

HOLLEY NAVARRE WATER SYSTEM  
BOARD OF DIRECTORS MEETING  
JUNE 15, 2021  
6:00 P.M. - 7:46 P.M.

MIKE KENNEDY, PRESIDENT

MARK MILLER, VICE PRESIDENT

WILLIAM THIEL, SECRETARY TREASURER

JOE CAMPBELL, DIRECTOR

JO ANN CAVE, DIRECTOR

DON LINNELL, DIRECTOR

DALLAS PEAVEY, CEO, HOLLEY NAVARRE WATER

JASON MONTGOMERY, HNWS

PHIL PHILLIPS, MUNICIPAL ENGINEERING

CLINTON WELLS, HNWS

MARK TURNER, HNWS

CHRIS LEGG, HNWS

CHRIS BOND, HNWS, IT

MELISSA MILLER, HR ADMIN

ASHLEY FERGUSON, HNWS

DEBORAH HAYES, HNWS

JR. RATLIFF, HNWS

WILL DUNAWAY, ESQUIRE

DEBORAH KHARUF, COURT REPORTER

CARMEN REYNOLDS, WES SILER, MS. FORESTER,

CHUCK POLHMANN, SUSIE KENNEDY,

DEBBIE GUNNOE, MIKE MATTHEWS

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

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

5 MR. MILLER: Bow your heads in prayer with  
6 me.

7 (INVOCATION BY DIRECTOR MILLER.)

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

10 MR. CAMPBELL: Please join me in the  
11 pledge of allegiance.

12 (PLEDGE OF ALLEGIANCE LED BY DIRECTOR CAMPBELL.)

13 MR. KENNEDY: Thank you, sir. We do have  
14 a quorum. Audio and video recorders are in use.

15 If you would like to speak on an agenda  
16 item, please sign up at the sign-up sheet right back  
17 there at the door.

18 All right. First order of business is the  
19 approval of the minutes. Has everyone had a chance to  
20 review the minutes?

21 MR. MILLER: Move to approve as submitted.

22 MR. THIEL: Second.

23 MR. KENNEDY: Any further discussion?

24 (NO AUDIBLE RESPONSE.)

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

1 MR. MILLER: Aye.

2 MR. THIEL: Aye.

3 MR. CAMPBELL: Aye.

4 MS. CAVE: Aye.

5 MR. LINNELL: Aye.

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

7 (NO AUDIBLE RESPONSE.)

8 MR. KENNEDY: Motion passes.

9 Approval of the memberships. So, in  
10 March, we -- not in March -- in May -- we had 290 new  
11 memberships, 277 canceled members, and two transfers.

12 Do I have a motion to approve the  
13 memberships as presented?

14 MR. CAMPBELL: I will make a motion to  
15 approve the members as presented.

16 MR. LINNELL: I will second.

17 MR. KENNEDY: All right. I have a motion  
18 and a second. Any further discussion?

19 (NO AUDIBLE RESPONSE.)

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

21 MR. MILLER: Aye.

22 MR. THIEL: Aye.

23 MR. CAMPBELL: Aye.

24 MS. CAVE: Aye.

25 MR. LINNELL: Aye.

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

2 (NO AUDIBLE RESPONSE.)

3 MR. KENNEDY: Motion passes.

4 No unfinished business. On to new  
5 business. So employee recognition. Dr. Peavey?

6 DR. PEAVEY: Ms. Miller?

7 MS. MILLER: Thank you. Good evening,  
8 everyone. I am so proud to work here with the wonderful  
9 people who get the water out of the ground, get it to  
10 your house or establishment, and then get it out of your  
11 house or establishment to a wastewater treatment plant  
12 and then treat it so it is safe for the environment.

13 I am so proud to be here. Each month, we  
14 are recognizing a different functional area.

15 This month, we are recognizing the Sewer  
16 Operations Team. And so I am going to turn it over to  
17 Mark Turner. He is the Director of that department.

18 MR. TURNER: Mr. President and Board of  
19 Directors, for those of you that don't know me, I am Mark  
20 Turner. I am the Director of the Electrical SCADA  
21 Department and the Wastewater Collections Department.

22 And what I have been asked to do -- and I  
23 know it says in my notes a brief description -- I don't  
24 know if it was Dr. Peavey that put that or what -- or if  
25 that was a hint. But I am also proud to be here and I am

1 excited about what we are able to do here.

2                   And this department that we are going to  
3 introduce you to tonight is I believe is where the rubber  
4 meets the road.

5                   We have two missions here at Holley  
6 Navarre Water System and that is giving you, our  
7 customers, clean water, and to get our wastewater to the  
8 right place, okay, at a good time, too.

9                   And the sewer collection -- I mean, the  
10 Wastewater Collections Team that I am going to introduce  
11 to you tonight are those people that do that. And there  
12 is a slight number here. And believe it or not, we have  
13 100 percent. The entire department is here, except for  
14 one that is ill. Correct? Yes.

15                   And you are going -- the process -- what  
16 this department does is they are involved in maintaining  
17 the lift stations of which we have 87 right now. They  
18 also -- they do the testing for the H<sub>2</sub>S gas and the  
19 treatment for these H<sub>2</sub>S gases.

20                   They do videos of the sewer lines of the  
21 distribution system. They are very active in the I&I,  
22 inflow and infiltration project that we are now working  
23 on. They are pumping out manholes, pumping out lift  
24 stations.

25                   They maintain the grinders that Holley

1 Navarre still owns, and they repair sewer leaks. They  
2 repair sewer clogs. Matter of fact, they just finished  
3 repairing one about 4:00 o'clock this afternoon --  
4 another leak. They respond to customer service orders  
5 during normal work hours, and they participate in the  
6 after hours calls.

7                   They do all of this. And I am going to  
8 ask all of the crew to come up right now, if you would.  
9 This number of people is what is in the department.  
10 First time tomorrow, Good Lord willing, everybody shows  
11 up, we have hired four new people.

12                   It's the first time that I know of in five  
13 years that we have been fully staffed. So I want to  
14 thank the HR Department. It's just been fabulous. I am  
15 real excited about it. I was doing the employee packets  
16 before we came -- and I just -- this is going to be a  
17 good ride. We are going to have a good time.

18                   Buddy, if you would come over here, if you  
19 would, please? Where is Trudy?

20                   AUDIENCE MEMBER: She is behind you.

21                   MR. TURNER: Seth and Buddy -- Buddy is  
22 the supervisor of the sewer, the water tap and sewer tap  
23 department. And Seth is his right hand man. Okay.

24                   Trudy is the -- she is now going to be our  
25 camera tech. We are going to be videoing and achieving

1 all of the distribution sewer systems in our company.  
2 Moxley is the -- Justin Moxley is his name and we call  
3 him Mox, Mox the Ox. And he is the supervisor of the  
4 Wastewater Collections Team.

5                   Robert Avezac, he is our newest addition  
6 to the group. It's been -- it's just been a blast. He  
7 just came and filled all of the shoes. But all of those  
8 things I just listed and told you what we do, these are  
9 the people that do it. I am proud of them, proud to be a  
10 part of it, and proud of what we are going to do in the  
11 next few months. I truly am.

12                   Ms. Melissa, my list says you are taking  
13 over now.

14                   MS. MILLER: Yes, thank you, Mark. I am  
15 going to ask Dr. Peavey if he would like to say a few  
16 things about our first responders. And I forgot to  
17 mention that earlier, because these folks are truly first  
18 responders. And rain or shine, 24-7, these folks are on  
19 the job.

20                   DR. PEAVEY: Mark has pretty much said it  
21 all. What I want to say about this group is you heard me  
22 say it last month is that every day, 24 hours a day,  
23 these folks make sure that when you flush your toilet,  
24 it's gone. Goes to the plant. And then, these gentlemen  
25 take care of it and make sure it's processed and it goes

1 to the plant.

2                   It's 24 hours a day, seven days a week.  
3 It's not something that anybody wants to deal with.  
4 These folks deal with it day in and day out. And it's  
5 not just a hardship, it's the long hours, the weekends,  
6 the holidays. These folks deserve our thanks.

7                   I will say that they have been recognized.  
8 And we are going to call on three of them specifically  
9 because they were recognized by you, the public. We  
10 actually got emails. We got phone calls in customer  
11 service, and I received emails and phone calls  
12 congratulating these three specific folks for what they  
13 did.

14                   Friday afternoon, a line broke. Who was  
15 the first one to respond? These folks. They were there.  
16 They did the repairs. Pictures were taken. Videos were  
17 taken and they were sent to us.

18                   I have seen them do it on holidays. I  
19 seen it back in January when the weather was cold and it  
20 was raining. I saw it last weekend when Fairpoint had a  
21 pump that went down because the well was out because the  
22 line had burst. These folks responded as well.

23                   So from my standpoint, I want to call out  
24 these three -- Robert, step forward. Mr. Moxley, step  
25 forward. And Mr. Buddy, step forward.



1                   These three gentlemen specifically  
2 responded to both of those calls. I think we ought to  
3 give them a hand. We have a little something for them.  
4 But we want to recognize them specifically because of the  
5 response and the crowd and the public acknowledging that.  
6 So thank you very much.

7                   (AUDIENCE APPLAUSE.)

8                   DR. PEAVEY: Mr. Kennedy?

9                   MR. KENNEDY: Yes, sir.

10                  Robert, thank you, sir, for everything.

11                  Buddy, thank you.

12                  And, Justin, thank you.

13                  DR. PEAVEY: Seth and Ms. Trudy.

14                  MR. KENNEDY: Ms. Trudy, thank you so  
15 much. Again, you know, it brings us, the Directors, joy  
16 to know how hard they work. And I will give you guys an  
17 example.

18                  My wife is on the web. She is following  
19 Facebook and everything. She is the one who sent me a  
20 post, well, the Okaloosa gas hit another sewer system  
21 again. And yet, big thanks out to Holley Navarre Water  
22 System because you guys were out there fixing that stuff  
23 right off the bat, hitting that. So, again, thank you  
24 for your commitment, your dedication, your  
25 professionalism.

1                   You are the face. You are the first  
2 responders and we can't be more proud of you, so thank  
3 you so much.

4                   (AUDIENCE APPLAUSE.)

5                   DR. PEAVEY: Gentlemen, we are going to  
6 take a picture. I would like to ask the Board to come  
7 down. No?

8                   (PHOTO SUBSEQUENTLY TAKEN.)

9                   MR. KENNEDY: All right. Thank you.  
10 Ladies and gentlemen, thank you so much  
11 for everything you do.

12                   Okay. On to Finance. Ms. Ashley. Do you  
13 need to -- Ms. Ashley, do you need to prep anything?

14                   MS. FERGUSON: I was going to discuss the  
15 CIP loan proposal.

16                   MR. KENNEDY: Okay. That will be the next  
17 thing.

18                   MS. FERGUSON: Okay. I don't really have  
19 anything.

20                   MR. KENNEDY: Okay. Do you wish to say  
21 anything?

22                   DR. PEAVEY: What I would say is  
23 the committee, the subcommittee budget on the finance  
24 group met yesterday. We went through on what was  
25 year-to-date and both for the month of May.

1                   We would ask you as the subcommittee  
2 leader to give your update on that committee and then  
3 have the Board take action on it tonight.

4                   MR. KENNEDY: Sure. So Director Thiel and  
5 I met with staff yesterday to go over the budget. Some  
6 things of note would be revenue sales. Revenue water  
7 sales are down a little bit. But we are expecting that  
8 to pick up because of the heat wave, so we should see  
9 revenue on the water sales go up.

10                  Year-to-date, general and administrative  
11 expenses are 3.4 percent under budget. Total water  
12 expenses are 3.7 percent under budget and total  
13 wastewater expenses are 1.7 under budget.

14                  So overall, nothing was standing out on  
15 the budget to actuals. Director Thiel, do you have  
16 anything to add?

17                  MR. THIEL: I don't have anything.

18                  MR. KENNEDY: All right. Does anybody  
19 else have questions on the financials?

20                  MR. MILLER: I do. I was looking at the  
21 month of May financials and there is one expense that  
22 jumped out. I know it's something that we are dealing  
23 with that is an increase in cost, but it's the net  
24 periodic pension cost.

