

## Holley-Navarre Water System, Inc.

### Regular Board Meeting Minutes

April 20<sup>th</sup>, 2021

Mike Kennedy, Board President, called the meeting to order at 6:00 P.M. The following Board of Directors were present: Mike Kennedy, Mark Miller (initially attended by conference call), Fred Terasa, Joe Campbell, Bill Thiel and James Dabney. Also present were Dallas Peavey, Melissa Miller, Jason Montgomery, Grant Summers, Chris Legg, Mark Turner, Clinton Wells, Chris Bond, Phil Phillips, Will Dunaway, Kristen McAllister, Ted Kirchharr, and Deborah Kharuf (stenographer).

The meeting began with legal counsel verifying that Director Mark Miller could hear and be heard while on conference call.

#### Approval of Minutes & Transcripts

Bill Thiel motioned to approve the 03/16/2021 pre-board update minutes, the minutes and transcripts from the 03/16/2021 regular monthly board meeting, and the 03/25/2021 special meeting minutes (regular and redacted versions). Fred Terasa seconded. Motion passed unanimously.

#### Approval of Membership Certificates

Fred Terasa motioned to approve the memberships for March 2021 as presented. There were 338 new memberships, 300 cancelled, and 3 transfers. Bill Thiel seconded. Motion passed unanimously.

#### Unfinished Business

1. After-Hours Turn On Fee Adjustment: Staff updated the Board on the recently implemented after-hours turn on fee increase. It was discussed during March's board meeting and this item is for informational purposes only.

#### New Business

1. Finance – Review of March 2021 Financials: Staff presented the March 2021 financial reports for review. Staff previously met with Finance Committee Chair Bill Thiel and reviewed the financial statements. Joe Campbell motioned to approve the March 2021 financial reports as presented. Bill Thiel seconded. Motion passed unanimously.
2. 2020 Consolidated Financial Audit Presentation: Kristen McAllister with Warren Averett presented the HNWS, MESI and TCHC 2020 audited financial statements. The audit resulted in an unmodified opinion, which is the highest level possible. The numbers for assets and liabilities, and other findings were provided. Kristen also assisted in a recent

board member training class. **Fred Terasa motioned to approve the 2020 consolidated audited financial statements as presented. Bill Thiel seconded. Motion passed unanimously.** Employees were thanked for contributing to the favorable audit results.

3. **Rotary Club Donation:** Ted Kirchharr from The Rotary Foundation was in attendance and presented the Board with certificates from a recent board member training class. The training was a full day, and it was the third annual planning session the Board participated in. The Rotary Club, Warren Averett, legal counsel, and staff assisted in the training. In lieu of a payment for the training, HNWS donated to HANWASH, a foundation that helps provide clean water to the citizens of Haiti. A check was presented to organization representatives and photos were taken.
4. **Board Member Training Certification:** Included with item #3 (above).
5. **Water & Sewer Provision Policy:** Staff presented a brief overview of the new policy. The proper uses of potable/non-potable water, sewer connections and who can request them are some of the items included within. The policy will help staff make consistent decisions when handling unusual requests. The Board suggested adding that when an exception to standard policy is made, that it is properly documented in writing. **Joe Campbell motioned to approve the policy as written, with the additional verbiage regarding written documentation included. Fred Terasa seconded. Motion passed unanimously.**
6. **Organizational Structure Updates:** Additional positions and staff changes have been made to meet the needs of the organization. The changes have been made in accordance with the approved budget. This is an update for informational purposes only.
7. **Finance Committee Updates:** Director Thiel gave an update. A recent meeting was held, and it was determined that monthly meetings will not be necessary unless by exception. A brief overview of each sub-committee was given before each chair provided an update.

*Eglin Project:* No update was necessary.

*Capital Improvements:* The project is on schedule and there will be an upcoming meeting after bids are received.

*Bonds:* No update was necessary. The committee will meet once the financial needs of the organization are identified.

*Budget:* The financials have been reviewed and there is nothing unusual to report at this time.

### **The Club at Hidden Creek**

1. **Company Update:** Staff was tasked with looking into options for TCHC 's future and to present a recommendation based upon their findings. The basic options are to sell or maintain, which leads to secondary considerations such as whether to self-manage or hire a third-party management firm. Staff recommendation is to maintain TCHC due to current market conditions and to self-manage. Members who wished to speak on the item were invited to address the Board. The following members voiced their concerns over the recommendation, which were primarily related to a recent letter that was sent to monthly members, home values, membership rates, and the ability to golf. The members who spoke are listed below.

