

Holley-Navarre Water System, Inc.

Regular Board Meeting Minutes

June 18th, 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 and Fred Terasa. Yvonne Harper and Will Goulet were absent. Also present were: Rob Williamson, Barbara Carawan, Cindy Callen, Phil Phillips, Clinton Wells, Amber Bucholtz, Chris Legg, Cory Snyder, Mark Turner, Keith Kilpatrick and Deborah Kharuf (stenographer).

Approval of Minutes & Transcripts

Kevin Lanier motioned to approve the minutes and transcripts from the 05/07/2019 and 05/21//2019 regular meeting. Fred Terasa seconded. Motion passed unanimously. Mark Miller noted the meeting transcripts were left out of the board packets. Staff confirmed the transcripts were received from the court reporter but inadvertently left out of the electronic board packet.

Kevin Lanier motioned to approve the memberships for May, of which were 403 new, 398 cancelled and 0 transfers. Daryl Lynchard seconded. Motion passed unanimously.

Administrative

1. *Finance – Review of May 2019 Financial Statements:* There was \$916,535.29 in revenue with expenses of \$756,839.29, leaving a net income of \$159,704.00. There were no significant variances to report. Water usage increased due to the recent weather. 129 new water and 81 sewer customers have been added thus far in the year. **Mark Miller motioned to approve the May 2019 financial statements as presented. Fred Terasa seconded. Motion passed unanimously.**
2. *Request for Impact Fee Financing: Navarre Gardens North:* Applicant's request is consistent with current Board policy and staff has no objection to approval. Requests such as these have normally been approved in the past. **Mark Miller motioned to approve Navarre Gardens North's request as presented. Kevin Lanier seconded.** Rob confirmed there was no special consideration given to the request. **Motion passed unanimously.**
3. *Customer Service Billing Improvements:* Rob provides an overview of the requested changes to billing cycles and how credit cards are processed. Currently, there are 48 billing cycles per year, the request is a reduction to 12 cycles per year (one per month). This reduction, along with outsourcing credit card processing will result in significant savings for HNWS and make a positive impact on both customers and employees. Amber, the new Customer Service Operations Manager, gave an overview on how to implement the

changes to the billing cycle, reads and how due dates will be affected. **Daryl Lynchard motioned to approve. Mark Miller then suggested separating the two items and motioned to approve the change to the billing cycle as presented, going from four billing cycles per month to one. Daryl seconded.** Details on the transition period, labor cost savings and how credit cards will be processed are discussed further. The need to acquire member email addresses for communication purposes was also brought up. Additional questions regarding cost savings and meter reading accuracy were addressed. The goal is to have the new policy implemented by the end of the year. **Mark Miller restated the motion, to approve the change to the billing cycle from 48 cycles a year to 12 cycles a year, and to direct staff to come up with an implementation and communication plan for members. Daryl Lynchard seconded. Motion passed unanimously.**

Mark Miller motioned to approve outsourcing credit card processing to Paymentus. Fred Terasa seconded. Discussion ensued on how the change will affect providing quality customer service and the available options to initiate payments. The contract's 5-year term and the provisions to get out of it are also discussed. **Mark amended his motion, to approve subject to attorney review of the contract, specifically the term provisions. Motion passed unanimously.**

4. *FRUS/HNWS Service Agreement:* Recommendations from FRUS partners have been received and incorporated into the agreement. The FRUS Board has approved sending it to each partner's legal counsel, as well as Fairpoint's counsel for review. Recommendations will be presented during next month's meeting. Then, the FRUS Board will vote on what additional changes they would like made in order to move closer to finalizing the draft. The Board was previously provided with the contract documents including pricing/equipment lists. Keith feels the contract lacks detail in certain areas and contains a lot of typos. He would like to do a more thorough review and provide staff with his feedback. Rob confirmed Mike Tidwell has been sent the agreement. HNWS employees are commended and thanked for their capabilities in running FRUS in addition to running the water system. Staff will await Keith's feedback and continue to address it with the FRUS Board.
5. *Booster Pump Station Project:* A piece of property that will accommodate the installation of a skid mounted booster pump station and a HNWS master lift station has been identified. One part of the project is currently on HNWS's capital improvement list and the other part is a less expensive alternative to satisfy a Fairpoint need. The current owner is willing to sell the property to HNWS for what he paid for it, which is \$50,000.00. **Mark Miller motioned to move forward with the purchase of the property subject to a favorable phase 1 environmental study, no survey encroachments and a clean title. Daryl Lynchard seconded.** Clarification is made on Fairpoint's interest in the property.

