

HOLLEY NAVARRE WATER SYSTEM
THE CLUB AT HIDDEN CREEK
COMBINED BOARD MEETINGS
JULY 16TH, 2019
6:00 P.M. - 6:59 P.M.

MIKE KENNEDY, PRESIDENT

YVONNE HARPER, VICE PRESIDENT

KEVIN LANIER, SECRETARY-TREASURER

DARYL LYNCHARD, DIRECTOR

FRED TERASA, DIRECTOR

MARK MILLER, DIRECTOR

BARBARA CARAWAN, OFFICE MANAGER

ROB WILLIAMSON, CEO, HNWS

PHIL PHILLIPS, MESI

CORY SNYDER, MESI

CLINTON WELLS, HNWS

DANNY HAWKINS, HNWS

MARK TURNER, HNWS

CHRIS LEGG, HNWS

TORIN BRAND, IT HNWS

CINDY CALLEN, GM, CLUB AT HIDDEN CREEK

ALSO PRESENT:

KEITH KILPATRICK, ESQUIRE
DEBORAH KHARUF, COURT REPORTER
SANDI KEMP, NAVARRE PRESS

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

2 MR. KENNEDY: I call this meeting to
3 order. All right. Mr. Miller, would you lead us in a
4 prayer, please?

5 MR. MILLER: Yes, I will. Bow your heads,
6 please.

7 (INVOCATION GIVEN BY DIRECTOR MILLER.)

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

10 MR. TERASA: Please face the flag and
11 repeat after me.

12 (PLEDGE OF ALLEGIANCE LEAD BY DIRECTOR TERASA.)

13 MR. KENNEDY: All right. Announcements:
14 Audio and video recorders in use. Please silence all
15 cell phones.

16 All right. And we will move right into
17 the first order of business is the approval of the
18 minutes and transcript from the June 18th Holley Navarre
19 Water System Board of Directors regular meeting.

20 MR. LYNCHARD: I make a motion to approve.

21 MR. KENNEDY: Do we have a second?

22 MR. MILLER: Second.

23 MR. KENNEDY: Any further discussion?

24 (NO AUDIBLE RESPONSE.)

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

1 MS. HARPER: Aye.

2 MR. LANIER: Aye.

3 MR. TERASA: Aye.

4 MR. MILLER: Aye.

5 MR. LYNCHARD: Aye.

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

7 (NO AUDIBLE RESPONSE.)

8 MR. KENNEDY: Motion carries.

9 The next item is the approval of
10 memberships. Secretary Lanier?

11 MR. LANIER: Yes. The approval for the
12 June new memberships is 419 and cancelled memberships are
13 367 with 2 transfers.

14 MR. KENNEDY: Excellent. Do we have a
15 motion to approve the memberships as presented?

16 MR. LYNCHARD: So moved.

17 MR. KENNEDY: Is there a second?

18 MR. TERASA: Second.

19 MR. KENNEDY: Is there any further
20 discussion?

21 (NO AUDIBLE RESPONSE.)

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

23 MS. HARPER: Aye.

24 MR. LANIER: Aye.

25 MR. TERASA: Aye.

1 MR. MILLER: Aye.

2 MR. LYNCHARD: Aye.

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

4 (NO AUDIBLE RESPONSE.)

5 MR. KENNEDY: Motion carries.

6 The next item is finance. Review of the
7 June 2019 financial statement. Mr. Williamson?

8 MR. WILLIAMSON: Good evening. We had for
9 the month of June -- summer peak season is upon us, and
10 we noticed that we had water sales increase. We had over
11 half a million in water sales, which was about \$90,000,
12 \$91,000 over budget and a little more than \$125,000 over
13 prior years. So that's good news.

14 Total revenue is \$1,084,292.77 against
15 expenses of \$737,180.04 for an operating income for the
16 month of June of \$347,112.73. No other significant
17 variances to report at this time. And that concludes my
18 report, Mr. Chair.

19 MR. KENNEDY: Thank you. Do we have a
20 motion to approve the June 2019 financial statements as
21 presented?

22 MR. MILLER: So moved.

23 MR. KENNEDY: Is there a second?

24 MR. TERASA: Second.

25 MR. KENNEDY: Is there any further

1 discussion?

2 MR. TERASA: Yeah. I have just got a
3 question. At one time, we talked about concerns about
4 some of -- where some of our savings or whatever were
5 sitting. Have we -- that was some months ago. Have we
6 cleared that where we are happy about the viability of
7 those institutions to support us?

8 MR. WILLIAMSON: Yes. You are talking
9 about one of the critical issues that was identified by
10 the Board, one of the 13 critical issues. I think that
11 was a particular interest of Director Lanier.

12 Barbara and I have been working with a
13 group, AmerUs, that some of you may be familiar with
14 before, some of the Board members that have been here a
15 minute like Director Lynchard. They are a group that is
16 working with many local utilities here.

17 And the good news is they provide
18 additional interest revenue through a proprietary program
19 they have where they are basically pushing this money
20 around to different banks, lending institutions, what
21 have you, financial institutions. The good news is your
22 money is always insured.

23 They have found a way to do it to where it
24 still maintains that \$250,000 FDIC protection. So we are
25 looking at them as an option for us to put our reserves

1 into, but we do need to maintain a local banking
2 relationship because some of the payments that we process
3 require us to do so.

4 So we are hoping to bring back to the
5 Board in a few months a -- and I meet with the gentleman
6 from AmerUs later on this week and hoping to bring that
7 back to the Board at a future Board meeting, a request
8 that would have us possibly moving our reserve funding to
9 AmerUs, but still keeping our local banking
10 relationship -- recommend to the Board if they want to
11 entertain that or another option.

12 MR. TERASA: Okay. Thank you. I just
13 wanted to know that was in the works.

14 MR. KENNEDY: Any further discussion?

15 MR. MILLER: I have a question. Have we
16 ever had over a million dollars in revenue before?

17 MR. WILLIAMSON: In one month?

18 MR. MILLER: To your knowledge? I mean, I
19 am just curious.

20 MS. CARAWAN: Just for the average.

21 MR. MILLER: I was thinking it has always
22 been under a million, at least the ones that I remember.
23 It's got an extra digit in there.

24 MR. LYNCHARD: Yeah.

25 MR. MILLER: That's a good thing.

1 MS. CARAWAN: Yes.

2 MR. WILLIAMSON: Half a million in water
3 sales is you can tell people had the sprinklers running
4 and ready for the outdoor barbecue and everything else,
5 so --

6 MR. MILLER: I know mine was.

7 MR. KENNEDY: All right. Great. Any
8 further discussion?

9 (NO AUDIBLE RESPONSE.)

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

11 MS. HARPER: Aye.

12 MR. LANIER: Aye.

13 MR. TERASA: Aye.

14 MR. MILLER: Aye.

15 MR. LYNCHARD: Aye.

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

17 (NO AUDIBLE RESPONSE.)