25                  The prior month, it was a little over

1 \$100,000, and this month it is \$250,000. The first four  
2 months of the year, I think it was \$250,000. And this  
3 month, it was 250 (sic). Is there a reason why it was so  
4 much higher this month?

5 DR. PEAVEY: Absolutely. There was an  
6 adjustment.

7 MS. FERGUSON: We made an adjustment  
8 because what was actually in the budget initially was the  
9 contribution payment for the year, not the cost incurred  
10 for the pension for the year.

11 DR. PEAVEY: Services costs.

12 MS. FERGUSON: So what is included in the  
13 new number is the service cost, the interest, which  
14 accounts for the time value of money and the amortization  
15 and all the losses that have incurred on the plan. And  
16 it's partly large this month because I had to go back and  
17 make up for the under-reporting for the prior four  
18 months. Going forward, it will be, like, \$111,000 a  
19 month.

20 MR. MILLER: Okay. Thank you. I figured  
21 there was a good reason.

22 DR. PEAVEY: Typically, just so we can  
23 have this on the record, is that the adjustments in the  
24 past are always done in the month of December as they  
25 rolled it up for the full year. Then, they would take it

1 out at the end of the year time. Instead, we are doing  
2 it on a monthly basis.

3 MR. MILLER: Okay. I don't have any other  
4 questions.

5 MR. KENNEDY: Thank you, sir. Any other  
6 questions?

7 (NO AUDIBLE RESPONSE.)

8 MR. KENNEDY: All right. Do I hear -- I  
9 will entertain a motion for the approval of the May 2021  
10 financial statements.

11 MR. MILLER: Motion to approve financial  
12 statements for May 2021 as presented.

13 MR. THIEL: Second.

14 MR. KENNEDY: Okay. I have a motion and a  
15 second. Any further discussion?

16 (NO AUDIBLE RESPONSE.)

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

18 MR. MILLER: Aye.

19 MR. THIEL: Aye.

20 MR. CAMPBELL: Aye.

21 MS. CAVE: Aye.

22 MR. LINNELL: Aye.

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

24 (NO AUDIBLE RESPONSE.)

25 MR. KENNEDY: Motion carries.

1 Unrestricted CIP loan proposal. Ms.  
2 Ashley?

3 MS. FERGUSON: We received two proposals  
4 for the the unrestricted funds. We requested \$2.1  
5 million dollars because that is what was approved in the  
6 budget. It's 60 percent of the total unrestricted budget  
7 that we were going to borrow.

8 One of the proposals was actually a bond  
9 issue. We only received one proposal for standard  
10 financing. And with this dollar amount, it just doesn't  
11 justify the cost and the time associated with the bond  
12 issue, I don't think.

13 And the -- this -- the ServisFirst option  
14 is one basis point above prime. And the closing costs  
15 account for 25. We can pre-pay with no penalty, so if we  
16 want to roll it into a larger bond issue later, we can.  
17 So I think that is the best option right now.

18 MR. KENNEDY: Okay.

19 DR. PEAVEY: Mr. President and Board  
20 members, this was something that was approved  
21 preliminarily back in December of last year as well as in  
22 January. When the budgets were approved, the CIP budget,  
23 the projects and the amount for those projects and this  
24 was approved by the Board back in January.

25 MR. KENNEDY: So your recommendation is

1 the ServisFirst proposal?

2 DR. PEAVEY: Yes, sir.

3 MR. KENNEDY: Okay. Does anybody have any  
4 questions?

5 (NO AUDIBLE RESPONSE.)

6 MR. KENNEDY: All right. I will entertain  
7 a motion.

8 MR. CAMPBELL: I make a motion to approve  
9 the proposal for the unrestricted projects.

10 MS. CAVE: Second.

11 MR. KENNEDY: All right. Ms. Cave  
12 seconds.

13 MR. MILLER: Can you specify in the motion  
14 that that is with ServisFirst?

15 DR. PEAVEY: Yes.

16 MR. CAMPBELL: I will amend it to make  
17 sure that it is ServisFirst as recommended by the CFO.

18 MR. MILLER: Okay. Thank you.

19 MR. KENNEDY: Would you like to re-second  
20 that?

21 MS. CAVE: Yes.

22 MR. MILLER: We have a question from the  
23 audience.

24 MR. KENNEDY: Oh, I'm sorry. Yes, ma'am.  
25 Name and address and you know the drill.

1 MS. REYNOLDS: Yes. Carmen Reynolds,  
2 Navarre. Just for clarification, could you review what  
3 that loan is for? I come to all the meetings, but I  
4 guess I have had an Oldtimers' moment. Thank you.

5 DR. PEAVEY: Yes. It's for a list of  
6 projects that the Board approved that needs to get done  
7 in the next two to three years. They were capital  
8 projects to improve either the system or repairs or  
9 replacement.

10 MR. KENNEDY: Okay. All right. Yes,  
11 ma'am?

12 MS. REYNOLDS: Carmen Reynolds. Is that  
13 list of projects available somewhere?

14 DR. PEAVEY: Yes, ma'am. There is -- it's  
15 listed every month.

16 MS. REYNOLDS: Listed where?

17 DR. PEAVEY: In the financials.

18 MR. REYNOLDS: Okay. How do --

19 DR. PEAVEY: If you would like a copy,  
20 just submit a request, and we would be glad to provide  
21 it.

22 MS. REYNOLDS: Okay. On the website,  
23 there is no place to really request a -- so I send an  
24 email to the water system?

25 DR. PEAVEY: Submit a written request to



1 myself or the Board and we will respond.

2 MS. REYNOLDS: Okay. Thank you. And what  
3 I am specifically asking for are the projects involved in  
4 the CIP financing proposal?

5 DR. PEAVEY: That's correct.

6 MS. REYNOLDS: Thank you.

7 DR. PEAVEY: Yes, ma'am.

8 MR. KENNEDY: Thank you, Ms. Reynolds.

9 Any further questions?

10 (NO AUDIBLE RESPONSE.)

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

13 MR. MILLER: Aye.

14 MR. THIEL: Aye.

15 MR. CAMPBELL: Aye.

16 MS. CAVE: Aye.

17 MR. LINNELL: Aye.

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

19 (NO AUDIBLE RESPONSE.)

20 MR. KENNEDY: Motion carries.

21 Odor control chemical update. Mr. Turner?

22 MR. TURNER: Yes, Mr. President. In fact,  
23 before the meeting, Director Campbell instructed us to  
24 toot our horn a little bit, so I am going to --

25 MR. CAMPBELL: Toot loudly.

1 MR. TURNER: -- toot loudly. Okay. When  
2 we -- when I took over the wastewater collections, we  
3 were -- let me back up -- in 2020, we spent a little over  
4 \$31,000 in odor control. It was a chemical that was  
5 injected into the system.

6 But anyhow, when we did the testing, we  
7 realized that H2S gas is really our enemy. It destroys  
8 the equipment in the field. It damages especially the  
9 electrical, so we had to do something more.

10 So we did an assessment and we realized  
11 that we needed to double the coverage. So the cost came  
12 back, I remember it was \$62,133 to increase it. I knew  
13 that Dr. Peavey would choke on that.

14 So we started looking. And we looked for  
15 about two or three months and we came -- found a company  
16 called Kationx, and they use an all natural product that  
17 is, you know, it's natural.

18 Matter of fact, the salesman, he would  
19 stick his hand in it and eat it. So I have never done  
20 that, so I can't -- anyhow, we were proud of the system,  
21 I mean, proud of the product. We went ahead and we took  
22 a step further from just eliminating gas, we decided to  
23 do something that would clean the fats, oils, and greases  
24 off of the distribution pipe system, pumps, and wells.

25 And we did our initial installation on



1 have equipment. I don't have to monitor pumps like we  
2 were before. This products, we simply give to the techs  
3 and say, "On this date, I want you to put this here."  
4 And we are excited about it.

5 How is that, Mr. Campbell?

6 MR. CAMPBELL: Well, the other effect is  
7 instead of getting the complaints about the Coral Lift  
8 Station which usually happens about this time, there was  
9 one, and there was a false alarm from something on the  
10 other side.

11 So, obviously, if you are getting it --  
12 that's why I wanted them to -- and that's what you are  
13 not seeing. You are not seeing the negative effect  
14 because there is a positive there. Nobody is -- I wanted  
15 to say great job on the research and looking for new  
16 devices, so I appreciate that.

17 MR. KENNEDY: And we really appreciate you  
18 saving the members' money. Thank you for solving the  
19 problem and doing it effectively. So, thank you, sir.

20 MR. TURNER: You are welcome.

21 MR. KENNEDY: Any other comments from the  
22 Board?

23 (NO AUDIBLE RESPONSE.)

24 MR. KENNEDY: All right.

25 Corrective Action, Board Action. So on

1 June 1st, the Board voted to appoint two new candidates  
2 to the Board and the count was incorrect. And that's  
3 completely my responsibility. I should have wound up  
4 having a double validation on the account. Right?  
5 Lesson learned. I promise you that will never happen  
6 again.

7                   The Board had found the error. We fixed  
8 the error. And so, what I want to do is to congratulate  
9 Director Cave and Director Linnell down there as our  
10 sitting Board members.

11                   I want to thank them as well for, you  
12 know, they are away from their family to be up here to  
13 serve as community leaders. And so, thank you for your  
14 commitment. Thank you for your time. And we look  
15 forward to the next few months together.

16                   MS. CAVE: Thank you.

17                   MR. LINNELL: Thank you.

18                   (APPLAUSE.)

19                   MR. CAMPBELL: Question, do you need a  
20 motion to make that correct, Will?

21                   MR. DUNAWAY: No, sir. You took care of  
22 that at your special meeting.

23                   MR. KENNEDY: Yes? Name and address? Or  
24 is it just a comment?

25                   MR. BARNETT: Is this a time that I can

1 ask you questions on the appointments? Or should I wait  
2 until the end?

3 MR. KENNEDY: No, sir. No. Let's just  
4 wait until the end.

5 MR. BARNETT: Wait until the end?

6 MR. KENNEDY: Yes, sir.

7 MR. BARNETT: Thank you.

8 MR. KENNEDY: Okay. Finance Committee  
9 updates. And that would be Mr. Thiel.

10 MR. THIEL: I don't have anything from the  
11 Finance Committee specifically because it was all covered  
12 in the budget. Nobody had any questions on that, but I  
13 will allow each of the subcommittees to see if they have  
14 anything to update.

15 For the Eglin Project Subcommittee,  
16 Director Campbell, do you have anything?

17 MR. CAMPBELL: Just a quick update. On  
18 June 4th, we had a Regional Reuse Project with West  
19 Florida Water Management District, Santa Rosa County,  
20 Gulf Breeze was here, the engineering Liberty Group, and  
21 DEP was here as well.

22 And I think part of the group -- I think  
23 DEP said they had never seen that many different agencies  
24 working together with not being behind. So it's on  
25 project, thanks to Phil and Clinton. And his folks were

1 pushing that, so no surprises.

2                   We are on track. We are ready to get  
3 rolling and just working on some easement stuff and then  
4 we are ready to start construction in August, I think, on  
5 that. That's all for that.

6                   MR. THIEL: Thank you, Director Campbell.  
7 Capital Improvements. You are also in charge of that?

8                   MR. CAMPBELL: I am. You saw the CIP for  
9 the unrestricted. Right? We are still looking for some  
10 money for restricted improvements --

11                   DR. PEAVEY: Yes.

12                   MR. CAMPBELL: -- which will come at a  
13 later date. But, again, we are going to meet with staff  
14 and committee. I think we are going to move that to mid  
15 July so we have the financials for June so we can move  
16 forward with this.

17                   If one of the new Directors wants to sit  
18 in on that, as long as we don't have a quorum, you are  
19 more than welcome to sit in on any of those projects with  
20 us. You have the projects listed in your packets.  
21 That's all I have.

22                   MR. THIEL: Okay. Thank you, Director  
23 Campbell. Director Miller. Bonds?

24                   MR. MILLER: No update on that. We are  
25 not at the point where we are looking at a bond issue

1 yet, but that is to come.

