

1                   HOLLEY NAVARRE WATER SYSTEM  
2                   BOARD OF DIRECTORS MEETING  
3                   JULY 20, 2021  
4                   6:00 P.M. - 7:00 P.M.

5                   MIKE KENNEDY, PRESIDENT

6                   MARK MILLER, VICE PRESIDENT

7                   WILLIAM THIEL, SECRETARY TREASURER

8                   JAMES DABNEY, DIRECTOR

9                   JOE CAMPBELL, DIRECTOR

10                  JO ANN CAVE, DIRECTOR

11                  DON LINNELL, DIRECTOR

12                  DALLAS PEAVEY, CEO, HOLLEY NAVARRE WATER

13                  JASON MONTGOMERY, HNWS

14                  PHIL PHILLIPS, MUNICIPAL ENGINEERING

15                  CORY SNYDER, MUNICIPAL ENGINEERING

16                  CLINTON WELLS, HNWS

17                  MARK TURNER, HNWS

18                  CHRIS LEGG, HNWS

19                  CHRIS BOND, HNWS, IT

20                  MELISSA MILLER, HR ADMIN

21                  ASHLEY FERGUSON, HNWS

22                  DEBORAH HAYES, HNWS

23                  ALSO PRESENT:

24                  WILL DUNAWAY, ESQUIRE

25                  DEBORAH KHARUF, COURT REPORTER

                  HARLAN HALL, RHONDA LINKE

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

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

5 MR. MILLER: Please bow your heads and  
6 pray with me.

7 (INVOCATION BY DIRECTOR MILLER.)

8 MR. KENNEDY: Director Thiel, pledge of  
9 allegiance?

10 MR. THIEL: Ladies and gentlemen, please  
11 face the flag and join me in reciting the pledge of  
12 allegiance to this great country we are privileged to  
13 live in.

14 (PLEDGE OF ALLEGIANCE BY DIRECTOR THIEL.)

15 MR. KENNEDY: Thank you, gentlemen. Okay.  
16 We have a quorum. Reminder that the audio and video  
17 recorders are in use.

18 For those members that would like to  
19 address the Board or provide input, there is a sign-up  
20 sheet at the front door there.

21 And on that note, so we will be making  
22 some changes. So we are a business. And as a proper  
23 business, we need to focus on how this business runs.  
24 And this business runs from the direction and decisions  
25 from the leaders up here.

1           So the member forum is for your -- for the  
2 member option to provide input to the Board members. If  
3 you have a specific question, a lot of this information  
4 is only available at the Director level. And, therefore,  
5 we may not be able to provide you with a response.

6           If there is a question, there is ability  
7 for you to download a form to be able to request the  
8 information. I am not guaranteeing that we will even  
9 respond -- I mean, we will respond, but you may not like  
10 the answer.

11           I just want to reiterate this is a  
12 business. This Board has just stated emphatically that  
13 we are going to be running this like a business.

14           Member input; you have three minutes. We  
15 are very much interested in your input. And I will be  
16 holding you to the three minutes.

17           All right. With that said, let's move on  
18 to the approval of the minutes and transcript, the June  
19 15th, 2021, regular meeting minutes and transcripts.

20           Has everybody had a chance to review the  
21 meeting minutes and any changes?

22           MR. MILLER: I make a motion that we  
23 approve the minutes and transcripts as presented.

24           MR. THIEL: I second.

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

1 and a second. Any further discussions?

2 (NO AUDIBLE RESPONSE.)

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

4 MR. MILLER: Aye.

5 MR. THIEL: Aye.

6 MR. DABNEY: Aye.

7 MR. CAMPBELL: Aye.

8 MR. LINNELL: Aye.

9 MS. CAVE: Aye.

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

11 (NO AUDIBLE RESPONSE.)

12 MR. KENNEDY: Motion carries.

13 Approval of the memberships. In June, we  
14 had 393 new memberships, 378 canceled members and 2  
15 transfers.

16 Do I have a motion to approve the  
17 memberships as presented?

18 MR. MILLER: So moved.

19 MS. CAVE: I second.

20 MR. KENNEDY: And we have a second.

21 All right. I have a motion and a second.

22 Any further discussions?

23 (NO AUDIBLE RESPONSE.)

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

25 MR. MILLER: Aye.

1 MR. THIEL: Aye.

2 MR. DABNEY: Aye.

3 MR. CAMPBELL: Aye.

4 MR. LINNELL: Aye.

5 MS. CAVE: Aye.

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

7 (NO AUDIBLE RESPONSE.)

8 MR. KENNEDY: Motion carries.

9 There is no further unfinished business.

10 Under new business, employee recognition. Dr. Peavey,  
11 Ms. Melissa?

12 MS. MILLER: Thank you. We are concluding  
13 our first year of our internship program. We have had  
14 four young men participating this year. And we are just  
15 recognizing them this evening for their participation.

16 They have gone through every department.  
17 They have been in focus areas, two of them with  
18 engineering, one with administration, and another with,  
19 oh, my God -- IT.

20 So they have gone through every department  
21 to get an idea of how a water utility works. They have  
22 sat in on various meetings. They have contributed by  
23 doing various jobs while they are learning and we are  
24 wishing them the best as they move forward back to their  
25 schools and into the work force.

1                   So I would like to introduce them. This  
2 is Alex Garcia. This is Dylan Nicholas, Joseph Staudt,  
3 and Noah Cruz. And we have been very impressed with them  
4 this year. We have learned from them as much as they  
5 have learned from us, so thanks, guys.

6                   (APPLAUSE)

7                   MR. KENNEDY: Would you like to say  
8 anything about the internship?

9                   DR. PEAVEY: No. I would agree with what  
10 Ms. Melissa was saying. These gentlemen have been a joy  
11 to be around. I think the managers enjoyed working with  
12 them. I think their perception of the company, our  
13 community and our environment is different from what it  
14 was when you started.

