

HOLLEY NAVARRE WATER SYSTEM
THE CLUB AT HIDDEN CREEK
COMBINED BOARD MEETINGS
APRIL 16, 2019
6:00 P.M. - 8:22 P.M.

MIKE KENNEDY, PRESIDENT

YVONNE HARPER, VICE PRESIDENT

KEVIN LANIER, SECRETARY-TREASURER

DARYL LYNCHARD, DIRECTOR

FRED TERASA, DIRECTOR

MARK MILLER, DIRECTOR

WILL GOULET, DIRECTOR

BARBARA CARAWAN, OFFICE MANAGER

ROB WILLIAMSON, CEO, HNWS

TORIN BRAND, IT DEPT. HNWS

PHIL PHILLIPS, MESI

CORY SNYDER, MESI

CLINTON WELLS, HNWS

MARK TURNER, HNWS

DANNY HAWKINS, HNWS

AMBER BUCHOLTZ, HNWS

CHRIS LEGG, HNWS

CINDY CALLEN, GM, CLUB AT HIDDEN CREEK

ALSO PRESENT: KEITH KILPATRICK, ESQUIRE
DEBORAH KHARUF, COURT REPORTER
SANDI KEMP, NAVARRE PRESS
KRISTEN MCALLISTER, CPA, WARREN AVERETT
DEBBIE GUNNOE

1 P-R-O-C-E-E-D-I-N-G-S

2 MR. KENNEDY: I call this meeting to
3 order. Director Miller, would you lead us in a prayer?

4 MR. MILLER: Yes. Everyone please bow
5 your heads.

6 (INVOCATION GIVEN BY DIRECTOR MILLER.)

7 MR. KENNEDY: Thank you. Director Terasa,
8 will you lead us in the pledge of allegiance?

9 MR. TERASA: Face the flag and repeat
10 after me.

11 (PLEDGE OF ALLEGIANCE LED BY DIRECTOR TERASA.)

12 MR. KENNEDY: Secretary Lanier, do we have
13 a quorum?

14 MR. LANIER: We do have a quorum.

15 MR. KENNEDY: Audio and video recorders
16 are in use. Please silence all cell phones.

17 If anybody would like to address the
18 Board, please sign up at the member forum sign-up sheet.
19 This is at the end of the meeting.

20 MR. LANIER: Based on the number of people
21 who are here that we are not going to have a sign-up list
22 for the items that are on the agenda. So if you have
23 something that you would like to speak to that's on that
24 agenda point, if you would limit it to that, and that
25 way, we can keep the meeting moving forward. Thank you.

1 MR. KENNEDY: Thank you, sir.

2 The first order of business is the
3 approval of the minutes and transcripts of the March 19th
4 Holley Navarre Water System Board of Directors regular
5 meetings.

6 MR. GOULET: I make a motion to approve as
7 presented.

8 MR. LYNCHARD: I will second.

9 MR. KENNEDY: Any further discussion?

10 (NO AUDIBLE RESPONSE.)

11 MR. KENNEDY: There is a second. All
12 those in favor say "Aye"?

13 MR. GOULET: Aye.

14 MR. LYNCHARD: Aye.

15 MR. TERASA: Aye.

16 MR. MILLER: Aye.

17 MR. LANIER: Aye.

18 MS. HARPER: Aye.

19 MR. KENNEDY: All those opposed say "No"?

20 (NO AUDIBLE RESPONSE.)

21 MR. KENNEDY: Motion carries.

22 Next item is the approval of memberships.

23 Secretary Lanier?

24 MR. LANIER: Yes. I make a motion that we
25 approve the 290 new members and the 276 cancellations and

1 no transfers this month.

2 MR. MILLER: Second.

3 MR. KENNEDY: Any further discussion?

4 (NO AUDIBLE RESPONSE.)

5 MR. KENNEDY: All those in favor say
6 "Aye"?

7 MR. GOULET: Aye.

8 MR. LYNCHARD: Aye.

9 MR. TERASA: Aye.

10 MR. MILLER: Aye.

11 MR. LANIER: Aye.

12 MS. HARPER: Aye.

13 MR. KENNEDY: Those opposed say "No"?

14 (NO AUDIBLE RESPONSE.)

15 MR. KENNEDY: Motion carries.

16 Next item is the finance review of the
17 March 2019 financial statements. Mr. Williamson?

18 MR. WILLIAMSON: Good evening, Mr. Chair.

19 Good evening, everyone. For the month of March, total
20 revenue of \$817,056.26 against expenses of \$702,305.95,
21 leaving a net operating income of \$114,750.31.

22 One of the highlights of this past month
23 is our very own Chris Legg, our wastewater treatment ops
24 manager, who working with Dorothy and other members of
25 the team had identified an insurance claim that had been

1 previously closed out. And he went back after some
2 additional funding and getting a claim reopened and that
3 resulted in a \$37,000 turn around. So I want to say
4 thanks to his attention. That was a big win for the
5 team.

6 And then, we have got more good financial
7 news when we get to the Golf Club report that we want to
8 share with the Board as well. But the only other thing
9 is a forward statement on -- after the first quarter, we
10 are noticing a trend with impact fees from water taps and
11 waste water and sewer taps. And that trend is behind
12 prior year. It looks like we have evidence of growth
13 slowing, so those revenue numbers that we budgeted
14 against could end up coming in under.

15 So right now, for the first quarter, we
16 are behind budget and we are behind prior year when you
17 look at those impact fees that we are collecting. And
18 you all know that that goes directly to how we would fund
19 capital improvement projects in the future. So we will
20 keep an eye on it and we will let you know if that trend
21 continues, but just wanted to make sure the Board was
22 aware of that.

23 MR. KENNEDY: All right. Do we have a
24 motion to approve the financial statements?

25 MR. MILLER: So moved.

1 MR. KENNEDY: Is there a second?

2 MR. TERASA: Second.

3 MR. KENNEDY: Any further discussion?

4 MR. LYNCHARD: One thing, the impact fees,
5 I guess are the tap fees; right?

6 MS. CARAWAN: Right.

7 MR. LYNCHARD: And those are amortized
8 over a certain period of years; right? They are not just
9 included in income up front?

10 MS. CARAWAN: They are included as income.

11 MR. LYNCHARD: Even the restricted
12 portions?

13 MS. CARAWAN: Yes, sir.

14 MR. LYNCHARD: So what is amortization on
15 the finance statements, then?

16 MR. PHILLIPS: Mostly, it would be the
17 acceptance of third party construction in that
18 franchise --

19 MR. LYNCHARD: Really? Because I think
20 it's the -- I think it is the amortization of the tap
21 fees. Okay.

22 MR. PHILLIPS: They are cash. They are
23 income.

24 MR. LYNCHARD: Okay. So we have income
25 of -- because I am interested in, because this has always

1 been my question -- we have amortization income of
2 \$111,859.58 for the month ending March 31, 2019. What is
3 that? It should be the amortization of the tap fees as
4 revenue.

5 MR. WILLIAMSON: Where are you seeing
6 that?

7 MR. LYNCHARD: Look on page 2 of the
8 profit and loss statement.

9 MR. KENNEDY: Torin, can you put that up
10 there as well?

11 MR. BRAND: I don't have a sheet to refer
12 to.

13 MR. LYNCHARD: See --

14 MR. WILLIAMSON: Well, Phil and Barb, they
15 didn't speak to this, but it's my understanding that when
16 we collect the tap fees that 30 percent of that goes
17 toward unrestricted and it is held in that account that
18 you see reflected and those are the numbers I was
19 referring to and the other 70 percent would go in the
20 account for sewer impact fees.

21 MR. PHILLIPS: Like he said, the 30
22 percent of both the water and sewer. If you look at the
23 front page of the income statement, you will see taps
24 water and taps sewer --

25 MR. LYNCHARD: Yeah.

1 MR. PHILLIPS: -- that's 30 percent of the
2 gross receipts for water and --

3 MR. LYNCHARD: Okay. So maybe it's the
4 70 -- the amortization of the 70 percent that is recorded
5 as income over here?

6 MR. PHILLIPS: Not unless I am totally
7 wrong, Daryl. The 70 percent is only reflected on the
8 balance sheet. That's reflected as an increase in the
9 impact fees.

10 If you look at, there's a line item, Beach
11 Bank impact fees, that is how the 70 percent -- it's just
12 reflected as an increase in that cash balance every
13 month.

14 MR. LYNCHARD: So what's the \$111,000?

15 MR. PHILLIPS: I think -- again, what I
16 think it is is acceptance of third party construction
17 that's done on our behalf, but I think Kristen can
18 probably --

19 MS. MCALLISTER: (INAUDIBLE) -- a little
20 bit different.

21 MR. LYNCHARD: Don't we -- okay --

22 MR. PHILLIPS: It is beyond my ability to
23 answer.

24 MR. LYNCHARD: You will probably be able
25 to answer it. Don't we amortize revenues over a period

1 of years for some category?

2 MS. MCALLISTER: You do for some of the
3 taps.

4 MR. LYNCHARD: For some of the taps.

5 MS. MCALLISTER: Yes. For a portion of
6 taps.

7 MR. LYNCHARD: That's what I was looking
8 for.

9 MR. PHILLIPS: Only a portion, though;
10 right?

11 MS. MCALLISTER: I think a portion of the
12 regular operating ones as well as contributed.

13 MR. PHILLIPS: Oh, maybe so.

14 MR. LYNCHARD: That's what I was looking
15 for.

16 MR. KENNEDY: Okay, Director Lynchard?

17 MR. LYNCHARD: Yes.

18 MR. KENNEDY: All right. Any further
19 questions?

20 (NO AUDIBLE RESPONSE.)

21 MR. KENNEDY: All those in favor of
22 approving the March financial statements say "Aye"?

23 MR. GOULET: Aye.

24 MR. LYNCHARD: Aye.

25 MR. TERASA: Aye.

1 MR. MILLER: Aye.

2 MR. LANIER: Aye.

3 MS. HARPER: Aye.

4 MR. KENNEDY: Those opposed say "No"?

5 (NO AUDIBLE RESPONSE.)

6 MR. KENNEDY: Motion carries.

7 Next order of business, 2018 consolidated
8 audit presentation. Ms. McAllister?

9 MS. MCALLISTER: Good evening everyone.
10 Thank you for having me here. I am Kristen McAllister,
11 partner with Warren Averett CPAs.

12 We did complete the audit, a consolidated
13 audit back in early March, or actually after February.
14 However, due to some timing waiting on an expert report,
15 couldn't make the March meeting, so I am here tonight to
16 present.

17 So we have several new Board members. I
18 wanted to step back and kind of go through an audit
19 process, talk about what we are doing here --

20 (MS. MCALLISTER HAS MICROPHONE ADJUSTED.)

21 MS. MCALLISTER: Is that better? I'm
22 sorry. I can hear myself. I am not thinking that no one
23 else can hear me. Sorry.

24 There are several levels of assurance that
25 we can provide you with when issuing an opinion on your

1 financial statement. We can issue a modified opinion.
2 Some people have heard the term of growing concern
3 opinion, a highest level of assurance we can provide,
4 which is unmodified opinion, which is the level of
5 assurance we are providing on the system's consolidated
6 financial statement.

7 Our actual opinion reads that the
8 consolidated financial statements are presented fairly in
9 all material respects as far as the consolidated
10 financial position of Holley Navarre Water System.

11 I want you to understand that in
12 conjunction with our audit, we did have -- we don't have
13 any non-compliance findings to report, and we don't have
14 any indication of internal control material weaknesses to
15 report as well. Those are also very positive statements
16 for the system. There were very minimal audit
17 adjustments during this process.

18 As you are aware, the Water System is
19 extremely unique, and the fact that you are the only
20 Water System that I work with that owns a fully owned
21 subsidiary of a golf course as well as a municipal
22 engineering firm. And that proposes some challenges to
23 the audit process.

24 I will say that Barbara and her team do a
25 great job in supporting us -- Phil and Cindy as well on

1 providing information -- but Barbara definitely gets the
2 brunt of us while we are out here trying to complete the
3 audit. She provides us information which allows us to be
4 efficient while we are out here and help the audit
5 process run smoothly.

6 Overall, when I look at the system, it has
7 a strong consolidated balance sheet of approximately \$68
8 million in assets, a very large system. And it is
9 experiencing significant growth as we are talking about
10 ealier, the area has been growing. Obviously, we had a
11 setback a couple of years ago, but it has been coming
12 back online in the past couple of years.

13 When I look at your expenses, I see an
14 overall trend increase of increasing expenses as well as
15 an approximate 10 percent increase in your personnel
16 costs this year, just looking at the system. Now, I know
17 personnel costs are budgeted as well to increase for
18 2019, and what I would -- I have seen several of my
19 clients that have been increasing personnel costs over
20 the past few years, trying to catch their salaries back
21 up to market, adding positions where they were missing
22 positions as the economy has been improving.

23 But I would advise you to keep monitoring
24 this as those expenses are continuing to increase as well
25 as watching your income as it's increased slightly over

1 | the year. You want to make sure they are in
2 | conjunction -- that you can continue to provide the
3 | necessary reinvestment in system and capital improvements
4 | that are going to be necessary.

5 Municipal is cash flow positive. There is
6 no debt associated with them as well as they had
7 continued revenue growth over the year.

8 The Club's expenses did decrease. I know
9 there were specific actions throughout '18 to decrease
10 those expenses, and that's on track as well as the
11 subsidy for maintaining. And from what I understand as
12 well for 2019, there has been more positives on the Club
13 as well. We look forward to seeing that next year.

14 Overall, I can entertain any questions you
15 have. Like I said, I know I have several new Board
16 members, and I am hoping you had a chance to read every
17 page of the audit report. If not, I am sure everyone
18 would love it, I can read it page by page. I have got
19 all night.

20 MR. KENNEDY: Well, Mr. Lynchard, you are
21 our resident numbers guy.

22 MR. LYNCHARD: They are good.

23 MR. KENNEDY: They are good?

24 MR. LYNCHARD: Yes.

25 MR. KENNEDY: We looked at them as well.

1 I read them as well.

2 MR. LYNCHARD: Don't trust the statements.
3 Trust the firm.

4 MR. TERASA: You have also given a very
5 good report. And how many years have you been involved
6 in it?

7 MS. MCALLISTER: I have been working with
8 the system since about 2012.

9 MR. LYNCHARD: But --

10 MR. TERASA: And is this typical of the
11 type of report you have been able to give us over the
12 years?

13 MR. MCALLISTER: Correct. And I will add
14 to your comment, the firm has been working -- Warren
15 Averett as a firm has been working with the system for
16 many years. I have been assigned the account since about
17 2012.

18 But, yes, this is consistent. We have not
19 had findings in recent years. And each year, it's been
20 something -- Barbara has been working on it -- obviously,
21 the system has become more and more complex over the
22 years. I think when the Club came on board, and then,
23 they thought we couldn't get any more fun, so let's just
24 add the engineering firm. And the accounting has
25 considerably become more and more complex, as well as

1 there is a pension plan accounting for that.

2 So each year we have worked with Barbara,
3 making sure if we did make an audit adjustment or did
4 something, let's talk about how we are going to fix it
5 for next year. So each year, there has been an
6 improvement. But there haven't been any significant
7 findings since I have been working on it, I will say
8 that. I don't know before that, but --

9 MR. TERASA: Congratulations.

10 MS. CARAWAN: Thank you.

11 MR. KENNEDY: All right. Does anybody
12 have any further discussion? Any further questions for
13 Ms. McAllister?

14 MR. LANIER: Mine's not for Ms.
15 McAllister. The only thing I saw that just raised a red
16 flag with me was the concentration of credit risk and
17 that our money is not as well distributed throughout the
18 financial network as it should be. And I would like to
19 see us change banks in the near future to somebody a
20 little bit more stable.

21 MR. KENNEDY: Well, we will bring that up,
22 then, as maybe a separate agenda item for next month.

23 MR. LANIER: It has nothing to do with the
24 approval of the audit.

25 MR. KENNEDY: All right. Thank you, Ms.

1 McAllister.

2 MS. MCALLISTER: Thank you.

3 MR. KENNEDY: All right. Any further
4 discussion?

5 MR. MILLER: I would like to make a motion
6 that we approve the audit as presented.

7 MR. TERASA: Second.

8 MR. KENNEDY: We have a second. Any
9 further discussion?

10 (NO AUDIBLE RESPONSE.)

11 MR. KENNEDY: All those in favor say
12 "Aye"?

13 MR. GOULET: Aye.

14 MR. LYNCHARD: Aye.

15 MR. TERASA: Aye.

16 MR. MILLER: Aye.

17 MR. LANIER: Aye.

18 MS. HARPER: Aye.

19 MR. KENNEDY: Those opposed say "No"?

20 (NO AUDIBLE RESPONSE.)

21 MR. KENNEDY: Motion carries.

22 Next order of business is the Holley
23 Navarre Fire Department hydrant program update.

24 Mr. Williamson?

25 MR. WILLIAMSON: Thank you, Mr. Chairman.

1 As the Board may remember that we had a member of the
2 public that had referenced a letter that was given to
3 Paul, our former General Manager, from the Holley Navarre
4 Fire District.

5 We couldn't find that, but we did have an
6 opportunity to meet with the Battalion Chief the day
7 after the Board meeting. And it was a good meeting. He
8 provided us with a fire hydrant assessment. And I know
9 that this has been an issue that some of our Board
10 members. I believe Director Goulet may have been a
11 champion in this effort in the past and wanted to start
12 that dialog. And there's areas in the franchise area
13 that don't currently have hydrants.

14 And right now, we currently don't have
15 funding programmed in the budget to provide line
16 extensions that would allow us to add hydrants. But
17 would like to provide options to the Board as part of the
18 2020 fiscal budget and give the Board some options if it
19 wanted to begin a program, that we would try to budget
20 for that in the 2020 fiscal year. And then, the Board
21 could provide direction on that.

22 MR. GOULET: Mr. Kennedy, if I could?

23 MR. KENNEDY: Oh, yes, sir.

24 MR. GOULET: In the past, we have provided
25 paint and materials for them to upkeep the fire hydrants,

1 and the Fire Department has always done testing for us
2 for free -- well, flow testing, and then, they rate them.

3 I spoke with Chief years ago with their --
4 I believe it was their accountant at the time -- as far
5 as trying to do some form of funding for them per year to
6 be able to allocate the equipment and anything else
7 necessary for testing.

