

HOLLEY NAVARRE WATER SYSTEM
CLUB AT HIDDEN CREEK
BOARD OF DIRECTORS COMBINED MEETINGS
FEBRUARY 16, 2021
6:00 P.M. - 7:06 P.M.

MIKE KENNEDY, PRESIDENT

MARK MILLER, VICE PRESIDENT

WILLIAM THIEL, SECRETARY TREASURER

FRED TERASA, DIRECTOR

JOE CAMPBELL, DIRECTOR

DALLAS PEAVEY, CEO, HOLLEY NAVARRE WATER

BARBARA CARAWAN, HNWS OFFICE MANAGER

PHIL PHILLIPS, MUNICIPAL ENGINEERING

TORIN BRAND, IT HNWS

CLINTON WELLS, HNWS

CINDY CALLEN, GM, CLUB AT HIDDEN CREEK

CHRIS LEGG, HNWS

MARK TURNER, HNWS

GRANT SUMMERS, HNWS

ALSO PRESENT:

DEBORAH KHARUF, COURT REPORTER

CARMEN REYNOLDS

TOM BECKMAN

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

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

5 MR. MILLER: If you will bow your heads
6 with me?

7 (INVOCATION GIVEN BY DIRECTOR MILLER.)

8 MR. KENNEDY: Thank you. Director Terasa,
9 pledge of allegiance?

10 MR. TERASA: Please follow me in reciting
11 the pledge of allegiance.

12 (PLEDGE OF ALLEGIANCE LED BY DIRECTOR TERASA.)

13 MR. KENNEDY: Thank you, sir. All right.
14 We have a quorum. Meeting announcements. All right. So
15 audio and video recorders are in use. Please silence all
16 cell phones.

17 If anybody would like to address the
18 Board, there is a sign-up sheet in the back there -- or
19 the front.

20 First item of business is the approval of
21 the minutes and transcripts. Has the Board had a chance
22 to look at the minutes and transcripts? Any questions or
23 concerns?

24 MR. MILLER: Can you specify which minutes
25 we are approving?

1 MR. KENNEDY: You betcha. So it will be
2 December 15th, 2020, Holley Navarre Water System regular
3 meeting minutes, January 25th, 2021, Special Board
4 meeting and redactions, January 25th, 2021, Board
5 reorganization meeting minutes.

6 MR. MILLER: Motion to approve as
7 submitted.

8 MR. THIEL: Second.

9 MR. KENNEDY: Any further discussion?

10 (NO AUDIBLE RESPONSE.)

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

12 MR. MILLER: Aye.

13 MR. TERASA: Aye.

14 MR. THIEL: Aye.

15 MR. CAMPBELL: Aye.

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

17 (NO AUDIBLE RESPONSE.)

18 MR. KENNEDY: Motion carries.

19 All right. Approval of the memberships.
20 So, in December, we had -- December of 2020, we had 345
21 new memberships, 324 canceled memberships, and zero
22 transfers.

23 In January 2021, we had 365 new
24 memberships, 224 canceled memberships, and zero
25 transfers. Do I have a motion to approve the memberships

1 as requested?

2 MR. TERASA: So moved.

3 MR. THIEL: Second.

4 MR. KENNEDY: Any further discussion?

5 (NO AUDIBLE RESPONSE.)

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

7 MR. MILLER: Aye.

8 MR. TERASA: Aye.

9 MR. THIEL: Aye.

10 MR. CAMPBELL: Aye.

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

12 (NO AUDIBLE RESPONSE.)

13 MR. KENNEDY: Motion carries.

14 Next order of business is the review of
15 the 2020 year-to-date unaudited financial statements.
16 Dr. Peavey?

17 DR. PEAVEY: Gentlemen, you have included
18 in your packet that unaudited financial statement. We
19 haven't seen anything of concern at this point. We are
20 meeting with the auditors. They started today to kind of
21 wrap this process up.

22 In April, you will have the audited
23 financials. But if we have anything that comes up during
24 that time or if you have any questions, we have Ms.
25 Barbara here or we will answer your questions in writing.

1 MR. KENNEDY: Do I have a motion to
2 approve the 2020 year-to-date unaudited financial
3 statements as presented?

4 MR. CAMPBELL: I will make that motion.

5 MR. KENNEDY: Second. Do I have a second?

6 MR. THIEL: Second.

7 MR. KENNEDY: Okay. Any further
8 discussions?

9 MR. MILLER: Why are we approving them
10 unaudited? Is there a reason why we are doing that?
11 Or --

12 DR. PEAHEY: Since --

13 MS. CARAWAN: Since they are monthly, we
14 present the financial statements -- they are all
15 unaudited throughout the year, so --

16 MR. KENNEDY: So it's really just a change
17 in name instead of just your --

18 DR. PEAHEY: Yes.

19 MR. KENNEDY: That was the December --
20 well, the whole year -- or year-to-date?

21 MS. CARAWAN: Just to make it clear, these
22 are unaudited. They are year-end numbers.

23 MR. MILLER: Okay. So do we need to do
24 that so that we can send them to the auditor? Or do we
25 need to do that so we can send them to the auditors --

1 DR. PEAHEY: No. The auditors have them.
2 We are showing you what we have to date, just letting you
3 know they are unaudited.

4 MR. MILLER: Okay. Good enough.

5 MR. KENNEDY: Any further discussion?

6 (NO AUDIBLE RESPONSE.)

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

8 MR. MILLER: Aye.

9 MR. TERASA: Aye.

10 MR. THIEL: Aye.

11 MR. CAMPBELL: Aye.

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

13 (NO AUDIBLE RESPONSE.)

14 MR. KENNEDY: Motion carries.

15 Next item is the wellfield protection area
16 land development code change. Dr. Peavey?

17 DR. PEAHEY: Yes. The update that we have
18 is on Tuesday, what I recall, we had both a political and
19 a legal win for the wellfield protection area. All the
20 Commissioners were on board denying this.

21 And on the 25th, they will vote it down
22 and kill this at this point. I think that it was a good
23 job by both Holley Navarre as well as their partners with
24 Fairpoint. I think that the citizen drive on those
25 Commissioners and even you gentlemen that spoke that was

1 there in attendance.

2 I think it showed great support. I think
3 it is protected, and I think at this point, we are just
4 going back and look to see what is the next step.

5 We have met with one of the additional
6 Commissioners. We kind of have a roadmap going forward,
7 so we will continue to keep you updated as we make
8 progress.

9 MR. KENNEDY: Yes, sir.

10 DR. PEAVEY: At this point, it should be
11 dead on the 25th.

12 MR. KENNEDY: Excellent. I think --
13 Director Terasa?

14 MR. TERASA: Yeah. Of course, I want to
15 thank our staff, our CEO, for all that they did to make
16 this happen. And, of course, we had some legal support
17 as well.

18 We have got some citizens in the audience
19 tonight that I want to single out -- Daryl Lynchard,
20 Wallace back there, I see her. Tom Beckman, Carmen. And
21 of course, our local newspapers ran some wonderful
22 articles to get people's attention about what was going
23 on with regard to these protections.

24 And we want to thank you all for your
25 involvement in making this occur and just -- we all need

1 to stay vigilant to the future. So thank you very much.
2 Let's give them a round of applause.

3 (APPLAUSE.)

4 MR. KENNEDY: And if we happened to have
5 missed any group, there were many groups involved in
6 this. They have done a wonderful job.

7 MS. REYNOLDS: Kyle Colvin.

8 MR. KENNEDY: Yes. Kyle, thank you so
9 much, sir.

10 It was a community effort, a united
11 effort. And, again, that's kind of part of our mission
12 here as well is to be the beacon of this united front in
13 this area. So congratulations on a job well done.

14 All right. Anybody else with any
15 questions or comments?

16 Next item is the committee memberships.
17 Dr. Peavey?

18 DR. PEAVEY: Yes. At current, there were
19 two committees that are in place. One is the Personnel
20 Committee. The other is the Golf Course Committee.

