

HARRISON COUNTY UTILITY AUTHORITY
BOARD MEETING
April 15, 2021

Be it remembered that a meeting of the Harrison County Utility Authority Board of Directors was held on April 15, 2021 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:

Mayor Billy Hewes, City of Gulfport, Director
Mayor Andrew "Fofo" 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
Mr. Alan Lane, Solid Waste Coordinator, HCUA
Ms. Sheila Marsh, Office Manager, HCUA
Mr. James Simpson, Wise Carter, Attorneys and Esquire
Supervisor Connie Rockco, Harrison County (2), Director - via Telecom
Mayor Chipper McDermott, City of Pass Christian, Director - via Telecom

ABSENT:

Ms. Cindy Breaux, Chief Financial Officer, HCUA

AUDIENCE:

Kim Marmalich, CPA, Cr. Fa Partner, AVL
Deborah Akien, CPA, AVL
Sam Williams, Waste Management
Charles Roberts, Pelican Waste
Jimmy Levens, JLB

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

There being a quorum sufficient to transact business of the Authority, Mayor Billy Hewes, 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

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B. Public Comments

Mayor Billy Hewes opened the floor for public comments.

There were no public comments.

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C. Approval of the Claims Docket dated April 15, 2021

Mayor "Fofu" Gilich made a motion to approve the Claims Docket dated April 15, 2021, seconded by Mayor George Bass. A roll call vote resulted in the following:

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".

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D. Approval of Board Meeting Minutes dated April 1, 2021

Mayor George Bass made a motion to approve the Board Meeting Minutes dated April 1, 2021, seconded by Mayor "Fofu" Gilich. A roll call vote resulted in the following:

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 Board Meeting Minutes dated April 1, 2021 is attached hereto as exhibit "C".

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E. Financial Report

Mr. John Wilson presented the Financial Report for March 2021 noting the financials are in line to date for operating costs and expenses.

Supervisor Marlin Ladner had a question about Harrison County Additional Landfill Charges on Page 9.

Mr. Alan Lane explained to Supervisor Marlin Ladner the charges of \$149,000 was for material.

Mr. John Wilson added that the charges will throw budget off for year.

Mayor Billy Hewes noted Financial Report would be noted as spread on the minutes.

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

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F. Marketing Report

In the absence of Brett Pund, The Focus Group, Mr. John Wilson presented the Marketing Report. John noted that face book views are growing and recycling for the spring is doing well.

Mayor Billy Hewes noted that The Focus Group has missed the past two meetings and the board request the Marketing Reports be presented in person by The Focus Group in the event there are questions to be answered.

No action taken. The Board accepted the Marketing Report as submitted by The Focus Group. A copy of the report is attached hereto as exhibit "E".

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G. Action Items

1. Old Business

G1a. Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization

Board Members were given the document to review for Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization. Mayor Billy Hewes noted, the document was also emailed to board members Wednesday, April 14, 2021 for review.

Mr. Jim Simpson explained the Resolution is the same Resolution presented at the last Board Meeting and the purpose of the Resolution is to allow for a line of credit for the Long Beach Project. Draws would be at least 90 days out. Once the Resolution is adopted and signed, a date will be set with the bank for documents to be signed by the Board President and Secretary.

Supervisor Marlin Ladner asked if there would be interest involved and Mr. John Wilson explained there is a \$1,000 fee and small rate of interest if line of credit is used.

Mayor George Bass made motion to approve Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization, seconded by Mayor “Fofo” Gilich. A roll call vote resulted in the following:

Supervisor Marlin Ladner (1)	voted	aye
Supervisor Connie Rockco (2)	voted	
Mayor “Fofo” Gilich	voted	aye
Mayor Billy Hewes	voted	aye
Mr. Al Gombos, representing D’Iberville	voted	aye
Mayor George Bass	voted	aye
Mayor Chipper McDermott	voted	aye

Issues during via tele conference with Supervisor Connie Rockco prevented Supervisor Rockco from voting.

Mayor Billy Hewes tabled item G1a. Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization for later in the board meeting when Supervisor Rockco could vote via tele conference.

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G2. New Business

G2a. FY20 Financial Audit – Provided in Meeting by AVL

Ms. Kim Marmalich, CPA, Partner of AVL, with AVL presented a hard copy Power Point summary of the FY 20 Financial Audit. Other items presented included Financial Statement in Bound Binder, Report those Charged to Governance, and Management Recommendations. Deborah Aiken, CPA was introduced as Director of AVL Auditing.

Ms. Marmalich noted the Report to Governance is a letter that outlines responsibility of Auditor and Auditees. Any adjustments to management are attached to the letter.

Ms. Marmalich made recommendations, to Management and explained, although the check list was present, found two (2) contracts having no suspension and debarment in documents. Recommendation is to verify all boxes are checked and approvals are noted to avoid errors.

Mr. Al Gombos asked for suggestions for check list to avoid findings in the future.

Ms. Marmalich advised there is more detail about the type of errors in the document, and she is just summarizing the findings, the checklist is good, just adhere to the checklist. The census data noted employee records, employment dates, does not agree with PERS records. Recommendation is check and monitor PERS information reported.

Ms. Marmalich noted GASB 93 will be in effective 2021 and LIBOR 2021 will be discontinued. The change may impact interest rate swap that is currently based on LIBOR 2021. GASB 87, new pronouncement, effective 2021 and requires long term leases to be reported on balance sheet.

