

Holley Navarre Water System, Inc.
Regular Board Meeting Minutes
December 19, 2023

Mark Miller, Board President called the meeting to order at 6:02 P.M. The following Board of Directors were present: Mark Miller, Mike Matthews, Bill Thiel, Don Linnell, David Crumbley, and Daryl Lynchard. Also, present were Jeff Crigler, Will Dunaway, Esq., Barbara Carawan, Phil Phillips, Cory Snyder, Deborah Kharuf (stenographer) and Emerald McDaniel. Treasurer Joe Campbell was absent.

Approval of Minutes and Transcripts:

November 21, Regular Meeting Minutes and Transcripts and November 21, 2023, Closed Executive Session Minutes were presented for approval. Staff was asked to correct a member's address. **Daryl Lynchard made a motion to approve minutes and transcripts with corrections. Don Linnell seconded the motion. The motion passed unanimously. 6/0/0**

Approval of Membership Certificates

There were 210 new memberships, 208 cancelled, and one transferred for November 2023. **David Crumbley made a motion to approve the November memberships. Daryl Lynchard seconded the motion. The motion passed unanimously. 6/0/0**

Unfinished Business

None.

New Business

CEO Update: Staff reported on the following items:

- a. Staff announced Ryan Hicks has been nominated to be a part of the Santa Rosa County Leadership Program. **No action was taken.**
- b. Procurement Policy – Staff explained progress of updating the policy and will be presented for approval in February. **No action was taken.**

Finance - Review of October 2023 Financials: Staff reported expenses, revenue, accruals, and net income compared to budget. **Don Linnell made a motion to approve the October 2023 financials as presented. Mike Matthews seconded the motion. The motion passed unanimously. 6/0/0**

Committee Updates:

1. Finance:
 - a. The CIP Committee reported behind budget due to not ordering replacement trucks, and delayed projects such as SRC Regional Reuse Initiative and the Elevate Navarre Elevated Tank and booster station. **No action was taken.**
 - b. The Budget Committee reported the budget is on track with projections with increase to the interest income. **No action was taken.**
2. SR Regional Reuse Initiative representative announced the Phase 1A Groundbreaking Ceremony was well attended, and construction has started. Legal Counsel reported the acquisitions in progress as well as reaching out to the parcels that have not completed closing. **No action was taken.**

3. TCHC Management Board Manager reported October year to date income and expected decrease in November income due to seasonal patterns. Staff also presented the TCHC spray field costs compared to budget limits for fiscal year 2023. **No action was taken.**
4. FRUS Board representative reported the December meeting has been cancelled and the FRUS Board of Directors approved the 2024 budget in November. **No action was taken.**
5. MESI Board representative reported the 2024 budget and projected work was discussed in the scheduled meeting. **No action was taken.**

TCHC 2024 Proposed Budget: Staff presented The Club at Hidden Creek's 2024 proposed budget after making requested adjustments to modify the expense and revenue line items as well as break out the wages. **Don Linnell made a motion to approve the TCHC 2024 Proposed Budget as presented. Bill Thiel seconded the motion.** Adjustments to wages were discussed in detail regarding the seasonal positions and budgeting for fully staffed seasons. Staff explained the increase to spray field expenses based on actual 2023 costs and increases to utilities and maintenance costs at great length.

Harlan Hall, 7712 Manatee St.: The Member requested the profit for 2023 and how much TCHC has been subsidized in 2023. The TCHC spray field qualified expenses per the September 2022 motion and the 2023 budgeted amount was discussed. The Member recommended TCHC start paying back HNWS and inquired if any of the HNWS Board of Directors were drawing checks from TCHC.

Kurt Cosby, 6839 Marlin St.: The Member referenced the discussed budget numbers from the Budget Workshop and requested the specific adjustments made. Staff explained the expenses that were decreased, the revenues that were increased, and future charges.

Harlan Hall, 7712 Manatee St.: The Member noted that HNWS had license to spray on the TCHC course prior to the 2012 purchase and asked why we pay TCHC to spray effluent. Staff explained HNWS contributed capital in the past for expansion of the spray field, but HNWS does not pay to spray effluent. Previous years subsidized amounts, evaluated cost to run the spray field without the golf business, and spray field qualified expenses were discussed at great length.

Wes Siler, 2000 Costa Verde Ct.: The Member requested more information regarding the TCHC financials be made available to Members.

