

Holley-Navarre Water System, Inc.

Regular Board Meeting Minutes

December 15th, 2020

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

Daryl Lynchard began by welcoming the new Chief Executive Officer of HNWS, Dr. Dallas Peavey, Jr. Dallas introduced himself and gave a brief statement. Daryl was thanked for successfully serving as interim CEO.

Approval of Minutes & Transcripts

William Goulet motioned to approve the minutes and transcripts from the 11/17/2020 regular meeting, the 11/17/2020 vehicle auction, and the 11/17/2020 special meeting (regular and redacted). Michael Kennedy seconded. Motion passed unanimously.

Membership Certificates

Mike Kennedy motioned to approve the memberships for October as presented. There were 298 new memberships, 238 cancelled, and 1 transfer. Mark Miller seconded. Motion passed unanimously.

Administrative

1. *Finance – Review of the November 2020 Financial Statements:* The November financial statements were provided to the Board. **Mike Kennedy motioned to approve as presented. Grant Summers seconded. Motion passed unanimously.**
2. *2021 Proposed Budget:* **Will Goulet motioned to approve as presented. Mike Kennedy seconded.** Board members worked with staff extensively on preparing the budget, which factors in the Board's previously determined objective of infrastructure improvement. The budget is based on a 6.2% rate increase. The increase amount equals 5% to bring the rate current and an annual increase of 1.2% for 2021, based on the consumer price index. Each year the rate will be reviewed by the Board to see if an adjustment is necessary. **The motion was amended to include the annual increase based on the consumer price index and for the new rate to become effective January 1st. Mike Kennedy seconded.** Members were invited to make comments at this time.

Joe Campbell – 7146 Brinkley Street: Mr. Campbell confirmed his water bill will reflect a 6.2% rate increase for January.

Carmen Reynolds – 9621 Sunnybrook Drive: Ms. Reynolds voiced her concerns regarding the increase given the current state of the economy and asked the Board to consider the members' ability to accommodate it. She also warned that a new vehicle purchase for the CEO may not be viewed as necessary at this time.

Communicating the rate increase to members was discussed next. A notice will be included on the December bills, which will go out mid-January. **Motion passed with Mark Miller and Grant Summers opposing.**

3. *SRC Wellfield Protection Area Land Development Code Change:* SRC commissioners approved to move the item forward during their last meeting and the Board now must determine how to proceed. Communications with state agencies in Tallahassee have been underway. **Mike Kennedy motioned to authorize Dallas to formulate a plan to continue fighting against the code change, and to engage with Will Dunaway and the other FRUS partners. Daryl Lynchard seconded.** Members Tom Beckman and Carmen Reynolds spoke at this time.

Tom Beckman – 2415 Knotty Pine Drive: Mr. Beckman noted how time sensitive this matter is and provided an update on the agencies working against the code change. An overview of the timeframe and the review process were also given.

Carmen Reynolds – 9621 Sunnybrook Drive: Ms. Reynolds described some of the potential negative effects of the code change if it were to pass. She also mentioned an online petition and a forthcoming website for citizens to get updates. She requested an update from the Board on their next course of action, as a detailed report is being prepared and it will be provided to Daryl in the morning.

Motion passed. Mike Kennedy then motioned to authorize the HNWS representatives for FRUS to work against the code change. Will Goulet seconded. Motion passed.

4. *2021 COLA (Cost of Living Adj):* A 1.3% COLA increase has been recommended. It was noted that no merit raises have been given this year. **Will Goulet motioned to approve a 1.3% COLA adjustment for the employees of HNWS. Mike Kennedy seconded. Will Amended his motion to include MESI and TCHC employees, including Cindy. The adjustment does not apply to Dallas. Motion passed.**

5. *HNWS & MESI Check Signers:* This item also applies to TCHC. **Will Goulet motioned to add Dallas Peavey to all accounts and the company credit card, to remove Daryl Lynchard and Will Goulet as check signers, and to add Mark Miller to any accounts that require an additional signer. Mike Kennedy seconded. Motion passed.**
6. *Proposed Commercial Impact Fee Usage Review Policy:* Impact fee usage is not currently being reviewed on a regular basis and a policy is required. The HNWS membership agreement includes a provision for the ability to review the usage and charge additional impact fees for overages. **Daryl Lynchard motioned that all commercial accounts will be reviewed on an annual basis, starting January 1st, 2022. Any accounts using 10% or more water on an annual average or maximum monthly basis (as appropriate) then they have reserved with impact fees, they will be contacted and given a varying period depending on overage, but not more than 12 months, to reduce their average monthly or maximum monthly usage to the amount reserved by their paid for impact fees. Should the commercial account not reduce their consumption, they will be charged additional impact fees based on their most recent annual average or maximum month usage (as appropriate). Any additional impact fees due in excess of \$1,000.00 may be financed, with board approval, for a period not to exceed two calendar years. The additional impact fees shall be added to the monthly bill. A report will be given to the Board of Directors annually of actions taken by staff. The first reporting period for this policy shall be the 2021 calendar year. Prior to July 1, 2021, staff shall provide a warning letter to all commercial customers regarding the enforcement of the policy beginning January 1, 2022 and shall provide a summary of the current water usage for the account and the implication to the customer of the enforcement of the policy. Mark Miller seconded.** Discussion ensued on how fees are calculated, impacts to businesses and how less usage will be handled. According to staff impact fees are typically calculated conservatively, and they do not feel that it would be an issue. The timeframe for noticing members and potential problems were also discussed. Member Bill Anderson spoke at this time.