8 The way you generally have to do it is it
9 can't be a budgeted item because then they lose that out
10 of their budget. Do you follow me on this?

11 MR. WILLIAMSON: Yeah.

12 MR. GOULET: So whatever type of
13 compensation we are going to provide for them, you need
14 to make sure you talk to their accountant if we are going
15 to provide compensation. You need to talk to their
16 accountant and see how we are going to provide it to
17 them. Because if it is a budgeted yearly thing, then,
18 actually, that would be put in their budget as money
19 allocated, just so the Board is aware of that.

20 MR. KENNEDY: So you are saying we need to
21 work with their accountant so at least they know that
22 it's coming?

23 MR. GOULET: Well, not necessarily when we
24 come, but we need talk to their accountant to see if we
25 are able to do some type of funding or -- what's the word

1 I am looking for, Daryl? In kind?

2 MR. LYNCHARD: Yeah. In kind funding so
3 we can do that. The other question -- or the other thing
4 that I was going to mention -- are you done, Will?

5 MR. GOULET: Go ahead.

6 MR. LYNCHARD: Was that I believe the
7 Board needs to work with the Fire Department and talk --
8 or the Board needs to get together and talk about our
9 goals and what we think needs to be done. And then, we
10 need to discuss it with the Fire Department. Because
11 staff doesn't -- doesn't really know what we are trying
12 to accomplish.

13 And if we go and we talk to the Fire
14 Department, like I did this afternoon, we may be able to
15 find different options that other people are not thinking
16 about. But I think we need to do that as a Board.

17 MR. GOULET: I think last time we had them
18 come in and identify three areas that they would like to
19 see improvement and the Board discussed it as a whole and
20 we allocated funding to do that. And I think Cigarette
21 Cove was one of them where we did the line extension.

22 MR. LYNCHARD: Yes. Exactly.

23 MR. GOULET: And we did Panhandle. And I
24 don't know what has been done in the past since then.

25 MR. WELLS: Cigarette Cove was the last

1 one the Fire --

2 MR. GOULET: Didn't we do something on
3 Panhandle, too?

4 MR. WELLS: Hmmm. No. I think --

5 MR. GOULET: Cigarette Cove is the last
6 one that we did.

7 MR. LANIER: Do we know if there is any
8 kind of grant money through the Fire Department for their
9 resources to help expand the system since it's kind of
10 code joint effort to get these in place and meet their
11 needs and our needs?

12 MR. LYNCHARD: The main problem is most of
13 the lines here are four-inch lines. Right?

14 MR. WELLS: There are a lot of
15 four-inch --

16 MR. LYNCHARD: Yeah. A lot of four-inch
17 lines. And I think code currently says we need a
18 six-inch line to put a fire hydrant on it. There may be
19 other options that we can work with, but we need to get
20 our heads together and decide how we wish to proceed.

21 MR. KENNEDY: Right. And with this issue,
22 being that it is not in our 2019 budget, is this
23 something that we would be targeting for our 2020 budget?
24 Or just take money out of something else and move it
25 around?

1 MR. LYNCHARD: I think it's something that
2 we are targeting to work on. And then, we will just
3 figure -- then we will figure out the funding is what I
4 would suggest.

5 MR. GOULET: I think the biggest thing is
6 to get together, like Mr. Lynchard said, as a Board get
7 together with them and discuss options, and then, we
8 review what options we deem necessary in order to further
9 growth of the fire protection.

10 MR. KENNEDY: Well, I guess, one of the
11 concerns I have is sending Board members out to do
12 something.

13 MR. GOULET: All I am saying, have them
14 come in here and have a meeting with us.

15 MR. KENNEDY: Right.

16 MR. LYNCHARD: Yeah.

17 MR. KENNEDY: Got you.

18 MS. HARPER: Why would we not include
19 staff in this?

20 MR. LYNCHARD: We can include staff in it.
21 I think we should include the Board in it, though, which
22 we obviously didn't do this past time.

23 MS. HARPER: The statement was that it
24 would be the Board and not staff, so that led me to think
25 that the staff would be excluded, which would be --

1 (DIRECTOR HARPER AND DIRECTOR LYNCHARD
2 SPEAKING AT THE SAME TIME.)

3 MR. LYNCHARD: Well, we need to determine
4 what the Board wishes to do because the Board was elected
5 by the membership.

6 MS. HARPER: No. I understand that. But
7 you went and you talked to them and this is the first I
8 have heard about it, so --

9 MR. LYNCHARD: I just talked to them this
10 afternoon after I read the agenda --

11 MS. HARPER: No. I understand that. So
12 shouldn't we have what the Board's intent is laid out
13 first before we approach the Fire Department --

14 MR. LYNCHARD: Yes. Most definitely --

15 MS. HARPER: -- like what the goals are?

16 MR. LYNCHARD: -- I was just asking
17 questions.

18 MS. HARPER: I understand. But I think it
19 goes back to what Mike was saying when Board members
20 unilaterally go and do something, you know, without the
21 full Board knowing what is what we are doing.

22 I have no issue with a Board member taking
23 the lead on that, but this is the first I have heard with
24 regard to this, and I don't think it's an issue that --

25 MR. GOULET: At the last meeting it was

1 brought up.

2 MS. HARPER: No. I understand. This is
3 the first I have heard. I am sorry. I was in California
4 dealing with other issues. So my point is wouldn't it be
5 better to lay out, for the Board to agree upon the plan
6 and to task a Board member to then go forward with that
7 so that Board member is speaking --

8 MR. LYNCHARD: Yes. Most definitely.

9 MS. HARPER: -- on behalf of the Board
10 when they meet with the Fire Department?

11 MR. LYNCHARD: Most definitely.

12 MS. HARPER: So when is that going to
13 happen?

14 MR. LYNCHARD: I don't know.
15 Mr. President needs to answer that question.

16 MR. TERASA: Mr. President, I have two
17 comments.

18 MR. KENNEDY: Sure.

19 MR. TERASA: One is we are all concerned
20 about fire safety and what not, and so, it is obviously a
21 good thing to be involved in. But what is our absolute
22 real responsibility to fire protection? I mean, is
23 that --

24 MR. GOULET: None. We don't have any
25 responsibility.

1 MR. LYNCHARD: None whatsoever.

2 MR. GOULET: It's up to the County.

3 MR. TERASA: All right. So sounds like
4 there is a third party that needs to be involved in that
5 conversation. That's Point 1.

6 Point 2 is we have so many things going on
7 that we really need a comprehensive look of where we are
8 going, not just this activity, but what are we going to
9 do about RIBS and all sorts of things and lay the whole
10 landscape out so we can make cogent decisions instead of
11 committing to this X dollars, having the context of all
12 the dollars we are going to expend in that budget. So
13 certainly want to support that. I certainly see us as
14 good partners there.

15 Will, I am with you. I know Daryl is very
16 interested in that, but we have got to figure out what
17 our bottom line is with respect to all of the other
18 things we have got to do for our membership along with
19 our --

20 MR. LYNCHARD: I don't think we are
21 pledging any amount of dollars at this point. We are
22 just pledging a discussion. And from a standpoint of
23 what our -- our responsibility is to fire protection is
24 if a fire gets put out, it gets put out with water. And
25 if a house burns down, it burns down because Holley

1 Navarre Water System didn't provide the water. Or they
2 didn't put the fire out.

3 (SEVERAL DIRECTORS SPEAKING AT ONCE.)

4 MR. LYNCHARD: But if -- but if -- but
5 if -- but our members are the ones in this area that need
6 the fire hydrants and you can't argue that point.

7 MS. HARPER: We can support the Fire
8 Department --

9 MR. LYNCHARD: But it's -- like I said --

10 MS. HARPER: Don't interrupt me. I didn't
11 interrupt you.

12 MR. LYNCHARD: Okay.

13 MS. HARPER: We can support the Fire
14 Department, but I think it's important, as Mike was
15 saying, to have -- and Fred -- to have what that looks
16 like so when we go to the Fire Department, we are
17 speaking with one voice to meet their needs to put the
18 fires out.

19 Whether that means changing a four-inch
20 line to a six-inch line, whatever that may be, but we
21 also need staff to do that, the management, because they
22 are the ones who know what is in the ground more than I
23 do. Maybe other people on the Board have just as much
24 intimate knowledge about what is in the ground as our
25 staff does.

1 But I think it's important to lay that
2 plan out so we know what we are doing going forward, so
3 if we have to budget money, we are budgeting it
4 correctly. The Board is speaking with one voice with the
5 expertise of the staff and the Fire Department is
6 providing us with what it is that they need so we can
7 support them.

8 MR. KENNEDY: Mr. Williamson, did the Fire
9 Department give you what they are requesting? Is that
10 what that letter is?

11 MR. WILLIAMSON: This is the areas that
12 they currently do not have fire hydrants in in our
13 franchise area that they have prioritized. And I think
14 what I may have heard from one member of the Board was
15 that -- exactly what I had just proposed, which is that
16 we don't have money budgeted now, so unless the Board
17 wants to provide this as a priority and tell us to make
18 it a priority now, that we would work with the Fire
19 Department.

20 We would come back to the Board with
21 options and then the Board can decide what, if any money,
22 they want to allocate toward this. My concern would be
23 that we would be having a Board member go and speak to
24 the Fire Department and then come back and staff is
25 trying to react to that. That seems similar to maybe a

1 step back to where we were before.

2 So I just wanted to make sure I had
3 clarification on that before we move forward tonight.
4 Is this something that the Board is now saying they want
5 to engage with the Fire Department and take the ball and
6 run with it? Or do we want to do what Director Lynchard
7 is saying which is have the Board establish priorities
8 and then let the staff meet those priorities?

9 MR. KENNEDY: Well, unless somebody else
10 has any further comment, it sounds like the Fire
11 Department has defined their priorities. They have
12 already said, "We want things right here."

13 MR. WILLIAMSON: And they said they don't
14 have any money and they would like us to spend member
15 rate payer money to help solve the areas where they don't
16 have this. But I think there's options with something
17 similar to MSU where, you know, they could have some
18 funding involved and some skin in the game, if you will.

19 I think your rate payers are probably
20 those that are in areas that currently have hydrant
21 protection. I don't know how they are going to view
22 making an investment into other areas that don't have and
23 how that's going to be viewed.

24 So, here again, this was just meant to be
25 a follow-up from what happened at the last meeting. We

1 had a member of the public that referenced a letter. We
2 couldn't find that, so we had a meeting, as I said, that
3 I would do. The next step seems, unless the Board would
4 think otherwise, that we would work on some options
5 including -- including funding for the 2020 year. If the
6 Board wants to move forward sooner, then we can certainly
7 do that.

8 MR. KENNEDY: Right. So this agenda item
9 was information only. If the Board would like to make a
10 motion to change this from an information only to a
11 motion --

12 MR. GOULET: Mr. Lynchard?

13 MR. LYNCHARD: I would like to make a
14 motion that the Board get together at another meeting and
15 maybe discuss this.

16 MR. GOULET: I will second that motion.

17 MR. KENNEDY: All right. We have a second
18 for a meeting. Do we have any further discussion on
19 having a meeting?

20 MR. LANIER: Do you have a date for this
21 special meeting? I'm sorry --

22 MR. KENNEDY: Go ahead.

23 MR. LANIER: Is there a date for this
24 special meeting that you would like to set?

25 MR. LYNCHARD: No. I will leave that up

1 to the rest of the Board members. I am flexible.

2 MR. KENNEDY: Okay. Well, we could
3 probably add a few line items, too, if we are going to
4 have a special meeting, we are going to talk about more
5 than one thing then, because I think we all -- some of
6 the new Board members have questions about how things
7 were done and maybe we can turn this into a working --

8 MR. LYNCHARD: A working meeting. Yes.

9 MR. KENNEDY: A workshop. Yes, sir.

10 MR. TERASA: I would recommend, Mr.
11 President, that it would be, for lack of a better word,
12 budget-related. In other words, a comprehensive look at
13 what we are going to do. If we are going to look to the
14 future, this is one piece of that future, what we would
15 do with respect to fire hydrants -- providing fire
16 hydrants as support to the Fire Department.

17 MR. WILLIAMSON: We tentatively had a
18 budget workshop, a Board budget workshop scheduled for
19 the month of August for this year.

20 MR. TERASA: Again, the idea is we have
21 got to look to the future for all our needs and how they
22 fit and interact. So I know we haven't put a dollar
23 figure. I appreciate we need to address this amongst us
24 a plethora of things that we have got to look at
25 comprehensively so we can make cogent decisions of each

1 of them. Thank you.

2 MS. HARPER: Prior to scheduling a
3 meeting, do we know right now, has any information been
4 provided as to how many hydrants there are total and
5 their district, the locations, and then, their proposed
6 locations? Have they provided that information?

7 MR. WILLIAMSON: No. It was a preliminary
8 meeting. And like I said, just wanting to respond and
9 get together and talk and improve some communication.
10 Some other things that came from it that when we have
11 lines down or we are fixing something that we would call
12 the non-emergency line at the County. And that's
13 something that we are implementing to where if they go to
14 respond to a call, they would know about that.

15 And they are looking at increasing their
16 communication when they are doing testing of hydrants
17 that we would know about it so we could notify our
18 customers. And this is just starting a dialog. And the
19 Battalion Chief is very encouraged to have that dialog
20 started. I didn't get any sense from the Board at the
21 last meeting that you were looking to take it beyond
22 that, so that's why this is just an update of information
23 on it.

24 MR. GOULET: There's a -- there is a
25 topographical diagram that Clinton has got of all the

1 hydrants, where they are at, and which services are out
2 of service, and they have got a copy of all of that.

3 MS. HARPER: Have they presented it
4 that -- you and Daryl have had communications with them.
5 Have they proposed where they would like the hydrants to
6 to go to see if it is even feasible? I mean --

7 MR. GOULET: I even talked to the Chief
8 this year on it. Last time, when I actually approached
9 him, they gave me -- I said, "Give me three areas you
10 would like to have fire protection increased," and
11 actually took a map out and put plots on the map where
12 they wanted it.

13 And then, we got with the engineering
14 staff, and they gave us a cost, what it was going to
15 cost, and that's how we approved it last time.

16 MR. WILLIAMSON: What they provided was
17 pictures of established neighborhoods with no hydrants.
18 And then, you know, I told them after speaking to the
19 Board and with staff, that if this was something that the
20 Board wanted to pursue, we would look at where are their
21 aligned priorities with us and them.

22 So if the Board wanted to pass a policy
23 that they wanted to make this a priority, then staff
24 would execute on that policy. It's just a matter of
25 giving it direction. If you want that to happen before

1 2020, then we can act on that now.

2 MR. LYNCHARD: Well, I think the Board
3 needs -- I think the Board needs to have a workshop and
4 discuss it amongst themselves before we make a decision.

5 MR. KENNEDY: That's the motion we have
6 right now. We have a motion. And we are really
7 discussing whether or not we are going to have a --

8 MR. LANIER: And have a Board
9 representative at that meeting so that we can get their
10 Christmas list of what they want.

11 MR. KENNEDY: So how about if we put --
12 for this motion, we will have a -- we will plan -- we
13 will plan a workshop but we will also pick the agenda
14 items upcoming for the workshop.

15 MR. GOULET: I agree.

16 MR. KENNEDY: To then also let the public
17 know what we are talking about --

18 MR. LYNCHARD: Yes.

19 MR. KENNEDY: -- and have them, so that
20 they know. This will be open to the public as well,
21 so --

22 MR. LYNCHARD: Can we do it before August?

23 MS. HARPER: Yes.

24 MR. LYNCHARD: Thank you.

25 MR. GOULET: Maybe we can pick a day where

1 we can get together possibly before the next Board
2 meeting. That way, we can talk about it at the next
3 Board meeting.

4 MR. LYNCHARD: That would be great.

5 MR. KENNEDY: All right. So narrowing
6 down the motion again is we are going to have a Board
7 workshop before, somewhere around May, and we will work
8 on the discussion -- the agenda items.

9 MR. LYNCHARD: Sounds good.

10 MR. KENNEDY: Okay. Does anybody --

11 MR. TERASA: One more comment. Are you
12 going to be prepared this month, Rob, to lead us in a
13 budget discussion as far as this?

14 MR. WILLIAMSON: Absolutely not. And
15 there is no way that we could possibly make a
16 comprehensive budget presentation to even make
17 recommendations on what 2020 would be at this time, so --

18 MR. LYNCHARD: I think it is way too early
19 for a budget discussion.

20 MR. KENNEDY: So this will be a direction
21 of the Board or initiative discussion workshop. All
22 right. Do we have any further discussions?

23 (NO AUDIBLE RESPONSE.)

24 MR. KENNEDY: Those in favor say "Aye"?

25 MR. GOULET: Aye.

1 MR. LYNCHARD: Aye.

2 MR. TERASA: Aye.

3 MR. MILLER: Aye.

4 MR. LANIER: Aye.

5 MS. HARPER: Aye.

6 MR. KENNEDY: Those opposed say "No"?

7 (NO AUDIBLE RESPONSE.)

8 MR. KENNEDY: Motion carries. Thank you.

9 Next is a request for information policy.

10 Mr. Williamson?

11 MR. WILLIAMSON: Thank you, Mr. Chairman.

12 Current policy is all information requests regardless of

13 where they come from would go to the Board for approval.

14 And there has been talk from the Board of amending that

15 policy and maybe have another way to review the request

16 as they come in before they get to the Board.

17 So you have staff recommendations there

18 that the initial review would be -- got to be compliant,

19 obviously, with Statute 6.17. It's got to be compliant

20 with our governing documents. And after the initial

21 review was made by the CEO, then that response would be

22 given to whoever was putting in the information

23 request.

24 MR. KENNEDY: All right.

25 MR. TERASA: So you are proposing a change

1 to what we are currently doing? Is that what you are
2 saying?

3 MR. WILLIAMSON: The current policy is for
4 all public information requests to come to the Board.
5 Based on feedback from the Board, the recommendation
6 would be that the initial review would come to the CEO.
7 And then, a determination would be made. If the
8 applicant didn't agree with that determination, then they
9 would have a public forum to come and air that out.

10 MR. GOULET: I have got some questions on
11 this. I am going to make a motion to approve so we can
12 have further discussion.