Ms. Marmalich noted information in Bound Report. – as of 9/30/2020 received un-modified opinion, highest level of assurance offered. Page 6 (reference pages 4-11) written by HCUA Management. Report includes management discussion, analysis, and snapshot of full audit report. Page 8 indicates overall snapshot of ended year 09/30/2020 with \$245 million assets, \$118 million liabilities, net position \$147 million. Page 9 information indicates cash \$1.4 million down, due for public agencies \$797 thousand up, due to timing of member agencies billing and date of receivables and does not indicate increase to revenue source. Grant receivables down compared to prior year due to no FEMA and MEMA receivables received this year as were last year. Page 10 – overall restricted assets no change, Treasury Note was retired and resulted in cash increase and a decrease in investments. Page 11 property and equipment – increase \$1.4 million involved (2) two components, West Fritz Creek Road and East Harrison Water System projects. The projects were completed, and management identified assets washed away or destroyed in Hurricane Katrina and now retired. Findings is net of transactions. Page 12 Liabilities - no liability significance. Expenses were down. Page 13 includes information on debt retirement of special obligation notes. Page 15 Revenue and Expenses – Noted is more operating revenue than expenses due to collected funding from Long Beach, Gulfport, Harrison County member agencies for fixed asset projects. Operating expenses decreased due to chemicals and utilities reduction. Page 16 Non-Operating Income - had two (2) new capital assets donations, East Harrison Reserve at Carr Bridge and Tradition Plant donation. Also received Restore Act Funds and Miscellaneous Grant Revenues, all accounting for \$600,000 revenue reported. Page 18 Cash Flows – Cash increase \$2 million, mostly due to Treasury note changed from investment to restrictive cash. Page 19 – includes notes on financial statement. Page 20, 21- includes detailed log investments and deposits and any restrictions related listed. Page 23, 24 - details outstanding debt as of 09/30/2020. Page 28-30 – Share of potential liability and changes based on assumptions on PERS Plan. Page 42 - Bond Convenance, findings resulted in no issues of non-compliance. Page 43, 44 – GASB, Yellow Book Report – Internal Control and Compliance, unmodified and no findings. No single audit required.

Ms. Marmalich offered opportunity for questions to be presented to Deborah Aiken.

Mayor Billy Hewes asked a question referring to Summary Page, "Management's Discussion and Analysis", the total liabilities and net assets noted as -3.85%. He wanted to know if there was any reason to be concerned over the change from last year or is there a trend that may have affected the change.

Ms. Marmalich responded by stating no reason for concern on the total liabilities and net assets of -3.85%. The goal of the organization is not to accumulate cash, only collect enough to cover expenses. The summary page lists current assets not related to construction or deferred outflow resources. Ms. Marmalich stated she had no concerns because of the way HCUA organization is structured. Mayor Hewes added his concern would be taking on capital projects that can be managed or funded. Ms. Marmalich noted keep in mind grant fund possibilities. Mayor Hewes wanted clarification on amount for Unfunded Liability of \$2 million for PERS.

Mr. John Wilson noted that later this year a RFP will be advertised for audit proposals to carry for several years.

Mayor George Bass asked for explanation of GASB 93/LIBOR. Ms. Mamalich noted LIBOR is London Inter Bank Interest Rate and new debt structure will not be reference to LIBOR. Ms. Debora Aiken explained that debt rate with LIBOR included rate plus percent and moving forward calculation will be rate at time plus percent.

Mayor George Bass made a motion to adopt FY20 Financial Audit – Provided in Meeting by AVL, as presented, seconded by Supervisor Marlin Ladner. A roll call vote resulted in the following:

Biloxi	voted	aye
Gulfport	voted	aye
D’lberville	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 FY20 Financial Audit – Provided in Meeting by AVL, Report is attached hereto as exhibit “G”.



Mr. Al Gombos requested Mr. John Wilson prepare and present to the board a specific part of policy and procedure manual that addresses steps as a checklist to avoid errors in documentation and reporting in PERS. Mayor Billy Hewes added that Mr. Gombos request will be noted as a directive to Director and does not require a vote.



Tabled Item G1a: Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization

Mayor Billy Hewes addressed item G1a which was earlier noted earlier as a table item, Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization. At this time, table item, Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization removed from table and he noted motion and second received earlier as:

Mayor George Bass made motion to approve Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization, seconded by Mayor “Fofu” Gilich. A roll call vote resulted in the following:

Supervisor Marlin Ladner (1)	voted	aye
Supervisor Connie Rockco (2)	voted	aye
Mayor Chipper McDermott	voted	aye

Mayor "Fofu" Gilich	voted	aye
Mayor Billy Hewes	voted	aye
Mr. Al Gombos, representing D'Iberville	voted	aye
Mayor George Bass	voted	aye

The motion passed. A copy of Long Beach Sewer Project - \$1 Million LOC – Resolution/Approval & Authorization is attached hereto as exhibit "F".

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H. Solid Waste Report

Mr. Alan Lane presented information and recycling participation rate growing and last month 39% and HCUA average is 38 – 44%. Material graded A from MURPH and HCUA never had a load rejected from MURPH. Residual rate is below 18% and national average is 25%. House count has started. Manual count for county has started. Electronic file will be email for review and questions. June 15 contract needs to be approved for next fiscal year. District 3, Marlin Ladner, Supervisor's district house count has been completed with count of 8,064 homes.

Mr. Gombos noted address at corner of Lamey Bridge Road and Poppo's Ferry Road, there are 5 HCUA cans. According to D'Iberville customer paying for one can.

Mr. Alan Lane advised extra cans are picked up as they find them. Alan advised he will speak with Waste Management to pay attention to any random cans.

No action taken. The Board accepted the Solid Waste Report as presented. A copy of the report is attached hereto as exhibit "H".

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I. Executive Director's Report

Mr. John Wilson updated S14 Project, that Notice to Proceed started 03/17/21. Long Beach Project received bids for Project 1 and Project 2. Project 1 is under review and evaluation and a review may be presented to the board in the future to discuss Project 1

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J. Executive Session

There was no need for Executive Session.

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

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



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