

HARRISON COUNTY UTILITY AUTHORITY  
BOARD MEETING  
September 17, 2015

Be it remembered that a special meeting of the Harrison County Utility Authority Board of Directors was held on September 17, 2015, 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:

Supervisor Joe Meadows, Harrison County (2), 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  
Mr. Malcolm Jones, representing the City of Pass Christian  
Supervisor Marlin Ladner, Harrison County (1), Director  
Mr. Donald Scharr, Executive Director, HCUA  
Mr. John Wilson, O&M Manager, HCUA  
Mr. Michael VanCourt, Comptroller, HCUA  
Mr. James Simpson, Wise Carter Attorneys, Esquire

ABSENT:

Mayor Chipper McDermott, City of Pass Christian, Director

AUDIENCE:

Mr. Bruce Newton, Vice President, Digital Engineering  
Mr. Dax Alexander, President, BMA Consulting Engineers  
Ms. Lisa Verhovshek, Paralegal, Wise Carter Attorneys  
Mr. Dan Gaillet, Public Works Director, City of Biloxi  
Mr. Kris Riemann, City Engineer, City of Gulfport  
Ms. Linda Elias, Comptroller, City of Gulfport  
Mr. Gerald Blessey, City Attorney, City of Biloxi  
Mr. Derrel Wilson, Utility Partners  
Mr. Bobby Knesal, Utility Partners

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.

**A. Public Comments** – Mayor Gilich asked for public comments. There were none.

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**B. Approval of HCUA Claims Docket dated September 18, 2015**

Mr. Gombos made a motion to approve the HCUA Claims Docket dated September 18, 2015, 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 passed. A copy of the Claims Docket is attached hereto as exhibit "B".

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**C. CDBG Requests for Cash**

Mr. Newton recommended the approval of the Request for Cash in the amount of \$806,021.95, based on the recommendation of the Grant Administrator, Gouras & Associates.

Mayor Hewes made a motion to approve the Requests for Cash in the amount of 806,021.95, 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 Request for Cash is attached hereto as exhibit "C".

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**D. Technical Committee Minutes dated September 9, 2015**

Mr. Gombos made a motion to approve the Technical Committee Meeting minutes dated September 9, 2015, seconded by Supervisor Meadows. 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.

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### **E.1 a – Old Business**

There was none.

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### **New Business**

#### **CDBG**

### **E. 2 a 1 – HARCUA-02 Budget Modification No. 60**

Mr. Newton recommended approval of the budget modification is a zero change to the overall budget. The modification is necessary to move funds around to prepare projects for closeout.

Mayor Skellie made a motion to approve the HARCUA-02 Budget Modification No. 60, 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 Budget Modification is attached hereto as exhibit "D".

**E. 2 a 2 – W18 – Term Bid 2008-06 Revision No. 2 Final to Work Order No. 5**

Mr. Newton stated this revision represents an increase in time of 258 days and a decrease to the overall budget of \$208,685.07, with a work order completion date of May 29, 2014.

Mr. Gombos made a motion to approve the W18 Term Bid 2008-06 Revision No. 2 Final to Work Order No. 5, seconded by Mayor Hewes. 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 Revision is attached hereto as exhibit "E".

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**E. 2 a 3 – S12b – Term Bid 2008-07 Revision No. 7 to Work Order No. 2**

Mr. Newton stated this revision represents an increase in time of 333 days and an increase to the overall budget of \$4,745.00. The increase is for the renewal premium for the additional umbrella policy required by the grant. The project completion date is November 30, 2015.

Mr. Jones made a motion to approve the S12b Term Bid 2008-07 Revision No. 7 to Work Order No. 2, seconded by Supervisor Meadows. 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 Revision is attached hereto as exhibit

"F".

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**E. 2 a 4 – S12b – Term Bid 2008-07 Revision No. 5 to Work Order No. 1**

Mr. Newton stated this revision represents an increase in time of 1,179 days and no change in the overall budget, with a work order completion date of November 30, 2015.

Mayor Hewes made a motion to approve the S12b Term Bid 2008-07 Revision No. to Work Order No. 1, 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 Revision is attached hereto as exhibit "G".

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**E. 2 a 5 – S12b – Term Bid 2008-07 Revision No. 8 to Work Order No. 3**

Mr. Newton stated this revision represents an increase to the overall budget of \$4,745.00 and no change in time.

Mayor Hewes made a motion to approve the S12b - Term Bid 2008-07 Revision No. 8 to Work Order No. 3, seconded by Mr. 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. A copy of the Revision is attached hereto as exhibit

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**E. 2 a 5 – SCADA Contract Modification No. 6**

Mr. Newton stated this contract modification represents an increase of \$9,980.00 and an increase in time of 61 days, with a project completion date of November 30, 2015. This modification is for projects S10, S12, S12d, and W13.