13 MR. LYNCHARD: I will second for further
14 discussion.

15 MR. GOULET: Keith, what's your opinion on
16 this?

17 MR. KILPATRICK: I wouldn't see any
18 problem with the CEO making a determination at first.
19 And if there was any, I guess, if the member did not
20 agree with that, then there would be a forum for them to
21 come in and request it directly from the Board. Then,
22 the Board could do that.

23 We actually discussed about this. I
24 didn't see anything in the Florida Statute or the bylaws
25 that did not allow this to happen. We are a private

1 member-owned non-profit organization and not subject to
2 Florida Statute 119.

3 So at that -- we have a CEO. We have --
4 you know, in this case, there is -- sometimes, someone
5 would request something, and then, that request would not
6 be given to them until the next Board meeting, which
7 could be 30 days. So for efficiency -- for efficiency, I
8 don't see any problem with the CEO make an initial
9 determination with the understanding that the member has
10 an avenue to address if they disagree or not. But,
11 legally, I find that sound.

12 MR. KENNEDY: Mr. Williamson, do we carry
13 a standard application form for information requests? Or
14 is it just like an email based request? In other words,
15 how do we track our requests?

16 MR. WILLIAMSON: Before now, no, there has
17 not been a standard form before now. If the request
18 comes in, sometimes those requests went to the Board.
19 Sometimes, they went to staff. Sometimes, they went to
20 the attorney, and then, they would just be filtered to
21 the Board.

22 MR. KENNEDY: So, one, we need to
23 standardize the process and -- all right. Now, do we
24 have any further discussions?

25 MR. LYNCHARD: Oh, most definitely.

1 MR. KENNEDY: Fire away.

2 MR. LYNCHARD: My position is, as it has
3 been since have been I have been a Board member, that any
4 information that is not privileged legal information or
5 sensitive personnel information should be readily
6 available to our members. That's what they want. That's
7 what they have always wanted.

8 MR. KILPATRICK: Right.

9 MR. LYNCHARD: We have always run a closed
10 shop here. Keith is correct. The Statute says that we
11 can require them to have a proper purpose. We can
12 require them to jump through all kind of hoops to do it.

13 Board of Directors two years ago spent,
14 what, \$60,000, \$80,000 in legal fees making people jump
15 through hoops. They lost.

16 Do we want to do that? I mean, yes, you
17 can say that this information shouldn't go to the
18 public -- shouldn't go to the public. As far as I am
19 concerned, if we are doing the right thing, we should
20 have no problem with information going to the public.

21 MR. GOULET: I think -- I think -- I think
22 the only thing I would like to see restricted is personal
23 information, people's names and addresses. That's the
24 only thing I think should be personal. Anything about
25 bylaws --

1 (DIRECTORS SPEAKING AT THE SAME TIME.)

2 MR. LYNCHARD: Exactly. But the --

3 MR. GOULET: But the names and addresses
4 should be private.

5 MR. LYNCHARD: But you can't make that
6 private, because if somebody comes up here with a proper
7 purpose, and a proper purpose would be saying, "Hey, I
8 want to send out a letter to all the members in order to
9 change the bylaws. I need a list of everybody's name and
10 address that's a member." That would be a proper
11 purpose.

12 MR. GOULET: I agree.

13 MR. LYNCHARD: And we could not deny
14 them --

15 MR. GOULET: I would agree with that one.

16 MR. LANIER: Well, let me ask you this --

17 MR. LYNCHARD: So that kind of shoots the
18 whole, "We are not going to give anybody's name and
19 address out," so we shouldn't be saying that.

20 MR. KENNEDY: Right. Now, this agenda
21 item is a change in the process. And the first request
22 goes to the CEO. And if that, if for whatever reason the
23 CEO denies the member that request, they still have the
24 chain of command to come here. It is to bypass coming
25 straight to the Board --

1 MR. LYNCHARD: But it's --

2 MR. KENNEDY: -- is the reason for the --

3 MS. HARPER: Can you have where any
4 requests that the CEO feels should not be, then, in
5 consultation with the Board President, because there
6 might be something that, you know, the CEO is unaware of,
7 where the Board President can say, "No, this information
8 can be released."

9 If they are both still in agreement that
10 it cannot be released, then the member can petition the
11 full Board. You know, is that -- but it sounds to me
12 like the process, as Mike was saying, that there really
13 isn't one. And for me, what is proper, you know,
14 reasons? You know, what does that look like.

15 Now, obviously, the example you gave, I
16 think, is a proper reason. But what other reasons are
17 there? So I think there needs to be some guidance, not
18 just for the staff but also for the Board on what
19 information is considered proper to be released.

20 But, at least, there would be an immediate
21 appeal, if you will, with any decision that the CEO feels
22 should not be released, the Board President is brought in
23 and he can override the CEO's decision for any reason to
24 say, "No. This is not private. This can be released."

25 MR. LANIER: Daryl, just a quick question.

1 In your discussion just a moment ago, it sounded to me
2 like the proper purpose was not an important issue that
3 we could just waive it basically and if it is a member,
4 give them the information without, you know, with
5 restrictions that you have listed there.

6 The area that I have a concern about is
7 say I am a member. But I also have a business that does
8 debt collection or does, you know, something in that
9 field.

10 MR. LYNCHARD: Yeah.

11 MR. LANIER: I say, "I would like a list
12 of everybody that is past due or has been past due in the
13 past five years." And that is none of my business.

14 MR. LYNCHARD: That's none of your
15 business.

16 MR. LANIER: That's not the business of
17 the Water Department to give. That purpose does not
18 benefit the Water Department. It benefits that person --

19 MR. LYNCHARD: That goes to the proper
20 purpose. You are correct.

21 MR. LANIER: So we need to not abandon the
22 proper purpose and just say everything except this and
23 this.

24 MR. KENNEDY: Well, Mr. Williamson --

25 MR. WILLIAMSON: We recently got that

1 request, by the way, from a member --

2 MR. LYNCHARD: To give out people that
3 were past due?

4 MR. WILLIAMSON: Yes, sir. In the last
5 week.

6 MR. KENNEDY: So Mr. Williamson, do we
7 have a defined process, like Madam Vice President was
8 saying, as far as how they actually go through the whole
9 process? They come and make a request. And if we
10 don't -- I think that maybe I think this is kind of where
11 we are kind of heading to is we are defining a process
12 that not only we can follow every time but something the
13 next Boards down the future can follow.

14 MR. GOULET: Maybe this could get added to
15 our workshop so they could discuss it and come up with
16 options and a plan and not make a decision. We can leave
17 it the way it is tonight and put this on our workshop
18 agenda so we can all talk about it. That's my opinion.

19 MR. LYNCHARD: I second that.

20 MR. MILLER: I think what is proposed
21 tonight, if anything expedites that person getting the
22 information that they are wanting, as long as it is not
23 something that is, you know, could be considered
24 confidential, and I think we can trust the CEO to say,
25 you know, "Yeah. This is fine. It's okay. It's not,

1 you know, going to negatively impact the Water Company."
2 Then, they go ahead and get that information.

3 If they were told, "No," for any reason,
4 then they have an avenue to come to the Board, which that
5 was their only -- under the current policy and under the
6 current operating guidelines, their only option is to
7 come to the Board with a request for information. So, if
8 anything, approving this expedites it.

9 MR. KENNEDY: Right now, their motion is
10 only to be -- you know, deciding on whether or not we are
11 going to change the policy to allow the first request to
12 go to the CEO and then to follow-up to the Board. So
13 that's what we would be --

14 MR. LANIER: Has that motion been made
15 yet?

16 MR. KENNEDY: Yes.

17 MR. TERASA: Yes.

18 MR. KENNEDY: So if we want to amend or
19 change, that's fine, but right now, the motion is "Do we
20 want to change the policy"?

21 So I am kind of seeing two things -- one
22 is we can discuss this motion and vote on it. And then,
23 to Mr. Goulet's point, we would add this to our workshop
24 as far as if there is anything else that we need to
25 decide on this area. Any other discussions?

1 (NO AUDIBLE RESPONSE.)

2 MR. KENNEDY: All right. So right now, we
3 have a motion for -- to direct the CEO to release
4 information consistent with Florida Statutes and/or
5 Holley Navarre Water System's governing documents.

6 All those in favor say "Aye"?

7 MR. GOULET: Aye.

8 MR. LYNCHARD: Aye.

9 MR. TERASA: Aye.

10 MR. MILLER: Aye.

11 MR. LANIER: Aye.

12 MS. HARPER: Aye.

13 MR. KENNEDY: All those opposed say "No"?

14 (NO AUDIBLE RESPONSE.)

15 MR. KENNEDY: Motion carries. And we will
16 add this to our workshop. Thank you.

17 MR. WILLIAMSON: Before we get too far
18 afield, that workshop, is that something you want staff
19 to publicly notice and will members of the public be
20 allowed to attend?

21 MR. KENNEDY: Yes, sir.

22 MR. LYNCHARD: Yes.

23 MR. KENNEDY: Yeah.

24 MR. WILLIAMSON: Just let us know --

25 MR. KENNEDY: Apparently, we are going to

1 have a lot of planning to do.

2 MR. WILLIAMSON: What is that?

3 MR. KENNEDY: We are going to have a lot
4 of planning to do, scheduling agenda items, because it is
5 going to take two hours to get through ten of them here.

6 MR. WILLIAMSON: Not today.

7 MR. KENNEDY: Maybe a weekend. All right.
8 The next order of business is the Fairpoint Regional
9 Utility System and Holley Navarre Water System operating
10 agreement. Mr. Williamson?

11 MR. WILLIAMSON: A little bit of history
12 on that. Up to now, it's operating with pretty much just
13 a handshake agreement, where Holley Navarre Water System
14 and its team have administered all the activities related
15 to Fairpoint.

16 And I guess it was a little more than a
17 year ago that one of the partners wanted to go out and
18 put an RFP out for outsourcing that to a third party.
19 That was done. There was one response. That response
20 came back in with a price that was almost twice as much
21 as what they were currently paying.

22 When you factor in -- I think the bid was
23 around \$487,000 at the time. Reimbursement was around
24 \$300,000. But that response only included about \$15,000
25 for repairs and maintenance. We usually average about

1 \$100,000. So, really, it was about half. We are about
2 half of what the third party would have charged.

3 At that point, evidently things changed
4 and it became more of a -- they were very interested in
5 keeping Holley Navarre Water System as the entity that
6 would be running the day-to-day operations and service to
7 Fairpoint and the idea to create an operating agreement
8 came forward.

9 And the operating agreement is kind of a
10 cut and paste of what we inherited a few months ago that
11 had already been created was a cut and paste of this
12 response from that third party vendor, along with some
13 additional information from the Fairpoint attorney and
14 kind of creating the first draft of that agreement.

15 When I came on as Executive Director and
16 started January 1, had a meeting after the Board meeting,
17 where there was a representative from each of the three
18 partners, and they provided additional feedback on what
19 they were looking for to make sure that Holley Navarre
20 Water System was compensated for everything that they did
21 as it relates to this service agreement.

22 I included those items in the compensation
23 section of the agreement. That, to this point, is really
24 the only addition that I have put into the agreement and
25 everything that I have added to the agreement was in

1 direct response to Fairpoint Board members' request that
2 I heard at that meeting. And so, this is the draft that
3 we have now that has been provided to three partners of
4 Fairpoint at the last Fairpoint meeting.

5 I spoke to the President of Midway Water,
6 and we have a meeting scheduled with them on Monday. And
7 he says that their Board provided some 30 to 35 questions
8 that they have related to this agreement, which seems
9 extraordinary, given the time that we have spent from
10 beginning to now that they just now have got this number
11 of questions, but we will get to that feedback.

12 I am hoping that this Board will provide
13 recommendations that I can bring back to Fairpoint at
14 next Tuesday's meeting. And Gulf Breeze will do the
15 same, and then, we will see what Fairpoint wants to do
16 moving forward.

17 MR. GOULET: Mr. President?

18 MR. KENNEDY: Yes?

19 MR. GOULET: I have just got one question.
20 On page 16, where it says, "Equipment: Autos."

21 Under Equipment, it says, "Usage shall be
22 reimbursed on hourly basis, plus any direct costs, such
23 as fuel."

24 I think we need to add in there also any
25 fair costs such as fuel and labor. Because unless one of

1 the identified people that work for Fairpoint under
2 Holley Navarre Water System, I mean, if Too Tall runs
3 over there and runs a backhoe or a dump truck, he is not
4 being compensated for that. We are not being compensated
5 for the labor. So we might want to add that under the
6 equipment usage.

7 Because if you go rent a piece of
8 equipment from United Rental, you are not renting the guy
9 to run it. You are just renting the equipment.

10 MR. WELLS: Their labor is included. We
11 include that in a time sheet.

12 MR. WILLIAMSON: It's a very good catch,
13 but --

14 MR. GOULET: Okay. I just wanted to make
15 sure.

16 MR. WILLIAMSON: We are now capturing
17 every hour of labor.

18 MR. GOULET: I remember before in the
19 past, it was kind of -- it went unchecked.

20 MR. KENNEDY: And --

21 MR. LYNCHARD: One thing that I had
22 mentioned was the automobile usage. And it says
23 incorrectly in here, "The IRS Federal fuel reimbursement
24 rate," which I don't know what that rate is.

25 I do, however, know that the portion of

1 the Federal automobile rate, which is attributable to
2 depreciation, is 26 cents a mile.

3 So if you reduce the 58 cents by the 26
4 cents, that means that the fuel reimbursement rate can be
5 no more than 32 and one-half cents a mile. And I would
6 imagine it is less than that.

7 MR. WILLIAMSON: We were going with the 58
8 cents a mile.

9 MR. LYNCHARD: Yeah. But we have got to
10 put the automobile reimbursement rate instead of fuel
11 reimbursement rate on the contract. Because our partners
12 will look at that and hold us to it.

13 MR. MILLER: I agree.

14 MR. TERASA: Now, it's my understanding
15 Mark and Daryl sit on that Board. Is that correct?

16 MR. LYNCHARD: Yes.

17 MR. TERASA: So you are intimately
18 familiar with this document. Is that accurate?

19 MR. MILLER: Yes.

20 MR. TERASA: So being the novice that I
21 am -- I hate to admit that -- but, anyway, I would really
22 look to you guys to help us make sure that this is -- you
23 alluded to a specific item -- that we are covered. And,
24 hopefully, one day, we will all be included, be more
25 conversant with what Fairpoint really means to us and how

1 we operate.

2 Now, I really appreciate that we are
3 taking this step to get this agreement in place, but we
4 are really really going to work this thing and benefit,
5 as we should, from the work that we do.

6 MR. MILLER: I think, you know, if
7 anything, this creates a contract or a document that
8 says, "Okay. This is the way things are going to be
9 done, at least for the foreseeable future."

10 And it works to try to reimburse Holley
11 Navarre Water for some of the things that we have kind of
12 been doing for free for a lot of years.

13 MR. LYNCHARD: Most definitely.

14 MR. MILLER: You know, probably one of
15 most contentious items that's in here that hasn't
16 been -- we haven't been getting any reimbursement for --
17 on page 16, the administration fee of five percent of the
18 total monthly labor.

19 I mean, we have been billing them for the
20 labor, but we haven't been billing them for any kind of
21 overhead for the use of our offices, our computers, our
22 lighting, our -- you know, other things that anybody else
23 that was going to run Fairpoint would be charging for.

24 So now, it's kind of hard to get your head
25 around the fact that, you know, we are a one-third owner

1 in Fairpoint, so we are kind of -- and not only a
2 one-third owner, but we contribute about 50 -- well, not
3 50 -- about 40 percent of the revenues into Fairpoint.

4 So, technically, this agreement, you know,
5 that we are agreeing with Fairpoint, we are a member of
6 Fairpoint and a 40 percent stakeholder, so we are kind of
7 agreeing that part of these expenses that we are paying
8 back to us are ours. It -- I know -- it makes my head
9 hurt.

10 MR. LYNCHARD: We are going to be paying a
11 third --

12 MR. MILLER: But, you know, that's, you
13 know, I think it definitely works to improve over what we
14 have now. I am curious to see what the other members of
15 Fairpoint have issues with. I think it's really a pretty
16 good document. I don't know of anything that, from our
17 standpoint, that needs to be changed.

18 MR. KENNEDY: And since you are our
19 representatives on -- at Fairpoint, so we are one-third
20 owner of Fairpoint, but we are also the 98 percent of
21 everything on Fairpoint.

22 MR. MILLER: As far as operations go.

23 MR. LYNCHARD: Yeah.

24 MR. KENNEDY: Or maybe even close to 100
25 percent.

1 MR. LYNCHARD: Yeah. Well, it is 100
2 percent.

3 MR. KENNEDY: As Director Terasa was
4 saying, we are looking to you guys to make, if you guys
5 are comfortable with this document, or, you know, do we
6 need to be --

7 MR. LYNCHARD: Yeah. No. I am not
8 comfortable with it.

9 MR. KENNEDY: I mean, the staff does a lot
10 of work for Fairpoint. I mean, like all of it.

11 MR. LYNCHARD: And that's one of the
12 questions that our partners had early on that I still
13 haven't seen and I don't believe staff have prepared yet,
14 but our partners wanted to see a timesheet, more or less,
15 to justify the 20 percent for our executive, the 15
16 percent for Barbara, the ten percent for Clinton.
17 Obviously, Victor is 100 percent. Smiley is 100 percent.
18 15 percent for Donna.

19 They want to see a breakdown of that
20 before they sign this document. And that's one of the
21 questions they are going to have. They have asked that
22 from the very start.

23 MR. KENNEDY: And the good thing is that's
24 Mr. Williamson's problem.

25 MR. WILLIAMSON: The only way I know to do

1 that is just for a period of a month or two months, we
2 could record the amount of time that we spend on
3 Fairpoint, but it varies month to month.

4 If it is the beginning of the year and we
5 are doing, you know, the audit, and we are responding to
6 that, or the budget or the annual meeting, in the first
7 quarter of the year, the amount of time might be more.

8 Or we have Well Number 5 go down and we
9 are responding out at, you know, 6:30, 7:00 o'clock at
10 night for that, the amount of time that a -- or when I am
11 talking to Midway about their continued issues that they
12 might have with some of the meters, that might be a
13 three-month time period. But then, when we move into
14 May, June, July, August, things die down, so --

15 MR. LYNCHARD: So we are going to tell
16 them that we are not going to give them anything then.

17 MS. HARPER: Do you think that we could,
18 for the last month --

19 MR. WILLIAMSON: Maybe 20 percent for my
20 total time -- or the Executive's total time -- is from
21 what I have seen, definitely on the lower end of the
22 scale.

