

Holley Navarre Water System, Inc.
Regular Board Meeting Minutes
June 20, 2023

Mark Miller, Board President called the meeting to order at 6:00 P.M. The following Board of Directors were present: Mark Miller, Mike Matthews, Bill Thiel, Joe Campbell, Don Linnell, and Daryl Lynchard. Also present were Jeff Crigler, Will Dunaway Esq., Clinton Wells, Jarod Cross, Barbara Carawan, Phil Phillips, Cory Snyder, Deborah Kharuf (stenographer) and Emerald McDaniel. Director David Crumbley was absent.

Employee Recognition

Jeff Crigler, CEO announced the recognition of milestone anniversaries and a retirement for staff. Rebecca Dale and Donna Lupola were recognized for twenty (20) years of excellent service. Trudie Tolbert was thanked for twenty-three (23) years of excellent service and her retirement was announced.

Approval of Minutes and Transcripts:

May 16, 2023, Regular Meeting Minutes and Transcripts and May 22, 2023, BAWM were presented for approval. **Daryl Lynchard made a motion to approve minutes, transcripts, and BAWM. Bill Thiel seconded the motion. The motion passed unanimously. 6/0/0**

Approval of Membership Certificates

There were 360 new memberships, 326 cancelled, and one transferred for May 2023. **Bill Thiel made a motion to approve the May memberships. Daryl Lynchard seconded the motion. The motion passed unanimously. 6/0/0**

Unfinished Business

Commercial Impact Review: Staff reported remaining outstanding commercial accounts, outlined communications with the members, and amicably beneficial resolutions.

- a. Staff recommended updating the RV Park ERU calculations to reflect current standards for 8885 Navarre Pkwy – Emerald Beach Campground, 9201 Navarre Pkwy – TG Navarre Beach Campground, and 9807 Navarre Pkwy – Hideaway Retreat RV Park. Staff explained the RV Parks received discounts that decreased the value of the RV spaces when they paid their impact fees prior to 1990 that did not match the current value of 0.25 ERU/ space. Staff was asked to share the ERU calculations with Director Lynchard. **Bill Thiel made a motion to approve a one-time RV Park ERU update to 8885 Navarre Pkwy – Emerald Beach Campground, 9201 Navarre Pkwy – TG Navarre Beach Campground, and 9807 Navarre Pkwy – Hideaway Retreat RV Park respective accounts to reflect current ERU equivalency of 0.25 ERU's per RV space. Daryl Lynchard seconded the motion. The motion passed unanimously. 6/0/0**
- b. Staff outlined the options for Mr. Kenneth Walters' accounts 7634 Navarre Pkwy – Johnny Huston's, 8408 Racing Ln – Woodside Living, 8885 Navarre Pkwy - Emerald Beach Campground, and 7622 Navarre Pkwy – The Grey Taproom. Staff explained working with Mr. Walters' attorney, sharing historical documentation, and amicably beneficial options to bring Mr. Walters' accounts current. Staff explained some historical documentation did not outline the ERU's paid, and staff reasonably assumed the ERU's for the benefit of the member. Staff stated they would be willing to make a recommendation to transfer ERU's from

one account to the two other accounts that are in need if the member would agree and make a request to the Board of Directors based on limitations of the Impact Fee Policy.

Kenneth and Huston Walters, four respective accounts: The Member spoke about each account in detail of when he paid ERU's, built, renovated, and/or acquired the property, and at what amount he assumed the ERU's were paid. The Member shared frustration at the lack of historical documentation and stated that some of the building plans changed in the middle of construction for some of his accounts. The member expressed willingness to cooperate if staff met his requests of:

1. Crediting six (6) ERU's for 8408 Racing Ln – Woodside Living
2. Crediting fifty (50) taps from 8885 Navarre Pkwy - Emerald Beach Campground to 7634 Navarre Pkwy – Johnny Huston's.

Harlan Hall, 7712 Manatee St.: The Member made a recommendation of tabling the item.