15                   You did a great job, took on some big  
16 tasks for us. And I think that you have learned from  
17 that and we certainly look forward to you coming back the  
18 next time you have the opportunity. Okay? We thank you  
19 very much.

20                   MR. KENNEDY: Exactly. And, again, for  
21 the Board, we listened. They had to present to the Board  
22 what they learned over their internship. And I will tell  
23 you, gentlemen, you are eloquent. I just can't believe  
24 how well-spoken you are at your age. I mean, I am from  
25 Georgia, so I would say, "Y'all." So you just really

1 made us proud.

2                   Congratulations on surviving the  
3 internship. And we will be giving out the certificates  
4 at the end of the meeting.

5                   Dr. Peavey? Section 2?

6                   DR. PEAVEY: Yes. The wastewater  
7 treatment operator license.

8                   Ms. Melissa?

9                   MS. MILLER: Yes. Tonight, we are going  
10 to introduce one of our employees that has gone above and  
11 beyond and achieved certification. Every month, we have  
12 someone who has really just stepped up. And this month,  
13 it is Dennis Ritter.

14                   And so, I am going to introduce his  
15 manager, Chris Legg. And Chris is going to talk about  
16 Dennis' achievement.

17                   MR. LEGG: I would like to ask Dennis if  
18 he could come up here for a minute. Dennis has been  
19 working at the wastewater plant since September 2019. He  
20 the one of the quickest employees that we have had that I  
21 am aware of from getting -- from starting the C  
22 wastewater license to a B operating license. He has done  
23 so extremely fast and extremely well.

24                   Dennis has also been one of the operators  
25 that we have moved to the Holley wastewater treatment

1 plant. He will take over for Tim Johnson. He retires in  
2 about a year. We are looking forward to it. Dennis is  
3 very reliable, very knowledgeable, a hard worker, and it  
4 is a pleasure to have him on the team.

5 (APPLAUSE.)

6 MR. KENNEDY: Okay. And, Chris, will you  
7 explain what -- I mean, it's a big deal. It's a big deal  
8 for getting a B license; correct?

9 MR. LEGG: Yes. That is one step away  
10 from the highest license he can get in the wastewater  
11 field. And I know he will probably have that A before  
12 the B even sets in. So we are really looking forward to  
13 it.

14 MR. KENNEDY: Thank you so much.

15 DR. PEAVEY: I just want to say that a lot  
16 of the effort he put in was just not at work. A lot of  
17 it was at home. He was studying, taking the tests, and  
18 getting certified. This is not an easy pass. So we are  
19 very proud of him and proud for him to be a part of our  
20 team. He is a big part of that team. So,  
21 congratulations.

22 (APPLAUSE)

23 MR. KENNEDY: Thank you, sir.

24 MR. MILLER: I would just like to say that  
25 in addition to that, all of the sewer operations crew



1 came to my attention that recently while we were all at  
2 home in bed sleeping at 2:00 in the morning, there was a  
3 piece of equipment that needed to be replaced at the  
4 lowest flow time that was available, which, you know, is  
5 2:00 in the morning.

6                   And it was about 15 people or something  
7 like that were involved in an operation to replace this  
8 piece of equipment that had to be done in the middle of  
9 the night. And it had to be pulled off within a short  
10 period of time. And I just think that that was awesome  
11 that they were able to come up with the plan to do it,  
12 execute that plan, and get it done in actually less time  
13 than they thought it was going to take. So I applaud the  
14 whole sewer operations team for their work on that. So  
15 thank you.

16                   (APPLAUSE.)

17                   MR. KENNEDY: Thank you, again, for your  
18 commitment and for bringing value to the company.

19                   Financial Reviews. So we have the review  
20 of the June 2021 financials. Ms. Ashley, do you want to  
21 take us through it and as a Board look at it?

22                   MS. FERGUSON: We had our Finance  
23 Committee meeting yesterday and we went through  
24 everything for the month. We actually had a net loss of  
25 \$25,000, but we had a net profit of \$61,000 for the year.

1 It was pretty similar to last year and last month. There  
2 really wasn't anything remarkable to report.

3 MR. KENNEDY: Okay. And being that I am  
4 on the Budget Committee, I will just go ahead and give an  
5 update. Director Thiel and I, we sit on the Budget  
6 Committee. We go through the budget every month with  
7 staff.

8 So the summary is for, like Ms. Ashley was  
9 saying, the month of June revenue was down 2 percent  
10 under budget and expenses were over 2.1 percent.

11 But with the heavy rains that we have been  
12 having, we have been running pumps 24/7, so the  
13 electrical bill is up 37 percent just because of the  
14 rains.

15 Year-to-date, water sales are down 10.6.  
16 Wastewater sales are down 2.7, and impact fees are down  
17 by 7. Obviously, we cannot control what our consumers  
18 use the water and the wastewater or how quickly they  
19 build, which is our tap fees. But we do see that, you  
20 know, we actually have more tap fees for the following  
21 month. So we will see the water and the wastewater most  
22 likely start being used a little bit more than what we  
23 are projecting.

24 Plus, as you always say, Phil, if we can  
25 ever get August to kick in, it will start using up the

1 water like a normal thing. Last two things, year-to-date  
2 expenses, we are 2.3 percent under budget for expenses  
3 year-to-date. So we are looking good on expenses.

4 And as Ms. Ashley mentioned, we are 1  
5 percent year-to-date in the overall net for the company.  
6 So we are looking good there, too.

7 Director Thiel, do you have anything to  
8 add?

9 MR. THIEL: The only thing I would add is  
10 all the rainfall we have been getting -- I don't know if  
11 you have -- I know you have been following it, because  
12 you can look at the skies every day. But that is the  
13 reason water sales are down is because people don't have  
14 use our water to water their lawns.

15 So that's, you know, something you can't  
16 control. You're kind of glad for it in a way because I  
17 would rather Mother Nature be watering our lawns than we  
18 using the water.

