

Holley-Navarre Water System, Inc.

Regular Board Meeting Minutes

February 20th, 2018

James Calkins, Board President, called the meeting to order at 6:00 P.M. The following Board of Directors were present: James Calkins, Ricki DeSantis, Will Goulet, Daryl Lynchard and Mark Miller. Also present were: Secretary/Treasurer Doug Larson, Paul Gardner, Barbara Carawan, Phil Phillips, Clinton Wells, Dale Long, Danny Hawkins, Zach Lewis, Cory Snyder, Torin Brand, Keith Kilpatrick and Deborah Kharuf (stenographer).

January & February Meeting Minutes – Ricki DeSantis motions to approve the January & February board meeting minutes. Approval of December's meeting minutes are postponed until next month, as James states the minutes contain errors. **Daryl Lynchard seconds.** Discussion ensues on exactly what minutes are being approved as there were several meetings in December, January and February. There was also an executive session on February 4th. Daryl asked to be a little more specific on what meeting minutes are being approved; December 15th, December 19th, December 27th, etc...**Daryl Lynchard withdraws his second due to lack of clarification, resulting in Ricki DeSantis withdrawing his motion.** Discussion continues. **Daryl motions to approve the minutes from the January 31st special meeting minutes. Will Goulet seconds. After further discussion this item is tabled until next month.**

Financial Report

Paul presents the financial report for January. There was \$887,613.32 in total revenue with expenses of \$763,092.00, resulting in a net income of \$124,521.32. Revenue was up and expenses were down from last month. There were 41 new water taps and 23 new sewer taps. 324 new membership certificates were issued and 251 were cancelled. **Will Goulet motions to approve the financial report as presented. Mark Miller seconds. Motion passes unanimously.**

Personnel Report

Daryl Lynchard states there is nothing to report as there was not a personnel meeting held in January.

Unfinished Business

1. *January 16, 2018 Board Meeting Motion Issued by Ricki DeSantis – Will recommends tabling this items until the January 2019 as it pertains to the 2018 annual meeting.*

Approval of New Membership Certificates – Doug Larson reports there are 614 new memberships for November and December, with 324 in January. **Will Goulet motions to approve them as presented. Daryl Lynchard seconds. Motion passes unanimously.**

New Business

1. *Approval of HNWS New Organizational Chart & Wages* – Will Goulet reads a prepared statement:

“The restructure of Holley Navarre Water System employees will first and foremost set us up to hire a COO/CFO to better manage our financial dealings, improve financial reporting to the Board and our members and position, the Holley Navarre Water System for future growth of Navarre ensuring that our organization is financially strong for decades to come. The restructuring plan achieves several other important goals. First, it creates a management hierarchy that will improve communications and accountability within the ranks and at the manager’s level with this Board. We will have increased accountability at each level to ensure that Holley Navarre Water System is well run and is in compliance with all local, state and federal regulations. Secondly, by breaking the administrative support and customer service staff into two groups, we will improve our customer service for our members and prepare the administration staff for future changes. Third, by having the golf course, engineering company and IT Director report directly to the Board of Directors, we will have better control over each group and reduce the burden on the water system GM, Paul Gardner. The GM position was never designed to oversee multiple diverse companies. And lastly, the restructuring plan brings equity and fairness to our compensation and places limits on compensation for all positions within the company to help control long-term costs. **I make a motion that the Board approve this restructuring plan as outlined, and the employee flow chart, and wage guideline as presented, and Paul Gardner to implement these position and title changes effective immediately and payroll changes to take effect at the start of the next payroll cycle.**” **Daryl Lynchard seconds.** Mark Miller initiates a discussion on the roles of both management and the Board of Directors, stating his opinion that the Board is overstepping their bounds by imposing a new organizational chart and should rather provide direction to help management make those decisions. He also questions how the decisions were made in regards to employee promotions and new positions, with himself and management not being involved in the decision making process. Daryl added that there were no real promotions, it was just a change in the structure of those that were already leading up those departments. Mark added that these positions were not posted for others to apply for. Mark also asks if any directors have any outside business relationships with staff members that received a pay increase, either with them or

their families, with the directors stating they do not know their family members but as far as they know, they do not. **Motion passes unanimously with the exception of Mark Miller who opposes.**