Legal Counsel reiterated the assumed ERU's were in benefit of the member, detailed other options available to the member if that was unacceptable, and confirmed all documentation has been shared with Mr. Walters' attorney. Staff was asked to re-review the historical documentation and share the original paid ERU's for each account of Mr. Walters. **President Miller tabled the item until July.**

HNWS Insurance Renewals: Agent of Record Mr. Jim Grace presented the HNWS 23-24 proposal of coverage for Comprehensive General Liability, Inland Marine, Business Automobile, Wrongful Acts, Professional, Commercial Property with B&M, Commercial Crime, Commercial Excess, Employment Practices, and Cyber Security for the amount of \$245,201.47 for the policy term 7/1/2023 - 7/1/2024. Staff announced a tracking process of policy coverages has been implemented and recommended the proposal for approval. Staff was asked to review self-insuring possibilities and share a financial analysis. **Daryl Lynchard made a motion to approve HNWS Insurance Coverages in the amount of \$245,201.47 for the term of 7/1/23-7/1/24 as presented. Joe Campbell seconded the motion. The motion passed unanimously. 6/0/0.**

TCHC Insurance Renewals: Jeff Crigler, CEO explained the proposals were reviewed at the TCHC management meeting and authorized to be presented to the HNWS BOD per the Operating Agreement and Purchasing Policy. Agent of Record Mr. Jim Grace presented the TCHC 23-24 proposal of coverage for a Wind Policy, WRAP which includes Crime, D&O, and Employment Practices, and Cyber Liability for the amount of \$58,994.23 for the policy term of June 2023- June 2024. Staff was asked to review self-insuring possibilities for wind coverage. **Joe Campbell made a motion to approve TCHC Insurance Coverages in the amount of \$58,994.23 for the term of June 2023- June 2024 as presented. Don Linnell seconded the motion. The motion passed unanimously. 6/0/0**

Administration – Cleaning Contract Award: Staff presented three proposals for cleaning contracts to include the square footage of the addition and recommended the lowest bidder at \$26,880 annually, which is the current service provider under a new name. **Bill Thiel made a motion to award staff recommended Andreea Brooks the cleaning contract at \$26,880 annually as presented. Mike Matthews seconded the motion. The motion passed unanimously. 6/0/0**

SRC Reuse, Eglin – Escrow for Property Acquisition: Staff outlined the next steps for the property acquisition within the Eglin project which includes depositing the escrow amount of the fair appraisal values of the easements. The amount of \$119,400.00 was made available by Board of Director vote on May 17, 2022, and staff is requesting authorization for Jeff Crigler, CEO to make a deposit in that amount to Santa Rosa County. **Bill Thiel made a motion to authorize HNWS' CEO to make an escrow deposit payment of \$119,400.00 to Santa Rosa County. Daryl Lynchard seconded the motion. The motion passed unanimously. 6/0/0**

New Business

CEO Update: Staff reported on the following items:

- a. Forensic Audit – Staff reported progress, staff interviews scheduled, and current timeline until completion is still 30-45 days. **No action taken.**
- b. Website Update – Staff presented updates to HNWS website to be more user friendly that is included within the contract renewal. No concerns noted. **No action taken.**
- c. Elevated Tank Bid – Staff outlined bid process for the elevated tank at Elevate Navarre to open in July and stated the booster pump will be bid separately at a later time. **No action taken.**
- d. Storm events – Staff reported the operations staff responded well and timely to the loss of power at a lift station, water main, and force main breaks due to lightning strikes the previous Thursday. **No action taken.**

Finance - Review of April 2023 Financials: Staff presented the financial documents that report a net loss with the revenue increased and expenses decreased. Staff reported the drivers to be the 401k first quarter match and the pension contribution. **Don Linnell made a motion to approve the April financials as presented. Daryl Lynchard seconded the motion. The motion passed unanimously. 6/0/0**

Committee Updates:

1. Finance: Treasurer reported revised amounts were given by the actuary and asked the pension trustees to review the numbers. Staff was asked about funding the DOT HWY 98 widening project since the line item is zeroed currently. Staff offered to provide an updated order of magnitude and detailed cost estimate.
 - a. The CIP Committee did not meet.
 - b. The Budget Committee reported the budget shows on track with most line items at 33% and the additional pension payment is in the budget, but discretionary.
2. SRC Reuse Project – Eglin representative reported started the bid process for Phase 1A, received one bid to open and will need to convene in a special meeting to discuss awarding the bid. All requirements were reported to be on track with timeline.
3. TCHC Management Board Manager reported presented the budget review with increased revenues, expenses on track with projections. TCHC Manager reported working on a Banquet Room renovation to include painting and flooring updates and options include in house labor. Erosion spots around the pond and creating an erosion plan was also briefly discussed.
4. FRUS Board representative reported the revised Member Agreements will be coming to HNWS BOD in July.
5. MESI Board does not have anything to report.

