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HOLLEY NAVARRE WATER SYSTEM
REGULAR BOARD MEETING
AUGUST 16, 2022
6:00 P.M. - 8:03 P.M.

- MARK MILLER, VICE PRESIDENT
- BILL THIEL, SECRETARY TREASURER
- MIKE KENNEDY, DIRECTOR
- DON LINNELL, DIRECTOR
- DARYL LYNCHARD, DIRECTOR
- JAMES DABNEY, DIRECTOR
- TY CAMPBELL, HNWS
- EMERALD MCDANIEL, HNWS
- CLINTON WELLS, HNWS
- CHRIS LEGG, HNWS
- JAROD CROSS, HNWS

ALSO PRESENT:

- WILL DUNAWAY, ESQUIRE
- DEBORAH KHARUF, COURT REPORTER
- HANSON HASENBERG, NAVARRE PRESS

MEMBER FORUM: CARMEN REYNOLDS, NANCY FORESTER,
CHUCK POHLMANN, MIKE MATTHEWS, DAVID CRUMBLEY,
RICK SCHAEFFER, SANDRA BARNETT, ROBERT BARNETT,
GREG BREITLING.

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

2 MR. MILLER: All right. I have 6:00
3 o'clock. I'm going to call our meeting to order. I
4 would like to welcome all of our members to our August
5 regular Board meeting for the Holley Navarre Water
6 System. We will begin our meeting with a prayer and
7 pledge of allegiance. So please stand and, Director
8 Kennedy, would you lead us in prayer?

9 (INVOCATION GIVEN BY DIRECTOR KENNEDY.)

10 MR. MILLER: Director Linnell, would you
11 lead us in the pledge?

12 MR. LINNELL: If everyone would face the
13 flag and join me?

14 (PLEDGE OF ALLEGIANCE LED BY DIRECTOR
15 LINNELL.)

16 MR. MILLER: All right. I would like to
17 announce that we have a quorum. Audio and video
18 recorders are in use. And we also have a stenographer
19 here taking a transcript of the meeting. So I mention
20 that because it's important that we only have one person
21 speaking at a time. It makes it much easier upon her to
22 get the transcript right. And please speak once you are
23 recognized by the Chair.

24 If you would like to speak, there is a
25 member sign-up sheet. And I want to point out to

1 everyone that we have an open forum at the end of the
2 meeting that is open for anyone to come up and speak on,
3 you know, whatever topic that might be of concern to
4 them.

5 We also, in 2019, this Board adopted an
6 open meeting framework. And in that framework, we allow
7 our members to get up and speak on agenda items prior to
8 the Board taking a vote on something. So if it is an
9 item that is up before the Board for a vote, we allow our
10 members to speak.

11 And the way that is handled, I am going to
12 read the open meeting framework because there has been
13 some suggestion that we don't allow our members to speak.
14 And members are allowed to speak at every meeting that we
15 have.

16 Board meetings are so the Board can
17 conduct necessary Holley Navarre Water System business.
18 The ability for the Board to discuss an item prior to
19 voting on any action is paramount in making the Board
20 meeting run more efficiently.

21 In order to get the business done,
22 membership comments during the discussion phase will be
23 limited to, after the Board has discussed the item, three
24 minutes. And the time may be adjusted by the Chair at
25 his or her discretion, depending on the number of

1 speakers and the current agenda item.

2 A sign-up sheet for members wishing to
3 speak may be used. The Chair is responsible for keeping
4 the speaker on the subject and the member may speak only
5 once to each agenda item. Once the member is finished,
6 the Board may further discuss the item prior to the vote.

7 So that's the way we are going to handle
8 this. If we have an agenda item that you would like to
9 speak to, raise your hand. Get recognized. Make sure
10 you are on the sign-up sheet that is back there so that
11 we have a record of everyone that speaks and we will
12 recognize you prior to us taking a vote on an item. And
13 keep your discussion limited to three minutes and on the
14 subject of that particular agenda item when you speak.
15 Is that okay with everyone?

16 UNIDENTIFIED FEMALE IN AUDIENCE: Can we
17 talk about after you are done with your voting on each
18 agenda item, can we talk about something that is not on
19 the agenda?

20 MR. MILLER: At the open forum, at the end
21 of the meeting.

22 UNIDENTIFIED FEMALE IN AUDIENCE: Okay.

23 MR. MILLER: And I would like you to sign
24 up on the sign-up sheet --

25 UNIDENTIFIED FEMALE IN AUDIENCE: I did.

1 MR. MILLER: -- if you plan to speak.
2 Okay? So we are going to go ahead to get our meeting
3 started. I would like to make a note that the reason I
4 am standing here sitting here holding the gavel is Joe
5 Campbell's father passed away unexpectedly, and so, he
6 had to travel out of town.

7 Joe is our Board President as well as our
8 Interim CEO, so there may be some information that I
9 don't have that he has, so we will just do the best we
10 can to answer any questions that you might have. At any
11 rate, we are going to proceed with our meeting.

12 First up is approval of minutes and
13 transcripts. Tonight, we are up for approval for the
14 June 29th, 2022, closed executive session meeting
15 minutes, the July 19th regular meeting minutes and
16 transcripts, and the August 3rd closed executive session
17 meeting minutes.

18 I will entertain a motion to approve the
19 minutes and transcripts as presented.

20 MR. THIEL: Mr. President, I have some
21 corrections --

22 MR. MILLER: Can we get a motion and a
23 second and then we will do the discussion?

24 MR. KENNEDY: I will make a motion.

25 MR. LYNCHARD: I will second.

1 MR. KENNEDY: Will you make a motion?

2 MR. LYNCHARD: Or I will make a motion
3 that we approve as presented.

4 MR. MILLER: I have a motion. Do I have a
5 second?

6 MR. LINNELL: Second.

7 MR. MILLER: Don seconds. Okay. Bill?

8 MR. THIEL: Okay. In the direct Board
9 minutes, page 1, the attendees is wrong on the minutes.
10 Director Lynchard had an emergency and couldn't be here
11 so he should not be on there. It is correct in the
12 transcripts.

13 In the New Business, line 2, I was
14 incorrectly -- it was incorrectly stated that I stated
15 that people shouldn't be paid if they didn't submit their
16 expense report. It was correct again in the transcripts.
17 I requested the CEO and the staff look at ensuring timely
18 submission of expense reports.

19 And page 2, the Member Service paragraph,
20 the motion passed. It just said it was passed. It
21 should pass unanimously like the rest of the motions. So
22 I recommended those corrections.

23 MR. MILLER: What was the last one? I'm
24 sorry.

25 MR. THIEL: The Member Service paragraph,

1 there was a motion there, and it just said, "Motion
2 passed," and it didn't have, "Motion passed unanimously."

3 MR. MILLER: Okay. All right.

4 MR. THIEL: As it should be with all
5 motions --

6 MR. MILLER: Right.

7 MR. THIEL: -- I believe. So that's the
8 three corrections I have to those minutes. I don't have
9 anything for the other minutes.

10 MR. MILLER: Any discussion on that?

11 (NO AUDIBLE RESPONSE.)

12 MR. MILLER: Director Lynchard, will you
13 amend your motion to approve with changes?

14 MR. LYNCHARD: Yes.

15 MR. MILLER: Okay.

16 MR. LINNELL: I second.

17 MR. MILLER: All in favor say "Aye"?

18 MR. LYNCHARD: Aye.

19 MR. LINNELL: Aye.

20 MR. THIEL: Aye.

21 MR. DABNEY: Aye.

22 MR. KENNEDY: Aye.

23 MR. MILLER: Nays or abstentions?

24 (NO AUDIBLE RESPONSE.)

25 MR. MILLER: Motion carries.

1 Next up is we need to approve our July new
2 memberships. We had 356 new memberships, 311 canceled
3 memberships, and 3 transfers. I will accept a motion to
4 approve those as presented.

5 MR. KENNEDY: So moved.

6 MR. LYNCHARD: Second.

7 MR. MILLER: Motion and a second. Any
8 discussion?

9 (NO AUDIBLE RESPONSE.)

10 MR. MILLER: All in favor say "Aye"?

11 MR. LYNCHARD: Aye.

12 MR. LINNELL: Aye.

13 MR. THIEL: Aye.

14 MR. DABNEY: Aye.

15 MR. KENNEDY: Aye.

16 MR. MILLER: Nays or abstentions?

17 (NO AUDIBLE RESPONSE.)

