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Special Meeting of The Board of Mayor & Aldermen
Monday, December 18, 2023
5:30 pm.

The Board Mayor and Aldermen of the City of Waveland, Mississippi, met in regular session at the Waveland City Hall Boardroom, 301 Coleman Avenue, Waveland, Mississippi, on December 18, 2023 at 5:30 p.m. to take action on the following matters of City business.

ROLL CALL

Mayor Trapani noted for the record the presence of Aldermen Gamble, Richardson, Lafontaine, and Clark along with City Clerk Lisa Planchard and City Attorney Ronnie Artigues.

Discuss Grass Cutting Bids/Contract

Alderman Lafontaine asked the Mayor, "For the total amounts, can we go through (the amounts) and what all is included in these total amounts?" Mayor Trapani explained the spreadsheet giving examples for each of locations and alternates for each bidder. The City Attorney said that the schedule of cuts is to be set at the final discretion and direction of the city. This will be done once the Board selects the lowest and best bid and then award the contract, and finally, in the implementation of the performance described in the contract. As well, the three alternates are at the option of the Board to include one, two, three or none. The Mayor reminded Board members of the \$350K grass cutting budget for fiscal year 2024. The Board will review the bids and take action at the next regular meeting on Wednesday, December 20th, 2023.

Discuss Restricted, Unrestricted, Committed and Reserve Funds (General Ledger amounts)

Robert Fertitta, Comptroller, reported that in order to have a 3-month reserve, we need \$2,800,000. He explained that our run rate is 660,000 in the General fund and about \$270,00 in the Utility Fund, a total of about \$930,000 a month to run the City on average. Mr. Fertitta said we have about \$2.7 million in the debt service fund; what the Board is looking at tonight are fund balances; not bank balances. Mr. Artigues explained that the City would only require 150% saved in the Committed Debt Service Fund if it applies to General Obligation funds. Any other debt service (not GO Bonds), the city just has to make sure there are sufficient funds to meet the annual obligations each year. Mr. Fertitta said, "About \$600,000 to \$900,000 a year." Alderman Lafontaine asked Robert how much do we need in capital projects for projects that we are putting in grants for? He also asked whether we can roll capital projects over from year to year if we establish a fund for just capital projects to have enough for match while we are submitting applications or would we have to wait and do that after? Alderman Lafontaine asked where would those funds come from? Robert said you would want to commit those funds. Alderman Lafontaine asked, "Would we not want to put them in restricted capital?" Robert said it would be the decision of the board to commit funds. Alderman Lafontaine asked if engineering costs for projects are charged in capital projects? He said he knows a lot of those costs are coming out of the General Fund. City Clerk Planchard said that each capital project has its own engineering expense budget line; when Katharine Corr (Accounts Payable) codes docket expense items, she codes each engineering expense to its corresponding capital project, as budgeted for in the budget. Robert explained that even though we have multiple bank checking accounts, we are required to disperse out of general fund then account for it in the specific capital project fund. In the Capital projects fund, that \$250,000 is the House Bill 603 funding that was awarded to us from the State for infrastructure improvements. Alderman Lafontaine asked if we have anything else set aside for projects. Mayor Trapani said we have all projects that we plan on getting this year covered, coming out of capital projects. Alderman Lafontaine asked how much we have in the Capital Projects fund to pay for the projects were planning this year in the budget? Alderman Lafontaine said he had his budget with him; Ms. Planchard showed him, Alderman Richardson and Alderman Clark the budget expense details in the capital projects fund. Alderman Lafontaine asked where the revenue coming in for the projects is budgeted. Ms. Planchard explained that it is posted in the general ledger to Revenues, the 313 Fund (capital projects fund), but all of the 313 funds are kept in the

