

1 HOLLEY NAVARRE WATER SYSTEM

2 BOARD OF DIRECTORS MEETING

3 DECEMBER 21, 2021

4 6:00 P.M. - 6:32 P.M.

5  
6 MIKE KENNEDY, PRESIDENT

7 MARK MILLER, VICE PRESIDENT

8 JOE CAMPBELL, DIRECTOR

9 DON LINNELL, DIRECTOR

10 DALLAS PEAVEY, CEO, HNWS

11 EMERALD MCDANIEL, HNWS

12 DONNA LUPOLA, HNWS, OPERATIONS

13 TY CAMPBELL, HNWS, FINANCE

14 CLINTON WELLS, HNWS, OPERATIONS

15 PHIL PHILLIPS, MESI

16 CHRIS BOND, HNWS, IT MANAGER

17  
18 ALSO PRESENT:

19 WILL DUNAWAY, ESQUIRE

20 DEBORAH KHARUF, COURT REPORTER

21

22

23

24

25

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

2 MR. KENNEDY: All right. It's 6:00  
3 o'clock. We will call this meeting to order.

4 Mr. Miller, will you please lead us in  
5 prayer?

6 MR. MILLER: Please bow your heads and  
7 pray.

8 (INVOCATION GIVEN BY DIRECTOR MILLER.)

9 MR. KENNEDY: Director Campbell, pledge of  
10 allegiance?

11 MR. JOE CAMPBELL: Join me in the pledge  
12 of allegiance as you face the flag.

13 (PLEDGE OF ALLEGIANCE LED BY DIRECTOR JOE  
14 CAMPBELL.)

15 MR. KENNEDY: Thank you, gentlemen. An  
16 announcement of a quorum. We do have a quorum.

17 We do have audio and video recordings in  
18 use. If anybody would like to do public forum, please  
19 fill out the member forum sign-in sheet.

20 Just as far as an announcement, I will do  
21 it twice, our January annual meeting will also be held  
22 here at Hidden Creek, not at the Board room.

23 So I will bring that up at the end of the  
24 meeting. So onward to the approval of the meeting  
25 minutes.

1                   Has everyone had a chance to look at the  
2 meeting minutes? Any changes or comments?

3                   (NO AUDIBLE RESPONSE.)

4                   MR. KENNEDY: Okay.

5                   MR. LINNELL: I don't have any comments.  
6 I make a motion to approve the minutes as written.

7                   MR. KENNEDY: Okay. I have a motion.

8                   MR. MILLER: Do we want to identify which  
9 meeting minutes and transcripts we are approving here,  
10 just for the record?

11                   MR. LINNELL: Our November 16th special  
12 meeting and the regular meeting minutes.

13                   MR. KENNEDY: I have a motion --

14                   MR. MILLER: And transcripts?

15                   MR. LINNELL: And transcripts.

16                   MR. MILLER: Second the motion.

17                   MR. KENNEDY: So I have a motion for the  
18 November 16th special and regular meeting minutes and  
19 transcripts and a second. Any further discussion?

20                   (NO AUDIBLE RESPONSE.)

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

22                   MR. MILLER: Aye.

23                   MR. LINNELL: Aye.

24                   MR. JOE CAMPBELL: Aye.

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

1 (NO AUDIBLE RESPONSE.)

2 MR. KENNEDY: Motion carries.

3 All right. Approval of memberships. In  
4 November, we had 301 new members, 262 canceled members,  
5 and one transfer. Do I have a motion to approve the  
6 memberships as presented?

7 MR. MILLER: So moved.

8 MR. LINNELL: Second.

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

11 (NO AUDIBLE RESPONSE.)

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

13 MR. MILLER: Aye.

14 MR. LINNELL: Aye.

15 MR. JOE CAMPBELL: Aye.

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

17 (NO AUDIBLE RESPONSE.)

18 MR. KENNEDY: Motion carries.

19 No unfinished business.

20 Onto new business. All right. Dr.

21 Peavey, the November 2021 financials?

22 DR. PEAVEY: Yes, sir. Mr. President and  
23 Board, for the month of November, we actually ended up  
24 with another slight loss of \$13,883.79. The cause of  
25 that was a couple of big expenditures -- one is the

1 annual bonus that the Board has approved for the  
2 employees. That occurred in the month of November. That  
3 was paid out.

