

# Holley-Navarre Water System, Inc.

## Regular Board Meeting Minutes

April 16<sup>th</sup>, 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, Mark Miller, Fred Terasa, Yvonne Harper and Will Goulet. Also present were: Rob Williamson, Barbara Carawan, Cindy Callen, Phil Phillips, Clinton Wells, Amber Bucholtz, Chris Legg, Cory Snyder, Mark Turner, Danny Hawkins, Torin Brand, Keith Kilpatrick and Deborah Kharuf (stenographer).

### Approval of Minutes & Transcripts

**Will Goulet motions to approve the minutes and transcripts from the 03/19/2019 regular meeting. Daryl Lynchard seconds. Motion passes unanimously.**

### Approval of Memberships

**Kevin Lanier motions to approve the memberships for March, of which are 290 new, 276 cancelled and 0 transfers. Mark Miller seconds. Motion passes unanimously.**

### Administrative

1. *Finance – Review of March 2019 Financial Statements:* Rob provided an overview of the financials and contributing factors. In March there was \$817,056.26 in revenue with expenses of \$702,305.95, leaving a net income of \$114,750.31. Staff members were recognized for obtaining additional funds through the discovery of an insurance claim that needed to be reopened. Rob also informed the board that growth in the area has tapered off slightly and tap fees could be less than what was anticipated for the year. **Mark Miller motions to approve the March 2019 financial statements. Fred Terasa seconds.** How tap fees are accounted for was brought up and discussed briefly. **Motion passes unanimously.**
2. *2018 Consolidated Financial Audit Presentation:* Kristen McAllister from Warren Averett presented the 2018 audit and gave a summary of the results. The audit resulted in an unmodified opinion, which is the highest level of assurance that can be provided. There were no non-compliance or internal control material weaknesses to report. Kevin commented on a few items that concerned him such as the concentration of credit risks, the distribution of finances and the use of a more stable bank. These items will be added to next month's agenda. **Mark Miller motions to approve the audit as presented. Fred Terasa seconds. Motion passes unanimously.**
3. *Holley-Navarre Fire Department Hydrant Program:* Staff met with the fire department to address a prior request related to hydrants that was brought up during

last month's meeting. Areas that lack adequate fire protection and budgeting concerns were items discussed. The current budget does not allow funds to upgrade the lines required for additional hydrants. Allocating funds in the 2020 budget is suggested by staff. Will adds that the fire department's accountant should also be consulted with to find the best way HNWS can provide assistance. **Daryl Lynchard motions to schedule a meeting for the Board to discuss this further. Will Goulet seconds.** It's decided that scheduling a workshop may be more appropriate as the Board would like to discuss multiple items. **Mike Kennedy clarifies the motion, for the Board to schedule an initiative discussion workshop in/around May that's open to the public. The Board will also pick the agenda items. Motion passes unanimously.**

4. *Requests for Information Policy:* Rob provided an overview of the current policy, which is that any information requests go through the Board for approval. **Based on Board feedback he recommended changing the policy to allow the CEO to do an initial review of such requests and either approve or deny them. If a member disagrees with the CEO's decision they can then bring it to the Board during a regular board meeting. Will Goulet motions to approve. Daryl Lynchard seconds.** Keith feels the recommendation is legally sound. Discussion ensued on Bylaws, Florida statutes and past policy. **The motion is clarified, to direct the CEO to release information consistent with Florida statutes and/or HNWS governing documents. Motion passes unanimously.** This item will be added to the previously decided upon Board workshop. Rob confirmed the workshop will be open to the public.
5. *FRUS/HNWS Operating Agreement:* The latest draft has been provided to the FRUS Board and an upcoming meeting will be held to review each partner's feedback. Reimbursement items and rates are discussed. Rob requested for Board members to submit their recommendations by the end of the week. Once the upcoming meeting concludes and the updates have been applied, the final agreement will be presented to the HNWS Board for approval.
6. *Fleet Vehicles Purchase:* **\$75,000.00 was included in the 2019 budget to allow for new fleet vehicles and Board approval is required for the purchase. Will Goulet motions to approve. Mark Miller seconds. Bids have been obtained and staff recommends purchasing two trucks from Hub City Ford for a total cost of \$69,756.36.** Rob confirmed that if any current vehicles need to be retired they will be sold at an open auction. There may be one vehicle that he knows of. **Motion passes unanimously.**
7. *Membership Certificates:* Staff recommends setting a policy to dictate when someone becomes a member and how the certificates are issued. The

recommendations are that a person's membership begins when an account becomes active, and the certificates would be stored electronically and available upon request. **Kevin Lanier motions to grant staff the authority to create and issue digital membership certificates for members once their membership certificate number has been assigned by staff and the account is activated for service. The President and Secretary's digital signature along with the corporate seal are authorized to be affixed to the digital membership certificate template. The date on the membership certificate will be the date the account is activated for service. The customer becomes a member once the membership certificate is issued and the account is activated for service. The digital membership will be stored electronically in the same manner the current scanned memberships are electronically stored and staff will provide the document electronically or hard copy, without fee, at the members request for the certificate. Will Goulet seconds.** Requirements listed in the Bylaws, Florida statutes and the history of certificate issuance is discussed extensively. **Yvonne Harper, Mark Miller, Kevin Lanier and Mike Kennedy vote "aye." Daryl Lynchard, Will Goulet and Fred Terasa vote "nay." Motion passes.**