23 Barbara's, I know, has been adjusted from
24 ten percent to twenty percent to fifteen percent. I
25 think it's fine if we want to go through that exercise.

1 I have no doubt that it would probably result in the
2 numbers being higher.

3 MR. LYNCHARD: But that's what they asked
4 us for in January.

5 MS. HARPER: Can we try --

6 MR. LYNCHARD: They asked us to do that
7 exercise in January and we still haven't done anything.

8 (DIRECTORS TALKING AT THE SAME TIME.)

9 MR. WILLIAMSON: Barbara, we have tried,
10 some of the time, to spend on that. And that's how we
11 adjusted. We found that we had two employees that
12 weren't being reimbursed at all. They now are.

13 MR. LYNCHARD: So we have got something to
14 present to them.

15 MR. WILLIAMSON: -- time -- and we record
16 now hours that we have and that's reflected in the
17 numbers. We are eight percent over prior year in revenue
18 reimbursement.

19 MR. LYNCHARD: So we have something to
20 present to them --

21 MR. KENNEDY: One second --

22 MS. HARPER: Is there a way to get 12
23 months' worth of data, since it seems that this has been
24 going on for a while? And I think Fairpoint just doesn't
25 want to pay it, personally.

1 So if we can present up to 12 -- at least
2 12 months, we should have this data. I mean, we should,
3 you know, our staff should be able to account for the --
4 a percent of their time that has been spent on Fairpoint,
5 if it's been logged accordingly.

6 So can we provide that to them? Because
7 it may -- it may very well mean that this is lower than
8 they should be paying.

9 MR. WILLIAMSON: And I have heard one
10 Fairpoint member request that we look at what the
11 percentages are. I haven't heard Gulf Breeze or Holley
12 Navarre request that. I know Midway has. But I don't
13 know that that's been a sticking point that they
14 absolutely want us to track that. That's not my
15 recollection.

16 MR. KENNEDY: Right. And I guess for this
17 agenda item, we are looking at this contract here. Not
18 so much I guess the policies of how Fairpoint is working.
19 As the representative, one, are we comfortable with this
20 contract as far as -- what concerns me is the staff is
21 doing 98 percent of the work for Fairpoint.

22 And this is Holley Navarre Water System.
23 So as long as staff is able to run Holley Navarre Water
24 System at the same time take care of Fairpoint and still
25 do your jobs well and represent our members well, then,

1 you know, I am just making sure that we are not, you
2 know, we are not over-burdened or we are causing
3 ourselves to wind up needing to add staff or something
4 for Fairpoint.

5 So I guess the question back to you guys
6 is from this contract, is there anything else that needs
7 to be added to it? Or do we feel confident to go back to
8 their Board with this?

9 MS. HARPER? I think we do need to change
10 some languages. Mr. Lynchard stated with the automobile
11 reimbursement --

12 MR. TERASA: Well, I am with Daryl. I
13 think -- do you have some evidence that you have changed
14 it? Provide it to them. I mean, that's easy enough to
15 do. If you made some changes based on what you have
16 observed, then share that data with them. It's that
17 simple, whatever it is.

18 MR. WILLIAMSON: We have. And we are
19 billing accordingly and getting that reimbursement now
20 and 330 -- 330 --

21 MR. TERASA: I want to make sure my
22 representative on the Board knows that, and he sees that,
23 Number One. Obviously, Midway has some issues, so we
24 need to make sure we resolve those because it's in our
25 best interest to get this contract done, not on the

1 cheap, from our standpoint. Do it accurately, because
2 you have got the proof that was provided to you --
3 provide it to them two or three times. Let's do it.
4 Let's get it done.

5 MR. WILLIAMSON: And it won't be approved
6 until it comes back to this Board again for review. It's
7 just an opportunity to take whatever recommendations,
8 like the one that Director Lynchard has, bring that to
9 Fairpoint at the next meeting, get everybody's feedback,
10 rework the document, and then, bring it back to us again.

11 MR. TERASA: And, ultimately, we will
12 approve this.

13 MR. WILLIAMSON: Before it goes to their
14 Boards. Absolutely. We are the vendor.

15 MR. LYNCHARD: Just so you will know,
16 Fred, the way it works on Fairpoint, if you have six
17 members, seven members, one of them doesn't really count,
18 if you have -- if you have --

19 MR. GOULET: One at large, Daryl. One at
20 large, Daryl.

21 MR. LYNCHARD: Yeah. If you have five
22 real members and the at-large member that vote for
23 something, and you have one member that votes against it,
24 I don't believe it passes.

25 MR. KENNEDY: Is that just budgeting?

1 MR. LYNCHARD: Is that correct?

2 MR. KENNEDY: That's just budget; right?

3 MR. LYNCHARD: No. That's in the bylaws.
4 The partners have to all agree unanimously for something
5 to pass. So, you know, we are one-third, but we control
6 the vote, too, so --

7 MR. TERASA: You have to have seven out of
8 seven?

9 MR. LYNCHARD: Yeah. You need seven out
10 of seven to pass something.

11 MR. GOULET: Most people don't show up,
12 Fred.

13 MR. KENNEDY: All right. So this was
14 just -- this agenda item was just information only and
15 also to provide staff back to recommendations if we saw
16 in the contract; is that correct? All right. Do we have
17 any further questions?

18 MR. TERASA: I just want to thank Daryl
19 and Mark for serving. I mean, it's extra duty for them.
20 Yeah, I mean, I know they are paid handsomely by FRUS, I
21 am sure, like we are here.

22 MR. LYNCHARD: Cookies.

23 MR. TERASA: But my point is we appreciate
24 the extra work and more importantly the background you
25 have the experience you have to make it work for us, so

1 thank you very much.

2 MR. MILLER: I would just like to say in
3 response to something Mike said earlier. You know, they
4 did look at outsourcing the operations of Fairpoint. It
5 was going to be more expensive and I think Holley Navarre
6 Water System is probably the most capable to run that
7 system. And, you know, because we -- that's where all
8 our water comes from. We want to make sure the most
9 capable person is running the Fairpoint operations. So,
10 you know, at this time, I don't think there is a better
11 option than Holley Navarre Water continuing to run
12 Fairpoint.

13 MR. KENNEDY: And I would agree. I like
14 the control. We obviously -- we have confidence in our
15 staff to be able to make sure that stays. And you are
16 right, that's where our water comes from, so it's in our
17 best interest to make sure it stays that way.

18 MR. LYNCHARD: And I believe Midway was
19 looking into taking Fairpoint in-house. I mean, weren't
20 they -- didn't the lady say that?

21 MR. WILLIAMSON: I think we have been --
22 they have -- she has provided -- it will be on the next
23 agenda.

24 MR. LYNCHARD: That's what I mean. She
25 was talking about that. Yeah. And we haven't it seen

1 yet, so --

2 MR. WILLIAMSON: I don't know if the
3 numbers necessarily make sense, but you will have that in
4 front of you next week.

5 MR. TERASA: We are at 40 percent. Midway
6 has what percent of the 100?

7 MR. MILLER: Well, technically, we are
8 just -- we are one-third owners, but now, talking about
9 40 percent --

10 MR. TERASA: I'm talking about -- but we
11 are 40 percent of the water --

12 MR. WILLIAMSON: Take or pay for the
13 water.

14 MR. TERASA: Yeah. And Midway is?

15 MR. LYNCHARD: Doesn't matter.

16 MR. MILLER: I think 30 or so.

17 MR. TERASA: It doesn't matter.

18 MR. MILLER: Like 30 or so?

19 MR. LYNCHARD: Yeah.

20 MR. WELLS: 10 or 15 or something like
21 that.

22 MR. KENNEDY: All right. Are we good
23 with agenda item as far as discussion?

24 Mr. Williamson, do you have any --

25 MR. WILLIAMSON: Director Lynchard had

1 emailed some recommendations, and then, the one that was
2 just mentioned tonight again. If any other Board members
3 have recommendations coming from tonight's meeting, does
4 the Board want to just put a deadline on that so staff
5 knows you have had an opportunity to provide what you
6 want to see in there Friday?

7 MR. GOULET: Friday.

8 (DIRECTORS SPEAKING OVER EACH OTHER.)

9 MR. LYNCHARD: Have all the Board members
10 been provided a copy of the contract? Have all the Board
11 members been provided a copy of the contract before
12 tonight? Or is just tonight --

13 MR. MILLER: Documentation. Yes.

14 MR. LYNCHARD: Okay. I would really
15 encourage the Board members to read over it. And if you
16 have any questions or concerns, please voice them as soon
17 as possible.

18 MR. KENNEDY: So we are shooting for end
19 of this week to -- if you have any recommendations to
20 supply to Mr. Williamson so he can go back with --

21 MR. WILLIAMSON: Yeah. We can -- I'll put
22 those recommendations together and consolidate them. And
23 just so you know, and I am sure you saw this in the
24 agenda, but our General Counsel Keith has reviewed the
25 documents as well.

1 MR. KILPATRICK: I have.

2 MR. KENNEDY: Thank you. The next agenda
3 item is the fleet vehicle purchase. Mr. Williamson?

4 MR. WILLIAMSON: We had \$75,000 budgeted
5 this year for fleet vehicle purchase. We had three bids
6 that went out. We have two vehicles. We are looking for
7 the Board to approve the two fleet vehicles.

8 MR. GOULET: I make a motion to approve.

9 MR. MILLER: Second.

10 MR. KENNEDY: Is there any further
11 discussion?

12 MR. GOULET: Do we have any vehicles that
13 we are retiring at least?

14 MR. WELLS: Possibly one. I have got to
15 see what is coming up, as far as personnel, but I think
16 we will have at least one.

17 MR. GOULET: Mr. Williamson, if we do have
18 any vehicles, are we are going to do similar to what we
19 did in the past? It was an open auction here.

20 MR. WILLIAMSON: I think that's what
21 Clinton had said he wanted to do. It was a pretty good
22 idea.

23 MR. GOULET: I mean, you make a lot more
24 money doing it that way than a sealed bid.

25 MR. WILLIAMSON: That's what -- I mean,

1 you were saying that was -- had gone pretty well --

2 MR. WELLS: Yeah. What we had last year.

3 MR. GOULET: All right. Thank you.

4 MR. TERASA: Okay. I want to make sure --
5 now, we are going to purchase two vehicles?

6 MR. WILLIAMSON: Yes, sir.

7 MR. TERASA: To the low bidder; is that
8 what --

9 MR. WILLIAMSON: We had three bids from
10 three different companies.

11 MR. TERASA: Right.

12 MR. LYNCHARD: So the two are from Hubs --
13 are we going to get two from Hub City or --

14 MR. WELLS: That's correct.

15 MR. WILLIAMSON: Yes, sir.

16 MR. TERASA: Okay.

17 MR. LANIER: Staff recommendation was to
18 cap it at \$75,000?

19 MS. CARAWAN: Yeah.

20 MR. LANIER: Where \$79,000 is budgeted, so
21 we are coming in under.

22 MR. KENNEDY: Yeah.

23 MR. LYNCHARD: And they are each \$34,878?

24 MR. WILLIAMSON: Yes, sir.

25 MR. LYNCHARD: Okay.

1 MR. KENNEDY: All right. Any further
2 discussion?

3 (NO AUDIBLE RESPONSE.)

4 MR. KENNEDY: Those in favor say "Aye"?

5 MR. GOULET: Aye.

6 MR. LYNCHARD: Aye.

7 MR. TERASA: Aye.

8 MR. MILLER: Aye.

9 MR. LANIER: Aye.

10 MS. HARPER: Aye.

11 MR. KENNEDY: Those opposed say "No"?

12 (NO AUDIBLE RESPONSE.)

13 MR. KENNEDY: Motion carries.

14 MR. WILLIAMSON: Do you want to take any
15 break before the next item?

16 MR. KENNEDY: Let's see --

17 MR. MILLER: We are rolling.

18 MR. KENNEDY: What's that?

19 MR. MILLER: I said, "Let's roll."

20 MR. KENNEDY: Hey, we are rolling.

21 Anybody needs a break --

22 MR. WILLIAMSON: We get to break when we
23 are done.

24 MR. WILLIAMSON: Pass the gavel if you
25 need to.

1 MR. KENNEDY: That's right.

2 Last time was a little rough -- the next
3 order of business is member certificates.

4 MR. WILLIAMSON: Thank you. Two things
5 for this agenda item. One is -- when does a member
6 become a member?

7 And the second would be related to how
8 membership certificates are issued.

9 Issue Number One is when does a member
10 become a member? We would like the Board to set a clear
11 policy far in advance of the next election to provide
12 clear direction on the interpretation of the bylaws and
13 our governing documents that show that when a member
14 number, an account goes active, that is when the benefits
15 of membership begins, your eligibility to vote, to run
16 for a seat on the Board, to request information as a
17 member, to speak in the member forum, all those benefits
18 of membership would happen at the time that the account
19 goes active.

20 And we believe that that would provide
21 clarification and avoid some of the issues that we had
22 during the last election.

23 MR. KENNEDY: All right.

24 MR. WILLIAMSON: And it has been reviewed
25 by General Counsel and General Counsel has agreed that

1 the recommendation from staff is compliant with the
2 governing documents.

3 MR. TERASA: And the second part of your
4 recommendation is?

5 MR. WILLIAMSON: The second part of it is
6 related to the membership certificates and how they would
7 be issued. Currently, the process is that we would print
8 the certificates. They would be signed. Then, those
9 certificates would, after approval by the Board, would be
10 mailed out to members, as well as scanned and held
11 physical copies of them, as well as digital copies that
12 would be stored.

13 And I think we have got about a ten
14 percent kick-out rate from the time a membership
15 certificate would issue to the time that we mail them
16 out. Just in the amount of time that it takes to do
17 that, ten percent of them are no longer members.

18 And so, we have to go through and have
19 staff check that multiple times. And, here again, we
20 believe that compliant with the bylaws that we could
21 issue those paper certificates upon request and that we
22 could store them digitally, as we had done forever, or
23 how everybody else does it as well.

24 MR. KENNEDY: Okay.

25 MR. LANIER: Let me make a motion, then,

1 that is comprehensive of all of those points and meets
2 with --

3 MR. KENNEDY: Make it short.

4 MR. LANIER: -- staff recommendation.

5 It's a long motion. I make a motion that the Board will
6 grant staff the authority to create and issue digital
7 membership certificates for members once their membership
8 certificate number has been assigned by staff and the
9 account is activated for service.

10 The President and Secretary's digital
11 signature, along with the corporate seal are authorized
12 to be affixed to the digital membership certificate
13 template. The date on the membership certificate will be
14 the date that the account is activated for service. The
15 customer becomes a member once the membership certificate
16 is issued and the account is activated for service.

17 The digital membership will be stored
18 electronically in the same manner that the current
19 scanned membership are electronically stored, and the
20 staff will provide the document electronically or a hard
21 copy without a fee at the member's request for a
22 certificate.

23 MR. GOULET: I want to re-second that
24 motion for discussion.

25 MR. KENNEDY: Thank you for the --

1 MR. GOULET: Now, this is the only
2 question I have --

3 MR. KENNEDY: Further discussion?

4 MR. GOULET: -- is the definition of
5 service. In order to be a member, to have a sewer tap or
6 a water tap put in, you have to be a member first.
7 Correct?

8 MS. CARAWAN: That's correct.

9 MR. GOULET: So if we are implying that
10 they are not a member until the water gets turned on or
11 until the sewer can work, that's the only question I have
12 on that. Everything else is fine. That's the only
13 question I have.

14 MR. LANIER: Yeah. The way -- the way
15 that I am interpreting it and the way others have agreed
16 to on this point are that there are certain requirements
17 that need to be met in the governing documents. And in
18 doing so that -- I believe that motion covers them all --
19 in that you have the registration process when you walk
20 in the door. You may -- maybe two months or two weeks
21 before you actually need the water tap turned on because
22 you are renting the place.

23 So you come in. You do all the paperwork.
24 But the actual membership, the certificate, and the
25 activation all happened when they can turn that water on

1 and it's in their name.

2 MR. KENNEDY: And, Mr. Kilpatrick, is
3 there any --

4 MR. KILPATRICK: No, actually --

5 MR. KENNEDY: -- any legal worries or
6 whatever with the motion?

7 MR. KILPATRICK: Me and Barbara and Rob
8 roundtabled this for about an hour and a half. And we
9 went through almost every scenario with Barbara that we
10 could possibly come up with. And we believe that the
11 language that Kevin has said, I mean, does compensate
12 everything -- covers everything that we need as far as
13 meeting the definition of what the bylaws require because
14 it is actually very specific.

15 We had that there. And then, obviously,
16 we have the Florida Statutes and the Articles of
17 Incorporation. But we looked through there. And like I
18 said, we set up so many hypotheticals for Barbara. She
19 was probably walking off thinking, oh, man, but I believe
20 it does comply with the Florida Statutes.

21 MR. LYNCHARD: This was a big issue a
22 couple of years ago. And I only have one question. The
23 bylaws under Article V, Section I say:

24 "And who received the approval of the
25 Board of Directors may be admitted to membership upon

1 subscribing for or otherwise acquiring a membership
2 certificate."

3 So we are saying that we are no longer
4 going to require Board approval for someone to become a
5 member?

6 MR. KILPATRICK: That's not -- that's not
7 correct, actually.

8 MR. LYNCHARD: I am reading the bylaws
9 right here.

10 MR. KILPATRICK: I understand. I know
11 what the bylaws say, but that's not what is happening.
12 He was saying they would retroactively go back to
13 whenever the Board does approve the certificate. The
14 date that the individual became an active member is the
15 date that they -- that their certificate would be issued
16 as far as the date goes.

17 So it's actually working retroactively.
18 It's a situation where Kevin has essentially fixed the
19 problem where we are not dating them all the same date.
20 We are dating them as they become active as a member and
21 the number is issued.