4           The other was that there was real estate  
5 property taxes for the year that was paid. The  
6 additional expenditures was security assessment that the  
7 Board approved of \$10,000.

8           And then, we had a one-time payment of  
9 \$25,000 for administration fee on the \$2.1 million loan  
10 that was due. So that was paid.

11           Otherwise, we had a very conservative  
12 month. Next month, we expect, because we won't have  
13 those expenditures, will be a much better month.

14           MR. KENNEDY: Thank you. So, Director  
15 Thiel and myself, we had our monthly meeting to discuss  
16 the November budget and financials that we do every  
17 month.

18           And, actually, again, all the Board  
19 members here, and Bill Thiel as well, we have been in Dr.  
20 Peavey's office going over the budget, so I am sure many  
21 of you have seen the monthly financials.

22           But, yeah, as Dr. Peavey mentioned, those  
23 were kind of the outliers. We would have been positive  
24 except for the one-time fee there, so overall decent  
25 month.

1 Any questions from the Board on November  
2 2021?

3 (NO AUDIBLE RESPONSE.)

4 MR. KENNEDY: I will entertain a motion.

5 MR. JOE CAMPBELL: I will make a motion to  
6 approve the financials as presented.

7 MR. MILLER: I will second.

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

10 (NO AUDIBLE RESPONSE.)

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

12 MR. MILLER: Aye.

13 MR. LINNELL: Aye.

14 MR. JOE CAMPBELL: Aye.

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

16 (NO AUDIBLE RESPONSE.)

17 MR. KENNEDY: Motion carries.

18 All right. The Financial Committee. So  
19 since Director Thiel is not present, I will run through  
20 the committee updates.

21 Director Campbell, Eglin?

22 MR. JOE CAMPBELL: Moving forward, still  
23 some outstanding issues, but, really, we are on track,  
24 just really -- just the lease that the Air Force needs to  
25 sign and the County has the lead on that and we are

1 waiting.

2                   Next month, we actually have a full  
3 meeting with the Northwest Water Management Board that  
4 Dr. Peavey has arranged. So they will get an update and  
5 we will go over the full project with them. No show  
6 stoppers --

7                   MR. KENNEDY: Okay.

8                   MR. JOE CAMPBELL: -- at this point.

9                   MR. KENNEDY: Any questions from the Board  
10 on Eglin?

11                   (NO AUDIBLE RESPONSE.)

12                   Capital improvement. Mr. Campbell?

13                   MR. JOE CAMPBELL: Ditto to staff, they  
14 did a good job of forecasting. The money is being spent  
15 as it is needed. Still looking forward to some major  
16 shifts, but it's on all on track.

17                   MR. KENNEDY: Okay. Bonds. Director  
18 Miller?

19                   MR. MILLER: No update from the Bonds  
20 Committee at this time. There is not an immediate need  
21 for bonds.

22                   MR. KENNEDY: Thank you, sir.

23                   And no further comments on the budget  
24 since I just went over that. All right. Any other  
25 comments on the committee updates?

1 (NO AUDIBLE RESPONSE.)

2 MR. KENNEDY: Very good. Canvassing  
3 committee. Dr. Peavey?

4 DR. PEAVEY: Mr. President and Board, as  
5 you know, prior to the elections, a canvassing Board is  
6 usually put together that consists of the CEO, legal  
7 counsel, and a voted-on Board member, so that the Board  
8 will meet and select somebody to sit on the canvassing  
9 committee.

10 You have in your folder at your seat there  
11 what has happened in the past, and what those kind of  
12 guidelines and parameters are that this canvassing  
13 committee forms.

14 So the Board would need to select somebody  
15 or nominate somebody to sit on that canvassing committee  
16 so that legal counsel can go through --

17 MR. JOE CAMPBELL: Dr. Peavey, can you  
18 give a quick update for the members that don't have that  
19 what a canvassing committee does.

20 DR. PEAVEY: What they do is they  
21 review -- one, the first thing they do is review the  
22 candidates and the packages that were submitted with  
23 outside counsel to coordinate and make sure that that is  
24 successful.