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Depository Bank account. Several funds feed into the Depository bank account. She explained that when the expense hits the docket, it's charged to the 313 fund, but is paid out of the General fund. Once each docket is approved, she makes a book entry for the subsidiary funds to repay the General fund for what it's paid on the subsidiary's behalf. Mr. Fertitta explained that all Utility projects and debts, and any other expenses are completely separated from the General Fund and required by Audit guidelines. When it comes into the City it's recognized as a revenue; that's the only time it's recognized as a revenue. City Clerk Planchard explained that when capital project revenue comes into the City, it's deposited into the Depository bank account, but posted on the books going into the Capital Projects 313-000-002 cash account and the offset will credit the revenue account for whichever project it's for in the 313 Fund. Alderman Gamble noted we need about \$2.8 million for a 3-month reserve, but that includes the Utility reserve of about \$658,000 which would have to be taken out, as noted by Aldermen Lafontaine. This leaves a total 3 month required reserve of \$1,974,000 for emergencies. Mr. Fertitta (Robert) was told by the board that they would like to have \$2 million set aside in a separate fund such as an Emergency Reserve Fund. Robert said the Committed Fund has been sitting there for 5 or 6 years with no activity having \$104,711.13. It was decided to take \$1,895,228 from the Investment Cash Fund and add to the Committed Fund and rename that fund the Emergency Reserve Fund with now, a \$2,000,000 balance. Mayor Trapani asked Mr. Fertitta his recommendation as to the \$2,714,246.97 in the Debt Service Fund. Robert said we need to have about \$1,000,000 this year in that fund to pay our debts. He added that this leads to the question do we want to keep our current bonds in place? One of our two current bonds, the \$2.5 million bond, is a 4.38% bond; do we keep a bond we're about to be paying more than we're earning at the bank or do we want to use the Debt Service Fund money for some other purpose; that is the Board's decision. Alderman Lafontaine said he would like more research on what makes up the \$2,714,246.97 in the Debt Service Fund to see if what makes up this number was not obligated for something. He noted that the City was paying street paving costs out of pocket because they did not receive proceeds of the Bond before the paving invoices started coming in. Mr. Artigues said that this excess in the Debt Service should have gone back to the General Fund to repay it for fronting the paving costs before the Paving bond was issued and money deposited in the City's bank account. He also noted that if you're going to pay one bond off, pay off the 4.38% bond, not the 2.3% (he thinks a \$2,000,000 bond). Mr. Fertitta noted that if we paid off a bond; we would have to have the money to cover the bond and enough to cover the Debt Service amount for the current year debt payments on the remaining bonds. Our current bonds that we have are 2013, 2015 and 2022. He added that currently we're earning about 5.5% on our money at Peoples Bank. Robert reported that we have a very high credit rating right now, and one of the reasons why is the Debt Service Fund being so large. If we lower the balance in the Debt Service Fund, that will affect our credit rating, lowering it. Alderman Lafontaine asked if the \$1,700,000 excess (over what is required in Debt Service Fund) can be allocated elsewhere. Mr. Fertitta said that you can; it's the Board's decision. He again said he does not care for the fact we're paying 4.38%; that's a pretty high rate right now and interest rates are about to go down. The Mayor asked why we are carrying such a large balance in the Investment Cash fund. Robert explained that these were the funds that were invested at Trinity Investments that we transferred out because we were losing money with them. He also told the Board if there is money dedicated for a specific project; it will go into separate bank account; otherwise, it will go into the Depository Bank Account or the Utility Bank Accounts. He said he would love to have separate bank accounts, but that's not what the auditors expect to see. They expect to see monies coming into the Depository Account, flowing to the different projects and sub-accounts, and when you make a disbursement it all flows back into the Depository Account. The Depository account is by far the largest bank account we have; it's a lot of activity throughout the month. He said he wanted to have a bank account for every fund, but that's not what the Auditors want. The Auditors expect that just because you have a Fund doesn't mean that you have to have a separate bank account, so there are several Funds that make up one bank account; the Depository. Alderman Lafontaine said his concern is the turnaround time between the City's money being spent and getting reimbursed. Alderman Clark asked if there is any effect on the interest the City is earning by transferring money from the Investment Cash Fund to the Committed Reserve Fund.

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Mr. Fertitta said, "None at all; we're earning 5.5% on every account we have at Peoples Bank." The Mayor added that we're making more money in interest from the Bank than we were with Trinity Investments. Ms. Planchard added that turnaround time is the key.

**BANK ACCOUNTS/BUDGET TRANSFERS/COMMITTED FUND
TRANSFERS/INVESTMENT CASH FUNDS TRANSFER/EMERGENCY
RESERVE ACCOUNT TRANSFER
Re: Transfer from Investment Cash Fund to Emergency Reserve Fund**

Alderman Gamble moved, seconded by Alderman Richardson to transfer \$1,895,228.87 from General Fund G/L (general ledger) account #001-000-008 titled City Investments Cash Acct. to Emergency Reserve Fund, G/L account #100-000-002 titled Committed-Emergency Reserve for a total of \$2,000,000 in that fund. This requires a transfer from the City Investments bank account to the Depository bank account.