18 MR. MILLER: Motion carries.

19 All right. First item of Unfinished
20 Business, the Eglin Reuse update. Mr. Dunaway?

21 MR. DUNAWAY: Thank you, sir. There's no
22 changes since the last update to the Board and there's
23 been no updates from Santa Rosa County, so this concerns
24 the issue of the right-of-way acquisition, so you are
25 up-to-date on that.

1 MR. MILLER: Thank you, sir.

2 MR. THIEL: And we still do not have a
3 signed agreement from the Air Force.

4 MR. DUNAWAY: At the meeting on August
5 11th, the indication was that the early information that
6 we thought we may have had a signed lease was premature.

7 MR. THIEL: Okay.

8 MR. DUNAWAY: I heard an update that as
9 such it awaits to be signed yet.

10 MR. MILLER: They keep teasing us with
11 that.

12 MR. THIEL: Until we get that, we cannot
13 move forward with the rest of it; is that true?

14 MR. DUNAWAY: Correct.

15 MR. THIEL: Okay. Thank you.

16 MR. LYNCHARD: I believe we can still move
17 forward with acquisitions.

18 MR. DUNAWAY: We cannot file the lawsuit.

19 MR. LYNCHARD: Exactly. But you can
20 settle them without --

21 MR. DUNAWAY: Absolutely. Absolutely
22 correct, Director Lynchard. Absolutely.

23 MR. MILLER: Okay. This is information
24 only.

25 Organizational Resources. HR Director

1 Jarod Cross?

2 MR. CROSS: Yes. So we are -- we have the
3 Employee Handbook, there are a few last final updates
4 before we get it to our legal team at Clark Partington's,
5 team. Daniel will review it. And in September, we will
6 present it to the Board for final approval and look-over
7 at the September Board meeting.

8 The last update, I believe, from the July
9 Board meeting where there was to be a complaint process
10 included Board of Directors, in case it went to HR and
11 the CEO, so that is going to be the final one that we are
12 reviewing now.

13 MR. MILLER: Is that ready sooner than the
14 meeting? Can we get it?

15 MR. CROSS: Yes. As soon as we get it.

16 MR. MILLER: As soon as it hits, if you
17 have got a draft version so we have got a chance to look
18 over it, because that's a lot of information.

19 MR. CROSS: Now, it's 94 pages, so, yes.

20 MR. LYNCHARD: And another thing, can we
21 get one that is highlighted -- the highlights or the
22 changes highlighted in red --

23 MR. CROSS: Yes.

24 MR. LYNCHARD: -- along with the -- so we
25 will know exactly what has been changed and what has been

1 amended?

2 MR. CROSS: Yes, sir.

3 MR. MILLER: Again, information only.

4 All right. First item under New Business.

5 Jarod, you are up again on -- we are going to skip that

6 item. That employee is not here. That employee retired.

7 We were going to recognize the retirement --

8 MR. CROSS: Yes.

9 MR. MILLER: -- when they are able to be
10 here?

11 MR. CROSS: Yes.

12 MR. MILLER: Next up, we have -- Holley
13 Navarre Water System has a summer intern program that was
14 started. We think it's a great program to bring folks in
15 and introduce them to the water and sewer business. And
16 so we would like to recognize this year's intern for
17 their hard work and their accomplishments.

18 I am going to read out a list of names. I
19 don't think everybody is here, but then, as soon as I do
20 this, anyone that is here that is an intern, we do have a
21 certificate for you, and I would like to present that to
22 you.

23 We have Evan Makin. And I apologize if I
24 don't get your name pronounced right. Courtney Torres,
25 Caleb Scudiero, Jacob Beloat, Richard Poff, Jr., Isabella

1 Brooks, and Rocky O'Rourke. Those were our seven
2 interns. And if y'all would -- go ahead, Jarod.

3 MR. CROSS: I was going to have the three
4 come up here that we have --

5 (APPLAUSE.)

6 MR. CROSS: So this is Isabella Brooks.

7 MR. MILLER: There you are.

8 MS. BROOKS: Thank you.

9 MR. MILLER: Congratulations.

10 MR. CROSS: Courtney Torres.

11 MR. MILLER: Even representing by your
12 shirt. I like that.

13 MR. CROSS: And Mr. Scudiero.

14 MR. MILLER: All right. Wonderful.
15 Congratulations, y'all.

16 (APPLAUSE)

17 (PHOTO TAKEN)

18 MR. CROSS: Thank y'all.

19 MR. MILLER: All right. Next on the
20 agenda is the review of the quarterly June 2022 financial
21 statements. Mr. Campbell?

22 MR. TY CAMPBELL: That's me. Thank you,
23 Director Miller. The Water Board showed a \$56,000 --
24 exactly \$56,510.62 profit for June. The financial
25 drivers for that were basically wages were down versus

1 budget about \$31,000. We did put some quarterly admin
2 fees for an actuarial study after the plan was frozen.

3 We had some SCADA budget price increases.
4 And to be frank, we are probably going to remain over
5 budget again with SCADA. It's something we couldn't have
6 foreseen with the price changes and the additional
7 hardware.

8 We had some overage -- a little bit of
9 overage -- about 3K in repairs and maintenance that had
10 to do with retrofitting some old doors at the renovation.
11 Office expenses were up \$2,000 and change.

12 Company picnic, planning committee, room
13 rental here for the facilities. We did have some
14 advertising expense for some magazine publications. We
15 did reclassify an inventory that had been carried over
16 from a post -- or excuse me, a pre-software that we had
17 to migrate out of.

18 It's about \$15,000, but it puts us exactly
19 even with where the General Ledger is on the current
20 system to be relevant to the new implementation for the
21 ERP. And we added some transfer pumps to allow us to buy
22 bulk fuel, hopefully save money on fuel prices rather
23 than trying to pay retail constantly every time a truck
24 needs to be refilled. Other than that, it was a fairly
25 common month, at least for the financials.

1 If there are any questions, I would be
2 happy to answer them.

3 MR. MILLER: Any questions from the Board?

4 MR. LYNCHARD: I do. How many expenses
5 were paid by Holley Navarre Water System for the Club at
6 Hidden Creek that are reflected in the financial
7 statements?

8 MR. TY CAMPBELL: How many expenses?

9 MR. LYNCHARD: Yeah. What categories?

10 MR. TY CAMPBELL: What categories?

11 MR. LYNCHARD: Yes.

12 MR. TY CAMPBELL: Spray field operations.
13 This is a spray field and --

14 MR. LYNCHARD: Oh, I understand that, but
15 we have got it booked in real estate taxes and
16 electricity on Holley Navarre Water System's books and we
17 don't have it booked under anything at the Club at Hidden
18 Creek.

19 MR. TY CAMPBELL: Holley Navarre Water
20 owns this property and this facility. And as a renter,
21 you don't pay taxes --

22 MR. LYNCHARD: Holley Navarre Water System
23 does not own this property. Holley Navarre Water System
24 owns of the limited liability company that owns this
25 property.

1 MR. TY CAMPBELL: So that is tantamount to
2 saying that --

3 MR. LYNCHARD: No. Go ahead.

4 MR. TY CAMPBELL: No, wait. Director
5 Lynchard, you asked a question now. I will answer the
6 question. Okay?

7 MR. LYNCHARD: I did. Go ahead and answer
8 it.

9 MR. TY CAMPBELL: If you are a renter or a
10 lessee of any private property that another corporation
11 owns, you do not pay taxes on that property. The hard
12 asset is owned by Holley Navarre Water System.

13 And I am sure if we look at the -- I'm
14 sure if we look at the County records we will find that
15 the taxes are owed by the overreaching holding company,
16 and it does roll up to us. And it is 100 percent owned.

17 There is an operating agreement in here
18 where I think -- in my estimation, since October, and I
19 might add that when you were CEO here, the taxes were
20 paid by this -- by this -- by Holley Navarre through a --

21 MR. LYNCHARD: Absolutely, they were not.

22 MR. TY CAMPBELL: Absolutely, they were.

23 And they were paid through a subsidy you gave here at
24 \$25,000 a month. So what is the difference between
25 paying \$25,000 a month or paying the taxes on the

1 facility and the asset that we own?

2 MR. LYNCHARD: One of them is a correct
3 way of doing it and one of them is not.

4 MR. TY CAMPBELL: I take exception to
5 that.

6 MR. LYNCHARD: Go ahead.

7 MR. TY CAMPBELL: I take exception that it
8 was done on your watch that way --

9 (SPEAKING OVER EACH OTHER.)

10 MR. KENNEDY: If I may I make a statement
11 here?

12 MR. LYNCHARD: As a matter of fact, you
13 can go to the County records and see where it was paid by
14 the Club at Hidden Creek.

