

HARRISON COUNTY UTILITY AUTHORITY
BOARD MEETING
September 17, 2020 – Minutes Amendment

Be it remembered that a meeting of the Harrison County Utility Authority Board of Directors was held on September 17, 2020 at 9:00 a.m. at the Harrison County Utility Authority Board Room, at 10271 Express Drive in Gulfport, Mississippi. In attendance were:

BOARD AND STAFF:

Mr. Wayne Miller, representing City of Gulfport
Mr. Malcom Jones, representing City of Pass Christian
Mayor Andrew "Fofa" Gilich, City of Biloxi, Director
Mayor George Bass, City of Long Beach, Director
Mr. Al Gombos, representing the City of D'Iberville
Supervisor Marlin Ladner, Harrison County (1), Director
Mr. John Wilson, Executive Director, HCUA
Ms. Cindy Breaux, Chief Financial Officer, HCUA
Mr. Alan Lane, Solid Waste Coordinator, HCUA
Ms. Sheila Marsh, Office Manager, HCUA
Ms. Marie Ostrander, Financial Assistant, HCUA
Mr. James Simpson, Wise Carter, Attorneys and Esquire
Supervisor Connie Rockco, Harrison County (2), Director - via Telecom

ABSENT:

AUDIENCE:

Kim Marmalich, CPA, Cr. Fa Partner, AVL
Deborah Akien, CPA, AVL
Michael Yarbrough, Waste Management
Andy Phelan, Pickering Engineering
Jaclyn Turner, HARCO
Brett Pund, The Focus Group
Jenne Bass, Waste Management
Jase Payne, The Focus Group

Letters of Designations are attached hereto as exhibit "A".

There being a quorum sufficient to transact business of the Authority, Mr. Wayne Miller, representing City of Gulfport, called the meeting to order. The following proceedings were had and done.

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A. Opening Prayer and Pledge of Allegiance

Mr. Wayne Miller, representing Gulfport, addressed need for Amendment to Agenda, added item G2c, Hurricane Sally Declaration of Emergency.

Motion made by Mayor "Fofo" Gilich, to Amendment to Agenda, added item G2c, Hurricane Sally Declaration of Emergency, seconded by Mr. Malcom Jones. A roll call vote resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed to amend agenda, added item G2c, Hurricane Sally Declaration of Emergency.

B. Public Comments

Mr. Wayne Miller opened the floor for public comments.

There were no public comments.

C. Approval of the Claims Docket dated September 17, 2020

Mayor George Bass made a motion to approve the Claims Docket dated September 17, 2020, seconded by Supervisor Marlin Ladner. A roll call vote resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed. A copy of the claims docket is attached hereto as exhibit "B".

D. Approval of Board Meeting Minutes dated September 3, 2020

Mayor "Fofu" Gilich made a motion to approve the Board Meeting Minutes dated September 3, 2020, seconded by Mayor George Bass. A roll call vote resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	sustain

The motion passed. A copy of meeting minutes dated September 3, 2020 is attached hereto as exhibit "C".

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E. Financial Report

E1. Monthly Financial Report

No discussion.

Mayor George Bass made a motion to approve the Financial Report, seconded by Mr. Al Gombos. A roll call vote resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed. A copy the Financial Report is attached hereto as exhibit "D".

E.2 FY2019-2020 Financial Audit

Ms. Kim Marmalich, CPA, Partner of AVL insurance, with AVL presented a hard copy Power Point summary of the FY 2019-2020 Financial Audit. Other items presented included Financial Statement in Bound Binder, Report those Charged to Governance, and Management Recommendations. Deborah Aiken, CPA was noted as person monitoring HCUA audit.

Ms. Kim Marmalich made recommendations, to Management, Bank Reconciliation submitted should have tied into 09/30/2019. Bank Reconciliation was corrected to agree with general ledger. Although it is common for Bank Reconciliation to change, Ms. Marmalich recommended a proper review and approval for process of changes. Also recommended, HCUA accounting

staff get continuing professional education. The GASB accounting is continuing to change. GASB 93 is new and LIBOR 2021 will no longer be used as of 09/30/2021, currently used for interest rate slot. GASB 87 will be effective until 09/30/2020. New changes include long term leases will be reported as receivables. Letter to those charged with Governance, is required communication, responsibilities to auditor or auditees and findings. Review resulted in no findings to report.

