

Holley Navarre Water System, Inc.
Regular Board Meeting Minutes
August 15, 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, David Crumbley, and Daryl Lynchard. Also present were Jeff Crigler, Will Dunaway Esq., Clinton Wells, Jarod Cross, Amber Bucholtz, Barbara Carawan, Phil Phillips, and Emerald McDaniel.

Approval of Minutes and Transcripts:

July 6, 2023, Open Executive Session Minutes, July 6, 2023, Closed Executive Minutes, July 18, 2023, Closed Executive Session Minutes, and July 18, 2023, Regular Meeting Minutes and Transcripts were presented for approval. **Daryl Lynchard made a motion to approve minutes and transcripts with as presented. Don Linnell seconded the motion. The motion passed unanimously. 7/0/0**

Approval of Membership Certificates

There were 310 new memberships, 282 cancelled, and zero transferred for July 2023. **David Crumbley made a motion to approve the July memberships. Daryl Lynchard seconded the motion. The motion passed unanimously. 7/0/0**

Unfinished Business

There were no Unfinished Business items.

New Business

CEO Update: Staff reported on the following items:

- a. Grants – Staff reported Santa Rosa County is coordinating efforts to apply for grants for lift station resiliency and are waiting to hear back about the previously applied septic to sewer conversion grant in Robledal and Tom King Bayou areas. **No action taken.**
- b. Forensic Audit – Staff is expecting draft report. Staff was asked to share the forensic audit draft with the Board of Directors when received. **No action taken.**

Water Quality Update: Staff addressed previous months' Member concerns regarding contaminant levels. Staff reported the Annual Water Quality report shows contaminants in compliance within the limits set by the EPA and regulated by the DEP but cannot comment on the Member referenced third party companies' guidelines. Staff announced the Annual Water Quality report can be found on the HNWS website and at the regular board meetings. **No action taken.**

Finance - Review of June Quarterly 2023 Financials: Staff presented June 2023 financials with second quarter budget comparison. Staff reported the requested 401k monthly accruals will be shown on July financials. **Bill Thiel made a motion to approve the June 2023 financials as presented. Don Linnell seconded the motion. The motion passed unanimously. 7/0/0**

Committee Updates:

1. Finance: Treasurer asked staff to present pay bands tied to the job descriptions with the budgeting process and to adopt industry standards. Staff was also asked to review the organizational chart and report if the HNWS organization is adequately staffed.

- a. The CIP Committee reported some projects are running slower than expected, replacement vehicles are being discussed, and Sewer Collection repair line items need adjustments without adjusting the total approved amount. **Joe Campbell made a motion to bring any adjustment to the Board of Directors for approval if a line-item adjustment exceeds \$25,000. Don Linnell seconded the motion for discussion. The motion passed unanimously. 7/0/0** Staff was asked to present a clear policy for Vehicle Replacement.
 - b. The Budget Committee reported end of quarter is on track with projections at 50%.
2. SRC Reuse Project – Legal Counsel reported the bid opening meeting was successful and the order of taking hearing has been scheduled. Staff also received a requirement to update the March 2022 appraisals and is expected to be within the CEO’s spending limit.
 3. TCHC Management Board Manager reported the Event Room renovation is complete, total cost is under the CEO’s spending limit, and is expected to bring in more business. Staff also gave brief update on the midyear financials.
 4. FRUS Board representative reported bids for material solicitation were opened and will present recommendation to award at the next Fairpoint Regional board meeting.
 5. MESI Board representative reported annual tax returns and large purchases were discussed and are being presented for HNWS board approval.

Organizational Chart: Staff presented a 71-position proposed organizational chart without names and explained the vacant positions are still being analyzed. Staff reported detailed department needs at the July 18, 2023, closed executive session and confirmed the organizational chart will be reviewed with the budget each year. **Joe Campbell made a motion to approve the 71- position organizational chart as presented. Bill Thiel seconded the motion. The motion passed unanimously. 7/0/0**

Proposed Update to 1970 Articles of Incorporation: Staff presented requested language from the Open By-Law Workshop to address resolving the discrepancy between the existing Articles of Incorporation and By-Laws. Legal Counsel explained the recommended option to update the Articles of Incorporation, the language based on requested parameters, and confirmed the Articles of Incorporation update cannot be part of the Annual Election’s “Early Voting” process. Members will have the opportunity to vote on the update at the Annual Election on January 16, 2023. Staff recommended adding the proposed revisions of Articles IX and X to the Annual Agenda.

- a. The proposed change to Article IX is as follows: “The bylaws of the corporation shall be made and upon a good faith notice to members, may be altered or rescinded, by a vote of a majority of the members casting a vote, except that no such changes shall be effective unless at least five (5.00%) percent of the members of the corporation (as shown by the corporate records on the day the votes are counted) participated by casting a vote.”
- b. The proposed change to Article X is to the first sentence only as follows: “Amendments to these Articles of Incorporation may be proposed to the board of directors by a vote of a majority of the members casting a vote, except that no such changes shall be effective unless at least five (5.00%) percent of the members of the corporation (as shown by the corporate records on the day the votes are counted) participated by casting a vote.”

