

Holley-Navarre Water System, Inc.

Executive Session Meeting Minutes

January 25, 2021

CONFIDENTIAL

Mike Kennedy, Board President, called the meeting to order at 8:00 A.M. The following Board of Directors were present: Mike Kennedy, Mark Miller and Fred Terasa, Joe Campbell and Bill Thiel. Director James Dabney was absent. Also present was Donna Lupola. The Board of Directors met in executive session to discuss the vision of the board going forward.

Mike Started off by welcoming Joe Campbell and Bill Thiel on the board.

Mike stated that our mission statement is "Being a premier Water and Wastewater utility company dedicated to helping customers".

Mike asked the board to be thinking how we can be a beacon of unity, leadership and look into the future.

We have a new CEO that is experienced, in where he is going to help us go as a company and we need to give him the guidance on where he needs to take us.

In the coming weeks, we will provide a tour to all facilities for all the board members. Dallas included touring the Eglin project.

Mike and Dallas is exploring options for Board Development/Certifications, to get better as a board.

Would like to set up some strategy meetings. Where are we going?

Organization Philosophy – Obviously, we focus on water and wastewater services. We work for our members and we should be physically responsible and plan for the future. As board members, we are responsible for providing the CEO with the direction and through this strategic planning and policies and very importantly the CEO is responsible for the day-to-day operations. Our employees are what makes this company exceptional. The board is dedicated to supporting the CEO and the CEO is the one responsible for keeping the employees and hold them at the highest standards, professional, training make a great product.

The board was handed a Board of Directors roles and responsibilities to go over. This is to help everyone stay on the same page. We will expand on it further later.

Expectations – Mike expects the board to communicate with the CEO a lot. Communication is important. We listen to the members, we make the policies, the CEO enacts the policies, the employees deliver the policies and hopefully we get a community with exceptional water and wastewater services.

What board members do not do – We do not get involved with the day-to-day operations. We do not give staff direction. If you need anything, go to Dallas and Dallas will direct them. Discussion on when an employee should feel free to go to a board member to talk freely to express concerns. Dallas believes that if an employees has an issue specifically with him, they should be able to go to the president to address. Certain employees may have to contact board members in the course of business matters. Board members should not be taking calls to address issues, they should be directed to the CEO.

Understanding the Financials – understanding the Capital improvement projects, understanding Eglin reuse program.

Key Concepts – What are impact fees? Why do we have impact fees? How are the impact fees spent? There is a 30/70 split, which brings us to what is a restricted and unrestricted fund.

The business segments are MESI, TCHC and HNWS. They each have their own financial statements.

Pension Fund – In 2005 the board to decided to create a Pension for its employees. Currently to be fully funded will take \$18mil, we are only at \$9mil. We have an investment strategy for this, but this is an issue that you need to be aware of. It is in the budget and its covered, but is an obligation we cant get out of.

Fred apologized but he should have done this earlier. **Fred makes a motion to reaffirm Mike Kennedy as President board. Joe Campbell seconded. Motion passed unanimously.** This will also be done again at the next open meeting.

Fred made a comment that what he is missing from the board perspective is the true understanding of our fiduciary responsibility. The president is asking us to step up our game. Look at the employees, they set the example for us. They dress properly, they were their PPE, their safety gear. They are doing the job the right way. They set the bar that we need to rise up to. He would like to see the board take the next step, look like a board, act like aboard, be a board that will make some very fundamental important decision.

Dress code – Mike suggests business casual. Nice shirt and khakis, maybe a sports goat. This will not be mandated but we need to set the tone. Dallas suggested similar for the employees.

Election of officers – The president will be reaffirmed again at the next open meeting.
Vice-President – Would like the VP to be the successor in the coming year but ask for ideas.
Replace Secretary/Treasurer

Grant Summers resignation – The By-laws state that the board can appoint a replace for the remainder of the term. Mike is open for ideas but thinking a vetting committee where we define what we need that will benefit this organization for a year.

Will not be assigning committees in this meeting. We would like to redesign some suff.

Bill inquired on the closed meetings. What are the boundaries on the Florida Sunshine Law. Mark advised we are not exposed to sunshine law. We are a private not-for-profit company. However, the board did set a resolution that we only try to make motions in close session related to personnel legal or confidential related business.

Mark discussed the agenda process in that everyone will have the opportunity to add agenda items. Mike stated that he may not allow last minute agenda items unless its important business that can't wait.

Dallas provided an update on TCHC Sale – [REDACTED]

Dallas addressed the issue with the liquor license. [REDACTED]

Fred made a motion to direct the CEO to pursue any and all opportunities regarding TCHC, our asset, in the best interest of the company. Joe seconded. Motion was held to be addressed at the next open meeting.

Meeting Adjourned 8:54 A.M.

William E. Thiel

Bill Thiel, Secretary/Treasurer