

Holley-Navarre Water System, Inc.

Regular Board Meeting Minutes

August 20th, 2019

Mike Kennedy, Board President, called the meeting to order at 6:00 P.M. The following Board of Directors were present: Mike Kennedy, Kevin Lanier, Daryl Lynchard, Will Goulet, Fred Terasa and Yvonne Harper. Mark Miller attended via telephone. Also present were: Rob Williamson, Barbara Carawan, Cindy Callen, Phil Phillips, Clinton Wells, Chris Legg, Danny Hawkins, Cory Snyder, Torin Brand, Mark Turner, Keith Kilpatrick and Deborah Kharuf (stenographer).

Approval of Minutes & Transcripts

Kevin Lanier motioned to approve the minutes and transcripts from the 07/16/2019 regular meeting. Daryl Lynchard seconded. Motion passed unanimously.

Membership Certificates

Will Goulet motioned to approve the memberships for July, of which were 424 new, 389 cancelled and zero transfers. Daryl Lynchard seconded. Motion passed unanimously.

Administrative

1. *Finance – Review of July 2019 Financial Statements:* There was \$1,000,224.62 in revenue with expenses of \$1,506,977.67, leaving a net loss of \$506,753.05. A significant, previously approved pension plan payment is reflected in the expenses. A brief description of any variances was also provided. **Will Goulet motioned to approve the July 2019 financial statements as presented. Kevin Lanier seconded. Motion passed unanimously.**
2. *2019 Employee Group Insurance Renewal:* A brief overview of the insurance renewal details was provided. There is an increase of approximately 10% for all insurances, however, it's believed that the cost will level out in 2020. Other insurance companies were approached for bids, with it being determined that bundling everything under United Healthcare was the most favorable option. Staff added that offering quality health insurance benefits such as these satisfies the Board's priority of retaining and recruiting quality employees. **Kevin Lanier motioned to approve the 2019/20 Employee Group Insurance for all entities as presented. Will Goulet seconded.** Communicating the features available in the plans to employees, how to reduce future costs and relaying the company benefits were discussed next. Clarification was obtained on dental deductibles and the upcoming open enrollment period. **Motion passed unanimously.**

3. *Transfer of the Reserves and Operations Accounts to Ameris Bank:* In an attempt to satisfy the Board's previously identified priority of better protecting the company and reducing credit risk, staff recommends transferring the operations, deposits and impact fee reserve accounts to Ameris Bank. It was noted that the accounts holding deposits would not earn interest. Included in staff's recommendation is to maintain a local bank account for cash deposits, such as Regions or Centennial. **Kevin Lanier motioned to transfer the banking relationship to Ameris Bank, direct the CEO to sign all related documents and to maintain a local bank for cash only deposits. Daryl Lynchard seconded.** It was confirmed that all accounts with Beach Bank will be closed. Ameris Bank's fees and benefits were also discussed briefly. **Kevin Lanier amended his motion to include Centennial Bank as the local bank for cash deposits. Daryl Lynchard seconded.** These account transfers only apply to HNWS. **Motion passed unanimously.**

At this time, Daryl Lynchard motioned to add an item to the agenda regarding Fairpoint's banking institution. Will Goulet seconded. Motion passed unanimously.

Daryl Lynchard then motioned to allow himself and Mark Miller, the two HNWS representatives on the FRUS Board, to agree to a change in Fairpoint's banking institution. Yvonne Harper seconded. Daryl amended his motion to include that the change would be to Ameris Bank. Fred Terasa seconded. Motion passed unanimously.

4. *The Grey Tap Room Impact Fee Review:* In 2018, staff was directed to review their water usage and determine if any additional adjustments were warranted. After the conclusion of the review, staff determined that additional fees would not be warranted at this time. The way impact fees are calculated, as listed in the Board approved impact fee policy, was brought up in relation to this specific applicant. **Yvonne Harper confirmed the figures and motioned to refund the Grey Tap Room \$6,662.85. Daryl Lynchard seconded.** An explanation of the reasoning behind the 2018 decision to review the applicant's usage was offered, with it being stated that it was to determine if a policy change in how the impact fees are calculated would be required for all businesses. Discussion continued on fee calculations and how to proceed. It was specifically noted that businesses/developers are encouraged to provide as much information as they can in order for staff to accurately determine impact fees. The possibility of having staff review the current impact fee policy and decide if/when periodic reviews are necessary was suggested. The importance of resolving the Grey Tap Room's current determination is noted and Yvonne restated the motion. **Motion passed unanimously.** The Board then directed staff to review the policy for options, as stated prior to the vote.

