

Holley-Navarre Water System, Inc.
Regular Board Meeting Minutes
February 18th, 2020

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

Approval of Minutes & Transcripts

Mike Kennedy motioned to approve the minutes and transcripts from the 12/17/2019 regular meeting, the 01/23/2020 special meeting and the 01/28/2020 special personnel meeting. Will Goulet seconded. It was pointed out that no transcript had been provided for the 01/28 personnel meeting. There was not a court reporter present during the meeting and the Secretary/Treasurer took minutes. A board policy from 2010 requiring a court reporter at all meetings was brought up and **the motion was amended to approve all minutes except the 01/28/2020 meeting minutes and have the meeting transcribed. All other meeting minutes are approved as presented.** **Will Goulet seconded. Motion passed unanimously.**

Membership Certificates

Will Goulet motioned to approve the memberships for January as presented, of which were 269 new, 248 cancelled and 2 transfers. Mike Kennedy seconded. Motion passed unanimously.

Administrative

1. *Finance – Review of 2019 YTD Unaudited Financial Statements:* **Mike Kennedy motioned to approve the 2019 YTD unaudited financial statements as presented. Will Goulet seconded. Motion passed unanimously.**
2. *CEO Position Workshop:* A workshop was suggested to develop the requirements for the CEO position. Discussion ensued on the current CEO job description, forming a committee, and if a noticed meeting would be required. Will Goulet will head the committee, with Kevin Lanier and Mike Kennedy also serving. The workshop will not be open to the public since the committee consists of less than four directors. Will Goulet will email the Board with a tentative date to meet. The committee recommendations will then be brought back to the Board. New directors James Dabney and Grant Summers were provided with the current CEO job description. **Will Goulet motioned to form a committee, consisting of himself, Kevin Lanier and Mike Kennedy to discuss the CEO position. Mike Kennedy seconded. Motion passed unanimously.**

3. *BOD Member Emails:* A process for how emails sent to the Board are handled and who would respond needed to be determined. **Kevin Lanier motioned to approve discussing the emails as a Board through email, then having a point person respond. James Dabney seconded. Daryl volunteered to be the point person and Kevin included that in the motion. James again seconded.** Staff has been working to have the emails go directly to the Board and getting them the prior emails, they have not yet received. Staff confirmed the old emails can be sent all at once and members were made aware that some may have slipped through the cracks. **Motion passed unanimously.**

4. *Addition to the Personnel Committee:* **Mike Kennedy motioned to add Kevin Lanier to the personnel committee. Kevin Lanier seconded. Kevin included to also add Mike Kennedy. James seconded.** Daryl announced that members can give statements if they wish before the Board votes on specific agenda items. **Motion passed unanimously.**

5. *Eglin MOA Update:* A recent meeting was held in Tallahassee, consisting of representatives from the parties involved (the County, City of Gulf Breeze, HNWS, etc.) and Daryl provided an update. The County wants to change the current agreement to a three-party agreement between them, HNWS and Gulf Breeze. The change will allow for \$10 million in project funding. An email from the County with their requested changes was received just before the meeting. The Board discussed having a closed-door meeting to address the changes with attorney Will Dunaway, the outside counsel hired to help complete the agreement. All other meetings related to the Eglin MOA have been closed-door to maintain a competitive advantage and other board members would like more information. **Kevin Lanier motioned to table the item. Fred Terasa seconded.** The County has requested an answer by noon on Thursday, in order to vote on it next week. The Board decided to have Will Dunaway review the agreement then discuss his summary and suggestions together as a Board. Phil Phillips will let the Board know when he receives a response from Will, as he's already been provided with the updates. Phil also reminded the Board that this is time sensitive, it is not our place to decide how many parties are involved. He also gave a brief explanation of how the funds may be used to offset costs. It was reiterated that this item will be on the County's meeting agenda until noon on Thursday. **Kevin Lanier motioned to table this item until Thursday morning for a BAWM, pending Will Dunaway's review. Mike Kennedy seconded. Fred added that he would prefer to meet in person. Motion passed unanimously.**

6. *Board Visioning Workshop:* The Board needs to schedule a workshop to set its goals and initiatives for the year. Fred Terasa is asked to lead the workshop, as he did last year. The workshop was scheduled for next Tuesday, the 25th at 6:00pm. Fred requested

documentation from last year from the prior CEO's office. The meeting will be noticed on the website as well.