Supervisor Ladner made a motion to approve SCADA Contract Modification No. 6, seconded by Mr. 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. A copy of the Modification is attached hereto as exhibit "I".

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**Non – CDBG**

**E. 2 a 1 – Chlorine and Sulfur Dioxide Bid Results**

Mr. Wilson stated the bids received were 40 – 94 percent higher than the current contract. Mr. Wilson recommended the bids be rejected and exercise the one year extension on the current contract, with Allied.

Mr. Gombos suggested the HCUA and member agencies consider maximizing cost savings by purchasing chlorine together. Mr. Scharr stated he is working with Jackson and Hancock County utility authorities to possibly partner for joint bids as a cost savings measure.

Mr. Gombos made a motion to reject the bid for the Chlorine and Sulfur Dioxide bid and exercise the one year extension option with Allied Universal, 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 Bid Results is attached hereto as exhibit "J".

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#### **E. 2 a 2 – South Gulfport WWTF – Secondary Clarifier Replacement**

Mr. Bryant stated the bid opening was held on September 4, 2015. The lowest bidder was Environmental Construction Corporation with a bid of \$106,000.00. The initial bid was for the replacement of two weirs. An alternate bid was for the replacement of all four weirs. All four weirs will be replaced for the total amount.

Mayor Hewes made a motion to approve the bid by Environmental Construction Corporation for the South Gulfport WWTF – Secondary Clarifier Replacement (\$106,000.00), seconded by Mr. 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 of the bid results is attached hereto as exhibit "K".

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#### **E. 2 a 3 – Allocation of Free Disposal for Municipal Trash – Team Waste Facilities**

Mr. Ainsworth stated as part of the Class 1 rubbish disposal, Team Waste has offered free disposal of 640 tons annually to HCUA member agencies. He recommended the 640 tons be distributed by 2015 House Count percentages. Member agencies can choose to utilize either the Coast

Recycler Landfill in East Harrison County or the Firetower Road Landfill in West Harrison County. Mr. Ainsworth will provide the member agencies with a monthly status report to track usage.

Mayor Skellie made a motion to approve the Allocation of Free Disposal for Municipal Trash – Team Waste Facilities be distributed by house count percentages, 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 memo is attached hereto as exhibit "L".

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**E. 2 a 4 – Contract for Professional Services to Develop a Funding Master Plan and Seek Funding Opportunities for Proposed HCUA Projects**

Mr. Scharr proposed HCUA utilize Raley & Raley in a consulting capacity to identify funding opportunities for HCUA projects. The contract is a monthly contract for up to six months. The cost of the consulting services is \$5, 000.00 per month with \$4,500.00 for services and \$500.00 for expenses. The cost of the contract has been included in the Proposed FY 2016 budget.

There was discussion about the necessity of the consulting services.

Mayor Hewes requested that Ms. Raley provide the Board with an action plan to outline her intended efforts.

Ms. Elizabeth Raley addressed the Board to highlight her background, skills, and expertise for identifying funding opportunities.

Mr. Gombos made a motion to approve the Contract for Professional Services to Develop a Funding Master Plan, with Raley & Raley, with the stipulation that performance benchmarks and an action plan be added to the contract, seconded by Mr. 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. A copy of the memo is attached hereto as exhibit "M".

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#### **E. 2 a 5 – W19 Ineligible Cost Allocation**

Mr. Scharr stated the W19 Broadwater Tank project has change orders that were deemed ineligible for reimbursement. The total amount is approximately \$670,000.00. He stated that he needs direction from the Board on how these costs should be allocated to the member agencies. HCUA must allocate the cost by the end of the month to closeout for the end of the year.

Mr. Simpson stated that these types of issues previously have been assigned by location, on an ad-hoc basis.

Mayor Gilich stated that The City of Biloxi wants the Board to revisit this cost allocation as a matter of policy. If the outcome is different than what has been agreed to today regarding W19, the policy may be applied to this cost.

Mr. Gombos made a motion to approve the W19 Ineligible Costs allocated to the City of Biloxi on an ad-hoc basis with the stipulation that the City of Biloxi reserves the right to have the cost allocation revisited if a future policy change results in a different method of allocation, seconded by Supervisor Ladner. A roll call vote resulted in the following votes:

aye	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

The motion passed. A copy of the memo is attached hereto as exhibit "N".

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#### **E. 2 a 6 – Proposed Resolution Establishing Rule Defining Deposits to the Authority Operating Reserve Fund**

Mr. Simpson stated this resolution establishes the different options available to the member agencies for funding the bond reserves. Member agencies can choose to fund the reserve with cash, a letter of credit, or a promissory note. The executed resolution will be sent to bond counsel and the auditors to gain their written confirmation that this satisfies the bond requirements.