25 The second thing that they do is they sit



1 and they go through both the absentee ballots, the votes  
2 that are cast on the day of, are certified, are correct,  
3 they are appropriated and can be counted.

4 MR. KENNEDY: Okay. So I believe the  
5 Board -- we are here to appoint a Board member for the  
6 canvassing committee.

7 MR. JOE CAMPBELL: Since three of us are  
8 running, I think I would like to nominate Mr. Mark Miller  
9 to be the member of that canvassing committee.

10 MR. KENNEDY: All right. Mr. Miller,  
11 would you accept that nomination?

12 MR. MILLER: Yes.

13 MR. KENNEDY: I have a nomination.

14 MR. LINNELL: I second the motion.

15 MR. KENNEDY: All right. Don has  
16 seconded. Any further discussion?

17 (NO AUDIBLE RESPONSE.)

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

19 MR. MILLER: Aye.

20 MR. LINNELL: Aye.

21 MR. JOE CAMPBELL: Aye.

22 MR. KENNEDY: Aye.

23 Those opposed say, "No"?

24 (NO AUDIBLE RESPONSE.)

25 MR. KENNEDY: The motion carries. Thank

1 you, sir.

2 2022 proposed budget. Dr. Peavey?

3 DR. PEAVEY: Yes, sir. Again,  
4 Mr. President and Board members, during the last Board  
5 meeting, this proposed 2022 budget was put before the  
6 Board for consideration. Over the past week, last  
7 Thursday, and again yesterday, we sat with the various  
8 Board members, each one of those that are present today  
9 as well as Director Thiel went through the 2022 budget to  
10 answer any questions and get them comfortable with it.

11 The first thing that I would put out  
12 there, so that the public knows and the Board is fully  
13 aware of it, is that with the proposed budget, there is  
14 no rate increase proposed to meet this budget for the  
15 2022 year.

16 MR. KENNEDY: Okay. So I guess -- yes,  
17 sir?

18 DR. PEAVEY: That's it. There is two  
19 parts to this. One is that and the second is that we  
20 would need the Board to give approval for the budget to  
21 carry through the time in January from the end of this  
22 year until the new budget is officially approved by the  
23 new Board or by this Board in January.

24 MR. KENNEDY: Right. So the Board -- we  
25 are looking at two separate motions. I guess one is to

1 discuss and approve the proposed budget, and then, two,  
2 how do we continue into January. So I just wanted to  
3 bring that up. Is that correct?

4 DR. PEAVEY: It's a preliminary approval  
5 for this 2022, and then, it is officially approved in  
6 January.

7 MR. KENNEDY: Roger that.

8 MR. JOE CAMPBELL: So just for  
9 clarification, sorry --

10 MR. KENNEDY: No, you are fine.

11 MR. JOE CAMPBELL: So even though the COLA  
12 for 2022 is up 5.9 percent and project inflation is 2.3  
13 percent, there is no rate increase for us?

14 DR. PEAVEY: There is no rate increase.  
15 Absolutely.

16 MR. JOE CAMPBELL: Got it.

17 MR. MILLER: And the CPI, last year, we  
18 approved a CPI adjustment of 1.2 percent. We are going  
19 to forego that as well.

20 DR. PEAVEY: Yes, sir. We believe that we  
21 have the resources available to meet the requirements in  
22 this budget without a rate increase.

23 MR. MILLER: Okay. The next question I  
24 have, I think we have two options. We have an option of  
25 using the 2022 proposed budget in a temporary basis from

1 January 1 until the new Board formally approves it. Or  
2 we can operate under our current budget until then.

3 And so, does staff have a recommendation  
4 or a preference as to which would be --

5 MR. JOE CAMPBELL: It wouldn't be the new  
6 Board. It would be this Board, but at the January  
7 meeting. Right?

8 DR. PEAVEY: It's the January meeting.  
9 Yes.

10 MR. KENNEDY: That's correct.

11 MR. MILLER: That's right. At the annual  
12 meeting.

13 MR. JOE CAMPBELL: So it's not the new  
14 Board of Directors trying to come in and then say --

15 MR. KENNEDY: So I will bring you guys  
16 back around. So let's discuss the 2022 budget, proposed  
17 budget, because I think Don also has some discussions.  
18 And then, we will decide on that, and we will make a  
19 secondary motion on how we fund January, whether or not  
20 it is like you said.