19 People doing great work --

20 MR. KENNEDY: Board, do you have any  
21 questions on the financials?

22 MR. MILLER: I would just like to say, you  
23 know, with my personal budget, halfway through the year,  
24 I kind of look where I am at. And we are down as far as  
25 revenues because of all the rain, because of a number of

1 factors. And so, I would just encourage the Budget  
2 Committee to look at any place where we can balance that  
3 budget and level it out by the end of the year.

4 And maybe August, it will bounce back and  
5 it will be dry and we will be good. But, anyway, there  
6 is a little bit of a shortfall account.

7 MR. KENNEDY: All right. Any further  
8 questions?

9 (NO AUDIBLE RESPONSE.)

10 MR. KENNEDY: All right. I will entertain  
11 a motion.

12 MR. CAMPBELL: I make a motion to approve  
13 the financials for June as presented.

14 MR. THIEL: Second.

15 MR. KENNEDY: Any further discussions?

16 MR. MILLER: Are we approving Holley  
17 Navarre Water System financials? Or are we approving all  
18 of our entities?

19 MR. KENNEDY: Yes, sir. Just Holley  
20 Navarre.

21 MR. MILLER: In that case, my discussion  
22 would be -- okay, go ahead.

23 MR. CAMPBELL: I was just going to go  
24 ahead and amend it to include what you are pointing out.

25 The motion is to approve the Holley

1 Navarre Water System for June.

2 MR. MILLER: Right. Okay.

3 MR. KENNEDY: Okay. So we have an amended  
4 motion. Do I have a second?

5 MR. THIEL: Second.

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

7 MR. MILLER: Aye.

8 MR. THIEL: Aye.

9 MR. DABNEY: Aye.

10 MR. CAMPBELL: Aye.

11 MR. LINNELL: Aye.

12 MS. CAVE: Aye.

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

14 (NO AUDIBLE RESPONSE.)

15 MR. KENNEDY: Motion carries.

16 Dr. Peavey, discussion on the subdivision?

17 DR. PEAVEY: Yes, sir. Mr. President and  
18 the Board, there was an opportunity that has come to our  
19 attention over the last three or four weeks between our  
20 System Engineer and our General Manager of Operations and  
21 Maintenance.

22 I will let Clinton kind of walk us through  
23 this drawing. But there is an opportunity that we were  
24 going to take advantage of due to some development up in  
25 the south Holley Area.

1                   Clinton, do you want to walk us through  
2 this?

3                   MR. WELLS: We had some plans come in and  
4 we have been trying to do a better job of looking to the  
5 future when these plans come in and do some cost-sharing  
6 with the developers and the contractors that would help  
7 Holley Navarre Water System in the future and save us  
8 some money right now.

9                   The Gordon Evans area up in Holley is  
10 exploding with residential housing right now. Of course,  
11 we have got a treatment plant at the end of Gordon Evans  
12 Road.

13                   There is a subdivision coming in. It's  
14 called Secret Isle Estates. And it comes off of Gordon  
15 Evans headed south. And it actually ties into an older  
16 part of Holley off of Blueberry Lane or eventually -- it  
17 comes in two phases.

18                   The initial subdivision development will  
19 service about 100 lots. After looking at it and  
20 consulting with Cory and other staff members, we thought  
21 about getting with the developing contractor and turning  
22 their lift station into a master lift station and bring  
23 the sewer all the way out to Blueberry Lane.

24                   In doing so, in the future, when all the  
25 waterfront in the south part of Holley, southwest part of

1 Holley develops, we will have a way to sewer nearly 400  
2 lots in the Holley area down there.

3 And, currently, we don't have a way to get  
4 sewer back to the plant from that area. So this would  
5 allow us to partner with the contractor and have an  
6 ability to sewer this area in the future.

7 DR. PEAVEY: And the cost would be  
8 strictly upsizing. There is about \$100,000 that Holley  
9 Navarre Water System would pay to upsize that cost of  
10 that period and area of the pipe.

11 The potential for the upside is --

12 MR. WELLS: -- is a little of a million,  
13 six.

14 MR. KENNEDY: \$1,600,000.

15 MR. WELLS: Yes.

16 DR. PEAVEY: So it provides for growth in  
17 that area as well as an uptick in the future revenues, so  
18 I would ask the Board for consideration to approve this.

19 This certainly was not a budgeted item.  
20 It was an -- we had to make this decision because they  
21 have to move forward. And if they are not going to  
22 upsize, they have to move forward as originally planned.

23 MR. MILLER: At what point would it allow  
24 sewer to become available to homes and lots outside of  
25 the development area?

1 MR. WELLS: As soon as the project is  
2 finished, it is available. But it would be on the other  
3 developers or homeowners who want to buy in to start  
4 extending the sewer out through that community down there  
5 to start collecting sewer from the homeowner.

6 MR. MILLER: I mean, we could -- there's a  
7 lot of septic tanks in that area. There are a number of  
8 them that are either in failure, or, you know, very old  
9 and I see that as a pretty --

10 MR. WELLS: And we have had some requests  
11 there in the past in this area down there, but there is  
12 just no way to get -- feasible to get sewer in there to  
13 them. This may, you know, bring about an opportunity for  
14 them to get the sewer they are desiring down there.

15 DR. PEAVEY: So we are asking the Board  
16 the approval for \$100,000 to upsize.

17 MR. KENNEDY: Okay. So I will entertain a  
18 motion.

19 MR. CAMPBELL: I will make a motion to  
20 approve the CEO and the staff to move forward with the  
21 agreement for the Secret Isle Estates and take \$100,000  
22 as an unbudgeted item.

23 MS. CAVE: Second.

24 MR. KENNEDY: All right. We have -- so  
25 now we have a motion and a second. Does the Board have



1 any further discussions?

2 I just wanted to point out, one, it's a  
3 \$100,000 investment for a possible \$1.6 million return,  
4 so that's a good return on the investment.

5 Two, staff is doing future planning, which  
6 we wish we had kind of done in Holley by the Sea many  
7 years ago and all of that and kind of eliminate some of  
8 the septics.