Reese Howle, 2500 Masters Blvd  
Duane Cowen, 3095 PGA Blvd  
Ed Burke, 2727 PGA Blvd  
Chuck Polhmann, 2956 PGA Blvd  
Undray Morris, 2750 PGA Blvd  
Greg Breitling, 2950 PGA Blvd  
Gail Bridges, 2822 Grand Bay Ct  
Roger Dickey, 2721 Beacon Ct  
William Goulet, 8168 Torres St  
Daniel Scruggs, 2310 Crescentwood Rd  
Paul Baczewski, 7092 Summit Dr  
Ron Holley, 6912 Leisure St

Members were reminded that a recent attempt to find potential buyers for the golf course was unsuccessful (minimum requirements were not met) and that the course will still be required to be used as a spray field to dispose of effluent. Discussion continued. Legal counsel confirmed that it is not a conflict of interest for a board member to be a member of TCHC. Budget impacts, making the correct business decision, and spray field requirements were topics included in the discussion. Fred Terasa also announced he was leaving the area and he would like to see golf experts running TCHC. Some board members feel that staff should have sought board approval prior to making the membership decision referenced in the letter that was sent. The need for better communication going forward was suggested. Members were encouraged to be patient while decisions are being made. **Joe Campbell made a motion based on staff's recommendation to maintain and self-manage the golf course until such time that criteria is met on an unsolicited**

**offer or it becomes more than what we would pay for it as a spray field. Bill Thiel seconded. Motion passed unanimously.**

- 2. Legal Restructuring:** Legal counsel was tasked with reviewing the current business structure and the results were presented, a restructuring plan including the required corrections. These items were discussed in the prior special meeting held earlier in the month. The articles of incorporation/bylaws were reviewed and Sunbiz requires correction to stay in compliance. Will's recommendation is the enactment and approval of an operating agreement for TCHC, as there is not one currently in place. He provided a copy of the suggested document. It calls for an appointed Board of Managers that consist of the HNWS CEO, TCHC GM, and a selected board member. Limiting the authority of the Board of Managers and spending limits were discussed, resulting in requested changes to the document. **Mark Miller motioned to adopt the operating agreement for TCHC, LLC with the requested changes, and to approve authorization by the Board President once the agreement is amended. Joe Campbell seconded. The amendments were again clarified, removing "without limitation" from the appropriate section, changing the Board of Managers' structure to two HNWS board members and the HNWS CEO, and to make the spending limit and asset-selling limit \$25,000.00.** Golf course members will not be included. Members were directed to the GM of the golf course with their concerns. Member Daryl Lynchard spoke at this time, stating there may be confusion regarding the role of the Board of Managers. Discussion continued. **Motion passed.**

**Joe Campbell motioned to appoint Joe Campbell and Bill Thiel to the Board of Managers. Mark Miller seconded.** Others expressed an interest in being on the committee. Will confirmed there is not a conflict of interest for a HNWS board member to be on the Board of Managers of TCHC, LLC. The option of having four managers was discussed with it being confirmed that there would only be three. **Motion passed with James Dabney opposing.**

Lastly, **Mark Miller motioned to have legal counsel update Sunbiz as appropriate. Fred Terasa seconded. Motion passed unanimously.**

Fellow board members and Member Rob Williamson thanked Fred Terasa for serving on the Board.

### **Engineering**

- 1. Monthly Operations Report:** The monthly reports for March were provided to the Board. Phil Phillips gave updates on an increase of I & I, receiving the 60% design plans for the Eglin project and a change regarding the property lease for an upcoming project.

It was officially announced that Fred Terasa was moving and will be resigning from the Board. This leaves two seats that will be open. Members were encouraged to contact Director Mark Miller if they are interested in serving. The seats are hoped to be filled during next month's meeting.

**Public Forum**

1. **Carmen Reynolds, 9621 Sunnybrook Drive:** Ms. Reynolds provided an update on the final stages of the land development code changes, the placement of a solar panel field, and spreading information on the potential effects of storms on the sewer system. She also commented on the donation to HANWASH. Ms. Reynolds was updated on the audio system for watching meetings and directed to contact the CEO with any future concerns.

It was also reiterated that we will still need the current reuse disposal options in place once the Eglin project is complete.

**Action Items:**

1. The verbiage regarding written documentation will be added to the Water and Sewer Provision Policy as requested.
2. Legal counsel will amend TCHC, LLC's operating agreement with the Board's recommended changes.

**Fred Terasa motioned to adjourn. Bill Thiel seconded. Motion passed.**

Meeting adjourned at 8:00 P.M.



Bill Thiel, Secretary/Treasurer