15 MR. TY CAMPBELL: They don't have any
16 money.

17 MR. LYNCHARD: But this Board --

18 MR. TY CAMPBELL: Where would the -- where
19 would this Club have paid the money when they don't have
20 capital?

21 MR. LYNCHARD: Well, this Board last year
22 told the membership that it would not be subsidizing the
23 golf course anymore.

24 MR. TY CAMPBELL: We do not pay any golf
25 operations expenses. We pay zero golf operation

1 expenses.

2 MR. LYNCHARD: Holley Navarre Water System
3 is a not-for-profit corporation.

4 MR. TY CAMPBELL: Absolutely.

5 MR. LYNCHARD: And you are spending
6 its not-for-profit money --

7 MR. TY CAMPBELL: I am not. You are the
8 Board. I am not. I am not doing anything.

9 MR. LYNCHARD: I have not either, because
10 I have been arguing this point since I saw it.

11 MR. TY CAMPBELL: It seems to me, Director
12 Lynchard, you should turn and speak to the gentlemen at
13 that table about this. Not me.

14 MR. KENNEDY: Exactly. And you take
15 exceptions because I feel you are actually taking it out
16 on Mr. Campbell.

17 MR. LYNCHARD: I have been told by Mr.
18 Campbell multiple times in Board meetings that he is
19 correct. And that is not correct.

20 MR. KENNEDY: And you are a Director. If
21 you don't like it, then you bring it before the Board and
22 the Board will decide one way or the other.

23 MR. LYNCHARD: All right.

24 MR. KENNEDY: And not to take it out on
25 Mr. Campbell. So there is some stuff maybe we can wind

1 up truing up --

2 MR. LYNCHARD: Okay.

3 MR. KENNEDY: -- or doing whatever. But
4 the Board has not heard or you have not brought anything
5 forward to the Board to be able to discuss this.

6 MR. TY CAMPBELL: And I might point out
7 that these financials have been out for over a week. And
8 I did not receive a single request from you, Director
9 Lynchard, to quantify or qualify.

10 MR. LYNCHARD: That is correct because I
11 have been told the same thing.

12 MR. TY CAMPBELL: You came to this meeting
13 specifically to side swipe and create a sensational
14 moment.

15 MR. LYNCHARD: No, I did not.

16 MR. TY CAMPBELL: Yes, you did.

17 MR. LYNCHARD: No, I did not.

18 MR. TY CAMPBELL: I take exception to
19 that. That's an aspersion --

20 MR. MILLER: Why don't we make this a
21 discussion of the Board and --

22 MR. LYNCHARD: That would be good. I have
23 got one question for Mr. Dunaway.

24 MR. MILLER: You are correct. The
25 property is titled as the Club at Hidden Creek, LLC --

1 MR. LYNCHARD: Yes.

2 MR. MILLER: -- on the tax records. I
3 just wanted to point that out.

4 MR. TY CAMPBELL: 100 percent owned by
5 Holley Navarre.

6 MR. MILLER: The title is Hidden Creek,
7 LLC, of the land.

8 MR. LYNCHARD: That's right.

9 MR. KENNEDY: Mr. Chair?

10 MR. MILLER: Yes?

11 MR. KENNEDY: Director Lynchard, if you
12 have a problem with how the financials are done in this
13 sense, you have yet to provide to the Board, not to them,
14 to this Board, something that you would like to see.

15 MR. LYNCHARD: I asked that the expenses
16 be paid for out of the Club at Hidden Creek. Since it is
17 a for-profit business, it needs to pay its own expenses.

18 MR. KENNEDY: And is this something where
19 we were --

20 MR. LYNCHARD: We had this discussion --

21 MR. KENNEDY: We had this discussion for
22 four years.

23 MR. LYNCHARD: No, we have not.

24 MR. KENNEDY: What is it -- what does a
25 spray field cost? And what does the golf course cost?

1 Right?

2 We have talked about this. And we have
3 been back and forth for four years.

4 MR. LYNCHARD: What advice did we get from
5 our attorney at the last Executive meeting we had?

6 MR. KENNEDY: Well, you are talking about
7 in terms of what it is --

8 MR. LYNCHARD: How we are supposed to do
9 it? In terms of how are we supposed to do it? What did
10 the attorney tell us?

11 MR. KENNEDY: I don't remember that.

12 MR. LYNCHARD: He told us Holley Navarre
13 Water System is not supposed to write checks to pay the
14 Club at Hidden Creek's bills. It could give it money.
15 It could loan it money, but it couldn't write the checks.

16 MR. KENNEDY: So what is your proposal to
17 this Board that a Board would discuss, not to go in the
18 Finance Department.

19 MR. LYNCHARD: Okay. That we quit writing
20 checks out of Holley Navarre Water System to pay the Club
21 at Hidden Creek's bills directly.

22 MR. KENNEDY: And I would take that one
23 step further, then. When you -- we have all agreed that
24 there is a dichotomy here. It is a golf course and this
25 is a spray field.

1 We, Holley Navarre Water System, look at
2 it as a spray field. Period. Right?

3 MR. LYNCHARD: Uh-huh.

4 MR. KENNEDY: And as a spray field, those
5 should be our costs.

6 MR. LYNCHARD: That's right. If we want
7 to write them a check to cover some of those costs,
8 that's fine. And then, they can pay their bills.

9 MR. KENNEDY: So what about the whole idea
10 again just like Fairpoint? We come up with a -- so that
11 we don't have this argument back and forth, and so, that
12 you are not taking it out on our Finance Director, what
13 we are responsible for -- like, for me, if it is a spray
14 field. If we are having to run pumps, we are
15 responsible.

16 MR. LYNCHARD: We have never paid it
17 before.

18 MR. KENNEDY: So, anyway, that's -- I am
19 just saying --

20 MR. LYNCHARD: I don't know that any golf
21 course in the country does that -- does it that way.

22 MR. KENNEDY: Well, the problem is we keep
23 getting in this argument. This is the same argument we
24 continue to have. We have no -- we have yet to --

25 MR. LYNCHARD: We have not had this

1 argument. This argument came from January 1 of this year
2 when -- when our budget was blown, when we went in excess
3 of the -- we went in excess of our purchasing policy, and
4 we paid the Club at Hidden Creek's real estate bills in
5 the amount of about \$32,000. That was in January.

6 MR. KENNEDY: Okay.

7 MR. LYNCHARD: Okay. We have also started
8 paying the electricity bills, which is evident from the
9 financial statements. I asked the question: What else
10 is being paid that we don't know about?

11 MR. KENNEDY: And, again, the whole point
12 is that we just keep arguing the same thing. So why
13 don't we put together an agreement, like we do at
14 Fairpoint, on what it is actually paying?

15 What is the spray field cost? And what
16 does the golf course cost?

17 MR. LYNCHARD: We did that years ago.

18 MR. KENNEDY: No. No. In terms of
19 actual, Fairpoint -- we know exactly how much we pay for
20 staff. We know exactly how much we pay for the truck.
21 We know exactly how much we pay for -- if the electricity
22 is ours. The grass is theirs.

23 MR. LYNCHARD: Here is the bottom issue.
24 If we tell everybody that we are not subsidizing the golf
25 course, then, let's not subsidize the golf course. If we

1 are going to subsidize the golf course, let's do it the
2 right way.

3 MR. KENNEDY: I couldn't agree more. So
4 it sounds like we need to get together and come up with
5 something --

6 MR. MILLER: I don't think we are going to
7 decide anything tonight.

8 MR. LYNCHARD: Okay.

9 MR. MILLER: I appreciate Director
10 Lynchard, you know, bringing those issue before the
11 Board. And I think that's going to be something that the
12 Finance Committee needs to get in the weeds on. And I
13 would like Director Lynchard to be part of that --

14 MR. LYNCHARD: I would like to.

15 MR. MILLER: -- discussion so we can make
16 sure we are doing things right accounting-wise. And the
17 benefit to what Director Lynchard is proposing, the golf
18 course is a for-profit entity. And so -- and Holley
19 Navarre Water System is a not-for-profit entity.

20 So, you know, just for taxation purposes,
21 we would want the golf course to show as little profit as
22 possible because you are going to pay income tax on that.
23 So, you know, I think it is a discussion we need to have
24 further.