9 DR. PEAVEY: Well, I applaud both the  
10 General Manager and certainly the System Engineer because  
11 they were the ones that brought this, based on the  
12 contractor coming in, the developer saying, "This is what  
13 we are are going to do with it."

14 The light clicked and they saw this as a  
15 potential opportunity, so I applaud them.

16 MR. DABNEY: Clinton, do you see a plus or  
17 a minus we need to add into this to give you additional  
18 money to make sure that you are covered?

19 MR. SNYDER: It's a not-to-exceed --

20 MR. PHILLIPS: He has already agreed to  
21 that.

22 MR. SNYDER: He has already got it solved.

23 MR. DABNEY: I didn't hear the  
24 not-to-exceed --

25 MR. WELLS: We are good.

1 MR. THIEL: Plus another really upside to  
2 this is if we have to do this in arrears, in other words,  
3 we stick to the original thing and don't spend \$100,000  
4 now. When it does come to fruition and we have to do it,  
5 it will probably be ten times that or something like  
6 that.

7 MR. KENNEDY: It's always a million  
8 bucks.

9 MR. THIEL: Basically, yeah.

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

11 MR. MILLER: Aye.

12 MR. THIEL: Aye.

13 MR. DABNEY: Aye.

14 MR. CAMPBELL: Aye.

15 MR. LINNELL: Aye.

16 MS. CAVE: Aye.

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

18 (NO AUDIBLE RESPONSE.)

19 MR. KENNEDY: Motion carries.

20 Mr. Thiel, Finance Committee update?

21 MR. THIEL: Okay. At this time, I don't  
22 have anything else further. The Finance Committee is  
23 over all. But we will go over each of the subcommittees.

24 For the Eglin Project, Director Campbell,  
25 do you have any updates?

1 MR. CAMPBELL: Yes. We had the Eglin  
2 Project last week or so, 90 percent plans are complete.  
3 Targeted contract, according to Phil, December or  
4 January. I was optimistic last meeting, Board meeting,  
5 he said not to be, so really going out for the 14  
6 easements to move that project forward -- but everything  
7 is working and on scale.

8 MR. MILLER: I have a comment on the Eglin  
9 project. I noticed that it is on the agenda for the  
10 County this Thursday at their workshop for an update on  
11 that. It doesn't appear that there is any backup that  
12 they are discussing --

13 DR. PEAVEY: I think it's just a status  
14 update.

15 MR. MILLER: Right. Right. That's what I  
16 assume. But, you know, we might want to pay attention to  
17 see what is going on at that meeting.

18 MR. PHILLIPS: I actually talked to Mike  
19 Schmidt at the County about it. And Clinton and I have a  
20 meeting with him tomorrow on status, particularly the  
21 easements. And he said it was unplanned. Any questions,  
22 just general status, the 90 percent plans are done.

23 I think it is more to present actually  
24 their staff's action on -- they have advertised for the  
25 engineering services for Phase II. So I think they are

1 giving an update on that, too.

2 MR. KENNEDY: And Phase II is the --

3 MR. CAMPBELL: Their portion.

4 Mr. PHILLIPS: Phase II is from them to  
5 Holley Navarre's wastewater treatment plant.

6 MR. KENNEDY: Out at Navarre Beach;  
7 correct?

8 MR. MILLER: Yeah.

9 MR. PHILLIPS: Correct.

10 MR. KENNEDY: So the removal of the  
11 effluent out of Navarre Beach -- or out of the Sound.

12 DR. PEAVEY: The Sound.

13 MR. PHILLIPS: And Gulf Breeze has already  
14 contracted Goodwyn, Mills, and Cawood to design Phase III  
15 as well, so --

16 MR. KENNEDY: Excellent.

17 MR. MILLER: They are not wasting any  
18 time.

19 MR. KENNEDY: As far as projects go,  
20 staff, you guys are doing an amazing job to be able to  
21 spearhead these four phases.

22 I mean, not only are we going to resolve a  
23 effluent capacity build-up problem, but we will help the  
24 County out with the Sound, and, hopefully, Gulf Breeze  
25 with some effluent.

1 MR. THIEL: Director Campbell, Capital  
2 Improvements? Anything on that subcommittee?

3 MR. CAMPBELL: No. We didn't budget.  
4 Staff is working. Since it has rained a lot, they are  
5 working heavy on I&I corrections from the CIP and also  
6 some well repair work. Some folks seen some water  
7 dripping out of Well 3 --

8 MR. WELLS: Well 3.

9 MR. CAMPBELL: -- at Whispering Pines, but  
10 that is going according to plan. Just need to get that  
11 cleared --

12 DR. PEAVEY: Could I talk about that?  
13 Could we update on Well 3 and get the situation?

14 MR. WELLS: Well 3, we have been, we  
15 disinfected a week or so ago, we go now and try to pull  
16 samples. You have got to pull ten samples. We failed  
17 Test Number 3 and Test Number 6.

18 And so, since we did that, all the rest of  
19 them passed, we had to disinfect again. And so, we did  
20 that on Friday, started pump on the well on Sunday. We  
21 pulled the first round samples Sunday and Monday and sent  
22 them to the lab.

23 Unfortunately, I didn't get the results of  
24 those samples before I came to this meeting. The other  
25 samples have been pulled and taken to the lab.

1                   Hopefully, everything will go right this  
2 time, knock on wood. By the weekend, the well will be  
3 back in service.

4                   MR. KENNEDY: Is this the well that we  
5 have -- I have seen --

6                   DR. PEAVEY: We had replaced -- we had  
7 pulled the pump in the well out. It had some work to be  
8 done internally. We completed that. That's why we had  
9 to go back and disinfect it and flush.

10                  MR. KENNEDY: And this is normal operating  
11 procedure.

12                  DR. PEAVEY: This is normal operating  
13 procedure.

14                  MR. WELLS: Nothing out of the ordinary.  
15 It's just the protocol you have got to go through to get  
16 the well fixed and put it back in service.

