

HARRISON COUNTY UTILITY AUTHORITY
SPECIAL BOARD MEETING

August 26, 2015

Be it remembered that a meeting of the Harrison County Utility Authority Board of Directors was held on August 26, 2015 at 9:30 a.m. at the Harrison County Utility Authority Board Room, at 10271 Express Drive in Gulfport, Mississippi. In attendance were:

BOARD AND STAFF:

Supervisor Marlin Ladner, Harrison County (1), Director
Mayor Billy Hewes, City of Gulfport, Director
Mayor Andrew Gilich, City of Biloxi, Director
Mr. Al Gombos, representing the City of D'Iberville
Mayor Billy Skellie, City of Long Beach, Director
Mayor Chipper McDermott, City of Pass Christian, Director
Mr. Danny Boudreaux, representing Harrison County (2)
Mr. Donald Scharr, Executive Director, HCUA
Mr. John Wilson, O&M Manager, HCUA
Ms. Merri Ann Testa, Procurement Specialist, HCUA
Mr. Seren Ainsworth, Solid Waste Coordinator, HCUA
Mr. Jim Simpson, Wise Carter Attorneys, Esquire

ABSENT:

Supervisor Joe Meadows, Harrison County (2), Director

AUDIENCE:

Mr. Dan Gaillet, City of Biloxi
Ms. Ginnie Hem, City of Gulfport
Ms. Linda Elias, City of Gulfport
Mr. John Kelly, City of Gulfport
Mr. Dub Hornsby, City of D'Iberville
Mr. Derrel Wilson, Utility Partners
Mr. Wally Carter, Team Waste
Mr. Jack Carter, Team Waste
Mr. Cody Waters, Team Waste

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

There being a quorum sufficient to transact business of the Authority, Mayor Gilich called the meeting to order. The following proceedings were had and done.

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A. Public Comments – Mr. Gilich called for public comments. There were no public comments.

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**B. 1 - Approval of Solid Waste Disposal Contract with Waste Management
(Contract language is now being finalized)**

Mayor Skellie made a motion for Mr. Simpson to review and discuss the proposed Waste Management contract, seconded by Supervisor 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.

Supervisor Ladner asked if there was anything in the contract other than prices, i.e. any commitments in the future other than paying the price agreed to.

Waste Management

Mr. Simpson reviewed some of the language in the contract:

Scope of Service – The Authority is required to deliver all of the Authority garbage to the Waste Management landfill and have the option to deliver other items for disposal, as deemed necessary by the Authority.

Term of Contract – This is initially a ten year agreement with the option to extend up to four times, five years each by mutual agreement.

Permits & Compliance – When Waste Management submits their permit application, the Authority agrees, in good faith to review and consider support of

Waste Management's effort to expand, not committing to support but only committing to review and consider support.

Landfill Capacity – Contract remains the same – no solid waste from New Orleans, or from any adjoining state beyond a 100 mile radius without prior written approval from the Authority.

Exhibit "A"

Disposal Fee = \$15.00 per ton which includes \$1.00 per ton tax
If the State increases the tax, that will be passed through to the Authority.

The CPI change – Waste Management can ask for a rate increase based on the CPI. The Authority agrees to consider such requests in its sole and absolute discretion, but is not obligated to approve or accept it.

House Count – Same as Team Waste language except \$1.00/house.

Mayor Hewes made a motion to adopt the Waste Management Contract as presented, seconded by Mayor McDermott. 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 contract is attached hereto as exhibit "B".

Supervisor Ladner stated that the Authority needs to be actively seeking the possibility of another Class D landfill.

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B. 2 – Approval of Class I Rubbish Landfill Site – Team Waste

Mr. Simpson said the standard language in the Team Waste contract essentially is the same as the Waste Management Contract.

Team Waste

Term of Contract – This is initially a ten year contract with the option to extend,

up to four times, five years each by mutual agreement.

Exhibit "A"

The Authority agrees to pay a Disposal Fee of \$9.44 per ton which includes the \$1.00 tax per ton, if the \$1.00 tax is raised by the State, the cost is passed on to the Authority.

Maximum Disposal - Each city has the right to dump at the Rubbish Site free of charge up to a total of 640 tons collectively, per year. The tons allocated toward this allowance shall be tracked and reported to the Authority on a monthly basis.

House Count – Agrees to pay the Authority \$0.25 per house determined by the house count accepted by the Authority.

Mr. Gombos made a motion to accept the Team Waste contract, seconded by Supervisor 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 contract is attached hereto as exhibit "C".