25 MR. LYNCHARD: Most definitely.

1 MR. MILLER: Okay. Any other discussion
2 on the financials?

3 MR. LYNCHARD: Yes. I have got quite a
4 few things.

5 MR. MILLER: Okay.

6 MR. LYNCHARD: I would like to make a
7 motion that we include the check registers in our monthly
8 package, just like we have for years prior to this one.

9 MR. LINNELL: And may I ask -- well --

10 MR. MILLER: Do we have a motion?

11 MR. LINNELL: I will second it for
12 discussion.

13 MR. MILLER: We have a motion and a
14 second.

15 MR. LINNELL: What's the purpose?

16 MR. LYNCHARD: The purpose is to be able
17 to do oversight for this organization. You know, we have
18 got -- I have to dig to find these items here. It would
19 be nice to have the check register like we used to, and
20 then, you can kind of go through and pick out the things
21 that aren't -- that don't appear to be correct. Right
22 now, we are just looking at broad numbers on a page.

23 MR. THIEL: No. All the checks are signed
24 by at least two people that have been authorized by this
25 Board to sign checks. So you are saying you don't trust

1 us to do our leg work to make sure those are --

2 (EVERYONE SPEAKING OVER EACH OTHER.)

3 MR. DABNEY: I would like to see the check
4 registers --

5 (EVERYONE SPEAKING OVER EACH OTHER.)

6 MR. MILLER: One person at a time.

7 MR. THIEL: I just asked a question. You
8 don't trust us to sign the checks?

9 MR. LYNCHARD: That has absolutely nothing
10 to do with it. I believe that the people elected us to
11 provide oversight in this organization and not just to
12 believe everything that we are told.

13 MR. THIEL: We have oversight with the
14 two -- at least two people sign everything and it is
15 reviewed before we sign it by the Finance Director.

16 MR. MILLER: But I think the Board as a
17 whole, we used to get the check registers. And that
18 tells you exactly what money is being spent on and who is
19 the check to.

20 It's not the, you know, full check. It's
21 just a list of what checks were written and to what
22 companies and to what people. And I think Board members
23 should be entitled to that information, you know, if they
24 want it.

25 MR. LYNCHARD: Yeah.

1 MR. KENNEDY: Right now, we have a motion
2 on the table.

3 MR. MILLER: We have a motion and a
4 second. Any other discussion?

5 (NO AUDIBLE RESPONSE.)

6 MR. MILLER: All in favor say "Aye"?

7 MR. LYNCHARD: Aye.

8 MR. DABNEY: Aye.

9 MR. MILLER: All opposed?

10 MR. THIEL: Nay.

11 MR. KENNEDY: Nay.

12 MR. LINNELL: Nay.

13 MR. MILLER: Okay. Motion fails.

14 MS. REYNOLDS: The public has a comment.

15 MR. MILLER: The public has a comment?

16 Ms. Reynolds, have you signed in on the --

17 MS. REYNOLDS: Yes, I have. Carmen

18 Reynolds, 9621 Sunnybrook Drive. I am a member here.

19 For the record, I just want to state that our Board of

20 County Commissioners has the Clerk of Court staff prepare

21 the check register. And it is available every time they

22 have a meeting. So this is nothing out of the ordinary.

23 The Clerk of Court doesn't question

24 whether his staff is believed or is efficient. It's just

25 a matter of the way things are. And in light of what has

1 happened over the last few weeks, I would encourage the
2 Board in the future if you agree that it is, that would
3 be a very prudent thing to do. Thank you.

4 MR. MILLER: Thank you, Ms. Reynolds.

5 MS. FORESTER: I'm signed in, too.

6 MR. MILLER: Okay.

7 MS. FORESTER: Nancy Forester, 6825
8 Tidewater Drive, Navarre, and I am a member, also.

9 You're -- by all of you except one person
10 voting no, that only perpetuates the idea that you have
11 something to hide.

12 MR. DABNEY: Two, ma'am. Two nays.

13 MS. FORESTER: Let's make it public.
14 What?

15 MR. DABNEY: Two nays. I voted to get the
16 check registers.

17 MS. FORESTER: Oh, you did? I'm sorry. I
18 didn't see that.

19 MR. MILLER: And I did not vote because I
20 would be the tie breaker, but the motion failed.

21 MS. FORESTER: I want it on record that I
22 disagree with that. I think that is a horrible position.
23 And if you want the people to trust you, have everything
24 out in the open.

25 MR. THIEL: We have five Board members

1 here, so you couldn't be a tie breaker.

2 MR. LYNCHARD: Yeah. There is 3-2. If he
3 voted, it would be 3-3.

4 MR. MILLER: And it would still fail.

5 MR. LYNCHARD: It would still fail.

6 MR. KENNEDY: But, Mark, you do get a
7 vote. You are a Board member, just so you know. Just
8 because you are Acting Chair -- and, again, I will defer
9 to Legal. You get a vote. You should not not have a
10 vote. You are a Director.

11 MR. CRUMBLEY: Can I say something? I am
12 signed in, too. My name is David Crumbley, 6817
13 Tidewater Drive. You guys are wanting to change the
14 perception of the Water Board. Right?

15 You just had two years where you had a con
16 man running this organization. It seems to me that you
17 would want to put everything out in the open. You want
18 everybody to know everything is crystal clear,
19 transparent. There is no hiding anything.

20 Why would you vote not to have this? It
21 makes no sense. All the Board members should know where
22 the money is going, every single penny of it. This is
23 insane that you guys vote against it. It makes me wonder
24 why you are on this Board.

25 And it does -- it gives another level of

1 perception to your customers that you guys are corrupt.
2 And that's what you are trying to disprove; correct?
3 Yes?

4 MR. THIEL: Yes, sir.

5 MR. CRUMBLEY: Okay. Thank you.

6 MR. MILLER: I will add that our
7 financials, once we approve them, are posted to our
8 website for the public, as well as every member has the
9 right to see the financials. That's in Florida State
10 Statutes for non-profit organizations.

11 MS. FORESTER: And check registers, too?

12 MR. MILLER: I don't know the answer to
13 that question.

14 MR. LYNCHARD: No. No. They are not even
15 given to us. I am sure he is not going to give them to
16 you, either.

17 (SPEAKING OVER EACH OTHER.)

18 MS. REYNOLDS: Mr. Chair, you talked about
19 the financials being on the website. I appreciate that.
20 However, the financials also include the fact that
21 charitable deductions are being given by our non-profit.
22 We are a non-profit. We should not be giving charitable
23 deductions to another organization which we don't even
24 know.

25 We haven't been privy or even asked what

1 the situation is with that. There were almost \$12,000
2 worth of charitable deductions given by our member-owned
3 non-profit last year. Year-to-date at this point, we are
4 almost at \$3,000. I would like this to stop.

5 So there is a reason for the financials
6 and we do look at them. And we would like to help
7 you-all guide this utility. And the charitable
8 deductions need to stop. Thank you.

9 MR. MILLER: I would just like to point
10 out that the charitable deductions that Holley Navarre
11 Water System makes are -- tend to be along the line of
12 sponsorship of sporting events and events that benefit
13 the community. And so, that is our way -- just like tons
14 of other companies, profit and non-profit, sponsor those
15 events, and, you know, golf tournaments.

16 They sponsored the car show for years.
17 They have sponsored other events. And it is a matter of
18 good will. And just about every company does some amount
19 of that. But that would be up to this Board how we want
20 to handle that, if we want to keep that in the budget for
21 next year or not, but that is a budgeted item. And you
22 are entitled to those --

23 MS. FORESTER: But they are not being
24 printed anywhere.

25 MR. MILLER: Well, that would be a matter

1 of making a request for that information, where
2 organizations were benefited.

3 MS. FORESTER: Does that have to be an
4 email?

5 MR. MILLER: Yeah. Email your questions.
6 It's my opinion you should be entitled to that, but I am
7 not the one to make that decision.

8 MS. FORESTER: Well, as a member, we
9 should be able to know exactly what you are doing with
10 our money.

11 MR. MILLER: I agree. I agree. By the
12 same token, just because one member may not think it's a
13 good idea for us to sponsor a particular event, it's not,
14 you know, we don't know what the other 17,000 members
15 think.

16 It's up to this Board to decide that. We
17 are certainly open for input from the members as to
18 whether or not it's a good idea for us to do that.

19 MS. FORESTER: Don't keep that information
20 hidden.

21 MR. MILLER: No.

22 MS. FORESTER: That's what I am asking for
23 is openness.

24 MR. MILLER: Well, that's where you as a
25 member have a right to request certain financials. It's

1 my opinion you should be able to see any of the
2 financials.