5. *HNWS 2020 Board Election:* The Board was provided the proposed election documents along with a brief description of changes for this year, such as limiting candidate bios and starting the process earlier. Staff also met with the Supervisor of Elections and is recommending the formation of a canvassing committee, as a governing body to help with making decisions. The committee would consist of legal counsel, a Board member and Rob Williamson, CEO. Daryl Lynchard motioned to approve as presented. Yvonne Harper seconded. Staff confirmed that no changes are being made to how proxies will be provided to members since last year and explained the validation process. Different verification alternatives and who is eligible to vote in relationship to memberships were discussed at length. It's suggested to have the committee address these concerns and bring them back to the Board. Mark Miller then brought up a prior request to add a statement to the candidate application, "if elected, I agree to follow the Board of Director Code of Conduct Policy." Discussion continued on the eligibility requirements for candidates and if adding the statement would be in accordance with the bylaws. Daryl repeated the initial motion, to approve the election documents as presented with the addition of forming a canvassing committee. Yvonne again seconded. Motion passed unanimously.

Mark Miller motioned to add a statement to the candidate application, "that if elected, I agree to follow the Board of Director Code of Conduct Policy." Fred Terasa seconded. Fred Terasa and Mark Miller voted "Aye," with Will Goulet, Yvonne Harper, Daryl Lynchard and Kevin Lanier voting "Nay." Motion failed. Who should be on the canvassing committee was then discussed and Yvonne Harper motioned to appoint Daryl Lynchard as a representative of the Board. Fred Terasa seconded. Motion passed unanimously.

6. *Effluent Disposal Capacity Update:* Gulf Breeze is currently reviewing the MOU and staff will be following up with them. Relating to the ongoing MOA development with Santa Rosa County, any special meetings that may be necessary will be noticed and the minutes will be posted once approved. A memo that was previously sent to Santa Rosa County regarding the development of the MOA was referenced and the necessity of the Board reviewing correspondence such as this was discussed. Going forward, the President will provide the rest of the Board with this type of correspondence via email. The Board of County Commissioners has directed their staff to work with HNWS to develop the MOA, which will hopefully be complete in the next few weeks for the Board's initial review. Staff then provided more details regarding the legislative steps being taken. The events taking place are on schedule according to the timeline provided to the Board. Staff was commended for their efforts in pursuing these effluent disposal solutions.

Personnel

None.

Director Miller exited the meeting via conference call at this time.

The Club at Hidden Creek

1. *GM Update:* Cindy Callen reported that in July there was \$195,737.00 in course revenue with expenses of \$139,748.00, leaving an operating income of \$55,989.00. There's been an increase in cart and green fees over prior years. **Kevin Lanier motioned to approve the July financial statement. Will Goulet seconded. Motion passed unanimously.**

Engineering

1. *Monthly Operations Report:* The Board has been provided with the various monthly operations reports for July.
2. *Clarifier #4:* The project has a tentative completion date of September 3, 2019. Additional rain days could affect the date, but it is currently on schedule.
3. *Raven Lining for Clarifiers #1-3:* Staff is requesting Raven Lining to be sprayed on clarifiers 1, 2 and 3. Clarifier 4 is already set to receive the lining. This will extend their overall life by preventing algae bloom growth and improving flow. Only two companies provide this service, with Pensacola Concrete being the more inexpensive option with better reviews. **Kevin Lanier motioned to award Pensacola Concrete in the amount of \$93,765.00 for the installation of Raven Lining in clarifiers 1, 2 and 3 as presented. Daryl Lynchard seconded.** Chris Legg was commended for seeking solutions to potential problems at the treatment plant. **Motion passed unanimously.**

Public Forum

None.

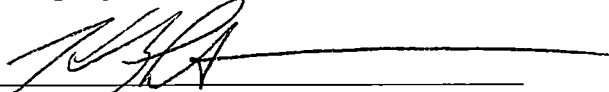
Daryl Lynchard motioned to adjourn. Fred Terasa seconded. Motion passed unanimously.

Action Items

1. Staff will proceed with opening an account for cash deposits at Centennial Bank along with transferring the operations and reserve accounts to Ameris Bank. HNWS's Fairpoint board members will also approve the transfer of Fairpoint's account to Ameris Bank when addressed.
2. Staff will review the current impact fee policy and provide recommendations on how to better determine impact fees and/or if periodic usage audits are necessary, then present them to the Board.

3. An election canvassing committee will be set up consisting of Rob Williamson, CEO, Attorney Keith Kilpatrick, and Director Daryl Lynchard.
4. Going forward, the Board President will provide the rest of the Board with any correspondence prepared by staff regarding the SRC MOA via email.

Meeting adjourned 8:00 P.M.



Kevin Lanier Secretary/Treasurer