

**MINUTES**

A regular meeting of the City Council of the City of Pinehurst was held on February 13, 2024, at 6:00p.m. at Pinehurst City Hall Council Room. The following council members were present: Sarah McClendon, Cynthia Adams, J. Michael Shahan, Troy Pierce, and Greg Willis. Councilman Joey Vance was absent. Mayor Sarah McClendon called the meeting to order and established a quorum. Councilman Greg Willis gave the invocation followed by the reciting of the United States and Texas Pledges of Allegiance, led by Councilwoman Cynthia Adams. The following business was transacted.

On a motion made by Mayor Pro-Tem J. Michael Shahan and seconded by Councilman Greg Willis, council members unanimously voted to approve the minutes of the Regular Session held on December 12, 2023.

Agenda item 11, Presentation of the Racial Profiling Report for 2023, was moved to this position. Police Investigator/Lieutenant Jocelyn Trussell began by saying that the total number of stops between January 1, 2023 and December 31, 2023 was 654. She noted in zero of those stops was the race or ethnicity known prior to the stop. She reported the racial breakdown as 1-Alaska Native/American Indian, 5-Asian/Pacific Islander, 230-Black, 368-White, and 50-Hispanic/Latino. She continued by saying 313 of the stops were female and 341 were male. Lt. Trussell concluded by advising that the report clearly showed that there was no evidence of racial profiling in the City of Pinehurst. Council members had no questions regarding this presentation.

City Secretary Debbie Cormier first reviewed the September 2023 budgeted expenditures with Council members. She began by saying that there was a new capital outlay for September 2023. She reported that a John Deere tractor, also known as a slope mower, was obtained through a Lease/Purchase agreement. When comparing YTD revenue for the General Fund, she noted that September 2023 was almost \$2 million behind September 2022 but stated that entire amount and more was attributable to grant funds and one-time events. She stated with those items removed, September 2023 was ahead of September 2022 by about \$75,000. She advised that September 2023 YTD revenue in the Garbage Fund exceeded September 2022 YTD revenues by approximately \$62,000. Ms. Cormier reported that 2022 YTD revenues for the Water & Sewer Fund exceeded 2023 YTD revenues by \$2.7 million. Again, she noted that grant funds for 2022 were almost \$3 million. She stated with grant funds and one-time events removed from the equation, 2023 YTD exceeded 2022 YTD by almost \$78,000. Overall, she advised that 2023 revenues exceeded 2022 revenues by about \$201,000. Ms. Cormier explained that revenues exceeded expenditures for the year in the General Fund and Garbage Fund by approximately \$100,000 and \$70,000 respectively. She noted that expenditures exceeded revenue in the Water & Sewer Fund and Debt Service Fund by \$6,243 and \$9,401 respectively. Overall, she informed council members that revenues exceeded expenditures by almost \$154,000. Ms. Cormier reported that the city had 7.18 months of cash reserves in August 2023 and 7.18 months of cash reserves in September 2023, or unchanged. Council members had no questions regarding this financial report.

Ms. Cormier reviewed the October 2023 budgeted expenditures with Council members. She began by saying that October was historically one of the worst months, financially, of every fiscal year. She noted that all the city's insurance premiums were due in October but virtually no property tax revenues were received in October. She reported that there were no capital outlays for

October 2023. Concerning the income comparison YTD for 2023 versus 2022, Ms. Cormier advised that 2023 exceeded 2022 by about \$3,800 in General Fund. In the Garbage Fund, she stated that 2022 exceeded 2023 by \$2,500. She reported that the Water & Sewer Fund revenues appeared to be behind the prior year by almost \$85,000; however, with grant funds removed, she stated that 2023 revenues exceeded 2022 YTD by about \$10,000. She noted that overall, 2023 YTD revenue exceeded 2022 YTD revenue by slightly more than \$11,000. Ms. Cormier reported that expenditures exceeded revenue in the General Fund by \$120,482 and in the Water & Sewer Fund by \$27,963. She stated that much of the shortfall was due to annual insurance premiums. She advised that revenue exceeded expenditures in the Garbage Fund by slightly more than \$6,000 and in the Debt Service by almost \$200. Overall, she reported that expenditures exceeded revenues by \$142,148. Ms. Cormier noted that the city had 7.18 months of cash reserves in September 2023 and 6.85 months of cash reserves in October 2023, or a difference of -0.33. She explained that part of the difference was due to the new budget and a higher recommended cash amount because of a higher overall budget. Council members had no questions regarding this financial report.

No one signed up to address the Council under the Citizen Comments section of this agenda.

