

Holley-Navarre Water System, Inc.

Regular Board Meeting Minutes

May 15th, 2018

James Calkins, Board President, called the meeting to order at 6:00 P.M. The following Board of Directors were present: James Calkins, Will Goulet, Daryl Lynchard, Mark Miller, Debbie Gunnoe and Geo Mayer. Ricki DeSantis attended via telephone. Also present were: Paul Gardner, Barbara Carawan, Phil Phillips, Clinton Wells, Danny Hawkins, Zach Lewis, Cory Snyder, Torin Brand, Dale Long, Mark Turner, Keith Kilpatrick and Deborah Kharuf (stenographer).

Prior to the meeting being called to order, Debbie Gunnoe reads a legal opinion letter regarding the removal of Board of Directors provided by attorney John Trawick. James then asks for the letter to be added to the record and calls the meeting to order. Mark Miller attempts to respond but discussion is halted.

April 17, 2018 Meeting Minutes – Mark Miller motions to approve the 4/17/2018 meeting minutes. Daryl Lynchard seconds. Motion passes unanimously.

April Membership Certificates

Debbie Gunnoe presents the numbers for both new and cancelled membership certificates. There were 380 new members and 334 that were cancelled. **Will Goulet motions to approve the 380 new membership certificates as presented. Mark Millers seconds. Motion passes unanimously.**

Financial Report

Paul presents the financial report for April. There was \$935,361.84 in total revenue with expenses of \$764,271.82, resulting in a net income of \$171,090.02. There were 42 new water taps and 32 new sewer taps. Will brings up Ricki's prior concerns with how the Form 990 has been completed as the audit has not been approved. He met with Kristen McAllister from Warren Averett and confirmed it's been completed correctly up to this point and staff has done their due diligence. **Will Goulet motions to approve the financial statements as presented. Mark Miller seconds. Motion passes unanimously.**

Unfinished Business

1. *Ken Walters Impact Fee Refund* – HNWS is currently holding the original impact fee of \$32,000.00 charged to Mr. Walters for his new business. After comparing the usage of a similar local business it appears the fee may be significantly less. Discussion ensues on how much of the fee should be refunded. **Debbie Gunnoe motions to refund \$22,000.00 of Mr. Walters's original fee and hold the remaining \$10,000.00. An evaluation will be completed three months after the**

business opens to determine if any additional funds are owed or if an additional refund is necessary. Will Goulet seconds. Motion passes unanimously.

2. *Portable Traffic Sign Proposals* – Danny presents bids from three companies for different sizes of electronic signs. He recommends the mid-size/mid-priced signs in the \$25,000.00 price range. Discussion ensues on the usage and necessity of the signs. **Mark Miller motions to approve the purchase of signs from Coastal Police Supply for a price of \$25,265.00. Debbie Gunnoe seconds. Motion passes unanimously.**

3. *Website Proposal Approval* – Torin presents board members with the revised website RFP that was posted, the top two proposals out of the thirteen received and a list of pros and cons. Will suggests reviewing all the proposals before a decision is made. At the Board's request Torin explains the process used to select his recommended choices and elaborates on their capabilities. Several board members have spoken with Torin and are comfortable with his recommendation. **Geo Mayer motions to approve Mark and Torin's recommendation of accepting the proposal from Revize. Mark Miller seconds. Motion passes unanimously.**

4. *Employee Health Insurance* – James states he's heard a lot of concern from employees regarding the possibility of changing the current health insurance to a plan offered through Landrum, who now handles HNWS' HR needs. He recommends keeping the current insurance for three years. Discussion ensues on a past recommendation from the Board to form a committee including employees to obtain feedback and review the options in order to make the best selection. The current insurance renewal is not until October, therefore **Mark Miller motions to table the item. Debbie Gunnoe seconds. No vote is taken and the item is tabled.**

New Business

1. *Tank 5 AT&T Lease Proposal* – Paul presents the proposal from AT&T requesting to lease the tank for their antennas. HNWS has allowed this in the past for other companies. **Will Goulet motions to approve pending attorney review. Mark Miller seconds.** Brief discussion on the terms of the contract. Daryl suggests restating the motion. **Will motions to approve as presented with Keith reviewing the contract and providing his opinion. Geo Mayer seconds. Motion passes unanimously.**

2. *Safety Assessment Information* – Mark Turner has started gathering proposals for safety assessments for the wastewater treatment plant at the recommendation of Keith. He's contacted eight safety consultant firms and received four responses. He's contacted the US Dept. of Homeland Security Office of Infrastructure Protection. They are coming June 1st to begin an assessment at no charge. He's also

waiting on additional information from several other firms. He will notify Paul and Keith of further developments. In-house safety assessments have also been initiated but he feels there are advantages of using professional safety consultants. Mark elaborates on the benefits of using a consulting firm for more specific and thorough assessments. No action is needed at this time due to pending information requests.

