



HANCOCK COUNTY UTILITY AUTHORITY

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Monthly Board Meeting

September 13, 2011

The meeting was called to order by Chairman Les Fillingame at 2:00 P.M.

Pledge of Allegiance and Silent Prayer – Lead by Director Lili Stahler

Attendees:

Mr. Al Smith
Mr. Jack Cleveland
Ms. Lillian Stahler
Mr. Rocky Pullman

Mr. Bill Johnson
Mayor Les Fillingame
Mrs. Betty Baxter

Request to Address the Board

None

Board Action Items

Motion was made by Director Pullman to approve the Minutes from Monthly Board Meeting August 9, 2011, Director Stahler seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Cleveland to approve the August 2011 Dockets as presented to the Board, Director Johnson seconded the motion; it was voted on and it carried unanimously.

- O & M \$ 175,707.44
- 2004 Bond-Capital \$ 27,730.60
- Land Acquisition \$ 283,881.61
- CDBG Projects \$1,780,984.12
- SRF-Katrina Reserve \$ 133,825.50
- O & M Water \$ 3,322.56

Motion was made by Director Cleveland to approve the following CDBG Budget Modifications:

- HANCUA-01 #14
- HANCUA-02 #26
- HANCUA-03 #20

Director Johnson seconded the motion; it was voted on and it carried unanimously.

Note: There was a typographical error on Budget Mod. HANCUA-02 #26 which indicated an increase of \$125,000, but actually should have been a decrease of

\$125,000.00, Mr. Chris Gouras made the changes and Executive Director initialed the changes and they were sent to MDEQ.

Motion was made by Director Pullman to approve the CDBG Request for Cash in the amount of \$2,646,462.10, Director Stahler seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Johnson to approve the five Consent Agenda items as follows:

- Authorization to spread on the minutes the letter to MDEQ requesting additional one year forbearance on the SRF loan.
- Approval of Certificate of Partial Substantial Completion for CIAP Work Order 211-015(01), for the Pearlington S4 CIAP work. This certificate covers the delivery to the designated storage location of 75 spare STEP tanks with risers and lids, with the one-year warranty to begin 08-22-11.
- Approval of Payment Application No. 5, S4 CIAP project, in the amount of \$76,203.49, to be paid by the Hancock County Board of Supervisors under the Pearlington CIAP grant program.
- Approval of Payment Request No. 1, S6 CIAP Kiln Sewer Connection Project, MSCIAP Project No. MS.R.771-2, in the amount of \$20,094.50, contingent on approval by the Mississippi Department of Marine Resources and Board Attorney Artigues. This pay request includes invoices from A. Garner Russell & Assoc. in the total amount of \$18,780.00 and invoices from Brown, Mitchell and Alexander in the total amount of \$1,314.50.
- Approval of Amendment No.11 to the engineering agreement with Carollo Engineers for Project S5, in the additive not-to-exceed amount of \$99,120.00 to provide for additional construction engineering services, including construction admin and Resident Project Representative, during the extended time of the S5 treatment plant construction contract, contingent on final approval of Board Attorney Artigues and MDEQ, and the appropriate budget amendment. The current budget modification indicates that a budget amendment is required for this change.

Director Smith seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Smith to approve Contract Modification 2008-01/24(S4) to the Term Bid 2008-01 contract with Necaise Brothers Construction, in the deductive amount of \$497,391.48, contingent on final approval of MDEQ and Board Attorney Artigues. This summary change order to the term bid contract adjusts final

quantities of bid items as actually constructed for the project, Director Fillingame seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Pullman to approve Contract Modification 2008-03/28(S7) to the Term Bid 2008-03 contract with Hemphill Construction, in the deductive amount of \$27,973.37, contingent on final approval of MDEQ and Board Attorney Artigues. This change order to the term bid provides for adjustment to the quantities of various bid items as actually constructed for Work Order No. S7-04 under the S7 Bay St. Louis Wastewater System Improvements project, Director Johnson seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Cleveland to approve Revision 6 to Work Order W6-01 for the Term Bid 2008-02 construction contract with Jay Bearden/G&C Construction, adding 128 calendar days of time at no change in contract price, as recommended by the project engineer, contingent on final approval of MDEQ and Board Attorney Artigues, Director Johnson seconded the motion; it was voted on and it carried unanimously.