21 Is that okay? Is the Board good with  
22 that?

23 MR. LINNELL: Yeah.

24 MR. KENNEDY: Do you have anything else,  
25 Director Miller?

1 MR. MILLER: No.

2 MR. KENNEDY: Okay. Director Linnell?

3 MR. LINNELL: Glad to hear there wouldn't  
4 be any rate increases, so it's -- last week, when we went  
5 over it, I mean, the 6.6 percent, the CPI is still an  
6 issue for me. I understand the number and where it came  
7 from.

8 But part of that number -- we are looking  
9 at the Bureau of Labor Statistics -- a part of that is a  
10 large increase in energy pricing over the last year.

11 That was a result of the year before. It  
12 went down 7 to 15 percent, depending on what you are  
13 looking at. So I am just thinking, using the full CPI  
14 versus the core is not the way to go. I would recommend  
15 the the core CPI numbers, which is 4.9 percent.

16 And the core CPI values take out energy  
17 changes and food changes, supposedly, because they are  
18 not cyclical, and they are necessarily driven by policy.  
19 And they are hard to project sometimes. But instead of  
20 using the 6.6, I would like to discuss using the 4.9  
21 percent, which is core CPI versus the full CPI because  
22 that full CPI is being driven by a 33 percent increase in  
23 energy based on the numbers from the Labor Statistics.  
24 And I just --

25 MR. JOE CAMPBELL: We use energy to fuel

1 the pumps and fuel the vehicles and the generators and  
2 all of that. That's energy; right? So you are saying  
3 for next year?

4 MR. LINNELL: Yeah. For next year.

5 MR. JOE CAMPBELL: You want staff to look  
6 at that?

7 MR. LINNELL: No. I am saying instead of  
8 using 6.6 as the CPI increase, using the 4.9. Because  
9 last year, I am willing to bet when energy was declining  
10 by 7 or 15 percent, depending on which sector you look  
11 at, we didn't take that away from the budget.

12 And I am not proposing that we did. I am  
13 just saying that the cost of living over the past year,  
14 some of it is an anomaly because the pandemic went  
15 through, and energy, in particular, took a hit. Energy  
16 and transportation and gasoline. Nothing else.

17 The numbers don't show anything else  
18 declining, just those three areas. And so -- but CPI is  
19 driven by -- how much has that changed over the past  
20 year?

21 So we are going from a year, a time when  
22 we lost 7 to 15 percent what it was now, so we are making  
23 up that extra amount that was reduced that I don't think  
24 we should do that.

25 I would like us to change that. Instead

1 of a 6.6, use the 4.9. Again, the 6.6 is the CPI,  
2 Consumer Price Index, and all the variables that go into  
3 that, all of them. The core CPI, which is 4.9, is all of  
4 them minus energy and food.

5 MR. MILLER: I would say we are not a  
6 consumer of food necessarily, but energy, we absolutely  
7 are.

8 DR. PEAVEY: Absolutely.

9 MR. MILLER: And Gulf Power is projecting  
10 a rate increase in January, so, you know, all of our  
11 facilities that rely on electricity to operate are going  
12 to be seeing that rate increase.

13 Our -- you know, all the trucks that are  
14 out on the road, they are having to pump gas in at over  
15 three bucks a gallon now, so, you know, I am inclined to  
16 go with the 6.6, just because the energy portion of that  
17 does affect us.

18 MR. LINNELL: Then, I am not understanding  
19 the point that I think you are trying to make or at least  
20 I don't believe so. To me, the energy portion is -- I  
21 can't think of the right word -- but it's overblown.

22 Because during the pandemic, those prices  
23 went down. And the percentage that it goes up -- and all  
24 the CPI is based on a percentage, so the percentage  
25 increase is how much did it go up over the last year?