On consideration of approving FY2023 Budget Amendments, Ms. Cormier explained that she and City Administrator Jerry Hood reviewed all necessary amendments and Mr. Hood approved all intradepartmental amendments. She advised that two of the necessary amendments were not able to be covered by other line-item budgets within those departments. She noted that funds would have to be taken from other departments or reserves for those two items and those amendments required City Council approval. Ms. Cormier stated that the first interdepartmental amendment was postage. She stated that there had been two postal rate increases within the fiscal year. She advised that the city did not use as much as was budgeted for advertising this fiscal year. She recommended transferring the overage from the advertising line item in the Water/Sewer Production Department to cover the shortfall in the postage line item in the Water/Sewer Billing Department. The second interdepartmental amendment was to cover the purchase of the two Chevy Tahoes purchased for the Police Department. Ms. Cormier advised that most of that purchase was covered with money from the original CARES Act allocation that the city received due to COVID-19. She stated that the city originally received about \$110,000. She noted that some of the money had been spent on COVID related items and the remainder was eventually given to the city. The amount given directly to the city to spend as desired was \$103,662. That amount was slightly less than \$5,000 short of covering the purchase of the two vehicles. Ms. Cormier explained that the city did not have an election in FY2023, so the \$5,000 election budget could be transferred to cover the purchase of the Tahoes. On a motion made by Councilwoman Cynthia Adams and seconded by Councilman Troy Pierce, council members unanimously voted to approve the two budget amendments.

Keri Michutka, CPA presented the FY2022-2023 Annual Audit Report. Ms. Michutka called attention to the statement on Page 2 of the Audit Report which noted that her company had audited the annual financial statements and felt that the financial statements presented fairly in all material respects the financial position of the City. She stated that she was issuing an unmodified, or clean, audit opinion. She reported that the ending total General Fund balance at 9/30/23 was \$2,193,000. She noted that the City was in a good financial position. She stated that was equivalent to more than 12 months of expenditures. It should be noted that Ms. Cormier's report was based on cash only, whereas Ms. Michutka's report was based on cash and cash equivalents. She advised that the ending Debt Service Fund balance was \$851. She went on to say that the General Fund had a

net increase of \$116,000 and Debt Service Fund had a decrease of \$9,400. She reported that the Water/Sewer Fund had a decrease of \$81,000 of which most was depreciation expense. The Sanitation Fund had an increase of \$51,000. Ms. Michutka noted that the city's deposits at First Financial Bank were completely covered by pledged collateral for the entire fiscal year. She advised that the General Fund fixed assets increased due to the purchase of the Gradall, the Slope Mower, and the Tahoes. She stated that the only fixed asset added to the Water/Sewer department was a sewer camera. Ms. Michutka advised that the city was not subject to a single audit for this fiscal year. She stated that her audit did not identify any deficiencies in internal control and her tests showed no instances of non-compliance. On a motion made by Councilman Troy Pierce and seconded by Mayor Pro-Tem J. Michael Shahan, council members unanimously voted to accept the audit as presented.

Concerning the discussion of solid waste collection services, City Administrator Jerry Hood advised that this was on the agenda due to the lack of service during the recent inclement weather. Mr. Hood stated that several discussions had already taken place to identify deficiencies. He noted that one such deficiency was to have better communication during future events. He informed council members that two management representatives from Piney Wood/Live Oak Sanitation were present to answer any questions. Mike, of Live Oak management, explained that the original driver was no longer with the company. He stated that the new driver could not handle the size of the route, so a more experienced driver was now assigned to the route. During that transition, an inclement weather event occurred, and Live Oak Sanitation ceased operations for two days. Mike agreed with Mr. Hood that communication was also a problem. Mr. Hood advised that hours a truck driver could work were required to be tracked according to law. He stated that state law allowed 70 hours before an extended break. He noted that federal law allowed only 60 hours before an extended break. He stated that previous management may not have been tracking properly but the new owners considered this a safety concern. He noted that the capacity to perform may be affected in this situation. Mike advised that the former owners were following the state law of 70 hours, but the new owners were following the federal law of only 60 hours. Mike stated that his company was adding a sixth route to the area. He stated that this area would soon have two trucks running rather than one. He advised that the company was going to a driver-driver rather than a driver-helper on the trucks. In addition, he stated that they were adding to the fleet. Mike clarified that the added route mentioned earlier would be a commercial route and the added truck would be for commercial pickup.

Regarding the discussion and possible action to authorize the purchase of a 200kw generator using HGAC's cooperative purchasing program for TxCDBG #CDV21-0385, City Administrator Jerry Hood advised that there would be no upfront cost to the city. He stated that a purchase order would be issue and grant funding documentation would be sent to the supplier – Loftin Equipment Co. At that point, he advised that Loftin would order the generator. Once the generator was received by Loftin, the grant administrator would submit a drawdown to obtain the funds. Engineer Nestor Barroeta told council members that Schaumburg & Polk was ready to start the bid process for the installation as soon as the generator was delivered to Loftin. Mr. Hood noted that there was not a projected date for the arrival of the generator yet. He stated that he would be obtaining that information from Loftin soon. Mr. Barroeta advised that there were actually two projects included in this grant: one for the generator and one for the electrical panel at the water plant. He explained that the generator project was considered primary. Mr. Hood informed council members that the generator price through HGAC Buy Board was \$91,000. On a motion made by

Mayor Pro-Tem J. Michael Shahan and seconded by Councilwoman Cynthia Adams, council members unanimously voted to approve the purchase of the generator through HGAC.