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C. Draft FY-2016 Harrison County Utility Authority Budget, Review, Discussion and Scheduling for Public Hearing

Mr. Scharr said the FY2016 Budget presented at the last Board meeting has been adjusted to incorporate approved Solid Waste pricing, and to incorporate anticipated flows from Tuxachannie, River Hills WWTP, and Pineville (\$14). Mr. Scharr said the only other adjustment was for the debt associated with the West Orange Grove Interceptor SRF loan, which has been transferred from Gulfport to Harrison County.

Mr. Riemann explained in 1994 the West Orange Grove Interceptor was constructed by the County and was paid for by the County through an ad valorem tax millage increase ~ 3.5 mills. In 2002 the debt cost went from the County to the City of Gulfport. There are Gulfport customers in that area now being charged 18% surcharge because they are outside of the city limits. Mr. Riemann said even with the 18% charge there is still not enough money to cover the debt payment on the SRF loan. He thought the total debt payment is ~\$400,000.00, and \$150,000.00 is charged to the County and the 18% the Gulfport customers

are paying is going to the other portion of the cost.

Mr. Scharr said the County is not paying any O&M costs, the O&M costs are being collected by Gulfport because they are sending the bills directly to the customers. He added this cost in the proposed budget is strictly the debt service.

Supervisor Ladner asked if Gulfport is collecting the revenue from their customer's sewers flowing into that pipe. Supervisor Ladner said some percentage of that debt service should be assessed to Gulfport. Mr. Riemann replied that the flows from County customers who wish to connect are using that pipe and some percentage of the debt service is assessed to Gulfport.

Mr. Scharr said the City is budgeted to pay \$312,798.00 for Phase II debt. The part shifted over to the County is \$154,000.00 for the SRF loan which matures in March 2016.

MOTION:

Mr. Gombos made a motion to approve the FY2016 Budget using last year's factors, formulas and equations until such time that we receive, review and adopt the Bond Resolution explanation, Auditors Report, the Water Rate Schedule, which will change from the Volkert Schedule never adopted and also the Gulfport WCA findings.

Mayor Hewes amended Mr. Gombos motion to add "requiring a mid-year Budget review."

AMENDED MOTION:

Mr. Gombos made a motion to approve the FY2016 Budget using last year's factors, formulas and equations until such time that we receive, review and adopt the Bond Resolution explanation, Auditors Report, the Water Rate Schedule, which will change from the Volkert Schedule never adopted and also the Gulfport WCA findings and to require a mid-year Budget review, seconded by Mayor McDermott.

Supervisor Ladner asked how each entity was assessed the additional costs to run the reserve up to what's required.

The reserve is based on the O&M budget from each year, so the bond requirement is based on the numbers that are predicted for the O&M systems.

Supervisor Ladner said distribution of the reserve should be based on the debt each entity has, not the total O&M budget.

Mr. Scharr said what has changed is the determination of the Bond Counsel, that the O&M reserve (which is 25% of the O&M costs) has to cover wastewater, water and solid waste. What the Authority has previously done is provide a

reserve for 25% of the wastewater O&M and the Authority had been following the recommendations in the Volkert Report to gradually increase the water reserve. By 2017/2018 the water reserve would be up to 25% of the water O&M costs. The Bond Counsel said, we have to have 25% on water, wastewater and solid waste.

Mr. Scharr recommended a Public Hearing for the proposed FY2016 Budget be scheduled on September 10, 2015, at 9:00 a.m. He said the revised proposed Budget (distributed to the Board at this meeting and attached as exhibit "D") will be provided to each member agency. Supervisor Ladner requested a budget distributing the reserve in two ways – based on O&M costs and based on debt.

Mr. Scharr distributed information including: 1) water system recommendations 2) Butler Snow (Bond Counsel) Letter on Reserve 3) HCUA Organizational Chart – pay grade system & job titles, pay grade ranges and salary ranges for those positions. He asked that the Board review those documents. (These documents are attached as exhibit "E")


The Board agreed to conduct a FY-16 budget workshop at the next Board meeting (9/3/15) and agreed to hold a public hearing on the proposed budget at a special meeting set for 9/10/15.

Mr. Simpson said there has to be a unanimous vote on anything that affects rates, bonds, or capital projects. If the budget affects rates, it has to be a unanimous vote.

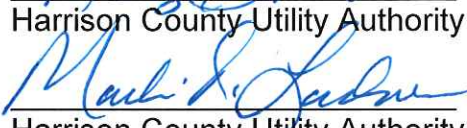
D. Adjourn - At this time Mayor McDermott made a motion to adjourn, seconded by Mayor Skellie. A roll call vote resulted in the following votes:

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.



Harrison County Utility Authority



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