18 MR. KENNEDY: Motion carries.

19 Next order of business is the Holley
20 Navarre Water System Registered Agent. Mr. Williamson?

21 MR. WILLIAMSON: Thank you, Mr. Chair.
22 Pretty much an administrative-related item. Our fine
23 General Counsel Kilpatrick has served in this capacity,
24 Registered Agent for Holley Navarre Water System and
25 consistent with the way we have done things in the past,

1 the Lead Executive would customarily be the Registered
2 Agent. I am currently the Registered Agent for the other
3 entities that we have, so this would just be truing that
4 up.

5 MR. KENNEDY: Great. All right. Is there
6 a motion?

7 MR. LANIER: Motion to approve.

8 MR. KENNEDY: All right. We have a motion
9 to approve. Is there a second?

10 MR. TERASA: Second.

11 MR. KENNEDY: Any further discussion?

12 MR. LYNCHARD: They use the address here
13 at the Water System for it. Right?

14 MR. WILLIAMSON: For Sunbiz? Yes, sir, I
15 do believe.

16 MR. LYNCHARD: Okay. That will work.

17 MR. KENNEDY: Anything else?

18 (NO AUDIBLE RESPONSE.)

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

20 MS. HARPER: Aye.

21 MR. LANIER: Aye.

22 MR. TERASA: Aye.

23 MR. MILLER: Aye.

24 MR. LYNCHARD: Aye.

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

1 (NO AUDIBLE RESPONSE.)

2 MR. KENNEDY: Motion carries.

3 Next item is the new member application.
4 Mr. Williamson?

5 MR. WILLIAMSON: Thank you. In response
6 to another Board priority, one of which I know is
7 particularly important to Director Miller and others of
8 you that you would like to provide the opportunity for
9 new members to be able to sign up online and also looking
10 for ways to improve our customer service experience.

11 Currently, we have 29 different new member
12 applications in circulation at this point. It just kind
13 of, I guess, evolved. I thought it was 12 to 14 and --

14 MR. LYNCHARD: I thought it was one.

15 MR. WILLIAMSON: And Amber informed me
16 today that I was off by a little bit. So, you know, we
17 have been around 49 years, so, you know, as things come
18 up, we -- not all of them are used every day by any
19 means, but the bottom line, that's how many we have in
20 circulation currently. This would consolidate us down to
21 one. And we are not looking for any Board action today.

22 Based on the great feedback that we got
23 from some of the Board members and since we would like to
24 incorporate that feedback, because what we have got in
25 some of the applications -- I think one of them, it

1 mentioned the term, you know, residential, commercial, or
2 farmstead. That's from the original application. And we
3 didn't want to change anything that the Board had
4 previously approved, so we tried to take previously
5 approved policies and those applications to consolidate
6 them into one.

7 But some good feedback came about as a
8 result of this. So we would like to that take feedback,
9 incorporate that into a new version of this application,
10 and bring it back to the Board in August. That will give
11 Keith another run at it as well so he can take a look at
12 it. And so, that's kind of where we are.

13 But it will ultimately give us the ability
14 that when the website is done, we will be able to link
15 this up to our website and folks will have the ability to
16 apply for membership online. It will be one of the
17 services we will provide.

18 MR. KENNEDY: All right. So since this is
19 information only, no Board action. But does anybody have
20 any questions?

21 (NO AUDIBLE RESPONSE.)

22 MR. KENNEDY: All right.

23 MR. WILLIAMSON: Please email whatever
24 feedback you want to provide on that. We have got some
25 great stuff from Daryl and Kevin so far, so please keep

1 it coming.

2 MR. KENNEDY: And we will add this to the
3 agenda for next month. Very nice.

4 The next order of business is the Holley
5 Navarre Water System website status update. Mr. Brand?

6 MR. BRAND: I am happy to report that
7 since the Board approval in April of the layout design
8 and the timeline for the website design, we have made
9 significant progress.

10 We went through, I believe, three phases
11 since. We are currently on the fifth phase. So after
12 the approval of the layout design, we submitted them,
13 submitted the layout and design for Board approval. They
14 pretty much have just been building it from a picture to
15 a functional website.

16 And we are currently providing feedback as
17 they need it for some of the custom functionalities for
18 the website. But as you can see, the actual phase that
19 we are on wasn't set to complete until September 20th,
20 but we are well ahead of that.

21 So I foresee that there may be some slow
22 down in the content migration phase of this website
23 because they have to edit everything and reformat it, but
24 aside from that, I would say that we are well on our way
25 to at least complete it by the end of the year, hopefully

1 sooner than that.

2 MR. KENNEDY: Okay. Any questions?

3 MR. MILLER: No questions. I would just
4 comment that I asked that this would be put on the agenda
5 just so we can continually get updates on where we are in
6 the process. I think that is important that we be able
7 to interact with our customers and have that online and
8 mobile friendly presence that the new website is going to
9 give.

10 So kudos to you for working through this.
11 I know you have had a lot of other projects you had to
12 work on, too, so thank you for the update.

13 MR. BRAND: Yes, sir.

14 MR. KENNEDY: And, you know, I guess just
15 to reiterate a little bit on this, the technology side is
16 kind of like building the Clarifier. Even though you see
17 a little website, there is so much that goes on behind
18 the scenes that it does take a little while for that
19 stuff.

20 So sounds like you have got a handle on it
21 and we can -- we have also got our timeline there that we
22 can reference on what we are expecting, so, thank you,
23 sir.

24 MR. WILLIAMSON: We know this ties into
25 those critical issues that the Board wanted. So when

1 this thing gets done, we will have improved
2 communication, ability for customers to pay even better
3 than they do now and the ability for folks to sign up
4 online. So it's coming.

5 MR. TERASA: Yeah. That would be my -- my
6 point is that, you know, online payment, online
7 application, all that is dovetailing, you know, so it's
8 important that this is all in sync and we bring that to
9 the fore as soon as possible. Thank you.

10 MR. KENNEDY: Thank you. Next item is the
11 Holley Navarre Water System effluent disposal capacity
12 update. Mr. Williamson?

13 MR. WILLIAMSON: Thank you, Mr. Chairman.
14 Staff put together an update, asked Phil to put together
15 an update for us. You have that in your back-up.

16 By now, you are well aware that the
17 County, Board of County Commissioners, they were
18 presented a lease from the Air Force, and they voted
19 unanimously to execute that lease and pay the \$210,000
20 associated with it and move forward. It is a huge step
21 to be sure and it was very welcome news, something that
22 has been talked about for a long, long time.

23 So there's no other way to describe it
24 other than a very positive step. And I know that I have
25 had comments from some of you in reading the lease that

1 maybe there was some things in that lease that we would
2 have liked to have seen different, but all in all, that
3 is a standard military lease. That lease is with the
4 County. The County has that lease with the Air Force,
5 and now it's up to us to work out an agreement with the
6 County. Right?

7 And because of the Board's approval, we
8 have cut off probably about four months off of that
9 process because we have got a General Counsel -- outside
10 counsel, excuse me, to work specifically on this project,
11 not that Keith won't be participating in that process and
12 already has been. But we have already got a shell of an
13 agreement that we can now begin conversations with the
14 County.

15 And to that end, the next step is we have
16 a meeting with County staff on Thursday. Phil and our
17 outside counsel will be meeting with the County
18 Administrator and I believe their lead engineer in a few
19 days' time. And that's kind of the jumping off point.
20 And the next step would be after that we anticipate a
21 positive -- a good meeting.

