

Holley-Navarre Water System, Inc.

Regular Board Meeting Minutes

October 20th, 2020

Daryl Lynchard, Board President, called the meeting to order at 6:00 P.M. The following Board of Directors were present: Daryl Lynchard, Mike Kennedy, Mark Miller, Fred Terasa, Grant Summers and James Dabney. Will Goulet was absent. Also present were: Keith Kilpatrick and Deborah Kharuf (stenographer). Barbara Carawan, Torin Brand, Mark Turner, Chris Legg, Danny Hawkins, Amber Bucholtz, Cindy Callen, Phil Phillips and Clinton Wells attended via conference call.

Approval of Minutes & Transcripts

Fred Terasa motioned to approve the minutes and transcripts from the 09/22/2020 regular meeting, the 08/29/2020 executive session and the 09/22/2020 executive session. Mike Kennedy seconded. Motion passed unanimously.

Membership Certificates

Mike Kennedy motioned to approve the memberships for September as presented. There were 311 new memberships, 302 cancelled, and 0 transfers. Mark Miller seconded. Motion passed unanimously.

Administrative

1. *Finance – Review of the September 2020 Financial Statements:* Mike Kennedy motioned to approve the September 2020 financial statements as presented. Fred Terasa seconded. Motion passed unanimously.
2. *Water and Sewer Adjustments for Leaks Related to Hurricane Sally:* Customer Service has received several requests for leak adjustments and making a policy for staff to follow was recommended. Amber Bucholtz provided background information. Currently, there are approximately 15 accounts that have requested adjustments, ranging from \$150.00 to \$800.00. Amber confirmed staff should be able to determine if the leaks are hurricane related. Mark Miller motioned to direct staff to analyze the bills to determine if the leaks occurred around the time of hurricane Sally. If so, adjustments be made to both water and sewer portions of the bill, and to use the 12-month average monthly bill as their bill for this month. Grant Summers seconded. Motion passed unanimously.
3. *SRC Wellfield Protection Area Land Development Code Change:* Daryl provided an update. Board members attended a Planning and Zoning meeting and voiced their concerns. Members were encouraged to attend the next meeting in November. If they are unable to attend, they can also send an email with their comments. Contacting an

environmental specialist for their opinion was previously recommended during the last Fairpoint meeting. Municipal Engineering Services, Inc. has been in contact with the individual, but because he currently works for FDEP, he recommended another geotechnical specialist who they are now in communication with.

4. *HNWS Equipment Auction:* Two pieces of equipment are no longer being utilized by the company. The funds obtained from selling the equipment can go towards new equipment. An estimated value of \$23,000.00 each has been determined. Discussion continued. Recently, sealed-bid auctions have been utilized with trade-in value being used as the minimum bid amount. **Mike Kennedy motioned to auction off the two pieces of equipment using the current auction procedures and setting the minimum bid at \$23,000.00 each. Fred Terasa seconded. Motion passed unanimously.**

Personnel

Mike Kennedy gave an update on the CEO search. Interviews are ongoing and hopefully more information will be available by the next board meeting. Board members were encouraged to meet the potential candidates being considered.

Golf Committee

None.

The Club at Hidden Creek

1. *2020 Financial Statements:* Cindy Callen reported the financials for September. Course revenue was \$80,768.00 with expenses of \$107,403.00. This left a course operating income of -\$26,635.00 before depreciation. The Club was closed for 18 days due to hurricane Sally and only 9 holes were open for one week. Cindy confirmed the loss of use insurance was not an option because the clubhouse was not damaged. However, a claim has been filed on the tees and greens. Bids and prices are being gathered and more information should be available by the next meeting. The net was included in the claim and Cindy has received one bid. **Mike Kennedy motioned to approve the financial statements as presented. Grant Summers seconded. Motion passed unanimously.**
2. *TCHC Purchase and Sales Agreement and Effluent Disposal Agreement:* Cindy and her staff were commended for their efforts after the storm. The golf cart fleet lease, Item #3, was addressed at this time.

Once the Board returned to this item, **Fred Terasa motioned that the HNWS Board of Directors approve the purchase and sales agreement for The Club at Hidden Creek, including the effluent disposal agreement as presented. Mike Kennedy seconded.**
The protection of spray rights on the course, a stipulation that TCHC remains a golf

course, the right to refuse any and all offers, and the first right of refusal for any future sale of the property are the main requirements included in the agreement. This is the proposed contract that will be presented to potential buyers. A member spoke at this time.