Under the City Administrator Report section of this agenda, Jerry Hood reported that the Public Works department would be digging ditches around 35<sup>th</sup> Street & Pheasant St. He noted that there were lots of leaks at present, especially problems with tie-ins to the mains.

Mr. Hood reported that work at Tiny Homes Village had been halted until the drainage issues were corrected.

Mr. Hood reported that Pinehurst Villas would be pulling permits on February 14. He noted that the project would not start until the drainage was properly installed. He stated that the city would have a pre-construction meeting with Pinehurst Villas developers soon.

Mr. Hood reported that the city would be going out for bids on the two Imelda grants in June. He noted that one of the grants was for rehabilitation/elevation of lift stations and the other was for pipe-bursting of sewer lines.

Mr. Hood reported that the 2023-24 CDBG grant for pipe-bursting was still in processing. He advised that this was a \$525,000 grant. He stated that this grant should be funded in 2024.

Mr. Hood reported that the \$300,000 GLO grant for codification of ordinances had requested additional information. He noted that this grant was pending award.

Mr. Hood reported that there was no word yet on the 2023 Community Wildfire Defense Grant. He said that the city had requested a waiver of the cost share on this grant.

Mr. Hood reported that the current balance of the ARPA funds was about \$371,000. He stated that he and Ms. Cormier had met with a representative from Traylor & Associates earlier that day. He advised that the city had already passed a resolution to claim the remaining funds as lost revenue. He noted that Ms. Cormier had sent payroll documentation to Traylor & Associates to prove the \$371,000. He stated that the documentation would be submitted by Traylor & Associates to the Treasury Department in April 2024 and at some point after that the remaining funds should be released for the City to use as they choose. He advised that \$102,000 of those funds would be earmarked to pay the cost shares for various grants.

On consideration of revising and/or readopting the City of Pinehurst Investment Policy and approval of the corresponding Resolution, Ms. Cormier noted that this was an annual agenda item. She stated that the policy was required to be reviewed by the investment officers, she and Mr. Hood, as well as the Council. She advised that she and Mr. Hood did not recommend any changes to the policy this year. City Attorney Tommy Gunn read the corresponding resolution aloud and in its entirety. On a motion made by Councilman Greg Willis and seconded by Councilman Troy Pierce, council members unanimously voted to readopt the City of Pinehurst Investment Policy without changes and to approve the corresponding Resolution.

On consideration of ordering a Municipal Election to be held on May 4, 2024, for the purpose of electing one (1) Mayor, two (2) Alderpersons-At-Large – full terms, and one (1) Alderperson-At-Large – Unexpired Term, Ms. Cormier first called attention to a document included in council

members’ packets regarding General Election Information. She then advised that the positions up for election this year were currently held by Sarah McClendon, Mayor; Greg Willis, Alderman; Cynthia Adams, Alderwoman; and Joey Vance, Alderman – unexpired term. She noted that the order was required in English and Spanish. On a motion made by Councilman Troy Pierce and seconded by Mayor Pro-Tem J. Michael Shahan, council members unanimously voted to order the Municipal Election to be held on May 4, 2024.

Regarding the discussion and possible action on entering into a Joint Election Agreement Services Contract between the Orange County Elections Administrator and select political subdivisions of the State of Texas for the purpose of authorizing the Administrator to conduct and supervise the City of Pinehurst’s General Election to be held on May 4, 2024, Ms. Cormier recommended approval. On a motion made by Councilwoman Cynthia Adams and seconded by Mayor Pro-Tem J. Michael Shahan, council members unanimously voted to approve the Joint Election Agreement Services Contract with the Orange County Elections Administrator.

Regarding the discussion and possible action on approving an Ordinance authorizing participation with other Entergy Service Area Cities (Coalition of Cities) and representation by the Lawton Law Firm P.C. in matters concerning Entergy Texas, Inc. at the Public Utility Commission of Texas in 2024, City Attorney Tommy Gunn explained that this was an annual agenda item. Mr. Gunn read the Ordinance aloud and in its entirety. On a motion made by Mayor Pro-Tem J. Michael Shahan and seconded by Councilman Greg Willis, council members unanimously voted to approve the participation ordinance.

At 7:15p.m., council members convened in an Executive Session pursuant to Section 551.074 of the Texas Government Code – Personnel Matters to deliberate future appointment of a new City Secretary due to forecasted retirement of the current City Secretary.

Council members reconvened in Open Session at 7:25p.m. On consideration and possible action arising from agenda item 15, no action was taken.

There were no Announcements, Comments, and Requests from Council.

There being no further business to transact, Councilman Greg Willis made a motion to adjourn. Mayor Pro-Tem J. Michael Shahan seconded the motion and the motion unanimously passed. Mayor Sarah McClendon adjourned the meeting at 7:30p.m.

/s/ Sarah McClendon  
Mayor

/s/ Debbie Cormier  
City Secretary