Bill Anderson – 8175 Stillwater Cove: Mr. Anderson attended on behalf of the Emerald Coast Wildlife Refuge and encouraged the Board to remember non-profits when considering impact fees.

Further clarification on why the policy is required was given. Relief for staff, adherence to policies and consistency were some of the factors pointed out. This policy would also provide a financing option for additional impact fees that may be owed. Although the current user agreement allows HNWS to charge for additional usage, it does not include a provision for financing. **The motion passed.**

7. *ECWR Usage/Impact Fee Review:* Mr. Anderson again spoke on behalf of the Emerald Coast Wildlife Refuge, giving an overview of their year and how it relates to their water usage. \$7,916.73 of their \$10,000.00 impact fee has been paid and they would like to request relief on the remaining balance. ECWR believes their usage over the last year is less than anticipated. Staff members are concerned with setting a precedence by refunding impact fees although they understand this specific request would be an exception. **Will Goulet motioned to approve ECWR's request to consider the impact fees they have already paid as paid in full, per the agreement they previously made. Mark Miller seconded.** Mr. Anderson was reminded that when the usage is reviewed, anyone who has an overage will be charged additional impact fees (per the new impact fee usage review policy just passed). Discussion continued. Member Carol Anderson spoke at this time.

Carol Anderson – 8175 Stillwater Cove: Ms. Anderson is the previous Executive Director of ECWR. She elaborated on their usage over the last year, which she believes is more than they would typically use. She attributed the increased usage to the storm and hosting several community events prior to the pandemic.

Will clarified his motion include considering the impact fees they have paid as paid in full, based on the 3.5 ERUs they use, and have it noted on their account. Mark Miller seconded. Motion passed.

8. *CEO Vehicle Purchase:* This item will be discussed later, as the related information had not been received.

Personnel

Will informed staff of an upcoming Zoom meeting with Landrum, the human resources company for HNWS. He also recommended Mike Kennedy for the personnel committee next year.

Golf Committee

None.

The Club at Hidden Creek

1. *2020 Financial Statements:* Cindy Callen reported the financials for November. Course revenue was \$165,794.00 with expenses of \$172,496.00. This left a course operating income of \$-6,701.00 before depreciation. Although there were significant professional fees, it was a favorable month financially. Who should be responsible for the legal fees related to the sale of TCHC, if it should be HNWS or TCHC, was discussed next. Cindy also updated the Board on both virus relief and insurance claims from the hurricane. **Mike Kennedy motioned to approve the November 2020 financial statements as presented. Will Goulet seconded. Motion passed unanimously.**

2. *TCHC Sale/Document Update:* The process is moving forward according to the timeline and three packets have been given out.

Engineering

1. *Monthly Operations Report:* The November monthly reports were given to the Board. Phil added that the Eglin RIBS project is underway and their first official status meeting was held. I & I was also discussed.

Public Forum


Carmen Reynolds – 9621 Sunnybrook Drive: Ms. Reynolds has been working with Will on increasing fire protection. They met with Fire Chief Ron Norton and discussed the issue. How homes are developed and the impact on fire protection costs, possible grant funds and how other areas mitigate risk were items discussed. Will provided the fire chief's contact and other related information to staff.

Will Goulet motioned to adjourn. Mike Kennedy seconded. Motion passed.

Action Items

1. Staff will include rate increase language on the December bills that go out mid-January.
2. Dallas was tasked with formulating a plan to fight against the SRC wellfield land development code change. The HNWS representatives for Fairpoint were also authorized to continue addressing the item amongst the FRUS Board. Carmen Reynolds requested an update once the HNWS Board decides how to proceed.

Meeting adjourned 8:45 P.M.



Bill Thiel, Secretary/Treasurer