21 Gentlemen, from our standpoint, as far as
22 the Personnel Committee, I have a contract, you have
23 charged me with managing or maintaining employees. And
24 so there is no need for a Personnel Committee. I would
25 ask or request that the Board end that committee.

1 In regards to the Golf Course Committee,
2 the Board, as well at the last meeting, charged me that
3 within 90 days to come back with a business plan and a
4 way forward. As I understand it, there is not a need for
5 that committee, so I would ask that you close those down
6 and close those out.

7 MR. MILLER: Motion to disband the
8 Personnel and Golf Course Committee.

9 MR. THIEL: Second.

10 MR. KENNEDY: Okay. I have a motion and a
11 second. Any further discussion?

12 (NO AUDIBLE RESPONSE.)

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

14 MR. MILLER: Aye.

15 MR. TERASA: Aye.

16 MR. THIEL: Aye.

17 MR. CAMPBELL: Aye.

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

19 (NO AUDIBLE RESPONSE.)

20 MR. KENNEDY: Motion carries.

21 DR. PEAVEY: Mr. President, I would ask
22 the Board for consideration for a Finance Committee.
23 And, typically, the way that has worked in my experience
24 is the secretary treasurer is the overseer of that,
25 Mr. Thiel.

1 And then, I would request that the Board
2 give considerations for the following sub-committees.
3 The first would be the Eglin project. And I would ask
4 that one of the Board members chair that. The next would
5 be the Capital Improvement Projects Subcommittee.

6 The next one would be the bonds. And
7 then, the last one would be the O&M budgets.

8 MR. KENNEDY: Okay. So we will go one at
9 a time here. So we have -- we need to have a motion to
10 create the Finance Committee and name a chair.

11 MR. MILLER: Motion to create the Finance
12 Committee and name Bill Thiel as the chair of that.

13 MR. CAMPBELL: I will second that.

14 MR. KENNEDY: All right. We have a
15 second.

16 Any further discussion?

17 (NO AUDIBLE RESPONSE.)

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

19 MR. MILLER: Aye.

20 MR. TERASA: Aye.

21 MR. CAMPBELL: Aye.

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

23 (NO AUDIBLE RESPONSE.)

24 MR. KENNEDY: Motion carries.

25 All right. Let's go with, if you guys are

1 in agreement, then the subcommittees, we need a motion
2 for the Eglin subcommittee and the chair.

3 MR. CAMPBELL: I make a motion that you
4 would be the chair of the Eglin project.

5 MR. KENNEDY: Okay. That's a motion for
6 Fred?

7 MR. CAMPBELL: No, you, the President.

8 MR. KENNEDY: Okay. I think -- Fred, did
9 you have some interest in that?

10 MR. TERASA: Oh, it's fine, whichever way
11 you want to go.

12 MR. KENNEDY: You tell me.

13 MR. TERASA: I am fine with him being the
14 chair of that committee --

15 MR. KENNEDY: Yeah.

16 MR. TERASA: -- of that subcommittee.

17 MR. CAMPBELL: I need you to volunteer.

18 MR. KENNEDY: I would rather do budgets.

19 So I have a motion for the Eglin
20 subcommittee with Director Terasa as Chair.

21 MR. MILLER: Second.

22 MR. KENNEDY: Any further discussion?

23 (NO AUDIBLE RESPONSE.)

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

25 MR. MILLER: Aye.

1 MR. THIEL: Aye.

2 MR. CAMPBELL: Aye.

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

4 (NO AUDIBLE RESPONSE.)

5 MR. KENNEDY: Motion carries.

6 Okay. And, let's see, I need a motion for
7 capital improvement projects and --

8 MR. THIEL: I make a move to appoint Joe
9 Campbell as a sub-chair for the Eglin program.

10 MR. CAMPBELL: Nay. Sorry.

11 MR. KENNEDY: All right. I have a motion.

12 MR. MILLER: Second.

13 MR. KENNEDY: Any further discussion?

14 (NO AUDIBLE RESPONSE.)

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

16 MR. MILLER: Aye.

17 MR. TERASA: Aye.

18 MR. THIEL: Aye.

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

20 (NO AUDIBLE RESPONSE.)

21 MR. KENNEDY: Motion carries.

22 And I need a motion for bond subcommittee.

23 And a chair.

24 MR. CAMPBELL: I make a motion for
25 Mr. Miller to be the chairman of the bond committee.

1 MR. KENNEDY: I have a motion.

2 MR. THIEL: Second.

3 MR. KENNEDY: Any further discussion?

4 Yes, sir?

5 DR. PEAVEY: Mr. President, I would also
6 ask that as we have discussed in previous Board meetings
7 that for these subcommittees, we would also look for
8 outside expertise, whether it would be from operational,
9 historical perspective, financial, legal, whatever that
10 is, so we can make the best decision for the business,
11 that we would be allowed to add those folks.

12 MR. KENNEDY: Absolutely. So we will be
13 assigning other members to these committees as we see
14 fit.

15 MR. CAMPBELL: Would there be a roster of
16 that?

17 DR. PEAVEY: Yes, sir. And that the Board
18 would have that.

19 MR. KENNEDY: To pull in their expertise
20 or historical value.

21 DR. PEAVEY: Yes, sir.

22 MR. KENNEDY: Okay. I had a motion for
23 Director Miller for the bonds; right?

24 MR. THIEL: Correct. And a second.

25 MR. KENNEDY: And a second? Okay.

1 Those in favor say "Aye"?

2 MR. TERASA: Aye.

3 MR. THIEL: Aye.

4 MR. CAMPBELL: Aye.

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

6 (NO AUDIBLE RESPONSE.)

7 MR. KENNEDY: Motion carries.

8 And a motion for budget subcommittee and a
9 chair, which I am interested in.

10 MR. TERASA: I move that we create a
11 budget subcommittee under the Finance Committee chaired
12 by President Kennedy.

13 MR. KENNEDY: Do I have a second?

14 MR. MILLER: I will second.

15 MR. CAMPBELL: Yeah. Second.

16 MR. KENNEDY: Any discussion?

17 (NO AUDIBLE RESPONSE.)

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

19 MR. MILLER: Aye.

20 MR. TERASA: Aye.

21 MR. THIEL: Aye.

22 MR. CAMPBELL: Aye.

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

24 (NO AUDIBLE RESPONSE.)

25 MR. KENNEDY: Motion carries.

1 All right. So that will be our
2 committees. Excellent job. Next item is the Board
3 vacancy vetting committee update.

4 Vice President Miller?

5 MR. MILLER: Yeah. We had talked with a
6 couple of interested parties in serving on the Board.
7 And we have gotten at least two that have said they would
8 be willing and able to serve. And we have a couple
9 others that are a possibility.

10 So I don't think we are prepared to take
11 any action tonight. But by the March meeting, I believe
12 we will have someone ready to on point.

13 MR. KENNEDY: Yes. Okay. And, again, out
14 to everyone here and everyone that is out there watching
15 online, if you have an interest of serving, Vice
16 President Miller will be happy to take your name. And as
17 the vetting committee, we will be appointing for the open
18 position, so -- anything else, sir?

19 MR. MILLER: No. That's all.

20 MR. KENNEDY: Okay. Great.

21 Next item is the employee paid time off
22 policy revision. Dr. Peavey?

23 DR. PEAVEY: Yes. We had made a
24 recommendation to the Board based upon our work with our
25 HR, the company Landrum, and legal counsel to make some

1 adjustments and revisions to the paid time off policy, so
2 that we would bring it up to date to what we call
3 business standards.

4 And it's in your packet on the amount of
5 hours and the current outstanding liabilities and what
6 the five-year conservative pay-out savings would be over
7 the next five years. So we had included that in your
8 board -- and I would ask the Board to give consideration
9 to the policy revisions as well as the pay-out.

