

**CITY COUNCIL  
121 N CHURCH STREET, HUDSON, MI  
REGULAR MEETING  
July 20, 2021**

**747331:**

The regular meeting was called to order by Mayor Carmel Camp at 7:00 pm.

ROLL CALL: PRESENT: Carmel Camp, Lee Ann Minton, Rick Moreno, Carl Sword, Pam Ely, Darlene VandeZande and Lee Daugherty  
ABSENT: none

ALSO PRESENT: Ian Wendt – WLEN News Director, Tammy Jewell, DPW Superintendent Jay Best & Candi Best, Barb Ireland – Hudson Post Gazette, Jeff Aronoff – Miller Canfield, Sarah Jennings & Bethany Verble – Maner Costerisan, Mike McClellan Jr., Brad VandeZande, Brenda Burlew, Nancy Williams, Mike Sessions – Moreni’s City Manager, Deputy Treasurer Linda J Cross, Receptionist Kris Eschedor, Acting City Treasurer Brandon Hudson, Interim City Manager Charles Weir, and City Clerk Jeaniene McClellan

**ORDERS OF THE DAY:****Setting The Agenda:****747332:**

Motion by Rick Moreno, seconded by Carl Sword to **move Item G under New Business to Item A then move the rest accordingly.** CARRIED 7-0 by roll call vote.

**Approval of Minutes of June 29, 2021:****747333:**

Motion by Carl Sword, seconded by Rick Moreno to **approve the minutes of June 29, 2021 and place on file.** CARRIED 7-0 by roll call vote.

**Approval of Minutes of July 06, 2021:**

Lee Ann Minton wants to add Mr Steven Harsel’s letter in her Council Comments and also the Planning Commission meeting on June 21, 2021 where Joseph Yeider was put on the commission was done illegally and that vote can’t be counted.

**747334:**

Motion by Lee Daugherty, seconded by Carl Sword to **approve the minutes of July 06, 2021 and place on file.** CARRIED 6-1 by roll call vote (Camp, Ely, Moreno, Sword, Daugherty, VandeZande – yes Minton, – no (noted as why no vote to the above comments))

**PUBLIC COMMENT:**

No comments received

**PRESENTATION:****Jeff Aronoff – Miller Canfield – Bond Counsel**

The Tax Anticipation Note helped the City in the short term, but now the City needs to make sure it meets all of the financial obligations.

**NEW BUSINESS:****APPROVE: Notice of Intent:**

We are all fully aware of the financial difficulties the City is experiencing and have made progress getting caught up on late bills and negative balances in our bank account. The Tax anticipation Note we received from County National Bank has helped.

We are at a point now that it is clear that the City will have to borrow more money through bonds to meet the City's Obligations. Due October 1, is the water and sewer bonds totaling \$373,620.00 along with the \$461,280.00 deficit already in the utility fund. Also, at the end of October the fire truck payment of \$62,480.00 and an ambulance payment of \$28,481.00 are also due.

Interim City Manager spoke with Andy Campbell of Baker Tilly, Municipal Advisors and Jeff Aronoff of Miller, Canfield, Paddock and Stone, Bond Counsel, as you know are the gentlemen that assisted with the Tax Anticipation Note, and after consulting with them, it is in the City's best interest to publish a Notice of Intent to issue bonds. There is a 45 day referendum that is required after the notice in the local newspaper.

The amount of bonds in the Notice of Intend will not exceed \$1,000,000.00. The Notice of Intent is just that, a notice to the public that the City intends to seek bonds.

If the City does not secure the bonds, it will likely default on it's obligations which would have more detrimental and expensive effects for the City and it's residents. Mr. Weir has spoken with County National Bank about securing bonds and are ready to assist the City.

**747335:**

Motion by Darlene VandeZande, seconded by Carl Sword **to authorize the City Clerk to publish a notice of intent to issue bonds in the Daily Telegram.** CARRIED 7-0 by roll call vote

**APPROVE: Forensic Audit Report:**

At the April 24, 2021 Special Meeting Council called for an immediate Forensic Audit by a 5-2 vote. Forensic Examiners from Maner Costerisan were hired to perform the forensic audit.

Sarah Jennings from Maner Costerisan read the report to the Council and it will be on the website for anyone to read.

**747336:**

Motion by Lee Daugherty, seconded by Rick Moreno **accept the Forensic Audit Report from Maner Costerisan, Certified Public Accountants Business and Technology Advisors.**

CARRIED 6-1 by roll call vote (Camp, Ely, Moreno, Sword, Daugherty, VandeZande – yes Minton, – no)

**APPROVE: Budget Amendments for the FY 2021-2022 and Resolution:**

Mr. Sessions and Interim City Manager Charles Weir have been working on making the current budget amendments which Council was aware that needed to be made after the May 28, 2021 meeting when the new budget was adopted. Special considerations and actions by Council will be imperative over this budget year and moving forward.

