

MINUTES

A regular meeting of the City Council of the City of Pinehurst was held on February 14, 2023, at 6:00p.m. at Pinehurst City Hall Council Room. The following council members were present: Cynthia Adams, Sarah McClendon, J. Michael Shahan, and Troy Pierce. Councilman Joey Vance and Councilman Greg Willis were absent. Mayor Sarah McClendon called the meeting to order and established a quorum. Councilwoman Cynthia Adams gave the invocation followed by the reciting of the United States and Texas Pledges of Allegiance, led by Councilman Troy Pierce. The following business was transacted.

On a motion made by Councilwoman Cynthia Adams and seconded by Mayor Pro-Tem J. Michael Shahan, council members unanimously voted to approve the minutes of the Regular Session held on January 10, 2023.

Council members reviewed the budgeted expenditures for October and November 2022. They elected to publicly review only the November 2022 budgeted expenditures. City Secretary Debbie Cormier began by saying that the city had contracted to purchase a 2022 Gradall but the first payment would not be due until November 2023. When comparing November 2022 revenues with November 2021 revenues, Ms. Cormier advised that 2022 was behind but stated that the entire difference was due to grant funds in November 2021. She informed that the November 2022 Garbage revenues exceeded November 2021. Regarding the Water/Sewer Fund, she explained that it was much like the General Fund with regards to large grant revenues in 2021 and much smaller amounts for 2022, thus leaving a shortfall for the current year-to-date. Ms. Cormier proceeding by saying that October was one of the worst months of each fiscal year because all of the city's insurance premiums, approximately \$85,000, were due. With that in mind, she informed that the city's year-to-date General Fund expenditures exceeded the year-to-date revenues by \$107,560. In the Garbage fund, she noted that revenues exceeded expenditures by approximately \$13,000. For the Water/Sewer fund, she advised that expenditures exceeded revenue by slightly more than \$66,000. Overall, she noted that the city had expended almost \$158,000 more than the year-to-date revenue. Ms. Cormier summarized by saying that the city had 6.83 months of reserves in October and 6.78 months of reserves in November. She stated that part of the decrease was due to a change in recommended cash. She explained that each new budget increased the amount of recommended cash because there was typically an increase rather than a decrease in annual budgets. 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.

Regarding the Volunteer of the Year award, City Administrator Jerry Hood announced that the committee had selected Travis Dupuy of the Pinehurst Volunteer Fire Department. He advised that Mr. Dupuy had participated in over 200 calls in 2022. He noted that Mr. Dupuy was a Pinehurst citizen and was dedicated to the city. Mr. Hood announced that Milton Freeman was selected as the Employee of the Year. He stated that Mr. Freeman had been with the city for about three years. He advised that Mr. Freeman started with the city through a Texas Workforce program and had performed so well that the city hired him when a position became available. Both gentlemen received gift certificates from Sabine Federal Credit Union, the sponsor of this award program.

On consideration of establishing an entity-appropriate threshold to identify and exclude immaterial leases, the city's auditor, Keri Michutka, CPA, explained that the city was required to adopt the

new GASB 87 rule, which was related to municipal leases. She advised that each entity was allowed to establish their own threshold. Ms. Michutka recommended setting the threshold at \$25,000. She advised that any lease that was less than \$25,000 over the life of the lease, would be considered an expense rather than a lease. She used the example of a copy machine and said that the leasing of that machine would not be material to the financial statements of a city. On a motion made by Councilwoman Cynthia Adams and seconded by Mayor Pro-Tem J. Michael Shahan, council member unanimously voted to approve the \$25,000 threshold.

Keri Michutka, CPA presented the annual audit. She started on page 2, the Independent Auditor's Report, and stated that she was giving an unmodified or clean audit opinion. On page 15, Exhibit C-1, she noted that the ending fund balance of the General Fund was \$2,076,000. She stated that the unrestricted portion represented more than 12 months of current expenditures and said that the City was in a good financial position. She advised that the ending fund balance for the Debt Service fund was \$10,252. On page 17, Exhibit C-3, she informed that total operating revenues minus total expenditures for the General Fund resulted in an increase in revenue of \$23,376. She advised that there were extraordinary items this year of \$2.4 million, which was the street portion of the \$6.8 million GLO grant. She noted, with the transfer in from the Garbage Fund, there was an increase in the General Fund of \$211,000. She stated that the Debt Service had an increase of \$6,000. On page 20, she informed that the Water/Sewer Fund had a decrease of slightly more than \$96,000 and the Garbage Fund had an increase of about \$45,000. She continued by discussing long-term liabilities. She advised that the City was subject to a single audit again because it received more than \$750,000 in grant funds. She informed that the audit did not identify any deficiencies in internal controls. In addition, she stated, in her opinion, the city complied with all requirements for the GLO grant. On a motion made by Mayor Pro-Tem J. Michael Shahan and seconded by Councilman Troy Pierce, council members voted to accept the annual audit as presented by Keri Michutka, CPA.

At this time, City Administrator Jerry Hood requested that Agenda Item# 11 be moved up. On consideration of approving a contract between the City of Pinehurst and David J. Waxman, Inc. for Administration Services for the Texas Department of Agriculture CDBG CDV21-0385 grant, Mr. Hood advised that this was the sewer plant generator grant. Lesley Waxman distributed documentation that included the scope of the project. She reminded everyone that the city would have a \$35,000 match on this project. She stated that this project would require environmental clearance, then Nestor providing the plans and specs on the generator, and then a waiting period. On a motion made by Councilman Troy Pierce and seconded by Councilwoman Cynthia Adams, council members unanimously voted to approve the contract.