2 MR. THIEL: President Kennedy and the  
3 Budget Subcommittee. Anything other than what you have  
4 already discussed?

5 MR. KENNEDY: No, sir.

6 MR. THIEL: Okay. That concludes it.

7 MR. KENNEDY: All right. Thank you.

8 MS. GUNNOE: May I ask a question?

9 MR. KENNEDY: Yes, ma'am. Go right ahead,  
10 Ms. Debbie.

11 MS. GUNNOE: Debbie Gunnoe, Navarre. Is  
12 the Holley Navarre Water System carrying any unfunded  
13 pension liabilities at this time?

14 MR. KENNEDY: Define -- define "Unfunded,"  
15 I guess, is the question. We have a pension plan. Yes.

16 MS. GUNNOE: Yes. Is that covering all  
17 current and future pension liabilities?

18 MR. MILLER: No.

19 MR. KENNEDY: No, sir -- I mean, no,  
20 ma'am.

21 MS. GUNNOE: So what would be the  
22 shortfall that we have?

23 MR. KENNEDY: Well, I mean, I couldn't  
24 tell you the number right now, but I would ask you,  
25 instead of having -- because you would want to know a



1 real number here.

2 MS. GUNNOE: Right.

3 MR. KENNEDY: And I would feel comfortable  
4 giving you a real number.

5 MS. GUNNOE: And I am not expecting an  
6 answer at this point in time, but I would like to get an  
7 answer to that.

8 MR. KENNEDY: If you could send an email?

9 DR. PEAVEY: If you could direct me to  
10 whatever the issue is --

11 MS. GUNNOE: Okay, sir. I am sorry. I  
12 haven't been to a meeting in quite a while. So if you  
13 could tell me who you are and your name?

14 DR. PEAVEY: Dr. Dallas Peavey, Chief  
15 Executive Officer, Holley Navarre Water.

16 MS. GUNNOE: And your email?

17 DR. PEAVEY: dpeavey@hnws-fl.com

18 MS. GUNNOE: Thank you.

19 DR. PEAVEY: You are welcome.

20 MS. GUNNOE: Just to follow along with  
21 that, when was the last time that a forensic audit has  
22 been done with Holley Navarre Water System?

23 MR. KENNEDY: Oh, we have never had one,  
24 but you know, Averett --

25 MR. MILLER: Warren Averett.

1 MR. KENNEDY: Yeah. Warren Averett. We  
2 have an audit done every year. It's not a forensic  
3 audit, you know. It's not something that Gulf Breeze  
4 wound up going through with gloves and everything. It is  
5 a solid reputable --

6 MS. GUNNOE: I know what those audits are.  
7 I have seen the results of those audits in the past. Has  
8 a forensic audit ever been considered? I think it would  
9 be a good thing if we have never had one done on the  
10 water system. I think it would be a good thing.

11 And I, as a member of the cooperative,  
12 think that one should be required. How long has this  
13 Water System been around? Quite a few years; correct?  
14 We have never had one done?

15 MR. KENNEDY: Since I made that gentleman  
16 wait -- it's not on the agenda item on the Finance  
17 Committee, so --

18 MS. GUNNOE: Well, I would say it was on  
19 the budget. That's why I am up here.

20 MR. KENNEDY: All right. Very good. All  
21 right. Fair enough.

22 MS. GUNNOE: It was an agenda item that I  
23 am asking you about.

24 MR. KENNEDY: You are on. I mean, there  
25 is, I don't think, a reason for a forensic audit, unless

1 we are looking for something. Right now, we have an  
2 auditor that this Board -- and the audit is itself is  
3 also published and provided to the members to look over  
4 them to see, you know, what your money is going to. So a  
5 forensic audit --

6 MS. GUNNOE: I think a forensic audit digs  
7 deeper. It's not just a "This is the difference between  
8 this year and last year." And, you know, and it just  
9 kind of goes -- I think a forensic audit is one that the  
10 members would like to see.

11 DR. PEAVEY: Mr. President, my suggestion  
12 is if she or the public has some kind of knowledge that  
13 they would like to share that is driving toward that,  
14 that's fine so that we have that. We haven't had any  
15 indication from either the audits of the last five years  
16 to indicate that there would be any need for a forensic  
17 audit.

18 But if the Board said, "Do it,"  
19 absolutely, we would do it. But if she has specific  
20 information she would like to share that would drive us  
21 toward that, absolutely.

22 MR. KENNEDY: Yeah.

23 MS. GUNNOE: I don't have anything like a  
24 specific thing, but, you know, just things over the past  
25 years with the golf course, with, you know, the pension

1 funds, just things like that that, you know, kind of  
2 raise a few questions here and there. Just to have a  
3 forensic audit, maybe make it a requirement that one gets  
4 done every 10 years or one gets done every 15 years, you  
5 know, just as a back-up to make sure that things aren't  
6 falling through the cracks. That's my recommendation.

7 MR. KENNEDY: Thank you, Ms. Gunnoe.

8 MR. MILLER: I would just like to say  
9 there is a cost involved with a forensic audit.

10 MR. THIEL: It's huge.

11 MR. MILLER: And it's not cheap to do, so  
12 we would be looking at spending our members' money on  
13 doing that. As a Board member, I have got to balance the  
14 benefit versus the cost of that. And if we are having a  
15 regular audit that is coming to the Board saying they are  
16 not seeing anything that is out of the ordinary, you  
17 know, all of the income and expense numbers are in line  
18 and where they need to be.

19 I have got to ask myself, is it worth  
20 spending that money to do a forensic audit, if there is  
21 no indication that there is anything awry with our  
22 finances.

23 And then, regarding the pension fund, it's  
24 no secret that we have a pension obligation and we have  
25 financial advisors and requirements that the law says you

1 have to put this money in your pension to fund it every  
2 year. And it's no secret that we are looking at, you  
3 know, an aging work force and pension obligations that  
4 will be increasing over the next few years.

5                   They are fully funded as required to date,  
6 but there will be some requirements for some higher  
7 pension contributions over the years as far as what is  
8 projected to us. But we do stay on top of that. I was  
9 on the Pension Committee, and, you know, met with our  
10 financial advisor who handles that for us.

11                   MR. KENNEDY: Dr. Peavey, do you have  
12 something?

13                   DR. PEAVEY: Yes. For everybody's  
14 knowledge, the reason we brought this Director of Finance  
15 on was that's her expertise is to ensure the integrity of  
16 the financial system at Holley Navarre. We have not that  
17 before. We have that now. That's why we brought her in.

18                   MR. KENNEDY: Miss Ashley, just raise your  
19 hand so that everybody knows. She is our go-to.

20                   MS. GUNNOE: Let me just -- all the more  
21 reason to start her off on a fresh page. She knows  
22 everything behind her is up-to-date and accurate and  
23 complete so that she starts off with a good account,  
24 another reason why a forensic audit could be useful.

25                   MR. KENNEDY: Thank you, ma'am. All

1 right. We are on to Engineering.

2 MR. PHILLIPS: How about we start with the  
3 monthly Operations report, a little bit of I&I, obviously  
4 popped up again with all the rain, a little under 100,000  
5 gallons per day last month, running about 57,000 gallons  
6 a day year-to-date.

7 And if anybody has got any questions about  
8 the other ten pages Cory produces there, I will be happy  
9 to entertain them, but that's the most important part.

10 Master booster pump station and ground  
11 storage tank. The property owner -- or developer have a  
12 few more concerns that we have addressed. Those comments  
13 have gone back to the developer. I don't think anybody  
14 expects that there is any big deal to getting that  
15 agreement to be able to be signed soon.

16 In case everyone forgets, that's the other  
17 big project besides Eglin. We tend to talk way more  
18 about Eglin than that project, but it is critical for us  
19 to be able to put the Fairpoint water that we receive,  
20 which is the vast majority of the water that the members  
21 use, into our system at adequate pressure.

22 So that's part of the Capital Improvement  
23 Plan. That's the other big project. We just tend not to  
24 talk about it so much because Eglin gets all the focus.

25 And like Paul Harvey said, "The rest of

1 the story." To Joe's comments, we expect the 90 percent  
2 Eglin plans to be delivered some time this week to us.  
3 They were going to deliver them last last week and we  
4 found a little issue with one of the directional drills  
5 that needed to be addressed. It lengthened the project.  
6 It changed all the stationing.

7                   We preferred that they fix that before we  
8 get that for use, for exhibits, for easements, and  
9 permitting, so they will deliver that some time this week  
10 is what they have told us -- Friday or before.

11                   Update on the lease, as y'all know, at one  
12 time, we thought we had an executed lease. The County  
13 had executed the lease, but there really wasn't an  
14 executed lease because the Feds had not done so.

15                   They preferred a minor change to the  
16 language because of an executive order that was issued.  
17 We, as of this moment, don't have an update on that, but  
18 we have no reason to suspect that the July timeframe that  
19 they gave us won't be met. We are attempting to contact  
20 the property guys to see if that is on course.

21                   But all of the conversation with the  
22 County and with Jacobs would not indicate that there was  
23 anything, any issue there, but I do mention that again.

24                   With the 90 Percent Plans, we will  
25 actually begin to permit the parts of the projects that

1 have not been permitted to date. The biggest portion of  
2 the project, the lengthiest process will be the ERP  
3 process, to permit the impact on the wetlands that the  
4 project has.

5                   They are pretty minimal but still requires  
6 a permit, so we will also submit that to DEP while we  
7 work on the easements to get their comments on that  
8 before we officially submit it for permit.

9                   We have got a pre-app with DOT here in  
10 about two weeks. The County right-of-way permit, Jacobs  
11 is having a meeting with the County to discuss those  
12 issues. The RIBS permit, as you may know, the RIBS were  
13 actually already permitted years ago when the lease was  
14 approximately 200 acres. When the lease was reduced to  
15 160 acres, a revision was submitted. DEP has been  
16 passing that back and forth with Jacobs and Santa Rosa  
17 County. They are actually the permittee on that.

18                   We had a conversation with DEP earlier  
19 today, Clinton and I did, and as an aside asked them when  
20 we could expect that draft permit to be issued and they  
21 indicated the first of July. So that seems to be going  
22 well. The 90 Percent Plans that get submitted are  
23 essentially the final plans.

24                   They will morph from 90 percent to 100  
25 percent as all of these other issues are taken care of



1 and completed. The biggest issue, again, of course, is  
2 the 15 easements that we are -- that we need to get. We  
3 are working on those. I believe I have already reported  
4 to everyone that the County has agreed to cooperate in  
5 acquiring those easements.

6                   So we will get the language the way we  
7 want it, and then, we will provide it to the County for  
8 their input to see if they prefer changes or  
9 modifications. The plan currently is we will begin  
10 approaching some of those folks that are known to Holley  
11 Navarre probably next week or the week after that. And  
12 then, we will just begin working those easements as  
13 quickly as we can.

14                   Joe said construction in August. That's a  
15 little optimistic, I think. We want to be under  
16 construction by the end of the year. And right now, you  
17 know, we seem to be on schedule. As soon as I say that,  
18 something always happens, but that's where we are. Any  
19 questions with regard to Eglin?

20                   MR. CAMPBELL: I'm an optimistic guy.

21                   MR. MILLER: No questions with regard to  
22 Eglin. But what is the timeline, the current timeline on  
23 the booster station? I mean, just ballpark.

24                   MR. PHILLIPS: We have got a little bit  
25 more time on that, Mark. The design and permitting of

1 that is not near as critical as Eglin. We actually don't  
2 have the design beginning on that until almost the end of  
3 the year.

4                   The critical -- the critical path for  
5 everything, of course, with the exception of the deadline  
6 of when we thought we might have a capacity issue when  
7 the I&I stayed at the level that it was for some time was  
8 the first quarter of the end of 2022, first quarter of  
9 2023. That project, Mark, is due to be completed prior  
10 to the completion of the Eglin and will start design  
11 sometime around the end of the year, as well as all of  
12 the other projects that are in that Capital Improvement  
13 Program.

14                   MR. KENNEDY: Okay. Any other questions?  
15 Yes, ma'am?

16                   MRS. KENNEDY: Eglin --

17                   MS. KENNEDY: Yes, ma'am. Name and  
18 address. Three minutes.

19                   MRS. KENNEDY: Suzie Kennedy, Pebble Beach  
20 Drive. I am just confused about Eglin, so that's why I  
21 have a question I want to get answered. And part of it  
22 is because I keep hearing different stories about where  
23 the effluent is going to be going or not going.