10 MR. KENNEDY: All right. Discussions?

11 DR. PEAHEY: And approval for that.

12 MR. KENNEDY: Discussions or motions? If
13 you are ready to go into motion, that's fine.

14 MR. CAMPBELL: Motion to approve the
15 revision of the policy of the paid time off as written.

16 MR. TERESA: Second.

17 MR. KENNEDY: Now discussions?

18 MR. MILLER: Yeah. My discussion is I am
19 not in favor of it as written. It's a use-it-or-lose-it
20 policy that to me would create problems with someone who
21 runs out of PTO at the end of the year.

22 I would like to see us go back to Landrum
23 and ask them, you know, is there a way rather than paying
24 out the unused PTO that the time could be rolled over,
25 some portion of it could be rolled over.

1 If someone is forced to use it or lose it,
2 then they may use up all of their PTO, which encompasses
3 vacation time, sick days, all of that rolled into one.
4 And they get down to the last week of the year, they get
5 sick. They are either not going to get paid or they are
6 going to come to work sick.

7 And I just see that as setting us up for a
8 problem. I believe Landrum probably could recommend an
9 amendment to this that would give an option that would
10 allow the employees to roll a certain portion of it, not
11 get paid for it, but roll a certain portion of it.

12 MR. KENNEDY: Okay. Mr. Peavey, I believe
13 that you had mentioned this was standard --

14 DR. PEAVEY: This is industry standard
15 even for our industry, and this is typical of the
16 revisions that you see. It's standard.

17 MR. MILLER: I know lots of businesses
18 where they do allow them to roll their PTO or a certain
19 portion of it. And other businesses that allow them to
20 get paid for it.

21 So it's -- while this is, you know, a
22 policy that is used by a lot of companies, there are also
23 a lot of companies that allow the employees to roll some
24 of it.

25 I just think as written, it's -- I don't

1 think it's going to be well-received by the employees. I
2 think it's going to, you know, just set people up to
3 either lose their time or use it up before the end of the
4 year. And then, what happens if they get sick?

5 What happens if they get COVID? Are they
6 going to come to work with COVID because they are not
7 going to get paid? You know, I don't like it.

8 MR. TERASA: Dr. Peavey, I mean, you are
9 an experienced CEO. What's your response to his --

10 DR. PEAHEY: Well, obviously, sir, there
11 are companies that operate differently. For the
12 businesses that I have been associated with over the last
13 35 years, nobody pays the carry-over, because all you are
14 doing is allowing -- continue to pay behavior.

15 And what we need to do is make sure that
16 we behave in a business-like manner, and I think this is
17 in the best interest. So I would ask the Board for
18 approval.

19 MR. MILLER: I don't think you should pay
20 it. I just think you should allow them to keep it and a
21 certain portion of it, you know, keep it and roll it over
22 to the next year. That way, they don't lose it and they
23 can reserve a few days towards the end of the year in
24 case they get sick.

25 DR. PEAHEY: You think as an employee

1 would act responsibly as the company would offer, right,
2 so you have a period of time that the employee has an
3 idea that he can't use up all of his vacation or PTO
4 time. But in case something happens, then he would
5 reserve a portion of that; correct?

6 So from a business standpoint, you just
7 don't do it. And I haven't seen it done in my 35 years.

8 MR. TERASA: Well, I am interested in the
9 scenario that Mr. Miller offered there. I am at the end
10 of the year. I have used all of my PTO, and I get sick,
11 you know. Is the company just going to let them go out
12 in never never land? What are we going to do?

13 DR. PEAVEY: It's on a case-by-case basis.
14 I mean, the expectation as you have heard from the
15 managers, it happens very seldom. And so, if it doesn't,
16 it would be a case-by-case basis and we could have a
17 discussion.

18 If a year from now that we see that it is
19 an issue, then we can always go back and give
20 consideration. Because, of course, our biggest asset is
21 our employees. From an employee standpoint, from a
22 business standpoint, this is the way forward at this
23 point in time.

24 MR. TERASA: Thank you.

25 MR. KENNEDY: Any other discussions?

1 MR. MILLER: I just don't see any harm in
2 seeing if Landrum would have another option that would
3 allow some time to be rolled, so I am going to vote
4 against it.

5 MR. KENNEDY: All right. So the motion is
6 on the table to -- for approval as presented.

7 All right. So we will call for the vote.
8 Those in favor say "Aye"?

9 MR. TERASA: Aye.

10 MR. THIEL: Aye.

11 MR. CAMPBELL: Aye.

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

13 MR. MILLER: Nay.

14 MR. KENNEDY: Okay. All right. One, two,
15 three, four to one. Motion carries.

16 Next item is the new legal counsel update.
17 Dr. Peavey?

18 DR. PEAVEY: Yes. We sent an RFP after we
19 had received the letter of resignation from the previous
20 representation. We received one. Clark Partington, Will
21 Dunaway's group, based upon the rates that he submitted,
22 based upon the scenarios that we have outlined here and
23 the requests that we made, I would recommend to the Board
24 approval of Clark Partington as legal representation.

25 MR. KENNEDY: Okay. Anybody like to make

1 a motion to accept Clark Partington as legal counsel?

2 MR. MILLER: Motion to accept Clark
3 Partington Hart as legal counsel and to authorize Dallas
4 to enter into their agreement.

5 MR. KENNEDY: Okay. Do I have a second?

6 MR. TERASA: Second.

7 MR. KENNEDY: Any further discussions?

8 (NO AUDIBLE RESPONSE.)

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

11 MR. MILLER: Aye.

12 MR. TERASA: Aye.

13 MR. THIEL: Aye.

14 MR. CAMPBELL: Aye.

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

16 (NO AUDIBLE RESPONSE.)

17 MR. KENNEDY: Motion carries.

18 Pension obligation payment. Dr. Peavey?

19 DR. PEAVEY: Mr. President, Board members,
20 this is a pension obligation that we have had for a
21 period of time. What we had done in the past and what we
22 have done this year is we have included a certain amount
23 of money to address this matter.

24 It has already been budgeted, so the
25 recommendation from the staff to the Board is that we

1 make this payment now so that we save on the interest
2 that this money costs us. So the sooner we pay this, the
3 better. We would save approximately \$25,000 to pay this
4 right away in interest payments.

5 In going forward, it will continue to
6 accrue on a monthly basis, so it's not a one-time hit or
7 expense. I am just recommending to the Board for
8 approval, even though it's already budgeted. I am just
9 asking the Board, to explain to the Board, we are going
10 to be spending this money.

11 MR. KENNEDY: Okay. Do I --

12 MR. MILLER: In the past, we have paid
13 this in one lump sum and paid it early in the year
14 because, you know, we are not earning much money with it
15 sitting in the bank, whereas this saves us a lot more
16 money by going ahead and paying it early. So I move we
17 go ahead and make the payment.

18 MR. KENNEDY: Do we have a motion?

19 MR. TERASA: Second.

20 MR. KENNEDY: And I would state that we
21 will be spreading out the accrual across the remaining
22 months so it's not one big lump sum on the income
23 statement.

24 MS. CARAWAN: Yes, sir.

25 MR. KENNEDY: Any further discussions?

1 (NO AUDIBLE RESPONSE.)

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

3 MR. MILLER: Aye.

4 MR. TERASA: Aye.

5 MR. THIEL: Aye.

6 MR. CAMPBELL: Aye.

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

8 (NO AUDIBLE RESPONSE.)

9 MR. KENNEDY: Motion carries.

10 Easement lease extension. Dr. Peavey?

11 DR. PEAVEY: Gentlemen, this is a 25-year
12 easement extension with the Department of the Navy -- on
13 which side of the Holley Field is it, Clinton?

14 MR. WELLS: It's on the west side.

15 DR. PEAVEY: The west side that we
16 currently have use of. This is something that came up --
17 I guess it's been 25 years since we have paid it. It
18 came up that we had paid the administrative fee, thinking
19 that that was the total cost of the lease.