**747337:**

Motion by Lee Daugherty, seconded by Pam Ely **to the 2021-2022 Budget Amendments and Resolution as presented.** CARRIED 7-0 by roll call vote

**APPROVE: Resolution to Temporarily Suspend City Income Tax Policy:**

At the May 4, 2021 Council meeting Council had discussion about the ability to use City Income Tax funds to address the current financial crisis. Council made no decision at that time to use City Income tax funds or make any changes to the Income Tax Policy.

Due to the continued financial hardship the City is experiencing, and with the upcoming bond payments, end of September, \$383,620.00 and in October the fire truck and ambulance payments are due totaling \$90,962.00 having the ability to use Income Tax fund dollars to help pay these debts and future debts in the short term, will assist with the City improving it's financial situation.

Mr Weir will continue to seek other sources of revenue as well, but he is imploring Council to allow the use of City Income Tax dollars until fiscal year 2023-2024.

**747338:**

Motion by Carl Sword, seconded by Pam Ely **to approve the resolution to suspend the City Income Tax Policy adopted April 15, 2003, until fiscal year ending June 30, 2023, and to allocate such income tax funds to address the current financial crisis.** CARRIED 7-0 by roll call vote

**First Reading: Ordinance No. 398.21, Amend Ch. 18 Water / Sewer Rate and Billing:**

City Attorney George Truchan was asked to amend the City's water and sewer ordinances regarding rate increases and changing the billing cycle from quarterly to monthly to assist with the large deficit in the utility fund. Changes to the following ordinances have been drafter for Council approval:

Hudson City Code Section 18-53 (1), 18-53-1 (a), 18-53-1 (c), 18-53 (7) and 18-54 (a) for the water.

Section 18-98 (b), 18-98 (b) (1), 18-98 (b)(2), 18-98 (3) and 18-103 (a) for the sewer.

**747339:**

Motion by Darlene VandeZande, seconded by Carl Sword to **Approve the first reading and waive the actual reading of Ordinance No 398.21, Amend Section 18 of the water and sewer.** CARRIED 6-1 by roll call vote (Camp, Ely, Moreno, Sword, Daugherty, VandeZande – yes Minton, – no)

**REAPPOINT Members to the Planning Commission:**

Watson Clark and Rob Hall’s current 3-year appointments to the Planning Commission will expire this month and both have expressed the desire to be re-appointed.

They both meet the requirements to be reappointed to the Planning Commission.

**747340:**

Motion by Carl Sword, seconded by Pam Ely to **reappoint Watson Clark and Rob Hall to the Planning Commission for 3-year terms expiring in July 2024.** CARRIED 7-0 by roll call vote

**APPROVE: Closure of Railroad Street for the Waterball Tournament:**

As part of the 11<sup>th</sup> Annual Fire Fighter’s Field Day event we request that Council authorize the closure of Railroad Street Lane and West Streets on Saturday, August 7, 2021 from 7:00 am – 4:00 p.m. for the Fire Fighter’s Field Day competition to be held from approximately 10:00 a.m. to 3:00 p.m. The extra time is to allow set-up and break-down/cleanup before and after the event.

**747341:**

Motion by Carl Sword, seconded by Rick Moreno to **authorize the closure of Railroad Street between Lane and West Streets on Saturday, August 7, 2021 from 7:00 a.m. to 4:00 p.m. for the 11<sup>th</sup> Annual Fire Fighters’ Field Day Event.** CARRIED 7-0 by roll call vote

**Executive Session: OMA Section 8 (c)) DPW Union Negotiations:**

Per Section 8 (c) of the OMA, Council entered into Closed Session for the purpose of discussing and continuing contract negotiations regarding the Department of Public Works and Hudson Police Department union contracts expired on June 30, 2021.

**747342:**

Motion by Pam Ely, seconded by Carl Sword to **enter into Closed Session pursuant to OMA Section 8 (c) for strategy and negotiations regarding the Department of Public Works Union Contract,** CARRIED 7-0 by roll call vote.

\*\*Entered executive session at 8:25 p.m.

\*\*Returned to open session at 8:27 p.m.

**747343:**

Motion by Carl Sword, seconded by Rick Moreno to **approve the agreement with International Union of Operating Engineers Local 324 and DPW union members, for a three year contract July 2021 to June 30, 2024, and authorizing Interim Manager to sign the agreement, CARRIED 7-0** by roll call vote.