17                  MR. KENNEDY: Right. This is what the  
18 State requires -- makes us do.

19                  MR. WELLS: That is correct.

20                  MR. KENNEDY: Very good.

21                  MR. CAMPBELL: That's all I have for  
22 Capital Improvement.

23                  MR. THIEL: Thank you, Director Campbell.  
24 Director Miller, anything from Bonds?

25                  MR. MILLER: No report.

1 MR. THIEL: The Budget Committee, we have  
2 already talked about the financials and everything. As  
3 the President said, him and I sat in on the details with  
4 the Budget Committee.

5 Do you have anything else on that  
6 subcommittee?

7 MR. KENNEDY: No, sir.

8 MR. THIEL: Okay. That completes the  
9 finance updates.

10 MR. KENNEDY: Thank you, sir. Any other  
11 comments or questions from the Board on the Finance  
12 Committees?

13 (NO AUDIBLE RESPONSE.)

14 MR. KENNEDY: Engineering? Mr. Phillips?

15 MR. PHILLIPS: I think we covered Eglin  
16 between talking about the meeting tomorrow and what Joe  
17 presented.

18 If you look at the Operations Report, it  
19 is surprising that I&I really didn't show up last month.  
20 The water usage did increase, but the I&I did not. But  
21 we won't be able to say that at the end of this month.

22 I was looking over Chris' shoulder earlier  
23 today. I think the plant flow was probably averaging  
24 about 1.8 million gallons per day for the last five days.  
25 And I do believe there was a period earlier in the month

1 where we were right at 2 million gallons a day or very  
2 close to it.

3 MR. LEGG: Three days in a row that we  
4 were over 2 million.

5 MR. PHILLIPS: So they are able to find  
6 lots of I&I right now, which they are doing, so --

7 MR. KENNEDY: All right. And just for the  
8 members, I&I is basically where we have water  
9 infiltrating our system either from broken system --  
10 actually, Phil, if you can just give a quick summary?

11 MR. PHILLIPS: I&I is inflow and  
12 infiltration. Inflow is what pours into the system from  
13 the surface. And infiltration is what seeps into the  
14 system underground, so --

15 MR. KENNEDY: So it's just extra water  
16 that the wastewater treatment plant has to process.

17 MR. PHILLIPS: That's correct.

18 MR. KENNEDY: And then, that means we have  
19 to do something with it, so they are looking at how they  
20 can minimize the I&I. We minimize how much water we get.  
21 And then, therefore, we also reduce costs and how much we  
22 have to spend.

23 Very good. Thank you, sir.

24 All right. That puts us at additional  
25 business. Mr. Peavey?



1 DR. PEAVEY: Next item on the agenda was  
2 the pension plan action. Let me just describe what that  
3 is. The Holley Navarre Water System Defined Benefit  
4 Pension Plan was established January 1st, 2006, for the  
5 Directors' Board of Approval December 15, 2005, at one of  
6 the regular Board meetings.

7 Since July 1st, 2015, there have been no  
8 new participants. The normal retirement benefit for each  
9 of the participants currently entitled is six percent  
10 (sic) of the monthly compensation multiplied by the years  
11 of accredited service of the maximum of ten years.

12 The benefit is based off an average salary  
13 during the highest 36 consecutive months within the last  
14 120 months of employment. What we have done is we have  
15 come to the Board and asked them to take a look at this  
16 plan and give us some guidance or take some action on  
17 behalf of this plan.

18 MR. KENNEDY: All right.

19 So we have the plan here in front of us.  
20 Yes. Are there any questions about the plan?

21 MR. MILLER: I am going to make a  
22 statement and then I am going to make a motion.

23 I think when this plan was approved by the  
24 Board in 2005, I don't think that Board had any  
25 expectation or realization that it would turn into this

1 cost that we are experiencing now.

2           It's a huge impact on our budget and it's  
3 a huge impact to our members. And it's a plan that has  
4 benefited employees for years, but I think in 2015, the  
5 Board saw then that it was getting out of control and  
6 they closed the plan to any new participants.

7           And I think we are faced right now with a  
8 business decision in which we have to look at what is  
9 best for the company and the members.

10           And so, I believe all the Board members  
11 have been presented with an amendment to the Holley  
12 Navarre Water System Pension Plan. And I am going to  
13 make a motion that we approve this amendment to the  
14 Holley Navarre Water System Pension Plan and that we  
15 authorize Dr. Peavey to execute the required documents on  
16 this.

17           MR. KENNEDY: I have a motion. Do I have  
18 a second?

19           MR. LINNELL: Second.

20           MR. KENNEDY: Okay. We have a second.  
21 Any further discussions?

22           MR. MILLER: Fiscal impact. What is the  
23 fiscal impact of making this amendment to the pension  
24 plan?

25           DR. PEAVEY: Fiscal financial?

1 MR. MILLER: The fiscal financial impact  
2 going forward.

3 DR. PEAVEY: I will ask the Director of  
4 Finance to comment on that.

5 MS. FERGUSON: The way the amendment is  
6 written is the plan will close at 12-31 of this year.  
7 And on that date, the net liability will automatically go  
8 down by over \$3.9 million dollars.

9 So there would be that initial, almost a  
10 \$4 million dollar increase and approximately \$2 million  
11 dollars in future years, so --

12 MR. MILLER: \$6 million --

13 DR. PEAVEY: Almost \$6 million dollars  
14 over the next three or four years.

15 MR. MILLER: And it's not taking away any  
16 benefits that have already been earned.

17 DR. PEAVEY: Benefits earned.

18 MR. MILLER: Earned.

19 MS. FERGUSON: That's correct.

20 MR. MILLER: It would just freeze any  
21 addition to benefits.

22 MS. FERGUSON: That's correct.

23 MR. CAMPBELL: And it is still unfunded  
24 by --

25 MS. FERGUSON: 12-31, with this change, it

1 will be unfunded by \$8.6 million dollars.