Mr. Simpson pointed out that the resolution only addresses funding options. It does not stipulate how the reserve funds are to be allocated to the member agencies. The Board will need to determine the method of allocation.

Supervisor Ladner made a motion to approve the Proposed Resolution Establishing the Rule Defining Deposits to the Authority Operating Reserve Fund, seconded by Mr. 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 of the resolution is attached hereto as exhibit "O".

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## **E. 2 a 7 – Fiscal Year 2016 Proposed Budget**

Mr. Scharr reviewed two of the various budget options available based on different allocation methods.

Under budget Option 1B the reserve costs are distributed by O & M cost, as previously done. Option 2B distributed the reserve costs by debt.

Mayor Hewes made a motion to approve the Fiscal Year 2016 Proposed Budget Option 1B, seconded by Mr. Jones. A roll call vote resulted in the following votes:

Biloxi	voted	aye
Gulfport	voted	aye
D'Iberville	voted	nay
Long Beach	voted	nay
Harrison County (1)	voted	nay

Harrison County (2)	voted	nay
Pass Christian	voted	nay

There was a discussion regarding the refinancing of the bond to fund the reserves.

The vote was not unanimous. The motion failed.

Mayor Hewes stated that it is unfair for Biloxi and Gulfport to bear 90 percent of the reserve costs. He stated the 1B option based on the O & M is more equitable and representative of how each member agency is benefitting from the services provided by HCUA.

There was discussion regarding whether HCUA can continue operations after September 30<sup>th</sup> if a budget is not approved. Funds cannot be expended without a budget.

There was discussion regarding the possibility of approving the budget and conducting a mid-year budget review and amending the budget.

Mr. Gombos proposed the costs be allocated based on assets.

Mr. Gombos made a motion to approve the Fiscal Year 2016 Proposed Budget Option 2B, seconded by Supervisor Ladner. A roll call vote resulted in the following votes:

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

The vote was not unanimous. The motion failed.

Mr. Hewes proposed blending the two budget options and using the difference of the two options.

Mayor Hewes made a motion to approve the Fiscal Year 2016 using a blended percentage of the difference from Option 1B and 2B, seconded by Mr. Gombos. A roll call vote resulted in the following votes:

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

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

The vote was not unanimous. The motion failed.

Supervisor Meadows proposed HCUA take out a loan for the \$3 million to fully fund the required O & M reserves and the member agencies will share the cost of the interest.

Mr. Simpson recommended that the Board recess and reconvene in a few days to allow time to research the loan options.

Mr. Jones made a motion to authorize legal counsel to investigate the loan options available to fully fund the O & M Bond reserves and report back at the reconvened meeting, seconded by Mr. 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.

HCUA staff and legal counsel will research loan options available and report back to the Board at the next meeting on Tuesday, September 22, 2015 at 9:00 AM.

Mr. Gombos made a motion to recess and reconvene on Tuesday, September 22, 2015, seconded by Mr. 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. A copy of the budget options is attached hereto as exhibit "P".

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**Meeting reconvened on Tuesday, September 22, 2015 at 9:00 AM**

Mr. Simpson stated HCUA does have statutory authority to assume a loan to fully fund the required O & M bond reserves.

Mr. VanCourt solicited quotes from Hancock Bank and Peoples Bank for a loan for this purpose.

Mr. Simpson presented the Board with a resolution declaring HCUA's intent to borrow the money and authorizing execution of the loan note for up to \$2.6 million. The loan amount will be for the actual cost to fund the reserves only.

Mr. VanCourt proposed assuming a two-year note, in lieu of a one-year note, allowing the need to only budget for the interest cost for the first year.

Hancock Bank quoted an interest rate of 1.66 percent on a two year note. Chevis Swetman of Peoples Bank was unable to provide a quote at this time.

Mr. VanCourt stated the interest cost to member agencies for the two-year loan note was calculated using the blended percentage method, as discussed at the previous meeting. The approximate total cost of the interest is \$41,000.00.

There was discussion of the Swap Agreement for the bond notes. Bank of America holds all HCUA bonds and the Swap Agreement.

Supervisor Meadows made a motion to adopt Budget Option 2, using the blended percentages, contingent upon a mid-year review. The contingency is an ad-hoc decision and establishes no precedent for any future determinations. The motion was 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 budget options is attached hereto as exhibit "Q".

Supervisor Meadows made a motion to approve the resolution to assume a 2 year loan note from Hancock Bank not to exceed \$2.6 million exclusively for the purpose of funding the required O & M bond reserves, seconded by Mr. 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. A copy of the draft resolution is attached hereto as exhibit "R".

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**I. Adjourn** - At this time Mr. Gombos 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

  
Harrison County Utility Authority