Dr. Richard Clinchy – 6814 Tidewater Drive: Mr. Clinchy confirmed the golf cart lease costs and expressed an interest in purchasing the golf course. If he were to purchase the golf course, financing would not be required as he would be paying cash. Asking price, negotiating, etc. is still being discussed. **Motion passed unanimously.** An invitation to negotiate has been received from the attorneys that provided the sales agreement. Mark went over the details. **Mark Miller motioned to approve the invitation to negotiate received from the attorneys today. Mike Kennedy seconded.** Daryl added that he believes there should be a registration requirement in the document to keep track of interested parties and he would like to post the sales agreement, effluent disposal agreement and invitation to negotiate on the HNWS website as previously discussed. There will be certain portions missing to encourage interested parties to contact the office. The process does include some preliminary due diligence for the buyer. Staff advised against submissions via email and recommended keeping the bids sealed until it is past the submission deadline. Once bids are received, the Board will review them, select, and vote to approve. The qualifications of the potential buyer will be considered along with the price. The Board reiterated that it does not want to have to repurchase the golf course in the future. **Mark Miller amended his motion to approve the documents subject to the attorney adding a registration requirement and changing the way proposals are submitted from email to a sealed envelope to HNWS. Fred Terasa seconded.** James Dabney expressed his concern that members could find that HNWS is showing favoritism if higher bid amounts are rejected. Two members spoke at this time.

Joe Campbell – Brinkley Street: Mr. Campbell agrees with Mr. Dabney on the sealed bid process and asked if the buyer is required to do their due diligence. Mark Miller confirmed there is currently a 90-day due diligence period. He also questioned making the new buyer responsible for the new golf cart lease and recommended making sure a potential buyer has a business background. Daryl believes the invitation to negotiate may be posted online within a week, along with the other documents once completed. Serious bidders will be encouraged to contact the office for the full package, including the exhibits. An overview of the process was given and the current need for golf carts was explained.

Bill Thiel – 2842 PGA Boulevard: The member commented on the seal bid process and suggested to determine the best offers received, then request a final offer from those.

The Board returned to the pending motion and it passed unanimously.

3. *Golf Cart Fleet Lease and Beverage Cart Lease:* Cindy requested approval to get a new lease on the Club's fleet of golf carts. The current lease is up on December 1st and two quotes have been received. **Mike Kennedy motioned to approve the agreement with Yamaha for the fleet and the new beverage carts. Grant Summers seconded.** The capability of transferring the lease to the new owners if the Club is sold was discussed. Cindy believes there would be no penalty if the new owner qualifies. It is approximately \$5,500.00 per month for a four-year lease. Discussion continued on the potential sale of the golf course and how it would affect the lease. Cindy will contact the vendor tomorrow morning and investigate the availability and costs associated with a short-term lease. The information will be submitted to the Board as soon as it is received and a BAWM (Board Action Without a Meeting) can be utilized to approve it. **Mike Kennedy rescinded his motion.** It was determined that 80 is a sufficient number of carts for the Club. It was noted that the other quote, from Tomahawk, did have language stating they would work with HNWS and a potential buyer. Item 2 was now addressed.

Engineering

1. *Monthly Operations Report:* The monthly reports were provided to the Board. Phil added an update on I & I and the wastewater treatment plant. He added that Jacobs is underway and working at Eglin. A formal kickoff meeting should be soon, and the Board will be invited. The discussion returned to I & I and Phil elaborated on the reasons why it was so low with the recent storm.

Public Forum

Mike Matthews – 2193 Bellmeade Circle: Mr. Matthews gave an overview of the timeline related to his prior request for a lateral sewer connection, beginning in 2018. He previously spoke with the system engineer, Paul Gardner, and brought it before the Board. He also referenced knowledge of other builders using the type of sewer connection he requested. According to staff, this type of connection is not allowed. In January he spoke with Daryl, but he has not spoken with him since. Daryl reiterated that it would be illegal under FDEP regulations to fulfill his request. The Board also asked for information on other hookups, if they were treated differently than he was. Discussion continued. Without the specifics on the other connections, the Board is unable to address the situation. Another meeting was suggested. Daryl confirmed that if an inspection had been done, staff would have record of it.

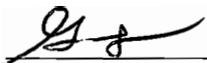
Carmen Reynolds – 9621 Sunnybrook Drive: Ms. Reynolds felt that Mr. Matthews concern may be a lack of standardization. She also feels that the website could have more helpful information such as boil water notices and sewage spills. She also inquired on spraying effluent after receiving excessive rainfall during the storm, with the Board explaining why it is necessary. Lastly, the

wellfield protection area was addressed. Critical issues related to the wellfield protection area, informational resources, and the recent planning and zoning meeting were items discussed.

Action Items

1. Cindy will contact the golf cart vendor tomorrow morning and investigate the availability and costs associated with a short-term lease. The information will be submitted to the Board as soon as it is received.
2. Staff will follow the recently used auction procedures (sealed bid, advertisement) for the two pieces of equipment that are no longer being used.

Meeting adjourned 7:50 P.M.



Grant Summers, Secretary/Treasurer