3 MR. DABNEY: I would like for us to do a
4 show of hands or some other way to let y'all know as
5 members who voted yes and who voted no. Because I think
6 there has been some -- there is not a true number -- true
7 count coming up as far as 3-2, 4-1. It was not counted
8 like that, so we need to either ask the Board to --

9 MR. LYNCHARD: Just do a show of hands.
10 That would be good.

11 MR. MILLER: I didn't vote, but I would
12 have been a yes.

13 MR. DABNEY: So there are three yeses and
14 three nos.

15 MR. MILLER: And three nos.

16 MR. LYNCHARD: Mr. President, one more
17 thing, I had asked -- a couple of months ago, I asked for
18 a copy of the lease on the equipment at the golf course
19 and haven't got it. I would like to ask for a copy of
20 that lease again. I don't know the amount.

21 I think it's probably close to half a
22 million dollars. I really don't know. Nobody has told
23 me. I would like to see a copy of the lease on that
24 equipment for the Club at Hidden Creek and find out for
25 sure, you know, use it for some other oversight.

1 Because I think that that Board in
2 particular needs oversight. You are going to have a
3 static -- three Board members making decisions for
4 that -- for this golf club. And I think that's wrong.
5 So I would like to see a copy of that lease agreement,
6 anyway, just to make sure everything went well with that.

7 MR. MILLER: And I believe that the
8 operating agreement states that any expenditures over
9 \$25,000 have to come before this Board.

10 MR. LYNCHARD: Yes.

11 MR. MILLER: And, therefore, it's my
12 opinion that that lease should have come before this
13 Board before it was agreed. I mean, did we put it out
14 for three vendors to bid?

15 MR. LINNELL: And we discussed that. That
16 was in the budget. That was the reason that we went
17 through it. So if you want us to budget for everything,
18 like, you know, the Water System, too, every time we have
19 something budgeted, before they go to purchase it, they
20 will need to bring it before this Board. Approve this
21 line item. And please approve this line item once again.

22 MR. MILLER: And that has been my -- that
23 has been the way it's been handled on anything that is
24 over \$25,000.

25 MR. LYNCHARD: Yeah. Exactly. Do we have

1 any unbudgeted items?

2 MR. DABNEY: Can you ask Mr. Campbell if
3 we have a total of the lease for --

4 MR. MILLER: Mr. Campbell, do you happen
5 to know --

6 MR. TY CAMPBELL: I don't have the exact
7 number. It's a five-year extended. It's a five-year
8 lease replacing the lease that was in force because they
9 were taking the machines back. And the course needed
10 new.

11 It was my understanding -- I had just come
12 on the Water Board at that point -- that it came to a
13 Board -- I don't know which Board, so to speak, but at
14 that time, I was not fully up to speed.

15 But then, we came through the Board
16 process. We signed and executed. And I believe the
17 number is 420-ish. I could be -- I could be wrong, you
18 know, off by the tens.

19 But it does not quite make five, but it is
20 over a five-year period, and it is an operating lease,
21 which is capitalized on the balance sheet, as it always
22 has been. And the auditors at the end of the year
23 have --

24 Excuse me, Director Lynchard, I was
25 answering Director Linnell's question. Anyway, it will

1 be capitalized at the end of the year like it has been
2 every year by Warren Averett, our auditors. As well as
3 this year in 2022, there are new tax guidelines about how
4 to recognize that.

5 There is an 80-page document that was just
6 put out approving and extending it out until the end of
7 this year. And according to our auditors who I spoke to
8 in the past two weeks, that we will recognize, as we
9 always have at the end of the year close, end of the
10 balance sheet, not mid-year.

11 MR. LYNCHARD: Okay. But my request was
12 to the Board to get a copy of the lease.

13 MR. KENNEDY: And I would agree. I mean,
14 that's fine. I think --

15 MR. MILLER: Does any Board member object
16 to anyone getting a copy of the lease?

17 MR. KENNEDY: No. I think all of us
18 should get it. One gets it, we all get it.

19 MR. MILLER: Right. Exactly.

20 MR. DABNEY: Is there a buy-out program?
21 Is there a one dollar buy-out? Or is it just a 420, no
22 buy-out? We get the equipment at the end of the year?

23 MR. TY CAMPBELL: I was not part of the
24 actual procurement process. That was a former
25 Procurement Director and members of the Board who went

1 through that. I do know that it is such a large sum it
2 came before the governing Board, a governing body, and
3 was approved.

4 I wasn't in the meeting, so to speak. I
5 just executed it. It was, you know --

6 MR. DABNEY: I understand you wouldn't
7 have the correct answers, but can we get a copy of that
8 lease?

9 MR. TY CAMPBELL: Absolutely. It should
10 be published this month. And I was also waiting to
11 provide it with the new accounting treatment rules
12 associated with it, so you would know how it would appear
13 on the statements.

14 MR. MILLER: Thank you, Mr. Campbell. We
15 wait that from you. Yes, sir?

16 MR. BREITLING: Greg Breitling, 2950 PGA
17 Boulevard. I have a question on the expenses. Is there
18 a threshold on the dollar amount where it requires two
19 signatures? Or is it all expenses?

20 MR. THIEL: All expenses.

21 MR. MILLER: All expenses. And then, the
22 threshold that requires Board approval is \$25,000.
23 Anything over \$25,000.

24 Okay. Any other discussion on the
25 financials? I will accept a motion to approve as

1 submitted.

2 MR. KENNEDY: Motion to approve.

3 MR. DABNEY: Second.

4 MR. MILLER: Any other discussion?

5 (NO AUDIBLE RESPONSE.)

6 MR. MILLER: All in favor say "Aye"?

7 MR. LINNELL: Aye.

8 MR. THIEL: Aye.

9 MR. KENNEDY: Aye.

10 MR. MILLER: Nays or abstentions?

11 (NO AUDIBLE RESPONSE.)

12 MR. MILLER: Motion carries.

13 MR. LYNCHARD: Aye.

14 MR. DABNEY: Aye. Where would we see --

15 just out of curiosity, where would we see that lease and

16 where it is coming out of here, Ty?

17 MR. TY CAMPBELL: Coming into the

18 financials is approximately \$7,000. I think you will see

19 it on the following month income statement.

20 MR. MILLER: Okay. Finance Committee

21 updates. Director Thiel?

22 MR. THIEL: Okay. Director Lynchard, do

23 you have anything on the Eglin to add? I know we

24 didn't --

25 MR. LYNCHARD: I was invited and then

1 uninvited to two meetings this month, and I have no idea
2 what happened at them.

3 MR. THIEL: Okay. Minutes were put out.
4 I think all the Board members got a copy of the minutes
5 from the one meeting, so does anybody --

6 MR. LYNCHARD: I did not see that. When
7 did that come out?

8 MR. MILLER: It came out yesterday or
9 today.

10 MR. THEIL: Yesterday.

11 MR. LYNCHARD: Yesterday?

12 MR. THIEL: Okay. The CIP, Director
13 Linnell, was gone, so I chaired that for the -- there
14 wasn't anything new or exciting on that. We updated
15 the -- one of the items on the CIP, the lift stations on
16 87 has been slid to the right because we don't know what
17 the highway folks are going to do with Highway 87, so we
18 didn't want to commit any money to that.

19 And we moved the lift station and the
20 water main on 3 for supporting the FRUS on 399 to the
21 left, so about a wash there for the money. And we are
22 about running even where we are supposed to be spending
23 our money for 2022 there, so there wasn't anything
24 significant there.

25 Both of those items I talked about are in

1 the ten-year CIP, and it just moved where we are going to
2 spend the money on. There wasn't any change in the
3 money. Other than that, there was nothing significant to
4 report on that.

5 We did decide that since very little
6 happens at those meeting, we were going to start holding
7 them bimonthly. And stuff is still put in the Board
8 packets. The Board gets a chance to review everything.
9 But the committee is only going to meet bimonthly unless
10 something drastic comes up. That's all I have on that
11 one.

12 O&M, Director Kennedy?

13 MR. KENNEDY: Nothing further to add,
14 Mr. Secretary.

15 MR. THIEL: Okay. We talked about the
16 financials already. I want to give --

17 MR. MILLER: How are we on our budget for
18 the year, Mike?

19 MR. KENNEDY: Under budget on almost all
20 the categories. If you will take a look under the stats,
21 the only downside would be, I guess -- not downside, but
22 I have said this every month is our tap fees and impact
23 fees, which is based on what is building.

24 And it's sort of a -- it's just a swag at
25 the beginning of the budget season on how much there is

1 going to be building and how much we can make on that.
2 So, other than that, we had good wastewater sales and
3 water sales. Yeah. So for the month, a solid month.