Discussion: Director Fillingame inquired if adding the extra days would add to the engineering expenses, and there will be no additional engineering costs associated with this change.

Motion was made by Director Cleveland to approve Revision 5 to Work Order W6-02 for the Term Bid 2008-02 construction contract with Jay Bearden/G&C Construction, adding 92 calendar days of time at no change in contract price, as recommended by the project engineer, contingent on final approval of MDEQ and Board Attorney Artigues, Director Smith seconded the motion; it was voted on and it carried unanimously.

Discussion: Director Fillingame inquired if adding the extra days would add to the engineering expenses, and there will be no additional engineering costs associated with this change.

Also, Director Pullman inquired as to why there were so many extra days being added to the contract, Kevin Mullen of BMA, Inc. explained that is was more of a clerical correction than actual time needed for the construction work, there were some billing issues that went back two fiscal years and the only way to get the contractor paid was to move them forwarded, the work has actually been completed.

Motion was made by Director Cleveland to approve Revision 5 to Work Order W5E-01 for the Term Bid 2008-02 construction contract with Jay Bearden/G&C Construction, adding 57 calendar days of time at no change in contract price, as recommended by the project engineer, contingent on final approval of MDEQ and Board Attorney Artigues, Director Smith seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Cleveland to approve Revision 7 to Work Order W5E-02 for the Term Bid 2008-02 construction contract with Jay Bearden/G&C Construction, adding 122 calendar days of time at no change in contract price, as recommended by the project engineer, contingent on final approval of MDEQ and Board Attorney Artigues, Director Smith seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Pullman to approve Contract Modification 2008-07/20(W7) to the Term Bid 2008-07 contract with Necaise brothers Construction, in the additive amount of \$136,096.76, contingent on final approval of MDEQ and Board Attorney Artigues, and the appropriate budget modification. This change order to the term bid provides for a material adjustment to the DR 25 16-inch PVC water main, in lieu of a costlier adjustment to the DR 18 piping, as agreed to by the contractor, under the W7 Eastern Regional Water Supply System project, contingent upon Necaise Brothers correcting any issues that exist in District One, which also include all items on the current "punch list", must be corrected prior to payment of any invoices, Director Johnson seconded the motion; it was voted on and it carried unanimously.

Discussion: Executive Director Pitalo explained to the Board that everything on the "punch list" has been completed and signed off on, with the exception of some small asphalt patch areas. He will follow-up and make sure that are no other issues that were overlooked.

Motion was made by Director Pro Temp Baxter to approve Contract Modification 2008-04/16(W4) to the Term Bid 2008-04 contract with Hudson Contracting, in the additive amount of \$19,410.00, contingent on final approval of MDEQ and Board Attorney Artigues, and the appropriate budget amendment. This change order to the term bid provides for automatic hydrant flushing valves on designated water mains in order to solve a water quality problem encountered by customers on dead-end lines, Director Johnson seconded the motion; it was voted on and it carried unanimously.

Discussion: Director Pro Temp Baxter inquired if there was a solution to the protection of a fire hydrant located at the Turtle Landing, Kevin Mullen of BMA, Inc. explained that it was being looked into and some type of protection would be installed.