20 That was just, again, an administrative
21 fee that the Navy had charged us. Now, we need to pay
22 another \$21,870 for the actual lease for the next 25
23 years. The reason I bring this to your attention is
24 because I need that request in an amendment to the budget
25 in this amount, so I will go and find that money

1 throughout the budget to make this payment.

2 We don't really have a choice. It's just
3 a matter of where I get that from to manage that process.
4 So I request approval to amend the 2021 budget for that
5 amount of \$21,870.

6 MR. CAMPBELL: I make a motion to approve
7 the amended budget for \$21,870 for the easement lease
8 issue.

9 MR. TERASA: Second.

10 MR. MILLER: Second.

11 MR. KENNEDY: All right. We have a motion
12 and a second.

13 MR. MILLER: My discussion would just
14 be -- would be you let us know where you --

15 DR. PEAVEY: Absolutely.

16 MR. MILLER: -- take that out of the
17 budget, so we know -- we don't have a category that is
18 just like miscellaneous stuff?

19 DR. PEAVEY: We do. But what I do need to
20 do is make sure that miscellaneous is not something that
21 is preplanned. So I will come not back to the Board and
22 say, "Where are we going to take that?"

23 MR. MILLER: All right.

24 MR. KENNEDY: If no further discussion,
25 those in favor say "Aye"?

1 MR. MILLER: Aye.

2 MR. TERASA: Aye.

3 MR. THIEL: Aye.

4 MR. CAMPBELL: Aye.

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

6 (NO AUDIBLE RESPONSE.)

7 MR. KENNEDY: Motion carries.

8 Water system securities update.

9 Dr. Peavey?

10 DR. PEAVEY: Yes. Gentlemen, we know that
11 over the last seven or eight days, there was an issue
12 with our water system down in southwest Florida. The
13 system was hacked or attempted hack. So what we have
14 done -- and we have done this in the past, it wasn't just
15 because of this that we came up with this, but what we
16 did is we sat down with the management to make sure that
17 what we would do if we came under attack or how would we
18 be proactive and respond to this --

19 And what I have is -- Mark, do you have
20 your copy?

21 MR. TURNER: I do not.

22 DR. PEAVEY: Do you want to present this?

23 Or do you want me to present this?

24 MR. TURNER: You can present it.

25 DR. PEAVEY: I will go through and just

1 read real quickly how we do this. I will also present to
2 the Board a copy of this so that you have it. I am sure
3 your folks that put you in office are going to be asking
4 the same questions -- people like Ms. Carmen, Kyle, and
5 all the rest of them are going to be asking this.

6 So we have a system called the Supervisory
7 Control of Data Acquisition System that monitors both
8 Fairpoint and Holley Navarre Water Systems' wells as
9 valves. Many of the points that are monitored can be
10 used as indicators that there is something that has
11 malfunctioned regardless of the reason for the
12 malfunctions.

13 And listed are -- under chlorine --
14 residual chlorine, chlorine leaks, high levels and low
15 levels of chlorine. If the SCADA notes any changes in
16 these systems that differs from the set points that we
17 have predetermined as appropriate, the pumps will shut
18 down and alarms will be sent.

19 I will explain how these alarms are sent
20 at the end of this memo. We also monitor pressure, high
21 and low pressures. If SCADA recognizes anything within
22 that preset position or change or modified in any way, it
23 will call out and send an alarm and a notice.

24 The PH, alkalinity, and whether it is high
25 or low, low being acidic, SCADA recognizes these

1 situations as well. If they are modified or set outside
2 of this preset range, an alarm and indicators are sent
3 immediately to the system to go back to the normal
4 parameters and then alarms are notified so that persons
5 respond to that immediately.

6 Any intrusion, each of our wells are
7 fenced and gates are locked with no one person on site.
8 We have intrusion alarms on any and all of those and
9 alarms notify us when someone enters the well house.

10 The intrusion alarm system will be
11 installed on Fairpoint systems when the new VT SCADA
12 system is installed. It was just approved by Fairpoint.

13 And initial to the alarms, for each alarm
14 situation, there are five people on the alarm list. When
15 the alarm is activated, personnel will be contacted in
16 the following list of positions: First operator on duty
17 or assigned. A second operator, so there is a back into
18 that.

19 You have the Water Operations Manager,
20 Mr. Clinton Wells. You have the SCADA technician who
21 works under Mr. Mark.

22 You have the SCADA manager. You, also, at
23 the plant, you have four different sets of personnel that
24 are notified if anything flows outside of the recommended
25 preset conditions. So anything from an external

1 intrusion, any type of hacking system, they are notified
2 immediately through the SCADA systems both individually
3 as well as electronically.

4 So that is just not new and this is not
5 because of that. This has been ongoing for over a year
6 now. So we think we are in the right position. We
7 continue to train and monitor these conditions as well as
8 the personnel that are responsible. So we feel like we
9 are in the right direction, our system is both protected
10 with the wells and our system itself.

11 MR. KENNEDY: Okay.

12 DR. PEAVEY: I will send this to each one
13 of you so that you have a copy of it. If you have any
14 questions? Absolutely --

15 MR. MILLER: Yeah. I would like to know
16 the lime feeding equipment that, I think, Fairpoint is
17 putting in, is that electronically controlled as well?
18 Is it --

19 MR. WELLS: It is. It can be either way,
20 Mark, but our system now is all manual. So our SCADA
21 system basically just monitors all of these points. You
22 would actually have to go in the well house to make any
23 adjustments.

24 MR. PHILLIPS: We are talking about --

25 MR. MILLER: The new automated equipment,

1 I guess, that we are putting in, I guess --

2 MR. PHILLIPS: We monitor PH directly by
3 lime addition. But we monitor the result of the lime
4 addition. What happened in south Florida can't happen
5 here.

6 DR. PEAHEY: Yeah, it can't.

7 MR. PHILLIPS: We don't -- if someone were
8 to break into our system, which is a discrete system
9 anyway, there's no control. So, in south Florida, they
10 had control of that lye system.

11 So an operator could see, oh, well, the PH
12 is running a little low, I want to reduce the lye
13 introduction."

14 So he could actually go into the SCADA
15 system and change the setting. So what they did when
16 they broke in was they changed the setting to turn the
17 lye feed pump all the way up. So, you know, we can't do
18 that here.

19 If someone -- if he were to receive a PH
20 alarm, too low or too high, someone would have to respond
21 and go to the facility to make a manual adjustment of the
22 system as opposed to being able to adjust it.

23 DR. PEAHEY: And if they went into the
24 well because it is fenced off with alarms, we would know
25 that.

1 MR. MILLER: And my understanding is in
2 south Florida, they caught it right away.

3 MR. PHILLIPS: I think it set off that
4 separate PH alarm somewhere that notified another
5 operator, and so, he knew immediately that they had a
6 problem.

7 MR. TURNER: That's another thing, too,
8 Mark. VT SCADA is -- we are monitored 24/7. There is a
9 person on call tonight. And even -- even after hours,
10 their -- part of their being on call is every three
11 hours, they go through and they look at everything,
12 everything that we have.

13 And it sounds like a lot. But with the
14 screens, they are able to do that. During the day, there
15 was someone almost bihourly checking everything, because
16 that's who -- you know, we are troubleshooting and
17 working on all sorts of things.

18 But the alarms -- they are just -- they
19 are, you know, we have never not had one operate, you
20 know. And then, the pressure alarms, they won't even
21 shut the wells off.

22 And the only way that they can be reset is
23 if you physically go back to the office, assess -- you
24 would usually call the operator, and they already have
25 the alarm. They are already there. And I reset it.

1 So he's got his eyes on it, and we don't
2 reset it. It's an operator decision.

3 MR. KENNEDY: Mr. Campbell?

4 MR. CAMPBELL: So there is no remote
5 control of that?

6 MR. PHILLIPS: Correct.

7 MR. CAMPBELL: So, Tory -- Torin, I'm
8 sorry, so from the cybersegment, everything external is
9 two-factor authentication, so some of that is taken out?