1                   And as far as I am concerned, we didn't  
2 take advantage or have the result of when prices all  
3 dropped, we are making all of that time up. And we are  
4 going to pay it, and I don't think we need to, but I  
5 don't think that -- I don't think that's an effect that  
6 we actually experienced.

7                   MR. JOE CAMPBELL: I am looking forward to  
8 the future here of this year coming up, inflation is  
9 expected 2.3 percent, because we are out of this and we  
10 are moving forward, so --

11                   MR. KENNEDY: Staff comment?

12                   DR. PEAVEY: The reason we came up with  
13 this was we did divide this into a CPI and a cost of  
14 living and what we said was based upon the inflation  
15 rate, we saw it going through the third quarter of 2022,  
16 this is the appropriate amount, because nobody expected  
17 the Omicron virus to occur.

18                   And that's where you are saying, it's  
19 going to decline. We don't know how long that effect is  
20 going to last. What we have seen from the Government  
21 ratings, and that's all we have to go on at this point is  
22 there won't be any decline in any of the pricing until we  
23 go into the third or fourth quarter.

24                   MR. LINNELL: So I am not saying anything  
25 is declining. So my message is not getting across. I am



1 not saying anything is declining. I am saying the 6.6  
2 CPI for the year 2021, all the factors that go into that,  
3 all of them increase, but if we start with energy and  
4 transportation, and gasoline, in particular, they  
5 declined during the pandemic. They just tanked.

6                   Okay. But now, they have raised up, and  
7 the percentage that it has raised up over last year  
8 included the price drop, because nobody was traveling.

9                   So it's not an increase just from -- it's  
10 not the normal increase or the constant increase or the  
11 smooth increase that we have on all of the other  
12 variables. It's an anomaly.

13                   We had a pandemic and people stopped  
14 driving, so prices just dropped. It's just a -- snap the  
15 line on a certain date, this was the gas prices. This  
16 was energy costs. How much has that increased in the  
17 last year?

18                   And I am saying it decreased the year  
19 before, so now, we are paying -- to me, we pay double if  
20 we go with the 6.6 percent.

21                   MR. JOE CAMPBELL: I don't know if the CPI  
22 has ever decreased --

23                   MR. LINNELL: The CPI --

24                   MR. TY CAMPBELL: I would like to comment  
25 that the CPI is not a snapshot. It's a change wave index

1 that is referenced back to a constant. I am just saying,  
2 if you are going to bring up parts of the CPI, it is  
3 referenced against an absolute dollar, not the previous  
4 dollar, so to speak.

5                   It's not referenced against last year's  
6 prices. It is referenced against the slope of change in  
7 prices. So that percentage is a forecast or -- and to be  
8 honest with you, anything we say here is a guess.

9                   You have to take into account that if you  
10 reduce energy, take energy completely out of it, you are  
11 still mitigating the fact that most of what we use needs  
12 petroleum products to be made, the linings, the  
13 chemicals, how they get to us, our budget is full of  
14 petroleum distillates, petroleum distillates originated,  
15 which is the energy sector.

16                   So I think taking that out isn't really  
17 energy. It's the petroleum. And when they are talking  
18 about energy, they are talking about cost of crude and so  
19 forth. But it kind of filters its way through the CPI in  
20 a lot of different ways through the manufacturing  
21 process, what it takes to create the products we use.

22                   It isn't just solely the gas we put in our  
23 car, which I understand your point. And if you just say,  
24 well, year over year, what was the rate of increase, that  
25 might be a true statement, but CPI itself is a reference

1 to, like 1972, or I forget what the current reference  
2 year is, and it's referenced against that change, not  
3 against last year's price, so to speak.

4 MR. LINNELL: So I would argue that the  
5 tables I have shown the changes over the last year and  
6 based on the increase over the last year from whatever  
7 the time was, whatever the snap in line, that's not the  
8 snap in line I was talking about.

9 But from November '20 to November '21,  
10 CPI, Bureau of Land Statistics -- Labor Statistics said  
11 is 6.6.

12 Core CPI, which does include energy and  
13 food, is 4.9. And then, they go with the table of how  
14 much did energy go down, saying energy was down 7 percent  
15 the previous year and gasoline was down 15 percent the  
16 previous year. So we are just -- we are paying double.