2. *HNWS Tap Fees* – Will Goulet requests the policy on how tap fees are calculated for both residential and commercial properties, Paul will provide them to the Board within the next week. Mark Miller brings up a previously tabled item, the transfer of prepaid tap fees. In the past approval had to be obtained from the Board. **Mark Miller motions to allow management to approve transferring those tap fees. Daryl Lynchard seconds.** Paul feels this task could be handled by management. **Mark Miller restates the motion, which is to allow management the authority to verify that the applicable tap fees have been paid and to authorize their transfer, then reporting the transfers to the Board during the next meeting. Daryl Lynchard seconds. Motion passes unanimously.**
3. *Greskovich Work Order* – An accounting breakdown has been requested on a prior work order approved for an additional \$120,000.00 needed to complete the project. Dale provides the information to the Board and Phil gives an overview. The additional funds were needed for the removal and replacement of bad soil in the north pond. This was required to reach the desired capacity of the pond.
4. *Pak’N’Fax Sewer Connection* – Paul has been in contact with the owner trying to reach a solution to an ongoing fee problem relating to a sewer connection. Paul feels the fault lies with the original contractor. Brief discussion ensues. **Will Goulet motions to have HNWS cover the cost of the bore and for Pak’N’Fax to cover the plumbing costs associated with the new sewer connection, which must be completed by December 31st, 2018. Daryl Lynchard seconds.** Mark requests more information on the costs associated prior to approval. Paul states it may cost more than \$10,000.00 for the bore. **Will updates his motion, to obtain cost bids for the expenses related to the bore and for Pak’N’Fax’s costs associated with connecting to the sewer. The information will be presented during the next board meeting for approval. Daryl Lynchard seconds. Motion passes unanimously.**
5. *Gulf Breeze Reuse Issue* – Paul provides the Board with a timeline of events leading up to the recent proposed contract. Keith Kilpatrick has briefly reviewed the contract and will be working with Beggs & Lane to negotiate. No action is required at this time. Phil confirms that no money has changed hands.

6. *Van Camp Engineering Low Pressure Sewer System Request* – The firm has made a request to install a low pressure sewer system in Stephen’s Landing subdivision for 16 lots. **Will presents the related information and motions to approve their request. Daryl Lynchard seconds.** Discussion ensues including the engineer’s input regarding the feasibility, what type of sewer systems are more beneficial and future benefits/concerns. **Motion passes unanimously.**

7. *Board Member Assignments:*
 - a. *Pension Board Trustees (Defined Benefit Pension/401K)* – **Will nominates Ricki and Mark, with Daryl nominating Will. The Board votes to approve the nominations. A second was not provided. The nominations are approved unanimously.**

 - b. *Check Signers* – **Will Goulet motions to nominate Ricki DeSantis and James Calkins as signers with himself as an alternate. A second was not provided. Motion passes unanimously.**

 - c. *Treasurer* – Mark questions the appointment of a Treasurer, as the Secretary/Treasurer needs to be one combined position according to the bylaws, with James stating it does not. **Will Goulet nominates Ricki DeSantis as Treasurer. Daryl Lynchard seconds.** Mark points out in the bylaws where it states that the Secretary/Treasurer is one person. Discussion ensues on whether or not Doug Larson is currently the Secretary/Treasurer or both, and what the bylaws dictate. **The bylaws are again reviewed and with Keith Kilpatrick’s recommendation it’s decided that by previously appointing Doug Larson as Secretary, he is the Secretary/Treasurer by default, therefore this is a moot point. Will Goulet withdraws the motion.**

8. *Approval of Finance Chair/Treasurer Request to seek outside firm for forensic audit* – Due to not being appointed Treasurer, Ricki states he will not be handling this item and refers it to Doug Larson. Daryl recommends tabling this item as Ricki has the related information and Doug does not.