2 MR. CAMPBELL: But we still have  
3 liabilities there, just not the current \$23 million?

4 MS. FERGUSON: Yes.

5 MR. KENNEDY: Are there any other  
6 questions?

7 (NO AUDIBLE RESPONSE.)

8 MR. KENNEDY: All right. Those in favor  
9 say "Aye"?

10 MR. MILLER: Aye.

11 MR. THIEL: Aye.

12 MR. DABNEY: Aye.

13 MR. CAMPBELL: Aye.

14 MR. LINNELL: Aye.

15 MS. CAVE: Aye.

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

17 (NO AUDIBLE RESPONSE.)

18 MR. KENNEDY: Motion carries.

19 We are at Member Forum.

20 So I have the list of members that would  
21 like to speak. I will call your name. Name, address,  
22 three minutes. And I am going to have my Mr. Secretary  
23 time you.

24 And Mr. Hall?

25 MR. HALL: Here.

1 MR. KENNEDY: Oh, I'm sorry. At the  
2 podium.

3 MR. HALL: First off, while I am Harlan  
4 Hall, 7712 Manatee Street, Navarre, Florida.

5 I would like to thank the gentleman here  
6 at the end of the table -- I didn't remember their  
7 names -- for the work they did on the preplanning for  
8 over in Holley. Awesome catch.

9 And I think this is going to save this  
10 entity a bunch of money over the long haul. I just  
11 wanted to say thank you to you guys.

12 My next thing is I was wondering if I  
13 could get a copy of the bylaws?

14 MR. KENNEDY: They are on the website,  
15 sir. They are posted on on the website -- the bylaws and  
16 the Articles of Incorporation are under the documents on  
17 the website.

18 MR. HALL: Okay. Thank you. And can I  
19 get a copy of the bylaws for the Hidden Creek?

20 MR. THIEL: They are on the Hidden Creek  
21 website, also, I believe.

22 MR. KENNEDY: Are they? They are there as  
23 well.

24 MR. HALL: Okay. Just wanted to know  
25 where to get them.

1 MR. KENNEDY: Yeah.

2 MR. HALL: Other than that, I do have one  
3 question. My understanding -- and the reason I am kind  
4 of concerned about this is I live right by there.

5 My understanding is we had a spill on  
6 Pepper Street around 6,000 gallons. And I was wondering  
7 if there was a lesson learned there so we can hopefully  
8 not have any -- or do our best to prevent it in the  
9 future.

10 DR. PEAVEY: Yes. I think we can all  
11 agree that was a lesson learned. It was out of our  
12 control at the time, but we have taken steps to remedy  
13 that.

14 MR. HALL: I understand that. That's when  
15 things happen, you have got to -- and the other thing is  
16 my understanding is that the water that is in the Holley  
17 by the Sea's ponds comes from the effluent water.

18 And I was wondering if there was any  
19 testing or anything done on that. Because I was on a  
20 walk around there the other day, and there's quite a few  
21 dead turtles around the pond. And I was just wondering  
22 if something is getting in there.

23 We had have turtles in until there for  
24 years. But we are getting a lot of dead turtles around  
25 there.

1 MR. KENNEDY: Well, we did happen to  
2 have --

3 Do you want to address this?

4 DR. PEAVEY: Chris, go ahead. Because we  
5 did happen to have somebody from the County out there  
6 today based upon a false claim, so --

7 MR. LEGG: Shelley Alexander met me out  
8 there this afternoon about 3:00 o'clock. And she had  
9 been out there on a report that we had dead animals and  
10 algae on the pond.

11 There is algae on the pond surface. That  
12 actually had nothing to do with Holley Navarre Water. We  
13 did not find any dead animals, no eyes burning. So Santa  
14 Rosa County Environmental Management has also come to the  
15 conclusion that there is nothing -- nothing can be done  
16 about it. Nothing being done wrong. It's just the way  
17 the pond algae looks.

18 MR. HALL: I will tell you, I didn't go to  
19 the County. That was not me. It's coincidental.

20 MR. LEGG: Our wastewater, we sample  
21 daily, seven days a week. And it is the same water that  
22 goes right there to the ponds. And we are 100 percent  
23 passing on all of our samples and all of our lab results.

24 MR. HALL: Okay. Like I said, this was a  
25 few days ago. I went for a walk around there, whenever

1 the weekend was and noticed it. Just something that I  
2 was bringing to your attention.

3 MR. MILLER: I would like to point out,  
4 you know, this is not a normal thing. I have never  
5 noticed this in prior years, and I have to believe it has  
6 something to do with the amount of rain and the amount of  
7 run-off that we have.

8 We have a lot of people that fertilize  
9 their yards and put, you know, all kinds of things can  
10 affect those ponds. But from what I have read, algae  
11 blooms can be enhanced from runoff and fertilizers.

12 And so, I don't think it's anything that  
13 is Holley Navarre Water related. I think it has to do  
14 with the rainfall.

15 MR. THIEL: Correct me if I am wrong, but  
16 that's what the inspectors found from the State when they  
17 came out?

18 DR. PEAVEY: Yes. That's when the Florida  
19 DEP came out five weeks ago based on a false report.  
20 They spent the full day out there testing and scrutinized  
21 everything we did from the ponds all the way back to the  
22 wastewater treatment plant, the RIBS, everything that we  
23 have. And they found absolutely no violation of any  
24 kind. So this is twice in less than five weeks.

25 MR. THIEL: And they did attribute it to



1 runoff from the surrounding area.

2 DR. PEAVEY: That's exactly what they  
3 said.

4 MR. LEGG: DEP also pulled their own line  
5 of samples along with ours and the results were the same  
6 on both.

7 MR. HALL: I wasn't concerned about the  
8 algae. I just happened to see some dead turtles. I  
9 thought maybe something had happened.