22 We don't see any language coming from the
23 County or anything that would lead us to believe
24 otherwise. So, after that, then we would end up coming
25 back to the Board with a -- we believe or we hope within

1 a month or two time an agreement for you to review. And,
2 hopefully, we will be moving toward approval of that
3 agreement.

4 You know, we never thought we would -- we
5 thought we would never get to this day, but it's
6 definitely possible that by the end of the year's time,
7 we could have a signed agreement with the County. We are
8 moving forward with design and a forever solution for the
9 members.

10 MR. KENNEDY: Excellent.

11 MR. WILLIAMSON: We are available for
12 questions.

13 MR. KENNEDY: All right. Any questions?

14 MR. TERASA: Just as kind of an aside
15 note, I assume we are still going to continue to work on
16 our agreement with Gulf Breeze just to have that in
17 place. We spent the money basically on developing the
18 agreement. Where are we on that?

19 MR. WILLIAMSON: It's a valid question.
20 We had Keith and our other outside counsel that the Board
21 had retained for that matter. And based on the Board's
22 suggestions from the last meeting, they have incorporated
23 those changes and I now will be presenting -- my plan is
24 to present that agreement next Tuesday to Samantha Abell
25 from Gulf Breeze. And it will be in their pocket.

1 It's very important for us to remember
2 that we are still operating under a timeline. November
3 2022 is when we forecast that we would be running into
4 issues with our permitted capacity. Right? So, yes,
5 it's great that the Eglin lease is signed. But there is
6 lot of work yet to be done.

7 Reading the lease shows you there is many
8 more steps that still need to be done before the first
9 gallons of effluent are brought up to those 40 acres.
10 Right? So we still need to keep moving along with this
11 agreement with Gulf Breeze.

12 If we do not get water flowing -- effluent
13 flowing by May of 2020, that's when the Board would need
14 to make a decision at that point is what we estimate on
15 whether or not we would have to have a temporary solution
16 or some other solution. Because, basically, the length
17 of time it would take for Eglin to come online with our
18 estimation, with our timeline, every month after May
19 makes it more likely that we would run out of capacity by
20 that stated deadline of November 2022.

21 MR. TERASA: And I show we are still
22 tracking that capacity issue. I don't know how to --

23 MR. WILLIAMSON: Absolutely. You will get
24 to that in your operations report. You can ask Phil
25 about that, but I think we are still at 1.6 million

1 gallons per day for the year on average against that
2 permitted capacity of 1.9 -- a little more than 1.9.

3 MR. TERASA: I happened to see a post of
4 Nextdoor Digest and it talks about someone out of
5 Somerset Estates was complaining they had no recycled
6 water, I guess, to spray on their yard. And I guess
7 that's a Gulf Breeze issue.

8 And I guess my point is that, you know, we
9 are paying the freight on that line right now. But if
10 things change, maybe they will pay the freight because
11 they want some of our recycled water. Anyway, just a
12 side bar there, just kind of a side note.

13 MR. WILLIAMSON: That was kind of
14 interesting, but --

15 MR. TERASA: And there were about eight
16 people that popped up and said, "Yeah. I have got the
17 same problem." So they have a need over there.

18 MR. KENNEDY: Anything else? Any other
19 comments?

20 MR. MILLER: I would just like to say that
21 my take on all of this is that, you know, our needs are
22 sooner than what the County's needs are for this project
23 to happen. So while we want to, you know, convey to them
24 that we want to speed this project along, we also need
25 some reassurance that we are going to have, you know,

1 have their buy-in on it and not get out on a limb.

2 And I don't know what money the County has
3 to pay for the project other than, you know, the Restore
4 Act money that is coming many years from now. So, you
5 know, the other thing that I think probably should be
6 happening along with this process is whatever appeals we
7 can make to the State budget for funds to assist with
8 this.

9 Because, you know, there's \$625 million a
10 year in Governor DeSantis' budget for water quality
11 improvements. And that could be anything from septic to
12 sewer conversions to getting the effluent from Santa Rosa
13 Sound. And that takes time and it takes, you know,
14 continuing to ask.

15 And we know the first couple of years most
16 of that money is going to clean up the south Florida
17 water ways, but I would really like to see us, you know,
18 focus some efforts toward that and try to get some State
19 funding, because that's what is going to clean up our
20 water ways here. And Governor DeSantis was here a few
21 months ago over on Okaloosa Island and expressed that,
22 you know. He was dedicated to improving our water ways
23 up here, too.

24 MR. WILLIAMSON: You bring up two great
25 points. One is that timeline with the County and the

1 funding. And you are correct, the good news is for us to
2 solve Holley Navarre's problem, we just need to have that
3 agreement in place and that they would not do anything to
4 slow us down from creating the portion of this effluent
5 disposal project that would go from our wastewater
6 treatment plant to the RIBS in Eglin.

7 If the County chooses to allocate funding
8 at some point in the future to go from their wastewater
9 treatment plant across the Sound and tie in with ours,
10 that price is going to be borne by them alone and at a
11 time of their choosing. But we just don't want that
12 decision to delay ours.

13 And you are correct. To this point, the
14 County has not allocated any Restore Funding -- Pot 1
15 Restore Funding. That's the direct component. That's
16 the component that the County Commissioners control.
17 They have yet to allocate any of that money for this
18 project. But they do have five and a half million, I
19 believe it is, of the \$12.6 million, Pot 3 Restore Money,
20 from the Gulf Consortium that is allocated toward this
21 project. But it is last money out.

22 That money is distributed over 15 years.
23 So it will take some time for that money to accumulate to
24 where they can put it toward this project. But Phil has
25 already met with Dan on one occasion. I don't know if

1 you want to add anything to that, but the meetings and
2 conversations have been very positive so far. Right?

3 MR. PHILLIPS: Oh, absolutely. Dan
4 completely understands that they have a different problem
5 than we do. With their permit being recently renewed,
6 it's hard to imagine that they are going to do anything
7 until they have to.

8 But he recognizes that we have a need well
9 in advance of them. So I don't -- I don't -- my
10 conversation with Dan before the lease arrived, there was
11 nothing in that conversation that led me to believe that
12 we are going to have an issue with that part of the, you
13 know, the our need versus their need.

14 MR. MILLER: I would just like to see at
15 some point they have a stake in the infrastructure going
16 up there. You know, if we put the money out up front to
17 go up there --

18 MR. PHILLIPS: Oh, absolutely. I think
19 you are definitely, as part of this understanding, you
20 are going to want to understand under what conditions
21 that they begin to use that line that we are going to pay
22 for initially. But, again, I don't -- I don't see that
23 as a problem, either.

24 MR. WILLIAMSON: And the other part is the
25 Legislative request. If we want to go after money, as I

1 am sure most of you know, next year is an election year,
2 so the Legislative session starts in January instead of
3 March, so everything is pushed up a couple months.

4 The deadline for Legislative requests,
5 that deadline was just posted. It is coming up here in
6 the first week in August. So if that is something that
7 is of interest to the Board -- I know it's a non-agenda
8 item, but if the Board wanted to allocate, you know,
9 certainly nothing that would exceed my spending
10 authority, nothing I would do without Board approval. We
11 could do it with a Board action without a meeting.