Ms. Marmalich noted information in Bound Report. Information goes back to 09 30 2019. Page 2-3 is auditor report, highest level of assurance offered and reported no findings. Page 6 (reference pages 4-11) written by HCUA Management. Report includes management discussion, analysis and snapshot of full audit report including economic outlook. Page 8 indicates overall snapshot of ended year with 258 million assets, 120 million liabilities, net position 155 million. Page 9 information indicates cash 240 million down, following page restricted cash up as result of reclassification from moving cash from nonrestrictive to restrictive. Page 9 – 10 indicates no significant change in current or restrictive assets.

Ms. Marmalich continued to report of Major fixed assets, changes 2018-2019. Page 11 Equipment (change in property and equipment), 326 million, 1000 increased in construction in progress, related to West Fritz Creek, CDBG Project S14, and Biloxi / D 'Iberville Chlorine Project. Equipment to portable- \$110,000 additional to equipment related portable bypass pump. Page 12 Liabilities - Account Payable increase \$817,000.00 due to Waste Management and Pelican Waste outstanding liabilities. Results of report indicated HCUA management did due diligence estimating needs and not over billing public agencies. Unearned revenue increased up. Unspent collection \$673,000 was due to innovative waste program that comes from billings, unspent SCDL Loan Proceeds. Member agencies submitted money for repairs that were not occurred as of 09/30/2019, money is due back to member agencies. Page 13 - Interest Rate Slot - Liability up 6 million because interest rate went down. Page 15 - Statements of Revenue, 2019 involved operating revenues because HCUA did receive grants, related to cities -20 million was received and 20 million used, resulted in close correlation between Expenses and Revenues. Nonoperating revenue and expenses result, no large changes. 2018-2019, investment earnings increased \$114,000, interest expenses on swap decreased \$116,000. Page 18 Cash Flows – Larger changes in amount spent on capital assets, construction interest. Debt payments spent decreased compared to previous year. \$458,000 was related to investment earnings. Page 20 - detailed log investments and deposits. Page 22-23 details outstanding debt as of 09/30/2019. Page 28-30 - \$1.7 million share PERS Pension Liability, GASB requirement to be recorded in audit, but PERS Pension Liability is not paid currently. Page 42 - Bond Convenance, findings resulted in no issues of non-compliance. Page 21 – Internal Control and Financial Reporting, unmodified and concluded no findings. Purpose of review is to assure Board and Entity, is protected and covered, conclusion indicated no findings of weakness. No audits were completed in 2019 due to no acceptance of grant money. There may be grant money in near future related to Care Acts. Ms. Marmalich closed her review with opportunity for comments or questions.

Mayor Bass questioned if there were any recommendations to HCUA moving forward. Ms. Marmalich indicated agency is moving along fine.

Mr. Al Gombos made a motion to table acceptance of FY2019-2020 Financial Audit, until next meeting, seconded by Mayor George Bass. A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed. A copy of FY2019-2020 Financial Audit. Power Point Report is attached hereto as exhibit "E".

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F. Marketing Report

Brett Pund, The Focus Group presented stats for Face Book - Across board increases in posts, ads, engagement, likes in August.

Supervisor Marlin Ladner raised concerns and questions on recycling stats and questioned if The Focus Group services were allowing HCUA to accomplish goals compared to services paid to The Focus Group.

Mr. Brett's Pund's response was, in the contract it states efforts are to increase up to 50% in recycling and he feels that is being accomplished.

Mr. John Wilson stated EPA's requirement for land fields is 25% recycling and at time of most recent contract, we were under 10%, between 5-7%. Currently HCUA operates average 30 +/- % every month. Mr. Alan Lane noted August 2020 was 44%. John believes willingness from public contributed to increase and that The Focus Group is getting information to the public.

Supervisor Marlin Ladner questioned how to increase in low participation rural areas. Mr. Alan Lane advised low performance routes are monitored and targeted to aide in recycling efforts.