4 MR. MILLER: Have -- and this may not be a
5 question for you. I don't know if you know or not. Have
6 the tap fees been collected on the multi-family project
7 at 98 and 87?

8 MR. KENNEDY: They have not been yet.

9 MR. MILLER: So that should push us over
10 the top once those start coming online.

11 MR. KENNEDY: We will look to
12 Mr. Campbell, but -- but, yes, we will get a big influx
13 on those.

14 MR. TY CAMPBELL: It will be a large
15 number. I don't know the actual number on that.

16 MR. THIEL: And we are not for sure when
17 it is going to happen, either. Are we?

18 MR. WELLS: No, we are not. As far as the
19 engineering update, but it's real close to the document
20 being signed. I think the issue -- because it is only 50
21 percent when we are dealing with property there.

22 MR. MILLER: Right. I understand. But
23 they are still -- that is still a good amount?

24 MR. WELLS: It is.

25 MR. THIEL: Okay. The only other thing I

1 have, I want to give an update to the Board on the Hidden
2 Creek quarterly report, some bullet points.
3 Year-to-date, we are about in the same place as we were
4 in 2021.

5 We are at negative \$20,000 -- \$20,967.
6 That is about where we were last year, if you subtract
7 out the subsidy, which we were paying now. I know there
8 is a bunch of questions about what is a subsidy and what
9 isn't, so we will have to address that there.

10 Income is up in all categories. Golf
11 revenues were up, income of 32K for the year.
12 Merchandise and food and beverage and event sales are all
13 in the black.

14 The balance sheet is gaining strength.
15 The operating account went from 222K available to the 339
16 over the six-month period, so that is healthy. At least
17 we have some back-up dollars in case we get a stretch of
18 bad weather like what happened in the past.

19 We did receive the \$68,000, the insurance
20 settlement for Hurricane Sally. That will be deposited
21 in August -- in August, putting that in our August
22 account, in the capital account, so that kind of -- that
23 account will be \$133,000. That basically makes about
24 almost \$460,000, \$470,000 available to -- for us to
25 operate.

1 The reason for the -- the reason for the
2 loss over six months was our expenses were way more than
3 budgeted. This budget process, unfortunately, the folks
4 that designed the budget, the Director of Golf at that
5 time resigned in February, so he is the one that made the
6 budget up. Along with the finance -- our own finance
7 lady, who is also gone, so we are living with that
8 budget.

9 What we have done as a Board, we asked
10 them to draw up a new budget, not that we are going to
11 throw the old one out, but you keep it and we are just
12 going not to perform against it. But a new budget shows
13 taking where we are right now and going to the end of the
14 year that we will basically end of breaking even --

15 MR. MILLER: Okay

16 MR. THIEL: -- assuming those costs. The
17 reason we are behind, some of the reason the budget
18 failed, there was a bunch of bills that came in from last
19 year that were not paid for one reason or the other.
20 There were some contracts that we had to cancel that were
21 unnecessary that had been left over the -- both in '20
22 and '21, that should probably not have been left.

23 Personnel turnover was higher than we
24 would like. It appears to have stabilized. We had a
25 slight increase in paid staff. That was due to the fact

1 for insurance purposes, we need to -- we used to have
2 marshals or starters who worked for comp golf, and that's
3 what they worked for, and that's illegal because you
4 can't cover them under your insurance policy. So our
5 insurance agent pointed it out.

6 We pay them now the minimum wage, and we
7 have put them on the payroll. Additionally, the
8 membership dues in June were waived for the members
9 because last year, we had basically 45 days of rain
10 closure for the course. So we added -- instead of giving
11 them money back last year, we had a year onto their
12 contracts this year, so that took it there.

13 What we are doing to try to increase
14 revenue is we had a membership drive in April and June.
15 We got 16 new annual members, which is a substantial
16 amount of change, probably in the neighborhood of 50 or
17 60k coming in over the next year.

18 Advertising, we advertise weekly in the
19 Santa Rosa News and the Santa Rosa Visitors Center. We
20 put brochures in hotels, rental condos, in the golf shops
21 in Destin and Pensacola. We started a nine-hole
22 tournament Wednesday evenings where we give some prizes
23 out.

24 First, we just started it this week. It
25 should have been started earlier, because you can start

1 as soon as you get nine holes. That is starting at 5:00
2 still, so you have the daylight to get it in.

3 I also initiated biweekly mails to members
4 and guests. We had their email address and how things
5 are going and we are preparing packages to try to
6 increase our snowbird play when that happens. That will
7 start in November and December.

8 Steps were taken to curtail expenses
9 for -- we had the golf -- the house manager resign
10 recently. We are not filling that. We have assigned the
11 duties to other people to try to live with a smaller
12 footprint as folks.

13 Our cart attendant hours, in order to
14 provide the customer service we thought a golf course our
15 caliber should provide, we probably overdid it a little
16 bit. We had two per shift on.

17 School is going to take care of that.
18 Most of them are school kids, so during the week, it is
19 certainly not necessary, so we are going to look at
20 cutting back that. We are also looking into cutting back
21 the starting of the marshal hours we pay for on base when
22 they are not that busy, basically during the week in the
23 afternoons and stuff.

24 We also found out over the last couple of
25 months, we have had a large influx of charges being put

1 on the credit cards. Somebody was buying a year's
2 membership and putting the whole amount on the credit
3 card that we were paying an exorbitant amount of credit
4 card fees. So, rather, we just adjusted the fees in
5 July.

6 We thought it would probably not be
7 appropriate to jack them up again this soon. So we are
8 going to incorporate them into our budget for next year
9 and when we increase the fees, we are only going to give
10 discounts to people who pay by cash or check.

11 MR. DABNEY: Can I make a suggestion?

12 MR. THIEL: Sure.

13 MR. DABNEY: As far as the State of
14 Florida, it now allows for a credit card fee to be
15 adjusted on all credit card payments up to, I believe
16 it's up to four percent. Am I correct?

17 So you can apply that towards anybody who
18 has used a credit card to purchase. I believe we do it
19 at the Water System.

20 MR. THIEL: Yes.

21 MR. DABNEY: Shouldn't we start doing it
22 immediately at the golf course?

23 MR. THIEL: We will talk about it again.
24 We just raised the rates and we didn't want to turn
25 away --

1 MR. DABNEY: But you give them with an
2 opportunity to pay cash or check or use credit cards.
3 Everybody is doing it now.

4 MR. THIEL: Okay. All right. And that's
5 all I have subject to questions or comments.

6 MR. MILLER: I appreciate that detailed
7 update on the golf course. I think that's the most
8 detailed update I think we have gotten in over a year.

9 MR. LYNCHARD: I agree with James'
10 position. I understand that the managers at the golf
11 course decided that they didn't need to do that because
12 they had just recently raised rates, but shouldn't that
13 be a decision made by the entire Board of Directors?

14 MR. KENNEDY: On what grounds?

15 MR. LYNCHARD: On what grounds? It
16 affects our members. I mean, it affects everybody. It
17 affects the Water System. It affects the bottom line of
18 the golf course.

19 MR. KENNEDY: So you are saying you want
20 this Board to be making the decision for our LLC on
21 whether or not certain business transactions should be
22 done?

23 MR. DABNEY: I mean what Daryl --

24 MR. LYNCHARD: Yes. Yes, actually, I am.

25 MR. DABNEY: Yeah.

1 MR. LYNCHARD: Because I think there is a
2 real conflict of interest on the people that are the
3 managers at the Club at Hidden Creek.

4 MR. KENNEDY: I was just asking.

5 MR. LYNCHARD: I believe that --

6 MR. KENNEDY: I am all for --

7 MR. LYNCHARD: The people that are
8 managing the Club -- that are the managers at the Club at
9 Hidden Creek have a vested personal and financial
10 interest in its operations and I think that is a conflict
11 of interest.

12 MR. THIEL: I disagree with that
13 statement. We have no financial interest whatsoever.

14 MR. LYNCHARD: Do you own a house on the
15 golf course?

16 MR. THIEL: So does everybody else around
17 here own a house on the golf course.

18 MR. LYNCHARD: I don't.

19 MR. DABNEY: Well, at the end of the
20 day --

21 (SPEAKING OVER EACH OTHER.)

22 MR. LYNCHARD: But if you owned --

23 MR. DABNEY: Board members use a credit
24 card to play golf. That Board member is not being
25 charged three percent fees, so why would anyone vote for

1 that?

