

HOLLEY NAVARRE WATER SYSTEM
THE CLUB AT HIDDEN CREEK
COMBINED BOARD MEETINGS
DECEMBER 15, 2020
6:00 P.M. - 8:49 P.M.

DARYL LYNCHARD, PRESIDENT

GRANT SUMMERS, TREASURER

MIKE KENNEDY, DIRECTOR

MARK MILLER, DIRECTOR

WILL GOULET, DIRECTOR

DALLAS PEAVEY, CEO, HOLLEY NAVARRE WATER

BARBARA CARAWAN, HNWS OFFICE MANAGER (PHONE)

TORIN BRAND, IT HNWS (PHONE)

CLINTON WELLS, HNWS (PHONE)

CINDY CALLEN, GM, CLUB AT HIDDEN CREEK (PHONE)

AMBER BUCHOLTZ, HNWS (PHONE)

DANNY HAWKINS, HNWS (PHONE)

CHRIS LEGG, HNWS (PHONE)

MARK TURNER, HNWS (PHONE)

ALSO PRESENT:

KEITH KILPATRICK, ESQUIRE

DEBORAH KHARUF, (PHONE) COURT REPORTER

CARMEN REYNOLDS, JOE CAMPBELL,

BILL AND CAROL ANDERSON, EMERALD COAST WILDLIFE

REFUGE, TOM BECKHAM

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

2 MR. LYNCHARD: Would everyone please
3 stand? Will, would you lead us in a prayer?

4 (INVOCATION BY DIRECTOR GOULET.)

5 MR. LYNCHARD: Join me in the pledge of
6 allegiance to the flag of our country.

7 (PLEDGE OF ALLEGIANCE LED BY DIRECTOR LYNCHARD.)

8 MR. LYNCHARD: Please be seated. Before
9 we get started tonight, I would like to introduce Dallas
10 Peavey to everyone. He is our new CEO. And we are
11 proud -- we are really proud to have him and glad he
12 decided to come out here to direct us.

13 (AUDIENCE APPLAUSE.)

14 MR. PEAVEY: It's a difficult decision,
15 soul searching, but having met with the Board previously,
16 and had several discussion with them, the strategy that
17 they had is what convinced me they were going to do the
18 right things for the right reasons and that they were
19 headed in the right direction.

20 And what it is based upon what I saw
21 briefly is -- for the consumers, their members -- so I
22 would like to thank you for the opportunity. Thank you.

23 MR. LYNCHARD: Nobody told him to say
24 that.

25 MR. KENNEDY: Mr. President, if I may, I

1 would also like to thank you, sir, for stepping in and
2 being our Interim CEO. I think that you probably had an
3 eye-opening year.

4 MR. LYNCHARD: Most definitely.

5 MR. KENNEDY: And I think staff would
6 agree that they were very -- that through your leadership
7 this past year went smoothly as it could. So thank you
8 for that.

9 MR. LYNCHARD: I will agree with that --
10 went as smoothly as it could with me leading.

11 MR. KENNEDY: Well, I will tell you what,
12 and I know your man is running business, and you were
13 here, and the amount of time put into this, you were here
14 all the time, so there was nothing like this. Thank you.

15 MR. LYNCHARD: As a Board member for
16 however many years I have been a Board member, it was
17 truly an eye-opening experience. And I wish, if I was
18 able to do that when I started, it would have been a lot
19 different going forward. It is very informative.

20 Mr. Secretary, do we have a quorum?

21 MR. SUMMERS: We do.

22 MR. LYNCHARD: All right. I would like to
23 remind everybody that audio and video recorders are in
24 use. We are also live streaming tonight. And please
25 silence your cell phones.

1 We need to get the approval of the
2 minutes -- or the minutes and transcripts from the
3 November 17th Holley Navarre Water System's Board of
4 Directors regular meeting, our November 17th vehicle
5 auction, and our November 17th special meeting.

6 MR. GOULET: I will make a motion to
7 approve it as presented. William Goulet.

8 MR. LYNCHARD: Okay.

9 MR. KENNEDY: Mike Kennedy seconds.

10 MR. LYNCHARD: Is there any discussion?

11 (NO AUDIBLE RESPONSE.)

12 MR. LYNCHARD: None noted. All those in
13 favor say "Aye"?

14 MR. GOULET: Aye.

15 MR. KENNEDY: Aye.

16 MR. MILLER: Aye.

17 MR. SUMMERS: Aye.

18 MR. LYNCHARD: Any opposed?

19 (NO AUDIBLE RESPONSE.)

20 MR. LYNCHARD: Motion carries.

21 Approval of the memberships. We have to
22 approve 298 new memberships, 238 canceled memberships,
23 and one transfer during November.

24 MR. KENNEDY: Mike Kennedy makes a motion
25 to approve as presented.

1 MR. MILLER: Mark Miller seconds.

2 MR. LYNCHARD: Is there any discussion?

3 (NO AUDIBLE RESPONSE.)

4 MR. LYNCHARD: None noted. All those in
5 favor say "Aye"?

6 MR. GOULET: Aye.

7 MR. KENNEDY: Aye.

8 MR. MILLER: Aye.

9 MR. SUMMERS: Aye.

10 MR. LYNCHARD: Any opposed?

11 (NO AUDIBLE RESPONSE.)

12 MR. LYNCHARD: Motion carries.

13 Review of the November financial
14 statements. In your package, you have got a copy of our
15 November financial statements.

16 Has everyone had a chance to review them?
17 And are there any questions?

18 MR. KENNEDY: Mike Kennedy makes a motion
19 to approve the financial statements as presented.

20 MR. SUMMERS: Grant Summers seconds the
21 motion.

22 MR. LYNCHARD: All right. We have a
23 motion and a second. Is there any further discussion?

24 (NO AUDIBLE RESPONSE.)

25 MR. LYNCHARD: None noted. All those in

1 favor say "Aye"?

2 MR. GOULET: Aye.

3 MR. KENNEDY: Aye.

4 MR. MILLER: Aye.

5 MR. SUMMERS: Aye.

6 MR. LYNCHARD: Any opposed?

7 (NO AUDIBLE RESPONSE.)

8 MR. LYNCHARD: Motion carries.

9 I hope the next one goes that fast.

10 2021 proposed budget. Can we go ahead and
11 get a motion on this, and then, we will open it up for
12 discussion.

13 MR. GOULET: William Goulet will make a
14 motion to approve as presented.

15 MR. KENNEDY: Mike Kennedy will second.

16 MR. LYNCHARD: All right. We have a
17 motion and a second. And it is now open for discussion.

18 We will wait on Mark to get back before
19 we -- if this is going to be quick, we will go ahead and
20 vote while he is out.

21 MR. KENNEDY: So when he gets back, did
22 you want to walk everybody through it?

23 MR. LYNCHARD: We can. Or we can ask
24 specific questions. Just to let everybody know, myself
25 and Mike spent quite a bit of time with staff going

1 through the budget, going through the line items and the
2 projected future costs, and our unrestricted capitalized
3 maintenance expenses and our capitalized maintenance
4 plans, and our very restricted long-term capital plans,
5 including the Eglin project and numerous other capital
6 expenditures, which are going to start moving next
7 year -- the Eglin project.

8 MR. GOULET: Can I ask a question, Daryl?

9 MR. LYNCHARD: Sure.

10 MR. GOULET: On under water transmission
11 or distribution lines, we have antiquated water
12 replacement fire protection. There's no line item budget
13 on that anywhere.

14 MR. LYNCHARD: What line? Or where is
15 that at?

16 MR. GOULET: I think it is like page 5.

17 MR. PHILLIPS: Will, that line -- all of
18 the discussion --

19 (COURT REPORTER ASKS MR. PHILLIPS TO COME
20 TO THE MICROPHONE.)

21 MR. PHILLIPS: Sorry, Debbie. I am going
22 to step over closer to the speaker. That line item is
23 there because there's been a ton of discussion about that
24 line item. It's only to show that there is actually no
25 money in there.

1 There's a couple of other line items, I
2 think, that have their numbers beside them, too, which is
3 to indicate the potential liability of relocation of
4 everything on Highway 98.

5 MR. GOULET: Okay. Thank you.

6 MR. KENNEDY: So I guess ultimately I
7 would want to point out that when we first started our --
8 as a new Board this year, we had a visioning process.
9 And the Board, you know, set our eight high-level
10 objectives.

11 In the eight objectives that we had set,
12 one is to conduct a comprehensive review of all Holley
13 Navarre Water System water and sewer infrastructure and
14 develop a long-term plan to repair and replace
15 insufficient infrastructure.

16 And, from that, we have empowered staff
17 and management to then start looking to improve and
18 replace and repair insufficient infrastructure, which is
19 one of the reasons that we have asked them to do that
20 right now. They did what we asked them to do.

21 MR. MILLER: Okay. So this budget that we
22 are being presented with included a five percent
23 increase. And would you explain the 1.2 percent, what
24 the intent of that is?

25 MR. LYNCHARD: What the intent of that is

1 is our ongoing -- each year moving forward, our costs are
2 increasing more rapidly than our revenues are increasing.

3 If you remember back in 2014 or '15, I
4 believe it is, the Board passed a 17 and a half percent
5 increase, which got us current at that time.

6 And, since then, we have been going a
7 little further -- we have been going further and further
8 behind, which has not been evident in the financial
9 statement because of the delay in doing, in making needed
10 capital improvements to the system, needed capital
11 maintenance, which has made those things build up further
12 and further to where we are at today.

13 So we do have a lot of maintenance
14 projects out there that need to be handled. But we need
15 the funding to be able to do it. The five percent gets
16 us to where we think we need to be at today. If we do --
17 or 6.2 percent get us to where we need to be at today.

18 And the additional Consumer Price Index
19 adjustment going forward will allow us not to set a rate
20 today and then go negative next year or cause the Board
21 to raise rates annually going forward.

22 It's something that we feel or that staff
23 feels needs to be done -- to adjust each year.

24 MR. MILLER: Is the intent that this 1.2
25 percent is going to be factored in as a regular rate

1 increase? Or is it going to be based on the Consumer
2 Price Index every year? Are we going to adjust our rates
3 annually now or what?

4 MR. LYNCHARD: It will be based on the
5 Consumer Price Index each year, which may be 1.2 percent,
6 maybe .5 percent, maybe zero. It may be more. But the
7 Board will review that every year and we will look at
8 that Consumer Price Index.

9 MR. KENNEDY: And I believe, Mr.
10 President, we were talking about using the Social
11 Security Administration in placing a number. So this
12 year, it is 1.6.

13 So we are using Social Security as --

14 MR. MILLER: That's a national number;
15 right?

16 MR. KENNEDY: Sure.

17 MR. LYNCHARD: That's correct.

18 MR. MILLER: So my point is that we have
19 got, in the State of Florida, wages are going to be going
20 up a dollar an hour every year for the next five years
21 until it reaches \$15 an hour.

22 And while we don't have a lot of minimum
23 wage employees, we do have, you know, some that are there
24 or close to it and they may not be affected in year one
25 or year two, but, you know, every -- they will eventually

1 get affected, because it is going to be \$15 an hour at
2 the end of all this.

3 MR. LYNCHARD: And I would argue that you
4 can't keep wages stable for people at the bottom end of
5 the salary schedule. In other words, if we have got
6 somebody here that's been here for five years that is
7 making \$13 an hour, we need to raise him up before the
8 guy that we hired last week making \$13 an hour just like
9 he is.

10 MR. MILLER: That was where I was going
11 with it. Yeah. It's -- you know, even if they are
12 making minimum wage now, the ones that are making over
13 minimum wage that have been here for five or ten years,
14 you know, as minimum wage goes up, the cost of everything
15 goes up. Your gallon of milk, your gas at the gas
16 station, everything is going to go up because of this
17 minimum wage.

18 MR. LYNCHARD: That's right.

19 MR. MILLER: And so, all employees are
20 going to need some adjustment to their pay, maybe not,
21 you know, quite as much as the lower income employee.

22 MR. LYNCHARD: Yes.

23 MR. MILLER: So I see the need for the 1.2
24 percent, you know, audit, at least for the next five
25 years, you know.

1 MR. LYNCHARD: We think that will carry us
2 forward and cover that cost.

3 MR. MILLER: I have a problem with the
4 five percent, because as I am looking over the budget,
5 you know, there are several items that I found that I
6 will mention the line numbers, so that all y'all can see
7 what I am referring to.

8 You know, first of all, we ran a net
9 income this year. And if we are a non-profit
10 organization. So, you know, I know this budget factors
11 that, you know, it's a wash, pretty much. I mean, there
12 is a little bit of an annual loss factored into it. But,
13 you know, based on what our budget was last year and the
14 numbers that we actually did, we made money.

15 And so, I am kind of having a little bit
16 of a hard time with a five percent increase if we are
17 showing a substantial net income at the end of the day.

18 Now, online --

19 MR. GOULET: Wait. I got a question on
20 that, though. How did we pay for the clarifier? Did we
21 get a loan for that? Or did we get it out of general
22 funds or just savings or --

23 MR. PHILLIPS: The clarifier replacement
24 was replaced out of restricted funds, not out of the
25 unrestricted.

1 I'm sorry, Debbie. I did it again. I
2 said the clarifier was replaced out of restricted funds,
3 not unrestricted funds. And I think most of the
4 commentary that is occurring here is the unrestricted
5 side.

6 The restricted side, just to cut to the
7 chase and maybe get that out of the way, it's all the
8 capital improvements, all of which have been approved by
9 the Board in the past.

10 The costs have increased. And because
11 these things are going to have to be financed this year,
12 we were directed to the highest offset there, being as
13 conservative as possible. But the impact fees right now
14 say that they will pay for those improvements, at least
15 in the short term.

16 So I don't believe that -- and I know some
17 of Mark's concerns because he has expressed them
18 previously, I don't think his conversation is going to be
19 related to the restricted side as much as the
20 unrestricted side.

21 MR. GOULET: Yeah. I just wanted to
22 clarify that. Thank you.

23 MR. LYNCHARD: And one thing you will see
24 on the unrestricted side this year because you are asking
25 about a net profit, the unrestricted capital expenditures

1 for this year, we had proposed the project. The projects
2 proposed were \$1,442,000 for 2020.

3 MR. MILLER: What line number are you on?

4 MR. LYNCHARD: I'm on the 2021 proposed
5 budget, unrestricted funds, capital improvements. If you
6 look at 2020, the yellow column, you will see where we
7 budgeted \$1,442,000. To date, we have only spent
8 \$739,000.

9 Now, those maintenance projects didn't go
10 away.

11 MR. MILLER: Right --

12 MR. LYNCHARD: They just didn't get done
13 this year.

14 MR. MILLER: And my point on that is we
15 shouldn't -- that that money should still be in our cash
16 account since we didn't pay to get that done, and,
17 therefore, we don't need to budget that as an expense for
18 next year. It should be paid out of our cash reserves,
19 because it was money that was budgeted and wasn't spent.

20 MR. LYNCHARD: That is correct, but we
21 have more --

22 MR. KENNEDY: Well, that actually -- I
23 mean, even though we have a leftover carry-over, the
24 numbers -- and correct me if I am wrong Phil, but the
25 numbers we are seeing, the carry-over went over for the

1 2021 budget. In other words, if we didn't spend it, when
2 it came over to 2021 -- and we are still short.

3 If when we looked at -- our problem area
4 is in the unrestricted area. And those are all the
5 unrestricted capital improvement. That, you know, again,
6 management has come up with because we asked them to do
7 that to make it better, so it will be on your
8 unrestricted funds capital improvement page.

9 And so, if I am hearing you right, you are
10 talking about, Mark, the fact that because we didn't
11 spend the money, well, that still went over, and that got
12 carried over into the next year.

13 MR. MILLER: I am saying there should be
14 \$500,000 somewhere because we budgeted 1442 and we spent
15 976. We are projected to spend 977 by the end of the
16 year so there is \$500,000 left over that should be
17 available in our cash. I mean, I haven't looked at what
18 our balance was --

19 MR. LYNCHARD: You are correct, but in
20 2021, we are projecting \$3.5 million dollars in
21 capitalized maintenance.

22 MR. MILLER: That's where I have a
23 problem.

24 MR. LYNCHARD: Okay. Which line item is
25 that?

1 MR. MILLER: That's double of what our
2 budget was last year.

3 MR. LYNCHARD: Which line item?

4 MR. MILLER: Well, I have looked over the
5 list that is in the yellow and all -- it's a wish list,
6 basically, you know, I guess staff has said that we need.

7 But I don't know what each of these are
8 for and what the urgency is on doing them this year and
9 may be spread out over those years or not.

10 I think we are taking a -- I mean, we are
11 projecting to spend way more money in 2021. We budgeted
12 \$1.4 for this year and we are budgeted \$3.5 million for
13 next year.

14 In the prior three years, we budgeted --
15 no, we spent \$1.450, \$1,369 and \$1.9 in 2019, so \$1.9 was
16 our highest year we spent. We only will have spent less
17 than a million, so -- and that's two and a half million
18 more than what we spent this year.

19 MR. GOULET: I think there are things that
20 are in more disrepair than we projected than the year
21 before. That's why they are trying to get them fixed.

22 MR. LYNCHARD: That's also the problem.
23 You keep kicking the can down the road and the numbers
24 get bigger and bigger and bigger. Just because you defer
25 something to next year or two years from now doesn't mean

1 the maintenance goes away. That just means you have to
2 spend it later on, which means that we have accumulated
3 to the point where we are now.

4 MR. MILLER: Well, I do agree that there
5 is probably some deferred maintenance that does need to
6 be paid or be taken care of, but this is just so much
7 more than what we have spent in prior years that I am
8 questioning that.

9 I think that's -- there is a lot of -- a
10 few ticket items on here, you know, general wastewater
11 treatment repairs, \$250,000. I don't know what we paid
12 in prior years on that. And I don't know what those are
13 for. I don't know what all needs to be done.