17 Or the CPI is overly influenced by this  
18 massive change in the energy price from one year to the  
19 next because we started traveling.

20 And as Joe said, if I heard correctly,  
21 right now, inflation projections for next year, even the  
22 way things are right now, is 2.3 percent, not what we are  
23 doing right now.

24 MR. TY CAMPBELL: We just had generated it  
25 this past month, computed it at 4.7.

1 MR. LINNELL: Yeah. For last month, it  
2 went up 4.7 percent.

3 MR. TY CAMPBELL: -- created trillions and  
4 trillions of dollars in the economy through PPP and COVID  
5 stimulus and so forth. That money didn't go away. It's  
6 more dollars chasing less goods.

7 If anything, the forecast is for higher  
8 CPI. There is an abundance of dollars with less  
9 production capacity in every industry --

10 MR. LINNELL: So are you saying the 2.3  
11 that Joe mentioned is incorrect?

12 MR. TY CAMPBELL: I am saying that the  
13 last one I just saw on the computation included those --  
14 was the month's highest it's been for years. So we just  
15 had one about three days ago.

16 MR. LINNELL: Well, these numbers that is  
17 this month, it went up.

18 MR. TY CAMPBELL: Yeah.

19 MR. LINNELL: It's gone up more the last  
20 three or four months than it has in a very long time.

21 MR. KENNEDY: And I guess I was just going  
22 to summarize, you are recommending something other than  
23 6.6?

24 MR. LINNELL: Yes.

25 MR. KENNEDY: Staff has made a

1 recommendation of 6.6. Is the Board interested in  
2 discussingn anything other than 6.6? Because what we  
3 have in the budget is 6.6.

4 MR. JOE CAMPBELL: That's what -- I was  
5 going to go back to what Dr. Peavey said -- is this a six  
6 percent raise on my water bill?

7 DR. PEAVEY: No, sir.

8 MR. JOE CAMPBELL: So however you got your  
9 calculations, you made the budget work. At the end of  
10 the day, do I pay \$106 or just \$100?

11 So regardless of what calculation is used  
12 to get us to the budget, there is no impact currently on  
13 the members is what I heard you saying.

14 MR. MILLER: In developing a budget you  
15 have to go from what your projected expenses are going to  
16 be and what your projected revenues are going to be, and  
17 like Ty said, some of it is a guess. You know, you are  
18 trying to ferret out --

19 (EVERYONE SPEAKING OVER EACH OTHER.)

20 MR. MILLER: Well -- let me finish --

21 MR. LINNELL: Well, in all due respect, I  
22 don't need an education on how to develop a budget.

23 MR. MILLER: Okay. Can I finish what I am  
24 saying?

25 MR. LINNELL: Yes.

1 MR. MILLER: So this is just our best  
2 guess as to what the numbers are going to be. And fuel  
3 is just a very small part of our budget. You know, if  
4 you look at some of the other expenses that we have, one  
5 of the biggest ones is labor and wages.

6 And, you know, just in Florida, the  
7 minimum wage went up, what, 20 percent this year, and it  
8 is going to go up another dollar an hour at the end of  
9 next year and another dollar an hour after that.

10 We have got to account for all of that.  
11 Even though a lot of our employees are not minimum wage,  
12 you know, they expect to be making that much more than  
13 minimum wage as that goes up.

14 If we want to retain employees, we have  
15 got to be willing to pay them enough. I looked at the  
16 cost of chlorine, which is one of our biggest expenses,  
17 and that supply chain is causing the cost of chlorine to  
18 be like 50 percent more than what it is.

19 So there is so many different parts of the  
20 budget that all add up to that 6 percent and I think the  
21 6 percent number works and it balances the budget with  
22 the expenses that departments are projecting they are  
23 going to have.

24 MR. KENNEDY: And you, sir?

25 MR. LINNELL: I would like to respond to

1 that. One, as far as I am concerned, this budget is not  
2 our best estimate. The 6.6, my understanding, the 6.6 is  
3 the CPI number that we used for this cost of living or  
4 CPI, one or the other. Is that a true statement, Ty?