10 MR. BRAND: Yes. They log in through a
11 firewall, through a VPN.

12 MR. CAMPBELL: What I would put in, a two
13 factor. There is something other than --

14 MR. BRAND: Yes.

15 MR. CAMPBELL: -- just a user name, a
16 password. There is a PIN or a token or something?

17 MR. BRAND: Yes.

18 MR. CAMPBELL: Okay.

19 MR. TURNER: And you can correct me if I
20 am wrong, Torin, I think we only have three people in
21 this entire company that have administrative control
22 right now.

23 MR. BRAND: I believe so. Yes.

24 MR. TURNER: Yeah.

25 MR. TERASA: So are we saying SCADA itself

1 is fairly protected? I mean, that's the central system
2 that is monitoring all of this. I mean, it is secure and
3 we are not worried about it?

4 MR. TURNER: Fred, the important part
5 about this is that it's -- we see it -- well, usually,
6 the operator sees it first and he will call and say, "Do
7 you see any," -- you know, some problem we don't see.

8 And they will usually -- they have eyes on
9 it. They are there. They will have -- they are there.
10 And we will say, "No. Everything is clear."

11 And they will run you while they are
12 standing there. They will reset. And then, we have to
13 reset while he is standing there with monitors.

14 DR. PEAVEY: As well, gentlemen, most -- a
15 lot of us, the managers at least, have camera systems
16 throughout. And you will see the security systems at all
17 the plants and sites.

18 So we can -- if we get an alarm, first
19 thing they do is go to the camera and they can see
20 exactly what is going on out there, so that we know in
21 high definition who is out there, what they are doing.

22 If it is not somebody we recognize or a
23 truck or what have you, we dispatch somebody immediately.
24 But we also have control.

25 MR. TERASA: And is that run off of SCADA?

1 Those cameras?

2 DR. PEAHEY: No.

3 MR. TURNER: No. That's separate of
4 SCADA.

5 MR. TERESA: So my question was SCADA is a
6 central vehicle that allows us to see all of this. Is it
7 vulnerable to attack where it would go and we wouldn't
8 have any of that data without an operator on site?

9 MR. TURNER: If we lose power, if you are
10 talking about if we lose power, we have 12 to 20 hour
11 back-up battery -- backup batteries.

12 MR. TERESA: Okay.

13 MR. TURNER: If they would disarm that,
14 see, if they know that, and they clip the battery leads,
15 and it goes offline, then the SCADA tech is notified.

16 DR. PEAHEY: SCADA gets notified.

17 MR. TURNER: And we know it's offline, and
18 somebody will go immediately and respond.

19 MR. KENNEDY: So the answer is you --

20 MR. PHILLIPS: There is nothing online
21 that is bullet-proof, Fred.

22 MR. TERESA: Yeah.

23 MR. PHILLIPS: I think is the answer to
24 your question.

25 MR. TERESA: I understand that.

1 MR. PHILLIPS: Someone can figure out how
2 to get in any system. The answer is what can they do to
3 you if they get in there?

4 DR. PEAVEY: So how do we deal with
5 intrusion?

6 MR. WELLS: If they get into our well
7 site, Fred, there is nothing they could do that would
8 affect you, even if it was overnight. Let's say they got
9 in tonight and we didn't know until in the morning.

10 There is nothing they could do at that
11 well site that would adversely affect the water to where
12 it would be -- as far as adjusting our chemical feed
13 rates.

14 MR. TERASA: So you are saying I can
15 continue to sleep like a baby?

16 MR. WELLS: Yes, you can.

17 MR. KENNEDY: So as you can tell, staff is
18 using this, again, to just validate the procedures that
19 they are already in place to confirm and make sure, you
20 know, water, wastewater, are our top priority.

21 All right. Thank you.

22 That puts us to Hidden Creek.

23 So we are going to be the 2020
24 year-to-date unaudited financial statements.

25 Ms. Callen?

1 MS. CALLEN: Okay. So for the 2020 year
2 end, this is unaudited. They are looking at it right
3 now. Revenue was \$1,705,576 with expenses of \$1,551,184,
4 which leaves us with a course operating income of
5 \$158,391.

6 A couple of key points on this is we were
7 closed two months due to COVID and to Hurricane Sally.
8 So with the two months closed with no revenue, we still
9 had all of our expenses. We still made a profit. That
10 was good news to me.

11 MR. KENNEDY: You know, we have gone round
12 and round about this a lot. We will worry about it -- I
13 will bring it up in another issue as far as, you know,
14 there is still depreciation.

15 MS. CALLEN: Oh, absolutely. In my
16 report, I was just asked to report the pre-depreciation.
17 After depreciation, we had a negative \$114,479. Again,
18 that was after two months of no revenue.

19 MR. KENNEDY: Any questions?

20 So, I guess, how did we do -- how did we
21 do in terms of -- I guess, how badly was this year in
22 terms of weather? COVID? In terms of profitability, I
23 guess is the question?

24 MS. CALLEN: 2020 -- let me see here --
25 2020 budget -- we were budgeting for a negative \$272,088

1 and we came in at a negative \$114,000. So we came in
2 below budget.

3 MR. KENNEDY: Okay. And I am --
4 ultimately, I am just looking at like some of the areas
5 where we were hit. I know we were hit with COVID.
6 That's always fun and exciting. And the bad weather --

7 MS. CALLEN: Never have we had to close
8 for COVID for almost a whole month. And then, after the
9 hurricane, we were closed eight days completely. And
10 then, we could only open up nine holes for another week
11 and a half.

12 MR. KENNEDY: Right.

13 MS. CALLEN: And even after that, for over
14 almost two months, Hole Number 8 was only a par 4 or a
15 par 3, versus the par 5.

16 So there was implications for several
17 months due to weather.

18 MR. KENNEDY: Got you. Go ahead.

19 MR. CAMPBELL: No. To me, that's not bad.
20 It's looking at the paid rounds is down like \$7,000 from
21 the previous year.

22 MR. TERASA: Yeah.

23 MR. CAMPBELL: And I guess my question
24 really would be -- and Sally was two weeks. You
25 mentioned maybe a total of eight weeks. Is that the

1 difference?

2 MS. CALLEN: Also, our memberships are way
3 up. So we have turned a lot of our paid -- into members.

4 MR. CAMPBELL: Between the two, it is
5 still 6200 rounds less this year than last year. Is that
6 because --

7 MS. CALLEN: Single carts for a lot of it.

8 MR. CAMPBELL: -- pay structure? Or what
9 is that?

10 MS. CALLEN: A lot of that I would say is
11 COVID, because we had to do single carts. We would run
12 out of carts because they would all be out and come back
13 and have to recharge. So we had to limit the rounds of
14 golf per day for five months.

15 MR. CAMPBELL: But your cart rounds were
16 still down. Well, there a difference of 1,000 there.
17 Okay. I am not quite understanding.

18 MR. KENNEDY: Okay. Any other -- do you
19 want to -- on the rounds, I mean, ultimately, the
20 question is going to be about rounds. I think you know
21 the Board is going to be looking at this a lot harder as
22 far as turn arounds and profitability.

23 MS. CALLEN: Absolutely.

24 MR. KENNEDY: Okay. Any other questions?

25 MR. MILLER: What current COVID

1 limitations are you operating under?

2 MS. CALLEN: Our current limitations are
3 we do not have water or rates on the course. If somebody
4 asks to ride by themselves, there is a \$10 charge extra
5 to ride in your own cart. That's pretty much all of it,
6 other than extra cleaning, extra sanitizing.

7 MR. MILLER: Is it opened back up to
8 tournaments and events?

9 MR. KENNEDY: We are.

10 MR. MILLER: What about the Clubhouse?
11 Any opportunities, you know, to open that up to --

12 MS. CALLEN: We are open up for meetings,
13 smaller meetings right now. As far as opening for big
14 events, we are not set up for it. We don't have staff.
15 We don't have linens. We don't have our kitchen set up
16 right now. We are kind of waiting to see what happens.