14 MR. LYNCHARD: Phil, do you -- okay.
15 Nevermind.

16 MR. PHILLIPS: I think you have got six
17 managers on the phone, you know.

18 MR. LYNCHARD: Oh, okay.

19 MR. PHILLIPS: Those individual items are,
20 you know --

21 MR. LYNCHARD: Chris? Are you there?
22 Chris?

23 MR. LEGG: I am here.

24 MR. GOULET: What are some of the things
25 at the wastewater treatment plant that haven't been --

1 MR. LYNCHARD: -- or make up the 200 --

2 MR. GOULET: -- that make up the \$250,000
3 that we need to take care of next year?

4 MR. LEGG: That \$250,000 for the
5 unrestricted, that's for R&M. That is anything that
6 tends to come up. We have a gear box go bad. When the
7 paddles goes out, we have a compressor or a blower go
8 out, all that is what is charged to that R&M account.

9 It's not specifically anything that's got
10 to be done right away or something that we are trying to
11 work on. It's something that comes up and we have got to
12 fix it. That's where everything is coded or sent to the
13 R&M.

14 A prime account, the big gear box, Number
15 1 gear box, we noticed it leaking a little oil today. If
16 that cannot be rebuilt that's a \$60,000 gear box, just
17 one, and I have got three of them down there.

18 The smaller gear box, we are looking at
19 about \$50,000 for one of them and I have got nine of
20 them.

21 MR. MILLER: My point is -- to date, this
22 year, we have spent \$127,000 on wastewater treatment, so
23 that's double. And then, we have got, you know, \$175,000
24 allocated to I&I correction, which our I&I has not been
25 that bad lately. I am not sure what all we need for

1 that.

2 MR. PHILLIPS: Pure luck. I can speak to
3 that.

4 MR. LEGG: That debate all depends on the
5 water level, ground water level.

6 MR. KENNEDY: And if I may, on the I&I, if
7 we have this in the budget, make this coming year, I
8 expect us to be spending this on the I&I. So that we
9 can, at least, help Chris out a little bit on the
10 reduction as well, so, yeah.

11 MR. PHILLIPS: I can help Chris out a
12 little bit on that one. So I actually can speak to that.
13 There are some line items, I guess I am speaking to Mark
14 here. There are some line items on the unrestricted
15 capital sheet that are in recognition of our history of
16 repairs that have to be made to particular components
17 within the system.

18 Chris's line item that he was just
19 speaking to is actually one with those line items. While
20 Chris might have a list of things that he knows has to be
21 done, there is a certain amount in that line item that
22 is -- this is repairs and maintenance capital
23 improvements.

24 So it includes all of the unknowns that
25 occur within the system during the year that these guys

1 can't plan for, but you have to have money budgeted to
2 spend. So while you see -- I think you mentioned a
3 number of 127, I think he was budgeted for 200 or 250
4 this year. I think he has had some expenses that haven't
5 hit the books.

6 And the projected end of the year is
7 higher than 127. Now, that's an estimate, whatever
8 number is in there at that point in time. But that
9 number, that number for Chris is actually composed of
10 things he knows he had to do next year. And some amount
11 of money for the things that we know can go wrong.

12 And this is actually a list that Chris
13 presented for those things he has to do. Now, there are
14 other line items on there specifically and I am just
15 going to pick one. There is a line item on there for
16 generators for wells for Holley Navarre Water System.

17 That's not speculation on Clinton's part.
18 That is Clinton looking at the oldest well having a
19 diesel motor that is a 40 years old and a side arm
20 generator that is just as old. And it is time to do
21 something about that.

22 MR. MILLER: Is that unrestricted or is
23 that restricted?

24 MR. PHILLIPS: That should be on
25 unrestricted. I think it's a separate line item. So

1 some are specifically identified and staff has got
2 detailed costs estimates for those things. But some of
3 it is just a warning that some of the line items are
4 here, just known costs plus unknown costs.

5 You can't operate two wastewater treatment
6 plants and forecast everything that has to be repaired
7 and maintained. The cost would be above \$5,000 to add
8 capitalization with it, so --

9 MR. LEGG: If you want to know the list
10 Phil was talking about, the list I submitted, an example,
11 I have a purchase of about \$14,000 set aside for auto
12 samplers at the Holley plant, because we need new ones
13 there. The ones that we have there now were the original
14 ones for the Pepper Drive plant, and they are just -- we
15 are working on them everyday.

16 I have got a stand-by generator set aside
17 for Holley, because the Holley plant does not have a
18 stand-by generator. We lose power. We can't process.
19 Two inch -- you have got about \$170,000 I have got set
20 aside for.

21 I have 150 set aside for building Edwards
22 at Number 1 and Number 2 trying to reduce the amount of
23 rag that get into the plant and so on and so forth. I
24 have got several other items here that I have listed, but
25 that's just a couple.

1 MR. MILLER: And, Chris, I am not picking
2 on you. I just noticed that that was one of the larger
3 numbers that jumped out at me compared to, you know, what
4 we spent so far of this year. You know, each one of
5 these categories, there is some new expenses that, you
6 know, we were adding into the mix.

7 And the grand total is three and a half
8 million when we are noticing on that, you know,
9 unrestricted.

10 MR. LYNCHARD: Unfortunately, each one of
11 those items has back-up to it that list the items that
12 are expected to fail.

13 MR. MILLER: I haven't seen any of that.

14 MR. LYNCHARD: Generally, that's staff
15 meetings we have had in the past. The budget has never
16 been presented in detail like that --

17 MR. MILLER: Correct.

18 MR. LYNCHARD: -- to anyone, to any Board
19 before.

20 MR. MILLER: Right.

21 MR. LYNCHARD: But we have had several
22 staff meetings and meetings to go over everything.

23 MR. KENNEDY: Just as well to clarify, not
24 only did he direct staff to go ahead and start doing
25 this, I think also this year, the hurricane, especially

1 Hurricane Sally, kind of shown from vulnerability point
2 and some areas that, you know, if we take a hit, we lose
3 service.

4 And so, you are seeing some of these
5 additional line items that are also part of the reason
6 that the cost is going up is so we can make sure that we
7 can keep service.

8 MR. LYNCHARD: That's right. We have got
9 stand by -- I believe we have -- how many stand-by
10 generators?

11 MR. PHILLIPS: Daryl, I don't remember.

12 MR. LYNCHARD: I know we have quite a few
13 of them in there for that, because during Hurricane
14 Sally, we did lose a lot of lift stations because they
15 didn't have any power.

16 MR. PHILLIPS: I want to back up one more
17 time. I actually don't believe that Mike and Daryl, who
18 attended most of the budget meetings, answered your
19 question there, so let me try.

20 It is absolutely positively true that of
21 have that \$3.5 million dollars, some of those
22 improvements are not required this year.

23 When staff put together their list of
24 things that need to be done, and, of course, with what
25 they were directed to do, for instance, I am going to

1 pick on Clinton again, because he is here and can answer
2 questions, if he needs to.

3 I think there's three generators for three
4 different facilities that are in the \$538,000 range?

5 MR. WELLS: Yeah.

6 MR. PHILLIPS: So, Mark, originally,
7 Clinton had one generator a year for the next three
8 years, one in 2021, one in 2022 and one in 2023. But
9 when staff got done putting together the budget, they
10 accumulated all costs. It again showed that there was
11 more expense than there was revenue projected for those
12 years.

13 So the reason you see the \$3.5 million
14 being expensed in this year is really these two guys
15 looking out for the members. Because, originally, it
16 showed that instead of the normal \$1.5 million being
17 spent in this year, it was a greater number.

18 What they did was, instead of looking at
19 rate increases for consecutive years, they said, "Look, a
20 certain number of these things, \$2 million dollars, are
21 extraordinary, kind of one-time costs. Nothing really
22 should have been done that hasn't been done that would
23 have been spread out over time and paid for that way."

24 So, really, what you see is because those
25 could be spread out, instead of spreading them out over

1 three years and making you pay more than three years,
2 let's finance the portion that is kind of the one-time
3 expense, spread it out over ten years, and it resulted in
4 less than a rate increase requires today to meet those
5 expenses.

6 So taking the three and a half million
7 dollars and not financing it, just divide it by three
8 years, that's \$733,000 or whatever the math would be over
9 three years, instead of the \$248,000 a year that you see
10 in each of the next four years, which would be the
11 payment for that \$2 million.

12 So I just -- I just want to acknowledge
13 that you are correct, but not all of that needs to be
14 done this year. It can be spread out and it was spread
15 out. It was just decided that because a rate increase
16 was obviously required, based on those expenses, the way
17 to spread those costs over the future to cause the rate
18 increase to be the least is why it's shown that way.

19 So of the three and a half million that
20 was identified for the next few years, \$2 million of that
21 was identified kind of a one-time extraordinary item -- I
22 don't know what the right word is -- y'all help me out
23 here. And then, we know that if you look at the average
24 of the last few years, there's been about \$1.5 million
25 dollars in any one year that's been spent on unrestricted

1 capitalized improvements.

2 So it was decided that would be paid for
3 in cash. And the \$2 million would be financed. So,
4 again, the three and a half million isn't paid for with
5 direct cash. You are going to get a loan for \$2 million
6 for part of that three and a half. And those costs are
7 spread out over ten years, not just three years.

8 And one other thing: You mentioned the
9 fact that 2000 -- in this year -- that we then projected
10 1.4. Well, to date, we have only spent 733. But there
11 is some money that is going to be spent before the end of
12 the year, and I think we are projecting it to be about
13 \$900,000.

14 I will -- I know one of these guys will
15 eventually bring it up, but I am just going to say it,
16 it's not because the money didn't need to be spent. It's
17 because this year has been kind of a really crazy year,
18 particularly the first three months, when, if you are a
19 Clinton Wells or a Mark Turner, and you have to buy a big
20 piece of equipment, and you know what happened in the
21 first three months of the year -- quite a turnover here
22 with Rob being gone and Daryl being acting CEO.

23 The purchasing policy requires them to
24 follow a procedure, and if they don't get that started,
25 the money doesn't get spent. For instance, Mark might be

1 able to speak -- he is on the phone. He might be able to
2 speak to this. You know, if Mark follows the purchasing
3 policy to buy a pump for a lift station, if that lift
4 station is from a caliber that we are using a higher end
5 pump and it takes six months to come in, we don't pay for
6 it. He doesn't incur the expense against his line item
7 on the unrestricted sheet until it comes in and we pay
8 for it.

9 So if he didn't get a good head start at
10 the beginning of the year, which is nobody's fault, I am
11 not saying anybody did anything wrong, but if he didn't
12 get that head start, like I know for a fact that this is
13 the case with some of Mark's stuff, it's just not going
14 to come in before the end of the year, so we can't incur
15 the expense. It's not the stuff didn't need to be done.
16 I am sure there are some line items where we are not
17 going to spend all the money.

18 I don't think Chris is going to spend all
19 of his \$250,000 at the plant, because some of that was
20 unknowns. So, yeah, I grant it will be, but I would
21 suggest this year is a little bit weird when you look --
22 when you look at what we are actually going to spend
23 versus what was approved last year.

24 Just keep that in mind. And that does
25 roll over. Everything that was going to be done goes to

1 next year. And where the \$1.5 next year would have been
2 spent probably -- that's half a million of the \$1.5 right
3 now, so, again, I don't think staff shoved the three and
4 a half million into one year.

5 I think that actually came as a way, quite
6 frankly, a way to reduce the short-term liability to the
7 members. And correct me if I'm wrong.

8 MR. LYNCHARD: No. I think you are right.
9 And the one thing we did -- the one thing you mentioned,
10 and I don't know if we are supposed to talk about it or
11 not, but you have got your cash in the account now. And
12 we do have quite a bit of cash in the account. But
13 keeping the budget the same projecting forward, you get
14 about three years down the line. You don't have anymore
15 cash left.

16 MR. MILLER: I am not saying we should
17 deplete our cash, but there should be \$500,000 in
18 there --

19 MR. LYNCHARD: Oh, yeah.

20 MR. MILLER: -- from this year. And you
21 are saying there is?

22 MR. PHILLIPS: I wanted to mention that.
23 Let me go get the financials. And, right now, if
24 everything goes the way we think it is and the pay-outs
25 go at the end of the year, the cash adjustments the

1 auditors make us make, we are projecting I think -- I
2 just saw a little over \$1 million dollars net this year
3 in the unrestricted account. A half a million of that
4 debt or \$600,000 of that debt is the unspent unrestricted
5 capital improvements, but the rest of it is that cash,
6 you are right. So that is true, that cash projected
7 today.

8 MR. GOULET: So what I am seeing here is
9 the last increase was 2015. So even if we were to do one
10 percent a year for the last five years, we would be at
11 five percent right now. So, basically, what we are doing
12 is we are trying to catch up for the last five years by
13 not having an increase to adjust for the things that have
14 happened, the cost of living.

15 MR. LYNCHARD: That's a good way to look
16 at it, a good way to look at it.

17 MR. GOULET: Yeah. A lot of stuff wasn't
18 spent because of COVID. And you could order something.
19 And any of us in this industry knows you could order
20 something today, you might not have it for six months
21 because it's not built. Stuff is not sitting on the
22 shelf anymore.

23 You have to actually order it and hope it
24 comes in. So the proposal is what we are talking about
25 here. Because Mark brought it up -- I just want to make

1 sure we are talking about a five percent increase.

2 Correct? So that's water and sewer?

3 MR. LYNCHARD: That's water and sewer.

4 MR. GOULET: You are projecting a 1.2
5 increase annually.

6 MR. LYNCHARD: Uh-huh.

7 MR. GOULET: It's going to be the Board's
8 discretion?

9 MR. LYNCHARD: Well, it's going to be an
10 annual increase based on the Consumer Price Index, based
11 on any Consumer Price Index. Now, the Board may
12 choose -- currently, we are using the Social Security
13 Index. The Board may find a better index to use that is
14 more accurate.

15 MR. GOULET: This year's is 1.3 this year;
16 correct?

17 MR. LYNCHARD: Yes.

18 MR. PHILLIPS: If the House -- it's either
19 1.2 or 1.3 --

20 MR. GOULET: So that's where you came up
21 with the 1.2 figure. So, basically, by approving this
22 budget as presented, there is also a five percent
23 increase for water and sewer.

24 MR. LYNCHARD: That's right.

25 MR. GOULET: And then, by doing that, the

1 only other increase you are foreseeing is based on the
2 index from Social Security next year and the Board will
3 have to vote on that, of course.

4 MR. LYNCHARD: Not necessarily vote on it.

5 MR. GOULET: The Board will have to
6 approve it or --

7 MR. PHILLIPS: I think the motion that was
8 made in the resolution establishes that an annual
9 increase based on whatever that Consumer Price Index is
10 established. Of course, that doesn't prevent any Board
11 in the future, even 30 days from now, from changing that.

12 One thing I would add, because, again, no
13 one brought it up, is there are multiple CPIs and we are
14 using the Social Security Cost of Living Adjustment and
15 this is for discussion, too.

16 But I want to say this for the members as
17 well, we were directed to use that one, as opposed to the
18 Bureau of Labor Consumer Price Index. The Bureau of
19 Labor Consumer Price Index is actually quite a bit higher
20 than the Social Security Cost of Living Adjustment, and I
21 think that decision was made kind of -- might bear more
22 closely on what we see here, as opposed to the Bureau of
23 Labor, which I think is more heavily skewed, you know, to
24 metropolitan type areas. So I just thought I would throw
25 that out there, because, again, neither one of them did.

1 MR. MILLER: Well, future Boards can do
2 what they are going to do on this. I mean, we can say
3 that's what we are going to do, but it will be up to
4 these Boards if they want to do a price -- a rate
5 decrease or a rate increase or do a Consumer Price
6 adjustment. I mean, I don't think we can direct what is
7 going to happen.

8 MR. GOULET: And that's going to be based
9 on Dallas' recommendation. This is based on staff and
10 Daryl's recommendation for this.

11 MR. MILLER: Well, we are looking at 6.2
12 increase in rates across the board.

13 MR. LYNCHARD: That is correct. It worked
14 out to \$1.57 per month on our average bill and \$2.67 a
15 month on our average sewer bill.

16 MR. GOULET: How much was it again on
17 average per person?

18 MR. LYNCHARD: For water, it would be
19 \$1.57, and for sewer, it would be \$2.67.

20 MR. GOULET: Thank you, sir.

21 MR. MILLER: What is the average
22 commercial bill going up?

23 MR. LYNCHARD: I don't believe there is an
24 average commercial bill. I don't believe that there is
25 such a thing.

1 MR. MILLER: I'm sure there is, if you add
2 them all up and divide by the number of customers.

3 MR. LYNCHARD: Yeah, an average. But it
4 would probably be useless.

5 MR. MILLER: -- it would be more than
6 that.

7 MR. LYNCHARD: In the real estate business
8 industry, I am sure that you use a lot less water than
9 the rest of the industry.

10 MR. MILLER: It's not going to affect our
11 residential customers. It is going to affect our
12 business customers, too.

13 MR. LYNCHARD: You are correct.

14 MR. MILLER: I have one other line item I
15 want to address on here. It's on page 229 -- group
16 insurance.

17 MR. LYNCHARD: Uh-huh.

18 MR. MILLER: What years am I looking at?
19 2017, our group insurance was \$713,000.

20 2018, it was 748,000.

21 2019, \$859,000.

22 This year, we are projecting \$960,000.

23 The budget is \$1,394,328.

24 That's a 45 percent increase over this
25 year's projected amount. I know why that is being done

1 because of our org chart. If we fill every single one of
2 our positions, and they all get family coverage built
3 into their policy, you know, if that's what the number
4 would come to.

5 But I think that's unrealistic. We never
6 spent over a million dollars including this year and a
7 \$1,394,000 is an unrealistic budget.