2 I mean, I don't pay golf, so, I mean, I go
3 to the store. I go -- heck, I go to Krystal's. You go
4 to any place right now, they are all charging anywhere
5 from on three to three and a half percent. Period.

6 So if we are looking at this as a Board,
7 all six of us here that are here and not here and we are
8 sitting here going, "We are not going charge a member,"
9 then why are you guys as our members for the Water
10 System -- why pay three percent of your charges?

11 Explain that to me. We are charging you,
12 but we are not going to charge the people who are the
13 golf people that are not members of this company that is
14 paying the bills.

15 MR. MILLER: I think there needs to be
16 some consistency in the policy --

17 (SPEAKING OVER EACH OTHER.)

18 MR. DABNEY: So we charge people that come
19 from out of town. We don't charge them. But we are
20 going to charge our members that three percent credit
21 card. Makes a whole lot of dumb ass sense to me.

22 MR. MILLER: Well, we have got a three
23 member Board that manages the golf course, three
24 Directors. And, right now, we have a vacant position on
25 that. I would just like to say my input would be I think

1 we need a course manager that it's their job to run the
2 golf course, the Club House, the operations.

3 And that person should at least be, you
4 know, one of the three people that are the managing
5 Directors of the Board. I think we still need two of our
6 Directors on that Board. But rather than that person
7 being the CEO, I think it should be a golf course manager
8 that that is their full-time job is to run this facility.

9 Mr. Campbell?

10 MR. TY CAMPBELL: I just want to clarify
11 because Amber is not here for customer service. The fee
12 that is charged by the Water Board is if you go through
13 the portal and use a credit card, you get charged a flat
14 service charge. You don't get charged a percentage of.

15 You come in and pay. You write a check
16 and pay. You do a debit. You don't get charged that
17 fee. However, you are correct that there is a service
18 fee. It is not a percentage transaction. It's just
19 like -- Emerald?

20 MS. MCDANIEL: I think it's \$3.50.

21 MR. TY CAMPBELL: So 3.50 --

22 MR. DABNEY: So let's do this: Here is
23 your perfect example of what you just said. I got a \$20
24 bill. My bill is 20 bucks. I am charged \$3.50. What is
25 the percentage?

1 Are you going to do it like that? I mean,
2 I wouldn't go for that.

3 (SPEAKING OVER EACH OTHER.)

4 MR. DABNEY: I can do this. \$20 versus
5 \$3.50. Let me pay my bill --

6 (SPEAKING OVER EACH OTHER.)

7 MR. DABNEY: It doesn't matter. It is
8 what it is. If it is \$20 and you are being charged
9 \$3.50, how much is that? You are the financial person.

10 MR. TY CAMPBELL: About 17 percent.

11 MR. DABNEY: So what -- let me think about
12 that for a minute.

13 MR. TY CAMPBELL: I just want to clarify
14 the fact that everybody got charged --

15 MR. MILLER: Right. Thank you for that.

16 MR. TY CAMPBELL: -- \$3.00 even.

17 MR. DABNEY: \$3.00, \$5.00, \$12.00, it
18 don't matter. It's still a fee. You are still paying
19 it. Why would you --

20 MR. MILLER: Well, let's move on. I think
21 we --

22 MR. THIEL: Well, let me ask the question
23 of our legal, Will, if the Board -- can the Board -- the
24 Board can make a motion to override the operating
25 agreement and institute this charge? Can they do that?

1 MR. DUNAWAY: This Board?

2 MR. THIEL: Yeah.

3 MR. DUNAWAY: Yes. This Board can do it.

4 MR. THIEL: Okay.

5 MR. KENNEDY: Well, before we do that, I
6 am in favor, again, I believe that if -- we saw this, you
7 know, it was like \$60,000 at the Water System in credit
8 card charges. Right? So we then pushed that back so
9 that our members are not paying for someone else's credit
10 card.

11 I agree that we shouldn't be paying for
12 credit card charges, but I am just saying if you are
13 going to go that route, come back to us with what they
14 are going to save, so then we can do a motion and we will
15 have more data to say, "Yeah. Let's do it. And this is
16 how much we can save."

17 MR. DABNEY: It's a simple mathematical
18 question, Mike. It's easy math. I am going to spend
19 \$60,000 a year as a golf course facility to pay credit
20 card fees. I am charging the members --

21 MR. MILLER: No. It's not that much for
22 the golf course.

23 MR. TY CAMPBELL: It might be \$800 for
24 this half of the year.

25 MR. MILLER: Yeah.

1 MR. TY CAMPBELL: It depends on the volume
2 on how much is done. As the law states, of course, those
3 transactions will go down. But let me be sure. I need
4 to support either way, whatever is a financed item. I
5 agree, we are absorbing fees that we don't necessarily
6 have to.

7 MR. DABNEY: So let me ask this question.
8 Our credit card -- our annual credit card fees are only
9 \$9,000?

10 MR. LYNCHARD: No.

11 MR. TY CAMPBELL: No. To date, about
12 nine-and-something.

13 MR. THIEL: For the golf course.

14 MR. DABNEY: So on average is how much,
15 roughly? 20?

16 MR. KENNEDY: 20.

17 MR. MILLER: Probably less than that.

18 MR. KENNEDY: I don't want to have to pay
19 20 grand for someone else to use a credit card.

20 MR. DABNEY: My point is if we are saying
21 \$20,000, then our members get to take that 20 and spend
22 it somewhere else. And that's a \$40,000 savings to our
23 members. Am I wrong on the math, guys? I mean --

24 (SPEAKING OVER EACH OTHER.)

25 MR. MILLER: My apologies, James.

1 MR. DABNEY: Split the difference.
2 Because he didn't spend \$20,000. You can take the 20 and
3 spend it somewhere else.

4 UNIDENTIFIED AUDIENCE MEMBER: Yes or save
5 it.

6 MR. THIEL: Put it somewhere else in the
7 balance.

8 MR. DABNEY: But still, however you want
9 to put it, Bill, it doesn't matter to me.

10 MR. MILLER: Yeah. I think this Board can
11 give direction to the managing --

12 MR. THIEL: Sure.

13 MR. MILLER: -- Directors of the golf
14 course, so would someone like to make a motion?

15 MR. DABNEY: For?

16 MR. LINNELL: Regarding the credit card
17 fees.

18 MR. DABNEY: I make a motion that we pass
19 the thing, whatever the legal fee we can charge them, we
20 need to charge them -- as a Board.

21 MR. KENNEDY: Okay. And I will second it
22 for --

23 MR. MILLER: Will it be a percentage or
24 what?

25 MR. DABNEY: First, it would be a

1 percentage. You can't charge \$3.50 on an \$8,000 -- what
2 is an average membership here? I have no idea.

3 MR. KENNEDY: A standard? Five.

4 MR. MILLER: \$5,000.

5 MR. DABNEY: \$5,000. So are we going to
6 charge \$3.50 on \$5,000? We might as well not even be
7 charging. Charge the three percent and be done with it.

8 MR. MILLER: It's standard practice.

9 MR. DABNEY: It is. It's everywhere.

10 MR. MILLER: It's standard practice.

11 MR. DABNEY: My American Express card
12 makes me pay five percent. How many times do you think I
13 want to use it?

14 (SPEAKING OVER EACH OTHER.)

15 MR. MILLER: What was the motion?

16 MR. KENNEDY: Yeah. Mr. Dabney, what was
17 the motion?

18 MR. DABNEY: To make it a percentage --

19 MR. MILLER: What percentage?

20 MR. DABNEY: Either three or three and a
21 half, what the Board feels --

22 MR. KENNEDY: No.

23 MR. LYNCHARD: Can I say something? I
24 would like to make a motion that the Club at Hidden Creek
25 charge a fee not less than the percentage of its credit

1 card fee.

2 In other words, if American Express
3 charges five percent --

4 MR. DABNEY: You can't do it. You have
5 got to have a fixed number because --

6 (SPEAKING OVER EACH OTHER.)

7 MR. LYNCHARD: You have got to have a
8 fixed number? Yeah.

9 MR. DABNEY: If they come in with a debit
10 card, it could be -- if it is an actual debit card, the
11 Durbin law allows it to be half a -- it's a half a
12 percent.

13 You have to have a set fee. Because every
14 Rewards card -- when I get a statement of credit cards,
15 it's this fricking long. There are 42,000 different
16 credit cards.