22 MR. LYNCHARD: So they won't be admitted
23 to membership until, say, tonight. But then, we are
24 going to make the date three weeks ago be correct --

25 MR. LANIER: Well, let me --

1 MR. LYNCHARD: -- even though they are not
2 a member until tonight.

3 MR. LANIER: Well, let me just clarify
4 this that under Florida 6.17 --

5 MR. LYNCHARD: I am not worried about
6 Florida 6.17. I am worried about our bylaws.

7 MR. LANIER: 6.17 would trump our bylaws
8 in this issue.

9 MR. LYNCHARD: Okay. What's it say?

10 MR. LANIER: It says: "Where the Articles
11 of Incorporation expressly limit membership in a
12 corporation to property owners within a specific
13 measurable geographic boundary and where the corporation
14 has been formed for the benefit of all those property
15 owners, no such property owner shall be denied
16 membership, provided that the property owner, once
17 admitted to membership, shall comply with the terms and
18 conditions of membership."

19 So they are a member and we can't deny
20 them, so --

21 MR. KENNEDY: Because they need our
22 services.

23 MR. LYNCHARD: But they --

24 MR. LANIER: So we can still approve the
25 previous months' admissions just as like we approved a

1 finance report.

2 MR. GOULET: But in the bylaws --

3 MR. LYNCHARD: Is that -- is that not a
4 slippery slope where you would have someone who was a
5 property owner in the area that does not have a water
6 tap, that now is a member of Holley Navarre Water System
7 simply because they are a property owner and they may be
8 able to buy a water tap in the future?

9 MR. LANIER: It's membership requirements
10 for everything else. Do they have a signed application?
11 Do they have, you know, the need for the water? I mean,
12 there are a lot of other requirements to be met besides
13 just living in the geographical requirement -- in the
14 area. But we just can't deny because of the fact that we
15 are sort of a one-horse pony in this.

16 MR. GOULET: I just think once they have
17 paid their money and fill out their membership form, they
18 should get a membership that day, not only provide them
19 service. And that's just my opinion.

20 For some reason, if we have to do a line
21 extension and it takes three weeks for them to become a
22 member, are they a member? Or aren't they a member?
23 Because they have already paid their dues and filled out
24 paperwork. And that's the only caveat to what you said
25 there.

1 MR. LANIER: Yeah. The only thing, issue,
2 I see with that is that the overlap. You have the people
3 who live in the house now are members. You have people
4 who are moving into the house who would be members then.
5 And so, you have got two members representing one address
6 and I don't believe that's allowed.

7 MR. KILPATRICK: One account wouldn't be
8 active and one would be.

9 MR. LANIER: Yeah. So it has to be when
10 the account goes active.

11 MR. KENNEDY: So I think the goal of the
12 Board tonight is to help define what is an active member.

13 MR. TERASA: Right.

14 MR. KENNEDY: When is a member active?
15 And I believe, one, we have when the tap is turned on --

16 MR. GOULET: Here's a question for
17 Barbara. I know they didn't ask this one. Let's say I
18 want to suspend my water system and have you take my
19 meter out of the ground. Am I still a member?

20 MS. CARAWAN: No, sir.

21 MR. LYNCHARD: Uh-huh. Yes, you are.

22 MR. LANIER: You are inactive.

23 MS. CARAWAN: You are inactive.

24 MR. GOULET: But I still have my
25 membership, though?

1 MS. CARAWAN: You cannot -- if you cannot
2 access your water and use your water, you are not a
3 member.

4 MR. LANIER: It's your membership state.

5 MR. KILPATRICK: And I think what Barbara
6 said was whenever the person becomes responsible for the
7 water --

8 MR. LYNCHARD: Nope. That is not correct.

9 MR. KILPATRICK: That's whenever the
10 initial meter reading is taken, it sets that foundational
11 number which should be billed moving forward.

12 MR. TERASA: Barbara, are membership
13 certificate number and account number the same thing?

14 MR. LANIER: No, it is not.

15 MS. CARAWAN: They are different.

16 MR. TERASA: Okay. So then, how can you
17 have a certificate number? Because when I come in to
18 sign up, what do I -- do I get an account number?

19 MS. CARAWAN: You get an account number.
20 The account number goes with the service address. It's
21 the same. Whether it is you or your renter or whoever,
22 it's the same, the same with the both of you.

23 The certificate number is issued
24 consecutively as they come in -- members come in.

25 MR. KENNEDY: So --

1 MR. TERASA: So I think we are saying when
2 the membership certificate number is activated.

3 MR. WILLIAMSON: Saying something --

4 MR. TERASA: -- so when you turn that --

5 MR. WILLIAMSON: That recommendation
6 there, Fred, then, that's misworded, if that's what you
7 are looking at there -- about a member certificate number
8 is activated. Is that where you are getting that?

9 The certificate portion should be out of
10 there. It should be -- we are talking about when a
11 member number gets activated. When does the account get
12 activated. That's when your benefits and membership
13 would happen. Your membership certificate number is over
14 here is how we treat that.

15 MR. KENNEDY: And we are saying --

16 MR. LANIER: But it would all get
17 generated at the same time.

18 MR. TERASA: Okay. So did you say account
19 number in there for activation? I heard you say
20 membership.

21 MR. LANIER: Because membership
22 certificate is the item that --

23 MR. WILLIAMSON: A member number and a
24 member certificate number are different.

25 MR. LANIER: So what about the issuance?

1 That can be concurrently issued. And when the account is
2 activated, then they are both activated.

3 MR. TERASA: I didn't get that signal that
4 they are going to be simultaneously issued; are they,
5 Barbara? The membership number?

6 MS. CARAWAN: Not necessarily.

7 MR. TERASA: So, again, I think your
8 motion is incorrect. They need to say account number on
9 account of that --

10 (DIRECTORS SPEAKING OVER EACH OTHER.)

11 MR. KENNEDY: Well, that's what we have to
12 define. So right now an account is activated, a member
13 becomes active, if I understand correctly, when --
14 technically, when the Board approves them. Is that
15 correct?

16 MR. WILLIAMSON: Right now?

17 MR. KENNEDY: Yes.

18 MR. WILLIAMSON: No. That's not the
19 determination that the Board made at the previous
20 election, the most recent election. The policy is that
21 basically we are codifying -- we are asking the Board to
22 make a policy to reinforce what we had in place in the
23 last election, which was that -- I think in the last
24 election, Keith, wasn't it, when they came in and set up
25 their account is when the benefits --

1 MR. GOULET: They became a member.

2 MR. KILPATRICK: Yeah. That's right.

3 MR. WILLIAMSON: What we want to do now is
4 provide additional clarification is that when that
5 account becomes active, because of exactly what Kevin
6 just mentioned, you could have two people -- I'm living
7 in a house and Kevin is going to be moving in the next
8 month.

9 Right now, he might come in and sign up
10 for water, but he is -- his account is not active until
11 he moves in. So those benefits of membership for him
12 shouldn't take place until the account goes active.

13 MR. KILPATRICK: And he become responsible
14 for it.

15 MR. KENNEDY: All right. So the
16 question --

17 MR. LANIER: Well, the purpose of my
18 motion, when that account becomes active, the membership
19 certificate date will reflect that same date and they
20 will be --

21 MR. WILLIAMSON: They may not be issued at
22 the same time, but the date on the certificate would
23 reflect that.

24 MR. LANIER: Yes.

25 MR. GOULET: And the other person's would

1 become inactive as a member because they don't have an
2 address or an account number.

3 MR. WILLIAMSON: Yes, sir.

4 MS. CARAWAN: That's correct.

5 MR. KENNEDY: All right. Okay. So we
6 have two things to discuss in this one. One is when a
7 person becomes active. All right. And the other one is
8 about --

9 MR. LANIER: Would you like me to restate
10 the motion?

11 MR. KENNEDY: No.

12 MR. LYNCHARD: Then, we might figure out
13 what you actually said.

14 MR. KENNEDY: Actually, we have a
15 request --

16 MR. TERASA: I still think the language is
17 incorrect with respect to membership certificates is the
18 point in which they are active. I think I heard that.

19 MR. LANIER: Yes.

20 MR. WILLIAMSON: Yes.

21 MR. TERASA: And that's incorrect. It's
22 when the account is active --

23 MR. LANIER: But they are both members at
24 the same time roughly. In a future, not necessarily as
25 it happens now, but in the future moving forward, once

1 that account becomes active, the account number, and the
2 act that they start drawing water, then the membership
3 certificate will also be issued with that same date.

4 So the two are sitting there right next to
5 each other in the file cabinet.

6 MR. LYNCHARD: What date? The date they
7 signed up for it? Or the date they paid for it? Or the
8 date they started getting water?

9 MR. KENNEDY: Right.

10 MR. TERASA: I hate to be argumentative.
11 I understand what you are saying. But that's not what
12 happens in reality.

13 MR. WILLIAMSON: Could you amend your
14 motion to add the language that Director Terasa is
15 making?

16 MR. TERASA: I am serious. It's got to
17 be --

18 MR. WILLIAMSON: It's just one change, I
19 think.

20 MR. TERASA: -- active on the -- on when
21 the account is active.

22 MS. CARAWAN: When the account --

23 MR. TERASA: Not the certificate. The
24 account is active.

25 MS. CARAWAN: When the meter is read.

1 MR. TERASA: Right.

2 MR. TERASA: However you want to say that,
3 but not membership certificate --

4 MR. GOULET: I know. If I go when the
5 meter is read, what if it falls in a billing cycle where
6 it is read -- do you see what I am saying? Am I --

7 MR. HAWKINS: They read it when they turn
8 it on.

9 MR. GOULET: They read it when they turn
10 it on? Okay.

11 MS. CARAWAN: Yeah. The move-in read.

12 MR. LANIER: Well, the only issue that I
13 have got, Fred, and I am having a hard time wrapping my
14 head around this, is that in order to be a member, you
15 have to have a membership certificate. So you are not a
16 member until that certificate -- it says in the
17 bylaws you have to have that membership certificate.
18 That's your right to be a member, as soon as you are a
19 member.

20 So the fact is when you become a member is
21 when your service is turned on, not when you signed up
22 for it, but when your service is turned on. And at that
23 point, the membership certificate is concurrent with
24 that. So the two issues -- two items are issued
25 simultaneously at the point of turning the tap on. You

1 have service. We are going to start billing.

2 MR. TERASA: I am getting tired of this.
3 Let's move on. I don't really care --

4 MR. KENNEDY: He wore you down; huh?

5 MR. TERASA: Oh, yeah, he did. I think I
6 will go on record and say, you are wrong, and I am going
7 to vote no for this motion.

8 MR. KENNEDY: All right. That's fine.
9 And then, the other -- the point I wanted to point out
10 is -- Mr. Williamson, how much did we wind up spending
11 just mailing out membership certificates?

12 MR. WILLIAMSON: Approximately \$3,000.

13 MR. KENNEDY: We spend about \$3,000 a year
14 in postage to mail out certificates which are --

15 MR. WILLIAMSON: That really have no
16 impact on eligibility for all the benefits of membership.

17 MR. KENNEDY: And how much time does the
18 staff -- and I have seen these, because, guess what, I
19 have to sign them, which I don't mind, but staff is
20 actually having to put the address on the back of every
21 membership certificate to mail those out. So how much
22 hourly -- I mean, ultimately, it's just inefficient.

23 MR. LYNCHARD: No. No. No. Okay.
24 Before y'all vote on anything like this --

25 MR. GOULET: I have got a question --

1 MR. LYNCHARD: -- please go back and read
2 the minutes from the last four months of 2017 --

3 MR. KENNEDY: Why don't you enlighten us?

4 MR. GOULET: Mr. President --

5 MR. LYNCHARD: What happened in 2017,
6 Barbara, with the membership certificates?

7 MS. CARAWAN: I don't remember.

8 MR. LYNCHARD: You don't remember?

9 MS. CARAWAN: No.

10 MR. LYNCHARD: Okay. I do. They had all
11 kinds of legal fees with them. Nobody had ever been
12 issued a membership certificate, therefore, nobody who
13 was a member of Holley Navarre Water System was actually
14 a member. They had an illegal -- they had a legal
15 opinion that said that. And they said that everybody has
16 to have a membership certificate to be a member.

17 Now, we are talking about not giving
18 people membership certificates again.

19 MR. LANIER: No, we are not.

20 MR. LYNCHARD: This is a problem.

21 MR. LANIER: We are issuing the membership
22 certificates.

23 MR. KENNEDY: One second, Mr. Goulet --

24 MR. LYNCHARD: He said -- he is talking
25 about not mailing them out.

1 MR. KENNEDY: That is correct.

2 MR. LANIER: We are issuing it, just like,
3 you know, you are issued -- there's a lot of things that
4 are issued -- stock certificates, for one. When you buy
5 stock, they issue you a stock certificate. But they
6 don't actually give you the certificate. It's digitally
7 stored somewhere in a, you know, database.

8 MS. HARPER: Available upon request.

9 MR. KENNEDY: Available upon request.

10 MR. LYNCHARD: I want a legal member -- I
11 want a memorandum of law that says we don't have to have
12 that done anymore.

13 MR. KENNEDY: We have a legal counsel.

14 MR. GOULET: Article VI, Section II of the
15 bylaws. We can't change the bylaws unless we have a
16 majority vote --

17 MR. LYNCHARD: No, we can't.

18 MR. GOULET: -- of the members. It says
19 right there: "The membership certificate shall be issued
20 to each holder of a fully paid membership." So when I
21 come in and sign up for my water and sewer and I pay you
22 for a membership, I am entitled to my membership
23 certificate right there -- not when water is turned on --
24 not when you read my meter -- in the bylaws.

25 So unless we can get a majority of 14,000

1 people, we can't change this, according to the bylaws.

2 Is that correct, Daryl?

3 MR. LYNCHARD: Yes, that is correct.

4 MR. LANIER: Well, if you look at the four
5 criteria that are listed in the bylaws about having to
6 have reasonable accessibility. You know, if you lived
7 here and you have a tap turned, you are eligible to be a
8 member.

9 MR. GOULET: But we have had other people
10 that rent their property. Let's say you rent me your
11 house. Okay? And you have reasonable accessibility to
12 the water. You have to give me 24 hours' notice. So, I
13 mean, there are so many variances on this and gray areas,
14 but right here it says if I give you money for a
15 membership, I get a certificate. I get a magic ticket.

16 I have got one in my safe because I got
17 one mailed to me after all of these years. I have got
18 one in my safe. I finally got one last year. I have
19 never had one. It's like a golden ticket. It's awesome.

20 MR. WILLIAMSON: Director Goulet, that's
21 what we do currently.

22 MR. TERASA: Mr. Attorney, is this
23 digitally issued certificate -- is that adequate with
24 respect to the bylaws?

25 MR. KILPATRICK: In my opinion, it is. It

1 does not say that "It shall be mailed to you." It just
2 says, "It will be issued to you."

3 And it can be issued upon request from
4 that member. And it's just an interpretation of what,
5 you know, it being issued. I have got an Amazon account
6 that was issued to me, but I don't physically have it,
7 you know, is that --

8 MS. HARPER: So I think it is is just a
9 matter of language, you know, when you say the word,
10 "Issue," there seems to be the interpretation that issue
11 is you are printing out the certificate. Where then
12 there is the interpretation that issued is being issued
13 to you, digitally stored, and then available upon
14 request, which then means it is printed out and provided
15 the hard copy.

16 To sum up all of what was we talked about,
17 is that essentially what we are talking about?

18 MR. KILPATRICK: Yes, ma'am.

19 MS. HARPER: Okay. Thank you.

20 MR. KENNEDY: All right. Do we have any
21 further discussion?

22 (NO AUDIBLE RESPONSE.)

23 MR. KENNEDY: All right. Those in favor
24 say "Aye"?

25 MR. MILLER: Aye.

1 MR. LANIER: Aye.

2 MS. HARPER: Aye.

3 MR. KENNEDY: Those opposed say "No"?

4 (NO AUDIBLE RESPONSE.)

5 MR. LYNCHARD: No.

6 MR. TERASA: No.

7 MR. KENNEDY: All right. We have three to
8 three. Is that correct?

9 COURT REPORTER: Who was the third "No"?

10 MR. KENNEDY: All right. Those that say
11 "No," raise your hand. Oh, I'm sorry. I was not raising
12 my hand.

13 (DIRECTOR LYNCHARD, DIRECTOR TERASA AND
14 DIRECTOR GOULET RAISED HANDS.)

15 MR. LYNCHARD: History is repeating
16 itself.

17 MR. KENNEDY: Oh, we have four?

18 MR. MILLER: No. I'm an aye on it.

19 MR. LYNCHARD: I'm a no.

20 MR. MILLER: This is on Kevin's motion;
21 right?

22 MR. KENNEDY: That is correct.

23 MR. TERASA: You get to decide.

24 MR. KENNEDY: I get to decide. All right.
25 So I vote yea, so motion passes. Thank you.

1 MR. LYNCHARD: So we will no longer give
2 membership certificates out?

3 MR. KENNEDY: We will no longer mail
4 membership certificates.

5 MR. LANIER: Membership certificates are
6 created and they were stored in a digital format on
7 request.

8 MR. LYNCHARD: But we won't give it to
9 them --

10 MR. LANIER: They are issued and they are
11 created.

12 MR. LYNCHARD: We will no longer give
13 membership certificates whenever somebody signs up for
14 one.

15 MR. LANIER: If they ask for one, we will
16 give it to them.

17 MR. KENNEDY: Always you can have your
18 membership certificate. It's not like we are saying,
19 "No. You can never have one."

20 MR. LANIER: They will be provided free of
21 charge.

22 MS. HARPER: It will be issued and printed
23 upon request.

24 MR. KENNEDY: At any time. Thank you.

25 Next on the agenda is the website update.

1 Mr. Brand?

2 MR. BRAND: All right. So I guess we will
3 start this -- last year, the Board identified a need for
4 a new website for the Water System. The old website was
5 just out of date, didn't provide the functionalities that
6 we needed.

7 So through an RFP process, we received
8 proposals. They were presented. And then, a proposal
9 was accepted. We have been through the initial stages of
10 design phases of the website.

11 So we have currently made it to a step
12 where we are on one of the -- I guess the third revision
13 of the lay-out design of the website. So whenever we
14 look at the following slides, what we are actually going
15 to be looking at and asking for approval is not the
16 labels, not the page titles, or even what the websites
17 say. It's just the positioning of things, the color
18 scheme, and, actually where the elements are on the
19 website.

20 MR. WILLIAMSON: Not the photos?

21 MR. BRAND: Not the photos. The art work
22 can be changed. So all of that can be changed. We are
23 just looking at the positioning.