8 MR. LYNCHARD: Well, you have got two
9 things there. It didn't go up 40 percent. I believe the
10 rate increase was maybe five or ten percent

11 MR. MILLER: No. I am talking about the
12 budget --

13 MR. LYNCHARD: I know what you are talking
14 about, which is budget versus reality. And if you look
15 at last year's budget, you are going to see the same
16 thing in those numbers, the difference between budgeted
17 amount and what actually happened.

18 Now, we have approved -- the Board has
19 approved an organizational chart. The Board has approved
20 the salaries on those organizational chart, you know. We
21 have got positions that haven't been filled.

22 We just hired a brand new CEO to lead us
23 into the future. By removing these, we are going to be
24 clipping his wings before he ever gets started.

25 We are not going to -- we are going to

1 make him come back through every time he wants to hire a
2 new employee because we are going to budget exactly what
3 we did last year. We are going to take all of those
4 positions that need to be filled out of the
5 organizational chart --

6 MR. MILLER: Are the wages budgeted for
7 every single position?

8 MR. LYNCHARD: Yes, they are.

9 MR. MILLER: Even though we are not --

10 MR. LYNCHARD: Even though we don't have
11 them currently employed.

12 MR. MILLER: So -- and the likelihood of
13 us filling all of those positions come January 1 and
14 having a full -- having a full organizational chart
15 starting January 1 is probably zero.

16 Therefore, yes, he -- throughout the
17 course of the year, Dallas is going to begin hiring some
18 of those positions, but I don't know that we can halfway
19 through the year have them all filled.

20 MR. GOULET: Here's the -- I understand
21 what you are talking about and I understand what Daryl is
22 talking about. Here is my version of it. If we don't
23 allow proper budget and fill every position like Daryl
24 was stating, we are not allowing him to do his job and
25 make decisions.

1 If he has to come back to the Board and
2 ask for money every time he wants to do something, we are
3 not allowing the CEO to do his job. That's not the
4 Board's discretion what the day-to-day operations is.
5 But by us not funding the positions properly, he may not
6 hire anybody. He may not spend the money.

7 You might have a \$500,000 Board with a
8 projected budget that we didn't spend because he didn't
9 hire the people and give them benefits. I would rather
10 give him the opportunity to fill these positions as he
11 sees fit.

12 Now, we have hired him for the job. We
13 trust him with the job. Do we trust him with the money?
14 I am just -- that's my opinion. We just need to know --
15 is he going to find a lot of employees? Probably not by
16 January 1st. I agree 100 percent.

17 But if he doesn't have the opportunity to
18 come to the Board every time he needs money, it just
19 shows to me that we are not trusting him with the money.

20 MR. MILLER: My only comment is going to
21 be that I think these amounts are not realistic. I think
22 we are discussing raising rates more than they need to
23 be. They need to be able to operate. And so, I am going
24 to be opposed to this, but I understand y'all have to
25 vote likely to push it through, so that's, you know --

1 MR. GOULET: Here's my only question.
2 Back to what Mark said. We are proposing a five percent
3 increase. Then, what is the 1.2? Is that to start?

4 MR. KENNEDY: That's the start of the CPI
5 also included in the COLA.

6 MR. LYNCHARD: Basically, it goes back to
7 what you said. We have got a -- we have got one percent
8 per year for the past four years, and 1.2 percent for the
9 next year, so it gets us square for the year, for the
10 past years and increases it for next -- for anticipated
11 increased costs next year.

12 It's not just pushing the budget through.
13 We want to get a good budget that everybody understands.
14 It's just like you said in the past, if you get to the
15 end -- if the Board gets to the end of next year and sees
16 this is wrong, if this is too much, they can adjust rates
17 down.

18 But this is our best presentation of what
19 we think may happen in 2021. I think we have got to
20 present -- try to present a balanced budget. We can
21 reduce the expenses knowing that they may happen and
22 reduce the revenues.

23 MR. GOULET: And then, the big thing you
24 brought up, too, Mark, that's -- I actually talked to
25 Dallas, I actually talked to Daryl. I have talked to

1 Mike about it. I have talked to you briefly about it is
2 by people voting to increase minimum wage to \$15 an hour
3 in five years, people that are skilled trades people like
4 we have work here, we are forced to bump everybody up.

5 Like I said, we have employees that have
6 been here five years, six years, ten years, that may not
7 be making \$15 an hour. And come five years, they are
8 going to have to, whether or not they are going to have
9 to make more than that, because you hire somebody new at
10 \$15 an hour, five years from now, so he has been here
11 five years, so he is probably not going to stay.

12 Because that's the new minimum wage.
13 That's what I am saying with trying to adjust it. We
14 have had to do it in the past. We had to do a wage
15 adjustment in the past. It costs a lot of money.

16 MR. MILLER: I agree with you and I fully
17 expect we are going to have to adjust for that. And in
18 every year going forward for at least the next five
19 years, when the minimum wage goes to \$15 an hour, I think
20 the 1.2 percent is a reality, probably more than that,
21 but I just -- I don't like the numbers I am seeing and I
22 don't like the five percent, so that's my predicament.

23 MR. KENNEDY: And, Mr. President -- I
24 would totally respect that, you know. Now, looking
25 through this, I am in favor of this budget. Again, it

1 will be a rate increase, one time, five percent, for the
2 reasons of, you know, speaking with the managers and for
3 them following the directive that we gave them in the
4 beginning of the year, these -- the money that we are
5 spending will be improving the service, reducing our
6 liabilities that our services will be compromised. And
7 overall, you know, providing a better product to our
8 consumer.

9 So, you know, I would ask, though, in your
10 motion, Director Goulet, you had just said that you
11 approve the budget. I believe we would want to make the
12 motion to where, if you don't mind, sir, that we would
13 also include that the Social Security increase -- that it
14 is being equal to the Social Security COLA. Or is it
15 okay that this is --

16 MR. LYNCHARD: I would -- sorry to
17 interrupt you. I would say the 6.2 percent increase for
18 2021 and the future based on the Consumer Price Index.

19 MR. KENNEDY: There you go. So I just
20 think the motion itself was stated to approve as
21 presented.

22 MR. LYNCHARD: Which includes the 6.2
23 percent.

24 MR. KENNEDY: All right.

25 MR. LYNCHARD: I believe -- is that the

1 proper way to do that?

2 MR. PHILLIPS: You are going to make me
3 speak again. I haven't heard -- I haven't heard Barbara
4 speak up here. I would just throw this out. I believe
5 there is actually a resolution in here in your package.
6 And, forgive me, Will, I did not hear what your motion
7 was.

8 MR. GOULET: I made a motion to approve
9 the budget as presented.

10 MR. PHILLIPS: Between these guys and
11 Barbara, they came up with that -- the resolution that
12 exists. I just wanted to point out that there is a
13 resolution in there that Mike talked about. I don't
14 really know. I actually never read the resolution after
15 it was completed.

16 I don't think Barbara wanted to interrupt.
17 I will jump up there for her.

18 MR. LYNCHARD: No. That's a different
19 one. There is a resolution regarding that.

20 MR. KENNEDY: I guess ultimately what we
21 are asking the Board to do is to approve a rate increase,
22 but at the same time, we are also going to move forward
23 with a yearly increase of Social Security --

24 MR. MILLER: And I don't think you can --
25 the budget has to be approved by this Board going

1 forward. Say, you know, oh, well, future Boards are
2 bound to do this.

3 I don't think you can do that. I don't
4 think you can bind future Board's hands and say, "From
5 now on, they are going to raise the budget or raise rates
6 by, you know, a other certain set percentage based on the
7 Consumer Price Index," or whatever figure you decide.

8 MR. KENNEDY: Why wouldn't we? I mean, I
9 guess my question is why wouldn't we? I mean, everybody,
10 you know --

11 MR. MILLER: Because you are going to have
12 different Boards sitting up here next year that may not
13 want to do that, but you can't --

14 MR. KENNEDY: They can change it.

15 MR. LYNCHARD: And that Board can change
16 it.

17 MR. MILLER: But doing it tonight and
18 saying that, you know, if every future Board is going to
19 raise their --

20 MR. LYNCHARD: You are correct.

21 MR. PEAHEY: What I would have suggested
22 is exactly the way you just described it, which was you
23 can approve the 6.2 for this next year, and then, put in
24 place the percentage, whichever index that you choose, to
25 please take five international, and then, you choose the

1 one that best suits this industry, for this location, and
2 then, you project that to be going forward.

3 But the Board can certainly modify it on
4 an annual basis. That's the way I have always done it.
5 That's standard.

6 MR. KENNEDY: Okay. Well, right now, we
7 have a motion to approve as presented.

8 MR. LYNCHARD: Do you want to --

9 MR. GOULET: Do I need to clarify it? I
10 mean, does --

11 MR. LYNCHARD: Like I would amend your
12 motion to include an annual increase based on the
13 Consumer Price Index.

14 MR. GOULET: So, basically, by approving
15 this budget, we are approving the 6.2 percent increase,
16 and then, an annual increase based on the Social Security
17 COLA for the Consumer Price Index.

18 All right. I will amend my motion to
19 state that.

20 MR. MILLER: Would you clarify if the rate
21 increase starts January 1st?

22 MR. GOULET: Yes, it does.

23 MR. KENNEDY: Kennedy seconds the amended
24 motion.

25 MR. LYNCHARD: Is there any further

1 questions or comments? Any more discussion?

2 We usually have people from the audience
3 if they have any input before we vote. Does anybody have
4 any input tonight they would like to add?

5 MR. CAMPBELL: So the rate increase will
6 be 6.2 percent on --

7 COURT REPORTER: Can't hear him --

8 MR. CAMPBELL: Joe Campbell, 7146 Brinkley
9 Street. Just confirming the number of the rate increase
10 on my water bill will be 6.2 percent.

11 MR. LYNCHARD: Carmen?

12 MS. REYNOLDS: Carmen Reynolds, 9761
13 Sunnybrook Drive, Navarre, Florida. I am just back there
14 at the meeting, like I come every month -- and a five
15 percent increase for senior citizens on a limited income
16 with no ability to get extra work or a part-time job, et
17 cetera, especially in light of COVID, is -- I know we are
18 talking about \$2.67.

19 But if somebody is pinching pennies and a
20 widow down the street, she is not going to be real happy
21 to hear this. And then, the icing on the cake is bump it
22 up another 1.2 percent.

23 I would ask you gentlemen to just look at
24 five percent and maybe we could edge into that a little
25 lower. This is the beginning of the new year. We have

1 got a lot of folks out of work wondering how they are
2 going to make it.

3 We have got the unemployment rolling off
4 that they are getting from the State and from the Feds.

5 We have got issues with folks in their
6 rental and not -- some of those rental coverages are
7 going to roll off. I would just like you to consider
8 your membership. I know you are going to do what you are
9 going to do.

10 And then, when I look at the rest of the
11 proposed agenda here, and I know everybody is getting
12 their pot shots ready, and they are going to say, "Make
13 her sit down. She shouldn't be saying that."

14 But I see that we are going to ask for a
15 new vehicle purchase, and I welcome our new CEO. We have
16 been waiting for you for so long. Thank you so much that
17 they hired the right guy.

18 But right out of the gate, he is going to
19 get a new vehicle. So I am just saying the optics on
20 that are a little less than optimal.

21 MR. LYNCHARD: We are going to pass by
22 that tonight. We didn't get the quotes in that we
23 needed, so we are not going to discuss that one tonight.

24 MS. REYNOLDS: I hope those are little
25 quotes.

1 MR. LYNCHARD: They are within budget.

2 MR. GOULET: Since you and Daryl, I
3 believe --

4 MR. LYNCHARD: Keep on. He is listening.

5 MR. GOULET: Ms. Carmen's recommendation,
6 if we are going to do the five percent, I understand that
7 is to get us caught up for the last five years without
8 changing anything.

9 The question I have is if we were to roll
10 this position to 1.2 percent and let's say, June, how
11 much would that affect us, the additional 1.2 percent in
12 June? Because that would be six months. I am just
13 asking.

14 MR. KENNEDY: I think that would be hard
15 to do, though; right?

16 MR. LYNCHARD: It would be hard.

17 MR. GOULET: But it may be confusing to
18 people because they -- that's another thing that I am
19 thinking of because it may be confusing because we do
20 five percent now January 1st.

21 Come June, they get another 1.2 percent.
22 And their bills aren't -- they may think they have a
23 water leak or something like that, if they use the same
24 amount every month. I don't know. It's just a
25 suggestion. I am just putting it out there.

1 MR. KENNEDY: I mean, ultimately, for me,
2 I am looking at the system as a whole. This is what we
3 need for those still in the hole and I fully respect
4 Ms. Reynolds' question there.

5 I do believe we have mechanisms in place
6 that if people are struggling, they can come and talk to
7 our customer service.

8 MR. LYNCHARD: I think we do, also.

9 MR. KENNEDY: But, you know, so, you know,
10 I have been here two years. I absolutely believe staff
11 bends over backwards for our members. Absolutely. I
12 have seen it. I am so happy with them.

13 So, you know, if there is a problem in
14 that area, we will do what we can to help, but, you know,
15 the way that I see, the way that everything has been
16 moving this year that we need the 6.2 to get to where we
17 want to go and also as the Board has dictated.

18 MR. MILLER: I will make one more comment.
19 We are saying this is going to happen January 1st. With
20 the December bills already gone out, so, you know, how
21 are we going to communicate this to our customers?

22 That, "Hey, guess what? Your bill on
23 January 1 is going to be 6.2 percent higher." At least
24 the rates are going to be 6.2 percent higher. You know,
25 are we just going to let them know, "Oh, surprise?"

1 MR. LYNCHARD: I think we can look at it
2 how we have done it in the past. I am pretty sure there
3 is going to be an article written in the Navarre Press on
4 it.

5 MR. MILLER: Not everybody reads the
6 newspaper.

7 MR. LYNCHARD: Probably -- it will
8 probably be on some social media. Hey, do you have a
9 suggestion?

10 MR. MILLER: I don't know. I think
11 something like that when there is a rate increase --

12 MR. GOULET: Oh, there is a hand.
13 Barbara?

14 MR. MILLER: I am not in favor of spending
15 money, but --

16 MS. CARAWAN: Yes?

17 MR. GOULET: When does the next billing
18 cycle start?

19 MS. CARAWAN: It would be the second week
20 of January.

21 Amber, am I correct on that?

22 MS. BUCKHOLTZ: Yeah. That would be
23 correct. It would be for the usage from December 1st to
24 December 31st and that bill will print. It would print
25 sometime between the 10th and the 13th of January.

1 MR. GOULET: So, basically, this rate
2 increase wouldn't start until their next billing cycle if
3 we do it after January 1st; is that correct?

4 MS. CARAWAN: For the bill that goes out
5 in February? Correct.

6 MR. GOULET: Okay. They will basically --
7 by this form on the next billing cycle on January 1st,
8 it's not going to come out until February on that bill.

9 MR. LYNCHARD: But I think what -- to put
10 both of you together, I think we could probably include a
11 notice in the December billing, which will come out in
12 January.

13 MS. CARAWAN: Yes.

14 MR. LYNCHARD: That way --

15 MR. PEAVEY: Yeah.

16 MR. LYNCHARD: Barbara?

17 MS. CARAWAN: That's correct.

18 MR. PEAVEY: Your agenda says it has to be
19 approved by the members on the 19th, so it should not go
20 into affect until then. Right?

21 MR. LYNCHARD: The --

22 MR. PEAVEY: The agenda says that this is
23 the proposed budget --

24 MR. LYNCHARD: Oh, yeah. It's a proposed
25 budget through the --

1 MR. PEAVEY: Approved on the 19th.

2 MR. LYNCHARD: Well, it would be approved
3 by the Board of Directors on the 19th. But, yes.

4 MR. PEAVEY: Okay.

5 MR. LYNCHARD: But the question -- the
6 December bills, which will not include a rate increase,
7 will go out in middle of January.

8 MR. MILLER: Okay. That's going to be
9 billed at the current rate and put in there --

10 (DIRECTORS SPEAKING OVER EACH OTHER AT THE
11 SAME TIME.)

12 MR. GOULET: Your rate increase will be --
13 Are you fine with that, Mark?

14 MR. MILLER: I just wanted to clarify
15 that.

16 MR. LYNCHARD: Well, it will save some
17 money on the mailing. It won't be a separate mailing.

18 MR. MILLER: Okay.

19 MR. GOULET: Thank you, Barbara.

20 MS. CARAWAN: Yes, sir.

21 MR. LYNCHARD: Any more discussion?

22 (NO AUDIBLE RESPONSE.)

23 MR. LYNCHARD: None noted. All those in
24 favor say "Aye"?

25 MR. GOULET: Aye.

1 MR. KENNEDY: Aye.

2 MR. LYNCHARD: Those opposed?

3 MR. MILLER: No.

4 MR. SUMMERS: No.

5 COURT REPORTER: Who is the second "No"?

6 MR. SUMMERS: Grant and Mark.

7 COURT REPORTER: Thank you.

8 MR. LYNCHARD: The motion passes. Oh,
9 that actually isn't hard.

10 SRC Well Protection Area Land Development
11 Code change. If you have been awake, you know that --
12 what our County Commission did last Thursday at their
13 meeting.

14 We have -- I have met with staff. Mike
15 has met with staff. We are working on a plan to go
16 forward.

17 We have also been in communication with
18 the City of Gulf Breeze trying to coordinate a plan. And
19 that's kind of where we are at right now.

20 MR. KENNEDY: Mr. President, if I can say,
21 I mean, I am just, you know, first to the point and the
22 outcome of removing the protective language in our well
23 field protection zone.

24 MR. LYNCHARD: Yes.

25 MR. KENNEDY: I mean, you were there.

1 Mr. Miller was there.

2 MR. LYNCHARD: And it seems to benefit a
3 few people in one special interest group at the expense
4 of 86,000 people in our service area -- or 86,000 people
5 in the south end of the County, up to 100,000 people in
6 Santa Rosa County, just for the benefit of the few land
7 owners. And that is very bad for our elected officials.