8. *Website Update:* Torin provided an overview of the prospective website layout. The design has been underway following the prior issuance of two RFPs. **Board approval is being requested for the website's layout design using the timeline provided. Will Goulet motions to approve as presented. Daryl Lynchard seconds.** Marketing opportunities such as providing member email addresses to TCHC are discussed. This will be added to next month's agenda and discussed further. **Motion passes unanimously.**
9. *Office Remodeling Update/Request for Reassignment of Costs:* The board directed staff to ascertain if an adjacent warehouse could be utilized for storage which resulted in a decrease in the approved funds required for the office remodel. **Board approval is requested to redirect up to \$9,000.00 to renovate the adjacent building for use. Will Goulet motions to approve as presented as long as it doesn't require bringing the entire building up to code, unless it can be done for \$9,000.00. Daryl Lynchard seconds. Motion passes unanimously.**
10. *Board Meeting Agenda Development Protocol:* **Mike Kennedy motions to have staff help draft a board meeting policy. Mark Miller seconds.** The purpose is to define the process for agenda preparation. **Mike rescinds his motion and Will Goulet motions to discuss meeting agenda developmental protocol with staff. Mark Miller seconds.** Options to streamline the process are discussed. Staff will prepare a recommendation based on the Board's feedback and present it to the Board. **Will retracts his motion.**

## **THE CLUB AT HIDDEN CREEK**

1. *March 2019 Financial Statements:* Cindy Callen presented the financial statements. There was \$183,735.00 in course revenue and expenses were \$163,319.00 leaving an operating income of \$20,416.00. **Will Goulet motions to approve the financial statements as presented. Fred Terasa seconds. Motion passes unanimously.**
2. *Monthly Operations Report:* Cindy provides an overview of recent happenings at the club. There have been multiple tournaments and capital improvements are underway. The pipe repair is finished with the exception of concrete work, course restrooms have been framed and should be finished by mid-May, and the AC replacement is complete. The nets on the course will need to be repaired after sustaining wind damage and a winter weed on the course is being addressed. Rob adds that the operating income for first quarter of 2019 is the best it's been since HNWS purchased the club and Chip Owens has been hired as the new golf course superintendent.
3. *Restaurant Lease Update:* The lease agreement has been finalized based on Board recommendations and Rob is requesting approval to execute the document. **Daryl Lynchard motions to approve. Mark Miller seconds.** Mark pointed out a needed correction to the way the club is listed as the lessor. **The club is currently listed as "The Club at Hidden Creek Restaurant" rather than "The Club at Hidden Creek LLC" on the title page. Also, the third paragraph under number eleven states that the lessee, the Black Skimmer, will be under the club's liquor license. This needs to be removed as they will have their own separate license. The motion is amended to include these changes prior to execution. Motion passes unanimously.** The owners of the Black Skimmer introduce themselves and go over their plans for the restaurant.

## **Engineering**

1. *Monthly Operations Report:* The monthly operation reports for March have been provided to the Board. I & I has increased again over the last month due to the amount rainfall.
2. *Clarifier #4:* Cory updated the Board reporting that demolition went very quickly and the site is being cleaned up this week. The anticipated completion date is still on schedule.

Phil added an update regarding a problem with FRUS well #5. The well went down early in the month but it's since been fixed and it's now back online. This was an unusual occurrence outside of a normal maintenance issue.

3. *HNWS Effluent Disposal Capacity Update:* The Eglin RIB project was discussed at the last Santa Rosa County board meeting and Phil provides an overview. The main topic was general funding options. Also, a draft MOU has been received from the attorney. In regards to Gulf Breeze a draft agreement should be received this week. Rob adds that BP funds coming to Santa Rosa County was also discussed during the SRC meeting. The funds could possibly be put towards solving the problem of effluent disposal but a date of 2024 was mentioned.

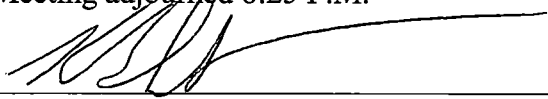
### **Public Forum**

1. *Debbie Gunnoe, 2143 Chatsworth Drive:* Ms. Gunnoe has been informed of an employee termination and asked for more information on the circumstances leading up to the termination. Yvonne replied as the Personnel Chair, stating that it will not be discussed with any member as it is personnel related. Ms. Gunnoe's next request is for an explanation of the FRUS issue of water loss. Rob stated there is not a water loss issue with FRUS and believes she's referencing a possible issue within Midway Water. The accuracy of the readings provided by HNWS is within 2%, which exceeds the industry standard of 6 to 8%. A recommendation made by Midway's engineer at a past FRUS meeting to have a third-party perform a 30 day test was brought up with Rob confirming the FRUS Board decided not to pursue that option at this time.

### **Action Items**

1. Kevin Lanier's financial/banking concerns that were brought up during the audit presentation will be added to next month's agenda.
2. The Board will schedule an initiative discussion workshop in/around May. The Board will pick the agenda items and it will be open to the public.
3. Public information requests will be included as an agenda item for the Board workshop.
4. The Board will provide Rob with their recommendations on the HNWS/FRUS agreement by the end of the week.
5. Providing member email addresses to TCHC for marketing purposes will be added to next month's agenda for further discussion.
6. Staff will prepare a recommendation for agenda developmental protocol and present it to the Board during a future meeting.
7. The restaurant lease will need to be corrected with the following changes: The club is still listed as "The Club at Hidden Creek Restaurant" rather than "The Club at Hidden Creek LLC" on the title page. Also, the third paragraph under number eleven stating the lessee, the Black Skimmer, will be under the club's liquor license needs to be removed as they will have their own license.

Meeting adjourned 8:25 P.M.



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Kevin Lanier Secretary/Treasurer