10 MR. LEGG: No, sir.

11 MR. MILLER: They probably got into  
12 what-a-burger food or something.

13 MR. HALL: I brought it to your attention  
14 just so you knew about it.

15 MR. KENNEDY: Thank you, Mr. Hall.

16 MR. HALL: I didn't know the County was  
17 involved and everything else.

18 MR. KENNEDY: I hope you go away with the  
19 fact that they are very concerned and they are always on  
20 top of the water and how it affects everything, so, you  
21 know, they are on it and the testing that goes on. But  
22 thanks for your input, sir.

23 MR. HALL: No. I get that from they are  
24 thorough plus --

25 MR. KENNEDY: Thank you, sir.

1 MR. HALL: -- on testing and stuff.

2 MR. KENNEDY: Yes, sir.

3 MR. HALL: And, also, I hadn't thought  
4 about all the rainwater and fertilizer.

5 MR. KENNEDY: Perfect. Ms. Linke,  
6 name and address?

7 MS. LINKE: Rhonda Linke. I live on  
8 Gordon Evans, 7058, which is absolutely perfect. My  
9 husband and I have moved to this particular region about  
10 20 months ago, bought a house sort of sight unseen.

11 And later then didn't realize, you know,  
12 that we have Holley Water -- wastewater treatment down  
13 the road, which, you know, wouldn't have changed the fact  
14 that we bought the house.

15 It is a lovely area. We really enjoy  
16 living there. With that, before I came here, I did take  
17 an attempt to try to educate myself. I have gone to the  
18 website, read the study, love it, see what is really  
19 going on.

20 I had to read some of the terminology and  
21 then kind of figure a few things out. One of the things  
22 I see on here, which is fabulous, right, is that the RIB  
23 system and the new Eglin facility that we are going to do  
24 that really helps with our environmental and the  
25 processing of our domestic wastewater, moving it to the

1 Eglin.

2                   But on the -- and excuse me, because I  
3 know it's really hard to see and my home printer is  
4 horrible -- so, anyway, one of the things that you guys  
5 know is that the Holley wastewater treatment facility  
6 does not tie into that particular process. Right?

7                   So I am looking on the website, looking at  
8 additional projects that are underway. And you have got  
9 them listed there, but there is no hyperlink to give me  
10 any additional explanation about what those things are.

11                   And there's two of them that are listed  
12 that have to do with Gordon Evans. And I have to assume  
13 and I am pretty sure I am right on this -- that they have  
14 to do with the Secret Isle subdivision that is going in.

15                   And I must say, too, I am really also very  
16 pleased at hearing the offset of costs and the  
17 forethought that is going forward by your committee to  
18 think about, you know, the future sewer needs.

19                   With all of that being said, though, we  
20 had a lot of rain this year. We have not yet had the  
21 hurricane, but I am going to reflect back on something  
22 that did happen with all of the rainwater and the deluge  
23 that we had associated with Laura and then with Sandy.

24                   And what really was that particular case  
25 is, you know, the location of the wastewater was not able

1 to process. We had a problem. I don't know if it was  
2 reported. I didn't see any physical reports on this, but  
3 walking down our road for a good tenth of a mile from  
4 that facility, there was a quarter to a half inch of  
5 sludge, raw sewage.

6                   It was actually dispersed from that. I  
7 mean, this should be of record. You guys should know  
8 this. It should not be something new. And I am not an  
9 expert on this, but being a human, I do know what I saw  
10 and did smell.

11                   I am concerned only because with all of  
12 the water that we had this year, I am just wondering if  
13 there is something that I would consider, you know, the  
14 normal kind of a three-prong approach. And I know you  
15 are doing some of it.

16                   Three-prong being kind of the triage.  
17 Right? When that problem first occurred, there was a  
18 pipe that was broke. I called the emergency number --

19                   MR. KENNEDY: And I don't mean to cut you  
20 off. But three minutes. Is your question about the --  
21 this sludge? Because if it is, I would ask you to just  
22 send an email to the CEO because I don't believe it's --

23                   MS. LINKE: It's not just about the  
24 sludge. It's that, you know, 447 feet -- I used the  
25 Google tool -- from the driveway entrance to that, is

1 Millard Creek and that went there.

2                   And Millard Creek empties right into the  
3 estuary that goes right into our Bay. So it's not -- I  
4 really don't -- I'm not so concerned with what happened  
5 in arrears, right, it's, hey, we are in hurricane season  
6 again.

7                   We had so much water. What are the future  
8 plans? And what are we looking at to do with that  
9 particular facility since it's there? We do have more  
10 homes going in. I understand we are going to tie it into  
11 the Bluebell (sic) for some of that.

12                   But I'm concerned because it's a public  
13 health -- and our -- it's a public health issue when  
14 something like that happens.

15                   MR. KENNEDY: I think -- and your concerns  
16 are -- I mean, the Board and the staff always take these  
17 concerns very seriously. Unfortunately, it's hard to  
18 address, you know, that. So my recommendation would to  
19 be able to send that email question to Dr. Peavey, and  
20 then, he can address that.

21                   Because it sounds like it's a very -- it's  
22 a lot more drawn out -- because I am pretty sure our  
23 staff would not be saying there is any sludge that would  
24 be falling off from our system.

25                   MS. LINKE: It's not there now. But you

1 can certainly see it. And, again, I just want to go on  
2 record and say I am concerned about that. If it happened  
3 last year, and we are in a more more dire situation with  
4 that RIB system in there right now, it's not going to be  
5 sufficient.

6 And I am just wanting to look at again --  
7 triage. Is this something that we could be looking at  
8 that is reasonable to assume we are going to have another  
9 situation?

10 And I live here. It's a public health  
11 concern. Just -- I mean, we are all reasonable. I think  
12 we can all look at that --

13 MR. KENNEDY: Absolutely.

14 MS. LINKE: I am hoping to get, not just  
15 information for me, but everybody that lives along there.  
16 Right?

17 MR. KENNEDY: Yes, ma'am.

18 MR. MILLER: And can I clarify? Are you  
19 saying this occurred during Hurricane Sally?

20 MS. LINKE: It was between Laura -- do you  
21 remember -- it was Sally. Yeah. It was Sally. In fact,  
22 if you look at the road right in front of that facility  
23 right now, there was so much water.