24                   So, recently, I have read a lot of social  
25 media, including from some previous Boards that once we

1 get Eglin, we won't be needing to spray on Hidden Creek.  
2 But I have come to meetings and I have heard we are going  
3 to continue to spray on Hidden Creek because it's  
4 advantageous cost-wise and so forth.

5                   So could someone please straighten me  
6 out -- and some of the other people in the public that  
7 keep reading from a previous Board members that we don't  
8 need Hidden Creek? Or do we?

9                   MR. PHILLIPS: Do you want me to address  
10 that from an engineering standpoint first?

11                   DR. PEAVEY: Yes. From an engineering  
12 standpoint.

13                   MR. KENNEDY: From an engineering  
14 standpoint, Holley Navarre began the master plan for  
15 their long-term disposal needs, gosh, back in the early  
16 90s. It was determined then that there was kind of a  
17 build-out connection for Holley Navarre of about 30,000  
18 units. Those units are not all equal. But when we get  
19 into the total number of connections, that's how we  
20 consider it.

21                   Over time, from that time period to today,  
22 the water demand and thus the sewer flow has been  
23 somewhere between 165 gallons a day per connection -- to  
24 right now, it's about 183 gallons per day per connection,  
25 so the long-term required capacity for Holley Navarre



1 decision, but, yeah, I would think the golf course would  
2 look pretty bad if you didn't continue spraying.

3 MR. CAMPBELL: But, also, the Greskovich  
4 RIB and the Holley by the Sea ponds also take a part of  
5 that.

6 MR. PHILLIPS: And the Rec Center.

7 MR. CAMPBELL: And the Rec Center. So  
8 that's all part of what Chris manages. He educated me a  
9 little earlier about management capacity and that's why  
10 it's turned out like that.

11 MRS. KENNEDY: So if I come across any  
12 more misinformation, I can send them to you?

13 MR. CAMPBELL: It's not mis. It's  
14 disinformation. It's purposely misleading, as opposed to  
15 misinformation, where I think I have got my facts right.

16 MRS. KENNEDY: Well, I am confused.

17 MR. KENNEDY: And I think to put a pin in  
18 this, Mrs. Kennedy, it is the course -- the land that we  
19 have already permitted is not going to go away. It is  
20 built into the master plan and it will be part of our  
21 capacity as far as we know, for the future, because we  
22 already have it.

23 DR. PEAVEY: We paid for it. Why would we  
24 not utilize that capacity?

25 MR. MILLER: And to transfer that capacity

1 up to Eglin would cost us additional money. We are only  
2 reserving a certain portion of the total capacity that  
3 the Eglin RIBS will have. And we have reserved that and  
4 we have got that factored into what we are paying.

5                   If we are going to get rid of the golf  
6 course, we are going to have to pay to reserve additional  
7 capacity at Eglin to replace it, which is going to cost  
8 us money. Why would we spend that kind of money to move  
9 the effluent disposal somewhere else when we already had  
10 the infrastructure in place to put it on the golf course?

11                   MRS. KENNEDY: And that's what I heard  
12 before.

13                   MR. MILLER: Yes.

14                   MRS. KENNEDY: I feel like Columbo. I get  
15 confused quite easily.

16                   MR. MILLER: It only makes sense to  
17 continue to operate that, because the money has already  
18 been spent. The infrastructure is in place. And to  
19 spend money, and I am talking about, not just this Board,  
20 but future Boards. They would have to make that  
21 decision. We are going to spend to send it up there so  
22 we can close the golf course. It just doesn't make sense  
23 to do it.

24                   MR. KENNEDY: Are you done?

25                   MRS. KENNEDY: I am done.

1 MR. KENNEDY: Ms. Carmen?

2 MR. CAMPBELL: Are we still on  
3 engineering?

4 MR. KENNEDY: Is this still an engineering  
5 question?

6 MS. REYNOLDS: It is. Carmen Reynolds,  
7 Navarre. So to clarify the second part of the Mrs.  
8 Kennedy's question, will the Williams Creek RIBS, what  
9 you call that Greskovich site, still exist when all that  
10 Eglin project is completed?

11 DR. PEAVEY: Yes. Yes.

12 MS. REYNOLDS: So we will still be putting  
13 effluent into the Sound, by way of the Williams Creek  
14 RIBS? That goes into the Sound.

15 MR. CAMPBELL: Did my engineer say that?  
16 It goes to the RIBS?

17 MR. PHILLIPS: I don't know how to answer  
18 that. That's a permitted disposal facility.

19 MS. REYNOLDS: I thought the County was  
20 trying to get all of that effluent out of the Sound. I  
21 worked very hard on a parallel project with that.

22 MR. PHILLIPS: Well, obviously, it doesn't  
23 go directly into the Sound. It goes through the bottom  
24 of the RIBS into the ground water.

25 MR. KENNEDY: Mrs. Carmen --

1 MR. PHILLIPS: But, again, I don't know.

2 MR. KENNEDY: Are you talking about  
3 Navarre Beach disposing into the Sound?

4 MS. REYNOLDS: The Williams Creek  
5 dissipates and eventually works its way through the marsh  
6 grasses and it ends indirectly in the Sound.

7 MR. KENNEDY: Well, we will not -- I mean,  
8 Greskovich is a permitted --

9 MS. REYNOLDS: It's permitted. Thank you  
10 for that.

11 MR. KENNEDY: It is part of our capacity.

12 DR. PEAVEY: It was just inspected.

13 MR. MILLER: Williams Creek flows all  
14 through Second Edition and out into the Sound. The RIBS,  
15 while they are in fairly close proximity to Williams  
16 Creek, they don't disburse into the creek. They disburse  
17 down into the ground water there.

18 So it's not -- it's not -- I don't think  
19 it's correct to say that those RIBS flow out into the  
20 Sound. They don't. They go down into the ground water.

21 MS. REYNOLDS: I will do some more  
22 research and get back to you. Thank you so much.

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

24 Does anybody have a question on  
25 engineering? Yes, ma'am?



1 MS. GUNNOE: I have a statement or a  
2 question, basically.

3 Mr. Campbell, you just made a statement  
4 that has me bothered. Do you have proof of any  
5 malfeasance in the disinformation as you called it,  
6 instead of misinformation?

7 Do you have any proof that those people  
8 were being intentionally -- because that's pretty  
9 incendiary. And I think that opens this Board up to a  
10 lawsuit if those people come back after you.

11 MR. CAMPBELL: Since I don't know which  
12 people Mrs. Kennedy was talking to, how do I know that?

13 MS. GUNNOE: Well, you changed it from  
14 misinformation to disinformation. And you said, "Those  
15 people on Facebook were purposefully putting that  
16 information out there."

17 So you identified the people on Facebook  
18 as wrongfully -- it's an incendiary comment, unless you  
19 have proof to back that up. I think I would retract it.

20 MR. CAMPBELL: Okay. If you would like me  
21 to retract disinformation as opposed to misinformation?

22 MS. GUNNOE: Yes.

23 MR. CAMPBELL: So noted.

24 MS. GUNNOE: Just to save this Board.

25 MR. KENNEDY: Yes, ma'am. Thank you.

1 MS. GUNNOE: Thank you.

2 MR. KENNEDY: All right. Well we are onto  
3 Member Forum. Dr. Peavey, do we need staff?

4 DR. PEAVEY: Staff, thank you very much.

5 MR. KENNEDY: For our member forum, I will  
6 call your name. Please state your name and address. At  
7 the podium, you will have three minutes. We do care what  
8 your thoughts are. I will let everybody get out of the  
9 way before.

10 Ms. Forrester?

11 MS. FORRESTER: Yes. Could you -- could  
12 any of you help me understand what Sunshine Rules, if  
13 any, you all are under?

14 MR. KENNEDY: Mr. Dunaway, do you want to  
15 handle that one?

16 MR. DUNAWAY: Yeah. Thank you. I would  
17 be happy to. The Board operates under an open meeting  
18 rules and those rules can be provided to you upon  
19 request.

20 With regards, when you say, "Sunshine,"  
21 are you operating under the Sunshine, I assume you mean  
22 under the Public Records Request under Statute 119. And  
23 in that regard, we do not. So it's a Florida  
24 not-for-profit corporation, which operates under Florida  
25 Statute.

1 MS. FORRESTER: Okay. So you are allowed  
2 to have individual side meetings on your own without the  
3 rest of the Board being present? Is that correct?

4 MR. KENNEDY: Are you inferring that we  
5 would have a quorum to the meeting on the side and making  
6 decisions?

7 MS. FORRESTER: Yes. I recall not long  
8 ago, there was reported in the newspapers that -- I  
9 forgot whether it was two people or three people -- met  
10 together and made some decisions and sent out an email to  
11 members of Holley by the Sea Golf Course changing it to  
12 public, I believe, at that time. And as I understood it,  
13 the other rest of the Board knew nothing about that.

14 MR. KENNEDY: Right.

15 MS. FORRESTER: And I was wondering how  
16 are you able to do that. You should all, I would think,  
17 know what is going on all at the same time.

18 MR. DUNAWAY: I can address that issue.

19 MR. KENNEDY: Would you like to? Yes,  
20 sir.

21 MR. DUNAWAY: So with regards to -- with  
22 regards to action of the Holley Navarre Water Board, the  
23 Board can only act when it is seated and has a quorum.  
24 So no actions of the Holley Navarre Water System Board,  
25 that a Board action cannot occur without a quorum. So

1 that is what is occurring in this meeting.

2 Now, as you have heard, there were reports  
3 of committees. There are Board members who had  
4 committees who do meet with staff. And as Director  
5 Campbell mentioned to the new Board member, if one of the  
6 other Board members want to attend a committee meeting,  
7 so, for instance, Director Campbell is meeting on the  
8 Eglin project, they cannot have meetings unless there is  
9 less than a quorum present.

10 Now, to answer your question with regards  
11 to who had the information regarding the Club at Hidden  
12 Creek, the Club at Hidden Creek is a separate entity from  
13 the Holley Navarre Water System Board. And it has its  
14 organizational structure.

15 MS. FORRESTER: So it was not part of this  
16 Board that made that decision?

17 MR. DUNAWAY: The Club at Hidden Creek is  
18 a separate legal entity from the Holley Navarre Water  
19 System Board.

20 MS. FORRESTER: Okay. I do understand  
21 that. But what I had read, I had kind of understood that  
22 it was part of your Board that made that decision to send  
23 the email out.

24 MR. DUNAWAY: Unable to answer your  
25 question, because I don't know exactly what decision.

1 But if you want, we could answer further questions, if  
2 you wanted to clarify that?

3 MS. FORRESTER: It's -- I guess I am  
4 another confused person. I am not entirely understanding  
5 that because it sounded -- what I recall reading in the  
6 newspaper was that a letter went out saying it was now  
7 going to be a public course, blah, blah.

8 Members didn't know that and the rest of  
9 the Board didn't know that, so I am trying to understand  
10 who did make that decision to send it out.

11 MR. DUNAWAY: Again, the decisions of the  
12 Club at Hidden Creek are made by the entity that is the  
13 Club at Hidden Creek.

14 MS. FORRESTER: So it was nobody here?

15 MR. DUNAWAY: The Club at Hidden Creek has  
16 three Board members, two of which are Board members of  
17 the Holley Navarre Water System, one of which is the --

18 MS. FORRESTER: You serve jointly?

19 MR. DUNAWAY: Correct.

20 MS. FORRESTER: Okay. Can I just know who  
21 those people are?

22 MR. KENNEDY: I am going to ask Dr. Peavey  
23 to help out.

24 DR. PEAVEY: Yes. I think the  
25 clarifying -- the misunderstanding, miss, that you are

1 talking about, the decision that was made was not made by  
2 the Board. The Board empowered the CEO of this company  
3 to make decisions for the benefit of that asset. The  
4 decisions were made.

5                   The course has always been a public  
6 course. It has never been a private course. It has  
7 members, but it certainly is a public course. The  
8 decisions that were made, there was no email sent out.  
9 It was a letter that was sent out in reference to the  
10 memberships, but that was a decision that was made by  
11 myself and the General Manager.

12                   I had the authority and it was clarified  
13 in the last two Board meetings that I took the decision  
14 that I had the authority to make.