The motion passed unanimously. 6/0/0

MESI 2024 Proposed Budget: Staff presented the Municipal Engineering Services 2024 proposed budget and with no adjustments requested. **Daryl Lynchard made a motion to approve the MESI 2024 Proposed Budget as presented. Don Linnell seconded the motion. The motion passed unanimously. 6/0/0.**

Cost of Living Adjustment (COLA): Staff explained the HNWS 2024 Proposed Budget includes a 2% Cost of Living Adjustment (COLA) for HNWS employees effective January 1, 2024. **Daryl Lynchard made a motion to approve the 2% Cost of Living Adjustment for HNWS employees as presented. Don Linnell seconded the motion. The motion passed with David Crumbley opposing. 5/1/0**

HNWS 2024 Proposed Budget: Staff presented the Holley Navarre Water System 2024 proposed budget to include a 2% COLA for HNWS employees and a 4.5% rate increase to the Water and Sewer base tiered rates. Staff also explained the minor requested changes have been made since the Open Budget Workshop and detailed the rate increase drivers. Staff requested direction for which budget to use until the Annual Meeting of Members on January 16, 2024. **Don Linnell made a motion to approve the 2024 proposed budget with included COLA, 4.5% rate increase to Water and Sewer base rates and tiered rates, and CIP plan to be presented at the annual meeting of members for acceptance and direct staff to use the 2024 proposed budget for operations from January 1, 2024, until the budget is approved at the annual meeting of members on January 16, 2024 as presented. Bill Thiel seconded the motion.** The proposed Reserve Funding, CPI correlation, increased expenses, and aging system were discussed.

Carmen Reynolds, 9621 Sunnybrook Dr.: The Member requested more information regarding the rate increase, justification for increases in line items, cost savings measures, more frugality in spending, and information of end-of-year spend downs. The Member offered information on Hazard Mitigation Grants.

Wes Siler, 2000 Costa Verde Ct.: The Member noted the reports of budget on track but needing a rate increase is not acceptable. The increase in wages due to the Florida mandated increase to the minimum wage was discussed briefly.

The motion passed with David Crumbley and Daryl Lynchard opposing. 4/2/0

HNWS Reserve Funding Policy: Staff presented the HNWS Reserve Funding Policy as requested by the 2023 Board of Directors in case of natural disasters or extensive infrastructure failures. **Daryl Lynchard made a motion to establish a Reserve Funding amount in the operating account of 45 days which is currently \$1.59M and management bring any changes that need to be made to the Board for approval in December.** Staff explained the presented policy reflects a range of 45 days' operating expenses. **Daryl Lynchard amended his motion to approve the HNWS Reserve Funding Policy as presented. Mike Matthews seconded the amended motion.** The possibility the amount may need to change every year was discussed. Staff was asked to add an evaluation of the Reserve Fund to the annual budgeting process.

Kurt Cosby, 6839 Marlin St.: The Member requested the plan of action if the amount falls below.

The motion passed unanimously. 6/0/0

Septic to Sewer – Funding Discussion: Staff gave a presentation that detailed the requested items from Santa Rosa County relative to a funding application for a septic-to-sewer project grant. Staff briefly explained the state's requirement to connect, and the current process being followed. Staff explained the requested amount and options for discounts as possible recommendations.

The requested items include:

- a. Letters of availability and notification be sent to parcels in the project area upon completion.
- b. HNWS waive either all or some portion of the wastewater impact fee for Members that connect within the first year of the project being completed.

Legal Counsel noted Holley Navarre Water System has no authority to enforce the provision after

sending the notification letter. Staff was asked to look for additional clean water grants. The county's expectation of the Board's intention to cooperate was expressed. The Board Members expressed willingness to cooperate and agreed to respond to the County with intent. **No action was taken.**

Carmen Reynolds, 9621 Sunnybrook Dr.: The Member requested clarification on the sewer impact fee. The Member requested the project total be revised to include inflation and offered to send some clean water grant information to the CEO. Staff confirmed the project total is believed to include inflation.

Jerry Wickliffe, 2850 Cypress point Cir.: The Member explained is part of the Architectural Committee and current Holley by the Seas covenant requirement to connect to the sewer. Staff explained Homeland Security restrictions and the Health Department is supplied with the map quarterly. Staff asked the Member to send the address for availability of sewer. The Member also asked if the septic to sewer project total included booster pump stations. Staff confirmed they were included.

Engineering

Staff reported I&I decreased and water loss increased.

Member Forum

Bill Anderson, 3025 Cloptons Cir.: The Member he leaves the spickets closed as reflected with the minimum bill showing no usage throughout the year. The member received a large bill for November and found the water was turned on November 4, 2023, until December 16, 2023, when he turned the water off again. Member Services explained the Once in a Lifetime Adjustment only covers one billing cycle, so he requested the second bill be adjusted as well. **Daryl Lynchard made a motion to give the member, Bill Anderson at 3025 Clopton's Circle, a twelve (12) month average, excluding November and December as a once in a lifetime adjustment for November and December's bill.** Staff explained the member has alerts set up and is part of the Member Portal. **Bill Thiel seconded the motion. The motion passed unanimously. 6/0/0** The Member thanked the Member Service Staff for their help.

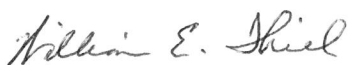
Legal Counsel requested the November minutes be corrected to reflect Will Dunaway instead of Will Stokes.

Daryl Lynchard made a motion to adjourn. The motion passed unanimously. 6/0/0

Action Items:

1. Staff was asked to look for additional clean water grants.
2. Staff was asked to add an evaluation of the Reserve Fund to the annual budgeting process.
3. Staff was asked to correct the November minutes to reflect Will Dunaway as present.

The meeting was adjourned at 7:43 P.M.



Bill Thiel, Secretary