City Administrator Jerry Hood reported that an order had been placed for eight sets of bunker gear for the volunteer firefighters. He advised that the gear would be paid for with ARPA funds.

Mr. Hood reported that flying debris had damaged one of the police patrol units during the recent tornado activity. Additionally, he stated that there was some damage to the roof of the fire department. He noted that insurance claims would be submitted soon.

Mr. Hood reported that the Fire Department had applied for and received a health and wellness grant. He stated that the department had applied for \$5,000 but received only \$1400. He noted that the grant would also be used to purchase gear for the department.

Mr. Hood reported that the city had finally received both of the Chevy Tahoes that were ordered almost two years ago. He noted that they were a great addition to the Police Department fleet.

Mr. Hood reported that an 18-wheeler had hit a fire hydrant. He stated that the water well was drained by the time that the repair was completed. Consequently, a boiled water notice was issued. The driver of the 18-wheeler was issued a citation. Mr. Hood contacted the company and submitted a claim for reimbursement.

Mr. Hood reported that computers had been purchased with ARPA funds and were being distributed throughout the city. He noted that the fire department had been set up on the day of this meeting. He stated that all of the new computers would be linked to a server so that information could be shared.

Mr. Hood announced that Shred-It-Day would be April 1, 2023. He stated that he was not certain of the hours but that a flyer would be forthcoming.

Mr. Hood advised that he and Ms. Cormier had met with the General Land Office regarding the close-out of the \$6.8 million grant. He noted that they were very pleased with the execution of the three projects.

Mr. Hood announced that the Pinehurst Pentecostal Church would be starting an annual Spring Market on April 28 & 29. He stated that there would be vendors and food.

Regarding the presentation of the Racial Profiling Report for 2022, City Administrator Jerry Hood noted that there was no reason to go over the report during this meeting and stated that everyone had read the report prior to the meeting. He noted that this item required no action other than acknowledgment of receipt of the report.

Regarding the discussion to approve the recommendation of the Selection Review Committee to award by Resolution a contract for engineering services pertaining to the application and implementation, if awarded, of the City's 2023-2024 Texas Department of Agriculture TxCDBG grant and authorizing the execution of a contract, Jerry Hood advised that there were four submissions: Schaumburg & Polk, Inc.; Arceneaux, Wilson, & Cole; Fittz & Shipman; and Levins Engineering and Design. Mr. Hood noted that the selection committee consisted of Councilman Greg Willis, City Secretary Debbie Cormier, and Mr. Hood. He advised that the selection committee recommended Fittz & Shipman for this project. City Attorney Tommy Gunn read the corresponding Resolution aloud and in its entirety. On a motion made by Mayor Pro-Tem J. Michael Shahan and seconded by Councilwoman Cynthia Adams, council members unanimously voted to approve Fittz & Shipman as the engineering firm for this project.

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 2023, City Attorney Tommy Gunn advised that this was an annual event. He explained that the city was part of a coalition represented by the Lawton Law Firm with regards to Entergy rate hikes. Mr. Gunn urged passage. On a motion mad by Councilwoman Cynthia Adams and seconded by Councilman Troy Pierce, council members unanimously voted to approve the Ordinance.

Concerning the discussion on adopting an Ordinance to define regulations for coin operated machines within the city limits, City Administrator Jerry Hood stated that it was critical that the city adopt an ordinance regulating these machines. He advised that the city could charge fees for this type of machine, so it would bring in some revenue. He informed that most area cities already had an ordinance governing this type of industry. He noted that he, Councilman Troy Pierce, and Code Enforcement Officer Leonard Roff were working on this ordinance. City Attorney Tommy Gunn suggested that a draft ordinance be prepared and provided to council members at the next meeting.

Regarding discussion and possible action to impose a moratorium on coin operated machines for amusement within the city limits, City Administrator Jerry Hood advised that this would put a halt to all such machines until Council could approve the regulatory ordinance. On a motion made by Councilman Troy Pierce and seconded by Mayor Pro-Tem J. Michael Shahan, council members unanimously voted to impose a moratorium.

Concerning the discussion to adopt an Ordinance to enforce failure to maintain financial responsibility, City Administrator Jerry Hood advised that this ordinance would give police officers the right to impound a vehicle for lack of insurance. He noted that the ordinance would be forthcoming.

Regarding discussion to amend or replace the Pinehurst Code of Ordinances Chapter 18, Article II, Section 18-43, Permit Fees, Appendix B, City Administrator Jerry Hood informed that he, Councilman Pierce, and Code Enforcement Officer Leonard Roff had examined the last ordinance establishing fees and felt that it needed to be revised. Mr. Hood advised that state law gave a city with a population of less than 5,000 the right to perform inspections. However, he stated that he felt it was a liability to the City. He noted that the inspectors should have the proper credentials in order to perform inspections. He informed that most small cities that could not afford to hire individual licensed inspectors contracted the service to make sure that citizens were safe. He stated that the contractors typically charged \$40 for those inspections. He advised that the \$40 inspection fee needed to be added to the permit fees in Appendix B and several other fees needed to be updated. He noted that this agenda item would be presented for action at the March meeting.

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

There being no further business to transact, Mayor Pro-Tem J. Michael Shahan made a motion to adjourn. Councilwoman Cynthia Adams seconded the motion and the motion unanimously passed. Mayor Sarah McClendon adjourned this meeting at 6:52p.m.

Mayor

City Secretary