12 But I had just texted with a friend in
13 Tallahassee before this meeting and they were asking what
14 our Legislative requests were going to be for the year.
15 You know, if the Board wanted to vote to approve not to
16 exceed \$10,000 to go toward possible assistance with
17 going and requesting funds in the next Legislative
18 session and keep my spending authority at that and
19 everything had to be approved prior to, whatever the
20 Board would feel would be appropriate.

21 But, right now, for us to be able to have
22 an opportunity to participate, I can fill out the
23 application. We can put that single source request in.
24 But our best opportunity is going to be able to try to go
25 after funding from regulatory agencies, not single

1 source, sole source Legislative requests from
2 Representative Williamson or Andreotti or Senator
3 Broxson.

4 It's a much less competitive source to go
5 after, and it basically provides us two opportunities to
6 go after funding. The Board already approved last year
7 what they wanted those Legislative requests to be. We
8 were going to put the same one, a big septic to sewer
9 conversion in Robidal. That would be \$5.4 million would
10 be the total ask.

11 The other one would be generators for our
12 wells, which, yes, we have that money budgeted, but if we
13 could get Miami or Orlando taxpayers to pay for our
14 generators, I am sure our rate payers would rather have
15 that.

16 And then, the last one is a skid-mounted
17 booster pump station. Those two requests would be for
18 redundancy. We have a storm. We want to have auxiliary
19 power to keep -- power to keep the water flowing and the
20 lift stations working and that type of deal. So those
21 are the three requests that I would bring forward. And
22 if the Board is interested in us pursuing that, we can do
23 it.

24 MR. KENNEDY: All right. So what I have
25 heard is this would be a request to add something to the

1 agenda here, which would be a discussion point. What we
2 are talking about is -- what's the wording for this,
3 Mr. Williamson? This is political or --

4 MR. WILLIAMSON: If the Board could just
5 direct me to make the Legislative requests and, you know,
6 you could not expend more than ten -- not to exceed
7 \$10,000 for the rest of this year, because it wasn't a
8 budgeted item per se.

9 We have revenue that we can put toward it,
10 but what I would request -- so we are not doing this on
11 the fly -- let me put together an email and get it to get
12 Board --

13 MR. KENNEDY: That's better.

14 MR. WILLIAMSON: -- on how much it would
15 be to get some kind of support, what the Legislative
16 requests would be, kind of what would be involved. And
17 then, the Board can give me direction from there.

18 MR. TERASA: So your thinking, then, is if
19 we should -- these other are a higher priority than the
20 RIBS in the context of this Legislative requests. But
21 should you -- earning that again would flow back to us
22 and give us additional monies for the RIB. I mean, you
23 didn't mention that as a Legislative request, which I
24 think was Mark's point.

25 MR. WILLIAMSON: Yeah. I haven't talked

1 to anybody up there to know what bucket we would be
2 trying to go after, you know, where would be the best
3 opportunity. A single source request of that much, maybe
4 we could ask for the design portion. You know, you are
5 obviously not going to be asking for \$11 million, but
6 anything that we could ask for would be helpful.

7 That would be part of my brief to the
8 Board and request to the Board is that I run that project
9 up the flag pole, and they said, "This might be your best
10 opportunity for funding." And, certainly, it doesn't
11 hurt to go after it, but the committee weeks start in, I
12 believe, September, which is earlier, because everything
13 has been moved up. So it kind of snuck up on us, you
14 know. Andreotti put out an email, what, two days ago, I
15 think it was, or three days ago. I was notified that the
16 application process is coming.

17 MR. KENNEDY: And, ultimately, I guess one
18 of the things we want to do is sort of set expectations
19 as far as this is concerned, you know. If we are, you
20 know, a lot of us may not really understand how this --
21 the political animal, as far as how you go about getting
22 funding. Right?

23 And so, if it's easier to get, I don't
24 know, matching funds for our generator versus \$11 million
25 dollars for this, you know, and so, in -- if it's the

1 will of the Board here, we would ask Rob, then, to do as
2 he mentioned, go back in, do a little research and send
3 us an email on what this would entail, how much it might
4 cost, and, hopefully, kind of set expectations. And
5 then, we can either do a Board action without a meeting
6 or whatever the will of the Board here is.

7 MR. TERASA: Mark, does that satisfy your
8 question?

9 MR. MILLER: It does. I just -- I want to
10 see us make some movement in that direction, because if
11 you don't ask, you will never get it.

12 MR. TERASA: Absolutely.

13 MR. MILLER: And timing is critical. You
14 have to begin asking now for something you want next
15 years or two years down and three years down.

16 MR. KENNEDY: Absolutely. All right.
17 Mr. Williamson, are you good with that?

18 MR. WILLIAMSON: Yeah.

19 MR. KENNEDY: All right. Thank you,
20 sir.

21 Any further questions on the disposal?

22 MR. WILLIAMSON: That was information
23 only, Mr. Chair.

24 MR. KENNEDY: Yes, sir.

25 MR. LYNCHARD: Other than -- do we need to

1 wait? The Eglin project is something that we are going
2 to do. We don't have a choice. So I don't know that
3 there is a -- for me, personally, I don't see a reason to
4 wait two or three months down the road to get started on
5 this thing.

6 I think we should probably get our
7 engineers to get started on doing whatever they need to
8 be doing to get moving on this thing today, as opposed to
9 waiting until the lease comes back or until we have got
10 an agreement in place with the County. Because I think
11 that it's -- it's something that we are going to have to
12 do.

13 MR. WILLIAMSON: Are you thinking about
14 design? Is that --

15 MR. LYNCHARD: Yeah. The design phase and
16 everything else that we know we are going to have to do.
17 And I don't see a reason for us to just wait until, you
18 know --

19 MR. WILLIAMSON: No. Phil brought the
20 same point today and we talked about that. Certainly, we
21 would agree with you that we don't need to wait until the
22 ink is signed necessarily if things keep moving like they
23 are and they are positive. You know, we have got the
24 shell of an agreement there. It shouldn't take that
25 long.

1 But what we would like to do is have that
2 Thursday meeting. If things go as expected, well, then,
3 yeah. Definitely well before that May deadline, we would
4 anticipate that we would be working on design. Right.
5 We don't want to lose the gains we have got.

6 If something totally unexpected happened
7 and that meeting didn't go as planned, we may need to
8 come to the Board with another recommendation and you may
9 want to wait on that.

10 MR. LYNCHARD: Yeah. We may want to wait
11 on it, but I think maybe we should think about having a
12 meeting as a Board after the Thursday meeting so we can
13 maybe make a decision to move forward. Or if you wanted
14 to do a Board action without a meeting, rather than
15 waiting.

16 You know, we are going to have a meeting
17 two days -- he is going to have a meeting two days from
18 now, and then, we are going to wait another month before
19 we meet again.

20 MR. KENNEDY: Well, is it --

21 MR. WILLIAMSON: The design -- Phil,
22 design is currently scheduled -- anticipated to be about
23 six months' total duration for design of the project?

