

Holley-Navarre Water System, Inc.
Regular Board Meeting Minutes
October 15th, 2019

Mike Kennedy, Board President, called the meeting to order at 6:10 P.M. The following Board of Directors were present: Mike Kennedy, Kevin Lanier, Yvonne Harper, Will Goulet, Daryl Lynchard, Mark Miller and Fred Terasa. Also present were: Rob Williamson, Barbara Carawan, Cindy Callen, Phil Phillips, Clinton Wells, Chris Legg, Cory Snyder, Torin Brand, Mark Turner, Keith Kilpatrick and Deborah Kharuf (stenographer).

Approval of Minutes & Transcripts

Daryl Lynchard motioned to approve the minutes and transcripts from the 09/17//2019 regular meeting. Kevin Lanier seconded. Motion passed unanimously.

Membership Certificates

Will Goulet motioned to approve the memberships for September as presented, of which were 311 new, 271 cancelled and 0 transfers. Daryl Lynchard seconded. Motion passed unanimously.

Before moving onto the financials, Rob announced that HNWS has given a donation to a local charity with the Board's approval. Michelle from the Weekend Food Program accepted a check and took a photo with the Board. She also described the organization, which is a 100% volunteer-ran program that provides nutritional supplement to local children. Michelle was thanked for being part of the program and attending the meeting.

It was also announced that the 5th annual Hometown Heroes charity golf event will take place on 11/15/2019. HNWS is the title sponsor for the event. The two charities selected to support are the Air Commando Foundation and the Holley-Navarre Fire District. The community was encouraged to attend and support the cause.

Administrative

1. *Finance – Review of September 2019 Financial Statements:* There was \$980,975.61 in revenue with expenses of \$725,221.89, leaving a net income of \$255,753.72. Water/Wastewater sales have caught up for the year. There have been 277 new water customers and 214 new sewer customers through September. Impact fees are less than prior year due to a decrease in new growth. **Kevin Lanier motioned to approve the September 2019 financial statements as presented. Fred Terasa seconded. Motion passed unanimously.** Staff is thanked for providing the budget vs. actual breakdown.

2. *Memorandum of Agreement and Letter to Santa Rosa County:* Staff requested to table this item to allow changes to be made and to schedule an additional meeting if the Board wishes. **Kevin Lanier motioned to table this item. Mark Miller seconded. Mark withdrew his motion after it was suggested to table it until November's regular meeting. Mark Miller motioned to table it until a special meeting can be scheduled or there is a BAWM, before November's meeting. Kevin Lanier seconded. Motion passed unanimously.**

Mark Miller motioned to waive the Board's three bid purchasing policy in this instance considering the County already completed the CCNA process and selected a contractor. Yvonne Harper seconded. Keith confirmed the Board can make an exception to the policy since they created the it. **Motion passed unanimously.**

3. *2018 HNWS Corporate Tax Returns:* Staff is thanked for getting the auditors what they needed to complete the 2018 tax returns along with the amended returns for 2016 and 2017. **Mark Miller motioned to approve the tax returns as presented. Kevin Lanier seconded.** A letter was provided explaining the amendments to the 2016/2017 returns and the changes to the figures were discussed briefly. **Motion passed unanimously.**

4. *FRUS/HNWS Service Agreement Review:* The Board has been provided with the latest version of the agreement. Each member's representatives are to bring their Board's comments/recommendations to the next FRUS meeting in hopes of reaching a final agreement. There are no corrections at this point. **Mark Miller motioned to approve for discussion. Daryl Lynchard seconded.** Discussion began with questions on Fairpoint's governing documents and when they state the budget should be approved. The recommendation is to have the budget approved during the January meeting rather than the March meeting and have Mike Tidwell verify it is consistent with the governing documents. Discussion continued.

Next, how the compensation for the Executive Director's salary is calculated was brought up as a concern. This resulted in the recommendation to change it to billable hours, factoring in salary and benefits.

The last recommendation was to add payroll taxes under what HNWS will be reimbursed for in the applicable sections of the document.

Mark Miller amended his motion to approve the document with the recommended changes. Daryl Lynchard seconded. Motion passed unanimously. Daryl and Mark are thanked for representing HNWS on the FRUS Board.