15                   MS. FORRESTER: Okay.

16                   DR. PEAVEY It was not these Board  
17 members.

18                   MS. FORRESTER: It was not a requirement  
19 that you report back to this Board?

20                   DR. PEAVEY: I'm sorry?

21                   MS. FORRESTER: It was not a requirement  
22 that you filled the rest of this Board in on it?

23                   DR. PEAVEY: The Board were informed of  
24 the decision after the fact. That's correct. Because I  
25 had the authority to make the decision.

1 MS. FORRESTER: Okay. All right. So you  
2 are allowed -- that was when an instance of that being a  
3 separate entity. Are you allowed at all to ever meet  
4 privately without a quorum? Is that possible?

5 MR. MILLER: Yes. Yes. That is allowed.

6 MS. FORRESTER: Okay. It was hard for me  
7 to follow his voice. Okay. So that is possible. It is  
8 allowed. So you could have, say, two or three people  
9 meeting and discussing something about the water board  
10 without the rest of the people knowing.

11 MR. THIEL: But we cannot make decisions.

12 MS. FORRESTER: That is legal?

13 MR. DUNAWAY: That is correct.

14 MR. KENNEDY: And that is legal. But,  
15 again, just to -- I see where you are going. But in a  
16 sense, though, we have to come together to make the  
17 decision as a Board. This body is the one. We wound up  
18 making the vote. Even if three people got together and  
19 they tried to make some motion to do something, it would  
20 not be binding, I guess, is my --

21 MS. FORRESTER: But they can discuss it.  
22 They can get together and say, "What do you think about  
23 such and such?" And bring it back up to you guys?

24 MR. KENNEDY: Yes.

25 MS. FORRESTER: Okay. All right. Thank

1 you.

2 MR. KENNEDY: You betcha. Mr. Matthews?

3 MR. MATTHEWS: My name is Mike Matthews.

4 I live at 2093 Bellmeade Circle. So the last time I was  
5 in there, we were going to sell the golf course. I am  
6 kind of curious what happened with that whole -- we had a  
7 guy, a local guy ready to buy it. We are still going to  
8 spray.

9 MR. KENNEDY: Yeah. He didn't have the  
10 money. He withdrew.

11 MR. MATTHEWS: But he was one of multiple  
12 people. Right?

13 MR. KENNEDY: Yes. We put out the RFP --  
14 or in this case, it was the ITN, interested --

15 MR. THIEL: Why don't we let Dr. Peavey  
16 cover it?

17 DR. PEAVEY: We went through the process  
18 and we evaluated with legal counsel the folks that  
19 submitted their bids. And they didn't meet -- none of  
20 those folks that bid on it met any of the requirements of  
21 the ITN, and the Board decided at that point to look at  
22 other options.

23 MR. MATTHEWS: How much money do we lose  
24 on the golf course annually?

25 DR. PEAVEY: As of -- I can tell you from



1 last year, I can tell you to date they have made a  
2 profit.

3 MR. MATTHEWS: That's not normal. Right?  
4 Normally, we lose?

5 DR. PEAVEY: That's not normal. That's  
6 why we made the changes that we were authorized to make  
7 is to turn it into a viable asset for the company.

8 MR. MATTHEWS: Yeah. Because that was my  
9 concern, that we were losing tons of money every year and  
10 why do we still have this asset. So that's my question.

11 DR. PEAVEY: That's why the Board gave me  
12 the authority and hired from 10,000 miles away is to come  
13 in and run it as a business.

14 MR. MATTHEWS: All right, sir.

15 MR. KENNEDY: Thank you, Mr. Matthews.  
16 Mr. Barnett?

17 MR. BARNETT: Yes. Robert Barnett, 2008  
18 Pine Ridge Drive, Navarre, Florida. My question is --  
19 was going to be on transparency. But I think I'm going  
20 to change that a little bit.

21 The question I have is with the latest  
22 resignation of two positions on the Board. And in the  
23 by-laws, of course, you know, the Board has the ability  
24 to replace those positions.

25 And my question is on the process and --

1 because I am aware of, you know, some individuals that  
2 submitted, you know, to be a possibility for the Board.  
3 And Ms. Cave and the other gentleman that was appointed,  
4 this is no direct attack at all.

5                   The process that the Board has -- would  
6 you kind of explain that to me? And then, I have a  
7 question.

8                   MR. KENNEDY: In the terms of canvassing?

9                   MR. BARNETT: In the terms of application  
10 and those type of things.

11                   MR. KENNEDY: Yeah. I mean, ultimately,  
12 verbally, in the meetings, in the past, we have said any  
13 candidate that -- anybody that is interested, and we set  
14 up a vetting committee.

15                   MR. BARNETT: Right.

16                   MR. KENNEDY: So to send your information  
17 to the vetting committee and that was the process.

18                   MR. BARNETT: Okay.

19                   MR. KENNEDY: Yes, sir.

20                   MR. BARNETT: So when you vet those  
21 individuals, do you actually, you are having  
22 conversations with them?

23                   MR. KENNEDY: I did. Yes, sir. Well, I  
24 mean, once they had officially been through, whether or  
25 not the background checks and whether or not they are a

1 real member, yes, sir.

2 MR. BARNETT: Certainly. I understand  
3 that. Is there an application process on that that you  
4 fill out? Or do you require a resume?

5 MR. KENNEDY: No.

6 MR. MILLER: The by-laws don't say  
7 anything about a process that the Board needs to go  
8 through in order to appoint a member to the vacant seat.  
9 There nothing in the by-laws that says you have to do it  
10 this way.

11 What this Board decided that we would  
12 do -- Number One, in order to be eligible to be a Board  
13 member, you have got to be a member in good standing. So  
14 staff has to verify that that person has a water  
15 account -- water sewer account in their name and that  
16 they are a member in good standing in order to be  
17 eligible to be a Board member.

18 We also, as part of our normal process for  
19 candidates to run in our election, they complete a  
20 background check. And the reasons for that are -- go  
21 back to a lot of other reasons, but this Board did decide  
22 that we would require these candidates that we would  
23 consider to appoint onto the Board to undergo that  
24 background check.

25 So at last month's meeting, we had three

1 people interested in the two seats, but they had not  
2 completed the background check. So there was a motion  
3 made to postpone the appointment. We were prepared to  
4 appoint at the last meeting, but there was a motion made  
5 to postpone that until those candidates could complete  
6 that background check.

7                   And we had a special meeting on June 1st,  
8 yeah, June 1st strictly to appoint those Board member  
9 seats once those candidates passed the background check.  
10 There were some candidates that expressed interest after  
11 that meeting in serving on the Board and turned in some  
12 paperwork to be considered, but the majority of the Board  
13 felt like we had cut that off as of that meeting and we  
14 were in the process of conducting those background checks  
15 and were only going to consider those three candidates.  
16 So for that reason anyone that expressed interest after  
17 that meeting was not considered.

18                   MR. BARNETT: So after the meeting, was  
19 the meeting before the deadline date or not?

20                   MR. MILLER: The meeting was -- again, it  
21 was on our agenda last month to appoint Board members,  
22 but because there had not been the necessary background  
23 checks, we motioned at the last meeting to hold a special  
24 meeting as soon as those background checks could be  
25 completed of those three candidates.

1 MR. BARNETT: Okay. And in the process in  
2 that, did you require an application to be filled out?

3 MR. MILLER: Yes. Yes.

4 MR. BARNETT: Did you also require any  
5 type of resume to be submitted?

6 MR. MILLER: We didn't require it, but we  
7 asked candidates to submit either a resume or a bio about  
8 themselves, what their qualifications are. That was  
9 beneficial to us to know who we are considering.

10 MR. BARNETT: And that's what I understand  
11 and that's what I heard you had asked for a bio, resume,  
12 or whatever you want to call it. And did the Board by  
13 chance, any member on the Board, contact one of the two  
14 appointees and ask them if they would like to serve?

15 MR. MILLER: I am not sure. I don't know  
16 the answer to that. I know I didn't contact anyone  
17 directly and ask them.

18 MR. BARNETT: I am directing this to Mr.  
19 Kennedy.

20 MR. KENNEDY: No. I mean --

21 MR. BARNETT: You didn't contact anybody  
22 and ask if they would like to serve on the Board; is that  
23 correct?

24 MR. KENNEDY: Of these three people?

25 MR. BARNETT: Yes.

1 MR. KENNEDY: Well, I don't know these  
2 two, so, no, sir.

3 MR. MILLER: I will say I did contact  
4 several people and ask if they were interested in serving  
5 on the Board.

6 MR. KENNEDY: The Vetting Committee did.

7 MR. MILLER: And most of those people  
8 said, "No."

9 MR. BARNETT: Right.

10 MR. MILLER: I mean, we had an open  
11 position since early this year.

12 MR. CAMPBELL: We beat the bushes for like  
13 three months.

14 MR. MILLER: We had tons of -- every  
15 meeting, we said, if you are interested in serving,  
16 contact me. I was the Vetting Committee Chair. Contact  
17 me. Submit your information.

18 And we had a couple of people express  
19 interest but then back out. And so, it wasn't until our  
20 May meeting that we actually had three candidates that  
21 had expressed interest and sent in information.

22 MR. BARNETT: I understand that there is  
23 one possible appointment that was contacted by the Board.  
24 And so -- for kind of a little different treatment than  
25 the other candidates, so I hope it's not true, but I

1 won't bring it out here in the meeting as to any names or  
2 anything like that, but there will be more investigation  
3 into this and the way that you appoint members of the  
4 Board. And the vetting process and so forth. Thank you.

5 MR. KENNEDY: Thank you.

6 MR. MILLER: Can I just say that the  
7 appointments that were made run through the end of year,  
8 so --

9 MR. BARNETT: That's correct.

10 MR. MILLER: -- they are just through the  
11 rest of this year.

12 MR. BARNETT: I understand.

13 MR. MILLER: And there will be an election  
14 in November and so anyone that is interested in running  
15 for the Board for a full term, you know, a couple of them  
16 will be three-year terms, but the others will be the  
17 balance -- the remaining balance of the Director's term  
18 that resigned.

19 MR. BARNETT: Certainly.

20 MR. THIEL: If I can ask the gentleman a  
21 question? Are you saying that you would not expect a  
22 Board member to reach out to someone and say, "Are you  
23 interested? And, if so, you need to send in an  
24 application." Are you saying that's something that's --

25 MR. BARNETT: What I am saying is that a

1 Board member, whether it may be a friend or not, you  
2 know, may talk to someone about being appointed on the  
3 Board, you know, and asked that they apply.

4 MR. THIEL: I asked several -- I asked  
5 several people --

6 MR. BARNETT: Preferential treatment over  
7 other individuals that are submitting through the normal  
8 process.

9 MR. KENNEDY: No. They all went through  
10 the Vetting Committee.

11 MR. THIEL: They all went through the  
12 Vetting Committee. That's the only thing we would do.

13 MR. BARNETT: So the whole Board voted.

14 MR. KENNEDY: Thank you, sir. And if you  
15 see -- have some suggestions where we can do better,  
16 please feel free. Send us an email. We will try to  
17 incorporate it.

18 MR. CAMPBELL: I guess, to me, the Board  
19 could have just picked someone here and voted that day  
20 versus going through the process.

21 MR. THIEL: We could have. We could have.  
22 Yeah.

23 MR. KENNEDY: Thank you, sir.

24 Mr. Ashe?

25 MR. ASHE: Tom Ashe, 7067 Shellfish Court



1 in Navarre. So on June 9th, I actually contacted the  
2 water company to request financials because I noticed you  
3 guys quit publishing as of November of last year.

4 And the lady -- the first lady I talked to  
5 hung up on me. So I called back. I got ahold of the  
6 supervisor. The supervisor told me I needed to request  
7 them through your website, Holley Navarre. So I put the  
8 request into the website.

9 I want the last three, your current 1023  
10 and all supporting documents. This is my second request  
11 and I am making it on public record. So if you guys  
12 could get that to me. I heard you say email you  
13 directly.

14 DR. PEAHEY: Yes. Email me the list with  
15 your purpose, I will be glad to. All right?

16 MR. ASHE: All right. Then, I have a  
17 follow-up to, one quick second -- so how does the  
18 engineer corporation, MESI, operate?