Don Linnell made a motion to approve adding the proposed revisions of Article IX and X of the Articles of Incorporation to the Annual Agenda. Bill Thiel seconded the motion. The motion passed with Director Lynchard opposing. 6/1/0

Kurt Cosby, 6839 Marble St.: The Member explained issues with allowing proxy votes, 2023 proxy canvassing issues, and requested the 2023 Board of Directors to pledge not to participate with proxies. The Member also identified issues with updating the Articles of Incorporation and requested identified changes to the By-Laws.

2024 Annual Board Election: Staff presented the approved timeline, release of candidate application press release, and process updates recommended by the Canvassing Committee and Supervisor of Elections. Staff recommended the process and documents be approved with a minor change of removing (b) from the absentee ballot return process in Exhibit J as the Articles of Incorporation vote will not be part of Early Voting. Staff confirmed the Candidate Applications will be available August 24, 2023, to 4:00PM on September 28, 2023, Early Voting begins November 1, 2023, and ends December 22, 2023. Election Day is scheduled for January 16, 2024. Staff confirmed Articles of Incorporation ballots will be available on Election Day for Members present and requested direction to publish the Candidate Application questionnaire to the HNWS Website and/or local publications.

- a. **Bill Thiel made a motion to approve the 2024 Annual Election process and documents as presented with mentioned removal on Exhibit J. David Crumbley seconded the motion. The motion passed unanimously. 7/0/0**
- b. **Daryl Lynchard made a motion to approve publishing the Candidate Application questionnaires to the HNWS website and local publications. David Crumbley seconded the motion. The motion passed unanimously. 7/0/0**

MESI and TCHC Corporate Tax Returns: Staff presented the Municipal Engineering Services and The Club at Hidden Creek 1120S Corporate Tax Returns for review and recommended to file prior to the September 15th deadline. Staff confirmed the total tax liability will be reflected on the HNWS tax returns. **Bill Thiel made a motion to approve filing the MESI and TCHC corporate tax returns prior to the September 15th deadline. Joe Campbell seconded the motion. The motion passed unanimously. 7/0/0**

Employee Health Benefits: Staff and One Digital representative presented quotes for renewal of the employee health benefits costs for fiscal year 2024. Staff recommended the annual renewal with One Digital Florida Blue with a 7.37% increase. **Daryl Lynchard made a motion to approve the annual renewal with One Digital Florida Blue with the 7.37% increase as presented. Don Linnell seconded the motion. The motion passed unanimously. 7/0/0**

MESI – Camera Trailer Purchase: Municipal Engineering Services presented quotes for a camera UTV with trailer and a 360-manhole camera with a total cost of \$250,375.44. Staff reported options and recommended the IBAK USA CCTV Camera unit with Kubota UTV with trailer from Jet-Vac Equipment Company and the Quickview 360 Manhole Inspection Camera Unit from Sansom Equipment Company for I&I operations and engineering purposes. Staff confirmed sales tax is included in price, and the asset owner may be adjusted based on auditor recommendations. **Joe Campbell made a motion to approve both purchases of the IBAK USA CCTV Camera unit, Kubota UTV with trailer from Jet-Vac Equipment Company and the Quickview 360 Manhole Inspection Camera Unit from Sansom Equipment Company for a total of \$250,375.44 by MESI. Daryl Lynchard seconded the motion. The motion passed unanimously. 7/0/0**

Operations Award of Bid – 1.0 MG Elevated Storage Tank: Staff presented four received bids for the 1.0 MG elevated tank located near the State Road 87 and Highway 98 intersection and recommended the lowest responsive bidder, CB&I, with a proposed steel tank base in the amount of \$4,029,000. Staff explained benefits of steel tanks compared to composite structures as well as the easement agreement with the property owner to construct a pedosphere type shape. **Daryl Lynchard made a motion to award CB&I the 1.0 MG Elevated Storage Tank bid in the amount of \$4,029,000. Bill Thiel seconded the motion. The motion passed unanimously. 7/0/0**

ServisFirst CD Funding – Resolution: Staff presented a resolution to purchase a CD from ServisFirst in the amount of \$475,000 for a period of thirteen (13) months at an interest rate of 5.0% but recommended to table the item to give staff and legal counsel additional time to discuss the CD contract details. Staff was asked to present the resolution opening the ServisFirst checking account and the \$1.2M loan documents. **President Miller tabled the agenda item.**

Engineering

Staff reported water loss dropped to historical low of 2.9%.

Member Forum

No one spoke during Member Forum.

Daryl Lynchard made a motion to adjourn. David Crumbley seconded the motion. The motion passed unanimously. 7/0/0

Action Items:

1. Staff was asked to share the forensic audit draft with the Board of Directors when received.
2. Staff was asked to present pay bands tied to the job descriptions with the budgeting process and to adopt industry standards.
3. Staff was also asked to review the organizational chart and report if the HNWS organization is adequately staffed.
4. Staff was asked to present the resolution opening the ServisFirst checking account and the \$1.2M loan documents.

The meeting was adjourned at 8:00 P.M.



Bill Thiel, Secretary