does the Act 51 filing, F-65, form 5572, and our qualifying statements. Fisher responded yes. DeCoster asked if this is an as needed basis. Fisher responded yes and this is for the year ending entries. Fisher noted this would be a temporary situation. Kaatz suggested reaching out to the company we want to hire and see how much it would be through them. Kaatz asked if an RFP was sent out for this. Fisher stated no, I talked to a several different companies and liked their style better. The whole basis was to getting us to a point of handing it off and doing it ourselves. Kaatz suggested having our auditor do this and working with one firm. Fisher noted the auditor is supposed to be completely independent. Kaatz suggested getting an accounting firm. Motion by DeCoster, support by Adams to call the question.

Roll Call

Ayes – Muoio, Dost, DeCoster, Ehardt, Adams

Nays – Kaatz

Motion carried

**N. AUDIT SERVICES RFP'S** – Motion by Ehardt, seconded by DeCoster, to accept the AHP proposal for audit services for fiscal years 2025, 2026, 2027, with a potential extension for 2028 & 2029.

Discussion: Muoio asked why they were recommended. Fisher explained not only were they the lowest bid, they will spend time working with the staff. References were very good with this firm.

Roll Call

Ayes – Ehardt, DeCoster, Dost, Adams, Muoio, Kaatz

Nays – None

Motion carried

**O. DTE LIGHT CONTRACT FOR TIERNEY PARK** – Motion by Muoio, seconded by DeCoster, to approve the DTE Purchase Agreement Contract in the amount of \$39,018.33. Funds to come from Contract Services in the Harbor Fund.

Discussion: Chris Heiden explained this is for new lighting for the Tierney Park project. This contract includes all the maintenance.

Roll Call

Ayes – Muoio, DeCoster, Dost, Ehardt, Adams, Kaatz

Nays – None

Motion carried

**P. COMMUNITY PROJECT GRANT FUNDING REQUEST** – Motion by Muoio, seconded by Dost, to approve a project and apply for the 2026 Community Project Grant Funding Program.

Discussion: Fisher asked for direction on what to apply for. We can apply for more than one grant. Fisher stated the Township voted last Thursday to work with us and apply for the first option which is Village Hall Renovations. Dost and Muoio indicated the DPW Building conditions are horrible and need upgraded which could include public restrooms for Lester Park. Ehart suggested doing a single grant for infrastructure breaking it down into two areas Hall renovations and DPW Building. Board members agree. Kaatz offered to call Lisa McLain's office for a letter of support.

Roll Call

Ayes – Muoio, Dost, DeCoster, Ehardt, Adams, Kaatz

Nays – None

Motion carried

**Q. DNR MEMORANDUM OF UNDERSTANDING (MOU) –**

Fisher explained this document was provided by the DNR. We have been meeting with the DNR the last few months. This document has been through a few revisions. They wanted certain language in the bidding documents because we are handling the fuel tank portion of the project. They don't have a project ongoing right now. The fuel tanks have to go in so we have taken on that role. The only thing that needs a timely answer is the language on page 238. They requested to be included in the bid language. I ran this by the attorney and he signed off on it. On item L. iii I realized later this is part of our project so we will be paying the invoices. We will be able to hold on to the retainage or performance bond. If there was a penalty because of something not working with that fuel tank, we would be the one paying the bill. Kaatz asked if that needs to be stated. Fisher responded no. To hit on the major bullet points, it talks about how that grant will be funded. We moved last year to gift them 3 million dollars. What the DNR is asking for up to 3 lump sum payments. The first would be 2.5 million minus what we end up spending on that fuel tank which I expect to be 1 million dollars. Therefore, they would be requesting a lump sum payment of 1.5-million-dollar payment 42 days prior to going out for bid. I estimate that to be a year from now. Ehardt, suggest we do progress payments. Generally, you give them from 25% - 40% up front, and at 50% of the completed project give them another 40%, holding back 20% until the end. Fisher stated the DNR is requesting the funds up front. If they have sufficient funds on their end, there is a potential we could keep one or both of the last payments. Kaatz stated the agreement was to use our funds last that's why it was up to 3 million. Kaatz explained we are not voting on the MOU portion tonight.

The bid language is what we would be voting on. Fisher explained Kaatz suggested writing in language should be sometime in the future if they decide they don't want to run the harbor then we have the opportunity to buy the infrastructure from them, we need to have language that we are gifting them this money we aren't going to buy it back. Kaatz explained we shouldn't be voting on the whole thing as part of it reflects back to a lease that isn't drawn up yet. We should be focusing on the bid language.

Motion by Kaatz, seconded by Muoio, to approve item L. for bid purposes excluding "Payable to DNR Lexington State Harbor by the contractor paid by".

Roll Call

Ayes – Kaatz, Muoio, Ehardt, Adams, Dost, DeCoster

Nays – None

Motion carried

**R. COUNCIL COMMITTEE APPOINTMENTS** – Kaatz explained there was a question as to why two councilmembers were appointed. Kaatz explained two were appointed to ensure quorum was present.

**S. ARBOR DAY PROCLAMATION** – Motion by Dost, seconded by Adams, to approve the 2025 Arbor Day Proclamation as presented.

Roll Call

Ayes – Dost, Adams, Ehardt, Muoio, DeCoster, Kaatz

Nays – None

Motion carried

### **WATER/SEWER/DPW/STREETS:**

**T. STREET REPAVING PROJECT RFP's** – Chris Heiden explained after the construction in town our streets have paid a huge toll in some areas. We have money in the USDA funds that we were going to pay a contractor to repair roads with patches, or we can withhold that out of their contract and do the whole street with the street funds and have a whole new street instead of a patched-up streets. We do have funds in our street funds to do some streets as this may be a better idea. We put a list together which streets were the worst. Discussion followed on class A streets. The USDA savings would be spent within the water plant. The grant funds are used last. Discussion followed. Kaatz explained Chris will come back to the board with actual numbers.

### **FINANCIAL REPORTS –**

Motion by Ehardt, seconded by Adams, to approve the check register in the amount of \$76,574.45 check numbers 39146 through 39181 and financial reports as presented.

Roll call

Ayes- Ehardt, Adams, Muoio, Dost, DeCoster Kaatz

Nays- None

Motion carried

Motion by Muoio, seconded by Adams, to approve the USDA sewer fund check register in the amount of \$216,836.62 check number 6031 through 6032 and reports as presented.

Roll Call

Ayes- Muoio, Adams, Ehardt, DeCoster, Dost, Kaatz

Nays – None

Motion carried

Motion by Ehardt, seconded by DeCoster, to approve the USDA water fund check register in the amount of \$414,077.08 check number 80022 through 80024 and reports as presented.

Roll Call

Ayes- Ehardt, DeCoster, Dost, Muoio, Adams, Kaatz

Nays – None

Motion carried

### **REPORTS –**

**CORRESPONDENCE** – Thank you letter from Lexington Arts Council

**PUBLIC COMMENT** – None

### **COUNCIL PERSON COMMENTS –**

- Dost – commented on potential legal issues at the east end of Lester Street, signage is needed and the rules of procedure states the CEO of the Village shall submit a monthly report in the packet.
- Adams – commented on calling the question procedure.

### **ADJOURNMENT**

Kaatz adjourned the meeting at 8:55 p.m.

Respectfully Submitted

Vicki A. Scott

Clerk

I, Vicki A. Scott, (Village Clerk), do hereby certify that the foregoing is a true and original copy of the draft minutes of the Village of Lexington Village Council at a regular meeting held on the 24<sup>th</sup> day of March, 2025.

Clerk: \_\_\_\_\_

Dated: \_\_\_\_\_