19 I know that Dr. Peavey is the registered  
20 agent and vice president of that company, which is a  
21 for-profit.

22 He is also the CEO of a non-profit that  
23 does business with that for-profit. So I want to echo  
24 Ms. Gunnoe's concern, I would like a forensic audit  
25 performed because I have concerns that it could cost us

1 our entire -- our tax exempt status with the IRS.

2 MR. KENNEDY: Okay.

3 MR. ASHE: So could you guys explain that  
4 relationship, how does that work? Do y'all share company  
5 vehicles? Do profits go back into Holley Navarre Water  
6 System from where they are performed outside?

7 DR. PEAVEY: Mr. Ashe, I would ask if you  
8 have questions or concerns, submit it in writing so it is  
9 documented and then we will respond accordingly.

10 MR. ASHE: Well, this is being recorded --

11 DR. PEAVEY: I understand.

12 MR. ASHE: -- so it is documented.

13 DR. PEAVEY: Submit it in writing, so that  
14 we have --

15 MR. ASHE: The last thing I submitted, you  
16 guys --

17 DR. PEAVEY: You didn't submit it to me.

18 MR. ASHE: I submitted it to the Holley  
19 Navarre Water System.

20 DR. PEAVEY: Now you have my e-mail  
21 address.

22 MR. ASHE: All right. I won't --

23 MR. KENNEDY: Thank you, sir. Mr.  
24 Pohlmann?

25 MR. POHLMANN: Chuck Pohlmann, Navarre.

1 It's been stated for as long as I can remember and I  
2 don't know how true it is, but the word on the street is  
3 that the economic development in Navarre is not where it  
4 should be because of the water tap fees and the water  
5 board.

6                   And I personally wanted to open up a  
7 business back in 2004. And, basically, when I came to  
8 the process of the water department, it was a strip mall  
9 and they wanted me to pay for each particular, you know,  
10 place that I am going to have.

11                   If I am going to have six places, then I  
12 needed six tap fees going in there. I didn't think it  
13 was very economical for me because I am just an  
14 individual. And I was only going to rent the first one  
15 with the business and then start renting them as we go  
16 along and get the tap fees at that particular time.

17                   I am concerned because economic  
18 development in this area is not where it should be. I  
19 think it should be a lot more than it is right now. Can  
20 you tell me -- the Board tell me exactly how the tap fees  
21 are figured? Is it figured different for residential?  
22 Figured differently for businesses?

23                   Is there a certain math? I mean, is there  
24 a website they can go to and look at it and see how much  
25 it is going to cost for business?

1 I get scared when I hear about -- and I  
2 get concerned when I hear about big businesses wanting to  
3 come to this area and they really are shocked by what the  
4 water tap fees are. And some don't come here. And some  
5 go other places.

6 Now, I am not saying it's the Board fault,  
7 but it has to start somewhere. And I think it has to  
8 stop somewhere. I think it needs to be answered by the  
9 Board. What's the process? What's the math behind it?  
10 Can anybody help me get to that point?

11 MR. KENNEDY: I'm not sure that it's an  
12 easy --

13 MR. PHILLIPS: Do you want me to take a  
14 swing at it?

15 MR. KENNEDY: Yes, sir.

16 MR. PHILLIPS: Well, to answer one  
17 question, I think -- I think everything that I am about  
18 to say is explained on the website. There is a section  
19 on, I think, Holley Navarre App, development application  
20 is on there, the chart that they use to calculate what  
21 your impact fee is on there.

22 So let me try and make this as short as  
23 possible. Holley Navarre Water System measures water use  
24 in a unit called an Equivalent Residential Unit and it's  
25 kind of the accepted use for a normal average-sized

1 residence. It is defined as 300,000 gallons per day of  
2 use.

3           If you want to build a home or develop a  
4 business that uses 300 gallons per day, you are going to  
5 pay the impact fee for 1 ERU. Currently, those impact  
6 fees are \$2,250 for water and \$4,200 for sewer.

7           So if you are a home, if you come to the  
8 front desk up there at customer service and say you want  
9 to build a home, they are going to ask you how many  
10 square feet are inside that home. You will pay an impact  
11 fee based on the square footage.

12           And I could not tell you the range of  
13 square footage that 1 ERU is. But there is a range for a  
14 portion of an ERU and a range for 1 ERU and a range for  
15 greater than an ERU. So wherever your square footage of  
16 your approved plans fall, that's what you will pay for a  
17 residence.

18           Now, a commercial usage, there is two ways  
19 that you can have your impact fees calculated -- this is  
20 commercial usage here. One is that you can choose to use  
21 the default State of Florida chart that has been adopted  
22 that they use for designing septic systems, which is the  
23 accepted use for different types of business. And it is  
24 broken into a 100 different categories. You know, a  
25 restaurant a by seat -- by bar seat.



1 was going to build a storage facility and it is  
2 approximately 5,000 square feet and it has a toilet and a  
3 sink, what would be my tap fee at that particular time?

4 MR. PHILLIPS: You are asking the wrong  
5 guy. I don't calculate on a daily basis, but I would  
6 suggest it would be next to nothing. If you went -- if  
7 you went to one of these other storage facilities and  
8 were able to show that the bathroom is in the office  
9 that's occupied by one person 12 hours a day and not  
10 accessible to the public, I can't imagine that you would  
11 pay more than 1 ERU.

12 MR. POLHMANN: It would not be occupied by  
13 anybody. It's just the one --

14 MR. PHILLIPS: Well, it's used during the  
15 day, just like a business would be used, so I would think  
16 that you would have a huge square footage project. And  
17 your impact fees would be very small.

18 MR. POLHMANN: So the 1 ERU that you are  
19 mentioning, I can go on a website and look at that? Or  
20 is that something --

21 MR. PHILLIPS: I believe that everything I  
22 just mentioned to you is described in detail. There is a  
23 whole section on -- it's called the impact fee policy  
24 approved by the Board of Directors and it has -- it will  
25 tell you everything I just told you.

1 MR. MILLER: It's a ten-page document and  
2 on the Holley Navarre Water System website, it's under  
3 Documents. You go to documents and then you go to  
4 policies and guidelines. And under there, it is a  
5 ten-page document, Holley Navarre Water System impact fee  
6 policy that was passed in November of 2017.

7 MR. MATTHEWS: We are basing it on 300  
8 gallons a day, but we use 185 gallons a day?

9 MR. PHILLIPS: Some do. Some don't. That  
10 is the accepted average. Well, let me explain that  
11 further. Because, yeah, on an average daily basis, it's  
12 185 gallons per day. We don't get to give you your  
13 annual day usage on Memorial Day.

14 We have to design a well and a wastewater  
15 treatment plan that will provide what you do on Memorial  
16 day or July 4th or pick whatever -- some people's max day  
17 are not on a holiday. But, generally, that's the max  
18 day. That's what you are being charged for.

19 MR. MATTHEWS: The max?

20 MR. PHILLIPS: That's correct. We have to  
21 design a system that will give you what you want.

22 MR. MATTHEWS: Not usage, though, when you  
23 were being charged usage. But when pay up front, you pay  
24 for the max.

25 MR. PHILLIPS: That is correct. You are



1 reserving -- when you pay an impact fee --

2 DR. PEAVEY: On the capacity of the  
3 system --

4 MR. PHILLIPS: When you pay an impact fee,  
5 you are reserving capacity on the system. You have the  
6 right to take that water and you have the right to pass  
7 that wastewater back to us to be treated.

8 MR. MATTHEWS: And then, there is no  
9 benefit for the customer, then, when they use less? They  
10 have already paid this whopping fee; right?

11 MR. PHILLIPS: Again, you are reserving a  
12 capacity on the system for your usage.

13 MR. MATTHEWS: I understand.

14 MR. KENNEDY: Mr. Pohlmann, does that help  
15 you?

16 MR. POHLMANN: It does, but I have got one  
17 last question.

18 MR. KENNEDY: Quickly.

19 MR. POHLMANN: It is so short. I want to  
20 direct it to Mark Miller. How -- are we competitive with  
21 other areas in our impact fees and water tap fees?

22 I just heard it over and over and over for  
23 years, and I have been here a long time that the water  
24 tap fees are outrageous, and, you know, the water board  
25 is running businesses away, and they couldn't come here

1 because of that.

2 Are we competitive with other areas?

3 MR. MILLER: I haven't done a study to  
4 find out what Pace charges and other areas charge. But  
5 when I did, I was surprised to find out that we are  
6 actually fairly well in line with those other systems.  
7 And what I would like to see happen is us look for  
8 opportunities to fund our infrastructure needs with grant  
9 money and things that will offset impact fees so that we  
10 don't have to go up on them, so that they, you know, can  
11 be maintained at their current level.

12 And, you know, if we happen to, you know,  
13 get a pretty good set of infrastructure money or funding  
14 that carries very low interest rates, any opportunities  
15 we have to pursue that will keep our impact fees as low  
16 as we can keep them.

17 The whole point of impact fees is so we  
18 don't have to raise rates on current customers to pay for  
19 new businesses to come in. You know, it's not fair to  
20 have someone who is retired, living on a fixed income,  
21 have their water bills go up to pay for infrastructure  
22 demands for new growth.

23 MR. POHLMANN: And I guess we have always  
24 had impact fees -- water impact fees?

25 MR. KENNEDY: Yes, sir.

1 MR. POHLMANN: Thank you.

2 MR. KENNEDY: Thank you, sir.

3 Ms. Gunnoe, are you going again?

4 MS. GUNNOE: Yes, I am. Because I have an  
5 open forum question right on the agenda.

6 Recently, I saw where the boulevard has  
7 been changed from a shopping/entertainment complex to a  
8 full-on apartment complex, something like 332 apartments  
9 are now going in over there on the corner adjacent to  
10 Publix at the intersection of 87 and 98.

11 Are y'all aware of that? Are y'all aware  
12 of that huge massive change?

13 MR. KENNEDY: Yes, ma'am.

14 MS. GUNNOE: Okay. Do you have a plan?  
15 You know, what is going to be required of that now large  
16 apartment complex?

17 Are they, like Publix, going to be  
18 required to maintain their own lift station since they  
19 are in that area? What impact does that have on our  
20 overall water supply?

21 And, you know, when does our capacity max  
22 out? I mean, we are being overdeveloped here in the  
23 south end of the County. Every last lot in the old part  
24 of Navarre has a new house on it. And we have massive  
25 developments that are going in along the 98 corridor and

1 up 87.

2                   So, you know, what influence do you have?  
3 First of all, what is your plan for this large complex  
4 that's going in? And what impact is that going to have  
5 on the overall capacity that we have for water and water  
6 treatment?

7                   And then, when does our capacity max out?  
8 And what influence do you have on getting a moratorium on  
9 development for the south end of the County? And have  
10 you ever been queried? Or are you ever queried by the  
11 BOCC and their Zoning Board as to when we are going to  
12 reach that capacity and when we need to stop developing?

13                   Because when we run out of water, we run  
14 out of water. People are going to want to come into this  
15 area all the time. The developers are going to get much  
16 more money out of the 332 unit apartment complex than  
17 they would out of a shopping/entertainment complex, you  
18 know.

19                   So I am concerned. And I would like to  
20 see a large, large influence, a letter from this Board to  
21 the BOCC and their Zoning Board that says, "We have got  
22 to stop."

23                   You know, changing over from a shopping  
24 complex to a large apartment complex is stupidity on this  
25 end of the County. And I would like to see some

1 influence from this Board to get that stopped.

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

3 MS. GUNNOE: So can I get answers to those  
4 questions?

5 MR. KENNEDY: Again, if you want to send  
6 an email, because that is a long list of questions and we  
7 would be here for a while. So an email.

8 MS. GUNNOE: Well, the first is: Do you  
9 guys have a plan?

10 MR. KENNEDY: Yes.

11 MR. GUNNOE: You have a plan to address  
12 that large apartment complex?

13 MR. KENNEDY: Yes.

14 MS. GUNNOE: Initially, what do you see as  
15 the impact on our water capacity? Both the going in and  
16 the coming out? And then, I will send the rest of the  
17 questions in. But I would like to get an answer at least  
18 to that much.

19 MR. KENNEDY: Phil?

20 MR. PHILLIPS: Generally speaking, the  
21 only improvements required to Holley Navarre's  
22 infrastructure to serve them is what they are required to  
23 do internal to their own project.