8 MR. GOULET: Mr. President -- and I spoke
9 with you about this earlier -- and I think the Board
10 recognized that -- the importance of this to not only our
11 members but to everyone else out there that may be
12 listening.

13 Do we need to take any type of action by
14 authorizing Dallas to use whatever means necessary,
15 whether legal, in order to block this? Prevent this?

16 MR. LYNCHARD: That was going to be my
17 next request. We have -- we have been engaged with Will
18 Dunaway before the previous two meetings with Planning
19 and Zoning and with the Board of County Commissioners.

20 I would like to entertain a motion that we
21 allow staff to continue that engagement. This will be
22 more of a new engagement with him. It will also possibly
23 include some partnerships, which will offset the costs to
24 our members.

25 MR. MILLER: Yeah. The -- what I see

1 happening, because it's not just Holley Navarre Water
2 System. It's Midway. It's Gulf Breeze. It's Navarre
3 Beach. It's all of Fairpoint customers. It's East
4 Milton, whether the folks up there know it or not.

5 MR. LYNCHARD: Exactly.

6 MR. MILLER: It is affecting their water
7 supply, too. So, you know, but at least from our
8 standpoint, I perceive this as being something that all
9 our utilities are probably going to want to move forward
10 with any legal options we have to object to this.

11 And there are multiple State agencies that
12 are going to need to be dealt with on this. And so, what
13 I would like to see in the motion is that, you know, yes,
14 that they be directed to continue to work with Will
15 Dunaway, but I would also like to see Fairpoint share in
16 the cost in that. Because, you know, it doesn't make
17 sense for each individual utility to hire their own
18 attorney to duplicate efforts. It's --

19 MR. LYNCHARD: I agree with you. But I am
20 going to be a little greedy now. I don't mind taking on
21 partners with this, but I want to make sure that we lead
22 it up, Holley Navarre Water System leads it.

23 I have total faith in our staff. And I
24 want to make sure that our members' interests are
25 protected. I don't want anybody else directing that --

1 that effort, you know.

2 MR. MILLER: I agree. If we -- if we
3 think that more needs to be done than Fairpoint, then,
4 obviously, we will do that. In fact, what I would like
5 to see is in addition to Will Dunaway, I would like to
6 see us engage Liberty Partners to find out what they can
7 do as far as efforts in Tallahassee with some of these
8 State agencies.

9 MR. LYNCHARD: I have been in
10 communication with them and they are -- they have asked
11 for a little bit of additional information before they
12 get started.

13 MR. MILLER: Okay.

14 MR. KENNEDY: I was going to make two
15 motions, if I may.

16 MR. MILLER: Well, one at a time.

17 MR. KENNEDY: Yeah. Mr. President, one, I
18 would like to make the motion that Dallas, we authorize
19 Dallas to start putting together a plan for those that --
20 secure the plan to be able to combat this, the -- you
21 know, the fact that we have lost the protection on the
22 well fields.

23 Okay. That's the first one. And he has
24 the authority to do so. That's my motion.

25 MR. GOULET: I will second it.

1 MR. KENNEDY: Okay. So for discussion
2 here, Dallas will be leading this up and game planning
3 this out and letting us know everything we need to do,
4 because my next one, my next motion is going to be to --
5 well, I am going to ask -- after we vote on this, I am
6 going to ask that you will be able to -- that the
7 Fairpoint representatives, which is Mark and myself, will
8 have the authority to then engage Fairpoint as well.

9 And so, we are doing a two-pronged
10 approach. We are doing everything possible. But my
11 first one is that we -- if you guys need to add anything
12 to that motion to get Dallas what he needs to make my
13 motion -- fine.

14 MR. GOULET: The only thing I would say is
15 that Dallas, he is to engage with Will Dunaway and
16 Liberty Partners and the other partners with Holley
17 Navarre Water System in order to engage this.

18 MR. KENNEDY: Correct. It's my motion to
19 give Dallas the authority he needs to do what Will has
20 said. That still stands. Everybody agree with that?

21 MR. MILLER: I think so. I think Dallas
22 already has a pretty clear understanding of what we are
23 wanting here, and he, you know, as the CEO, you know, he
24 has spending authorization and can engage our legal team
25 as he sees fit, you know. We are not here to micromanage

1 what he does, so, but, you know --

2 MR. GOULET: It should be put on record
3 what this is, what we are trying to do.

4 MR. MILLER: Yeah. We want it to be a
5 clear directive from this Board that this is high
6 priority, probably our highest priority we have right now
7 to deal with this. So, anyway --

8 MR. LYNCHARD: That's right. So we have a
9 motion and a second. Is there any further discussion?

10 (NO AUDIBLE RESPONSE.)

11 MR. LYNCHARD: None noted. All those in
12 favor say "Aye"?

13 MR. GOULET: Whoa, whoa, wait a minute,
14 Mr. President.

15 MR. LYNCHARD: Oh, sorry. Go right ahead.

16 MR. BECKHAM: It doesn't affect your
17 motion.

18 MR. LYNCHARD: Okay.

19 MR. BECKHAM: So is this thing on?

20 MR. LYNCHARD: It is.

21 MR. BECKHAM: It doesn't affect your
22 motion.

23 MR. LYNCHARD: Okay. Go ahead. Name and
24 address for the record?

25 MR. BECKHAM: Tom Beckham. I am at 24155

1 Pine Drive --

2 COURT REPORTER: I can't hear him. I am
3 sorry. I can't hear you, sir.

4 MR. BECKHAM: Tom Beckham, 24155 Pine
5 Drive, Navarre.

6 MR. LYNCHARD: Was that better?

7 COURT REPORTER: Yes, sir. Thank you.

8 MR. BECKHAM: We wake up on New Years 2021
9 and the whole review process will be over. We have to
10 work quickly.

11 Shawn Ward will have the Upper Land
12 Development Code, the comprehensive plan, into the State
13 by the end of this week.

14 He will ask for an expedited review. And
15 if that review statutorily requires that the reviewing
16 organization to receive a list of all the names, those
17 contacts have to be within 30 days. So if he comes early
18 to the party, to the reviewing organizations, reviewing
19 agencies, that's our best chance to get their attention.

20 Well, we have got their attention from the
21 gentlemen from the Ordinance Modification Review Team
22 lead team have accepted emails back and forth saying, we
23 know you want to -- you have a problem with it. Thank
24 you. And we will do our review when our time comes."

25 Our goal, I think, needs to be to get any

1 agencies, but specifically Florida Department of
2 Environmental Protection and the Northwest Florida Water
3 Authority -- help me out here -- Northwest Water
4 Management District -- those are the two heavy hitters
5 according to Shawn Ward, whose comments will have the
6 most weight in this particular action.

7 This is all long-term. They don't care.
8 If FDEP and the Water District have problems with it,
9 that's good for us. Our goal needs to be, one, hold
10 those organizations to render an objection to the pending
11 change. There are objections, recommendations, or
12 comments.

13 Those are the three mechanisms by which
14 agencies respond back to the reviewing economic
15 development people who manage the review. And say,
16 "Well, I have a real problem with it. Don't do it."

17 "I recommend you do it this way. Or do
18 something else. I have a comment about it." The
19 objections must be dispositioned by the County. The
20 County must give a response to objections.

21 They don't have to give a response to
22 recommendations or comments. So in order to be the two
23 big Water Authorities at the State level to render their
24 objections on that. And I think our correspondence to
25 them needs to state that specifically -- objectives to

1 them.

2 Because we all know the science. It was
3 laid out Thursday night for three and a half hours. Take
4 the dirt away -- I am a civil engineer. Okay? I am not
5 sure about what all the hydraulics is, but I know a
6 little bit about dirt. You take the dirt away and you
7 take the water away with it because the dirt holds the
8 inventory of the water and it purifies the water in its
9 simplest terms. That's what Mother Nature gives us.

10 So that's what the County wants to let
11 their northern folks do is take our inventory of dirt
12 that protects our water and go and stick it under our
13 foundations, like one of the Commissioners, who used that
14 analogy last Thursday night.

15 You can fill the house --

16 MR. GOULET: And hit golf balls.

17 MR. BECKHAM: Don't get me started on
18 that --

19 MR. MILLER: Can I ask you a question?
20 The 30-day clock you referenced, does it start at the
21 meeting that they had where they approved that? Or does
22 it start when they get the plan report from Shawn Ward?

23 MR. BECKHAM: The plan starts when it
24 arrives on reviewing authority's desk.

25 MR. MILLER: Okay.

1 MR. BECKHAM: So first, Shawn has to issue
2 it. The State has to give it a case number. And that
3 case number can be found in Florida papers, Florida
4 papers, like, that is also on the list of links that
5 Shawn Ward sent us.

6 Because he responded to all my questions
7 about how the process would proceed, how we would make
8 the sausage. When it appears on Florida papers, it is
9 real and the clock starts. And then, this comment or
10 those comments will be created.

11 They are being called timely comments. I
12 presume that these -- all of the organization's members'
13 comments have a 30-day deadline. Those would be duly
14 ignored. Timely comments are the ones that statutorily
15 have to be addressed and the objections have to be
16 statutorily responded to.

17 In general opportunity, more steps do not
18 make the change. We have a -- we need to look at the
19 possibility that we don't have a mature water harvesting
20 forecast for the future, the next decade, the next 20
21 years.

22 You guys are approving a budget for the
23 next 12 years. And over here on the shelf sits that
24 right over Dallas' chair -- where all of our water is
25 going to come from the next 20 years.

1 If we have that, that's not -- that's not
2 a bad thing, because we should tell the water -- the
3 respective water authorities how many of these
4 documents -- "Hey, we need some help forecasting whether
5 the East River well will be sufficient for our needs 95
6 years from now, whether they dig there or not."

7 "Now, by the way, we are growing out here.
8 We are expanding our water needs. You're contracting our
9 water supply."

10 The man on the street doesn't understand
11 this logic, nor do we. That's another possibility, but
12 if we can tell the reviewing authorities that we need
13 space and time to figure out where our water is going to
14 come from in the future -- and we all know that right now
15 that they had better not mess around with the available
16 water we have now on East Milton well field.

17 Those mechanisms, I think, have to be our
18 strategy for how we can put a lever into stopping this --
19 this unbridled parochial methodicity objective action
20 that happened last Thursday.

21 This activity was uncalled for. And it
22 was self-serving for the northern half of the County and
23 such and such. This County were all in on this. So
24 those are just some ideas, guys, and --

25 MR. LYNCHARD: Thank you.

1 MR. BECKHAM: -- you are welcome. I am at
2 your disposal. I don't mind working with Shawn. He and
3 I have a working relationship with -- based on my work
4 with Holley by the Sea Planning Committee. That's why we
5 are interesting in the thing.

6 But we are interested, just like everybody
7 else, those couple hundred thousand people on the south
8 side of the County, who will turn their faucet on ten
9 years from now, and no water will come out.

10 That would be the other extreme thing can
11 happen. That would be a bad economic development detail.
12 It will be bad day overall. I will leave it at that.
13 Thank you, gentlemen.

14 MR. LYNCHARD: Thank you.

15 MR. MILLER: I don't see no water coming
16 out. I see -- I think our rates are going up 6.2 percent
17 now. If that happens, so \$500,000 built around the well
18 up there, you know, it is going to come out. But it's
19 going to be a whole lot more than 6.2 percent more.

20 MR. BECKHAM: If I decided my (garbled) --
21 they might watch a soap opera. They might read
22 provocative literature from the other --

23 At least, now, because as soon as we wake
24 up our political clout down here at the beach and be
25 brutal, we can dictate to every single one on the Board

1 of County Commissioners who sit up there and don't do --
2 we already have that political stroke out here as proved
3 with the way District IV was managed.

4 Now -- now is the time to wake up and
5 pound on this one.

6 MR. LYNCHARD: Thank you. We have a --
7 Carmen --

8 MR. GOULET: You have your second.

9 MR. LYNCHARD: Yeah. We have a motion and
10 a second. So is there any more discussion?

11 Carmen, were you going to say something?

12 MS. REYNOLDS: Carmen Reynolds, 9621
13 Sunnybrook Drive.

14 For the record, I wanted to state that
15 something -- something really isn't right when the
16 Navarre Beach Water System that is owned and managed and
17 run by our own County was disenfranchised at that -- by
18 that action on Thursday night.

19 So the Navarre Beach Water System is left
20 hanging out in the cold and the East Milton Water System
21 Reserve has been disenfranchised, also.

22 So this is a really, really suspect thing,
23 magnified by the fact that all it had to take, because we
24 are dependent on that very fragile and shallow gravel
25 aquifer. We are not allowed to deal with the Florida

1 aquifer.

2 All it is going to take is an extended
3 drought and we have a distinct problem. That is the big
4 picture.

5 So the citizens are up in arms about this.
6 There is a petition right now on Concerned Citizens of
7 Navarre for the citizens to participate and against this
8 action, to show public sentiment.

9 We will be establishing within the week a
10 Facebook page about this travesty, where the citizens and
11 other folks interested can come and glean information and
12 status. If you can find out what you're doing and your
13 action, if you let me know, so that we can follow that
14 and keep the people informed, so they know where to go
15 to, we would really appreciate it.

16 And lastly, we are developing a very
17 detailed list of information finding investigatory work
18 for this Board, and I will submit that preliminary report
19 to you in the morning, President Lynchard.

20 MR. LYNCHARD: Thank you, Carmen.

21 All right. We have a motion and a second.
22 All those in favor say "Aye"?

23 MR. MILLER: Aye.

24 MR. SUMMERS: Aye.

25 MR. KENNEDY: Aye.

1 MR. GOULET: Aye.

2 MR. LYNCHARD: Any opposed?

3 (NO AUDIBLE RESPONSE.)

4 MR. LYNCHARD: Motion carries.

5 MR. KENNEDY: Okay. My second one is on
6 the record here to have this Board authorize the
7 representatives of Holley Navarre Water to work with
8 Fairpoint so that we are -- the Board agrees as
9 representatives, we should be, you know, advocating that
10 we want Fairpoint to be working towards this is what I am
11 getting at.

12 First of all, I want to talk about that
13 you are authorizing us to make sure that as
14 representatives of Holley Navarre Water System with the
15 Fairpoint Board members, we are also pushing for the same
16 end game.

17 So my motion is that you would just
18 authorize -- that you authorize the two representatives
19 to represent Holley Navarre Water System in the same
20 vein.

21 MR. GOULET: I will second the motion.
22 Will Goulet.

23 MR. LYNCHARD: We have a motion and a
24 second. Is there any discussion?

25 (NO AUDIBLE RESPONSE.)

1 MR. LYNCHARD: All those in favor say
2 "Aye"?

3 MR. MILLER: Aye.

4 MR. SUMMERS: Aye.

5 MR. KENNEDY: Aye.

6 MR. GOULET: Aye.

7 MR. LYNCHARD: Any opposed?

8 (NO AUDIBLE RESPONSE.)

9 MR. LYNCHARD: Motion carries.

10 MR. KENNEDY: Thank you.

11 MR. LYNCHARD: COLA Reports. 2021 cost of
12 living adjustment. For 2021, we have -- let's see where
13 we are at -- we are proposing a 1.3 percent, I believe,
14 cost of living adjustment.

15 There have been no raises this year, no
16 merit raises this year. So this will be the --

17 MR. GOULET: Are you recommending the 1.3
18 percent, Daryl?

19 MR. LYNCHARD: I believe that we had -- or
20 what are we recommending?

21 MR. GOULET: Mike? Is it 1.3?

22 MR. KENNEDY: Yeah. 1.3. Yeah. And we
23 are just following the action --

24 MR. GOULET: Will Goulet will make a
25 recommendation to the Board to allow a COLA, which is a

1 cost of living adjustment, at 1.3 percent for the
2 employees of Holley Navarre Water System.

3 MR. KENNEDY: Mike Kennedy seconds.

4 MR. LYNCHARD: We have a motion and a
5 second. Is there any discussion?

6 MR. GOULET: Now, does that include MESI
7 and the golf course, also?

8 MR. LYNCHARD: They generally follow our
9 lead on this, so that does generally include the cost.

10 MR. GOULET: I will amend mine to include
11 that, also.

12 MR. LYNCHARD: All right. We have a
13 motion and a second. Is there any discussion?

14 MR. MILLER: Yes.

15 MR. LYNCHARD: You are chatty tonight.

16 MR. MILLER: Yes. My question is we have
17 a duly hired CEO that has a contract. We have the golf
18 course manager who we just made a salary adjustment to.
19 Will they get a COLA adjustment to their contract or not?

20 MR. LYNCHARD: I guess that is a question
21 for us, but --

22 MR. GOULET: I think Dallas already has
23 his built in in his contract, I believe, just it won't be
24 added to Dallas' contract.

25 MR. MILLER: Correct.

1 As far as Cindy?

2 MR. LYNCHARD: I think -- in my opinion,
3 Cindy would get the cost of living adjustment. We gave
4 her a raise and now you are going to take away part of
5 it?

6 MR. MILLER: Well, we are not taking away
7 part of it. We would just be saying --

8 MR. LYNCHARD: "Part of your raise that we
9 gave you was actually a cost of living increase for next
10 year."

11 MR. MILLER: That's why I wanted to
12 clarify that.

13 MR. GOULET: In my opinion, in regard to
14 this contract, Cindy will also receive the 1.3 cost of
15 living increase, also.

16 MR. MILLER: Okay. That's fine.

17 MR. LYNCHARD: All right. Is there any
18 further discussion?

19 (NO AUDIBLE RESPONSE.)

20 MR. LYNCHARD: None noted. All those in
21 favor say "Aye"?

22 MR. MILLER: Aye.

23 MR. SUMMERS: Aye.

24 MR. KENNEDY: Aye.

25 MR. GOULET: Aye.

1 MR. LYNCHARD: Any opposed?

2 (NO AUDIBLE RESPONSE.)