9. *Approval of Finance Chair/Treasurer Request to speak with Current Accounting Firm* – Item is tabled (Same as Item #8)

10. *Approval of Request to grant authoritative powers to the President regarding office selection/relocation of personnel associated with the New Employee Organizational Chart* – James explains the purpose, which is to work with staff to decide office locations relating to the new organizational chart. Will recommends management handle any office/location changes necessary to comply with the organizational chart.

11. *Contact with HNWS Legal Representation* – Will Goulet brings up HNWS’ past legal fees and suggests implementing a policy regulating contact between HNWS employees/directors and HNWS lawyers. Discussion ensues. **Will Goulet motions to require HNWS and TCHC employees, managers and Board members to have approval by the Board President prior to contacting any attorneys unless they are paying for it themselves. If denied by President it will have to go to the entire Board for approval. Daryl Lynchard seconds. Motion passes unanimously with the exception of Mark Miller who opposes.**

12. *Navarre Press Information Request* – The first item requested is HNWS legal fees for the period of 2012-2017, broken down by firm, type of service and issue/project. **Will Goulet motions to approve the request based on the attorney’s recommendation.** Daryl Lynchard suggests lumping the requested items together and approving them, with the exception of MESI salaries. The additional items requested are the audited financial statements for 2017 (when complete) and revenues and financial statements/salary information for MESI. **Daryl revises the motion, to approve the request for information regarding legal fees for HNWS, for the period of 2012-2017, broken down and categorized by firm, type of services and issue project. The audited financial statements for 2017 (when approved) and revenue/financial statements for MESI requested by Navarre Press are also approved. Will Goulet approves and seconds the revised motion.** Mark voices his concerns about releasing legal information due to attorney-client privileges. Keith recommends providing his office with the information prior to its release. **Daryl amends his motion to include sending the information to Keith prior to its release. Motion passes unanimously. Daryl Lynchard motions to approve Navarre Press’s request for MESI salaries, using a salary range for the positions rather than the actual figures on individuals. Will Goulet seconds. Motion passes unanimously.**

Additional Items added to the Agenda

1. *Website Development* – The Board previously discussed updating HNWS' website, to make it mobile friendly and possibly live stream meetings. **Will Goulet motions to put out an RFP in local papers to obtain bids and in order to make a selection at the next board meeting. Daryl Lynchard seconds.** Mark Miller brings up Robert's Rules of Order and the way to add an item according to them. Past practices regarding agenda items are discussed briefly. **Will Goulet makes a motion to add the website development item to the agenda. Daryl Lynchard seconds. Motion passes unanimously. Will reiterates his motion regarding website development, to allow both newspapers to publish the RFP to obtain bids, requiring a response within three weeks in order to approve it at the next board meeting. Daryl Lynchard seconds. Motion passes unanimously.**

2. *Navarre St. Augustine Church Leak* – **Will Goulet motions to add a leak issue with St. Augustine church to the agenda for discussion. Daryl seconds. Motion passes unanimously.** A significant increase in water usage after fixing a prior leak is addressed. Safeguards for usage increases, costs and possible remedies are discussed. **Daryl Lynchard motions to charge the church their average monthly usage for the prior 12 months, excluding December and January. Any extra sewer costs over and above their normal water usage will be removed and staff will come up with our actual cost from Fairpoint for the additional water, and charge them that. Will Goulet seconds. Motion passes unanimously.** The new FlexNet meter system, their capabilities and options for notifying staff when excessive water/leaks are detected are items further discussed.

Daryl Lynchard motions to add two additional items to the agenda for discussion: Water and sewer deposit amounts for discussion and Mark's request regarding a lot HNWS owns on Tom King Bayou. Mark Miller seconds. Motion passes unanimously.