24 They are making internal to their own  
25 project, they are making some increased line sizes, some

1 loops that connect into Holley Navarre's system. And we  
2 don't have final plans, I believe, from them. So I am  
3 only speaking to what has been generally discussed.

4 I think generally your number with regard  
5 to the apartments is kind of what I have heard. The  
6 apartments don't consume the entire acreage, though, from  
7 the last plan that I saw, the apartments, whatever I say  
8 here will be wrong, so take it with a grain of salt, but  
9 I would say they consume perhaps 50 to 60 percent of the  
10 acreage.

11 The last plan I saw still has outparcels  
12 for other developments surrounding the multi-family. I  
13 have seen layouts that have more multi-family than what  
14 the current -- what I believe is the current plan. I  
15 have seen with less, but it is multi-family.

16 MS. GUNNOE: The one that I saw was  
17 probably 98 percent multi-family and 2 percent because it  
18 is one little bitty rectangle down in the very southwest  
19 corner of it and that one little rectangle was a club and  
20 a store. The rest was all apartments.

21 And that's the plan I saw. So I would  
22 like to see some heavy-handed influence from this Board.  
23 You control our water. You all know -- and I have  
24 already gone and fought, because, you know, Mr. Kennedy,  
25 with the BOCC over them trying to change the safety

1 boundaries on our well fields, you know. At some point,  
2 we run out of water on the south end of the County.

3 MR. KENNEDY: Got you.

4 MS. GUNNOE: And we are done.

5 MR. KENNEDY: Yes, ma'am.

6 DR. PEAVEY: Are you concerned about that?

7 MS. GUNNOE: So you guys need to put in  
8 some pretty heavy-handed influence over the BOCC and  
9 their Zoning Board on the development that is going on in  
10 the area that you supply water. Thank you very much.

11 MR. MILLER: Can I -- I want to address  
12 the capacity issue. And there is two capacities. One is  
13 effluent disposal and the other is water supply. The  
14 effluent disposal capacity issues is being solved by the  
15 Eglin RIB Project, which is going to give us capacity for  
16 years.

17 MR. KENNEDY: And we won't be like Milton.

18 MR. MILLER: Right. And the majority of  
19 our water comes from Fairpoint Regional Utility, which  
20 they are adding new wells as needed so that we don't get  
21 into a capacity problem, you know, so that we are able to  
22 supply water to individuals that want to move here,  
23 businesses that want to come here.

24 It's our duty to try to supply that. So  
25 that -- most of that comes through Fairpoint and they are

1 aware of the needs, not just of us, but Midway, Gulf  
2 Breeze, and Navarre Beach. And they are working to  
3 expand their capacity as needed.

4 MR. KENNEDY: And that's why,  
5 Mr. Matthews, we are not worried about it. They have got  
6 the calculations defined.

7 MR. MATTHEWS: Well, I am with her with  
8 the fact that we don't need 300 more apartments on the  
9 south end.

10 MR. MILLER: I disagree.

11 MR. MATTHEWS: Why don't we make it -- why  
12 don't we incentivize for the businesses to come here? I  
13 am with Chuck. I don't want to create --

14 MR. MILLER: I disagree. If you talk to  
15 anybody who is looking for a rental right now, they  
16 cannot find a rental. The housing market -- I put a  
17 house on the market, got 19 offers on it from people that  
18 wanted to buy that house.

19 MR. MATTHEWS: I agree with that, but they  
20 don't fit here, they need to go somewhere.

21 MR. MILLER: Well, but there is a demand  
22 for people that want a rental. I searched for a rental  
23 here. You couldn't find a house for under \$2,000 a month  
24 in Navarre.

25 MR. MATTHEWS: That was --



1 (SPEAKING OVER EACH OTHER.)

2 MS. GUNNOE: I understand. I agree with  
3 him. At some point, you have got to tell people --

4 MR. DUNAWAY: We have a court reporter who  
5 tries to take down accurately a record of it, so it's  
6 helpful if we are only one person talking at a time,  
7 so --

8 MR. KENNEDY: And we hear you. Again,  
9 Ms. Gunnoe, just send us the questions you have.

10 MS. GUNNOE: Yeah. But one quick one:  
11 have you ever been -- have you ever been contacted by the  
12 BOCC or the Zoning Board asking you if we are anywhere  
13 near capacity?

14 MR. KENNEDY: I mean, no, ma'am. No. I  
15 haven't --

16 MS. GUNNOE: I will take that up with  
17 them.

18 MR. CAMPBELL: I will verify with Phil,  
19 because when you talked about the master plan and 30,000  
20 build-out units, that took all available land down this  
21 side. Is that in our franchise?

22 MR. PHILLIPS: Yes. That's all ours.

23 MR. CAMPBELL: So that's all calculated in  
24 the master plan that we would be able to support? Right?

25 MR. PHILLIPS: Yes.

1 MR. CAMPBELL: From that side. I am not  
2 getting into the BOCC building --

3 MR. PHILLIPS: I mean, that's what you are  
4 charged with. You have a franchise to provide water and  
5 sewer service, and that's what you are charged with doing  
6 is providing that service to this entire area as it  
7 develops.

8 MR. KENNEDY: And that's the master plan  
9 we are working off of and also calculating off of.

10 MS. GUNNOE: And what was the number in  
11 that, again? I'm sorry. What's the maxed out number in  
12 that master plan?

13 MR. PHILLIPS: 30,000 units.

14 MS. GUNNOE: 30,000 units. That's homes,  
15 businesses and --

16 DR. PEAVEY: Connections.

17 MS. GUNNOE: Connections. So that's  
18 30,000 total. Thank you.

19 MR. KENNEDY: Thank you.

20 MS. REYNOLDS: What year?

21 MR. MATTHEWS: Are we halfway there?

22 MR. PHILLIPS: There are 17,000 --

23 DR. PEAVEY: 17,386.

24 MR. PHILLIPS: There you go, 386. I think  
25 that was the number when they closed the books last

1 month.

2 MS. REYNOLDS: So we are talking about  
3 almost doubling? In what year will that reach 30,000?

4 MR. PHILLIPS: If you could tell us that,  
5 you would be a way better prognosticator than any of us.  
6 We try and --

7 MR. KENNEDY: All right. Moving on.  
8 Thank you. Good points. Wes?

9 MR. SILER: My name is Wes Siler. I live  
10 at 2000 Costa Verde. I have a couple things. So the  
11 first thing is just looking at the meeting agenda and  
12 this is my second time coming.

13 I love the first thing that you guys do  
14 with the employee recognition. If I understand the  
15 purpose of it, you are bringing up people who are doing  
16 just amazing work, right, that are just doing awesome  
17 stuff and you are celebrating them in front of the  
18 public. Right?

19 In front of the camera, just said, "Hey,  
20 this guy, he is doing great work." He is working, I  
21 think you said, days, nights, whenever we need him, we  
22 will call him. And you celebrate him publicly. That, to  
23 me, is amazing.

24 I love doing that too, in my past in my  
25 career. But you get to the finance, and it just -- this

1 is how it feels, right, maybe this isn't the intention,  
2 but it feels like there is a switch.

3                   Because when people ask questions, there  
4 is all of this good information that comes out, like,  
5 "Hey, we are turning a profit over there with the golf  
6 course." That's really good information to know. And we  
7 talked about the website.

8                   Well, you go on the website and the  
9 finance just stops. Whenever you hit November, those  
10 statements disappear. And so, on one hand, we are  
11 celebrating this good work. There is talk of good work  
12 happening financially but we don't see that.

13                   And the experience of sitting here in the  
14 audience is, well, on these screens that you can't see  
15 from in the back, there are some numbers that you can't  
16 make out. Then, we are going to the next slide. You  
17 guys are holding onto financial statements that we can't  
18 see.

19                   And right here, about emails, email the  
20 CEO. That's crazy to me. If you are doing good work  
21 financially, if you have got nothing to hide, if you are  
22 turning a profit, then put that up front. I don't know  
23 of a single organization I have ever heard of where you  
24 have to email the CEO to be able to get basic  
25 information, specifically when the structure already

1 exists.

2                   You can go on the website. We were just  
3 talking about transparency. And the policies for impact  
4 fees, et cetera, it's right there. Just post the pdf  
5 file. I am just trying to understand why it's run this  
6 way.

7                   While on the one hand, we know how to  
8 celebrate good people. We know how to publish good work.  
9 We know how to be able to talk about things that are  
10 doing well.

11                   But then, when you get to the finances, it  
12 makes it look like you have something to hide. And if  
13 you don't, then let us see it. So why? Why is that the  
14 way it's run?

15                   MR. CAMPBELL: Are you addressing the  
16 Board?

17                   MR. SILER: Whoever has an answer for this  
18 question.

19                   MR. KENNEDY: Right. I mean, the finances  
20 that you are talking about there, the monthly finances,  
21 we are going to be updating those.

22                   MR. SILER: Surely to the website?

23                   MR. KENNEDY: Yes, sir.

24                   MR. SILER: Okay. Good. That's what I  
25 want to see. Because all right, I need to understand

1 this. I can see 2020. I can see 2019. I can see 2018.

2 And then, as soon as the new Board took  
3 over, it disappeared.

4 MR. KENNEDY: No. There was a little bit  
5 of a lapse there. We apologize for that.

6 MR. SILER: So it was just an oversight.  
7 Something that you are going to fix?

8 Okay. When are we looking to get that  
9 fixed? Because it doesn't sound --

10 MR. KENNEDY: Right. I mean, I don't want  
11 to give you a timeframe, but I will just probably --

12 AUDIENCE MEMBER: I would like to hear the  
13 timeframe.

14 MR. KENNEDY: Before the next meeting.  
15 How is that?

16 AUDIENCE MEMBER: That's what I am going  
17 to do.

18 MR. KENNEDY: I will just assume it is  
19 acceptable to the CEO.

20 DR. PEAVEY: That's truly acceptable. Let  
21 me, at this point, just -- if you think or you have  
22 something in mind or any of the crowd thinks we are doing  
23 something wrong and you have something specific, let us  
24 know, because we have nothing to hide.

25 MR. SILER: If I can't see how, you know,

1 the specifics of the line items how things are being  
2 prioritized, how money is being spent that I am paying,  
3 people in Navarre are paying, how in the world can I give  
4 you feedback on what you are doing, if I don't know?

5 Right. So when you answer this question  
6 and you provide those statements, we will have the  
7 ability to give you feedback much more accurately and  
8 precisely.

9 DR. PEAHEY: Absolutely.

10 MR. SILER: Okay. Thank you.

11 AUDIENCE MEMBER: But we haven't asked you  
12 about the MESI relationship. That's the concern I have.  
13 I want to know how a non-profit feeds money to a  
14 for-profit that shares an office where you are the  
15 registered agent, the CEO of this water board, and I  
16 worry we are going to lose our IRS tax exempt status.

17 MR. KENNEDY: And if I were to tell you  
18 not to worry, would that work for you?

19 AUDIENCE MEMBER: I just want you to tell  
20 me how the relationship works, but instead, you go back  
21 and you tell me to send it in an email. I just thought  
22 it is a simple question.

23 MR. KENNEDY: Right.

24 AUDIENCE MEMBER: So no answer, huh?

25 DR. PEAHEY: If you submit your question,

1 I will be glad to respond.

2 AUDIENCE MEMBER: That is the transparency  
3 I am talking about.

4 DR. PEAVEY: I said I would respond.

5 AUDIENCE MEMBER: Submit it in an email?

6 MR. KENNEDY: And it also protects us,  
7 too, because we have your question as an email that we  
8 can respond to.

9 MS. GUNNOE: May I make a suggestion?  
10 Because he raised a question that I had concerns for a  
11 number of years. Some of the other people raised some  
12 questions of concern, so have I, and we have all been  
13 directed to send those to the CEO.

14 Can there be a tab added to the web page  
15 to where when questions are addressed to the CEO and he  
16 can answer those questions and be transparent to the  
17 whole membership so that I can see the answer to his  
18 question and he can see the answer to my question?

19 Because he is only going to respond to me.  
20 And he is only going to respond to him.

21 But I still have concerns about what he  
22 asked and he has concerns about what I asked. So that  
23 answer is not going to go out to everybody. It's only  
24 going to go out to the person asking the question.