24 And part of it was, you know, from the  
25 facility itself. It went under the roadway. There was

1 some pipes that were exposed as well.

2                   So, yeah, I mean, if we had something like  
3 a Sally happen today with ten plus more inches of water  
4 than normal for this time of year, yeah, it might be a  
5 little concerning. And there's always more domestic  
6 wastewater that is going to be going --

7                   MR. KENNEDY: Well, we will definitely  
8 take a look at that for sure.

9                   MS. LINKE: Thank you very much.

10                  MR. KENNEDY: Thank you, ma'am.

11                  Mr. Linke?

12                  MR. LINKE: I think my wife said it all.

13                  MR. KENNEDY: Okay.

14                  MR. THIEL: She used your time, anyway.

15                  MS. LINKE: I think he just signed in.

16                  MR. KENNEDY: Very well. And thank you  
17 for your input.

18                  Ms. Kennedy?

19                  MS. KENNEDY: No.

20                  MR. KENNEDY: All right. We are done with  
21 member forum. Does the Board have any further questions?

22                  MR. CAMPBELL: Just real quick to the  
23 member's concern there, Holley is part of the master plan  
24 and all of that is consideration to be able to handle  
25 that additional growth there when it was installed.

1                   So -- and I have got the wastewater  
2 treatment manager shaking -- he doesn't know about, you  
3 know, not necessarily aware of that happening.

4                   I know during part of the education to us  
5 was "Pre," those things, you guys take measure when you  
6 know what is coming. Especially this rain that you are  
7 talking about that you were saying in particular how you  
8 let things go down because you know you are going to get  
9 extra.

10                  So for the member that -- engineering and  
11 the staff have the master plan that they plan for those  
12 sort of things, but, if you do see it, I would call the  
13 emergency number and let them know.

14                  MS. LINKE: We called the emergency number  
15 because we believed it was a pipe that actually broke,  
16 but it was much further down. That happens, you know.  
17 What I was really concerned was the deluge that came  
18 through and the sludge that came through.

19                  DR. PEAVEY: We will be glad to take a  
20 look at it.

21                  MR. KENNEDY: Yeah. Because of that, we  
22 will have staff take a look at that, and, again, come up  
23 with appropriate plans, if it was us or if not, we will  
24 just make sure we will do what is right.

25                  MS. LINKE: Yeah. I mean, there's no



1 homes right next to it, so it was from there.

2 MR. KENNEDY: Okay. Well -- and the  
3 downside, though, is without us being able to go out and  
4 take a look at that -- and I mean no disrespect -- I  
5 mean, I am not an expert in that area.

6 So they might go out there and go, "No,  
7 I'm sorry. You are seeing something coming up from,  
8 bubbling up from something."

9 MS. LINKE: I know I am way past my three  
10 minutes.

11 MR. KENNEDY: Yeah.

12 MS. LINKE: It was a quarter to a half  
13 inch, you guys, and it was a tenth of a mile long. It  
14 was completely over the roadway. This is not just mud.

15 This was --

16 MR. KENNEDY: Got you. Well, we will look  
17 into it for sure.

18 MS. LINKE: Thank you.

19 MR. KENNEDY: Great. Any further  
20 discussion?

21 MR. MILLER: I would just like to point  
22 out, you know, we approved our Holley Navarre Water  
23 System financials and we talked about how they were down  
24 right now.

25 The financials for MESI were really good

1 for this month and the financials for the golf course  
2 were better than they have been in years. So, you know,  
3 I applaud the staff of both of those entities for having  
4 a really great month. Hope it keeps up.

5 MR. KENNEDY: Yes, sir. All right. I  
6 will entertain a motion for adjournment.

7 MR. CAMPBELL: I will motion to adjourn.

8 MR. THIEL: Second.

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

11 MR. MILLER: Aye.

12 MR. THIEL: Aye.

13 MR. DABNEY: Aye.

14 MR. CAMPBELL: Aye.

15 MR. LINNELL: Aye.

16 MS. CAVE: Aye.

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

18 (NO AUDIBLE RESPONSE.)

19 MR. KENNEDY: We are adjourned.

20

21 WHEREUPON, THE BOARD OF DIRECTORS FOR  
22 HOLLEY NAVARRE WATER SYSTEM ADJOURNED AT 7:00 P.M.

23

24

25

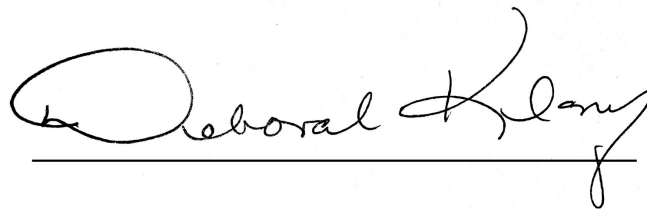
## 1 CERTIFICATE OF REPORTER

2  
3 STATE OF FLORIDA

4 COUNTY OF SANTA ROSA

5  
6 I, DEBORAH G. KHARUF, Court Reporter and  
7 Notary Public, State of Florida at Large, hereby certify  
8 that I was authorized to and did stenographically report  
9 the foregoing meeting of the Holley Navarre Water System  
10 Board of Directors. I further certify that I am not a  
11 relative, employee, attorney or counsel of any of the  
12 parties, nor am I a relative or employee of any attorney  
13 or counsel connected with the action; nor am I  
14 financially interested in this proceeding or its outcome.

15 Dated this 3rd day of August, 2021.

16  
17 A handwritten signature in black ink, reading "Deborah G. Kharuf", is written over a horizontal line. The signature is cursive and includes a large initial "D".  
18  
19

20 DEBORAH G. KHARUF

21 Court Reporter and Notary Public,

22 State of Florida at Large.

23 Commission number GG 310633

24 My commission expires July 6, 2023.

25