3 MR. LYNCHARD: Motion carries.

4 Number 6, the -- or Number 5, Holley
5 Navarre Water System and MESI check signers. We are also
6 going to add the Club at Hidden Creek to this item.

7 Currently, I am a check signer and our new
8 CEO is not. I will be rolling off the Board. Currently,
9 we do have the President as a check signer.

10 I think with me rolling off the Board in
11 January that -- and Mark staying on the Board, we believe
12 Mark is running for the Board again, and I am not, I
13 think that I would like to make a motion that we remove
14 myself and Director Goulet from the checking account and
15 add Dallas and Mark to replace us.

16 But to get Mark -- or to get Dallas on all
17 the accounts including the Club at Hidden Creek, which I
18 don't believe I am on now.

19 MR. GOULET: Do you want me to make a
20 recommendation or make a motion? Oh, is that a
21 recommendation?

22 MR. LYNCHARD: Yeah.

23 MR. GOULET: Will Goulet would like to
24 make a motion to put Dallas on all the accounts for
25 companies and company credit cards and remove Daryl and

1 Will from check signer abilities and also put Mark on
2 there also for check signing.

3 MR. MILLER: Which organization would I be
4 on?

5 MR. LYNCHARD: For whichever accounts need
6 additional signers.

7 MR. GOULET: Whichever accounts need
8 additional signers. Anybody want to second that motion?

9 MR. KENNEDY: Kennedy seconds.

10 MR. LYNCHARD: We have a motion and a
11 second. Is there any discussion?

12 (NO AUDIBLE RESPONSE.)

13 MR. LYNCHARD: None noted. All those in
14 favor say "Aye"?

15 MR. MILLER: Aye.

16 MR. SUMMERS: Aye.

17 MR. KENNEDY: Aye.

18 MR. GOULET: Aye.

19 MR. LYNCHARD: Any opposed?

20 (NO AUDIBLE RESPONSE.)

21 MR. LYNCHARD: Motion carries.

22 Now, we are at Number 6, the one that I
23 have been working on for a while. Proposed commercial
24 impact fee usage review.

25 In our agreements with our members, we

1 agreed to -- that we -- they reserve a certain capacity
2 in the system that they -- that they are allowed to use.
3 Sometimes, through time, through growth, those -- they
4 end up exceeding those usages.

5 Part of our agreement is that we can
6 review those usages and if there is any overages, we can
7 charge an additional impact fees at that time.

8 This is not done on a regular basis within
9 the system. And it's been my goal for the past few
10 months to get an effective policy passed by the Board to
11 direct staff to review the accounts on a regular
12 bi-annual basis to see if there are any problems with any
13 account.

14 So I guess the -- I would like to make a
15 motion that all commercial accounts will be reviewed on
16 an annual basis beginning January 1st, 2022. If any
17 account is found to be using ten percent or more water on
18 an annual average, annual average or maximum monthly
19 basis as appropriate than they have reserved with impact
20 fees, then they will be contacted and given a varying
21 period of time, depending on overage, but not more than
22 12 months to reduce their average monthly -- average
23 monthly or maximum month usage to the amount reserved by
24 their paid for impact fee.

25 Should the commercial account not reduce

1 their consumption, they will be charged an additional
2 impact fee based on their most recent annual average or
3 maximum monthly usage as appropriate.

4 Additional impact fees due in excess of
5 \$1,000 may be financed with Board approval for a period
6 of time not to exceed two calendar years. Additional
7 impact fees shall be added to the monthly bill. A report
8 will be given to the Board of Directors annually, if
9 actions taken by staff.

10 The first reporting period for this policy
11 shall be the calendar year 2021. Prior to July 1st,
12 2021, staff shall provide a warning letter to all
13 commercial customers regarding the enforcement of the
14 policy beginning January 1st, 2022, and shall provide a
15 summary of the current water usage for the account and
16 the implication to the customer of the enforcement of the
17 policy.

18 That is my motion. That was Daryl
19 Lynchard.

20 COURT REPORTER: Yes, sir.

21 MR. MILLER: I will second it for
22 discussion.

23 MR. LYNCHARD: I have a motion and a
24 second.

25 MR. GOULET: Here is my -- Phil, you are

1 going to get called down on this. Here is my question.

2 Per our permit, we are supposed to reduce water usage.

3 I understand the logic behind this. We
4 are supposed to conserve. That's why we started the
5 website and put stuff on the website to include how to
6 save water, how to conserve water. I understand that.

7 Here is my question: That's why I am -- I
8 would like to play devil's advocate. So let's say a
9 restaurant came in and they paid so many -- what do they
10 call them --

11 MR. PHILLIPS: ERUs.

12 MR. GOULET: ERUs. Okay. Let's say they
13 paid for so many areas ten years ago. And their business
14 has lost since then. Are we going to base their usage on
15 last year's number? Or are we going to base their usage
16 on how many ERUs they paid for ten years ago? That's the
17 question I have.

18 MR. PHILLIPS: So according to the motion
19 that he just made, we -- every commercial account is
20 credited for some payment of an impact fee, which equates
21 to a certain number of ERUs.

22 And an ERU is 300,000 gallons per day,
23 essentially annual average, or max day, depending on
24 which is appropriate for forever.

25 So beginning January 1, 2022, each

1 commercial account would be reviewed, their usage for the
2 past 12 months, not any time in the past beyond that.
3 But just for the previous 12 months.

4 And if they were using more water than
5 they have paid for, reserve capacity for, through the
6 impact fee payment, they would be treated, and according
7 to the one of the classifications that he just read --

8 MR. GOULET: The only thing is, haven't we
9 changed our ERU requirements over the last few years?

10 MR. PHILLIPS: Well, let me --

11 MR. LYNCHARD: Go ahead.

12 MR. GOULET: I just wanted to clarify.

13 MR. PHILLIPS: I know what you are asking,
14 but I do believe there is a fair question that has come
15 up from other people with regard to what you said.

16 Many people -- the last impact fee
17 increased to 2250 and 4200 -- gosh, it's probably been
18 eight or nine years ago, but I would guess a significant
19 number of commercial accounts paid less per ERU than
20 that.

21 Whatever usage they are using now would be
22 charged at the current cost per impact fee. Does that
23 answer your question? Is that what you are asking? Or
24 did I answer the wrong question?

25 MR. GOULET: No. It's the way you

1 answered it. Basically, let's say my business bought
2 five ERUs based on ten years ago. What is the equivalent
3 of that ERU today?

4 MR. LYNCHARD: There's no change. There
5 is no change in the amount of water per ERU.

6 MR. GOULET: Okay.

7 MR. LYNCHARD: An ERU is 300,000 gallons
8 per day.

9 MR. PHILLIPS: Correct.

10 MR. GOULET: But what did I pay for my
11 ERUs ten years ago?

12 MR. LYNCHARD: That's different.

13 MR. PHILLIPS: You paid nothing for it.

14 MR. GOULET: And that was the other
15 question: Do we grandfather those other people in and
16 start from 2021?

17 Or do you go back, a business that may
18 have been a mom and pop business that had 20 seats, and
19 now, they have got 100 seats. And I understand the
20 reason behind it. I understand. That's why I am putting
21 this out there. We have to let everybody know --

22 MR. LYNCHARD: Your example right there
23 has happened this past year. We have had one, at least
24 once to the extreme where we had one restaurant that was
25 a 20-seat pick-up-and-go restaurant.

1 And today, it is a full service restaurant
2 that is a lot bigger that uses a lot more water. And
3 their impact fees should have been \$60,000 higher.

4 MR. PHILLIPS: And, of course, when --

5 MR. LYNCHARD: And, of course, that has
6 not been reviewed over the past, I don't know, as long as
7 I have lived here, 25 years. And this policy will
8 straighten that out. This will make it to where people
9 are reviewed on an annual basis and you won't get so far
10 out of line.

11 MR. KENNEDY: And everything -- I mean, we
12 are still clocking these ERUs, but this is for capacity,
13 so --

14 MR. LYNCHARD: That's correct.

15 MR. KENNEDY: -- we did not bill, and we
16 are not charging for someone that is using 10X more than
17 they did ten years ago. So it wasn't in the -- so,
18 basically, they get the free service of all of its
19 capacity and as members they are all paying for this
20 system, everybody has to pay their fair share.

21 MR. LYNCHARD: That's right. And I will
22 go ahead and tell everybody on the online world today
23 that this directly affects me, because I have a renter
24 that, where we pay one ERU or 1.2 ERUs for one of the
25 buildings that I own that we now rent. And I think Cory

1 said he is using four and a half?

2 MR. GOULET: Now, the only thing is the
3 ERU is based on, let's say, a commercial business that
4 uses sewer. What if they have septic?

5 MR. LYNCHARD: No. It is just --

6 MR. PHILLIPS: It's only for what you are
7 using. So if you are -- if you are grandfathered in, and
8 sewer wasn't available to you commercially, you wouldn't
9 pay a sewer impact fee. You would only pay a water
10 impact fee.

11 MR. GOULET: But if a banner goes up
12 there, it is going to be affected by this new policy.

13 MR. PHILLIPS: Every commercial account
14 that exists in the franchise area would be affected by
15 the motion that he just made if -- assuming that they are
16 using more water than they have reserved in capacity.

17 MR. LYNCHARD: We are talking about
18 charging somebody for something they have never paid for
19 before.

20 MR. GOULET: But the only thing is, this
21 land I am looking at, though, if this person isn't hooked
22 up to the sewer system?

23 MR. PHILLIPS: There are separate water
24 impact fees from sewer impact fees.

25 MR. LYNCHARD: Yeah.

1 MR. PHILLIPS: Water impact fees, \$250 per
2 ERU. Sewer is \$4200. So if you are a restaurant and you
3 are on a septic tank, we are only -- we are only looking
4 at your water use. We are not looking at your sewer use.
5 We can't charge you for that.

6 MR. GOULET: That's what I wanted to
7 clarify.

8 MR. PHILLIPS: Yeah. We are looking at
9 that now.

10 MR. GOULET: I just wanted to clarify.
11 Not everybody knows. There's a lot of questions that we
12 made all the answers for that the average person doesn't
13 know what to ask.

14 MR. PHILLIPS: There are a lot of
15 commercial -- there are actually a lot of commercial
16 accounts on 98 that had water service long before sewer
17 was available. And they have never had a problem with
18 their septic tank. Until, you know, the Health
19 Department decides to enforce State statutes, this
20 Board's policy has been that there is no requirement to
21 connect.

22 MR. MILLER: I have two comments.

23 MR. LYNCHARD: Go ahead.

24 MR. MILLER: One is, okay, we are going to
25 be reviewing every commercial account and there will very

1 likely be the majority of them that are using more than
2 what they paid for it when they signed up.

3 However, what about somebody that when
4 they opened up their business, you know, they were
5 charged for five ERUs and their usage shows that they are
6 only using the equivalent of two. They paid too much.

7 MR. LYNCHARD: Our staff -- trust me,
8 another thing that I have seen this year, is that our
9 staff goes over and above to help people when they come
10 in here. Sometimes, I have seen them drag people along,
11 trying to get them to give us numbers to give them to
12 give staff flow rates so they can calculate it.

13 We try and use the lowest flow rate
14 possible so it would be the lowest ERU, because at the
15 end of the day, our jobs are -- their job is to charge
16 people a fair amount. They only want to charge the
17 impact fee that someone has on the system.

18 That said, it is the member's
19 responsibility to make that real, to make it what it is
20 supposed to be initially. We can't go back on an annual
21 basis and reduce somebody's rate or reduce somebody's
22 impact fee because they were wrong.

23 We give them every opportunity up front to
24 give us the correct amount, the correct numbers. But
25 that's the responsibility of the member.

1 MR. KENNEDY: And, Mr. President, one of
2 the reasons we cannot go backwards is once the member
3 gave the numbers to the engineers, they build to that
4 spec. So if you tell us that you want X number of ERUs,
5 they go and build to that spec. And so, we spend the
6 money to build to that spec. And then, you are saying,
7 "Well, no, I don't."

8 Well, all of our members have paid this
9 much. We built to a spec, and it is about the reserving
10 of capacity into that. So we can't now undue what we
11 have spent because of that.

12 So once we -- once the member and staff
13 have agreed that this is the number, we build to that.
14 We spend the money to that.

15 And so, if you say, "No, I am sorry. I
16 didn't use it." It's an outlay of all members.

17 MR. MILLER: My point would be a customer
18 that came in and said, "These are my numbers."

19 And staff said, "Well, no." Because of
20 the numbers of toilets and sinks and all the stuff that
21 goes into the calculation of how much they are going to
22 get billed for their impact, you know, that they say,
23 "You have got to pay for this much capacity or use," or
24 whatever, well, you know, after a couple of years, you
25 know, they get reviewed, and they are only using what

1 they said they were going to use.

2 And so, you know, in the other instance,
3 we are going to charge people more. But in this
4 instance, we are not going to give them any money back.
5 It doesn't say that in here, so --

6 MR. GOULET: May I make a recommendation
7 on this? You wanted to question there. Go ahead.

8 MR. LYNCHARD: I do have a question, Phil.
9 Don't we normally use people's actual -- the numbers that
10 they provide us?

11 MR. PHILLIPS: I can say that what Mark
12 used as an example never happens. However, generally
13 speaking, Holley Navarre goes out of their way to help
14 the incoming customer find the most appropriate
15 equivalent use within the area or as close to the area to
16 charge an impact fee.

17 And so, you're using the potential of
18 someone else similar or multiple similar things to charge
19 that impact fee. We go way out of our way to do that.
20 And that's Holley Navarre staff.

21 I can't say, Mark, that there has never
22 been -- there are people -- there are people that come
23 through the door, and because -- because Holley Navarre
24 has to have a policy that has to have some number in it
25 because if they don't want to help themselves, there has

1 to be a standard.

2 So in the policy right now, it's the State
3 of Florida guidelines or requirements for sizing of
4 septic tank. It's a set accepted standard. So if you
5 come in here, and, you know, you want to take advantage
6 of the policy, that's what you are going to get charged.
7 And that's the capacity we are going to reserve for you.

8 Or as what Mike said, that's what we are
9 going to build for you. And you may never use it. The
10 next guy might, but we give you every opportunity.

11 There are people that do that, believe it
12 or not. But, actually, it's the larger businesses that
13 come in from out of town. I don't want to mess around
14 with it. They just want to develop it. They pay the fee
15 based on the chart.

16 And then, occasionally, Mark, I can't say
17 that it never happens, but someone will come in and try
18 and use a comparable that staff just does not agree with.
19 But when that happens, I can assure you there is always
20 some legitimate reason why staff has said, "No. That's
21 just not a true comparable."

22 And this Board has actually considered
23 some of those over the last three or four years. But,
24 Mark, I can tell you, I mean, in most cases, most cases,
25 because the policy already allows us to do what this more

1 formalizes, we generally agree to that. So I can't say
2 that it never happens.

3 MR. MILLER: I was thinking, it was The
4 Wine Bar or Grey Tap Room, there was one that we had a
5 question on --

6 MR. PHILLIPS: Well, that was a very
7 interesting one.

8 MR. MILLER: There was another --

9 MR. PHILLIPS: That situation may fall
10 within the new --

11 MR. MILLER: It likely will. But I
12 remember there was a question as to it.

13 MR. PHILLIPS: There was a question as to
14 the validity of their comparables. However, I believe,
15 and I could be wrong, I know Cory is not online, but I
16 think at the end of the day, we gave them the comparable
17 to the smaller facility that didn't do what they were
18 going to do there, so --

19 MR. MILLER: My second question is they
20 are going to be reviewing every commercial account
21 beginning on January 1st, every year going forward.

22 MR. PHILLIPS: Every two years.

23 MR. MILLER: Every two years? Okay.
24 Every two years --

25 MR. PHILLIPS: Right. So the way we --

1 several people have looked at this. There has been a
2 suggestion made by staff on how to handle this.

3 One, you can't implement this today.
4 People need an opportunity to know what is coming. Even
5 though the current policy kind of allows, staff has been
6 beaten up head and shoulders about this impact fee deal
7 for years.

8 Quite frankly, I am sure that every single
9 one of them thank Daryl for -- he has heard, as acting
10 CEO this past year, how badly they get creamed on this
11 stuff.

12 So the proposal is this: There would be a
13 notice that would go out in, say, the first quarter of
14 2021 that would look at the 2020 use of every commercial
15 account, and it would say, "There's a new policy. We are
16 going to enforce the old policy subject to this
17 language."

18 "And, by the way, according to the policy,
19 you are good. Your commercial establishment is good.
20 You fall within the limits."

21 Or "Your commercial establishment, if
22 evaluated in 2022 stays the same as the way it is, you
23 will be subject to the following fees."

24 So they will get notification in the first
25 quarter of 2021 that they may have a problem. And even

1 if they don't, they will get notified.

2 And then, January 1, 2022, you begin
3 enforcing the motion that he just made right there. And
4 then, they would be notified based on 2021 usage what
5 their -- what situation they would fall in, according to
6 the motion that was made. And then, have an appropriate
7 amount of time to pay the fees.

8 MR. MILLER: So where are we going with
9 that is how much staff time is this going to involve?
10 And who is going to be responsible for doing this review
11 and sending out all these notices and dealing with
12 customers calling in?

13 And, you know, is it going to be a time
14 set to do this or -- I know there is revenue that will
15 come in. We know this, you know, where people have been
16 getting something they haven't paid for. But at some
17 point, you know, how much does that --

18 MR. PHILLIPS: I would guess what we have
19 seen that there's really not that much of a major impact
20 to the vast majority of users, because they are so small,
21 you wouldn't believe -- and you asked the question
22 earlier tonight that we can't answer, but I can tell you,
23 based on past calculations, the average commercial bill
24 is very low. Most commercial accounts are a bathroom in
25 your realty office. It's way less water than a

1 residential connection.