Fairpoint is going to pay for the booster pump station, roughly a half of million dollars, and HNWS needs a master lift station. If the location became permanent for Fairpoint, HNWS would eventually charge them a lease fee. Purchasing this property will provide solutions for both HNWS and FRUS. **Motion passed unanimously.**

6. *Gulf Breeze/HNWS Shared Reuse Agreement:* Board approval is requested to send Gulf Breeze the current version of the agreement so they can begin their review. **Fred Terasa motioned to approve. Mark Miller seconded.** The details of the agreement such as requirements, rates, etc. are discussed. Gulf Breeze is charging the same price they quoted to Santa Rosa County if they were to accept their reuse, which is less than the price they previously quoted HNWS. The necessity of moving forward with the next step of this process is explained in relation to meeting our future effluent disposal requirements. Under this agreement HNWS can send up to 500,000 gallons of reuse per day. The legal language included in the agreement is discussed next. Adding an arbitration/mediation clause to the contract is suggested before sending it to Gulf Breeze. Keith recommended a mediation clause. A previously considered option for effluent disposal using RIBS on a specific piece of property was brought up. Discussions did take place with the owner, for the second time. The opportunity to proceed with this option is dependent on the owner, who has not been in contact since initial discussions. It was noted that the Board approved pursuing an agreement with Gulf Breeze and Eglin as viable options six months ago. **Motion passed unanimously.**

7. *Annual HNWS Insurance Renewal:* The renewal for HNWS and TCHC insurance policies is set for July 1st. The HNWS policy is \$28,000.00 less than the prior year for the same coverages and the Club's renewal is \$150.00 less, also for the same coverages. Jim Grace from Underwood Anderson is in attendance to answer any questions. **Mark Miller motioned to approve the renewal of the insurance policies as presented and direct the CEO to sign all related documents. Kevin Lanier seconded.** Specifics on the different types of coverages are discussed briefly. **Motion passed unanimously.**

Personnel

1. Staff is requesting a policy to have a legally compliant job description for all positions offered at HNWS. HNWS does have a legally compliant description for all current positions. MESI and TCHC are in the process of completing theirs. The descriptions have been forwarded to the Personnel Chair, Yvonne Harper. **Kevin Lanier motioned to approve requiring a legally compliant job description for each position offered at HNWS and their affiliates. Fred Terasa seconded.** Staff will send a copy of the job descriptions to the Board upon request. **Motion passed unanimously.**

2. *401k Retirement Benefits Policy:* In an attempt to address one of the critical issues identified by the Board regarding retirement benefits and employee retention, a

recommendation to begin a 401k match is presented to the Board. Currently, HNWS does not offer a match. Information on other local utilities for comparison has been provided to the Board. Two options were provided along with the financial data. The change would have no impact on the Defined Benefit Plan also offered by HNWS. **Kevin Lanier motioned to approve amending the existing 401k plan effective October 1, 2019 and offer a 7% match with a 6-year vesting schedule, for each full-time employee across all business segments. Discussion ensued, resulting in Kevin rescinding his motion. Daryl Lynchard motioned for a 75% match up to 5% of the annual compensation of the employees with a 4-year vesting schedule. Kevin Lanier seconded.** Daryl explained his motion further with Jeff Weeks offering additional information. Discussion continued. **In an attempt to simplify the terms Daryl rescinded his motion and Mark Miller motioned to approve amending the existing 401k plan effective October 1, 2019 to offer up to a 5% match for all eligible full-time employees across all business segments with a 6-year vesting schedule. Daryl Lynchard seconded.** Employees included in the Defined Benefit Plan can participate in the 401k plan, but they are separate plans. The importance of educating employees is also noted. **Motion passed unanimously.**

THE CLUB AT HIDDEN CREEK

1. *GM Update:* Cindy Callen began with the finances for May. It was another successful month with \$182,353.00 in course revenue and expenses of \$131,349.00, leaving an operating income of \$51,005.00. The course is in great shape due to recent fertilizer/insecticide treatments. **Mark Miller motioned to approve the financial statements for discussion. Daryl Lynchard seconded.** Mark questioned how the total/gross/net income is listed on the financial documents. Staff will investigate to see if it can be changed since it is software related. Rob adds that although less funds have been provided to the Club for the year, it is still a significant amount that can be better used within HNWS. **Motion passed unanimously.**

Next, Cindy updated the Board on an issue with the net. Keith has met with the installer and he is not going to assist with any repairs going forward. The meeting was confrontational, and his services are no longer welcome. The net is currently secure, but Cindy is looking into finding someone to maintain it. Also, the course restrooms are complete, and the Black Skimmer restaurant is now open.

Engineering

1. *Monthly Operations Report:* Phil updates the Board on I & I. There were heavy showers toward the end of the month, but Chris Legg handled them successfully.
2. *Clarifier #4:* Cory Snyder reported that the clarifier floor slab is almost ready to be poured and the project is still on schedule.

Public Forum

Sandi Kemp: Ms. Kemp suggests not sending return envelopes with bills for members who have automatic bank draft to avoid unnecessary expenses.

Fred Terasa motioned to adjourn. Mark Miller seconded. Motion passed unanimously.

Action Items

1. Keith will review the contract with the Paymentus, the credit card payment processor. Specifically, the term provisions.
2. Staff will await Keith's feedback on the FRUS/HNWS agreement and continue addressing it with the FRUS Board.
3. Staff will confirm the required stipulations are met when closing on the booster pump station property.
4. Staff will investigate updating the Club's financial reports in how the total/gross/net income is reflected.

Meeting adjourned 8:30 P.M.


Kevin Lanier Secretary/Treasurer