

Holley-Navarre Water System, Inc.

Regular Board Meeting Minutes

October 18, 2022

Board President Joe Campbell called the meeting to order at 6:00 P.M. The following Board of Directors were present: Joe Campbell, Mark Miller, Bill Thiel, Mike Kennedy, James Dabney, Daryl Lynchard, and Don Linnell. Also present were Will Dunaway Esq., Ty Campbell, Clinton Wells, Amber Bucholtz, Jarod Cross, Phil Phillips, and Emerald McDaniel.

Approval of Minutes and Transcripts:

Corrections for the September 20, 2022 regular meeting minutes and transcripts were requested. **Don Linnell moted to approve with corrections. Bill Thiel seconded. Motion passed unanimously.**

Approval of Membership Certificates

There were 298 new memberships, 275 cancelled, and 1 transferred for September 2022. **Don Linnell motioned to approve the September memberships. Bill Thiel seconded. Motion passed unanimously.**

Unfinished Business

Forensic Audit: Status of contacting four companies, responses from those companies, and adjusting the scope of audit was discussed. The six months of supporting documentation given to the Board of Directors, as requested, are still being reviewed and policies or procedures that may or may not have been followed was discussed at length. Director Lynchard requested the current finance staff not be part of the forensic audit. **Daryl Lynchard motioned to narrow the scope to be a forensic audit of internal controls, first six months of 2022, and from a third party. Don Linnell seconded. Motion passed unanimously.**

Carmen Reynolds, 9621 Sunnybrook Dr.: The Member stated the difference between an annual and forensic audit.

Kurt Cosby, 6839 Marble St.: The Member restated information regarding the forensic audit and noted that Director Dabney has information.

Organizational Resources – Employee Handbook: Staff presented legal reviewed draft, explained changes including removals, corrections per legal, adjustments, and additional Board requested nepotism, conflict of interest, PTO, complaint escalation, and termination process policies to replace the previously Board approved 2016 handbook. The board requested redlined version of the old to new handbook, and concerns were discussed. **Mark Miller motioned to table item until the following month. Daryl Lynchard seconded.** TCHC, MESI, and Board of Directors application of handbook was discussed briefly. Staff will send redline copy by following Monday.

Carmen Reynolds, 9621 Sunnybrook Dr.: The Member suggested establishing a policy for redlining edits and requested details of the Nepotism policy. President Campbell gave explanation and examples of the Nepotism policy. Comments of industry standards and HNWS historical instances were discussed.

Member Claims Process: Reimbursement Claim form and process was presented, legal reviewed, and explanation of need was discussed. Directors requested more room be provided for damage description and language added to ask claimant to attach additional pages if needed. **Daryl Lynchard motioned to approve with changes. Don Linnell seconded. Motion passed unanimously.**

CEO Hiring Committee: President Campbell reported progress of resume reviews, next meeting ranking, and plan to interview.

Carmen Reynolds, 9621 Sunnybrook Dr: The member stated it would have been helpful to allow a member to be on the committee, particularly herself to be inclusive.

New Business

CEO Update: President Campbell reported staff celebrated retired employee, new employees, Woodmont area project progress with upcoming letter to residents affected by trespassing signs and upcoming surveys, evaluation phase and current debris issues. The Eglin lease location and expectations, renovation supply chain issues with the electrical panel were discussed and announced the FBI and FDLE will be in the office for a cyber posture and threat briefs meeting.

Finance – Review of August 2022 Financials: Staff reported increased profit, drivers including increased taps, low water sales, and expenses including vehicle licenses, IT dues, vehicle repairs, and multiple month order of chlorine. Director Lynchard requested a detailed general ledger for merchant charges and charge tips for TCHC and inquired if HNWS is still writing checks to pay for TCHC. Previously approved Sprayfield expenses were discussed. **Don Linnell motioned to approve financials as presented. Don Linnell seconded. Motion passed with Daryl Lynchard opposing.**

Finance Committee Updates: Eglin committee did not have a meeting. **Mark Miller motioned change the finance committee chairs having Joe Campbell chair the Eglin committee and Daryl Lynchard chair the Budget committee. Don Linnell seconded for discussion.** Sunshine Law was discussed and naming the CEO instead of the Joe Campbell specifically. **Motion passed unanimously.** Capital Improvements committee reported nothing significant, unrestricted spending compared to the budget, and restricted spending compared to the budget. Also reported no projects were added or removed. Budget committee reported nothing significant to report.