24 MR. PHILLIPS: It's a little longer than
25 that. I think it's eight months' minimum. Not because

1 necessarily the design, but, you know, you have got some
2 property issues you have got to resolve and acquire.

3 MR. WILLIAMSON: So May is the drop dead
4 date that we have to know if we are going one way or the
5 other or if we are going to need a temporary solution
6 because Eglin is taking too long.

7 I still think that it would be prudent for
8 the Board to be ready to approve that, but we have still
9 got August and September minimum before we lose any time.
10 And that gives staff time to get as far along with the
11 County as we can.

12 Yes. It is our -- 99 percent sure it's
13 our only option; right? That's our forever option. We
14 would like to think that absolutely we are going there,
15 but there is also the -- we don't want to be presumptuous
16 that the County is going to have -- who's going to be
17 doing the design? Is it going to be our engineers doing
18 the design?

19 We want to go into this negotiation with
20 them as amenable as possible and not presuming anything
21 and not do anything that might be off-putting for lack of
22 a better way of saying it, but still move quickly. So
23 just our recommendation -- just ask -- give us another
24 month or two before we pull the trigger on design and
25 know that we are ready to do that, but --

1 MR. LYNCHARD: Okay. As long as that's
2 not going to push it past our May deadline of next year.

3 MR. PHILLIPS: No. I don't --

4 MR. LYNCHARD: Or delays of any sort.

5 MR. PHILLIPS: And I agree with him. And
6 you know me, I am all on-board doing whatever we can
7 whenever we can, but I am with Rob on this one. In fact,
8 I think I would say it much simpler, let's get past
9 Thursday.

10 MR. LYNCHARD: Yes. I agree with that.

11 MR. PHILLIPS: I am excited to get to
12 Thursday. It's something we have never -- let's get
13 there and then figure out where we go from there, but --

14 MR. KENNEDY: And if you need us to react
15 quickly, we can, as a Board for you.

16 MR. PHILLIPS: I would assume that
17 whatever comes out of the meeting on Thursday that you
18 will be the first people to know about it. I am sure Rob
19 will let you know immediately. And then, we will have to
20 decide what comes after that.

21 Hopefully, what comes out of that Thursday
22 meeting that Will can walk away and prepare an agreement
23 for them to look at and there is really no disagreement
24 amongst the major terms of what is going to happen.

25 MR. WILLIAMSON: And we don't have to sic

1 Fred on them.

2 MR. PHILLIPS: Yeah. And then, we don't
3 have to worry Fred. Let's keep this thing moving.

4 MR. TERASA: What?

5 MR. KENNEDY: We won't have to sic you on
6 them.

7 MR. TERASA: Let me wear my bulldog
8 collar. I have a matching shirt.

9 MR. MILLER: The other thing, when I was
10 reading the Eglin lease, there were several things that
11 concerned me, but one of the things that concerned me is
12 pretty much every piece of equipment that is put out
13 there, they have got to approve or review or design and
14 everything. While we can move quickly, the Government
15 doesn't always move as quickly.

16 So we probably need to build in, and I
17 know you know this, but some time lapses from, you know,
18 we submit it. They say, "Oh, no. We want this." There
19 may be some back and forth with that.

20 MR. PHILLIPS: If you were doing something
21 like a wastewater treatment plant, like Fort Walton Beach
22 and Florida Utilities, whoever they are over there, yeah,
23 absolutely. It does take -- once you have that facility
24 design, they have to approve all that because of the
25 environmental concerns.

1 Luckily, in the case of this project, we
2 are not doing anything but really moving earth and
3 putting a little lime in there. So I don't really
4 anticipate their environmental review process is going to
5 get in the way of construction.

6 This isn't quite like doing -- building a
7 facility out there that they are going to want to approve
8 what is going on. Where is the garbage can? Where do
9 you dump the garbage? What's the possibility of spilling
10 sewage out of the plant? There's not even a
11 possibility.

12 MR. MILLER: And it's already permitted,
13 so there --

14 MR. PHILLIPS: That's correct.

15 MR. MILLER: -- so we are already a step
16 ahead with that.

17 MR. PHILLIPS: That's correct.

18 MR. KENNEDY: Yeah.

19 MR. TERASA: Of course, you did a good
20 thing some months ago, you really got our attention about
21 this timeline, And my colleagues and I and the Board are
22 very concerned and we don't want to miss it. I don't
23 want to go spend \$3.4 whatever headed for Gulf Breeze no
24 way, no how. So anything we can do to expedite where we
25 are going.

1 But, obviously, Thursday is going to be a
2 big step. And we are all very anxious to hear what the
3 results are and what we can do to expedite the work that
4 you need to get done to get approval or the agreement
5 done so we can get -- make things happen. Thank you.

6 MR. WILLIAMSON: Staff knows what our
7 Number One priority is. The Board has been very clear.
8 We bring that to work every day. That's what we are
9 focused on.

10 MR. KENNEDY: Very good. Great. Any
11 other discussion. Excellent. Thank you, sir.

12 Next item is the 2019 pension plan
13 contribution. Mr. Williamson?

14 MR. WILLIAMSON: Thank you, Mr. Chairman.
15 This is the annual contribution to the Defined Benefit
16 Pension Plan. The Board approved budget for 2019 fiscal
17 year had the \$724,200 total to be contributed to that.

18 The actuary for the plan laid out the
19 contribution that is estimated to be provided each year.
20 This is the first attempt to try to put slightly more to
21 that fund. And you will see in the 2020 budget that I
22 will bring to the Board, we are going to try to normalize
23 those contributions a little bit more, because that
24 actuary had it to where it was going from \$682 (sic) to
25 \$1.2 million or \$1.3 million over the course of the

1 next -- at its peak, and then, it trails off until the
2 fund is fully funded.

3 I want to try to normalize those and
4 average them out over the five-year period to where we
5 will take more of a consistent contribution each year to
6 budget against. So this year, we are asking for the
7 amount that the Board approved, which will result in a
8 net cost of probably around \$760 (sic) because you are
9 going to have about \$40,000 in fees associated with this,
10 which is -- that's what we have, anyway. So the request
11 to go to the pension plan -- the contribution that would
12 go in the pension plan is the \$724,200.

13 MR. MILLER: I make a motion to approve
14 the Defined Benefit Pension Plan contribution as
15 presented.

16 MR. KENNEDY: Is there a second?

17 MS. HARPER: Second.

18 MR. TERASA: Second for discussion.

19 MR. KENNEDY: Any further discussion?

20 MR. WILLIAMSON: We had a second.

21 MR. KENNEDY: That's all right. Any
22 further discussion?

23 MR. LYNCHARD: I was just going to ask, is
24 the \$724,200 what the -- what our actuary told us we
25 needed to put in there per year?

1 MR. WILLIAMSON: The actuary's estimate
2 was a minimum of 682.

3 MR. LYNCHARD: Okay.

4 MR. WILLIAMSON: That was the floor.

5 MR. LYNCHARD: Okay.

6 MR. KENNEDY: And again, this helps
7 stabilize budget for projections and stuff.

8 MR. WILLIAMSON: It's not going to impact
9 our budget negatively. We budgeted for it, and it was
10 approved at the beginning of the year. Normally, we
11 would make these contributions in March/April time
12 period. I wanted to have time to evaluate the plan and
13 our advisor.