John Wilson concluded that The Focus Group does not only provide services concerning recycling, but the agency also provides information at a moment's notice to the public in circumstances due to emergencies concerning routes and schedules.

Mayor Bass made motion to accept Marketing Report, seconded by Mr. Al Gombos. A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye

Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed. A copy of the Marketing Report is attached hereto as exhibit "F".

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G. Action Items

1. Old Business

None

2. New Business

G2a. Lamey Bridge Road Water Main Extension – Acceptance Request

John Wilson explained project is extension off HCUA water main off Lamey Bridge Road to North West of Big John Road. Extension is quarter of mile, extended by developer contractor to serve 20 lot trailer park. Work is completed and right away, ready to accept for maintenance.

Mr. Al Gombos, representing City of D'Iberville, voiced opposing opinion to adding potable water without provision to collect wastewater and treating and improving the environment. Mr. Gombos added "this is within a mile of city limits" and HCUA was approached, to provide water and not sewer service development. Mr. Gombos added, D'Iberville's goal is to take all water generated thru wastewater usage and treat wastewater.

Mr. John Wilson advised offering is for water only.

Supervisor Connie Rockco questioned issues of using right away and being outside of city limits.

Mr. John Wilson advised approval for action was in February or March, same time frame of water and sewer policy changed regarding extended lines.

Supervisor Marlin Ladner questioned would there be difficulty to install sewer and collect to remedy septic tanks.

Mr. John Wilson advised nearest sewer in D'Iberville is south of high school, running ¼ mile up road to site, then ¼ mile, and additional ½ mile to get to public sewer within D'Iberville. John indicated the issue is HCUA can offer water and D'Iberville's policy only offers water and sewer not one or the other.

Mr. John Wilson advised where facilities have water or sewer, we try tie on. Dogwood Hills is under consideration currently for accepting their maintenance. HCUA prefers water type systems over sewer due to collection of fees. John referenced in previous Board Meeting,

Dogwood Hills was approved for dedication documents that will be prepared by Mr. James Simpson, Counsel.

Mr. James Simpson, Counsel, advised currently waiting on verification of Real Estate Title Check from Abstractor and documents expected to be completed by next meeting.

Supervisor Connie Rockco brought to attention topic of concerns of communication with county, city and utility authority, and utility partners. Example was issues on N. Swan Road.

Supervisor Rockco's suggestion was to prepare a checklist of communication available to builders.

Mr. John Wilson added HCUA will work with Wayne Miller, City of Gulfport, and Jaclyn Turner, HARCO. HCUA has the water main, Gulfport has sewer main on N Swan Road.

Supervisor Marlin Ladner voiced process is not complicated because city and county should be aware permits are required from city engineer prior boring or cutting a road in Harrison County.

Ms. Jaclyn Turner, HARCO, noted confusion involving Retirement Home Developer. Developer indicated they did not realize right of way permit was required prior to boring. Ms. Jaclyn indicated worked has ceased until matter resolved.

Mr. Wayne Miller added city was not aware of bore until email received from county and owner was advised to contact Harrison County.

Mr. Malcom Jones, representing Pass Christian, made motion to approve Lamey Bridge Road Water Main Extension – Acceptance Request, seconded by Mayor "Fof" Gilich. A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	opposed
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed. A copy of the Lamey Bridge Road Water Main Extension – Acceptance Request is attached hereto as exhibit "G".

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G2b. Focus Group – FY21 Contract Addendum

Mr. John Wilson proposed and recommended approval for new contract for The Focus Group - FY2021 Contract Addendum to continue outreach program for recycling. John added services provided are valuable.

Brett Pund, The Focus Group voiced the request of opportunity to continue to work with HCUA and that the increase in services equaled \$21.66 a month.

Mr. Malcom Jones made motion to approve Focus Group – FY21 Contract Addendum seconded by Mayor George Bass. A vote resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed. A copy of the Focus Group – FY21 Contract Addendum is attached hereto as exhibit "H".

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G2c. Hurricane Sally Emergency Declaration

Mr. John Wilson requested approval from Board for HCUA to declare a state of emergency. John added the emergency declaration would ensure the ability to seek FEMA/MEMA reimbursement for storm related damage to HCUA facilities.