5 MR. TY CAMPBELL: It's a combination of  
6 COLA and CPI. That's my understanding.

7 MR. LINNELL: Okay. So it's not driven by  
8 our developing spreadsheet -- say this is what we are  
9 going to pay next year. We knew what CPI was. We used  
10 that for an estimate as to what we were going to pay.

11 MR. CAMPBELL: How can you estimate what  
12 you are going to pay next year without using the CPI?

13 MR. LINNELL: Well, you get quotes from  
14 people, for one.

15 DR. PEAVEY: We have done that.

16 MR. LINNELL: But it's -- this isn't an  
17 estimate. It's not like we are making the best guess.  
18 We are using a number that came from the Government  
19 saying this is how it is going to change.

20 I am just saying we should use a different  
21 number than the full number.

22 MR. KENNEDY: And I mean, ultimately, from  
23 what I hear, you are wanting a different number.

24 The Board here, I get the feeling that --  
25 in other words, you have had your say. Is the Board

1 interested in using a different number?

2 If not, the discussion is: Are you  
3 comfortable with the budget as it is with the 6.6 is  
4 where we are at.

5 MR. JOE CAMPBELL: I am comfortable. They  
6 have done their numbers and they can make -- the budget  
7 is a projection -- they can make it without a cost  
8 increase to members, regardless whether it's 6 percent or  
9 25 percent, I am good with that. I am ready to make a  
10 motion that we approve this budget as presented.

11 MR. KENNEDY: Okay.

12 MR. MILLER: I will second the motion.  
13 And just say that at that point, it is just a proposed  
14 budget, and it will be formally approved and discussed at  
15 our annual meeting.

16 So, at this point, it's, you know, we can  
17 approve it all day, but the annual meeting will be the  
18 actual determination of -- is this budget the one they  
19 are going to use for the year.

20 MR. KENNEDY: Okay. Now, you had said you  
21 would be ready to make a motion?

22 MR. JOE CAMPBELL: Okay. I made a motion.  
23 He seconded it.

24 MR. KENNEDY: And that was?

25 MR. JOE CAMPBELL: I made the motion -- I



1 make a motion that we approve this budget, the 2022  
2 budget as presented.

3 MR. KENNEDY: Okay. And Mark seconded?

4 MR. MILLER: I seconded.

5 MR. KENNEDY: Now, will there be further  
6 discussion?

7 MR. LINNELL: And the motion is to do what  
8 to the budget?

9 MR. JOE CAMPBELL: Move forward with this  
10 budget as presented. I still don't understand why we are  
11 approving it now and then have to vote on it again --

12 MR. MILLER: Our by-laws.

13 MR. JOE CAMPBELL: I am okay with that.  
14 The motion was we use this budget as presented.

15 MR. KENNEDY: Okay.

16 MR. LINNELL: All right.

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

19 (NO AUDIBLE RESPONSE.)

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

21 MR. MILLER: Aye.

22 MR. JOE CAMPBELL: Aye.

23 MR. KENNEDY: Those opposed say, "No"  
24 motion?

25 MR. LINNELL: No.

1 MR. KENNEDY: Motion carries.

2 DR. PEAVEY: Mr. President, you need the  
3 second part of that --

4 MR. KENNEDY: So the second part of this  
5 is now we need to decide whether or not we are going to  
6 use the current budget to fund January.

7 Or do we want to use the 2022, which, I  
8 think, we kind of decided we wanted to use the current --  
9 because we didn't know what --

10 MR. MILLER: Okay. As far as for  
11 accounting purposes, can I just ask, does that make any  
12 difference on our accounting side, whether or not we  
13 carry over the 2021 budget and operate until annual  
14 meeting or not?

15 MR. TY CAMPBELL: Our fixed costs, so to  
16 speak, are going to create and amortize, and our wages  
17 are not going to change. There are no real drivers in  
18 this month.

19 But in that interim period, it's -- it  
20 will be against what you guys are discussing -- how would  
21 we manage moving forward in that period. But, no, there  
22 is no different accounting treatments during that three  
23 weeks or however long it is in January.

24 MR. MILLER: Okay.

25 MR. KENNEDY: Do you have any questions on

1 how we are doing this?