24 So this is the main -- and we will
25 actually zoom in on a few different elements. This is

1 the main page that will be, and then, an interior page.

2 The way that the orientation is right now
3 isn't the way a computer screen will display it, so you
4 will actually -- what will be visible will be pretty much
5 the top of the first page down to right above recent
6 news. And then, you will scroll for the rest of the
7 content.

8 So there were a few -- I guess we will
9 speak to the objectives that are being accomplished by
10 the things that we can see on these web pages. One of
11 the -- one of the improvements would be for the
12 communications with members in the community.

13 We want to provide more accessibility to
14 the website for the various members and the way they do
15 try to access the website and we just want to make it
16 easier for the members to use it.

17 So one of the first features, it's very
18 hard to see, but we will be able to translate the new
19 website into other languages for multi-language users.
20 We can adjust the font size, bigger or smaller.

21 We will also be ADA compliant after we
22 have the new website in place. Not a requirement for us
23 yet, but probably coming down the pike. So we will -- we
24 will have those features. Also, our current website,
25 when you look at it on a cell phone or a tablet, it looks

1 the exact same way.

2 So if you are looking at the entire
3 website, you have to zoom in on certain sections to get
4 anywhere. It's very hard to navigate. This will have a
5 different format and will be easily viewed and used
6 depending on whatever device you are using. So it's
7 developed with all that in mind.

8 The quick links -- so these will -- these
9 pages that these actually link to will be accessible from
10 other parts within the website. These are just the
11 quickest ways to get there. So we would think the most
12 popular, what most people go to the website for is what
13 we will put on these links.

14 So, right now, the current usage, we will
15 have a link to that. They will be able to pay their bill
16 on the website, also set up services, as Mr. Miller and
17 some of the other Board members last year had asked about
18 and requested. We will be moving to allow the members to
19 fill out their applications. And some of their other, I
20 guess, requested services for their accounts
21 electronically and submit them electronically.

22 So that functionality will be accomplished
23 this --

24 MR. KENNEDY: We are moving to the 21st
25 Century.

1 MR. BRAND: Also, we will be able to host
2 and/or -- we will be able to display a streaming video if
3 we ever decide to move that in that direction. We can
4 also -- well, we can display any archived video if we
5 ever wanted to post to, I guess, YouTube and host it
6 there. We can actually display it as kind of an imbedded
7 form on the website.

8 So, let's see, members can also sign up to
9 be alerted for certain system notifications. This would
10 be email, as it is right now, any boil water notices, any
11 other -- well, other system messages, office closures.
12 We would be able to identify them via email.

13 Also, there will be a scrolling banner
14 that we can put on the website. We can have whatever
15 color we want and also a pop-up message that they would
16 have to acknowledge before accessing the website for
17 anything like a boil water notice or anything like that.

18 MR. GOULET: Could we put like a scrolling
19 banner on the bottom and say, "Golf at Hidden Creek," or
20 something like that?

21 MR. KENNEDY: A little promo never hurt.

22 MR. LYNCHARD: Yeah. That's right.

23 MR. LANIER: That's a thought.

24 MR. BRAND: But we don't exactly have a
25 version of what that would look currently. But the

1 interior page, you will see the same elements pretty
2 much. We have got the quick links in a different format,
3 the accessibility, which will be just saved from the home
4 page, and the content of the interior pages.

5 So that is about all that we would be
6 approving with the -- with letting the web -- or the
7 company go to the next step on the website, just the way
8 that things look, the positioning of them. And if there
9 is anything else that we want on there that is not on
10 there, it's cheaper to do it now. So that would be about
11 it.

12 MS. HARPER: Can you sign up for text
13 alerts? You said emails, but can you do it -- like Gulf
14 Power has text alerts to --

15 MR. BRAND: We have -- they provide --
16 well, we can provide that functionality. I believe that
17 we were quoted 500 free texts. We would use that up
18 fairly quickly if we had pretty good, I guess, well,
19 acceptance or use of the website. So, yes, we can, is
20 the ultimate answer. There is an incremental cost,
21 though.

22 MS. HARPER: And can you livestream
23 meetings?

24 MR. BRAND: We can if we host them on
25 service. We can embed that service on the webpage. Yes.

1 MR. MILLER: What about the customer
2 portal link? I think there is one on there now. Is
3 there to be one on the main page?

4 MR. BRAND: That would actually be on
5 the -- your account, so we would just, you know, that
6 would link directly to the portal so the customer could
7 see their usage and set up alerts for their usage.

8 MR. KENNEDY: Okay. One second, Mr.
9 Goulet?

10 MR. GOULET: I make a motion to approve as
11 presented.

12 MR. LYNCHARD: Second.

13 MR. KENNEDY: We have a second. Any
14 further discussion?

15 MR. GOULET: Thank you, Torin. I
16 appreciate it.

17 MR. TERASA: I don't want us to lose
18 Will's thought about advertising for the golf course. I
19 don't know how you do that, but everyone else has a link
20 up there that blinks, you know, but we need to take
21 advantage of this.

22 The other point I would like to make or
23 ask is -- are we going to come into the 21st Century and
24 have email capability to contact all of our members and
25 push information out?

1 MR. LYNCHARD: We already do. Huh?

2 MR. TERASA: It may not be linked to this
3 website, but it's a very important thing from a marketing
4 standpoint both as a company and a golf course and what
5 not. Is that something that --

6 MR. BRAND: We can provide one. We can
7 most export them from the billing system, I would say,
8 so, yes.

9 MR. TERASA: All right, Torin. Then,
10 Barbara, the question for you: What percentage of people
11 do we have email addresses for?

12 MS. CARAWAN: I would have to defer to
13 Amber.

14 MR. GOULET: Probably 65 or 70 percent
15 might be linked.

16 MS. CARAWAN: I have no clue.

17 MR. BRAND: If you get an e-statement,
18 then we have your email address, but --

19 MR. TERASA: Sure. But, I mean, that's my
20 point. We need 100 percent whether they are billed
21 by email --

22 MR. WILLIAMSON: We need to require it in
23 the new member application that we are working on for
24 next month to bring back to the Board where we are taking
25 all the different applications we have and consolidating

1 it into one. That's probably something that we should
2 include in the form that we would like to require it.

3 MR. GOULET: Here's some history, when I
4 first got on the Board, people don't want to give you
5 their phone number to call them and tell them, "Hey, you
6 have a leak. We are going to come over and check it
7 out."

8 They wouldn't even give their phone
9 number. "Why don't you want my phone number?"

10 "So we can call if we see something
11 wrong."

12 MR. LYNCHARD: Since I am good at playing
13 -- go ahead.

14 MS. BUCHOLTZ: We started collecting email
15 addresses when the customer portal went active. Even if
16 the customer doesn't want to sign up for e-statements, we
17 let them know that it gives us a second means of
18 communicating with them and had included that in a
19 reminder on their account if they are willing to give it
20 to us.

21 MR. GOULET: It's kind of hard -- the late
22 list was, like, 200 people. "Barb, what do you do?"

23 "We shut them off."

24 I said, "How about this? Let's call them
25 three times. If they don't come in after three times,

1 then you shut them off."

2 And, now, what is it? 25? 30 people on
3 the late list? Seriously, it used to be like 200.
4 Crazy.

5 MR. LYNCHARD: What would be the proper
6 member purpose for us to give all of the email addresses
7 to the Club at Hidden Creek so we could spam everybody?
8 Because it is a separate private business. And we are
9 not going to allow that to any other private business to
10 spam our members. And I personally wouldn't want to get
11 a bunch of emails from the golf course. But, you know,
12 just playing devil's advocate there.

13 MR. KENNEDY: Yeah. Well, I think that
14 would probably go on the agenda for next month.

15 MR. WILLIAMSON: Or the workshop.

16 MR. KENNEDY: The workshop.

17 MR. GOULET: Yeah. Exactly. And your
18 company is going to get it too, Daryl.

19 MR. LYNCHARD: Yeah. Exactly.

20 MR. GOULET: Send messages, too.

21 MR. LYNCHARD: That's it.

22 MR. KENNEDY: So, Torin, so the portal
23 still works as designed. Right?

24 MR. BRAND: Yes. And it will continue to
25 work as designed. It will just link to it from the

1 current website.

2 MR. KENNEDY: Perfect. All right. And do
3 you need a -- do we have a -- we had a -- we had a motion
4 and a second. Any further discussions on the website?

5 (NO AUDIBLE RESPONSE.)

6 MR. KENNEDY: Those in favor say "Aye"?

7 MR. GOULET: Aye.

8 MR. LYNCHARD: Aye.

9 MR. TERASA: Aye.

10 MR. MILLER: Aye.

11 MR. LANIER: Aye.

12 MS. HARPER: Aye.

13 MR. KENNEDY: Those opposed say "No"?

14 (NO AUDIBLE RESPONSE.)

15 MR. KENNEDY: Motion passes.

16 Next order of business is the office
17 remodeling update and request for reassignment of costs.
18 Mr. Williamson?

19 MR. WILLIAMSON: Thank you, Mr. Chairman.
20 Last month, the Board approved renovations to this
21 building that included the back area back there. And
22 part of that \$49,000 price that the Board approved
23 included a 20x20 cement pad that when we empty out a
24 storage and convert it into offices, we would put that
25 service technician operations support stuff that we were

1 storing in there into a metal storage shed that would be
2 on top of that 20x20 pad.

3 Director Miller had asked if we would look
4 at the building next door to see if we could use that
5 storage and maybe eliminate the \$4,000 cost and up to
6 \$5,000 cost for a metal building that might save us some
7 money. So we looked into that and we found out that he
8 was right -- that would save us some money -- probably
9 comfortably \$3,000.

10 So if we were looking at spending around
11 \$9,000 between shed and pad, we would be able to get the
12 building, at least the front portion, to where it would
13 be suitable and usable for storage for around \$5,000 --
14 no more than \$6,000.

15 So that's the request that is in front of
16 the Board that basically we would be approved for up to
17 \$9,000, which we won't get anywhere near that, to make
18 sure that the front area there is secure and that it
19 could be used for storage only.

20 And the Water Ops Team also wanted to be
21 able to use that area for some testing and store some of
22 their materials for water testing as well, so it wouldn't
23 just be for the lead techs.

24 MR. GOULET: I have a question for Mr.
25 Clinton. Can we make these renovation improvements with

1 staff? Or do you need to --

2 MR. WELLS: I don't think we can right
3 now. We are stretched thin.

4 MR. GOULET: I just wanted to ask if we
5 could in-house it, Rob.

6 MR. WILLIAMSON: That's a good question.
7 We have one part that is going to require a building
8 permit, so --

9 MR. GOULET: Okay. That's fine.

10 MR. WILLIAMSON: So, yeah.

11 MR. LANIER: With the building next door.

12 MR. LYNCHARD: Is the building next door
13 structurally sound enough to do that?

14 MR. WILLIAMSON: They believe so, Director
15 Lynchard. I know that you probably don't want to put a
16 lot of money into something that isn't a long-term
17 solution for us. This is bare bones.

18 MR. LYNCHARD: Because I remember -- I
19 remember when we bought it. That's what we had initially
20 planned to do with it and we had determined that it
21 wasn't structurally sound enough to do renovations to.
22 Didn't we?

23 MR. PHILLIPS: Yeah. The primary problem,
24 though, was related to those back walls, that addition
25 that's in the back, in that section. It wasn't so much

1 that the primary structure was in bad shape. It was just
2 the cost of bringing it up to code and weatherproofing
3 the walls, as I understand what they are going to do in
4 the front part, you know, it doesn't affect any of that.

5 MR. LYNCHARD: So we won't have to bring
6 the rest of the building up to code if we are going to
7 use the front section of it?

8 MR. WILLIAMSON: We don't believe so --

9 MR. PHILLIPS: If we do for some reason,
10 you can bet we are not going to spend any money.

11 MR. WILLIAMSON: Yeah.

12 MR. LYNCHARD: Okay.

13 MR. WILLIAMSON: And then --

14 MR. LYNCHARD: I would like to do that
15 before we start construction.

16 MR. PHILLIPS: I don't -- again, you know,
17 I am not an architect or a building guy, but I don't
18 foresee what they want to do over there. They are going
19 to have to pull a building permit, so it's going to come
20 to a head one way or the other. But I don't see it being
21 a problem.

22 MR. KENNEDY: Do I have a motion?

23 MR. LYNCHARD: To do what?

24 MR. GOULET: I make a motion to approve as
25 presented as long as it doesn't require bringing the

1 whole building up to code.

2 MR. WILLIAMSON: Unless we can bring the
3 whole building for not more than \$9,000.

4 MR. GOULET: There you go.

5 MR. LYNCHARD: Not a chance.

6 MR. GOULET: That's my motion.

7 MR. WILLIAMSON: Not going to happen.

8 MR. KENNEDY: All right. Do I have a
9 second?

10 MR. LYNCHARD: Second.

11 MR. KENNEDY: All right. Now, any further
12 discussion? And so, what, if I understand this right, we
13 are going to use a resource that we haven't been using
14 and we are going to save money doing it?

15 MR. WILLIAMSON: That's the general idea.
16 Yes, sir.

17 MR. KENNEDY: Okay. All right. Any other
18 further discussion?

19 (NO AUDIBLE RESPONSE.)

20 MR. KENNEDY: All right. Those in favor
21 say "Aye"?

22 MR. GOULET: Aye.

23 MR. LYNCHARD: Aye.

24 MR. TERASA: Aye.

25 MR. MILLER: Aye.

1 MR. LANIER: Aye.

2 MS. HARPER: Aye.

3 MR. KENNEDY: Those opposed say "No"?

4 (NO AUDIBLE RESPONSE.)

5 MR. KENNEDY: Motion carries.

6 Next on the agenda is the Board meeting
7 agenda development protocol. So I would like to make a
8 motion here for the staff to help draft the Board meeting
9 policy. Do I have a second?

10 MR. MILLER: I will second.

11 MR. KENNEDY: All right. For further
12 discussion, this is just a policy for us Board to -- I
13 don't know if we have got one. Maybe, we do, but -- so
14 that we define when we have agenda items sent in, when
15 are the -- what are their deadlines?

16 MR. GOULET: Not to -- Mr. Kennedy?

17 MR. KENNEDY: Yes, sir. Go for it.

18 MR. LANIER: Would you allow another
19 member to make a motion for you?

20 MR. GOULET: Would you allow another
21 member to make a motion for you?

22 MR. KENNEDY: I retract my motion. Feel
23 free.

24 MR. GOULET: I make a motion to discuss
25 with staff on the meeting agenda developmental protocol.

1 MR. KENNEDY: Do we have a second?

2 MR. MILLER: I will second.

3 MR. KENNEDY: All right. We have a
4 second. Thank you.

5 So I guess the policy would be to better
6 define the deadline for agenda items, when the draft
7 agenda that they -- that the staff needs to be sending to
8 the Board so we all have proper time to be able to see
9 things and discuss about it and when the agenda is going
10 to be finalized and posted to the public. Okay. So that
11 is what is up for discussion. So do we have anything
12 now?

13 MR. LYNCHARD: Yeah. The President is
14 supposed to be in charge of the agenda.

15 MR. KENNEDY: Well, you --

16 MR. LYNCHARD: That's what the bylaws say.

17 MR. KENNEDY: As far as, right, as far
18 as -- and this -- the question is is when -- so we
19 would -- we want to set up a request from the Board
20 members. When do you want to have your requests put on
21 the agenda by? Do you want one week before?

22 MR. GOULET: In the -- in the past, I
23 always tried to get the agenda to Torin a week prior to
24 the meeting on that Friday, so then we had actually had
25 that whole week and two days. So seven days for the

1 agenda to be take hold and for anybody to make any
2 changes and like that.

3 Normally, it's -- I think normally it's at
4 least 24 hours so you can definitely get it out to the
5 public, but usually a week, so it's a pretty good
6 indication. There is no set policy as you are requesting
7 currently.

8 MR. KENNEDY: Right. I just want to make
9 sure that we are all in agreement of when an agenda is
10 coming out. And then, we have time to be able to review
11 it and everything like that. And then, also, for the
12 Board to be able -- or the staff to be able to provide --
13 because we have got Board agenda, but also staff has to
14 provide probably 80 percent of some of this stuff.

15 MR. GOULET: My recommendation would be a
16 week prior to the Board meeting.

17 MR. KENNEDY: So we are saying --

18 MR. WILLIAMSON: Tuesday would be great
19 before that. And then, Wednesday, staff could meet with
20 the Board President to decide what the order of the
21 agenda is going to be that would ultimately go out to the
22 rest of the Board on Thursday.

23 And that gives Barbara and her team time
24 that -- from Tuesday to Thursday to make sure they have
25 got all the packets put together and everything so we can

1 get it out. And all the Board members would know if
2 there is something you want to add to the agenda that you
3 have until Tuesday, the week before the meeting, to do
4 it.

5 MR. KENNEDY: Okay.

6 MR. MILLER: I would still like to see a
7 draft version of the agenda before Friday so that I know,
8 okay, this is what has been set for the agenda. "Well, I
9 remember talking to Mike last week about this. It's not
10 on there." You know, I would like to see an opportunity
11 to, you know, once that draft of the agenda comes out,
12 whether it is on Wednesday or Thursday or whatever day,
13 we have still got time to add something before it's a
14 final published agenda on Friday.

15 MR. LYNCHARD: Yeah.

16 MR. WILLIAMSON: That's the only issue
17 that we are struggling with or we would as a staff, if we
18 do that, let's say that, you know, we send out a draft
19 agenda on Tuesday and you add something to the agenda on
20 Wednesday.

21 That is a really quick turnaround for
22 staff to try to get any back-up that might be needed for
23 that agenda item and to have time to meet with the Board
24 President to arrange or make sure that the order of the
25 agenda is where it needs to be, create the Board packets,

1 and then, get it out on -- by Thursday.

2 I think it's kind of -- it might
3 accomplish the same thing if we can send out a draft on
4 Tuesday, maybe, or Monday beforehand.

5 MR. KENNEDY: Would it even be better to
6 go back two weeks of, you know, two weeks before. Like
7 right now, we are doing -- we are saying that we need to
8 have everything by Tuesday. You and I sit down and do
9 the prioritization and everything of the agenda on
10 Wednesday.