2 The calculation of where they are, that's
3 going to be automatic. That would be automated with the
4 new billing system. Absolutely, someone is going to have
5 to review the letters that are generated and what happens
6 then. But once it's established what happens to them, it
7 goes to the billing software, and that's automated.

8 MR. LYNCHARD: How many commercial
9 accounts do we have, approximately?

10 MR. PHILLIPS: 490. Amber, do you
11 remember?

12 Did we lose Amber?

13 MS. BUCKHOLTZ: No. I don't know right
14 offhand how many commercial accounts we have.

15 MR. PHILLIPS: It's right around 500. It
16 was in the information we gave y'all.

17 MR. GOULET: Here's my biggest concern on
18 that. And I understand the reason behind it, like Mike
19 stated, people paying for what they get. It's not fair
20 for other members to have to pay for someone else to get
21 something for free.

22 But my only problem on this is what if I
23 paid for five ERUs and I am only using two? I want a
24 refund of my other three. Do I get that?

25 MR. LYNCHARD: No. Somebody may come in

1 in the future and use those. Whenever they were
2 originally sold, they were sold as that. You know, you
3 kind of go back into your question that you asked
4 originally, which was, okay, are you going to charge me
5 based on what I would have paid in the beginning or what
6 the rates are today?

7 Well, if you are going to get refunded,
8 are we going to pay you what it is today or what it was
9 back then?

10 MR. GOULET: And you understand my --

11 MR. LYNCHARD: I don't think it's possible
12 to --

13 MR. GOULET: I know. That's a problem.

14 MR. LYNCHARD: It's not impossible to
15 calculate when it's --

16 MR. KENNEDY: I think he is right, though.

17 MR. LYNCHARD: Yeah. It's just, no, you
18 can't do that.

19 MR. MILLER: Let me ask you this:

20 Business has been around since 1970. Do we have all of
21 that historical information as to how many ERUs they paid
22 for?

23 MR. LYNCHARD: That's going to be, you
24 know, there are going to be some of them we can't do
25 anything with.

1 MR. PHILLIPS: Mark, there are absolutely
2 positively going to be commercial accounts that there is
3 not going to be a record of what they paid and there will
4 have to be an assumption. Fortunately, all those we have
5 seen are in the bathrooms and the small commercial that
6 have been around since forever.

7 Most of the bigger commercial accounts, if
8 the number exists, but there are going to be some that we
9 don't have the information. And in that -- in that
10 event, we would have -- if there was one that staff
11 didn't make a decision, we would have to come back to
12 this Board to make a recommendation as to what impact fee
13 they would have paid for Day One.

14 I would suggest, again, in that case, you
15 are going to be very liberal to that person. Let's just
16 take the Winn Dixie. If it -- if we didn't have the
17 amount of ERUs that Winn Dixie reserved when they paid
18 their impact fee, what I would suggest is you take a
19 long-term average of their water use. You would have to
20 assume that Holley Navarre charged them appropriately
21 back then.

22 MR. GOULET: But Winn Dixie, 15 years ago,
23 they had a deli where you could sit down and eat there.
24 And there was a restaurant inside Winn Dixie that's not
25 there anymore. They closed that down years ago. They

1 probably paid more ERUs than they are going to use.

2 MR. PHILLIPS: Philosophically -- this is
3 Phil Phillips -- philosophically, we built something for
4 them back then that we had to supply water to them. And
5 there is a reservation of impact fee and capacity on this
6 system that sits. If the Winn Dixie abandoned the site
7 and some other grocery or even higher water user --

8 MR. GOULET: Or a Dollar Store, if they
9 left --

10 MR. PHILLIPS: They would get credit for
11 what they paid back then. It's a reservation of
12 capacity.

13 MR. MILLER: My guess is if we don't have
14 a record of it, we can't come in and say, "You owe us
15 more money."

16 MR. PHILLIPS: I absolutely agree that you
17 would have to look at some kind of average, Mark, and you
18 would have to be fair to that.

19 MR. KENNEDY: But that depends on that
20 case. You will come to us with --

21 MR. PHILLIPS: Yeah. I think we would
22 have to -- and, again, a lot of those would be one
23 bathroom, and like I keep saying realty, because you are
24 a realtor, but you understand the point.

25 MR. MILLER: That's been there since 1970,

1 so it is --

2 MR. PHILLIPS: Back then, there was a
3 minimal one ERU charge so I know what you paid. You paid
4 an ERU.

5 MR. MILLER: What if you had a chicken
6 restaurant in there?

7 MR. PHILLIPS: Oh, yeah, it would be more.

8 MR. GOULET: It might be --

9 MR. PHILLIPS: They might be getting over
10 that ERU --

11 MR. WELLS: Mark, about 470 commercial
12 accounts.

13 MR. LYNCHARD: All right. We have a
14 motion and a second. Is there any other discussion?

15 (NO AUDIBLE RESPONSE.)

16 MR. LYNCHARD: Okay.

17 MR. ANDERSON: I'm Bill Anderson, 8175
18 Stillwater Cove. I am here on behalf of the Emerald
19 Coast Wildlife Refuge.

20 We are a unique organization in all the
21 United States of America, so it's not unusual that we
22 would be underneath the service that y'all provide us,
23 too. But a number of discussions, we would be the
24 exceptions to kind of what y'all have been discussing
25 here.

1 A, because we are a non-profit. Being so
2 thankful, I did come in here and question about the
3 impact usage.

4 But I haven't -- I would encourage you, as
5 you stated, that your customers that face hardships can
6 ask for a leave to not, particularly non-profits in that
7 category, of what you are proposing in terms of
8 increasing impact fees, increasing usage rates, et
9 cetera. That would be my comment, so --

10 MR. GOULET: Thank you.

11 MR. MILLER: Part of this resolution does
12 include the ability to finance anything that's going to
13 be over \$1,000 -- that is written in there -- that we
14 would allow them to go before the Board and get financing
15 approved of it, but --

16 MR. ANDERSON: That's helpful. And you
17 certainly helped the Emerald Coast Wildlife Refuge out in
18 the case that we are fixing to talk about it. But,
19 again, in the case we are fixing to talk about, we
20 provided historical data based upon an old facility that
21 we, as the Emerald Coast Wildlife Refuge, was paying for
22 the water usage of the beach cleaning equipment for the
23 County of Okaloosa --

24 MR. LYNCHARD: Can we just pass this
25 motion, because you are going into the other --

1 (SPEAKING OVER EACH OTHER.)

2 MR. ANDERSON: You are looking at Will and
3 I believe your point as well, you charged us too much for
4 the impact fee and there is no relief from that
5 overcharge, but I have issue with that.

6 MR. GOULET: I just want to make a comment
7 on this. I appreciate Daryl putting this forward. I
8 appreciate staff working on this, and I understand the
9 logic behind it. As points have been made, some people
10 never paid an impact fee.

11 Years ago, some may not have paid enough
12 in the way the calculations are done. And I know I think
13 we are more than fair nowadays. I think staff definitely
14 goes above and beyond.

15 The only way I could honestly vote for
16 this implementation, it would have to be for any new
17 business from here forward. That's the only way I could
18 vote for this. That's my opinion.

19 MR. LYNCHARD: All right. Let me explain
20 this just a little bit further because we are kind of
21 getting off track. Currently, the Water Usage Agreement
22 that everyone signs, all commercial agreements -- all
23 commercial accounts sign says that if they have any water
24 use -- if they exceed the water usage that they have paid
25 for, then the additional impact fees will become

1 immediately due. And if they aren't paid, their water
2 would be shut off.

3 The problem with that is the same way it
4 is with the problem that I have seen over the past year
5 with a lot of our policies here is that the Board will
6 make a policy. And then, they will forget about it.

7 And whenever Joe on the street comes up to
8 a Board member and says, "You know what those guys down
9 there at the Water System did to me? They did this."

10 The real answer to that question is "Those
11 guys down there at the Water System didn't do anything to
12 you. I did. I was a Board member that made that
13 policy."

14 Okay. That's what this clarifies. Okay,
15 guys? It does provide a little relief. In this
16 resolution right here, it says if it is more than \$1,000,
17 we will finance it for them. Okay?

18 The current situation doesn't allow for
19 financing. The current situation says, "You either pay
20 it or we are going to shut your water off."

21 This is actually better for the customer.
22 It also solidifies the fact that we, as a Board, we
23 recognize that this is a policy that we have made. So
24 maybe someone watching tonight will see it.

25 And rather than getting made at employees

1 that work here, they will come to a Board member trying
2 to get you to change this policy in the future or you to
3 change some other policy in the future.

4 But it will mean that our staff can do
5 their job without thinking that, you know, without having
6 the public think that it's -- they are the reason that
7 the water rates are what they are. They are the reason
8 that the tap fees are what they are. They are the reason
9 that staff does this, that, and other things.

10 Just something that I have observed over
11 the past year -- actually, a lot longer than that. It's
12 just -- it has really come to light over the past year
13 seeing some of the employees and what they have really
14 done and what they do.

15 And they just do what we as a Board tell
16 them to do. Only they get beat up by the public for it.
17 Sometimes, we as Board members, tell the public that,
18 "Let us look into that. We have to figure that out now.
19 Or they shouldn't be doing that. When it is us that told
20 them to do it, so --

21 MR. GOULET: So there is already current
22 policy that the Board approved stating that if their
23 usage rate is more than ten percent --

24 MR. LYNCHARD: No. If every -- actually,
25 I'm not even sure it says ten percent. It just says that

1 if the new water usage is more than what you paid for,
2 you will owe additional impact fees.

3 MR. GOULET: So by doing this, we are
4 going to do a year's study to see the highs and the lows
5 and peak and non-peak?

6 MR. LYNCHARD: That's right.

7 MR. GOULET: And give them the
8 opportunity, if there is an increase, that the Water
9 System is willing to finance it.

10 MR. LYNCHARD: That --

11 MR. GOULET: Anything over \$1,000?

12 MR. LYNCHARD: The other thing, like what
13 you said before, which is conservation. In here, we are
14 giving them 12 months to get water usage back up under
15 control. They may not know that they -- they may not
16 know that they have a problem.

17 They may have a leak. I have got a leak
18 at my house. You know what? That leak costs me about
19 \$10 a month. And I am not worried about financing \$10 a
20 month.

21 If they came out to me or came out to my
22 house and said, "Daryl, you are going to owe us \$5,000
23 more in tap fees," I am going to fix that leak. I am
24 going to find that leak.

25 MR. GOULET: The motion made on this,

1 then, would be to amend the current policy and this would
2 supercede it, then?

3 MR. LYNCHARD: There currently is a user
4 agreement. It's not a regular policy. Right? It's just
5 a user agreement.

6 MR. GOULET: So then we amend the user
7 agreement?

8 MR. LYNCHARD: That's right. The user
9 agreement will be superceded by the policy that we make
10 tonight.

11 MR. GOULET: I just wanted to clarify
12 that. I just wanted to clarify that. So people
13 understand, if there is some already in motion with the
14 user agreement, this is going to supercede that agreement
15 that is going to be more beneficial to the users.

16 So they don't get a phone call from the
17 water system, say, "Look, you have used x amount of
18 dollars more. We are going to shut your water off."

19 This gives them an opportunity, if they
20 can't afford to, to finance it, the pay for the extra
21 water they are using.

22 MR. LYNCHARD: That's right.

23 MR. GOULET: And this is on a
24 commercial --

25 MR. LYNCHARD: Just on commercial, not on

1 the residential.

2 MR. MILLER: And so, from what you just
3 said in 2022, when people get this, we should give them
4 your cell numbers and --

5 MR. LYNCHARD: Certainly. I will tell
6 them, "You need to get with that Board up there and get
7 them to fix that policy."

8 Is there any further discussion?

9 (NO AUDIBLE RESPONSE.)

10 MR. LYNCHARD: All right. All those in
11 favor say "Aye"?

12 MR. MILLER: Aye.

13 MR. SUMMERS: Aye.

14 MR. KENNEDY: Aye.

15 MR. GOULET: Aye.

16 MR. LYNCHARD: Any opposed?

17 (NO AUDIBLE RESPONSE.)

18 MR. LYNCHARD: Motion carries.

19 Thank you, Board members. I appreciate
20 that. And I am sure staff does.

21 Okay. Emerald Coast Wildlife Refuge usage
22 and impact fee. Last year, we -- the Wildlife -- or what
23 year was it?

24 MR. GOULET: It wasn't last year. It was
25 '18.

1 MR. LYNCHARD: Two years ago. They came
2 and bought a tap. I think -- did we reduce it at that
3 point?

4 Will, you were the President back then? I
5 think you --

6 MR. GOULET: I remember they came in. And
7 based on the prior usage of their other facility, we came
8 up with a number. And we were able to lower that to a
9 different number.

10 And then, we were going to review their
11 usage over the next two years to make sure that they
12 stayed within that confinement. And you are here today
13 to tell us that you have used less water than we planned
14 on.

15 MR. ANDERSON: I wished I had those
16 numbers to be honest with you. I think that you will
17 tell us what I suspect your staff is seeing over the --
18 it didn't start until March 2019, just for clarification,
19 when we changed this agreement.

20 So since -- the agreement was that we
21 would divide that \$10,000 impact fee that was set up into
22 24 monthly payments of \$416.67, which started in April of
23 2019. So, today, we have paid \$7,916.73 of that \$10,000.

24 MR. MILLER: Bill, would you say that
25 number again?

1 MR. ANDERSON: Yes, sir. \$7,916.73. And,
2 look, let me be very clear. Y'all's organization has
3 been very supportive of the Emerald Coast Wildlife
4 Refuge. Many folks in this room are personally
5 supportive of the Emerald Coast Wildlife Refuge. We get
6 that.

7 But we also get that this has probably
8 been the most austere funding raising environment in 2020
9 that our organization has ever faced due to COVID.

10 We have four major events that we
11 generally do per year. We were able to execute one of
12 those. That was only because it was outdoors -- our golf
13 tournament. And that was after a four-month delay, I
14 believe, that we could finally execute it.

15 So you guys are working some really big
16 issues. What I am asking the relief from y'all on is
17 probably not much from your perspective, but I can tell
18 you from our perspective, it's a relief that we would
19 very much appreciate.

20 Frankly, in the revenue generation, that
21 area, what we do, it is well-needed. So my specific --
22 just a little more history to refresh the memory. We
23 came to Santa Rosa County to our new campus from the old
24 Fire Station on Okaloosa Island in Fort Walton Beach.

25 In that facility, ECWR paid for the entire

1 water usage of that facility, even though the Okaloosa
2 County Beach cleaning folks were using the water to wash
3 down all their equipment on a daily basis that they used
4 to the beaches.

5 So when I first presented that
6 information, I made that known that, but, obviously, your
7 staff didn't have anything better to work on, which is
8 why -- yes, sir?

9 MR. GOULET: What is your current water
10 bill right now? Do you have any idea?

11 MR. ANDERSON: I do not have any idea.

12 MR. GOULET: Barb, do you know what their
13 water bill was last month? Barbara, is there any way to
14 look that up?

15 MR. MILLER: It has in here their
16 historical usage from December 19th to November 20th --

17 MS. CARAWAN: It will take me a couple of
18 minutes.

19 MR. MILLER: As of 6-19, they are using
20 2.063 ERUs and they were billed for 4.7 ERUs.

21 MR. ANDERSON: So to the point -- at the
22 point when you accept those impacts, then you go
23 retroactive to the reviews. We would be the ones that, I
24 would think, would be entitled to a credit.

25 We can expect that going forward because

1 that was the only usage information we had to provide
2 you.

3 MR. LYNCHARD: I have got a question. Is
4 this -- Cory, are you on?

5 MR. GOULET: No. Cory is not there.

6 MR. LYNCHARD: Cory is not?

7 MR. GOULET: Phil.

8 MR. LYNCHARD: Yeah. Okay. Phil. I know
9 we have got 619 gallons per day average. But what is our
10 peak? I would imagine you use a lot more during the
11 summer than you do during the winter. Correct?

12 MR. ANDERSON: No. Not necessarily. And
13 here is why. Well, yes. So you have your baby seals and
14 way more animals, et cetera. But this has been such an
15 awkward timeframe, so we established in the County in
16 March 2019, but we didn't actually get to get open for
17 business until November, December.

18 We had our first Certificate of Occupancy
19 in November and weren't open for our grand opening to the
20 public in December 2019. So we are paying that 417
21 amount from March -- excuse me, from April until when we
22 got open in December without any real usage, so it is
23 really difficult --

24 MR. LYNCHARD: So you really opened your
25 business in November, December 2019?

1 MR. ANDERSON: Yes, sir. Which is why we
2 waited until this time period -- Cory did -- to actually
3 do the review, which, obviously, seemed fair to us.
4 Right?

5 The first month, we weren't open for
6 usage.

7 MR. LYNCHARD: Just to ask, do you think
8 that 2020 has been representative of what your business
9 is going to be forward -- be going forward?

10 MR. ANDERSON: I don't, in terms of --
11 now, we have had some very, very -- you would think our
12 business has been off in terms of the number of animals
13 we have cared for. Actually, it's been at least on
14 average, if not higher, due to the hurricane impacts we
15 had in the area that brought us a whole bunch of animals.

16 We have had an unusual mortality event
17 declared by NOAA for our marine mammals stranding,
18 animals that we also cover for the County.

19 So that unusual mortality event is due to
20 the freshwater intrusion into the Gulf of Mexico, which
21 is causing our dolphins, whales, sea turtles, manatees,
22 et cetera, to face some -- some freshwater poisoning
23 issues.

24 So our workload is actually up. So I
25 would imagine that would result directly into our water

1 usage being up. You would think it would have been the
2 opposite because we had to close down to the public
3 shortly after we opened our Education Center for three
4 months. Is that correct; Carol?

5 MS. ANDERSON: Yes.

6 MR. MILLER: But my question would be,
7 because this has been an odd year, I would assume that
8 you haven't had, you know, the numbers of field trips,
9 and, you know, kids from schools coming through and
10 touring the facility and having to use the bathroom to
11 wash their hands, whatever.