Pension Plan/ 401K Trustees: Current trustees, Mike Kennedy and Bill Thiel were reported and adding a trustee to replace Director Kennedy was discussed. **Don Linnell motioned with removing Mike Kennedy, Bill Thiel will remain the only trustee at this time. Joe Campbell seconded. Motion passed with Bill Thiel abstaining.**

Board of Directors – Remote Attendance: Historical findings, previous board action, updated statute language, and proposed update to the BOD Remote Attendance was discussed. **Mark Miller motioned to approve with changes.** Changes were discussed in detail. **Mark Miller rescinded first motion and motioned to table until the next meeting. James Dabney seconded. Motion did not pass with Don Linnell, Bill Thiel, and Joe Campbell opposing.**

Document Retention Plan: President Campbell reported the policy creation process, legal reviewed, and need for approval. Document destruction, BOD application, Director Lynchard's collection of historical records, and requested changes were discussed. **Bill Thiel motioned to approve as written with correction. Joe Campbell seconded.** Legal Counsel clarified additional changes and requested they be included. **Bill Thiel amended motion to include additional changes. Joe Campbell seconded. Motion passed with Mark Miller and James Dabney opposing.**

Operations – Commercial Impact Fee Usage Review Policy: Historical BOD approval in 2020, findings during implementation and review of accounts, anticipated concerns of financing, and clarifications for Staff to carry out the policy was discussed and presented. Impact fees, scenarios, and expected implementation in March 2023 was discussed. Staff restated the options provided to commercial accounts during development and impact fees are a “reservation of capacity.”

Carmen Reynolds, 9621 Sunnybrook Dr: The Member referenced The Grey Tap Room's historical issues with impact fees and the previous BOD actions. President Campbell explained is avoiding using Member names.

Don Linnell motioned to approve implementation clarification of policy. Bill Thiel seconded. Motion passed unanimously.

Finance – Insurance Renewal: President Campbell explained the circumstances regarding annual insurance premium renewals, responses provided to previous agent, and following years renewal opportunities. Additional controls concerns were brought up regarding response letter received.

Engineering:

Engineering staff reported a FRUS Water Use Permit was issued, HNWS received what was requested with no impediments for current projected growth for 10 years. High levels of I&I, repairs evaluated, and water loss was discussed in detail. The FRUS agreements that need to be modified and approvals were discussed. President Campbell encouraged Directors and community involvement at the scheduled Board of County Commissioners Wellfield Protection Workshop.

Additional:

President Campbell announced Director Mike Kennedy officially resigned.

Director Lynchard made an additional request for the organizational chart including salaries to be sent to the BOD and requested Legal Counsel to answer if BOD do not have legal access to some documents, particularly regarding personnel documents.

Member Forum:

Kurt Cosby, 6839 Marble St: The Member stated he has not received a response to his September letter, stated the President silenced members at previous meetings, brought concerns of the election candidate process, concerns of management of entities, and irrelevant concerns of publications blocking members and a final request of an additional minute to the member forum time limit.

Carmen Reynolds, 9621 Sunnybrook Dr: The Member requested an additional minute to the member forum speaking time, concerns of Coral St. smell, cost of construction for expansion, remediation of previous CEO headhunter, and praise of elimination of disqualifications of potential board members, pursuit of forensic audit, and out of meeting votes. Director Miller addressed the contract of the previous CEO headhunter and extension of Members speaking was discussed briefly.

Kurt Cosby, 6839 Marble St: The Member stated the BOD is correct on discussion and asked the time limit to be on the agenda.

Carmen Reynolds, 9621 Sunnybrook Dr: The Member stated counting of previous meetings by the Secretary. Meetings and other items were briefly discussed.

Daryl Lynchard motioned to adjourn. James Dabney seconded ?. Motion passed unanimously.

Action Items:

1. Minutes and Transcripts corrections.
2. Staff will send redline copy of Employee Handbook by following Monday.
3. Remote Attendance Policy changes.
4. Member Claim Reimbursement Form changes.
5. Document Retention Plan changes.

Meeting adjourned at 7:44 P.M.



Bill Thiel, Secretary/Treasurer