17 MR. MILLER: We are, too.

18 MS. CALLEN: Yeah. Hopefully, we can get
19 our liquor license up there, get the bar open back up as
20 soon as possible.

21 MR. CAMPBELL: Is there a nominal fee for
22 those meetings? Or are those --

23 MS. CALLEN: It depends on if there is --
24 if we have to have staff present --

25 MR. CAMPBELL: Right.

1 MS. CALLEN: -- where we have to pay
2 staff, we do charge. But if it is during working hours,
3 and it can fit in the lounge, we don't have a problem
4 with it. They just have to call us and set it up.

5 MR. THIEL: Do you have any idea how many
6 tournaments you lost because of COVID this last year?

7 MS. CALLEN: I don't have that number
8 right now.

9 MR. KENNEDY: In the December 2020 slot,
10 there is "Other income." I was just wondering what other
11 income was.

12 MS. CALLEN: December 2020, we did not
13 receive other income. The \$24,000?

14 MR. KENNEDY: Yeah. 24 -- well, the
15 total, the actual year-to-date, what is other income?

16 MS. CALLEN: Other income would be the
17 rent -- the lease we received.

18 MR. KENNEDY: Oh, yes. Got it.

19 MS. CALLEN: And we sold one tractor for
20 \$15,000.

21 MR. KENNEDY: Got it. Okay.

22 MR. MILLER: We have got lots of questions
23 because we haven't seen you in ten months.

24 MS. CALLEN: I know. I know. No problem.

25 MR. MILLER: Good to see you again.

1 MR. KENNEDY: Exactly.

2 MS. CALLEN: It's good to be back here.

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

5 (NO AUDIBLE RESPONSE.)

6 MR. KENNEDY: All right.

7 MR. TERASA: Do you have a motion?

8 MR. KENNEDY: We do not. Would you like
9 to make one?

10 MR. TERASA: I move that we approve the
11 2020 year-to-date unaudited financial statements for the
12 Club at Hidden Creek.

13 MR. KENNEDY: Anybody second?

14 MR. CAMPBELL: I will second.

15 MR. KENNEDY: Okay. Any further
16 discussion?

17 (NO AUDIBLE RESPONSE.)

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

19 MR. MILLER: Aye.

20 MR. TERASA: Aye.

21 MR. THIEL: Aye.

22 MR. CAMPBELL: Aye.

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

24 (NO AUDIBLE RESPONSE.)

25 MR. KENNEDY: Motion carries.

1 Thank you, Ms. Callen.

2 MS. CALLEN: Thank you.

3 MR. KENNEDY: Sale update. Dr. Peavey?

4 DR. PEAVEY: Yes, gentlemen, at the last
5 Board meeting, the Board gave me instructions to take the
6 next 90 days to make the best decision on behalf of that
7 asset, and in regards to the company itself, what would
8 be the best course of action.

9 We are looking at all options. We still
10 have one from the original IPN as far as those bidders.
11 So we are having a discussion with all areas and all
12 thought processes.

13 We have several businesses that we are
14 looking at. So that gives us every avenue, you know, to
15 take the best course of action on this asset.

16 From today, I still have 60 days to finish
17 that. We will go through those iterations including this
18 week, and then, I will come back to the Board. We will
19 continue to give you updates on the progress and any
20 discussions and those parties have with, and then,
21 ultimately, at the end of the next 60 days, I will make a
22 business recommendation on what is in the best interest
23 of that asset and the company itself --

24 MR. KENNEDY: Okay.

25 DR. PEAVEY: -- which is what the Board

1 asked me to do.

2 MR. KENNEDY: Thank you, sir. Anything
3 else?

4 MR. MILLER: No.

5 MR. KENNEDY: All right.

6 Mr. Phillips, Engineering?

7 MR. PHILLIPS: For the two new Board
8 members behind the engineering tab in your book are the
9 reports the Board gets every month.

10 The first page of that is essentially a
11 summary of some of the permit limits that we operate
12 under in terms of capacity and where we are regarding
13 those limits. I usually don't go over it in detail
14 unless there is something wrong.

15 Nothing has been wrong in quite a while
16 for -- (knocking on table.)

17 I&I has been a problem with us in the
18 past, as you both probably know. So there is a pretty
19 significant summary on inflow and infiltration there.

20 If you have any questions, come ask. I
21 will be more than happy to sit down and tell you what is
22 going on there.

23 The next one, two, three -- one and two
24 pages are a summary of the development project that are
25 occurring in the franchise area and those are development

1 projects by third parties, not us, just tells you, gives
2 you kind of a snapshot of what is going on each year,
3 ongoing in the franchise area, how many projects, what
4 the type is, what they mean to us in terms of impact
5 fees.

6 And then, after that, there are a couple
7 of reports, pages, on in-house projects. Holley Navarre
8 does do construction of primarily low pressure sewer. We
9 have a program where we help single and multi-development
10 houses that don't fall under subdivision get sewer to
11 everyone's benefit.

12 And those two sheets are a summary of the
13 projects that Clinton has ongoing, where we are, what
14 they mean to us in terms of finances, who is paying for
15 what in terms of the developer's contribution, and just a
16 schedule of when we expect them to be done. So, again,
17 all of that being said, if anyone has any questions, I
18 would be more than happy to entertain them now or later
19 in detail.

20 With that, I will go to Fred's primary
21 interest, which is the Eglin project, which is so far
22 going well. We are due an update on the status and their
23 timeframe, although I think me and Clinton and Mark and
24 Dallas and whoever else -- Chris was copied -- that they
25 sent an email the other day and said they were on

1 schedule.

2 You probably noticed they are surveying
3 the world in a couple different places, but they are due
4 to have a meeting with us in the next couple of days for
5 a status update. So far, so good.

6 DR. PEAVEY: So we will let you know
7 once --

8 MR. TERASA: When you know, the whole
9 Board would like to know.

10 MR. KENNEDY: The good news is, obviously,
11 we are at least on your schedule and not behind your
12 schedule.

13 MR. PHILLIPS: Both. So far, both design
14 construction and we are ahead of the curve on the I&I.

15 MR. KENNEDY: Good. Any questions?
16 Concerns? Comments?

17 (NO AUDIBLE RESPONSE.)

18 MR. KENNEDY: All right. Do we have any
19 old business that needs to be discussion before the
20 Board?

21 (NO AUDIBLE RESPONSE.)

22 New business, do we have any new business
23 to be discussed before the Board? And I bring up just
24 new business to let you know that the Board has -- we
25 haven't decided if everybody can attend yet, but Dr.

1 Peavey has set up a Board training for us. It will be
2 with certification -- our certified board trainer and
3 legal. So we are shooting for March 19th is what we are
4 going to do.

5 So we expect them to get better. You
6 should expect us to get better. So, all right. So we
7 are onto Member Forum. I don't know. Yeah, did anybody
8 sign in? If you go and speak -- name, address, let us
9 know.

10 MS. CARAWAN: Carmen Reynolds.

11 MS. REYNOLDS: Good evening, new Board.
12 Carmen Reynolds, one of your members from Navarre. I
13 will try to be quick.

14 First of all, I see that there is a Board
15 vacancy and it wasn't made clear who we were losing.

16 MR. KENNEDY: Oh, I'm sorry.

17 DR. PEAVEY: It was discussed at the last
18 Board meeting.

19 MR. KENNEDY: Mr. Grant Summers.

20 MS. REYNOLDS: Okay.

21 MR. KENNEDY: He stepped down.

22 MS. REYNOLDS: I just wanted to relay some
23 of the comments that I have heard with regard to the
24 Board vacancies that were just elected. Not a lot of
25 people heard that those vacancies were coming up. I was

1 one of them.

2 Otherwise, I would have put my name in.
3 With regard to this new vacancy, a lot of people didn't
4 know about that, either. And I really think you are
5 overlooking some really hard workers when you don't
6 announce this.