3. *Water and Sewer Deposit* – **Daryl Lynchard makes a motion, that when transferring service from one location to another, the customer will only need to pay any increase in deposit amount, eliminating the requirement for the customer to pay a new deposit on their new location, and be refunded the deposit from their current location. This will only apply to residential to residential tap deposits and commercial to commercial tap deposits. Will Goulet seconds.** Barbara provides clarification on the current process, which does allow for the transfer of deposits under certain circumstances. The current policy will be reviewed and adjusted according to the motion if needed. **Motion passes unanimously.**

4. *HNWS Property Clean Up/Maintenance* – An ongoing problem with a piece of property HNWS owns at the corner of Hwy 399 and Paso De Vivoz was brought to Mark's attention by a member who lives in the neighborhood. The property is overgrown, used as a dumping ground and not maintained properly. **Mark Miller motions to direct staff to begin cleaning up the property and obtain proposals for fencing. Will Goulet seconds.** Clinton Wells states they've previously had the trash cleaned up and was unaware the problem was still ongoing. Fencing the property is not an option as Gulf Power has an easement. Paul states staff can work on cleaning up the property. **Mark Miller amends his motion removing the fencing requirement. Will Goulet seconds. Motion passes unanimously.**

Open Forum

1. *Geo Mayer-6931 Turnberry Circle*: Geo brings up two items: Questioning how membership certificates can be cancelled when they never existed and Robert's Rules of Order, stating that the Board's predecessors did not feel they or the Sunshine Laws applied to this organization. He's concerned with the legal ramifications of both and would like responses at the next board meeting.
2. *Ken Walters-1727 Soundcreek Court*: Ken asks the Board to review the tap fees assessed for a business he's building next to Johnny Houston's, which will be a craft beer and wine bar. He's paid \$32,000 and feels this is excessive for the services the business will be using. This leads to a discussion on the formula used to determine tap fees and what other local businesses have been charged. The Board requests additional figures reflecting how much service the business is anticipated to use, then the information can be reviewed. Will suggests checking with another local wine bar to compare usage. **Will Goulet motions to have Paul and staff obtain information on comparable local businesses, within two weeks.** The information can then be reviewed and readdressed with Mr. Walters at the next board meeting. **Daryl Lynchard seconds.** Ken also bring up that customer service charged him the \$5.00 membership fee when he paid his tap fee. **Motion passes unanimously.**

Will Goulet motions to discuss an additional item, the selection of two Board members. Daryl Lynchard seconds. Motion passes unanimously. Will Goulet motions to advertise in newspapers and on the website that anyone who is interested in serving on the Board to fill out the required packet to determine eligibility and turn them in within three weeks of today's date. Once received, staff will review the information and the Board will make the selections. Mark Miller seconds. Motion passes unanimously.

Action Items

1. The approval of December, January and February's minutes will be addressed during next month's board meeting.
2. A prior motion made by Ricki DeSantis during the 2018 annual meeting will be added to 2019's annual meeting agenda.
3. Paul will provide the Board with the policy used to determine the water/sewer tap fees for residential and commercial properties within the next week.
4. Paul will obtain cost estimates associated with resolving Pak'NFax's sewer connection problem (for the Bore and their plumbing costs for the sewer connection). This information will be presented at the next Board meeting for approval.
5. The requests to seek outside firms for a forensic audit and to speak with the current accounting firm by the treasurer has been tabled. It's not stated when the item will be readdressed.
6. Management will handle any office relocations related to the new employee organizational chart.
7. Management will fulfill Navarre Press' information requests according to the required stipulations for each.
8. The RFP for website development will be advertised in two local newspapers requesting bids, which will be presented during next month's board meeting.
9. The approved billing adjustments will be made to St. Augustine Church's account.
10. The policy of transferring deposits will be reviewed and any changes will be made in accordance to the motion.
11. Paul will direct staff to start cleaning up a piece of property HNWS owns at the corner of Hwy 399 and Paso De Vivoz.
12. The Board will respond to Geo Mayer's concerns regarding membership certificates and Robert's Rules of Order during next month's board meeting.
13. Paul will obtain usage information from similar businesses to the craft beer/wine bar Ken Walters is building and present it to the Board within the next two weeks. It will then be readdressed during next month's board meeting.
14. The two open seats on the Board will be advertised in local newspapers and on the HNWS website, to allow anyone interested to fill out the necessary paperwork and turn it in within three weeks as of 02/20/2018.

Meeting adjourned 7:30 P.M.


Doug Larson Secretary/Treasurer