A vote was called for with the following results:

Voting Yea: Gamble, Richardson, Lafontaine, and Clark

Voting Nay: None

Absent: None

Alderman Lafontaine added, "So we just took that out of there, that doesn't have any effect on day-to-day operations?" Mr. Fertitta said, "None". Alderman Lafontaine said, "So now we need to figure out the debt service fund where we have \$2.7M and we only need \$1,000,000." Mr. Fertitta said, "That's your call". Alderman Clark asked what the benefit is to moving the \$1.7M out? Mr. Fertitta said, "None, other than that you're moving it from a committed fund to uncommitted, unrestricted funds". Alderman Lafontaine said, "So with that making 5.5%, that's washing the interest that we're paying off of the \$2.5M bond, so we would just continue to pay down the \$2.5M Bond with that, is that what you're saying." Mr. Fertitta said, "Until interest rates go down. When interest rates go down, we're going to be earning less than we're paying." Alderman Lafontaine said, "So at the time we would leave it in there until that point or would you move it now?" Mr. Fertitta said, "We have a fund for the fire truck, approximately \$600,000 or \$700,000 on a new fire truck so we're saving up to pay for it. We have \$135,000 in the fund right now." He likes the idea that you don't have to keep just \$1,000,000 in the account; if you want to do something in case something comes up and you decide that you do want to pay it off, then it will be a lot easier to pay off. Alderman Lafontaine said he thought Mr. Fertitta said pay the bond off, but now he is saying not to pay the bond off. Mr. Fertitta said that he likes the idea of paying the bond off, but if you're going to use some of those funds, I would leave some in it in the event you change your mind and realize interest rates have dropped to 1.5% and that bond is really costing us and now you've got a head start with funds to paying it off if you leave some money in that account. Alderman Lafontaine said that he would like to know more about the benefits of paying off the 4.85% bond before making a decision on it.

With regard to the Utility Fund and given that monthly costs are running an average of \$270,000 per month, the mayor asked why the Operating Utility Fund balance is that high. Mr. Fertitta reported there were some issues with the customer deposit account; we don't know if we have all our customer deposits covered or not. He added that we have a problem with our core provider; they can't get us accurate information on how much we are holding in customer deposits and would like to get that answer before we do anything with utilities, but we could move monies into a Utility Emergency Reserve account (committed funds) and if anything comes up, he can come back to the Board and they can change their mind and move it back. Mr. Artigues noted, "Just don't spend it until you get the answer." Alderman Lafontaine asked what would transferring \$800,000 do to daily operations? Mr. Fertitta said, "Absolutely nothing."

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**ACCOUNT TRANSFERS- UTILITY DEPARTMENT/UTILITY OPERATING
ACCOUNT-TRANSFER OF FUNDS/UTILITY EMERGENCY RESERVES**
**Re: Transfer from Utility Operating G/L Account into a committed account called
Utility Emergency Reserve General Ledger Account**

Alderman Clark moved, seconded by Alderman Lafontaine to transfer \$800,000.00 (approximate 3-month reserve) from the Utility Operating G/L (general ledger) cash account into a Utility Emergency Reserve (general ledger) cash account. (No bank transfer required).

A vote was called for with the following results:

Voting Yea: Gamble, Richardson, Lafontaine, and Clark

Voting Nay: None

Absent: None

Mr. Fertitta was asked to get the Board an updated committed funds worksheet after these changes are made.

ADJOURN
Re: Adjourn meeting at 6:21 p.m.

Alderman Gamble moved, seconded by Alderman Richardson to adjourn the meeting at 6:21 p.m.

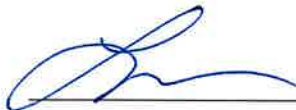
A vote was called for with the following results:

Voting Yea: Gamble, Richardson, Lafontaine and Clark

Voting Nay: None

Absent: None

The foregoing minutes were presented to Mayor Trapani on January 3, 2024.



Lisa Planchard
City Clerk

The Minutes of December 18, 2023 have been read and approved by me on this, the 3rd day of January, 2024.


Jay Trapani
Mayor