Motion was made by Director Pullman to approve Contract Modification 2008-02/29(S6) to the Term Bid 2008-02 construction contract with Jay Bearden/G&C Construction for the Kiln Wastewater Collection System, in the additive amount of \$2,776.00, contingent on final approval of MDEQ and Board Attorney Artigues, and the appropriate budget amendment. This change provides for fencing changes at lift stations required to accommodate emergency generators, one quadriplex grinder pump station, and changes in the quantities of several other bid items, including simplex grinder pumps and piping, in order to provide for a complete project, Director Johnson seconded the motion; it was voted on and it carried unanimously.

At this point of the meeting Executive Director Pitalo presented an overhead presentation concerning the progress of all the projects. (copy included in the meeting packet)

Executive Director

Turnover of Completed Facilities, Policy Discussion – Ms. Baxter indicated that for the Pearlinton Water and Sewer District to be able to complete the RUS loan application they would initially need a letter of intent from the Authority indicating the intention of the Authority to turn over the completed water distribution and sewer collection system to the PWSD.

Discussion: Director Johnson asked the Board if consolidation was a consideration any longer, if so, would this mean that the system would ultimately be conveyed twice. Director Fillingame indicated that he was concerned about recapturing of value for the tax payers who now own the system, and that it should be discussed in length.

After a lengthy discussion concerning entity ownership vs. complete consolidation, a motion was made by Director Baxter to authorize Attorney Artigues issue the letter of intent as requested by Mrs. Baxter and discussed by the Board, Director Pullman seconded the motion; it was voted on and it carried unanimously.

Results of Recordkeeping Monitoring for CDBG Projects – Information only – No Action Needed

Advertise for chlorine building construction – Executive Director Pitalo explained to the Board that after the Mixing Zone Study was complete, that is approximately \$75,000 in this fiscal year's budget and he would request approval by the Board to roll the funds into the upcoming fiscal year's budget.

Motion was made by Director Smith to allow the \$75,000 dollars from 2010-2011 fiscal to be retained and not included in the Over/Under calculations and be used during the 2011-2012 fiscal year for the construction the new chlorine building, Director Johnson seconded the motion; it was voted on and it carried unanimously.

Update on SRF Loan forgiveness/restructure – Attorney Artigues informed the Board that MDEQ has given a nod of approval on the request for another year of forbearance on the SRF loan and that the EPA's counsel is working with Senator Cochran's office on the language that would allow the state/MDEQ to make the decision on the forgiveness of the SRF loans held by the Authority, HCWSD and the Henderson Point Utilities.

Not on the Agenda – BP Wish list from entities – Executive Director Pitalo asked the Board for guidance on the prioritization of the requests. After discussion, it was decided that Director Pullman will contact Mr. Ashley Edwards to find out the best approach for presenting the items.

Which option to use for funding the water supply budget deficit – Mr. Bill Mitchell of BMA, Inc. explained each of the options to the Board and after a lengthy discussion, a

motion was made by Director Pro Temp Baxter to adopt option A (Proportional Usage by Customers), Director Cleveland seconded the motion, after the discussion below Director Baxter withdrew her motion.

Discussion: Director Fillingame wanted to know when water would be available to all the entities. Executive Director Pitalo explained that it may be six months before all entities have access to water. Director Fillingame feels Option B is the best option, because Option A will be paid for by customers that are not receiving any benefits from the water system at this time. Also, he feels that the deficit may be satisfied before the end of the fiscal year due to additional customers coming on line. Executive Director Pitalo recommended to the Board that they approve the budgets as presented and then review them in six months to see if the deficit still exists and if so then a solution will be decided at that time.

- A. Proportional usage by customers
- B. Require a minimum fee from all entities for having water supply available for usage
- C. Increase wholesale water rate to cover deficit
- D. Allow wastewater to absorb the wholesale water deficit

2011-2012 Budget – Motion was made Director Johnson to approve the 2011-2012 Wastewater budget totaling \$1,718,283.38 based on anticipated revenues, Director Smith seconded the motion; it was voted on and it carried unanimously.