Mayor George Bass made motion to approve Hurricane Sally Emergency Declaration, seconded by Mr. Al Gombos. A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed. A copy of the Hurricane Sally Emergency Declaration is attached hereto as exhibit "I".

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H. Solid Waste Report

At the 09/17/20 Board Meeting, Waste Management notified HCUA of Hurricane Sally damage incurred to the Emerald Coast MRF in Pensacola. As a result, Emerald Coast MRF suspended operation which in turn effected our recycling program. Waste Management presented options as 1) Spend Recycling or 2) Continue collection, stockpile and landfill overflow, based on an Act

of God/Force Majeure. The Board requested the contract be reviewed by counsel for contractor and owner obligations.

Mr. Al Gombos made motion to continue with Solid Waste contract as is, contract will be reviewed, seconded by Supervisor Marlin Ladner. A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	sustain
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed. A copy of the Solid Waste Report is attached hereto as exhibit "J".

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I. Executive Director's Report

Mr. John Wilson's report included Long Beach project plans and specs are 90% complete, waiting on permits. SRF Loan thru MDEQ is pending, waiting for offer. Applied for GCRF Fund for (3) projects Long Beach Project, North Gulfport UV and Sand Filters. Completing West Fritz Creek with Change Order adding 13 services.

Mr. John Wilson stated currently reviewing Bond options and the next meeting options and resolutions will be presented.

Mr. James Simpson, Counsel, added Lindsey w/Raymond James has found sources to place all to save cost and HCUA may not need debt reserve fund. (3) three service providers HCUA has had in past will be required. Arbitrage Group that within 30 days of closing reviews interest earnings and if profit off debt-interest, interest goes back to federal government, by law. An independent verification agency will confirm close of loan, date and amount of proceeds received and date and amount of proceeds paid. Raymond James and Jason Thomas has advised they cannot be swap advisor as determined by their legal teams.

Mayor "Fofo" Gilich requested 3 from GAS summary of services in memo form with price quote for (3) three services.

Al Gombos does not want City of D'Iberville's payments to increase. Mr. James Simpson stated payment is debt and interest amounts, balloon note is the swap and not being paid currently. Discussion is on swap.

Mayor Gilich and James Simpson agreed member agencies can review and internally resolve members agencies responsibility of their portion of debt. Mr. Simpson pointed out that there would still be a joint responsibility on note for all members.

Mr. James Simpson, Counsel, followed up by concluding pricing and closing bonds should be by November 1, 2020.

Mr. James Simpson, Counsel requested authorization to engage professional services subject to later approval of their fees. The recommendation from Raymond James is three advisors would be required, 1) Arbitrage Group 2) Verification Agent 3) Swap Advisor.

Mr. Malcom Jones made motion for approval for authorization to engage professional services 1) Arbitrage Group 2) Verification Agent 3) Swap Advisor, subject to later approval of their fees, seconded by Mayor "Fofu" Gilich. A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion passed for approval for authorization to engage professional services 1) Arbitrage Group 2) Verification Agent 3) Swap Advisor, subject to later approval of their fees.

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J. Executive Session

1. Personnel

Mr. Malcom Jones made a motion to close the room for Executive Session to discuss pay raises of individuals, second by Mayor "Fofu" Gilich. A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion to close the room for Executive Session passed. Room was cleared for Executive Session.

Mr. Malcom Jones made a motion to return from Executive Session, seconded by Mayor George Bass. A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye

D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion to come out of Executive Session passed.

Mayor George Bass stated for record, John Wilson, and made motion that personnel pay raises approved and in six months opportunity to review for further pay increases if appropriate at that time, seconded by Mr. Al Gombos.

No discussion.

A roll call resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

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K. Adjourn – At this time Mayor George Bass made a motion to adjourn, seconded by Mr. Al Gombos. A roll call vote resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	aye
Long Beach	voted	aye
Harrison County (1)	voted	aye
Harrison County (2)	voted	aye
Pass Christian	voted	aye

The motion to adjourn passed.

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Harrison County Utility Authority

Harrison County Utility Authority