14 You saw that -- you guys had that approval
15 basically for Jeff Weeks at the last meeting. We were at
16 90 basis points. I wanted to work with the pension plan
17 representatives and trustees to negotiate a lower rate.
18 We got down to 54 basis points. We evaluated that we
19 wanted to retain -- recommend retaining Jeff.

20 So that's kind of why we are coming to you
21 this late in the year, if you will, with the request.
22 Next year, this request will come before the Board after
23 the Board approves the budget. It will probably come to
24 you as early as February. The sooner you get the funding
25 into the fund, the more interest it can be earning and

1 the sooner we can get the fund fully funded and then
2 there are no more contributions.

3 The good news is, I believe, at the 2028,
4 it is estimated to be fully funded. I'm going from
5 memory. It's either 2025 or 2028. It is supposed to be
6 funded fully and the amount of contribution changes
7 significantly.

8 MR. TERASA: So this is just a formality,
9 then? I mean, it's in the budget. Right?

10 MR. WILLIAMSON: This is not something
11 that's discretionary, Mr. Teresa.

12 MR. TERASA: No. I understand. But I
13 mean, my point is that the budget was already approved.
14 You are just informing us of this. Maybe I am not --

15 MR. WILLIAMSON: I am not in the habit of
16 approving things for \$700,000 without bringing them to
17 the Board, even if it was approved in the budget or not.
18 So I am going to make sure you are aware of expenditures
19 of this magnitude.

20 MR. LYNCHARD: And I just -- I don't know
21 if the Board under -- to make sure everybody understands
22 the Defined Benefit Plan, let's just say we are going to
23 put -- Clinton is going to retire in 15 years, so we know
24 we are going to have to have X number of dollars in the
25 fund.

1 So we are taking into consideration the
2 growth of the principal along with our contribution to
3 get where it is. So the money we are -- you are really
4 never fully funded, I guess, if you follow the
5 actuary's -- because he is using those percentages.

6 MR. WILLIAMSON: Because -- the only
7 reason we would be is just because we are not allowing
8 anybody else to fund. So they have determined this is
9 the total amount this is going to cost you, either if
10 they take a lump sum or an annuity-based payment.

11 If the Board decided they wanted to create
12 another plan or allow people in the plan again, that's
13 going to change the projection --

14 MR. LYNCHARD: Yeah.

15 MR. WILLIAMSON: -- absolutely. And it
16 does change. You know, we won't be at zero for a
17 contribution because life expectancies change. The
18 market is not always going to perform the way it is now.

19 MR. LYNCHARD: That's right.

20 MR. WILLIAMSON: But for the next ten
21 years, we have projections and I think -- Barb, how much
22 does it cost to get a new ten year -- something like two
23 grand -- \$3,000 if we wanted the actuary to reevaluate
24 it.

25 I was going to try to provide the Board

1 with an updated table, but when he told me how much it
2 was going to be, I thought we would be okay to wait.

3 MR. KENNEDY: So sort of correlates with
4 our restricted or unrestricted fund as far as --

5 MR. WILLIAMSON: No. This is straight up
6 operational --

7 MR. KENNEDY: No. I am just saying, the
8 way that, you know, we are building for growth, you
9 know --

10 MR. WILLIAMSON: Yes.

11 MR. KENNEDY: You see, you are paying for
12 the growth of the --

13 MR. WILLIAMSON: You are investing in your
14 people.

15 MR. TERASA: I am not arguing the need and
16 I am not arguing even the fact that we are spending it.
17 I am just again --

18 MR. KENNEDY: It is -- it's just --

19 MR. TERASA: Of course, I haven't had to
20 deal with almost three quarters of a million dollars
21 outlay in this particular case. I appreciate you letting
22 us know. Maybe I am not being appreciative enough.

23 MR. WILLIAMSON: A friend once told me,
24 Director Terasa, that you don't know what your authority
25 is until you exceed it.

1 MR. TERASA: Okay. Well -- (inaudible) --

2 MR. KENNEDY: All right. Any other
3 discussion?

4 (NO AUDIBLE RESPONSE.)

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

6 MS. HARPER: Aye.

7 MR. LANIER: Aye.

8 MR. TERASA: Aye.

9 MR. MILLER: Aye.

10 MR. LYNCHARD: Aye.

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

12 (NO AUDIBLE RESPONSE.)

13 MR. KENNEDY: Motion carries.

14 Next order of business is the Hidden Creek
15 GM report. Ms. Callen?

16 MS. CALLEN: We had another profitable
17 month. The total course revenue was \$184,415, compared
18 to expenses of \$168,713. Course operating income was
19 \$15,702.

20 MR. KENNEDY: Excellent job.

21 MS. CALLEN: Do we need to approve that?

22 MR. WILLIAMSON: Oh, they are not going to
23 give you a standing ovation this week.

24 MR. KENNEDY: The \$50,000 last week was a
25 very good job --

1 MR. WILLIAMSON: Yeah.

2 MR. KENNEDY: Yes. Or last month.

3 MS. CALLEN: Our course is in great shape.
4 It's -- I am hearing comments from people that are
5 traveling. And it's just really in the best shape it has
6 been in a long time so very excited about that.

7 This is your picture. We had a tournament
8 and a couple of our Board members are in the pictures.
9 It was called, "The Good, the Bad, and the Ugly."

10 MR. TERASA: That's me, the ugly, right
11 there.

12 MR. KENNEDY: I'm the bad.

13 MS. CALLEN: We are trying to do a special
14 tournament open to the public once a month approximately.
15 This was a really good one. It was very hot, but it
16 turned out really nice.

17 MR. KENNEDY: Yes. It sure did.

18 MR. WILLIAMSON: How many new members have
19 we added since the rate increase?

20 MS. CALLEN: We had the rate start June 1.
21 We have added five additional members this month, which
22 brings our total of additional new members to ten.

23 We have had several members switch from a
24 social member to full-time members.

25 MR. KENNEDY: That's awesome.

1 MR. TERASA: How many? How many social
2 to --

3 MS. CALLEN: I don't have the exact number
4 of times the socials have transferred as of yet, but I
5 anticipate quite a few more before the end of the year.

6 MR. KENNEDY: Okay. That's great.
7 Anything else?

8 MS. CALLEN: That's all I have got.

9 MR. KENNEDY: All right.

10 MR. TERASA: I have got a couple of
11 comments if that's okay. Or do you want to approve this?

12 MR. KENNEDY: Yes, sir. I want to
13 approve.

14 MR. TERASA: Move to approve the
15 financials for the Club at Hidden Creek.

16 MR. KENNEDY: Do we have a second?

17 MR. LANIER: Second.

18 MR. KENNEDY: Any further discussion?

19 MR. MILLER: I have a question on the food
20 and beverage revenue, you know, we are comparing this
21 year to last year. And now, we have got the restaurant
22 in full operation, so we got their income. And then,
23 our -- our food and beverage sales are just coming from
24 the tournament at that point?