5. *Continuing Services Contract for Improved Asset Management and I & I:* In an effort to improve asset management and reduce I & I, staff has been inspecting the sewer collections system to identify needed repairs. This provides an opportunity to hire a company, under contract, to handle these types of repairs. Three people responded during the competitive bid process, but only one bid was received. Staff recommendation is to award the annual contract to Pensacola Concrete Company and authorize the CEO to sign all related documents. **Mark Miller motioned to improve for discussion. Daryl Lynchard seconded.** Discussion began on amounts budgeted, the reasoning behind keeping them on contract and how it was advertised. The primary reasons for this suggestion are to make repairs as they are found and to lock in pricing. There would be no requirement to give them a specific amount of work. Discussion continued. Having staff prepare a monthly report on the projects that are completed was suggested for monitoring purposes. **Mark Miller amended the motion to approve awarding Pensacola Concrete the contract with the requirement that any projects over \$25,000.00 have prior board approval. Will Goulet seconded. Motion passed unanimously.**

Fred exited the meeting at this time.

6. *Fleet Vehicle Purchase(s):* Staff presented a request to purchase two fleet vehicles. **Mark Miller motioned to approve staff's request to purchase two fleet vehicles from Bozard Ford for a total cost not to exceed \$113,092.00. Daryl Lynchard seconded.** The purpose of the Expedition was explained, which is to replace the existing 2010 Tahoe. Staff's recommendation is currently to trade-in the vehicle. The option of including it in a vehicle auction was discussed. **Mark Miller amended the motion to purchase the two vehicles from Bozard Ford, for \$113,092.00 plus the allowance for the Tahoe's trade-in and to save the Tahoe for a vehicle auction. Kevin Lanier seconded. Motion passed unanimously.**

Personnel

1. *CEO Job Description Update:* The CEO's job description has been reviewed and changes are being proposed to provide clarity. **Yvonne Harper motioned to change the language to read as follows: "Responsibilities include interviewing, hiring, training employees, planning, assigning, directing work, appraising performance, rewarding and disciplining employees, addressing complaints, resolving problems and when necessary terminating employees following established H/R guidelines."** **Kevin Lanier seconded.** Changes made to the organizational chart by Rob without Board approval were brought up by Will. It was recommended to amend the agenda to add the item for discussion, but he chose to wait until public forum to address his concerns. His main concern is giving one staff member too much authority. Typical duties of a CEO were discussed. It was decided that the proposed language will be changed to "ensure the proper

training of employees,” instead of “training employees.” Discussion continued on the importance not micro-managing staff and HR guidelines. It was confirmed that the CEO’s description can be provided to members. Typical CEO duties were again brought up with it being noted that most national organizations teach that a Board should have one employee, the CEO of the company. The CEO is responsible for everyone below. **Yvonne restated the motion with the edit, replacing “training employees” with “ensuring the proper training of employees.” Kevin Lanier seconded. Yvonne, Mark and Kevin voted “aye.” Daryl and Will opposed. Motion passed.**

The Club at Hidden Creek

1. *GM Update:* Cindy Callen reported that in September there was \$145,098.00 in course revenue with expenses of \$133,584.00, leaving an operating income of \$11,514.00. This is an increase over previous years. Recent tournaments have been successful and there are more upcoming events scheduled. The excellent condition of the course was also noted. **Mark Miller motioned to approve the September financial statement as presented. Daryl Lynchard seconded.** The numbers reflecting “rain checks” was questioned. The auditors are currently checking into it because it might be a system error. **Motion passed unanimously.**

Engineering

1. *Monthly Operations Report:* The Board was provided with the various monthly operations reports for September. Phil explained the information contained on the reports. There is no I & I at this time due to the weather.
2. *Clarifier #4:* There is nothing new to report other than minor site restoration is being completed. The Clarifier has been successfully operational since last month. The Board will be notified when the project is finished. Costs should come in at the contract amount.

Public Forum

1. *William Goulet – 8168 Torres St:* Will read a statement citing his concerns on the rearrangement of the organizational chart by the CEO without Board approval. He disagrees with the way the company has been organized and with granting one staff member that much authority. The duties and verbiage in the CEO job description, the org chart and the actions of specific board members were discussed once the personnel chair responded.

Action Items

1. The Memorandum of Agreement was tabled so that recommended changes can be made. A special meeting or a BAWM will be utilized prior to the regular November board meeting.

2. The recommended changes will be made to the FRUS/HNWS service agreement.
3. The training verbiage in the CEO's job description will be updated according to the decided upon recommendation.

Meeting adjourned 7:30 P.M.



Kevin Lanier Secretary/Treasurer