7 And I am not the only one that has never
8 been approached. And I consider myself a very hard and
9 diligent worker. So I will leave it with that. I know
10 you-all had identified about 19 things you wanted to do
11 last year. And one of them was to improve the reputation
12 of Holley Navarre Water System. You wanted to improve
13 morale of the personnel.

14 And I am making a little place holder here
15 for the morale of your members who would like participate
16 and participate fully. Do I have permission to follow up
17 with the Fire Department to find out whether they have
18 been successful in applying for any grants for this
19 hydrant and water line expansion?

20 MR. KENNEDY: I don't see why not. Again,
21 you know, what you are driving is a good thing, but
22 that's also, you know, not something we can dictate to
23 you.

24 MS. REYNOLDS: Right. I was -- just
25 before I opened that box, I wanted to make sure I had the

1 approval of the Board to make that phone call.

2 MR. KENNEDY: Well -- go ahead.

3 MR. MILLER: You know, Will Goulet had
4 been kind of a Board member liaison with Carman on that,
5 and I think it would be good, you know, if we had a
6 liaison with Carmen on that fire hydrant issue just so
7 that it might help convey information back and forth.

8 MR. KENNEDY: Sure.

9 MR. TERASA: I think that's a CEO issue.

10 MR. KENNEDY: That's true. I mean --

11 MR. TERASA: And I appreciate, I mean, we
12 need to have those conversations, but I think the CEO
13 needs to be the point of contact for any of that hydrant
14 stuff.

15 MR. KENNEDY: How do you feel about that?

16 DR. PEAVEY: Well, in fact, at the last
17 Board meeting that Director Goulet was here, he
18 introduced me to the Fire Chief. And I had discussions
19 with that Fire Chief. In fact, he was out at the
20 wastewater treatment plant two weeks ago where they saw
21 the plant. They hadn't seen it. And they had had
22 discussions. And we were going to continue.

23 Now, I didn't realize at that point at
24 that time that Ms. Carmen was working on that as well,
25 but I certainly --

1 MR. CAMPBELL: Just so I understand the
2 issue, the funding goes through the Fire Department. We
3 would just do the install of the hydrants and the
4 extensions on that?

5 MR. KENNEDY: Truthfully, we have not
6 agreed to anything.

7 MR. CAMPBELL: But it sounds like we would
8 fund any extensions. That's for the Fire Department
9 to --

10 (BOTH SPEAKING OVER EACH OTHER.)

11 DR. PEAVEY: That would be something we --

12 MR. CAMPBELL: -- under their matters.

13 DR. PEAVEY: -- would have discussion on
14 with legal for the water system.

15 MR. KENNEDY: And, again, Ms. Reynolds --

16 MS. REYNOLDS: I can work with Dr. Peavey
17 on it, if it's fine with y'all.

18 MR. KENNEDY: It would be better than a
19 Board member. In other words, you know, it's better to
20 work with staff than you have a Board member get
21 involved. Again, the Board, we need to stay up here and
22 staff needs to handle.

23 MS. REYNOLDS: There was a discussion
24 about community development block grants. And the Water
25 System might take a piece of that and break it into

1 pieces while they go for larger grants.

2 There are certain areas that they
3 identified that could possibly be eligible under the
4 lower income area for CDBG.

5 DR. PEAVEY: Yes. I actually had that
6 discussion with Clinton Wells and told him what I will do
7 at this point is I will get back with Clinton, and then,
8 he can work with Ms. Carmen to see where we go from this
9 point.

10 MR. KENNEDY: Does that work?

11 MS. REYNOLDS: I will move quickly to
12 system security. Thank you, Dr. Peavey.

13 System security, they mentioned in all of
14 these cantankerous meetings that there is a two-hour
15 response time if any of those wells might be contaminated
16 from the industrial uses of the dirt pits.

17 Have we had any simulation exercises with
18 regard to that to see just how we react and the folks
19 that we depend on to respond in two hours?

20 MR. KENNEDY: That's a good question.

21 DR. PEAVEY: I don't think that we have
22 had any of those to occur at this point. Because our
23 on-call people, that would be the first point of contact
24 for any alarms or anything out of the normal parameters
25 have a 30-minute response time.

1 If they are contacted or called, they must
2 respond within 30 minutes from the point of contact.

3 It's not two hours. Our response time is 30 minutes.

4 MS. REYNOLDS: And I am just asking, are
5 we having any exercises to that effect to make sure that
6 we have been through it before in the event it does
7 occur?

8 DR. PEAVEY: I know -- I will have to
9 follow up on that. I can't give you a response, but I
10 will find out.

11 MS. REYNOLDS: Just throwing out some
12 ideas to protect ourselves. It's the military in me.

13 Mr. Wells, one of the big things I
14 couldn't mention at that public meeting last week was the
15 fact that the Department of Homeland Security is very
16 concerned about incendiary devices that blow up the
17 wells.

18 If that were to happen, how quickly can
19 someone be dispatched if they see someone going in there
20 or attaching C-4? How fast can we get up there?

21 MR. WELLS: Well, fortunately, we have
22 someone that lives right there in the well field, so, you
23 know --

24 MR. KENNEDY: And, ultimately, again, Ms.
25 Reynolds, if you are going to go through scenarios, and I

1 love them, but I would prefer that maybe you submit the
2 questions so that it's -- I just don't want to put staff
3 right here without any --

4 MS. REYNOLDS: I am not trying to put them
5 on the spot. I am just throwing out some questions. And
6 the next to the last one I have: I know that you said
7 that the systems are not connected to the Internet.

8 Also, they try to break into businesses's
9 databases. And I will just leave that one on the table.

10 And, finally, Board and the CEO of the
11 Board, if you have any enhancement ideas, remember that I
12 found that nonprofit Department of Homeland Security
13 grant for you-all. Thank you so much.

14 MR. KENNEDY: Thank you.

15 MR. CAMPBELL: Ms. Reynolds, you mentioned
16 you were interested in being appointed to the Board. Did
17 you not want to run during the election?

18 MS. REYNOLDS: The past election?

19 MR. CAMPBELL: Yes, ma'am.

20 MS. REYNOLDS: I was not informed until it
21 had been closed out. I was asking -- and it had already
22 closed out.

23 MR. CAMPBELL: Thank you.

24 MS. REYNOLDS: Thank you.

25 MR. KENNEDY: Ms. Barbara, anybody else?

1 MS. CARAWAN: Yes, sir.

2 MR. KENNEDY: That's great. Mr. Beckman.
3 You have got 30 seconds, sir. We know you.

4 MR. BECKMAN: I will be 10 or 15. I
5 apologize for not signing up. But let me share some
6 ideas with you, if I may.

7 We did have an incredible victory on
8 Tuesday. So in true Department of Defense style, that
9 actually -- you might be appropriate. It was two months
10 ago in your regular December meeting where we talked
11 about strategy to defeat the pending change of the
12 comprehensive plan.

13 It worked like a charm. Sean Ward had
14 told me personally that the two primary entities that
15 would go through reviewing the comprehensive plan changed
16 that were the real meat-on-the-bone people we have to set
17 up and they would have to set up and pay attention to.

18 You and your fellow water authorities were
19 able to get our Florida Department of Environmental
20 Protection and Northwest Water Management District to
21 both give a troubling response to the County, like, "We
22 don't know what you are doing."

23 And that was very effective in being able
24 to derail the effort. As you mentioned, Mike, the effort
25 of a consensus of a lot of people, it was marvelous.

1 Now, the work is far from done because we
2 had a victory. But there's victory in a battle and there
3 is victory in a war. There is a war going on for those
4 resources up there. And the guys who are warring with us
5 are motivated by money. Motivated by money. Period.

6 It's about their money and our water. So
7 this is our opportunity. I think we should not miss to
8 harvest and preserve what has happened so far. Like all
9 the public interest that has been garnered against the
10 action is out there to be harvested in the form of
11 several petitions that need to be grabbed ahold of and
12 archived and preserved for the inevitable --
13 "Here, Board of County Commissioners, here's the evidence
14 of all those people who were not able to be in the room
15 on Tuesday who are against this."