2 MR. LINNELL: I am just -- I guess my only  
3 question is -- can we legally use the one for next year  
4 yet --

5 MR. KENNEDY: Right.

6 MR. LINNELL: -- versus the current one?

7 MR. KENNEDY: Because it's not technically  
8 even approved. Right?

9 MR. LINNELL: That's my question.

10 MR. KENNEDY: Just like -- I will make a  
11 motion to approve -- use the current budget until same  
12 pricing spend levels or however it does, until the  
13 January meeting.

14 MR. KENNEDY: So you have a motion that we  
15 use the current budget for --

16 MR. JOE CAMPBELL: For 2021 budget.

17 MR. LINNELL: Second.

18 MR. KENNEDY: Don seconded that. Any  
19 further discussion?

20 (NO AUDIBLE RESPONSE.)

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

22 MR. MILLER: Aye.

23 MR. LINNELL: Aye.

24 MR. JOE CAMPBELL: Aye.

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

1 (NO AUDIBLE RESPONSE.)

2 MR. KENNEDY: Motion carries.

3 We are onto Engineering. Mr. Phillips?

4 MR. PHILLIPS: That was perfect timing.

5 Well, I trust Joe covered Eglin earlier,  
6 so I will only add two things. One, we received earlier  
7 this month the final form of the lease with Boulevard for  
8 the property for the master booster pump station and  
9 storage tank.

10 It all looked good except for one exhibit  
11 that outlined the lease, and we prefer a couple of minor  
12 changes that we don't think that will -- it's really just  
13 a change from a preliminary site plan to the one that is  
14 actually approved by the County. So I don't think we are  
15 going to have any issue with that.

16 So I would expect that to be executed in  
17 the first part of January, which will start our time for  
18 doing the design and permitting to make sure we can use  
19 the property.

20 And then, the other thing is just  
21 following up again monthly on the I&I. You will notice  
22 that we have come from a peak I&I to 500 something  
23 thousands gallons a day in September to I think 200  
24 something last month 47,000 gallons --

25 DR. PEAHEY: 247 --

1 MR. PHILLIPS: 247 this month. So that's  
2 a good strong indication that, you know, we have made  
3 some headway in the I&I. There is still a lot to be  
4 done. We don't want to see those 500,000 gallon a day  
5 monthly averages like we had in September, but the fact  
6 that we recovered so quickly is good.

7 MR. KENNEDY: Excellent. Any questions  
8 from the Board on Engineering?

9 (NO AUDIBLE RESPONSE.)

10 MR. KENNEDY: All right. Well, thank you,  
11 sir.

12 That leaves us to then Member Forum and I  
13 have no one that has signed up for Member Forum.

14 Again, so before we adjourn, I will just  
15 make another announcement, we will be having our January  
16 meeting here at Hidden Creek, January 18th.

17 All right. I will entertain a motion for  
18 adjournment.

19 MR. LINNELL: So moved.

20 MR. KENNEDY: Okay. We have got a motion  
21 for -- by Don.

22 MR. MILLER: Second.

23 MR. KENNEDY: Mark seconded.

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

25 MR. MILLER: Aye.

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MR. LINNELL: Aye.

MR. JOE CAMPBELL: Aye.

MR. KENNEDY: Meeting adjourned.

WHEREUPON, THE MEETING FOR THE HOLLEY  
NAVARRE WATER SYSTEM BOARD OF DIRECTORS ADJOURNED AT 6:32  
P.M.

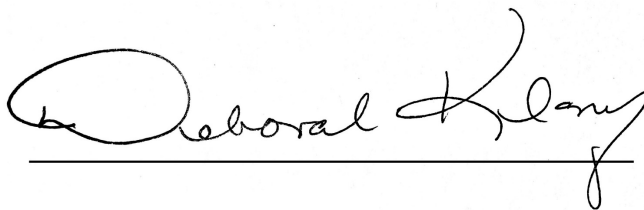
CERTIFICATE OF REPORTER

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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 6th day of January 2022.



DEBORAH G. KHARUF  
Court Reporter and Notary Public,  
State of Florida at Large.  
Commission number GG 310633  
My commission expires July 6, 2023.