11 By Thursday, we are finalizing. We are
12 sending out to the public. Do you want it, Mark, so we
13 all have enough time? Do you want me to back it up, not
14 maybe a week, but another like Thursday before?

15 MR. MILLER: Yeah. I want it, you know,
16 and there are certain things that don't come up until,
17 you know, a week before the meeting. So you can't do it
18 too far ahead, but, yeah, whatever works best for staff,
19 but I would just like to see, okay, so far, this is what
20 we have on our agenda, you know. Is there anything else
21 that needs to be added?

22 MR. KENNEDY: Well, let's all discuss.
23 What is the cut-off date of when we want to add agenda
24 items? And then, we can work backwards. Do we want to
25 say Tuesday is the cut-off date? Or, like I said,

1 normally, I am sitting with -- we are sitting together on
2 Wednesday, but we can move that forward.

3 MR. WILLIAMSON: We can do Monday, the day
4 before, and we will send out the draft agenda on Monday.
5 That way, if anybody wants to add anything, Tuesday can
6 still be the cut-off, and everybody's got 24 -- 48
7 hours -- 24 hours to look over it and see if they want to
8 add anything.

9 MR. MILLER: That's fine with me.

10 MR. TERASA: I thought the reason for this
11 motion, this item, was have staff develop, I guess, with
12 our input. It sounds like we are solving the problem
13 right here.

14 MR. MILLER: Well --

15 MR. TERASA: I mean, so what's the point
16 of having staff doing it if we are going to solve it
17 right here? And I am with Mark. We need that well in
18 advance, and I don't know if Monday in advance of Tuesday
19 file date is adequate.

20 MR. LYNCHARD: I don't think so.

21 MS. HARPER: Have the Board members submit
22 what it is that they would like to see on the agenda, and
23 then, when the CEO and Board President go over it, then,
24 if there are several items that can be consolidated, you
25 know, but at least then, each Board member is saying,

1 "Hey, this is something that I wanted to be sure we
2 discuss."

3 MR. MILLER: I am just trying to avoid
4 duplication. If we all seven send in, okay, you know, "I
5 want finances, golf committee." You know, if we know
6 what already is on there, then we have an opportunity to
7 say, "Well, we tabled this item in February. I think we
8 need to bring it back up." Whatever.

9 MR. KENNEDY: Okay. Like -- so, agreed,
10 because even with the ten items that, I mean, because
11 right now, as the Board has submitted your agenda items,
12 all the agenda items go on. You know, it's not like any
13 has ever been stricken. So, you know, we get to ten just
14 for Holley Navarre and we are already at two hours, you
15 know, that kind of thing.

16 So I guess one of the things we want to do
17 is try to get more efficient as well. And so, if -- so
18 what if -- can you provide -- can you provide a draft
19 agenda two weeks ahead of time? Or is that putting too
20 much pressure?

21 MR. WILLIAMSON: I have had enough
22 feedback from the Board to provide some recommendations.
23 I think with listening to the dialog we have had tonight,
24 I think we have a pretty good idea of providing something
25 to you. It will be somewhere between that two weeks and

1 one week. But I think we can get what everybody wants
2 based on the feedback we got tonight.

3 MR. LANIER: You are not talking about all
4 the back-up material on all that?

5 MR. LYNCHARD: No. Just an agenda.

6 MR. WILLIAMSON: To keep staff from having
7 an agenda item added on Wednesday.

8 MR. KENNEDY: Correct.

9 MR. WILLIAMSON: And we are trying to get
10 the agenda out on Thursday. And now, we have got to have
11 back-up for that and everything else.

12 MR. KENNEDY: And protect us as well,
13 because if we don't get to it exactly on Tuesday or
14 Wednesday, you know, then we can't add to it because it
15 is already too late. So, I mean, are we all in agreement
16 then?

17 MR. LANIER: That could easily be handled
18 in just an email. "These are the topics that we are
19 going to have on the agenda. Do you have any other
20 topics you would like to add?"

21 MR. MILLER: Exactly.

22 MR. LANIER: Then, at the Tuesday meeting,
23 when y'all are finalizing the deal, then, at that point,
24 you know --

25 MR. KENNEDY: The question would be --

1 MR. LANIER: -- only set for emergency
2 items.

3 MR. KENNEDY: When would you like the
4 email go out on the agenda, like the draft agendas? So
5 we could do it as far -- back it up to Thursday. So you
6 have Thursday, Friday, Saturday, Sunday, Monday. And
7 then, Tuesday, we go into finalization.

8 MR. MILLER: I think let staff figure out
9 what would work. I am okay with getting it as late as
10 Monday as long as, you know, on Tuesday I can say, "Well,
11 you know, we need to resume our discussion of this
12 issue," and still get it on there.

13 MR. WILLIAMSON: We will bring something
14 back.

15 MR. KENNEDY: Does that sound good?

16 MR. MILLER: Yeah.

17 MR. KENNEDY: All right. Let's see --

18 MR. MILLER: Do we need to vote that?

19 MR. KENNEDY: Yeah, we do. We have a
20 motion that was made for me. So any further discussion?

21 MR. LYNCHARD: What was the motion?

22 MR. WILLIAMSON: Mr. Chair, we don't
23 necessarily need to -- if you just want to direct staff,
24 we have direction from the Board to follow through on
25 that.

1 MR. KENNEDY: If we are going to do that,
2 then I will actually have Mr. Goulet retract the motion
3 if --

4 MR. GOULET: I will rescind my motion.
5 Thank you.

6 MR. KENNEDY: All right. Thank you. So
7 you guys got it. Thank you.

8 MR. LANIER: Moving right along.

9 MR. KENNEDY: All right. We are at the
10 Hidden Creek Golf Course portion.

11 Next order of business is March 2019
12 financial statements. Ms. Callen?

13 MS. CALLEN: Thank you, Mr. President.
14 Let me try to make this short and sweet.

15 Here we go. So our revenue this month was
16 \$183,735. Expenses of \$163,319. So a course operating
17 income for March was \$20,416, so another very good month.

18 MR. KENNEDY: Wow. Very good.

19 MS. CALLEN: Do you want me to keep going
20 with the monthly operations report?

21 MR. KENNEDY: Sure. Yes. Please. Wait a
22 minute. We need to approve this one.

23 MR. GOULET: I make a motion to approve
24 the financial statement as presented.

25 MR. TERASA: Second.

1 MR. KENNEDY: I have a second. Further
2 discussion? All right. All those in favor --

3 MR. LYNCHARD: Question, food inventory,
4 \$10,000.

5 MS. CALLEN: Yes.

6 MR. LYNCHARD: Why? If we only had \$5,000
7 worth of gross food revenues, how can we have \$10,000
8 worth of cost inventory?

9 MS. CALLEN: We still have some residual
10 liquor left over.

11 MR. LYNCHARD: Oh, okay.

12 MR. KENNEDY: Any further discussion?

13 (NO AUDIBLE RESPONSE.)

14 MR. KENNEDY: Those in favor say "Aye"?

15 MR. GOULET: Aye.

16 MR. LYNCHARD: Aye.

17 MR. TERASA: Aye.

18 MR. MILLER: Aye.

19 MR. LANIER: Aye.

20 MS. HARPER: Aye.

21 MR. KENNEDY: Those opposed say "No"?

22 (NO AUDIBLE RESPONSE.)

23 MR. KENNEDY: Motion carries.

24 Operations report?

25 MS. CALLEN: Okay. So the operations

1 report, first thing on the list is the Black Skimmer
2 Grill. We will discuss that later. I just added a slide
3 for their new logo.

4 MR. WILLIAMSON: Can we at least introduce
5 them?

6 MS. CALLEN: They are here tonight.

7 MR. WILLIAMSON: They are praying that you
8 never require them to come to another Board meeting.

9 MR. KENNEDY: Welcome.

10 RESTAURANT MEMBERS SAY "Thank you."

11 MS. CALLEN: All right. So next on our
12 list, we had a couple of really good tournaments.

13 Mike, if you would like to discuss real
14 quick? This is the US Kids Club with the first tee.

15 MR. KENNEDY: Yeah. Right. It's just the
16 kids. They came -- we have a couple of different
17 tournament chapters, if you will. And this is US Kids
18 Club and a couple kids on the left in the 12 age.

19 And the ones on the right there, they are
20 signing their score cards. So they had a great little
21 turn-out. You know, what is really nice about the golf
22 course is they are promoting the next generation of
23 golfers. And, you know, the next generation of helping
24 keep our course going.

25 MS. CALLEN: We also had a UWF tournament

1 and it was an invitational. I think there were 14 teams
2 there from different colleges in the area, so it was some
3 great exposure.

4 MR. KENNEDY: And these women are amazing.
5 I watched them. If I can only swing like them, it would
6 be amazing.

7 MS. CALLEN: I have a couple more things.
8 Capital projects, the pipe repair between 7 and 8 is
9 complete. We are finishing the concrete repairs. That's
10 the only part we have left of that project.

11 The bathrooms on the course are all framed
12 in. They are moving along pretty quickly. Maybe
13 mid-May, early May, I am hoping for completion.

14 AC replacement, all that work is complete.
15 There is one note that is not on our capital list that I
16 would just like to make note of right now is -- we had a
17 little issue with the net this weekend. It has been
18 loosened in the wind a little bit. I have let the
19 installer know. He has been working on it.

20 The wind caught it on Sunday and ripped
21 it. He is aware of it. The installer is going back to
22 the manufacturer of the net. And they are going to try
23 to get a plan to get it repaired.

24 MR. KENNEDY: Where exactly is the rip? I
25 mean, is it in a center section or --

1 MS. CALLEN: If you are going from the
2 first part of the driving range where you hit, it's the
3 second to the last.

4 MR. LANIER: And is that a warranty item?

5 MS. CALLEN: It is not because it was due
6 to wind.

7 MR. LANIER: Okay.

8 MR. KENNEDY: Okay.

9 MS. CALLEN: Course condition, we do have
10 substantial poana, which is a winter weed --

11 MR. WILLIAMSON: The scourge of humanity.

12 MS. CALLEN: And it is pretty common here.
13 There's a couple multiple reasons. It was a very wet
14 winter, but we are taking action on it. We have got some
15 additional weed killer out there. I know we are putting
16 some more out tonight and tomorrow, so it should be dying
17 off very quickly. It is really starting to green up and
18 look a lot better already.

19 MR. WILLIAMSON: Because she is not going
20 to brag on herself, I will just ask you to look at the
21 course operating income, all the way to the right, where
22 it says, 2019. The best first quarter course operating
23 income that the Club at Hidden Creek has had --

24 MS. CALLEN: Yes.

25 MR. WILLIAMSON: -- since Holley Navarre

1 purchased the facility.

2 (APPLAUSE.)

3 MR. KENNEDY: Wow.

4 MR. WILLIAMSON: Thank you for the Board
5 support, past and present.

6 MS. CALLEN: Absolutely.

7 MR. KENNEDY: You guys are kicking in
8 gear. I really appreciate the information.

9 MS. CALLEN: Absolutely.

10 MR. KENNEDY: Kind of like again talking
11 about the grass, the poana, the fact that you guys have a
12 plan, you know, it's not out of control. You guys have a
13 plan. You are going to conquer it.

14 MS. CALLEN: And that is the rest of the
15 Hidden Creek report. I will pass it over to Rob.

16 MR. WILLIAMSON: We hired a new Golf
17 Course Superintendent. Bill (INAUDIBLE) needed to put in
18 his notice and then I sent out an email to y'all. He was
19 able to stay on the first week during the transition.

20 Chip Owens, who used to be the Golf Course
21 Superintendent for the Moors, back when we had the Senior
22 PGA Tour event there, he's had an opportunity to interact
23 with staff. He has been in place a little bit -- I think
24 probably he is working on his second week now. And he
25 has got a plan in place to improve the health of the

1 greens. Already talked about what is going on with the
2 poana. Now, we need to just let the chemicals go to
3 work. And we need warmer temperatures.

4 But staff has really responded well to
5 him. And, look, it's a living breathing organism that we
6 are dealing with out there. So it's not going to turn
7 around in a couple days, but definitely within the next
8 four weeks we should notice a significant improvement to
9 the look and playability of the golf course and the
10 cleanliness of it, if you will, from a weeds standpoint.

11 And outside of that, he had a good plan
12 and Cindy has got a good plan, and we are just going to
13 let them execute.

14 MR. KENNEDY: Great.

15 MR. TERASA: I would just like to comment
16 in talking with some of the crew, the grounds crew, they
17 are excited once again, so I am glad to see that.

18 MR. KENNEDY: Thank you, sir. We are good
19 with the update there? We are done?

20 MR. TERASA: Just comments.

21 MR. KENNEDY: Yes, sir. Next order of
22 business is restaurant lease. Mr. Williamson?

23 MR. WILLIAMSON: Thank you. I want to say
24 thank you to the Board members for each of you providing
25 your input, taking the time to read through the lease

1 agreement. I also want to say a special thank you to
2 Keith for all of his work on this as well -- Cindy -- we
3 would have loved to have had it to you sooner as well as
4 Cara, Andrew, they have been amazing throughout this
5 entire process as well.

6 We think we have a document that
7 incorporates all of the comments from the Board. And
8 what took so long is the liquor license issue. They need
9 to have two addresses and how we were going to be able to
10 accomplish that. And now, if the Board moves forward
11 with executing the agreement tonight, then we will be
12 able to finalize the address changes necessary that we
13 can have an alcohol license for the beverage cart and an
14 alcohol license for the Black Skimmer Grill, lessee, so
15 that's where we are.

16 We hope that the agreement is -- there are
17 no surprises there. It's pretty much with the
18 recommendations that the Board has made, we would ask to
19 allow me to go ahead and execute the document.

20 MR. KENNEDY: Okay.

21 MR. MILLER: I do have one change that I
22 had asked for.

23 MR. KENNEDY: Do you want to make a
24 motion?

25 MR. LYNCHARD: Motion to approve.

1 MR. KENNEDY: Yes.

2 MR. MILLER: Okay. I will second it for
3 discussion. The -- in the bold, on the very first page
4 lease agreement between the Club at Hidden Creek
5 Restaurant, lessor, it was changed in the first
6 paragraph. The agreement is between the Club at Hidden
7 Creek, LLC, but it was not changed up in the bold section
8 up at the top --

9 MR. LYNCHARD: Nor at the back.

10 MR. MILLER: -- to LLC. Yes. And then,
11 on the last page, also.

12 MR. KENNEDY: Okay.

13 MR. MILLER: So would you like to amend
14 your motion?

15 MR. KENNEDY: One moment.

16 MR. LYNCHARD: We are just discussing it
17 at that point.

18 MR. MILLER: Okay.

19 MR. KENNEDY: Mr. Goulet?

20 MR. GOULET: Now, by changing the liquor
21 license, are we changing the type of liquor license that
22 we currently possess? Because I think right now -- what
23 is the liquor license we currently possess right now?

24 MS. CALLEN: We have an 11 GC right now,
25 with a rider of a 11 CX, which is the beverage cart. And

1 we are going to keep that. We are going to use the snack
2 bar and the Pro Shop as our golf course license.

3 MR. GOULET: So our designation for a
4 liquor license is staying the same.

5 MS. CALLEN: Staying the same.

6 MR. GOULET: I just needed to clarify.

7 MS. CALLEN: Absolutely.

8 MR. GOULET: Thank you.

9 MR. KENNEDY: All right.

10 MR. TERASA: Do we need to change them
11 both?

12 MR. WILLIAMSON: If you just read into the
13 record Director Miller's comments that the title page --
14 we would strike "Restaurant," and replace that with the
15 legal name.

16 MR. MILLER: Yes.

17 MR. WILLIAMSON: And then, where else? I
18 am looking at the --

19 MR. MILLER: It's actually -- it's
20 actually corrected on the -- not the one that is in the
21 binder but the loose --

22 MR. LYNCHARD: Oh, yeah.

23 MR. MILLER: Yeah. It's corrected on that
24 one.

25 MR. LYNCHARD: Okay.

1 MR. WILLIAMSON: If we could move for
2 approval with those, the motion would be for approval
3 with Director Miller's corrections that were read into
4 the record.

5 MR. LYNCHARD: I have got a question for
6 our attorney. What potential liability do we have or do
7 our members have from allowing our liquor license to be
8 used?

9 MR. KILPATRICK: It's not being used by
10 ours -- they are actually getting their own.

11 MR. LYNCHARD: Okay.

12 MR. KILPATRICK: What we did was --

13 MR. LYNCHARD: So they won't be using our
14 liquor license?

15 MR. KILPATRICK: They will not be using
16 our liquor license. We have no liability of theirs.

17 MR. LYNCHARD: So can we take that out of
18 the lease? Or is that in the lease?

19 MR. KILPATRICK: I think --

20 MR. LYNCHARD: I think it says 90 days.
21 Or maybe I am reading an old lease. We have got so many
22 of them floating around.

23 MR. LANIER: What page is that, Director?

24 MR. LYNCHARD: I read it 30 minutes ago.
25 And it may have been on an email rather than --

1 MR. KENNEDY: On 11?

2 MR. LYNCHARD: On 11. "Lessor will allow
3 lessee to operate under the Club at Hidden Creek's liquor
4 license for up to 90 days." So do we need to take that
5 out?

6 MR. KILPATRICK: That -- it would now be
7 moot. Yes.

8 MR. LYNCHARD: Okay.

9 MR. KILPATRICK: So we can strike that.
10 Because like I said, they are not going to be under our
11 liquor license at all.

12 MR. LYNCHARD: Okay.

13 MR. KENNEDY: Okay. We have -- right now,
14 we have a motion for approval with these changes that are
15 read into. Any further discussion?

16 MR. WILLIAMSON: Can we read the next
17 change for Number 11 into the record, what specifically
18 you would like to see stricken?

19 MR. LYNCHARD: The third paragraph.

20 MR. WILLIAMSON: The entire paragraph?

21 MR. LYNCHARD: Yes.

22 MR. KENNEDY: All right. Any further
23 discussion?

24 (NO AUDIBLE RESPONSE.)

25 MR. KENNEDY: Those in favor say "Aye"?

1 MR. GOULET: Aye.

2 MR. LYNCHARD: Aye.

3 MR. TERASA: Aye.

4 MR. MILLER: Aye.

5 MR. LANIER: Aye.

6 MS. HARPER: Aye.

7 MR. KENNEDY: Those opposed say "No"?

8 (NO AUDIBLE RESPONSE.)