7. *FRUS/Gulf Breeze Surcharge:* A brief overview was provided on the \$.03 surcharge that applies to Gulf Breeze. It needs to be discussed between Fairpoint members in order to decide how to proceed. **Kevin Lanier motioned to table this item until next month's board meeting. Fred Terasa seconded. Motion passed unanimously.**

8. *Company Vehicle Sale:* The Board discussed how vehicles were sold in the past. Current policy is to get a bid for the trade-in value and use it as a minimum bid to auction off the vehicle. Staff has obtained the trade-in value of \$11,900.00 on the applicable vehicle, a Chevy Tahoe. A notice of sale was not advertised, it was only listed on the meeting agenda. **Fred Terasa motioned to table the vehicle sale until next month's meeting.** Staff confirmed the trade-in value received last November is still in line with the current value. The Board decided to include a 2008 GMC van with a blown engine to the sale. **Fred motioned to table the sale of both vehicles until next month's meeting and have it advertised two weeks out, or how it is normally done prior to meeting. Kevin Lanier seconded. Motion passed unanimously.**

9. *Omnicommander Marketing Services:* The Board discussed how to proceed with Omnicommander, the marketing company currently on retainer. The current contract exceeds the \$25,000.00 spending limit and additional funds have been paid. They were to handle social media such as Facebook, YouTube and Instagram for a monthly cost of \$3,500.00. **Will Goulet motioned to stop retaining Omnicommander.** There is a 9-month contract that legal counsel will review for a termination clause. **James Dabney seconded.** Staff has already forwarded the contract to Keith for his review. **James amended Will's motion, adding that based on Keith's legal opinion, if there is a clause that says we can get out without a penalty, that we drop them.** It was reiterated that improving HNWS's public image was previously identified as a goal of the Board. The policy requiring board approval for expenditures over \$25,000.00, whether it was included in the budget and how much has been spent thus far was also discussed. The receipts were sent to the Board, but Will Goulet will send them to Mike Kennedy, as he did not receive them. The prior CEO was then brought up with it being stated that he will not be discussed during tonight's meeting. Staff gave an update on what Omnicommander has posted on social media, which so far has been approximately four or five posts. At this time, member TJ Goulet spoke on the matter.

TJ Goulet: Mr. Goulet gave an overview of his experience and what his business's contracts entail. He's had several contracts with HNWS and the golf course that all required board approval. He feels that the Board gave unlimited power to the CEO. He

also questioned some of the items listed in the budget. He suggested looking at who is running the company during the board's visioning workshop.

The pending motion was repeated, to terminate the services of Omnicommander subject to legal review. Motion passed unanimously. Keith was directed to review the contract prior to March's billing, and he was given the authority to terminate their services if that is his recommendation.

10. *Company Vehicle Purchase:* Five new vehicles are included in the budget for this year. Bids have been received on two 2WD 2019 model year vehicles and three 2020s, all new. Brandon Ford in Tampa has been recommended. **James Dabney motioned for further discussion.** The possibility of shopping locally was brought up, with it being confirmed that bids were obtained from local dealerships and the vehicles can be serviced locally. **Fred Terasa motioned to accept the bids from Brandon Ford for \$140,550.00. Kevin Lanier seconded. James requested to add that pending transportation charges not to exceed \$2,500.00 and confirmed all vehicles come with warranties. Motion passed unanimously.** Identifying vehicle needs in September of each year, to purchase in October/November, was suggested to take advantage of year end savings. Adjusting the budget or skipping a year are options available to accommodate the suggestion.

11. *2020 Gulf Power Symposium:* The symposium is in the same location as last year and board members found it informative. **Will Goulet motioned to approve the board members or managerial staff that would like to attend. James Dabney seconded.** The location is Destin, so only registration fees apply. Anyone interested will email the President and copy Barbara. **Motion passed unanimously.**

Personnel

1. *Organizational Chart:* Will Goulet met with staff and has made a new organization chart he'd like to present for approval. The inclusion of a former employee who was terminated was brought up and a closed personnel meeting was suggested to discuss the changes. Why the organizational chart was changed, who directed the change and whether it is the acting CEO's responsibility was discussed. Daryl confirmed he is the Board President and current acting CEO. He was questioned as why he didn't provide the Board with the item's backup prior to the meeting. Mike Kennedy requested to have it on the record that he has no information about the changes or received data on how it is going to affect the budget. **Fred began a motion but will stated that a current motion is on the floor, to approve the organizational chart as presented.** The changes made were then discussed. The Customer Service Supervisor position was eliminated, Torin was placed level with management, Danny Hawkins along with Sewer Operations was separated from electrical. Individuals being listed on the chart that are not currently employed was brought up again.

