

**MINUTES**

A regular meeting of the City Council of the City of Pinehurst was held on July 18, 2023, at 6:00p.m. at Pinehurst City Hall Council Room. The following council members were present: Cynthia Adams, J. Michael Shahan, Joey Vance, Troy Pierce, and Greg Willis. Mayor Sarah McClendon was absent. Mayor Pro-Tem J. Michael Shahan 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 Councilman Troy Pierce. The following business was transacted.

On a motion made by Councilman Greg Willis and seconded by Councilwoman Cynthia Adams, council members unanimously voted to approve the minutes of the Regular Session held on June 13, 2023.

Council members reviewed the budgeted expenditures for May 2023. City Secretary Debbie Cormier began the financial report by noting that there were no new capital outlays in the month of May. When comparing May 2023 income to May 2022 income, Ms. Cormier advised that the General Fund reflected about \$1.27 million less than 2022. However, she stated with grant funds and one-time events removed from both years, May 2023 revenues exceeded May 2022 by about \$31,000. She informed the Council that the current year Garbage Fund revenues exceeded the prior year by slightly more than \$46,000. She explained with grant funds and one-time events removed from both years of the Water/Sewer Funds, the current year exceeded the previous year by approximately \$28,500. She commented that the Debt Service Fund was behind the prior year by almost \$15,000. Overall, she noted that May 2023 YTD revenues exceeded May 2022 YTD revenues by about \$91,000.

Ms. Cormier continued the financial report by saying that year-to-date (YTD) revenues exceeded YTD expenditures in the General Fund by \$208,106 and the Garbage Fund by \$43,817. She advised that the Water/Sewer YTD expenditures exceeded YTD revenues by \$10,760 but stated that deficit was growing smaller each month. She informed that expenditures exceeded revenues in the Debt Service Fund. She noted that total revenues exceeded total expenditures by about \$236,000.

In summary, Ms. Cormier advised that the General Fund had lost a little in terms of months of reserves. She stated that the Garbage Fund and Water/Sewer Fund reflected slight gains. Overall, she noted that the city had 7.25 months of cash reserves in April 2023 and 7.30 months of cash reserves in May 2023. 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 Employee Health, Dental, and Life Insurance Plans for fiscal year 2023-2024, Liz McKee of TK Health Insurance explained that TML Health had a name change to Texas Health Benefits Pool (TXHB). She stated that mid-July was normally when she could start shopping for insurance quotes for entities with plan year starting dates of October 1. She noted that TXHB wanted its signed renewal forms returned by the end of June, before she was allowed to get health insurance quotes from other providers. In addition, she noted that normal open enrollment periods were one month before the renewal date, which would be September for this group. She stated that TXHB open enrollment was the first two weeks of August. She reminded

council members that the TXHB renewal rates had been approved at the last meeting on the condition of not finding anything more affordable outside of the pool. Mrs. McKee referred to a comparison chart that had been included in council members' packets. She called attention to the TXHB renewal rate of \$887.77 for employee only coverage versus higher rate quotes from Blue Cross/Blue Shield and United Healthcare. She advised that there was not anything more reasonably priced outside of the pool. She noted, however, that an alternate plan from TXHB was introduced a day or two after the last council meeting and stated that it looked promising. She explained that the only difference between the original renewal plan and the TXHB Option 2 plan was an increase in the deductible; the current \$1,000 versus \$1,500 with Option 2. She stated that the renewal rates were approximately a 9% increase and Option 2 was about 3.5% increase. Mrs. McKee advised that the signed paperwork was due the last week in June but stated that the city could still ask for the Option 2 rates. She noted that the city's TXHB representative was supportive and would try to push the plan through, should Council vote to go with that option.

Regarding dental, vision, and life insurance rerates, Mrs. McKee stated that the current carrier, Principal Life Insurance, submitted their rerate information early. She noted that she had received that rerate on Tuesday of the previous week. She informed the Council that the other quotes were received the following Friday. She explained that she went back to Principal and asked for some rate relief and Principal revised their original rerates by lowering the dental from a 5% increase to a 3% increase and holding the life insurance rates and vision insurance rates at current amounts. She advised that Principal had been a very good partner with the city and had always been willing to work with the city to retain its business. Mrs. McKee informed the Council that her recommendation was to stay with Principal for the dental, vision, and life insurance coverage and to remain with TXHB pool for the medical insurance. Ms. Cormier agreed with Mrs. McKee's recommendations and added that she believed the city should try the TXHB Option 2. She noted that the original rerate agreement had already been approved by Council, so there would not be a need to bring this issue back before Council if TXHB denied the City the Option 2 plan because of late renewal. Councilwoman Cynthia Adams made a motion to approve TXHB Option 2 for medical coverage and Principal Life Insurance for dental, vision, and life insurance coverage. Councilman Joey Vance seconded the motion and the motion unanimously passed.

City Administrator Jerry Hood reported that crews had been cleaning around City Hall. He stated that the sign and the building were cleaned.

Mr. Hood advised that TML Risk Pool had paid the city's recent windstorm claim. He noted that repairs were underway.

Mr. Hood reported that the slope mower was scheduled to arrive by the end of the month, pending any type of setback. He stated that the new mower would allow crews to mow throughout the day instead of just early morning.