3. *Vice President Appointment* – James recommends tabling this item until the next board meeting. **Daryl motions to have Will Goulet return as Vice President. Mark Miller seconds.** Discussion ensues on whether or not to address this item as it's on the agenda. **Mark Miller, Daryl Lynchard, Geo Mayer and Ricki DeSantis vote "aye," with Debbie Gunnoe voting "nay." Will Goulet abstains.**
4. *Fairpoint Board Member Appointment* – **Will motions to nominate Ricki DeSantis to sit on the Fairpoint board, as he's the HNWS financial chair/treasurer. Debbie Gunnoe seconds.** Debbie initiates discussion on an option for an alternate to fill in for Ricki when needed due to his current medical issues. Ricki then suggests the nomination of another board member and asks Will to rescind his motion. James suggests that Will return to the Fairpoint board. **Will declines and motions to nominate Daryl Lynchard to sit on the Fairpoint board. Mark Miller seconds. Motion passes unanimously.**
5. *Preprinting Membership Certificates w/ Approval Date* – **Debbie motions to approve allowing the date of the board meeting in which they're approved to be preprinted on membership certificates. Daryl Lynchard seconds.** Daryl has previously looked into this and suggests tabling the item to allow him to review the related IRS regulations. Discussion on what date should be listed and if HNWS is currently in violation results in **a motion made by Debbie Gunnoe to look at all legal aspects to see how the membership certificates should be dated. Daryl Lynchard seconds. Motion passes unanimously.** In an attempt to simplify the process for producing the certificates **Debbie Gunnoe motions to look at the possibility of transitioning from using a spreadsheet to a database for producing the membership certificates. Will Goulet seconds. Motion passes unanimously.**
6. *Water Rate Only Decrease for HNWS Members* – Discussion begins on the possibility of using unrestricted funds to provide a rate decrease for water services only. Paul suggesting a meeting with staff to review the numbers and expenditures that need to be taken into consideration. Discussion ensues on the reasons for the rate increase such as meeting the future needs of HNWS. It's suggested to have staff research and look at future projections to present at next month's board meeting. Phil elaborates, stating HNWS is behind on making capital improvements and staff is already working on a memo addressing this and it will be provided to board members

prior to the next meeting. This will directly affect the determination of possibly providing a rate decrease.

7. *Eglin Spray Field Lease* – Debbie reports that the possibility of obtaining a lease agreement to spray at Eglin is now moving quicker than anticipated. Phil elaborates on the costs that may or not be associated depending on what the County decides.

Engineers Report

Phil reports that the only ongoing project is the Panhandle Trail lift station, which is now complete.

Going forward, a monthly update on what the in-house crews have accomplished will be presented during the engineers report. So far in 2018, HNWS crews have installed 3100 linear feet of low pressure sewer, which represents 40 new connections. In regards to development projects in 2018, on the commercial side, 2 have been approved and 13 are currently pending approval. There are 104 lots under review in 6 subdivisions that should be approved in the near future.

Mark inquires on Greskovich, which Phil states is complete. Recent tests have determined the ponds are fully functional at 500,000.00 gallons per day. This has helped make it possible to send less effluent to the golf course.

Public Forum

Becky Adams: 7164 Leisure St – Ms. Adams would like to know where to find information related to items discussed during meetings such as proposals, etc. and the bylaws. She also feels the agenda should be given to members at the door. She's referred to the website for the agenda.

Brenda Barre: 7201 Bill N Iras Trl – Ms. Barre inquires as to why there are no minutes posted past 11/21/2017 on the website. This is attributed to HNWS being in the process of securing a new website and is told she can submit a request for the minutes. It's then decided that the minutes will be posted to the current website.

J.W. Vaught: 8154 Pamplona St – Mr. Vaught presents a letter stating his concerns. Debbie Gunnoe reads the letter as he is unable to easily speak. The letter states his concerns with how sewer services are billed, as not all the water he uses enters the sewer system due to part of it being used for irrigation purposes. At the suggestion of HNWS staff he's had his residence checked for leaks and does not feel his high sewer bills are appropriate. He requests to have the Board review his large sewage bills and to have the way bills are calculated addressed. He has no problem paying for the water he uses, but does not want to pay for water that is put into the ground rather than returned to the sewer system. He would also like a refund of the overages he's been charged over the last several months. Will and

Phil attempt to address his concerns, stating HNWS is not able to separate water used for irrigation as installing meters to monitor that is not allowed due to area designations.

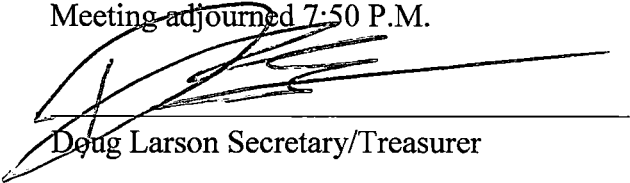
Jan Miller: 8335 Mercado St – Ms. Miller states that none of what was read in the attorney’s opinion letter at the beginning of the meeting applies to HNWS due to being a 501(c). The board members cannot vote to keep themselves on the Board.

Debbie Gunnoe motions to adjourn. Geo Mayer seconds. Motion passes unanimously.

Action Items

1. Paul will email Keith the AT&T tank lease contract for his review and he will provide his opinion.
2. A committee will be formed, including employees, to review and compare health insurance options.
3. All legal aspects and regulations will be reviewed to determine how to correctly date membership certificates. Transitioning from using a spreadsheet to a database to produce them will also be looked at.
4. Staff will review future projections of restricted/unrestricted funds and expenditures in order to determine if a water rate decrease is possible. The information will be presented at next month’s meeting.
5. The minutes posted on the current website will be updated.

Meeting adjourned 7:50 P.M.



Doug Larson Secretary/Treasurer