Other board members expressed an interest in being involved. **Will again stated a motion and second are on the floor and requested a vote.** Member Mark Miller spoke at this time.

Mark Miller: Mr. Miller recalled two years ago when he was on the Board, when several board members privately worked on an organizational chart and promoted/demoted employees and changed pay scales. He advised against micromanaging the operations of the company as it lowered employee morale and caused a division within the company. He suggested including it as part of the board's visioning workshop. Will confirmed he spoke with staff and the only significant change is moving Danny Hawkins back to Sewer Operations Manager and putting his staff back under him. An amendment was suggested, to remove the name on the Wastewater Pump Truck/Building Maintenance position because that person does not currently work at HNWS and it needs to be discussed in a personnel meeting. The manner in which the organizational chart and potential costs were also brought up. **The motion and second was brought back up, with it being decided that Grant provided the second.** Member TJ Goulet again spoke.

TJ Goulet: Mr. Goulet agreed that personnel matters such as this should be discussed behind closed doors. He stated that the former CEO made changes without board approval and suggested a private meeting to discuss it or letting Daryl make the decision.

Will Goulet rescinded his motion and motioned to revert back to the original board approved organizational chart, make changes to the names that aren't here anymore and have been acquired since then. James Dabney seconded. Mark Miller was asked if he was part of the prior organizational chart and he confirmed he had no part in it. He felt the structure worked, but it might be beneficial to do a little more research before changing it. **James seconded the motion and added that if the employees are no longer here, it will be left up to the CEO to fill the position. Fred recommended the new personnel committee work it out and bring it back to the Board. James Dabney rescinds his second. Motion dies.**

2. *Employee Merit Pay Increases:* The policy regarding employee merit increases for attaining education or licensing requirements was discussed briefly before **Will Goulet motioned to go into private session to discuss personnel items two and three. James Dabney seconded. Motion passed unanimously.**

The meeting went into Executive Session until Approximately 8:15 P.M.

Golf Committee

None.

The Club at Hidden Creek

1. *2019 Financial Statements:* Cindy Callen reported the 2019 YTD numbers. There was \$1,940,797.00 in course revenue with expenses of \$1,597,496.00, leaving an operating income of \$343,301.00. Cindy was congratulated for achieving a successful year. She also went over the improvements that were made throughout the year from their capital funds. **Kevin Lanier motioned to approve the financial statements as presented. Fred Terasa seconded. Motion passed unanimously.**

Engineering

1. *Monthly Operations Report:* The Board was provided with the various monthly operations reports and Phil added that I & I has not been an issue, even with the recent rain.

Public Forum

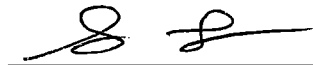
1. *Donald Butler – 2700 River Run Road:* Mr. Butler is returning to discuss obtaining a sewer tap for his RV storage facility with a dump station. He has provided the applicable information and discussed it with the prior CEO and the system engineer but has not received a response. Staff attempted to explain the current state requirement of only allowing HNWS to take domestic wastewater. The different types of wastewater and a comparison to a local RV park were discussed. Staff recommended having the Board make the requirements known if this is going to be allowed, so everyone knows, and similar situations can be handled the same way. Chris elaborated on the state requirements that would have to be met. The Wastewater Treatment Plant Operations Manager is directed to get the flow numbers from Mr. Butler and contact DEP to find out the initial cost for permitting and ongoing costs for the system. Once the cost is known, Mr. Butler can be given the information. The same cost calculations are going to be passed to any other similar businesses. Mr. Butler provided Chris with his numbers, who was given ten business days to obtain the necessary information. Mr. Butler agreed.

Action Items

1. The 01/28/2020 special personnel meeting will be transcribed and submitted for approval at the March meeting.
2. Phil will let the Board know when he receives a response from Will Dunaway on the Eglin MOA. Pending Will's review, a BAWM may be required on Thursday.

3. A Board visioning workshop will be held on 02/25/2020 at 6:00pm. Fred will facilitate the workshop and last year's workshop documents will try to be located from the prior CEO's office.
4. The FRUS/Gulf Breeze surcharge item will be added to next month's meeting agenda.
5. The sale of two company vehicles will be added to next month's agenda. The sale will be advertised two weeks out, or however long it normally is prior to the meeting.
6. Keith will review the Omnicommander contract prior to March's billing and if possible, terminate their services.
7. Chris Legg will obtain the necessary permitting/cost information for member Donald Butler's sewer tap request within 10 business days.

Meeting adjourned 8:40 P.M.



Grant Summers, Secretary/Treasurer