25 MS. CALLEN: We have the beverage cart.

1 We have the tournament and we do have sales in the golf
2 shop.

3 MR. MILLER: In the golf shop. Okay.

4 MS. CALLEN: And it's all pre-packaged
5 snacks and beverages.

6 MR. MILLER: Okay. Because it looked like
7 \$17,000 in revenue, \$17,500, that's still pretty good to
8 have someone else handling the restaurant.

9 MS. CALLEN: Absolutely.

10 MR. WILLIAMSON: That's on the low end,
11 Director Miller. That's going to keep going up.

12 MR. TERASA: While we are talking about
13 the restaurant, I want to thank --

14 MR. KENNEDY: Just one second. I just
15 want to finish this up on the financials.

16 MR. TERASA: Oh, yeah. Go ahead.

17 MR. KENNEDY: Anything else on the
18 financials?

19 (NO AUDIBLE RESPONSE.)

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

21 MS. HARPER: Aye.

22 MR. LANIER: Aye.

23 MR. TERASA: Aye.

24 MR. MILLER: Aye.

25 MR. LYNCHARD: Aye.

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

2 (NO AUDIBLE RESPONSE.)

3 MR. KENNEDY: Motion carries.

4 Director Terasa?

5 MR. TERASA: I wanted to compliment Cindy.

6 I think there are a number of golfers out there and I
7 know the ones I am associated with in the Mens Golf
8 Association who would probably say they are not being
9 serviced by the restaurant adequately.

10 Now, Cindy knows that. What I wanted to
11 thank her for, she has taken a very proactive stance in
12 encouraging the restaurant to make good on their
13 commitment up front, what they made up front, to service
14 the golfers.

15 And I am not going to go chapter and
16 versus by what I observed. But what is critical is that
17 that situation turn around very quickly. I don't mean we
18 are going to have people leaving the Club, but there is
19 just going to be that much angst. And someone has got to
20 fill that void.

21 And if the restaurant is unwilling to do
22 that, then, in my opinion, we ought to pick up that
23 slack. Now, that puts a lot on our staff, but that's an
24 opportunity, if they don't want to service golfers
25 that -- when they are making the turn with hot foot,

1 hotdog, or whatever --

2 MS. CALLEN: Can I address that real
3 quick?

4 MR. TERASA: Yeah.

5 MS. CALLEN: They have given me a simple
6 tournament menu --

7 MR. TERASA: Okay. Good.

8 MS. CALLEN: And it should be out the end
9 of this week. I just wanted them to reformat it. We are
10 going to put it on every golf cart underneath the score
11 card or on top of the score card.

12 MR. TERASA: Okay.

13 MS. CALLEN: And it's reasonably priced,
14 quick food, half sandwiches, whole sandwiches, cold, hot,
15 but quick food that they can come up and get. They can
16 call ahead.

17 MR. TERASA: So they would be able to call
18 in and get it quickly so they can make their -- continue
19 on their tournament.

20 MR. WILLIAMSON: And they did tell us that
21 once they got open and got their main business open that
22 they would be circling back to this. So they are filling
23 up -- or living up to that promise.

24 We do agree with you, though, if we don't
25 see that service gap being met, then we will step into

1 that. Absolutely. We know that we need to provide that
2 guest experience.

3 MR. TERASA: Again, you know, there is not
4 that much angst out there, but there's going to come a
5 point where that is going to bubble up to the point where
6 it becomes an issue for us. So thank you. I really want
7 to compliment Cindy, not complain, because I know she is
8 on top of it. So that's really good news. I can't wait
9 to get that back to the MGA.

10 One thing, the last thing I will talk
11 about is the golf course. Mike and I and Cindy actually
12 provided a pizza lunch to the superintendent and his crew
13 a couple of months ago. I just got a commend from the
14 MGA that they will allow me to put together enough money,
15 so twice a year, MGA will fund a pizza party or whatever
16 for the superintendent and his crew.

17 And I talked to Jamie trying to get a
18 similar for his guys and what not. I guess my point is
19 underlying that is kind of adopting those guys, so if
20 anybody else on the Board wants to adopt another group,
21 another team --

22 MR. WILLIAMSON: I have a suggestion --

23 MR. TERASA: -- there are wonderful teams
24 out there.

25 MR. WILLIAMSON: So if you are doing pizza

1 for the golf course guys, are you going to do steak for
2 the Water System guys? Is the MGA going to do that?

3 MR. TERASA: Sorry. You know, when they
4 start paying me more than this one dollar a year for a
5 Coke, you know, I will see what I can do. But, again, my
6 point was that they had such a great time. And we were
7 complimenting them on what a wonderful job they were
8 doing.

9 The pictures -- I meant to go out and take
10 some pictures, but we have fairways now where the tee
11 boxes are, the greens are amazing. It's just
12 unbelievable.

13 MR. KENNEDY: It really is.

14 MR. TERASA: And I will say it again every
15 time, every month, keep Chip at any cost.

16 MR. KENNEDY: So if you would, you might
17 want to just explain because some people might not know
18 what MGA is.

19 MR. TERASA: Oh, the Mens Golf
20 Association, typically 100 member deep. Right now, we
21 are probably about 75 and trying to gain. We play three
22 times a week, so we are real anxious to get good food and
23 libation and what not.

24 MR. KENNEDY: And are you telling us they
25 have adopted -- they are actually going to pay for this?

1 This is huge.

2 MR. TERASA: Yeah. It's huge. And I have
3 solicited it. I have already got \$25. I haven't even
4 gone back to them to ask yet, so we are halfway home. It
5 is about a \$50 affair for pizza, but it's well worth it.

6 MR. KENNEDY: Well, I have been here three
7 years, and I just want to say that if we have got the MGA
8 and they are a great bunch of guys that are starting to
9 really -- they are embracing the golf course. Obviously,
10 they love the golf.

11 MS. CALLEN: Right.

12 MR. KENNEDY: But Director Terasa has got
13 them to where they are starting to really embrace the
14 employees where we are getting involved and everything
15 like that, I mean, again, it points to the leadership
16 with Cindy and the staff. And we are really bringing
17 together a community here, you know. We are really
18 getting involved here.

19 It's not just a golf course and not just
20 water. This is family. We are getting there slowly, but
21 we are getting there.

22 MR. WILLIAMSON: Not kidding, I do want to
23 say thank you to Director Terasa. Buddy Harbole
24 (phonetic) has been with us for 30 some years. He pulled
25 me aside yesterday and said, "I met one of the Directors.

1 He stopped on the side of the road and just wanted to
2 pull over and tell us how much he appreciated us and what
3 we are doing and working."

4 And he was talking about you. And so,
5 that's pretty cool to hear that you guys -- we know how
6 much you care about what goes on here. And, certainly,
7 you are not doing it for the salary. So I just want to
8 say thank you. That went a long way.

9 MR. TERASA: And, again, they are out
10 there sweating, you know, working hard. I know why they
11 didn't think I was a Director because the garb I had on,
12 I was actually out doing my lawn and walked down two
13 blocks and was in pretty disarray there.