12 I mean -- so while there have been some
13 increases, there may have also been, you know, a lowered
14 number than normal of people coming in to tour the
15 facility. Would that be a fair statement or not?

16 MR. ANDERSON: I can't really speak to it,
17 because of COVID, we haven't had any field trips to speak
18 of, other than private school, et cetera.

19 Public school systems are kind of
20 reticent, obviously. If they just figure out how to get
21 that business, whether in a classroom or home, to really
22 stress on field trips.

23 I can tell you, though, since we opened,
24 we had some significant event that brought huge numbers
25 of people to our campus, more than we would expect

1 ordinarily in our grand opening. A few dedications to
2 happened include that rehabilitation complex. I wish I
3 could give you a better answer, but I just can't.

4 MR. MILLER: Are you 100 percent built out
5 now, or --

6 MR. ANDERSON: I am 100 percent built out.

7 MR. GOULET: Let me ask this one question
8 so I get dates right. 2019, what month was that?

9 MR. ANDERSON: March of 2019 is when we
10 formulated the agreement. The impact pay was set for
11 \$10,000 to be paid over the 24 months starting in April
12 2019.

13 MR. GOULET: Okay. There are two parts to
14 this.

15 MR. ANDERSON: That's right.

16 MR. GOULET: Historically, the water
17 system has always been a two-year review. Historically.
18 Now, with the current policy that we have had that we
19 just revised, what Mr. Lynchard recommended, that makes
20 it easier on a commercial impact if there is more of a
21 usage rate.

22 It is a lot more friendlier than it used
23 to be. So I am going to agree with Daryl on that.

24 Now, this is my recommendation now. I
25 would wait a full another year to have a two-year basis

1 on your usage to make sure you don't get caught up with
2 the fact that if we were to refund you money because of
3 your ERUs, what you are using, if you come back a year
4 from now because you have exceeded your ERU usage, you
5 are going to have to pay that money back again.

6 Right now, you currently have it financed
7 at a certain rate at a certain price.

8 MR. ANDERSON: I would just tell you that
9 our usage, I believe your folks will tell you the low
10 they have projected in those numbers, so those numbers
11 would wash out there.

12 MR. GOULET: Right.

13 MR. ANDERSON: That's never going to
14 change -- that \$10,000. So the agreement is that we
15 would review in a year. We are at that year, a little
16 past, actually.

17 So what I am actually asking is give us
18 relief from the rest of that \$10,000 since -- unpaid for
19 the next four months or whatever. It would be until that
20 total balance was paid up.

21 So, again, aside from our impact fees of
22 \$7,116.73 that we have already paid, we know that our
23 usage is less than the impact fees that we were charged
24 for. And then, on that usage, like I say, we are built
25 out. We are just not going to have significant -- I know

1 what you are saying --

2 MR. GOULET: I would hate to see if we
3 were to do something partially and hastily, I guess, is
4 the word I am looking for. And I understand both
5 perspectives.

6 But if we are to hastily do this and then
7 come back a year from now, you are going to have to pay
8 it again. That's what I am afraid of.

9 MR. ANDERSON: We have already paid too
10 much, I guess, is the point. Secondly, we can do a
11 review from now isn't nearly as important to ECWR as the
12 relief right now based on the fundraising scenario I
13 tried to paint a picture of what was the COVID-19
14 environment.

15 MR. GOULET: So you --

16 MR. ANDERSON: Because of the burden to
17 ECWR.

18 MR. GOULET: So you paid \$7,915 towards --
19 how much was the total fee?

20 MR. ANDERSON: \$10,000.

21 MR. KENNEDY: \$10,000.

22 MR. GOULET: So there is \$2,659 remaining?

23 MR. ANDERSON: Yes, sir.

24 MR. KENNEDY: I guess I have got a few
25 questions here. I am looking -- if you don't mind?

1 MR. ANDERSON: No, sir.

2 MR. KENNEDY: So when you first brought
3 this to the Board, it looks like -- so you were -- the
4 fee was 4.7 ERUs. The account was credited to have an
5 impact of 4.7 ERUs for a total of \$10,575. Does that
6 sound correct?

7 MR. ANDERSON: Sir, I can't talk to any of
8 the ERU data. I was never provided with that
9 information.

10 MR. KENNEDY: Again, my question here is
11 because this is where -- we are going to be taking
12 stances. Is this -- if there is an ERU -- Clinton, are
13 you speaking on behalf of this?

14 MR. WELLS: I can speak to this.

15 MR. KENNEDY: How did we get 4.7? And did
16 they agree with 4.7?

17 MR. WELLS: Yes. It was all data that
18 they provided to where they were at Fort Walton Beach.
19 The data seemed to be high, so we did give them a break.
20 I'm not sure what it is.

21 MR. KENNEDY: \$575.

22 MR. WELLS: There you know. So, remember,
23 we are talking about potential impact. We have beat this
24 subject up several minutes prior to this coming up here.

25 Of course, you have got our

1 recommendation.

2 MR. KENNEDY: Sure.

3 MR. WELLS: And we are not against the
4 Wildlife Refuge. We help them as much as we can. But I
5 think it sets a bad precedent for us to try to refund
6 potential impact fees.

7 MR. KENNEDY: Well --

8 MR. WELLS: We have gone out of our way.
9 We have installed a six-inch water main, a fire hydrant,
10 at the cost of \$21,500 out of our pocket to try to help
11 the Wildlife Refuge. So I think we have gone above and
12 beyond to help him out.

13 MR. KENNEDY: Right. So I guess my
14 question to you is: When we -- when there is a -- in
15 this case, there's 4.7 ERUs. Based on that, did they
16 agree to this?

17 MR. WELLS: Yes.

18 MR. ANDERSON: That was simply not there.
19 From the very beginning that we knew our usage numbers
20 were skewed because we were paying for the water usage in
21 the previous facility for Okaloosa Island Beach.

22 MR. WELLS: They did come before the Board
23 and they gave a presentation. And the Board agreed to
24 charge the monthly charge --

25 MR. KENNEDY: \$10,000.

1 MR. WELLS: Yeah.

2 MR. MILLER: And then, we would review it,
3 then. It says here six months. We will delay. We can
4 do a six-month review then. And it's been more than six
5 months, but I think the -- and I was in that meeting and
6 asked that question.

7 And I think the intention of the Board
8 then was to give him an opportunity to demonstrate what
9 their actual water usage would be and to come back before
10 the Board and we would reconsider how much they would
11 charge.

12 Now, he has paid \$7,916.73. I just did a
13 rough calculation. That's three and a half ERUs that he
14 has paid for. Current average usage is 2.063 ERUs.

15 So if we were to cap it at what he has
16 already paid in, obviously, this is going to get reviewed
17 again subject to our new policy, but if we cap it now, he
18 is -- as long as he stays under the 3.5 ERUs, he wouldn't
19 be charged any additional money.

20 And he is using 2.06 right now. So, you
21 know, he would have to come close to doubling his usage,
22 or, you know, almost doubling it, in order to have to owe
23 anything over and above what he has already paid in.

24 I am kind of leaning towards -- I don't
25 know if we should refund anything back on it, but I am --

1 MR. ANDERSON: And that's not our request,
2 sir.

3 MR. MILLER: I am thinking they paid in
4 almost \$8,000 of the \$10,000, and that's more than what
5 they are currently using. So I don't want to refund any
6 money, but I don't think we should continue to charge
7 him. That's not --

8 MR. KENNEDY: Well, here's a fundamental
9 position. I know the two of you are going out. So
10 assuming you get reelected, Grant, I don't know the
11 position that this case brings up is we built and we paid
12 for 4.7 ERUs in the design.

13 All right? So it's built and paid for.
14 So you brought a Ferrari and we go out and buy it for
15 you, and then, you say, "Well, I don't need the Ferrari.
16 I want the Ford."

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17             Right?  Because this is what we already
18 built.  And then --
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19 MR. GOULET: I agree with you to a certain
20 point, where Mark just stated, we were supposed to review
21 this six months after March 2019 to see what his usage
22 was.

23 We have already stipulated that when we
24 granted him the possibility for relief on this.

25 MR. ANDERSON: You are talking about the

1 Ferrari, we all knew that we weren't driving the Ferrari,
2 but we were paying Ferrari payments based upon subsidizing
3 Okaloosa County water usage. I know for a fact that we
4 didn't know -- we didn't need the capability that you
5 built.

6 MR. KENNEDY: But you agreed to that when
7 you came to this Board back then.

8 MR. ANDERSON: We did not agree to it. We
9 had no choice. Your staff told us that they had to use
10 their current figures of our usage in our previous
11 facility. We never agreed those were actual numbers.

12 MR. GOULET: Hey, Mark, based on the new
13 current policy that the Board approved, like you stated,
14 if we were to honor what we previously approved with the
15 agreement with the Wildlife Refuge, if they exceed their
16 3.5, they are going to have pay it, then.

17 MR. MILLER: Exactly. And that's the
18 reason I am saying I don't want to create a situation
19 where we are refunding money. But I feel like, you know,
20 they paid in more than they are using and --

21 MR. KENNEDY: But what is this right here?

22 MR. MILLER: Well, see, the thing is he
23 came to us before those impact fees were ever charged in
24 the first place and appealed to the Board. And the Board
25 made a commitment to him, you come back to us in six

1 months and we will look at it again, if this is in this
2 case.

3 So this is an exception, not something
4 that is the norm.

5 MR. GOULET: Based on the information
6 provided to us in the documentation, the Board did say in
7 our meeting that in six months we will review this
8 because they felt the number was high at that point, but
9 he went along with it anyways because they needed water.

10 MR. LYNCHARD: I can see -- I can see both
11 sides of it. But here's what I am stuck on. Okay?

12 Where Mark said -- it typically is
13 something that can be reviewed and looked at again after
14 a period of time to see, you know, where those -- were
15 those tap fees excessive or right on target with what you
16 are using.

17 And Will said, yes. We can do a six-month
18 review to see. It's my opinion that it didn't start
19 until December 19.

20 With the COVID that we have had, I don't
21 think you have had six straight months of a normal cycle
22 to see where your tap fees really would be in a real
23 year.

24 I think that it -- I am not making
25 judgment, passing judgment, whether it is right or wrong.

1 But I am saying I don't think it's -- I think this is the
2 wrong time to be reviewing it when you really don't know
3 what reality is.

4 MR. ANDERSON: Okay. So if we wait 20
5 more years, the Emerald Coast Wildlife Refuge, let's be
6 clear, paid the whole \$10,000 impact fee that we knew was
7 too high in the first place, per Mr. Miller's comments,
8 we have already paid for more than we are using.

9 Now, to those folks, this has been a
10 rallying call to you-all. It is very important --

11 MR. KENNEDY: That's actually our members'
12 money.

13 MR. ANDERSON: I understand. We own five
14 properties here in the County, so we are your members.

15 MR. GOULET: What I will do, I want to
16 make a recommendation. My motion to the Board is to
17 approve Emerald Coast's Wildlife Refuge recommendation or
18 request to consider money already paid to be paid in full
19 for the agreement we made when we approved this and
20 consider it paid in full at 3.5 ERUs.

21 Now, you understand by doing this, I just
22 want to make sure you understand this, come January 1st,
23 there is going to be a review of everything. And anybody
24 that has exceeded what they paid for, you are going to
25 have to pay for.

1 MR. ANDERSON: I do understand. I am also
2 powerless to do anything about it based upon the motion
3 you just adopted.

4 MR. MILLER: I will second the motion.

5 MR. KENNEDY: Okay. So, for further
6 discussion, again, we are allowing a special exception.
7 We just had a big problem with the special exceptions at
8 the County Commissioner's meeting.

9 I understand what you guys are doing. I
10 applaud you. I support you. Absolutely. And I hope you
11 don't feel I am --

12 MR. ANDERSON: I don't. I realize your
13 main policy is for the entire area. We get it. We are
14 unique for the entire United States. We just happen to
15 live here in the service area.

16 MR. KENNEDY: I obviously applaud you guys
17 and everything like that. My concern is that now we have
18 built the 4.7. Even if you were to say, okay, you are
19 done. So they get 4.7 ERUs at the cost of 3.6. Is that
20 what you agreed to?

21 MR. ANDERSON: No.

22 MR. GOULET: You get what you paid for,
23 which is 3.6. Is that correct, Mark?

24 MR. MILLER: Yes.

25 MR. GOULET: They get 3.5 ERUs. That's

1 all they get. They exceed that, they have to pay the
2 increase. That's what he is willing to accept. And
3 that's based on previous Board action where we asked for
4 a six-month review. And, evidently, it never came back
5 to the Board.

6 MR. KENNEDY: I don't comprehend -- how
7 come it didn't come back to the Board if we do our review
8 and do the right ERUS?

9 MR. MILLER: But this was a case where he
10 came to the Board before they were even charged and made
11 a case where this is more than -- way more than we are
12 going to use because our only historical data includes
13 another business operating under the same roof with them.

14 MR. ANDERSON: That's correct.

15 MR. MILLER: That's where this is
16 different. If somebody comes to us after the fact and
17 said, "You charged me too much."

18 If they didn't question it on the front
19 end, didn't come before the Board, and the Board didn't
20 make a commitment to them to review it, you know, later,
21 that would be a different situation.

22 This one, we made a commitment that we
23 would look at it again, and if he was using less water,
24 we would account for that. And it's actually -- you
25 know --

1 MR. GOULET: We never did it.

2 MR. MILLER: To completely fair, we would
3 be owing him money right now. So he is not asking for
4 that. He is just asking that we cap it at the charge at
5 what he already paid in.

6 MR. LYNCHARD: I know we are saying we did
7 that. I know that was some of the discussion. That was
8 not part of the original motion, giving money back.

9 I guess what we are really discussing
10 tonight is -- is Holley Navarre Water System -- is our --
11 so we donated \$21,500 of our members' money to the
12 organization because the Board was philanthropic with
13 somebody else's money. And now, we are talking about
14 doing -- doing this, also.

15 I guess you could make the argument that
16 technically they have paid the fees, that they are below
17 on the ERUs. I would just caution the Board in doing
18 this, I don't think we really know what their true usage
19 is going to be in the future. But that's just my
20 opinion.

21 MR. MILLER: The discussion on the fire
22 line also involved that that fire hydrant and extension
23 of that line would benefit more than just their business.
24 I mean --

25 MR. LYNCHARD: But it didn't.

1 MR. MILLER: It mainly benefited just
2 them, but it would, you know, benefit future businesses
3 to go in there. Anyway --

4 MS. ANDERSON: Carol Anderson,
5 8175 Stillwater Cove --

6 COURT REPORTER: Ma'am, I need to hear you
7 better. Ma'am, you need to come to the microphone.

8 MS. ANDERSON: Carol Anderson, 8175
9 Stillwater Cove. I am the immediate past executive
10 director of Emerald Coast Wildlife Refuge.

11 I paid all the bills throughout this
12 entire period. I would just like to offer that we had an
13 overwhelming response by our great community. Offers
14 (garbled) -- we had far more people on our property than
15 I ever expected.

16 Hundreds of people at the grand opening
17 day. Hundreds of people at the other events.

18 COVID hit. And, yeah, we shut down. And
19 then, we had biggest mating season we ever had. And I
20 will tell you, in 2018, we used water every single day.
21 We had so many people we had to take them down in our
22 lobby.

23 So I can verify that we were using an
24 inordinate amount of water. I think that (garbled)
25 evolution we are talking about the usage that we had, it

1 did decrease.

2 So you are concerned about what is going
3 to happen in the future? I think we have had an amazing
4 first year. And I don't see the repeat of this kind of
5 usage again.

6 And we started here based off numbers that
7 came from County misusing the water that we had to pay
8 for. They used it for washing off pieces of equipment on
9 the beach. They used it every single day they were out
10 at the beach. I can tell you, I don't think there's
11 (garbled) --

12 MR. LYNCHARD: All right. Thank you. Is
13 there any more discussion?

14 MR. KENNEDY: Can you restate the motion,
15 Will?

16 MR. GOULET: Sorry about that. My motion
17 is to consider what Emerald Coast Wildlife Refuge has
18 paid in 3.5 ERUs and that be noted on their account and
19 we will consider it paid in full.

20 MR. MILLER: And I seconded that.

21 MR. KENNEDY: All right. So, again, I am
22 just going to state, I mean, I understand. So right
23 now --

24 MR. GOULET: Okay. I will clarify my
25 motion. Based on previous Board discussion with Emerald

1 Coast Wildlife Refuge on reviewing their usage, prior to
2 providing them service --

3 MR. KENNEDY: We are saying that whatever
4 they paid right now, that is their number of ERUs. You
5 said it was 3.5?

6 MR. MILLER: 3.5.

7 MR. KENNEDY: 3.5. They won't owe
8 anything more. But we are not setting precedence here
9 where we are going to have everybody coming up --

10 MR. GOULET: I agree 100 percent. That's
11 why I clarified my motion what my statement was.

12 MR. KENNEDY: All right.

13 MR. GOULET: Mark, do you second my
14 clarification?

15 MR. MILLER: Yes.

16 MR. LYNCHARD: Okay. We have a motion and
17 a second. All those in favor say "Aye"?

18 MR. MILLER: Aye.

19 MR. SUMMERS: Aye.

20 MR. KENNEDY: Aye.

21 MR. GOULET: Aye.

22 MR. LYNCHARD: Any opposed?

23 (NO AUDIBLE RESPONSE.)

24 MR. LYNCHARD: Motion carries.

25 MR. ANDERSON: Thank y'all. I appreciate

1 it.

2 MR. LYNCHARD: Just to let everybody know,
3 I don't believe there is a --

4 (DIRECTORS SPEAKING OVER EACH OTHER.)

5 MR. LYNCHARD: -- in this country or the
6 next.

7 All right. CEO vehicle purchases. I did
8 not get the quotes back in time, so we will be discussing
9 this a little later. I probably put out a Board action
10 without a meeting within the next week to stay within
11 budget.