Motion was made by Director Stahler to approve the 2011-2012 Water budget totaling \$262,347.54 based on anticipated revenues, Director Cleveland seconded the motion; it was voted on and it carried unanimously.

New Business

Motion was made by Director Pullman that a letter be sent to the Governor and MDA requesting that the State fund the match portion, which is \$1,000,000.00, for the two 592 projects in the City of Waveland on Jeff Davis Avenue and Gulfside Street, and the money be brought through the Authority or the Hancock County Board of Supervisors which ever the Governor's so chooses, Director Johnson seconded the motion; it was voted on and it carried unanimously.

Old Business

None

Executive Session

Attorney Jack Pittman – Pittman, Howdeshell, Hinton and Hightower
Attorney Ronnie Artigues - Butler Snow

Motion was made by Director Pullman to consider going into Executive Session to discuss land acquisition, and litigation issues. Director Johnson seconded the motion; it was voted on and it carried by majority vote.

Motion was made Director Pullman to enter into Executive Session to discuss land acquisition, litigation issues, Director Stahler seconded the motion; it was voted on and it carried majority vote.

Motion was made by Director Johnson to leave Executive Session with no action taken at 4:00 PM, Director Cleveland seconded the motion; it was voted on and it carried unanimously.

Butler Snow

During executive session Attorney Artigues presented the Board with an opportunity to review, on a per parcel basis, a total of five waiver valuations and a total of two appraisal/review appraisals for Project S6 – Kiln Wastewater Collection System for the purpose of establishing a basis for making a fair market value offer pursuant to the waiver valuation procedure for the purpose of establishing a basis for making a fair market value offer pursuant to the waiver valuation procedure.

After leaving executive session and a full discussion, a motion was made by Director Johnson to authorize Attorney Ronnie Artigues to proceed with the fair market value offers, based on said information, in the amounts indicated in each file on the parcels shown on the **attached one page(s)**, and to allow Attorneys Ronnie Artigues and Executive Director Pitalo to review, recommend and proceed with FMVOs as needed to avoid delays in the project, Director Smith seconded the motion; it was voted on and it carried unanimously.

Pittman

During executive session, Attorney Pittman informed the Board of legal and acquisition issues concerning Projects W5E and W7.

After leaving executive session and a full discussion, a motion was made by Director Cleveland to approve an easement payment of \$500.00 to the White family for a bore site in Project W7, the payment was made prior to the meeting in order to avoid any construction delays, Director Pullman seconded the motion, it was voted on and it carried unanimously.

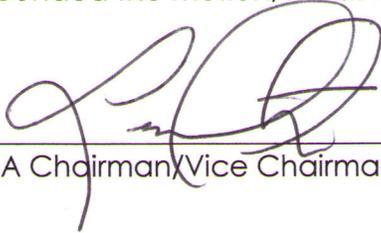
Motion was made by Director Cleveland to approve the settle of the Project W5E Haas litigation in the amount of \$21,000.00 on the lawsuit by virtue agreed final judgment on October 1, 2011 and acquisition of the southeast quadrant 0.16 acres by quitclaim deed in the amount of \$5,000.00, for a total of \$26,000.00, Director Stahler seconded the motion; it was voted on and it carried by majority vote with Director Pro Temp Baxter abstaining from the vote.

Motion was made by Director Cleveland to approve the Project W7 Order to Condemn on the Jourdan River Estates well and tank site, Director Johnson seconded the motion, it was voted on and it carried unanimously.

Motion was made by Director Johnson to delay construction of the proposed tank at this time in Project W7 at the Crump Road well and tank site and any available funds be moved to Project S6 and complete that project, with any other left over funds being moved to Project W8, Director Smith seconded the motion; it was voted on and it carried unanimously.

Adjourn

Motion was made by Director Cleveland to adjourn the meeting at 4:30 PM, Director Smith seconded the motion; it was voted on and it carried unanimously.



HCUA Chairman/Vice Chairman



HCUA Executive Director