Operations – E35 Mini Excavator Purchase: Staff presented four (4) bids to replace current excavator purchased in 2011. Staff noted the new purchase was approved in the 2023 CIP budget under equipment. **Joe Campbell made a motion to approve the purchase of the staff recommended Kubota US35-4R1 for \$47,322.45. Daryl Lynchard seconded the motion for discussion.** Staff was asked if the old equipment will be trading in the current model. Staff explained will come to Board approval to auction the equipment when ready, per the disposal policy. **The motion passed unanimously. 6/0/0**

HNWS By-Laws: Staff reported the item at the request of a Board Member to discuss the HNWS By-Laws, Article XI, Section 1 and how it balances with our current policies and procedures. Legal Counsel, staff, and the Board of Directors discussed current procedures compared to the clear language of the by-laws and the conflicts with the county code if staff followed the language exactly. Staff following industry standard, consequences, and liability were discussed robustly. Staff reiterated when the by-laws were created, HNWS only provided water service. Legal Counsel was asked to review the feasibility of updating the By-Laws. **Joe Campbell made a motion to create a By-Law Review Committee to include all HNWS Board Members. Daryl Lynchard seconded the motion. The motion passed unanimously. 6/0/0** A noticed, open, Board of Director By-Law Review Workshop will be scheduled.

Harlan Hall, 7712 Manatee St.: The Member requested the Board Members add the by-law review committee to the agenda and noted important highlights of updating by-laws.

Tampering Policy: Staff reported the item at the request of a Board member to discuss the current policy fines and procedures. An account of tampering issues in 2022, differences of tampering, and details for possible criminal prosecution was discussed at great length. Clarifying policy language to simplify for staff was recommended. Joe Campbell made a motion to tighten control and move forward. Daryl Lynchard seconded the motion. **Joe Campbell and Daryl Lynchard rescinded their motion and second. Bill Thiel made a motion to remove “could result in criminal prosecution” from the policy and replace with “shall be reported to proper law enforcement authorities.” Daryl Lynchard seconded the motion. The motion passed unanimously. 6/0/0**

Engineering

Staff reported higher I&I.

Additional

Daryl Lynchard made a motion to add an insurance renewal tracking calendar to the regular meeting packet. Mike Matthews seconded the motion. The motion passed unanimously. 6/0/0

Member Forum

Harlan Hall, 7712 Manatee St.: The Member stated he was requested by a Holley by The Sea member to request information regarding fluoridation in HNWS water. Staff explained no fluoridation is added to the water and information can be found on the Annual Water Quality Report. The Member also requested clarification on discounted rates at The Club at Hidden Creek to any of the HNWS Board of Directors. Discounts were explained. The Member then asked if the “turmoil” was settled between board members. The forensic audit was referenced.

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

Action Items:

1. Engineering staff was asked to share the ERU calculation to Director Lynchard
2. Staff was asked to re-review the historical documentation and share the original paid ERU's for each account of Mr. Walters.
3. Staff was asked to look into wind self-insuring possibilities for HNWS and TCHC and share a financial analysis.
4. The Pension Committee was asked to look at funding the pension above 80%.
5. The Budget Committee was asked when funding the necessary projects that would be part of the DOT HWY 98 widening project since the line item is zeroed currently.
6. Staff offered to provide an updated order of magnitude and detailed cost estimate regarding the DOT HWY 98 widening project.
7. Staff will create a plan for addressing the erosion between the driving range and Pond #9
8. Staff was asked to update the Tampering Policy.
9. Staff was asked to add the Insurance renewal deadline tracking calendar to the packet.

The meeting was adjourned at 7:58 P.M.



Bill Thiel, Secretary