12 MR. GOULET: But it's in the budget;
13 right?

14 MR. LYNCHARD: It's in the budget.

15 MR. GOULET: I am just clarifying that.

16 MR. PEAVEY: Are you going to get the Ford
17 model?

18 MR. GOULET: It is probably going to cost
19 more than a used --

20 MR. LYNCHARD: We were going to get sports
21 models --

22 MR. GOULET: Ford models.

23 MR. LYNCHARD: Personnel Committee. Will
24 and Mike, did y'all have any reports?

25 MR. KENNEDY: Did you have any? I

1 haven't --

2 MR. GOULET: I spoke to Stephanie at
3 Landrum. You guys are supposed to have a ZOOM meeting.

4 MR. MILLER: That's tomorrow.

5 MR. GOULET: So you are getting up with
6 Stephanie. That's our HR Department. Okay.

7 And my recommendation next year for the
8 Board on record, I definitely recommend Mike Kennedy
9 being the Personnel Committee Chair, because I will not
10 be on the Board next year. And he has been so helpful
11 with that with me because I have been really busy at
12 work.

13 But Mike has really stepped up and he has
14 helped out a lot. He knows a lot of ins and outs with
15 this, so that would be my recommendation for the Board
16 for next year.

17 MR. KENNEDY: And it has been awesome
18 working with Will. We are here --

19 MR. LYNCHARD: Golf Course Committee is
20 Fred. I don't believe he had anything tonight. But I
21 would ask that everybody keep him and his wife in our
22 prayers. They are at the hospital right now, because --
23 had to miss tonight --

24 That is the end of the Holley Navarre
25 Water System portion of the meeting.

1 Club at Hidden Creek. Cindy?

2 MS. CALLEN: Yes, sir.

3 MR. LYNCHARD: Do you want to take it
4 away?

5 MS. CALLEN: Absolutely. So our
6 financials for November were -- our revenue was \$165,794,
7 with total expenses of \$172,496, which leaves us with a
8 course operating income of negative \$6,701 before
9 depreciation.

10 Of that number, I do want to note that we
11 had \$22,000 of professional fees that we had to pay.
12 Overall, it was really good month for us.

13 MR. GOULET: What are professional fees?

14 MR. LYNCHARD: Probably the attorney
15 writing up the legal documents.

16 MS. CALLEN: That is correct.

17 MR. MILLER: I have a question. It is
18 Holley Navarre Water that is considering selling the golf
19 course. So with that legal expense -- or should that
20 legal expense be an expense of Holley Navarre Water not
21 the golf course? It's not really relative to the golf
22 course.

23 MR. LYNCHARD: The Club at Hidden Creek is
24 selling the assets of the Club at Hidden Creek.

25 MR. GOULET: That's correct.

1 MR. LYNCHARD: So it would be the -- an
2 expense of the Club at Hidden Creek.

3 MR. MILLER: Which is owned by Holley
4 Navarre Water --

5 MR. LYNCHARD: At the end of the day -- at
6 the end of the day, the money that's in the checking
7 account at the Club at Hidden Creek, belongs to Holley
8 Navarre Water System.

9 MR. MILLER: Right.

10 MR. LYNCHARD: There is \$300,000 and some
11 odd thousand dollars there. I imagine if we ask our
12 auditors, is it going to be an expense of the Club at
13 Hidden Creek --

14 MR. MILLER: If it makes sense to do it
15 tax-wise, that's fine. That's my question.

16 MR. LYNCHARD: Yeah. Okay.

17 MR. MILLER: I am not sure if you were
18 done, Cindy. I didn't mean to interrupt you.

19 MS. CALLEN: That's fine. I was just
20 going to report for the year-to-date, the course
21 operating income before depreciation is a positive
22 \$144,535, which is really a great number considering we
23 were closed for almost two months between COVID and the
24 hurricane.

25 MR. GOULET: Cindy, did we fill out the

1 necessary paperwork for the PPP loan?

2 MS. CALLEN: For the forgiveness? We have
3 submitted it. We are just waiting on a final approval.

4 MR. GOULET: Okay. Thank you.

5 MR. MILLER: And have we received a
6 response on our Hurricane Sally insurance claim? Did we
7 have any coverage there?

8 MS. CALLEN: I was in contact with them
9 even this week. And the tree damage was not covered.
10 But they are still looking into the net coverage.

11 MR. MILLER: Thank you.

12 MS. CALLEN: Uh-huh. Certainly.

13 MR. KENNEDY: Mr. President, I make a
14 motion to approve the 2020 financial statements.

15 MR. MILLER: You said 2020.

16 MR. KENNEDY: I am sorry. I will restate.
17 I make a motion to approve the November 2020 financial
18 statements for Hidden Creek.

19 MR. GOULET: I will second that motion.

20 MR. LYNCHARD: We have a motion and a
21 second. Is there any further discussion?

22 (NO AUDIBLE RESPONSE.)

23 MR. LYNCHARD: None noted. All those in
24 favor say "Aye"?

25 MR. MILLER: Aye.

1 MR. SUMMERS: Aye.

2 MR. KENNEDY: Aye.

3 MR. GOULET: Aye.

4 MR. LYNCHARD: Any opposed?

5 (NO AUDIBLE RESPONSE.)

6 MR. LYNCHARD: Motion carries.

7 The next one is update on the sale of
8 Hidden Creek documents. We are moving on. We have got a
9 timeline that everybody has. It's going as presented at
10 this point.

11 MR. MILLER: Do you have any packets of
12 this?

13 MR. LYNCHARD: I believe we had three out.

14 MR. MILLER: Three out?

15 MR. LYNCHARD: Uh-huh.

16 MR. MILLER: And the deadline?

17 MR. GOULET: Is the deadline listed on the
18 Holley Navarre Water System website?

19 MR. MILLER: It is. It's January, like,
20 8th or 9th, I think, or something like that after the
21 first of the year.

22 MR. GOULET: All right.

23 MR. KENNEDY: The next thing for the
24 people who are interested is the 21st of this month, the
25 deadline request submittal. And we go from there. We

1 have got an actual calendar --

2 MR. GOULET: May I get a copy of that?

3 MR. KENNEDY: Yes, sir.

4 MR. GOULET: Thank you.

5 MR. LYNCHARD: Anything else, Cindy?

6 MS. CALLEN: I don't have anything else to
7 report.

8 MR. LYNCHARD: All right. Thank you.

9 MS. CALLEN: Thank you.

10 MR. LYNCHARD: On to Engineering. Phil?

11 MR. PHILLIPS: I don't have anything
12 specific to report. You all have my normal report. So I
13 will entertain questions on that if anyone has anything.

14 MR. GOULET: How are we going with the RIB
15 system? Is there anything new to report on that?

16 MR. PHILLIPS: The engineers are underway.
17 We actually had called a kick-off meeting this past week.
18 It wasn't really a kick-off meeting because they have
19 been working for two months. But it was our first
20 regularly scheduled staff meeting.

21 And we held it when we did because they
22 have completed the survey of the wastewater treatment
23 plant portion, so the purpose of the first meeting was to
24 discuss where that master lift station is dead or alive,
25 the wastewater treatment. So everything is going

1 according to schedule --

2 MR. GOULET: Cool. Thank you.

3 MR. PEAVEY: How many negative I&I?

4 I wanted to ask you last time, but I
5 forgot.

6 MR. PHILLIPS: We hoped that we would be
7 negative I&I. So you send 300 gallons one day to a house
8 and a guy washes his car. The amount of the water that
9 he washes with doesn't come back to the sewer plant.

10 MR. PEAVEY: Okay.

11 MR. PHILLIPS: Typically, Holley Navarre,
12 we really don't have good specific data for Holley
13 Navarre because we have always had kind of an I&I
14 problem.

15 But if you look at, like, industry
16 average, during the summer, we should only get about 75
17 percent of our water use back. And during the winter, we
18 should probably get about 85 percent of our water use
19 back.

20 Even when we show sewer and water being
21 the same thing, we are still taking I&I. We should be
22 negative each and every month.

23 And as Mark pointed out, we have been very
24 fortunate with I&I. That doesn't mean it doesn't still
25 exist. It just means we haven't been seeing rain and the

1 ground water is down, but I can still take you places and
2 show you where we have a problem today.

3 MR. LYNCHARD: All right. I guess we will
4 open it up for the public forum.

5 MR. GOULET: Carmen, do you want to go up
6 there and speak. Carmen Reynolds will give you her
7 address, because I don't know what it is. Go ahead.

8 MS. REYNOLDS: Carmen Reynolds, 9621
9 Sunnybrook Drive, Navarre.

10 MR. GOULET: Carmen and I have, with the
11 Board's direction, we have been working on increased fire
12 protection for Holley Navarre Water System. We met with
13 Chief Ron Norton last --

14 MS. REYNOLDS: Friday.

15 MR. GOULET: Friday of last week and we
16 were able to go over the fire hydrants.

17 Now, remember this came out on 5-1-2018.
18 We tasked the Fire Department to identify some areas that
19 they felt we needed new fire hydrants and increase line
20 size in order to adequate (sic) the bigger houses.

21 Question. I just want to put out to the
22 Board, and this is something I did not realize. So a
23 property owner goes to the Variance Board to get a
24 variance. And let's say they want to split a lot that is
25 designed for one house for two houses. Okay? Not a

1 problem. The Variance Board approves it.

2 When the Variance Board approves that, it
3 doesn't take in consideration that they just increased
4 fire protection needs on that street. So, therefore, the
5 County doesn't charge an impact fee for fire protection.
6 I just want to lay this out for you.

7 So when you have a person that doesn't do
8 a subdevelopment, when you do a subdevelopment, there is
9 an impact fee that we charge for that for the increased
10 line size and all that.

11 Well, the problem we have if a person
12 decides to take, let's say, one lot, and break it up into
13 four houses, or multiple family houses on one lot, the
14 County doesn't require at that time for impact for
15 increased fire protection. Okay?

16 So that burden gets put on the Water
17 System. And, currently, we can't go to the other members
18 and say, "Look, we have increased fire protection because
19 the lot size density has changed. So instead of putting
20 one house on a piece of property, we are going to put
21 two."

22 And the problem you have with that is the
23 builder isn't being charged for that. So, therefore, it
24 falls on the Water System to be responsible for that.
25 And with the cost of that, it is hard to do.

1 So what we have tried to do, Ms. Reynolds
2 and Chief Norton, Bill has made some recommendation on
3 block grants for certain grants.

4 I talked to the Chief and said, "If you
5 are able to get funds to help facilitate this fire
6 protection, increased fire protection for the Water
7 System, we could present it to the Board to provide
8 matching funds. So everybody has skin in the game on
9 this."

10 And, currently, Ms. Carmen has some ideas
11 for the Fire Department policy for the Water System to
12 apply for grants to receive money to provide this.

13 MR. MILLER: Before she goes down there,
14 can I make a point that if they do split that lot and
15 build two houses on it, you have got two houses that are
16 going to be paying fire assessments every year, you know,
17 based on their square footage.

18 So, you know, where you would have had one
19 house before, you are now going to have two houses paying
20 that annual fire assessment.

21 So while there is no impact fee --

22 MR. GOULET: I am actually glad you
23 brought that up.

24 MR. MILLER: Yeah.

25 MR. GOULET: But the problem is this is a

1 special fire district, so this district doesn't get the
2 money from the County like Pace and Jay does.

3 We don't get that kind of money.

4 MR. MILLER: They don't get any impact
5 fees for fire. It's all just -- because --

6 MR. GOULET: What if -- what if -- what do
7 they get -- like a million dollars went towards -- I am
8 not going to hold you to the number. What did Pace and
9 Jay get from the County?

10 MR. LYNCHARD: I don't think they get
11 anything.

12 MS. REYNOLDS: Pace is now a new
13 Independent Special Fire District. And the Director of
14 Public Safety is involved. The Emergency Operations
15 Director told me today that Pace has had some success in
16 that they have established a monthly fee for upgrade fire
17 hydrant maintenance and infrastructure.

18 So they -- they increased their paid
19 water -- and he said that there are three other ways to
20 do that.

21 The gentleman that appeared last month,
22 Mr. Campbell, it sits on an -- and Will correct me -- he
23 sits on the local litigation task force. And he said
24 they had a long wait to get into that queue.

25 But that could certainly be one way to

1 identify the needs. So, you know, we might need to break
2 this out right now. I think they are trying to project
3 Holley by the Sea needs --

4 MR. CAMPBELL: We have seat on it.

5 MS. REYNOLDS: And it was -- what we were
6 looking at -- appointing someone to that. And I would be
7 willing to find out how you get involved in that, and how
8 you get appointed to it. But how do you sit on that
9 committee, that Task Force, might be a really good idea.

10 Then, you could identify a portion of the
11 needs and break it out that way. The second way he
12 talked about USDA grants. And at the present time, we
13 supply the fire station and the fire chief with a list of
14 grants when we met here originally with President
15 Lynchard last year on December 26th.

16 We gave them to him and we had to remind
17 him to follow-up. So he has actively looking at those
18 grants last week and this week, the Fire Chief did.

19 And then, finally, the Brad Baker talked
20 about MSBU. That is probably an issue.

21 There is another type of grant we talked
22 about -- Community Development Block Grant. That is
23 based on income. And Mr. Phil Phillips is familiar with
24 that.

25 And we picked up that the County is

1 actually submitting for two of those in Gulf Breeze. One
2 is in the New Hope Road area. And one the Ranchette
3 area.

4 And I looked at the package. And they
5 don't all have to be lower income, just some of them,
6 because there is some higher income level people on that
7 street, but it averaged out to where they were -- they
8 were acceptable. And they could -- the County is
9 submitting on their behalf.

10 So he advised that we -- that Fire Chief
11 check with the grant maker there -- Mr. Chairman, I am
12 sure you might know him -- and see about breaking this
13 out, working with the Water System, figuring out what the
14 plan is, and streaming it based on the Task Force, some
15 with the USDA grants, some you get, some you don't have.

16 Maybe also considering a dollar a month
17 added to the water bill. If you guys are going up 6.2
18 percent -- but it is still a possibility. And then, the
19 Community Development Block Grant, so where there is a
20 will, there is a way. Here is the information,
21 gentlemen.

22 MR. LYNCHARD: Thank you.

23 MR. GOULET: Dallas, I just wanted to give
24 you this. This is what they put out in 2018, so you do
25 have a copy. And this is the ISO rating of the Fire

1 Department.

2 And if they increase our ISO rating, it
3 could also mean lower premiums for homeowners in the
4 Holley Navarre Water area.

5 Currently, right now, the Water System
6 provides testing equipment to the Fire Department. And
7 what they do, they test the whole system over a
8 three-year period for flow and proper use of -- proper
9 maintenance of the hydrants.

10 They test a third of the system a year.
11 And we provide them paint and they take care of the
12 painting, as far as the enhancement of the hydrant, and
13 they go through and make sure they are tested. And then,
14 generally, what they do is they will give us a list of
15 hydrants that are out of service.

16 And I think you said right now it is like
17 22 or something like that?

18 MS. REYNOLDS: Yes.

19 MR. GOULET: Using Ryan Hicks and Clinton
20 Wells, make sure they get on that and get that fixed.
21 That's why we need that one new tool for the hydrant stem
22 replacement. We talked about that.

23 It's a \$10,000 tool to replace the stem,
24 so they don't have to dig and replace the whole hydrant
25 itself.

1 There's some information for you. Here's
2 the Chief's card right here. If you have any questions
3 or any input on it, that would definitely be helpful.

4 MR. PEAVEY: Thank you.

5 MR. GOULET: Welcome to Holley Navarre.

6 MR. LYNCHARD: All right. Is there
7 anybody else that has something to say in the forum?

8 (NO AUDIBLE RESPONSE.)

9 MR. LYNCHARD: None noted. Motion to
10 adjourn?

11 MR. GOULET: I make a motion to adjourn.

12 MR. KENNEDY: Kennedy seconds.

13 MR. LYNCHARD: All those in favor?

14 MR. MILLER: Aye.

15 MR. SUMMERS: Aye.

16 MR. KENNEDY: Aye.

17 MR. GOULET: Aye.

18 MR. LYNCHARD: Thank y'all for coming out
19 tonight.

20 MR. KENNEDY: When is our next meeting?

21 MR. LYNCHARD: The annual meeting.

22 MR. KENNEDY: 17th of January?

23 MR. LYNCHARD: Yes.

24 WHEREUPON, THE BOARD OF DIRECTORS FOR THE
25 HOLLEY NAVARRE WATER SYSTEM CONCLUDED AT 8:49 P.M.

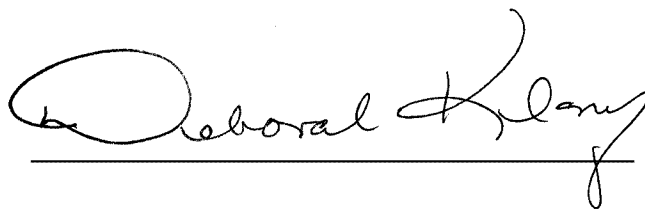
1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA

3 COUNTY OF SANTA ROSA

4
5 I, DEBORAH G. KHARUF, Court Reporter and
6 Notary Public, State of Florida at Large, hereby certify
7 that I was authorized to and did stenographically report
8 the foregoing Board of Director meeting for the Holley
9 Navarre Water System and the transcript is a true record
10 of the testimony given by the witness. I further certify
11 that I am not a relative, employee, attorney or counsel
12 of any of the parties, nor am I a relative or employee of
13 any attorney or counsel connected with the action; nor am
14 I financially interested in this proceeding or its
15 outcome.

16 Dated this 6th day of January, 2021.

17
18 
19
20

21 DEBORAH G. KHARUF

22 Court Reporter and Notary Public,

23 State of Florida at Large.

24 Commission number GG 310633

25 My commission expires July 6, 2023.