**UNFINISHED BUSINESS:**

**Bills:**

Bills to Council  
July 20, 2021

**Bills to be Approved**

BHS Insurance	\$22,918.50	Quarterly Liability Insurance
Consumers	\$2,056.61	June WTP Electricity
Bill Deo Lawn Services	\$1,780.00	6th payment for Maple Grove Cemetery
M & K Jetting & Televising	\$1,320.00	Cleaned Lift Stations and 335 N Maple Grove
Consumers	\$3,321.48	WWTP Electricity
Total	\$31,396.59	

**Bills to be Confirmed**

Total \$0.00

**Grand Total** \$31,396.59

Misc little bills \$23,655.15 Due by July 31

**747344:**

Motion by Darlene VandeZande, seconded by Lee Daugherty **to pay the bills. CARRIED 7-0** by roll call vote

**Account Balances:**

## Old National Accounts

As of July 20, 2021

ALS Membership	\$1,364.72	
DDA	\$3,180.86	
DRUG Enforcement	\$1,213.38	
HPD Abandoned Property	\$233.42	
Payroll Account	\$0.00	
Pooled Account	\$0.00	
Sweep Account	\$80,078.76	\$50,000 payroll
CD - 36 Months	\$5,312.40	
CD - Public Funds	\$2,262.45	

## County National Bank

Income Tax	\$38,634.59	
Incoming ACH Payments	\$375.45	
Bond Account	\$20,467.07	can't use
Property Tax	\$82,060.19	after disbursements \$17,387.41

## Premier Bank

Money Market - Public Funds	\$479.86	Balance in 2020 was \$260,000
-----------------------------	----------	----------------------------------

**747345:**

Motion by Darlene VandeZande, seconded by Lee Daugherty **to accept the account balances and place on file.** CARRIED 7-0 by roll call vote

**Department Head Reports:****747346:**

Motion by Carl Sword, seconded by Rick Moreno **to accept the Department Head Reports and place on file.** CARRIED 7-0 by roll call vote

**COUNCIL COMMENTS:**

Lee Ann Minton – letter from Mr. Steven Hartsel  
2 July 2021

Comments were made at a recent City Council meeting implying that I had not been fully forthcoming and transparent with Council about the City of Hudson's current financial difficulties. This is false. I have provided no information or statements to Council or to individual Council Members that I did not believe to be true, and I have shared all of the relevant information I had regarding the City's finances and the current financial situation with Council up to April 24<sup>th</sup>. I did not become aware of the problems former Treasurer Farley was having with the City's finances until I was contacted by Pat Gilpin of Old National Bank on April 5<sup>th</sup>, 2021. The written reports I had received from Mr. Farley and the conversations I had with him indicated that the City's finances remained sound. Mr. Farley's demeanor prior to April 5<sup>th</sup> revealed no sign of stress, anxiety or change in any way from his normal personality.

Prior to April 5<sup>th</sup>, only two finance-related anomalies occurred within the last year of which I was aware. The first was the receipt of a letter late last year from the Department of Treasury sent in response to submission of the City Financial Audit for Fiscal Year 2019-2020. The letter noted expenditures out of the reserve fund (related to additional road work and sewer repairs) for the last 3 years and required submission of a corrective action plan. I was surprised by the letter and asked Mr. Farley why we received it, and after he said he did not know why, I asked him to contact our Auditor, Brent Shea to ask if he knew why. Mr. Farley told me that he spoke to Mr. Shea, and that Mr. Shea also did not know why we received it. We submitted a corrective Action Plan to the State and I did not hear back from them as of April 24<sup>th</sup>. In light of other false statements made by Mr. Farley leading up to my termination of his employment on April 10<sup>th</sup>, I wonder whether he actually did contact Mr. Shea about this Treasury letter.

The second anomaly concerned that late posting of direct deposit payroll to employee bank accounts on 3 occasions earlier this year. I approached Mr. Farley each time for an explanation, and he told me that he had done everything properly to upload the information to the Old National Bank payroll processing site, but that an Old National Bank issue must have caused the deposits to not post. After the second instance, I told Mr. Farley to contact Ms. Gilpin to ensure that it did not happen again. After the third occurrence, I directed Mr. Farley to shift the direct deposit to Premier Bank. Ms. Gilpin informed me in her April 5<sup>th</sup> call that Old National was not causing the problem, but that Mr. Farley was having difficulties with the payroll account, of which I was unaware. Nor did I know about a bounced City check last June, or about a supposed Treasurer ledger reversal of the SRF Bond payment wire transfer late last year.

None of this changes my overall responsibility for management of the City and on-the-job actions of all City employees, but I firmly believe that I have been nothing but open and honest with Council and its Members about his crisis since first becoming aware of the City's financial emergency on April 5, 2021.

Steven W. Hartsel

**ADJOURNMENT:**

**747347:**

Motion by Lee Ann Minton, seconded by Rick Moreno to **adjourn the meeting at 8:37 pm**

APPROVED: \_\_\_\_\_

Carmel Camp, Mayor

ATTEST: \_\_\_\_\_

Jeaniene McClellan, City Clerk

REVIEWED BY: \_\_\_\_\_

George Truchan, City Attorney

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