14 But, again, I don't want to slight our
15 Water Company people. I mean, we love them, but the golf
16 course is one of the reasons why I became a Board member.
17 So it was natural, and particularly with that crew was
18 accomplishing in just a few months. So, you know, maybe
19 I can buy one steak a month for somebody.

20 MR. KENNEDY: You are retired, though;
21 right?

22 MR. TERASA: I am retired, fixed income.

23 MR. KENNEDY: All right. Any other
24 discussion points on Hidden Creek?

25 (NO AUDIBLE RESPONSE.)

1 MR. KENNEDY: All right. Thank you,
2 again. Ms. Callen, wonderful job.

3 Engineering. Mr. Phillips? Monthly
4 operations report?

5 MR. PHILLIPS: I will talk about the one
6 number that I always talk about every month. And it was
7 a pretty interesting month. You know, we had the coolest
8 or the mildest winter on record followed by the hottest
9 June on record.

10 And if you look at the current month data
11 that's on Cory's report here, you see that we sold to our
12 wastewater customers 1.798 million gallons of water.
13 That was actually a record for us to sell to our
14 wastewater customers -- kind of Mark's question earlier.

15 But you notice that we only sent a
16 million -- 1.453 million to reuse, which means that
17 345,000 gallons every day was used by those customers but
18 didn't make it to the wastewater treatment plan. That is
19 what is supposed to happen in the hot months here in
20 Florida.

21 What that represents is the folks out
22 washing their car, the folks irrigating because it is so
23 hot. That is the amount of water that we are not
24 supposed to treat every month, but we have for the last
25 few years. It would be nice to say it was something we

1 have done in the last few months. It's really not. It's
2 just a reflection of the weather through the winter and
3 the early summer -- spring, summer.

4 But that's where we want to be right
5 there. And to Mark's question, looks really good on
6 paper in terms of I&I relative to the schedule and when
7 we need Eglin on. But one month does not make a year nor
8 does the first six months of this year make the next
9 three years.

10 So it really -- it doesn't change anything
11 in terms of our mind right now, in terms of when we have
12 to have Eglin online to be beneficial to us, so --

13 MR. KENNEDY: Okay. Any questions?

14 (NO AUDIBLE RESPONSE.)

15 MR. KENNEDY: Thank you, sir.

16 Next order of business is Clarifier Number
17 4. Mr. Snyder?

18 MR. MILLER: Can I -- I did have one
19 comment. I looked at the MESI financials and it looked
20 like there was another really good month.

21 MR. PHILLIPS: I appreciate you calling us
22 out two months -- I appreciate you saying that two months
23 in a row, Mark, but to that extent, we don't normally
24 allow this to happen, but we have in the last two months.
25 We have a subcontractor that is working for us that did

1 not bill us.

2 So if you take the -- I think it was about
3 40 or \$45,000 last month and the same thing this month,
4 probably about a third to a half of that really doesn't
5 belong to us. And next month, you will see that
6 reflected in our income statement. So just remember
7 about those two months' work when we have to pay that
8 subcontractor.

9 MR. KENNEDY: You did really good in two
10 months.

11 MR. PHILLIPS: Yeah.

12 MR. LYNCHARD: You did real good until you
13 had to pay the bills.

14 MR. PHILLIPS: I just don't want him to
15 bring me up on the other side the next time.

16 MR. TERASA: Mark, you have been warned
17 now.

18 MR. KENNEDY: Great. All right. Any
19 other questions on the operation report?

20 (NO AUDIBLE RESPONSE.)

21 MR. KENNEDY: All right. Mr. Snyder,
22 Clarifier Number 4?

23 MR. SNYDER: The clarifier is going pretty
24 well. They got the floor poured a few weeks ago. Since
25 then -- those are some pictures of them pouring the floor

1 of the Clarifier.

2 Since that time, they have been setting up
3 the floor work and the steel for the walls. They are
4 almost done with preparing that steel. And when I spoke
5 to the contractor last, he was hoping to try to pour at
6 the end of next week. But that's all depending on if he
7 gets his form work done on the outside.

8 Besides that, there aren't really any
9 issues with the project. He is having a little trouble
10 keeping help, but nothing he can't figure out.

11 MR. KENNEDY: Exactly. All right. Great.
12 Any question? Concerns?

13 MR. WILLIAMSON: Could we share those
14 pictures with Ms. Kemp?

15 MR. SNYDER: Sure. Yeah.

16 MR. KENNEDY: Excellent. All right.

17 MR. TERASA: So we are still on time?
18 Timeline is still intact?

19 MR. SNYDER: Now, it's looking a little
20 doubtful, but he submitted about 15 to 20 rain days.

21 MR. TERASA: I see that.

22 MR. SNYDER: And I have been reviewing
23 those. And it does appear that all of those are
24 legitimate. And I think that that will at least extend
25 the schedule probably 21 days. And that didn't even

1 include July, which I know there were definitely some
2 rain days in July that he is going to request.

3 But, you know, it's -- the structure is
4 almost completed, so that last 21 days or month or
5 whatever is going to be getting the equipment set up and
6 doing some punch list items like that. So, you know, I
7 am hoping by September, 1st of October, we will be
8 operating that Clarifier.

9 MR. PHILLIPS: We certainly dodged a
10 bullet this past weekend, too.

11 MR. TERASA: Yeah.

12 MR. KENNEDY: Yes. No kidding; didn't we?

13 MR. WILLIAMSON: Yes, we did.

14 MR. KENNEDY: Yes, we did. All right.

15 Any other questions on Clarifier Number 4?

16 (NO AUDIBLE RESPONSE.)

17 MR. KENNEDY: All right. Hearing none, we
18 have move to the Member Forum. So if any member would
19 like to speak, there is a sign-in sheet when they enter
20 the building.

21 MR. WILLIAMSON: Less than an hour.

22 MR. KENNEDY: Oh, there are no -- all
23 right, we have no one that is speaking.

24 MR. WILLIAMSON: Less than an hour if you
25 adjourn.

1 MR. KENNEDY: All right. Barring no
2 further speakers, do we have a motion to adjourn?

3 MR. TERASA: So moved.

4 MR. KENNEDY: Is there a second?

5 MR. LYNCHARD: Second.

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

7 MS. HARPER: Aye.

8 MR. LANIER: Aye.

9 MR. TERASA: Aye.

10 MR. MILLER: Aye.

11 MR. LYNCHARD: Aye.

12 MR. KENNEDY: Meeting adjourned.

13

14 (WHEREUPON, THE MEETING CONCLUDED AT 6:59 P.M.)

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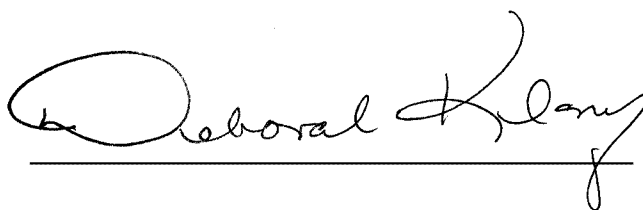
CERTIFICATE OF REPORTER

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 foregoing Board of Directors meeting for the Holley Navarre Water System as well as the Club at Hidden Creek and that this transcript is a true record of said meeting. 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 3rd day of August, 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 GG 310633

My commission expires July 6, 2023.