Mr. Hood explained that ditch digging had been slowed due to employee vacations. He advised that all employees who were qualified to operate the Gradall were back to work and crews would resume digging the ditches on Enchanted Oaks the day after this meeting.

Mr. Hood reported that there were additional documents for the mayor to sign regarding the \$300,000 Resiliency grant. He noted that this grant would be used to codify city ordinances.

Regarding the 2023-2024 CDBG grant application, Mr. Hood explained that new rules had been implemented concerning the competition. He stated that there was a surplus of money for this grant and that the City of Pinehurst was next in line to receive funding. He advised that this grant would be used for pipe bursting on the west side of the city, if funded.

Mr. Hood reported that the quarterly reports had been submitted for the ARPA funds. He stated that the city was waiting for some of the other grants to be funded because ARPA funds would be used for the cost share portion of those grants.

Mr. Hood advised that he was waiting on the contracts for the Imelda grants. He noted that these were two (2) \$1 million grants.

Mr. Hood reported that the Hazard Mitigation Grant application, which would be used to replace the lift station generators, had been submitted to FEMA.

Regarding approval of the list of surplus equipment and the sale of each item using Rene' Bates Auctioneers, Inc., Jerry Hood noted the list consisted of the old Gradall, three portable generators, the old Slope Mower, a utility trailer, and the Fire Department Med 3 SUV. Mr. Hood advised that the decals would be removed from the Police Expedition and it would be transferred to the Fire Department. He stated that minimums would be set according to Rene' Bates experience. On a motion made by Councilman Troy Pierce and seconded by Councilman Greg Willis, council members unanimously voted to approve the sale of the items on the surplus equipment list.

On consideration of renewing an Interlocal Agreement with South East Texas Regional Planning Commission relating to the Planning, Development, Operation, and Provision of 9-1-1 Service and the use of 9-1-1 funds, Jerry Hood stated that there were no changes to the contract. On a motion made by Councilman Joey Vance and seconded by Councilwoman Cynthia Adams, council members unanimously voted to approve the renewal of the 9-1-1 Interlocal Agreement with SETRPC.

At 6:30p.m. Council members began a workshop session to discuss and review the working budget for FY2023-2024. City Secretary Debbie Cormier advised that items highlighted in yellow on this budget were subject to change and said that those were the main items that would be discussed. Ms. Cormier started with the Proposed Property Tax Revenue amount. She noted that figure was highlighted because she did not yet have the necessary Certified Values from the Orange County Tax Assessor-Collector. She stated that she had plugged in the preliminary values amount until the certified values were obtained. She advised council members that the amount of Transfers from Other Funds and Transfers from Reserves were subject to change after the true property tax revenue was determined. She advised, with the current figures, the General Fund was showing a gain of approximately \$31,000. However, she noted that she had not entered any salary changes and would not until the Certified Values were received.

Ms. Cormier called attention to the number of transfers from other funds and noted that the amount listed there was much higher than the previous three years. She stated that the \$60,000 Capital Fund transfer and the \$25,425.37 Transfer from Reserves was to cover the new Gradall payment. She also called attention to a pie chart showing what percentage of the entire budget was allocated to each of the ten departments in the General Fund. She stated that 46% of the budget was allocated to the Police Department and the remaining 54% was divided among the other nine departments.

Ms. Cormier reviewed each individual department within the General Fund, noting the percentage of increase or decrease in each proposed budget and the reason for said change. All highlighted lines were related to salaries and benefits. She explained that all salary related lines would change according to the percentage increase, if any, that would be approved on the final budget. She noted that benefit lines, such as retirement and insurance, would also change due to increased salaries and the earlier approval of insurance plans.

Regarding the Water/Sewer Fund budget, Ms. Cormier advised that there were three lines for which she did not yet have the necessary data. On the revenue side, those lines were Transfer from Reserves, and Gain on Sales of Assets. On the expenditure side, the line was Debt Service. She noted that the recap page showed a net gain of \$6,782.16 but stated that would change when the three missing budget lines were completed. As with the General Fund, she advised that this working budget did not include any salary increases. She explained that all salary and benefit related lines were subject to change. In addition, she noted that transfers to capital replacement, grants, and General Fund were also subject to change.

Ms. Cormier advised that she did not change the proposed budget amounts for Garbage Collection Fees or Garbage Disposal Expenses. She informed the Council that Piney Woods had not requested an increase in fees for the upcoming year and stated that it was now too late for them to do so, according to the contract.

With regards to the Debt Service Fund, Ms. Cormier reiterated that she did not have the necessary information to calculate property tax revenue for this fund. She reviewed the Water/Sewer Debt Service spreadsheet showing the amounts needed and sources of funding.

Lastly, Ms. Cormier reviewed revised recap spreadsheets for each funds showing the difference in net gain if the city went with TXHB Option 2 versus the TXHB original renewal rates.

Jerry Hood advised that much time and effort was spent trying to make sure that proposed budget figures were more accurate than previous years. Ms. Cormier explained that there would be a need for a special meeting once she had received and entered the property tax information into the budget. She noted that the proposed budget needed to be voted on and presented to the City Secretary before August 7.

There were no announcements, comments, or requests from Council.

There being no further business to transact, Mayor Pro-Tem J. Michael Shahan adjourned the meeting at 6:58p.m.

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Mayor

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City Secretary