

## Holley-Navarre Water System, Inc.

Pre-Board Update

February 16, 2021

Mike Kennedy, Board President, called the meeting to order at 5:00 P.M. The following Board of Directors were present: Mike Kennedy, Mark Miller, Fred Terasa, Joe Campbell and Bill Thiel. James Dabney was absent. Also present were Dallas Peavey, Barbara Carawan, Clinton Wells, and Phil Phillips.

The purpose of the pre-board update is for staff and board members to discuss the February meeting agenda items in preparation of the following regular monthly board meeting. Each item was discussed in order according to the meeting agenda.

### **Administrative**

- 1. Finance – Review of the 2020 YTD Un-Audited Financial Statements:** The Board was provided with the statements for their review. Staff has an upcoming meeting with the auditors where any questions the Board may have can be answered. Staff anticipates the audited financial statements being brought back before the Board in April. A Brief discussion ensued on why the TCHC subsidy is correctly reflected as R&M (repair and maintenance) on the financial statements.
- 2. SRC Wellfield Protection Area Land Development Code Change:** Dallas provided a brief update. The change is anticipated to be voted down at the next meeting on the 25<sup>th</sup> and is being considered a “dead item” at this time.
- 3. Committee Memberships:** Dallas recommended eliminating both existing committees, the Personnel and TCHC committees. Managing employees is his responsibility and he was already tasked with preparing a business plan for TCHC. Dallas’ recommendation is to form a finance committee, made up of four sub-committees. The sub-committees are the Eglin project, capital improvements, bonds, and budgets. The Secretary/Treasurer will chair the finance committee and the sub-committee chairs will be selected during the regular meeting.
- 4. Board Vacancy Vetting Committee Update:** Mark Miller knows of two individuals that have expressed a willingness to serve on the Board, April Salazar and Tammy Pahal-Morgan. Greg Fountain and Stacy McLaughlin may also be possibilities. No one will be selected at this time, but Mike offered to contact any potential candidates that others may be aware of. A selection could possibly be made in March.

5. **Employee Paid Time Off (PTO) Policy Revisions:** Dallas explained his recommendation, which is to no longer allow employees to get paid out for unused PTO and adopt a “use it or lose it” policy. Landrum has been consulted and this is in accordance with industry standards. It would also be financially beneficial to HNWS. Concerns such as accounting for sick time and scheduling conflicts were discussed. Dallas feels that it is up to management to coordinate and manage employees’ time off as professionals. Mark suggested allowing employees to roll over a portion of their PTO. Discussion continued, with the main concern being the lack of a distinction between sick time and vacation time. Options are to vote on the policy revision or consider other options that include the ability to roll over a portion of PTO. This item will continue to be discussed.
6. **New Legal Counsel Update:** One response was received from Will Dunaway with Clark Partington. Dallas recommends choosing them as legal counsel for HNWS. Usage and cost were discussed. The Board agrees with Dallas’ recommendation.
7. **Pension Obligation Payment:** The Board agreed with Dallas’ recommendation to make the payment of approximately \$930,000.00 to avoid paying additional interest.
8. **Easement Lease Extension:** Dallas requested to amend the budget to pay for a 25-year lease extension with the Department of the Navy at Holley Field. The previous amount paid was believed to be for the lease extension, but it was a separate fee. The additional amount is approximately \$21,000.00. The budget will be reviewed to locate the funds to make the required payment.
9. **Water System Securities:** The Board was provided with information on HNWS’s security measures regarding hackers, etc. An update will be provided during the meeting.

#### **The Club at Hidden Creek**

Dallas gave a brief update on TCHC. Chip, the superintendent of TCHC, submitted his two-week notice. Staff is unsure as to why, but Dallas has an upcoming meeting with him to discuss it.

An update was given on the potential sale. Dallas’ recommendation is to terminate negotiations with Leanne Cash and pursue other options. Other options will be considered while preparing the business plan Dallas was previously tasked with. Joe Campbell attempted to make a motion, but Dallas explained that no action is necessary as the ITN dictates the conditions allowing for negotiation termination. Dallas will carry out the termination per those conditions.

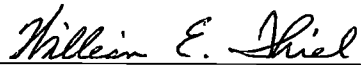
The liquor license was discussed next. An attorney with Beggs and Lane was consulted, but a full resolution has not been obtained. A summary will be sent to the Board and kept confidential per

the recommendation of legal counsel. Discussion continued. How the business is categorized needs to be determined along with many other business decisions.

Old Business and New Business sections will be added to meeting agendas going forward.

Liberty Partners will be added to March's meeting agenda. The importance of giving the public advance notice of agenda items was mentioned when deciding if it should be added to tonight's meeting agenda.

Meeting adjourned at 6:00 P.M.



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Bill Thiel, Secretary/Treasurer