9 MR. KENNEDY: Motion carries.

10 MR. WILLIAMSON: Congratulations.

11 MR. KENNEDY: We are looking forward to
12 it.

13 MR. MILLER: We are looking forward to
14 Black Skimmer Grill.

15 (APPLAUSE.)

16 MR. WILLIAMSON: They were looking at a
17 mid -- I am going to put you on the spot. Are you still
18 looking at mid-May time period?

19 RESTAURANT MEMBER: Yes. Now, we are
20 moving forward. I mean, it's -- everything is full steam
21 ahead at this point. It's hiring now. My menu is done.
22 I think the menu is going to be in the paper tomorrow.

23 MR. WILLIAMSON: And I think they signed
24 up to be the chefs for our Employee Appreciation Party,
25 so --

1 MR. KENNEDY: Would you like to come to
2 the podium and introduce yourselves to us?

3 MR. SUTHERS: We certainly can.

4 MR. KENNEDY: Not to put you on the spot,
5 but --

6 MR. LANIER: That's what you came for --
7 not for 30 minutes.

8 MR. SUTHERS: My name is Andrew Suthers.
9 This is my business partner Kara Mardell. This is
10 Michael Juhl, a minority partner. He moved down from
11 Minneapolis three days ago, so he is adjusting nicely to
12 Florida.

13 Yeah. I think, you know, you guys know
14 what we are doing. Essentially our goal is to bring
15 together a neighborhood bar and grill. We want Cheers
16 for the bar. We don't just want to be a golf club focus
17 entity.

18 This is a neighborhood spot. This is
19 something that the locals can really come and enjoy. We
20 have completely started improving things. We cleaned the
21 kitchen. Obviously, we are still in that process.

22 We are restructuring the bar, which Mike
23 and I will work on. A big thing we have bought four 55
24 and 65-inch TVs. We are putting TVs all through that
25 dining room, so that will become more of a dining space,

1 as opposed to just an extension of a banquet room.

2 We really want to maintain that that will
3 be a full-time used dining room. If there are events, I
4 know in the past we have heard that -- some grumbling
5 that with events the restaurant is closed.

6 We certainly have no intention of doing
7 that. If that's what they are, the restaurant will
8 operate the bar on the patio. We will go forward from
9 there.

10 I am more than happy to take your
11 questions, but I won't keep you going.

12 MR. KENNEDY: Any questions.

13 MR. LANIER: Welcome to Florida.

14 MR. SUTHERS: Thank you very much.

15 Obviously, we're all from out of state.

16 MR. KENNEDY: Welcome to Navarre and thank
17 you so much.

18 (APPLAUSE.)

19 MR. KENNEDY: All right. Engineering?

20 MR. PHILLIPS: There are five or six pages
21 of incredibly interesting and cogent information here. I
22 know you are all dying for me to go over every number. I
23 hate to disappoint you, but I am not.

24 I am only going to point out one number,
25 as I usually do each month, and that is the amount of I&I

1 that we have experienced in the month. It increased
2 again over the course of the last month to 350,000
3 gallons per day.

4 Of course, that is directly related to the
5 rainfall. We have received infiltration and inflow
6 during the storm itself. Again, the higher that number
7 is, the greater it is, the more important the timeframe
8 is relative to our projects for reuse.

9 With that, if anybody has got questions, I
10 will take them. Otherwise, we will move on the next
11 item.

12 MR. KENNEDY: It's this one right here
13 that you are talking about. Right?

14 MR. PHILLIPS: Yes, sir. That's correct.

15 MR. LANIER: Have we identified the major
16 culprits in the I&I issues?

17 MR. LYNCHARD: 40-year-old pipes.

18 MR. PHILLIPS: Yes, but no. We are -- I
19 have to say I believe we are probably on a better track
20 right now to do what we need to do than we have been, but
21 the answer, Kevin, is we have a great bit of idea where
22 these problems are, but identifying them and fixing them
23 specifically without spending \$20 million to rebuild the
24 whole system, you know, to make sure we got it all is a
25 lot more difficult than it seems.

1 But the only thing I can say is I believe
2 we are on a better track now than we have been, so --

3 MR. KENNEDY: All right. Anything else?

4 MR. PHILLIPS: No.

5 MR. KENNEDY: Okay. Next is the Clarifier
6 4 update. Mr. Snyder?

7 MR. SNYDER: Yeah. So as you can see from
8 the pictures, the sheet piling got finished up. They put
9 well points in and dewatered it and demo'd it -- demo'd
10 it very quickly.

11 And they have pretty much got all the
12 demolished material off site at this point. And I think
13 they are actually -- they have said that they are going
14 to start laying pipe tomorrow -- Monday. I'm sorry,
15 Monday.

16 So this week, they are just going to
17 finish up cleaning up the site we we will just keep
18 rolling.

19 MR. KENNEDY: Excellent.

20 MR. LANIER: What's the access point in
21 there now? Are they using the back entrance? Or are
22 they coming in off of Pepper?

23 MR. SNYDER: Mostly off of Pepper. They
24 are sending their equipment in, too, but the Pepper Drive
25 should be their primary route.

1 MR. LANIER: Is that where the concrete
2 trucks are going to come in also?

3 MR. SNYDER: I believe so.

4 MR. LANIER: Off of Pepper?

5 MR. SNYDER: I believe so.

6 MR. LEGG: You will see the fence is taken
7 down where the white -- the white road is coming in,
8 that's where they are coming in at.

9 MR. LANIER: Okay. That's a pretty
10 straight access.

11 MR. LEGG: Yes.

12 MR. MILLER: What's our completion --
13 estimated completion?

14 MR. SNYDER: Actually, I think it would be
15 done before this meeting. Just kidding. Well, we are
16 looking at August 10 still. We are on time.

17 MR. WILLIAMSON: We will cover that in his
18 performance review.

19 MR. KENNEDY: All right. Any further --
20 anything else?

21 MR. SNYDER: That's it. Just knock on
22 wood that it keeps going the way it is.

23 MR. KENNEDY: I just want to shout out
24 again, thank you, Chris, for saving us so much money.
25 Thank you, Cindy, for what you guys are doing out at the

1 golf course. You guys are really ramping it up. Save us
2 money. Make us money. Always a good thing.

3 All right. We are finally -- yes?

4 MR. WILLIAMSON: We had put an update --

5 MR. PHILLIPS: You just thought we were
6 done.

7 MR. KENNEDY: Oh, you are right. I'm
8 sorry. I should have --

9 MR. PHILLIPS: I will skip it, if you want
10 me to.

11 MR. KENNEDY: No. No. No.

12 MR. PHILLIPS: Actually, there is one
13 thing I passed over that I meant to talk about in the
14 Operations Report. All of you got the email. We had a
15 pretty significant event happen this past month with
16 regard to Fairpoint and Holley Navarre.

17 You all got the email where we lost Well
18 5, the Fairpoint Well Number 5. It's one of our two
19 largest wells, so it was a pretty significant event when
20 that well went down.

21 And not only did we lose that well, but
22 Well 4 was not operational when we lost it, so it was a
23 little exciting around here for a few days. But the well
24 has been fixed. It is back online. We are good to go at
25 this point in time.

1 So just to kind of wrap up, I don't
2 believe we ever sent the Board as a whole an email that
3 kind of confirmed we were online.

4 MR. KENNEDY: We did.

5 MR. MILLER: Yeah.

6 MR. PHILLIPS: Okay.

7 MR. KENNEDY: Well, to that question --

8 MR. TERASA: I have got --

9 MR. KENNEDY: Hang on. Is it Fairpoint
10 who sets -- who -- between all of them, who sets
11 maintenance schedules or whatever for a --

12 MR. PHILLIPS: We do.

13 MR. KENNEDY: Okay.

14 MR. PHILLIPS: This is not a -- this was
15 an unusual case. The well, the pumps, the wet-in were
16 actually replaced in 2013, so we only got five years out
17 of that wet-in. We -- something -- something happened,
18 and I actually can't remember what we explained
19 previously in an email, but we had a power surge out
20 there. And I think Mark is pretty comfortable what
21 sheered that shaft, where it was sheered, was the fact
22 that we had a motor spinning at high speed.

23 The power went out momentarily. It came
24 back on. And when it came back on, the motor was still
25 turning. So the ramping didn't take effect as much as

1 just a hard jolt and full voltage to the motor and it
2 sheared that shaft. So that is what we believe the
3 problem was. So problem solved at this point. We are
4 back online. So we are good.

5 MR. KENNEDY: Got you. Thank you.

6 MR. PHILLIPS: Effluent disposal. Some of
7 you know, because I know some of you watched the last
8 Board meeting with Santa Rosa County, I will comment on
9 that because it is relative. At one -- they discussed
10 during that meeting the Eglin RIB project related to
11 budget and schedule.

12 I think we -- there was two things we
13 learned -- one, they really don't know how they are going
14 to fund their improvements other than general ideas which
15 would lead you to believe that their urgency is again not
16 the same as ours. And we have always felt that way.

17 And, two, Roger was asked to comment on
18 the status of the lease and he summarized by saying it
19 could be hopefully in the next 60 days. So I am not sure
20 we really learned anything new, but there was some
21 information passed on in that Board meeting about how
22 they intend to fund it possibly in the future.

23 MR. TERASA: And Roger is the Chief
24 Engineer?

25 MR. PHILLIPS: Yes. He is the Santa Rosa

1 County Engineer and he has been running that project on a
2 day-to-day since its inception. Relative to what we have
3 going on there, we have received a draft of the MOU from
4 our attorney. We are kind of reviewing that at this
5 point in time.

6 We are kind of hoping to -- we will, at
7 this point, I believe, by the time of the next Board
8 meeting or a Special Board meeting to consider that MOU,
9 we will have something for the Board to consider with
10 regard to that.

11 We have also engaged the attorney -- and I
12 might be stealing Rob's thunder here. I don't know if
13 you -- it wasn't on here --

14 MR. WILLIAMSON: You are hot. Go ahead.

15 MR. PHILLIPS: We engaged the attorney to
16 provide the draft agreement also for Gulf Breeze. And we
17 expect to have that draft agreement -- I believe his
18 latest email said Thursday of this week. So we are kind
19 of hoping to let the Board address both of those at the
20 same time, if that can happen.

21 The Gulf Breeze agreement is a little
22 easier than a memorandum of understanding with the County
23 on the Eglin project. We are kind of hoping to run those
24 tracks side by side. So that is kind of where we are.
25 We are still speeding towards some date in the future at

1 which we have to make a decision about how we are going
2 to proceed from this point, so --

3 MR. WILLIAMSON: One thing, excellent
4 report, by the way, as usual, Phil. One thing to add is
5 just the County did talk about possibly combining
6 different BP funding sources, one of them being known as
7 Pot 1, which is a direct component that the County
8 controls, the other being Pot 3, which is the Gulf
9 Consortium money.

10 There is roughly \$12.6 million that's
11 going to be coming to Santa Rosa County, and they threw
12 out a date that those would be possibly aligned to be
13 applied toward this project, and they put an estimated
14 date of 2024.

15 So don't need to tell you that that
16 doesn't exactly meet with the timeline that we are
17 operating under. So, in some ways, it could give us some
18 clarity on where they are as it relates to funding, but
19 in a future Board meeting, we will probably bring back a
20 brief update on what that would look like and brief the
21 Board a little bit on the different sources of funding
22 because we are hearing a lot of different stuff.

23 You know, "There is BP money to pay for
24 the entire project." And that's not entirely accurate,
25 so -- we also heard, you know, with this meeting, that,

1 you know, they maybe zeroed out funding for one project
2 in exchange to get the project done, the wastewater
3 treatment plant. And that's not exactly accurate,
4 either.

5 So the good news is they are looking for
6 ways to solve this problem. They are looking for ways to
7 fund it. And they identified it's a priority for them to
8 stop putting effluent in the Sound.

9 The issue for us is it doesn't look like
10 they are going to have any funding in place to meet our
11 2022 timeline, so that's -- we will provide an update to
12 the Board probably in May, just a little training on BP
13 funding and how that could impact us.

14 MR. KENNEDY: Okay. Any questions?

15 (NO AUDIBLE RESPONSE.)

16 MR. KENNEDY: All right. We are moving on
17 to the member forum.

18 MR. LANIER: Ms. Gunnoe, do you still
19 remember what you wanted to talk about after this long
20 meeting.

21 MS. GUNNOE: I wrote it down. Hi, Debbie
22 Gunnoe, Debra Gunnoe, whichever you prefer, 2143
23 Chatsworth Drive, Navarre.

24 Okay. It is my understanding, and mine
25 may be incorrect, that a highly qualified loyal employee

1 was fired for cause, a cause that was not included in her
2 job description. Since my understanding may be
3 incorrect, would you please explain the circumstances for
4 her firing? Also, does this open us up for any EEO or
5 unjust firing complaint?

6 MS. HARPER: I will answer that since I am
7 on the Personnel Committee. And it's going to be pretty
8 short -- we can't discuss it. So as I stated to someone
9 else in this position on a past Board, when an employee
10 is terminated, they have the ability to say what they
11 want. We cannot reply because that is a personnel issue,
12 so that will not be discussed in an open meeting with
13 this -- with any member.

14 MS. GUNNOE: Okay.

15 MS. HARPER: Because it's a personnel
16 issue.

17 MS. GUNNOE: I understand personnel
18 issues.

19 (SPEAKING OVER EACH OTHER)

20 MS. HARPER: We --

21 MS. GUNNOE: I don't understand that there
22 is the possibility that she was fired for some reason
23 that was out --

24 MS. HARPER: Again, this is --

25 MS. GUNNOE: -- that was not in her

1 control.

2 MS. HARPER: You know that we cannot
3 discuss that. That is personnel. And we cannot discuss
4 it. And she would be talking to an attorney tomorrow if
5 we did. It will not be discussed. Period.

6 MS. GUNNOE: Okay. Then, I will move on
7 to my next question.

8 MS. HARPER: Okay.

9 MS. GUNNOE: Would you please give us, the
10 member and owners, an explanation of the Fairpoint issue
11 of lost water?

12 MR. WILLIAMSON: There is no lost water.
13 The accuracy of the readings that Holley Navarre Water
14 System provides to the members of Fairpoint is accurate
15 to within two percent. The standard that would be
16 required would be somewhere between six and eight
17 percent.

18 We are absolutely far and away exceeding
19 what would be required of any service provider in the
20 accuracy of the reporting of the water that we deliver to
21 our Fairpoint partners. I think you might be referencing
22 a recent story, an article.

23 And I don't want to speak for Brenda, who
24 represents Midway, but I can just tell you that we have
25 absolute confidence in the numbers that we are providing

1 to them.

2 MS. GUNNOE: Okay. There was discussion
3 about getting an outside third party involved in checking
4 the meters and making sure the meters were accurate.

5 MR. WILLIAMSON: There was a
6 recommendation made by the engineer of record for Midway
7 that perhaps a 30-day test should be conducted. And that
8 30-day test could demonstrate -- basically validate the
9 accuracy of the readings that we have been providing.

10 That recommendation was brought to the
11 Board at Fairpoint, and they unanimously decided that
12 that would not be something they wanted to act on.

13 MS. GUNNOE: Okay. So --

14 MR. WILLIAMSON: In fact, Brenda was one
15 of the people that said that she would not recommend
16 moving forward with that.

17 MS. GUNNOE: All right. So there is no
18 lost water as was brought up by Midway. I mean, you
19 know, you have got -- you have got one entity of the
20 Fairpoint consortium that is claiming that they are not
21 getting what they are supposed to be getting and there
22 could be a question. So, you know, where did it arise?

23 MR. WILLIAMSON: I can't speak for Midway.
24 I am sure that they -- I know they have had water loss
25 issues that they are dealing with, but I am not sure how

1 that relates to Fairpoint or us.

2 But I can just tell you that the
3 reporting -- the numbers that we are giving to our
4 Fairpoint partners, of which we are one, is accurate.
5 Today, it was accurate to within less than one percent.
6 Mark, is that right?

7 MR. TURNER: Yes, sir.

8 MR. WILLIAMSON: Yeah. It's as good as it
9 gets.

10 MS. GUNNOE: Okay. Thank you.

11 MR. KENNEDY: Thank you, Ms. Gunnoe.

12 MR. LANIER: That's it.

13 MR. KENNEDY: That is it. If there are no
14 further speakers, do we have a motion to adjourn?

15 MR. LANIER: So moved.

16 MR. LYNCHARD: Second.

17 MR. KENNEDY: All right. Any further
18 discussion?

19 (NO AUDIBLE RESPONSE.)

20 MR. KENNEDY: All those in favor say
21 "Aye"?

22 MR. LYNCHARD: Aye.

23 WHEREUPON, THE BOARD OF DIRECTOR MEETINGS OF HOLLEY

24 NAVARRE WATER SYSTEM AND THE CLUB AT HIDDEN CREEK

25 CONCLUDED AT 8:22 P.M.

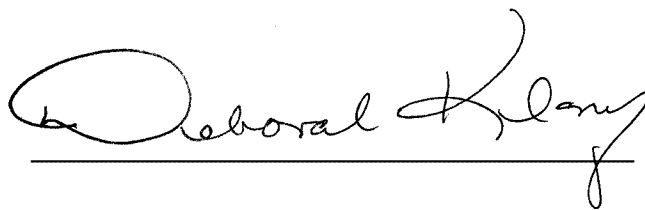
CERTIFICATE OF REPORTER

STATE OF FLORIDA

COUNTY OF SANTA ROSA

I, DEBORAH G. KHARUF, Court Reporter and
Notary Public, State of Florida at Large, hereby certify
that I was authorized to and did stenographically report
the Board meetings for the Holley Navarre Water System
and the Club at Hidden Creek and this transcript is a
true record of said meetings. I further certify that I
am not a relative, employee, attorney or counsel of any
of the parties, nor am I a relative or employee of any
attorney or counsel connected with the action; nor am I
financially interested in this proceeding or its outcome.

Dated this 30th day of April, 2019.

A handwritten signature in black ink, reading "Deborah G. Kharuf", is written over a horizontal line. The signature is cursive and stylized.

DEBORAH G. KHARUF

Court Reporter and Notary Public,
State of Florida at Large.

Commission number FF 221569

My commission expires July 6, 2019.