25 So can we get the answers posted out on a



1 tab on the website so when these questions are raised,  
2 the answers are there and transparent for the whole  
3 membership. Just a suggestion.

4 MR. KENNEDY: Great. Good suggestion.  
5 Thank you, Ms. Gunnoe. Ms. Reynolds?

6 MS. REYNOLDS: Carmen Reynolds, Navarre.  
7 I was just thinking about what Ms. Gunnoe said. And it  
8 seems to me like we are here on our time, like you all  
9 are here performing public service, asking questions,  
10 trying to dispel confusion, where I am here to get some  
11 resolution on my concerns, I expect that y'all can answer  
12 those now.

13 I don't want to have to go back tomorrow  
14 after I have already documented this and send a separate  
15 redundant email. This is not the way it should be  
16 working, so I will leave you with that.

17 I, last month, asked for an extension of  
18 the speaking time from three minutes to four minutes.  
19 Have y'all made a decision on that yet?

20 MR. KENNEDY: No, ma'am. It was not added  
21 to the agenda.

22 MR. CAMPBELL: I don't think we had a  
23 clock on anybody tonight, so that answered part of your  
24 question.

25 MS. REYNOLDS: That's good. But last

1 month, we were getting cued at one minute, 30 seconds, 30  
2 seconds, and it was very distracting.

3 I will re-ask some of the questions I  
4 asked last month without resolution. Again, I was  
5 contacted about the lift station at Navarre High School.  
6 What is going on with that that we have personnel  
7 repeatedly down there?

8 Is it going to be rectified any time soon?  
9 Or there's odors and that type of thing. Do we know what  
10 that situation is?

11 MR. KENNEDY: Well, I believe, again, you  
12 are asking a specific issue on a maintenance question,  
13 so --

14 MS. REYNOLDS: Where is the Operations  
15 Manager?

16 MR. KENNEDY: Again, ma'am, I mean, if you  
17 want details on maintenance stuff, send an email.

18 MS. REYNOLDS: But this is a repeat  
19 question from last month.

20 AUDIENCE MEMBER: Yeah. Really.

21 DR. PEAVEY: We didn't receive any  
22 question or comment --

23 AUDIENCE MEMBER: She made it live last  
24 month.

25 DR. PEAVEY: If you have it, we ask you to

1 submit it so that we have it.

2 MS. REYNOLDS: Well, I was here last month  
3 asking that question.

4 DR. PEAVEY: Did you -- in that time, did  
5 we ask you to submit it to me?

6 MS. REYNOLDS: No. You did not. You did  
7 not have me do that redundant thing, which was not only  
8 come to the meeting and ask the question, but send an  
9 email. Should we send emails prior to the meeting?  
10 Would that help?

11 DR. PEAVEY: That could be helpful.

12 MR. KENNEDY: I mean, we would need staff  
13 time to look at this stuff, Ms. Reynolds.

14 MS. REYNOLDS: Okay.

15 MR. MILLER: But we as Board members don't  
16 know what is going on with an individual maintenance  
17 item.

18 MR. KENNEDY: The lift station --

19 MR. MILLER: A pump or a lift station. We  
20 are not into that kind of detail. We hire our CEO to  
21 manage that and he has got managers of each department  
22 that care of those things and report back to him.

23 MS. REYNOLDS: Right.

24 MR. MILLER: So it's not -- I don't think  
25 it's actually appropriate to ask that to a Board of

1 Directors what happened with this pump, because we don't  
2 know.

3 MS. REYNOLDS: You have got to be kidding  
4 me. The CEO is here. Okay. The next thing --

5 MR. MILLER: The answer to your question,  
6 so submit it, and you will get an answer.

7 MS. REYNOLDS: Last month, I asked you all  
8 to substantiate a 6.9 percent member rate increase in  
9 January on the back of the equipment, inventory, and  
10 maintenance. And I asked that the members be read in on  
11 how the rate increase is going to help with that.

12 What is the inventory? What is the  
13 recurring maintenance cycle? How do we resolve that so  
14 that we understand why you actually increased the rates?

15 MR. CAMPBELL: You mean, besides the fact  
16 they haven't gone up in five or six years, to keep rate  
17 inflation, I mean --

18 MS. REYNOLDS: The last rate increase was  
19 2016 where you all increased the rates by 17.5 percent.

20 MR. CAMPBELL: Not you all. I wasn't  
21 here.

22 MR. KENNEDY: The previous Board did.

23 MS. REYNOLDS: The previous Board did.  
24 Yes.

25 MR. KENNEDY: Because they had no rate

1 increases before as well. So those 6.2 -- I believe it  
2 was 6.2 percent.

3 MS. REYNOLDS: It was 6.9.

4 DR. PEAVEY: No. It was not 6.9.

5 MR. PHILLIPS: 6.2, I believe.

6 MS. REYNOLDS: 6.2. I stand corrected.

7 MR. KENNEDY: Right. So that, again, was  
8 to handle our CIP projects and cost of living. So,  
9 again, you know, you have been around long enough, you  
10 know we have got pipes that need to be adjusted and  
11 everything like that and --

12 MS. REYNOLDS: And we are wanting to know  
13 the particulars of that and that's the nature of my  
14 question. When you come to us and do a rate increase  
15 without preparation or any preannouncement and we are hit  
16 cold in January with a 1.5 percent COLA increase for all  
17 the employees, and then, other stuff on budget that  
18 needed to be taken off of there, it is incumbent on us  
19 just to watch the money. We are the members. We deserve  
20 that courtesy.

21 MR. KENNEDY: Yes, ma'am.

22 MS. REYNOLDS: Also, you talked about  
23 grants. Is there any in-resident grant experience on the  
24 staff?

25 DR. PEAVEY: Yes. The Director of

1 Finance. In fact, you gentlemen sat in the meeting with  
2 the State and Northwest Florida last Wednesday and we  
3 went through that very program. And then, the very next  
4 day, we spent an hour and a half going through the very  
5 same programs with the State again.

6 MS. REYNOLDS: So you are saying the  
7 Finance Director is grant qualified?

8 DR. PEAHEY: Yes, ma'am.

9 MS. REYNOLDS: Because Defuniak Springs  
10 just got a huge grant to bring in new development, which  
11 will bring in more jobs and that type of thing, so we --  
12 we are anxiously anticipating the announcement of the  
13 next grant submission.

14 Finally, I have two more questions. The  
15 newly instituted Board policy for background checks for  
16 the Board members, how much is that going to cost on the  
17 bottom line annually?

18 MR. KENNEDY: It's not new. Every Board  
19 member, when we run for the Board, we have always had to  
20 get background checks. So every Board member from -- at  
21 before -- Mark has been here longer, but all of us have  
22 to get a background check. And, I mean --

23 MS. REYNOLDS: Well, that was discussed  
24 last month at the meeting and you all were asking the  
25 question whether it was mandatory. You deferred to

1 Mr. Stokes, to the attorney, the stand-in attorney, he  
2 thought it was mandatory in the Statutes. I haven't been  
3 able to find that.

4 MR. KENNEDY: It's appointment -- Board  
5 appointments versus Board election. Right? When you  
6 guys are electing your Board members, you want to make  
7 sure that they follow -- you know, we do have a policy,  
8 an actual procedure to make sure that when we go through  
9 elections, you have got to do this, got to go get the 25  
10 signatures. You have got to do all of these steps,  
11 including the background check.

12 And we were just confirming that if we are  
13 going to do Board appointments, we should also follow,  
14 you know, those same processes.

15 MS. REYNOLDS: Okay.

16 MR. THIEL: In the bylaws, ma'am, we can  
17 appoint anybody we want to just off the street, but we  
18 thought to be prudent, we ought to go through the same  
19 procedures that we do, screen candidates for who to go  
20 before the people to be elected.

21 MS. REYNOLDS: And how much does a  
22 background check cost the water system or us?

23 MR. KENNEDY: 19 bucks, maybe.

24 DR. PEAVEY: 25 bucks.

25 MR. KENNEDY: 25 bucks plus tax.

1 MS. REYNOLDS: There is a new concern.  
2 Ms. Gunnoe talked about the water supply and that type  
3 thing. There is a new concern now because Whiting Field,  
4 the Navy, has all of these outlying landing fields, nine  
5 of which are distributed throughout Santa Rosa County.

6 They are concerned now, because,  
7 nationwide, there are these military facilities because  
8 of the use of fire fighting foam, diesel, petroleum  
9 products, et cetera, that they are getting into private  
10 water wells. And the letters are going out to residents  
11 to check their private water wells that the Navy will  
12 help with testing.

13 Well, there is a larger issue than that.  
14 I, as part of the Water Shed Protection Committee,  
15 contacted them, and they did not return calls on two  
16 occasions. And finally I contacted the liaison for  
17 Whiting Field and Santa Rosa County and asked him why  
18 they are not responding.

19 And, also, were they aware that there are  
20 15 water systems in the County that supply water through  
21 their public wells. Well, they were not aware of that.  
22 So I asked them to please contact Dr. Peavey on behalf of  
23 Fairpoint and the south end and the respective water  
24 systems that are part of that.

25 We don't know what the results are going



1 to be. Did they, in fact, contact you, Dr. Peavey?

2 DR. PEAVEY: They did.

3 MS. REYNOLDS: Fantastic. But prior to  
4 that time, they were not aware of the 15 water systems  
5 that service the public. So this is why people like me  
6 come and ask the questions and try to make sure these  
7 issues are being coordinated with the proper agencies.

8 Had that phone call not happened, I don't  
9 know that the water system would be contacted because the  
10 letters went out to private land owners.

11 DR. PEAVEY: May I comment on that? In  
12 2000 -- we were aware of this type of situation back in  
13 2014 for Holley Navarre. Our wells were tested twice in  
14 the year 2014.

15 2017, Fairpoint had their wells tested.  
16 After discussion with the Navy and prior to that, we had  
17 already planned to have all of the wells at Fairpoint  
18 and Holley Navarre tested again, so we made sure that we  
19 tested to ensure that we don't have an issue with that.

20 MS. REYNOLDS: So they are going to be  
21 retested, then?

22 DR. PEAVEY: Absolutely. PFOS and PFOA.

23 MS. REYNOLDS: I'm sorry?

24 MR. PHILLIPS: PFOS and PFOA.

25 DR. PEAVEY: Yes.

1 MS. REYNOLDS: All right. And, finally,  
2 the last question is in some discussion, I got confused.  
3 And Dr. Peavey referred to -- oh, it was a question that  
4 I think Mrs. Kennedy had about, oh, a letter that went  
5 out. And Dr. Peavey, you said, you and the General  
6 Manager coordinated that.

7 Are you speaking of the General Manager at  
8 the Club at Hidden Creek?

9 DR. PEAVEY: That's correct.

10 MS. REYNOLDS: Thank you so much.

11 DR. PEAVEY: You are quite welcome.

12 MR. KENNEDY: Thank you, Ms. Carmen. All  
13 right. Anybody else?

14 (NO AUDIBLE COMMENTS.)

15 MR. KENNEDY: Thank you, again. Good  
16 comments. We always take them in.

17 Anything from the Board?

18 (NO AUDIBLE RESPONSE.)

19 MR. KENNEDY: ALL right. I will entertain  
20 a motion for adjournment.

21 MR. CAMPBELL: I make a motion to adjourn.

22 MR. LINNELL: Second.

23 MR. KENNEDY: All right. All those in  
24 favor say "Aye"?

25 MS. CAVE: Aye.

1 MR. LINNELL: Aye.

2 MR. MILLER: Aye.

3 MR. THIEL: Aye.

4 MR. CAMPBELL: Aye.

5 MR. KENNEDY: Meeting adjourned. Thank  
6 you, guys.

7

8 WHEREUPON, THE MEETING ADJOURNED AT 7:46 P.M.

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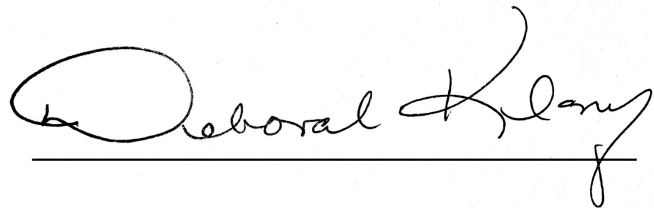
CERTIFICATE OF REPORTER

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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 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 July, 2021.



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