16 Additionally, those guys will come back
17 with a plan. We have already seen the shake-and-bake
18 plan by Commissioner Calkins. It has a catchy name for
19 preserve the water and save the jobs.

20 And he ran up to the Northwest Florida
21 Water Management District and got someone to sign off on
22 a one-pager that has very little substance and a lot of
23 touchy-feeley things. Except for some of the aquifer
24 structural components that are in there in terms of where
25 the impervious layers are located in the aquifer, I can

1 assure you that Calkins did not write that technical
2 report.

3 So it is our mystery person out there
4 running around, consulting with Calkins, whether it's the
5 members of the Northwest Florida Water Management
6 District or somebody else, we need to identify the
7 players. That's the G2 word that has to happen. That's
8 the intelligence word we have to have.

9 Further, when it comes down to really
10 rolling up our sleeves and doing the science, they can't
11 do the science. I am not even sure you guys can do the
12 science. You would farm it out, probably, to
13 hydrological authorities and geologists to do it.

14 But they certainly can't do it. And
15 whenever it's going to be done for whatever change might
16 happen, it's going to cost money. And they have already
17 been alerted to the fact that where is that money going
18 to come from? Why are we investing in a change to an
19 infrastructure that we have already vetted ten years ago
20 and proved was effective.

21 But that work doesn't stop there, of
22 course, either. I think your vision for looking across
23 the event horizon and be one step ahead of these guys,
24 Calkins and other folks who might come up with ideas,
25 would be vital to our future.

1 Where will the future wells go? What
2 would be -- what will be the growth projections for the
3 people who would have to draw on those wells? What would
4 the required infrastructure and the pricing for well
5 growth -- responsible well growth, that, obviously, would
6 take a look at putting wells out of harm's way with all
7 the other heavy industrial work that is going on up
8 there.

9 I can't, for the life of me, understand
10 how they thought they could commingle, but when you look
11 at the GIS maps, and they are right up there in each
12 other's back yard. So if -- look, all I am looking at is
13 the strategic direction of get the dirt away from the
14 water harvesting to the best of our ability, and then, we
15 are really coming up with a productive solution.

16 Bob Cole, his little speech on Tuesday,
17 made a profound difference in what was going on. He was
18 a champion for a single answer, take it or leave it, and
19 he talked in very conciliatory terms. So, apparently,
20 politically, they have got the answer up there. And
21 that's been through efforts like people, like Carmen and
22 the people that she motivates.

23 There sits the most aggressive community
24 activist I know of, that I have ever seen in my life. It
25 would be a terrible waste of her time for her to get out

1 of that seat and go up and take one of those. So I am
2 going to vote against you being on the Water Board. You
3 do too much good hard work and too much harm where you
4 are.

5 MS. REYNOLDS: I agree.

6 MR. BECKMAN: Anyway, so it -- we got to
7 go from one battery victory to a strategy for the victory
8 down the road. Because that's what -- that's what Wright
9 said. He was quoting the newspaper correctly. I have
10 got 300, 400, 500 of your answer. We need an immediate
11 response to an immediate threat.

12 So that's my input to a fraction of a very
13 successful -- we have a right to go celebrate a little
14 bit, but then, we have to get, as you said to me, now we
15 have to turn around and get right back to work.

16 One more point that is key, and you have a
17 lot of the data -- there were pieces of that wellfield
18 protection area up there that are being defiled as we
19 speak with code violations and inappropriate actions and
20 those need to be chronicled and properly researched and
21 then itemized and then handed to the County Commissioners
22 and Sean Ward for his enforcement constitutes two people,
23 Code Enforcement and Santa Rosa County bi-exist.

24 But where improper actions by people
25 inside in the wellfield protection area might be able to

1 focus attention on putting a halt to the little creeping
2 decay of water protection. That will definitely be a
3 strategy on the part of those guys up there. We have
4 been told that if he can't expand the acreage of the size
5 of his hole, he will dig deeper.

6 Now, who of us who knows how aquifers
7 behave, a big pool of water underground, either digging
8 down to that aquifer and literally mucking around in it
9 is going to be a good idea. And I have no idea whether
10 or not that's supported by the land development code at
11 all. That's got to be looked at, too.

12 Anyway, that's my take on putting a bow
13 around the box that was given to us on Tuesday. Now, of
14 course, on the 25th, we have got to be at the meeting to
15 make sure they do what they said they would. I think it
16 would be political suicide if they did otherwise, but we
17 will chronicle that when it happens.

18 MR. KENNEDY: Okay.

19 MR. BECKMAN: Thank you, gentlemen.

20 MR. KENNEDY: Thank you, Mr. Beckman. And
21 three things, one, good 30 seconds.

22 Two, we will be representing up there as
23 well, so, you know, we drew a line in the sand.

24 And, three, we also want to make note, I
25 want to be able to thank our partners as well, Midway and

1 Gulf Breeze, I mean, we all came together. And then,
2 again, all of you out there. I mean, you know, we said,
3 "Nope. This is where we are going to hold the line."

4 And everybody did.

5 Oh, and then, the County Commissioners, we
6 have got to thank the County Commissioners. I mean,
7 okay, so, obviously, Piech and Colton Wright, they both
8 wound -- they were against it the entire time. But then,
9 the others also came around as they saw the benefit of
10 what our citizens wanted.

11 So thank you, again. And with that, I
12 will take a motion for adjourn. Oh, I'm sorry, Ms.
13 Reynolds?

14 MS. REYNOLDS: It's Carmen Reynolds. The
15 Board members and Dr. Peavey and staff, I just wanted to
16 put on the record, I prepared what Commissioner Piech
17 said was a 26-page bullet background paper for he and
18 Commissioner Wright.

19 It had all of the defiling actions within
20 it that Mr. Beckman referred to and Commissioner Piech
21 said he was having copies of that made for the other
22 Commissioners so they have all of that before them in
23 that bullet background, just so you all know for follow
24 up. And I can send it to whomever you would like to send
25 it to.

1 MR. KENNEDY: Yes, ma'am. I will get with
2 you after this. Again, thank you so much.

3 (APPLAUSE.)

4 MR. KENNEDY: All right. Any further
5 discussions? All right. We have a motion.

6 MR. MILLER: Second.

7 MR. KENNEDY: All right.

8 Those in favor say "Aye"?

9 MR. MILLER: Aye.

10 MR. TERASA: Aye.

11 MR. THIEL: Aye.

12 MR. CAMPBELL: Aye.

13 MR. KENNEDY: Meeting adjourned.

14

15 WHEREUPON, THE MEETING OF THE HOLLEY

16 NAVARRE WATER SYSTEM BOARD OF DIRECTORS ADJOURNED AT 7:06
17 P.M.

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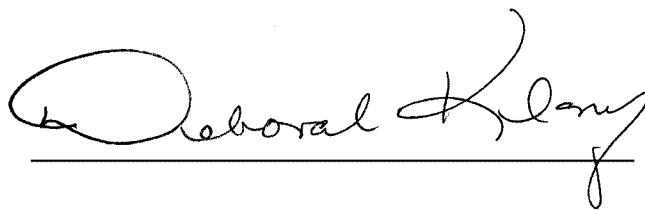
CERTIFICATE OF REPORTER

STATE OF FLORIDA

COUNTY OF SANTA ROSA

I, DEBORAH G. KHARUF, Court Reporter and Notary Public, State of Florida at Large, hereby certify that I was authorized to and did stenographically report the foregoing Board of Directors meeting for the Holley Navarre Water system and the transcript is a true record of said meeting. I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any attorney or counsel connected with the action; nor am I financially interested in this proceeding or its outcome.

Dated this 28th day of February, 2021.

A handwritten signature in cursive script, reading "Deborah Kharuf", is written over a horizontal line.

DEBORAH G. KHARUF

Court Reporter and Notary Public,

State of Florida at Large.

Commission number GG 310633

My commission expires July 6, 2023.