

Holley-Navarre Water System, Inc.

Regular Board Meeting Minutes

March 20<sup>th</sup>, 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, Danny Hawkins, Cory Snyder, Torin Brand, Jennifer Tweedy, Kristina Cook and Deborah Kharuf (stenographer).

**February 20<sup>th</sup>, 2018 Meeting Minutes – Mark Miller motions to approve the 02/20/2018 board meeting minutes. Will Goulet seconds. Motion passes unanimously.**

**Membership Certificates**

Doug Larson presents the numbers for both new and cancelled membership certificates. There were 295 new members and 266 that were cancelled. **Mark Miller motions to approve the 295 new membership certificates. Daryl Lynchard seconds. Motion passes unanimously.**

**Financial Report**

Paul presents the financial report for February 2018. There was \$795,454.48 in total revenue with expenses of \$710,916.56, resulting in a net income of \$84,537.92. Revenue and tap sales were slightly down from January. **Daryl Lynchard motions to approve the February financial report. Mark Miller seconds. Motion passes unanimously.** Paul adds that there were 26 new water taps and 23 new sewer taps for the month.

**Personnel Report**

Daryl Lynchard states there is nothing new to report at this time.

**Unfinished Business**

1. *Approval of Prior Meeting Minutes* – Several sets of minutes from prior meetings are pending approval:
  - a) *01/31/2018 Special Meeting*: **Mark Miller motions to approve the minutes from the 01/31/2018 special meeting. Daryl Lynchard seconds. Motion passes unanimously.**
  - b) *02/04/2018 Special Meeting*: **Will Goulet motions to approve the 02/04/2018 special meeting minutes. Daryl Lynchard seconds.** Mark points out that he objected to several motions, and although the minutes reflect a board member opposed, he would like his name listed specifically

as many of the items were controversial. Will has no objection to approving the minutes with the addition of Mark's name as the opposing board member.

**Motion passes unanimously.**

Will brings up the meeting minutes from 2017 that still require approval in order to complete the 2017 audit. The meetings are:

- a) 12/15/2017 Special Meeting
- b) 12/19/2017 Preboard Meeting
- c) 12/19/2017 Regular Meeting
- d) 12/27/2017 Special Meeting

James would like a committee formed to review the minutes for accuracy as he feels they contain errors. The committee will consist of Mark (Chair), Ricki and James. Mark will schedule a time for them to meet within the next week in order to review the minutes.

2. *Ken Walters/Wine Bar Tap Fee Review* – The Board previously directed staff to compare Mr. Walter's tap fees to a similar local business after Mr. Walters questioned his fees. Paul presents staff's recommendation, which is to adjust their tap fees according to the comparison, charge \$3,762.50, review their usage quarterly and adjusting their fee as needed. Will suggests keeping the tap fees that have already been paid in the amount of \$32,250.00 in escrow for a year until an accurate figure is determined. Discussion continues with Mr. Walter's input. **Will Goulet motions to reconvene after the first quarter of water usage to review the Wine Bar's amount/rates. Daryl Lynchard seconds. Motion passes unanimously.**
3. *Pak'N'Fax Sewer Connection* – Danny presents the costs associated with the road bore and tap needed to resolve their sewer connection problem. Walton Construction quoted \$2,500.00 for the bore and the tap can be handled in-house. The project will be initiated tomorrow, as a prior motion granted approval for up to \$10,000.00.
4. *Pension Trustees* – Approval is needed to require two pension trustees only and to make the assignments. **Daryl Lynchard motions to approve having only two pension trustees and to appoint Mark Miller and Will Goulet as those trustees. Mark Miller seconds. Motion passes unanimously.**
5. *Check Signers* – Approval is needed to require two additional check signers only and to make the assignments. **Daryl Lynchard motions to approve having only two**

**additional check signers and to assign James Calkins and Will Goulet as said signers. Will Goulet seconds.** Daryl confirms Paul and Clinton can still sign as well. **Motion passes unanimously.**

### **New Business**

1. *Defined Benefit Plan Payments* – A payment of \$637,846.00 due by 9/15/2018 is discussed, whether to make one lump sum payment or to divide it into three quarterly payments of \$212,615.34. Staff recommends making a lump sum payment so that it can earn interest in the plan. **Will Goulet motions to make a one lump sum payment. Daryl Lynchard seconds. Motion passes unanimously.**
2. *Landrum HR Proposal* – Paul presents the proposal information obtained after staff met with Landrum representatives. Daryl recommends setting up a committee, including all board members, to review the information. A meeting will be scheduled with Landrum after tonight's meeting.
3. *Truck replacement* – Clinton has received quotes from three Ford dealerships for 6 trucks, with Gary Smith Ford being the lowest at \$178,372.00. **Will Goulet motions to approve as presented. Mark Miller seconds. Motion passes unanimously.** Clinton confirmed that this is over budget by one truck; there was one truck that was in an accident that needs replacing as well.
4. *Developer Request for Low Pressure Sewer* – A developer has requested to install a low pressure sewer system (as opposed to gravity sewer) in Brooks Landing, a new 32 lot subdivision. Danny Hawkins presents staff's recommendation, which is not to allow a low pressure sewer system and that a traditional gravity system should be required. The standards and guidelines used in the past to make these determinations are discussed, along with a new policy and set of guidelines being presented for approval:

HNWS shall require a gravity sewer system with lift stations for all new subdivisions that meet the requirements of the standard guidelines with the following exceptions:

- a) For subdivisions with 30 lots or less, HNWS management may consider a reduction in the scope, size and materials of the lift station as required in the standard guidelines to best meet the needs of the development and the intent of the standard guidelines.
- b) For subdivisions with 15 lots or less, HNWS management may consider a low pressure sewer system as an alternative to a gravity system as long as the soil, groundwater and topographic conditions warrant such considerations.

**Daryl Lynchard motions to approve the new guidelines for new developments as presented by Danny. Mark Miller seconds.** The reasons and factors behind the new guidelines are discussed further, with Phil providing more information. **Daryl amends his motion to make the guidelines Danny presented into a new policy, stipulating the addition of a no contiguous interest statement. Mark Miller seconds. Motion passes unanimously.** The discussion returns to the Brooks Landing development with their engineer Clint Geci elaborating on the reasons behind their request. The board directs them to work with staff to see if they can come up with an amicable solution.

5. *New Air Compressors* – Danny provides the bids staff has obtained, recommending Air Tool Company as the preferable vendor. **Will Goulet motions to approve going through Air Tool Company for two compressors in the amount of \$35,550.00. Mark Miller seconds. Motion passes unanimously.**
  
6. *Company Vehicle GPS Removal* – Will brings up the possible legal liabilities associated with having GPS on company vehicles. The reasons behind having GPS, costs and the ramifications of cancelling the contract, (which is currently through Verizon) are discussed. **Will motions to have legal review the contract to determine if it can be cancelled and the possible liability involved with having GPS. Daryl Lynchard seconds.** Paul will also provide the Board with how much of a reduction in insurance cost is attributed to having the GPS and what features can be disabled. **Motion passes unanimously.**
  
7. *CFO/COO RFP* – Sending an RFP to employment agencies for the new CFO/COO position is discussed. Torin feels that management needs more direction from the Board before proceeding. Will recommends forming a committee to handle proceeding with the CFO/COO RFP. Will is chair of that committee. Daryl suggests waiting until after the meeting with Landrum before proceeding. Will requests that Torin attend as well.

### **Open Forum**

*Will Goulet, 8168 Torres St* – Will provides staff with information he was given by a developer/contractor R Squared Homes trying to obtain sewer services. They've been unable to move forward due to an easement situation. Staff will check with the county to see if there's any options to assist.

### Approval of New Board Members

Four members have turned in their applications by the deadline with the required 25 signatures: Debbie Gunnoe, Heather Scruggs, Geo Mayer and Walter "Bo" Bowden. James would like to vote on the candidates in this order. James will call a vote for Debbie Gunnoe by raise of hands. Barbara confirms the candidates have been properly vetted. Will requests a recess to discuss the process of appointing new directors, with Mark voicing his concerns as well. Suggestions such as using a process similar to the annual election or tabulating votes per candidate were presented, as voting in a specific order may give certain candidates an advantage. James proceeds with his original plan of voting in the aforementioned order. Voting begins as follows:

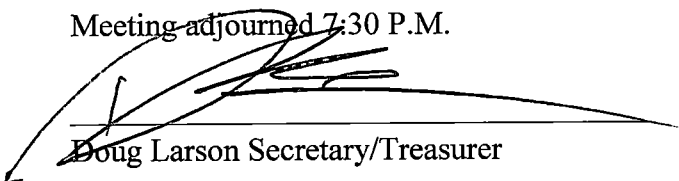
Debbie Gunnoe: Receives 3 votes - Mark, Ricki and James (states he's breaking the tie)

James declares Ms. Gunnoe the winner and welcomes her to the Board. This results in several board members voicing their opposition to the appointment and to further question the process. James then adjourns the meeting. Discussion continues among board members, with it being pointed out that there are two empty seats, no other candidates were considered, and this item remains unfinished. James states he will call a special meeting to address this issue and exits the boardroom. Will points out that a motion was not made to adjourn the meeting and believes it's still in session. **Mark Miller motions to adjourn the meeting, with Daryl Lynchard providing a second. Motion passes unanimously.**

### Action Items

1. Mark will schedule a time during the next week to meet with Ricki and James in order to review the pending 2017 meeting minutes.
2. Board members will schedule a time to meet with Landrum representatives, in the form of a committee, to discuss their HR proposal.
3. Paul will provide the Board with the amount of insurance savings that can be attributed to having GPS on company vehicles and what GPS options can be disabled.
4. A committee will review the CFO/COO RFP after the meeting with Landrum Representatives.
5. Staff will check with the county to see if HNWS can assist a local contractor in obtaining an easement to secure sewer services for a possible development.

Meeting adjourned 7:30 P.M.



Doug Larson Secretary/Treasurer