17 So 3 percent -- 2.65 is the national
18 average across the Board. 3 percent covers everything.

19 MR. LYNCHARD: Can I --

20 MR. KENNEDY: Director Lynchard has a --

21 MR. LYNCHARD: Did we get a second on
22 that?

23 MR. MILLER: We don't have a motion.

24 MR. KENNEDY: We didn't even have a second
25 on his.

1 MR. LYNCHARD: That's right. I would like
2 to make one.

3 MR. KENNEDY: So where are we at? Because
4 I do have -- I would have a question.

5 MR. LYNCHARD: I would like to make a
6 motion that the Golf Course Committee provide us with a
7 spreadsheet showing their average credit card service
8 charges and to present it to us prior to the next
9 meeting.

10 MR. KENNEDY: I will second that.
11 Excellent.

12 MR. MILLER: Okay. Any discussion on
13 that?

14 MR. THIEL: Do we discuss it at the next
15 meeting?

16 MR. DABNEY: We need to figure it out and
17 do it.

18 (EVERYONE SPEAKING OVER EACH OTHER.)

19 MR. LINNELL: It's right in the financials
20 right now.

21 MR. MILLER: We have a motion and a
22 second.

23 (SPEAKING OVER EACH OTHER.)

24 MR. KENNEDY: Yeah. It's a separate line.

25 MR. LYNCHARD: Well, I don't know. Did

1 anybody second it?

2 (SPEAKING OVER EACH OTHER.)

3 MR. MILLER: To clarify, that means we are
4 not going to make a decision on it tonight. We are just
5 going to get the information and --

6 MR. LYNCHARD: -- discuss it at the next
7 meeting.

8 MR. DABNEY: Ty, can you just clarify what
9 you just said to me?

10 MR. TY CAMPBELL: The merchant fees is
11 what we are talking about. Merchant fees. The
12 terminology is merchant fees.

13 And the payment service fees that you get
14 assessed by credit card holders or debit providers or
15 whatever range anywhere from 3 to 7 percent. But you are
16 right. Here, it's a law.

17 Every state has a different threshold that
18 you can charge. If you look into the Club at Hidden
19 Creek's income statement, every month it shows you the
20 total of merchant card service fees we pay for those
21 transactions. So it's in the financials every month.

22 Now, it isn't broken down like range balls
23 and -- but the merchant card fees are in the income
24 statement.

25 MR. DABNEY: And we do understand -- as a

1 Board, y'all understand this -- we, as a Board, can't
2 charge them as the Club at Hidden Creek cannot charge
3 them.

4 The only person who is legally allowed by
5 law that can charge that fee is the credit card
6 processor. So the credit card processor has to go back
7 and implement that fee as the credit card is being
8 swiped. Period. Dot. Am I correct; Ty?

9 MR. TY CAMPBELL: That is correct. You
10 can also define it as we have -- it's a convenience fee
11 of using the portal, so to speak, which is why it was
12 \$3.00 and not a percent.

13 That being said, you have the merchant
14 card service fee that takes what is called a haircut off
15 the top and remits you back, let's say, 96 cents on the
16 dollar or whatever the agreement is.

17 And that is how they recoup it. However,
18 we count that and put it in the income statement. I
19 mean, it is a separate -- we get told how much it is and
20 it goes into the statement.

21 MR. MILLER: Let's vote on the motion. I
22 want to call the vote.

23 All in favor say "Aye"?

24 MR. LYNCHARD: Aye.

25 MR. LINNELL: Aye.

1 MR. THIEL: Aye.

2 MR. DABNEY: Aye.

3 MR. KENNEDY: Aye.

4 MR. MILLER: Nays or abstentions?

5 (NO AUDIBLE RESPONSE.)

6 MR. MILLER: Okay. We will come back to
7 that next month with an actual recommendation on the
8 amount of fee to be charged.

9 MR. TY CAMPBELL: Okay.

10 MR. THIEL: I will provide the data on
11 that.

12 MR. MILLER: All right. So that is
13 everything on the Finance Committee update?

14 MR. THIEL: That's it. I am done. Stick
15 a fork in me, I'm done.

16 MR. MILLER: All right. So next up is
17 Mr. Campbell on our Employee Group Benefits. And I think
18 we got part of the information, but not all of it. Is
19 that correct?

20 MR. TY CAMPBELL: Right. As in all these
21 impactful financial drivers, I am always seeking out
22 competitive bids, alternative providers. However, in the
23 Employee Benefit space, they all kind of fish from the
24 same pond. It's United Healthcare, Florida Blue, so
25 forth and so on.

1 We did engage two separate -- two
2 additional agents to shop and do their actuarial runs to
3 lower costs, if possible. The first couple passes that
4 have come through are showing us with very minimal, like
5 three to five percent possible increases as a package for
6 our entire employee benefit plan.

7 Whereas last year, it was -- we were
8 looking at 39 percent in this renewal phase. So we have
9 driven down some possible funding alternatives and ways
10 to structure our plan so that we can have some cost
11 savings and I am waiting on the final return, which is --
12 I was told it was in my mailbox this evening.

13 MR. DABNEY: Do we know what other
14 companies we reached out to? Because I can tell you
15 this, Mr. Campbell, back in -- like when I first got back
16 on the Board, I was one of the drivers that went out and
17 actually got us funding for the healthcare and all of the
18 stuff.

19 And we saved a bunch of money when I
20 started doing it. We went with Blue Cross/Blue Shield
21 out of Gulf Breeze. I can't think of the gentleman's
22 name. Do you know which companies we have reached out
23 to? You said there was two others beside United and Blue
24 Cross/Blue Shield?

25 MR. TY CAMPBELL: Vanguard. There is a

1 new one Vessor (phonetic). There is United Healthcare.
2 They are looking right off the top United Healthcare
3 would be a 156 percent increase over the last year. So
4 suffice it to say, that one didn't make the cut pretty
5 quick.

6 Right. And the real crux comes into
7 several other issues as well as customer service for
8 employees, staff and Teledoc. Can we do alternative
9 prescription funding? I mean, there are several sort of
10 other axiliary things we are looking at to hopefully
11 reduce those costs, which is how we have limited it.

12 We found -- I consider it a win if we come
13 out with a three percent increase on, you know, insurance
14 costs in this environment. So, at worst, I have seen so
15 far, it's about five -- so all the major players that are
16 in this area.

17 MR. DABNEY: The obvious thing when we
18 were down, we were trying to keep everything here. And
19 we made them -- okay, you show me on this sheet that
20 matches this sheet. And if it is a box checked no, I
21 want to know why it is no.

22 MR. TY CAMPBELL: Current, the way it
23 stands, the parameters for quotes from the agents were
24 this is our current set of -- this is what we have. Show
25 us that level. Show us alternatives, show alternative

1 funding strategies, which will be very esoteric to talk
2 about.

3 We might say we honor a \$2,000 deductible.
4 The employee has a \$500. And our experience is that only
5 35 percent of our employees make that deductible and it
6 becomes 30 percent cheaper for doing that. Well, that
7 could be a win to us.

8 Some of those discussions we can have,
9 just sort of flesh that out. But I have looked at
10 numerous strategies and they check all the boxes and
11 maintain coverage while not -- while limiting price
12 increase.

13 MR. DABNEY: Will we still have less than
14 60 days -- October 1st?

15 MR. TY CAMPBELL: Yeah. Pretty much as we
16 have it now for an October enrollment, but we need to --
17 before the next meeting, we will do a -- I will submit
18 y'all the quotes and the options and you guys will have
19 to do some sort of Board action because I -- there is
20 just no time to get the actuaries to run all the numbers
21 between the different groups.

22 MR. MILLER: We will do a Board action.

23 MR. TY CAMPBELL: And you will be able to
24 see who those private entities were -- those agents -- so
25 you guys, I don't think it's appropriate to speak about

1 it before they are done, you know what I mean, before
2 they -- until I see the last one.

3 MR. MILLER: Okay. Ms. Reynolds, you had
4 a --

5 MS. REYNOLDS: Yes, Mr. Chair. Carmen
6 Reynolds, 9621 Sunnybrook Drive. For the record, in
7 2016, you-all made the headlines for granting a platinum
8 healthcare plan to the employees that was even beyond
9 what the military offers to their people.

10 There was talk of stepping that down and
11 modifying it. I would like to know for the record if it
12 has been stepped down and modified yet?

13 MR. TY CAMPBELL: I am completely unaware
14 of what was going on in 2016. I have only -- I came on
15 October, so I have taken --

16 MR. KENNEDY: None of us were on the Board
17 in '16.

18 MR. LYNCHARD: I think I was. But I
19 wasn't here last year, so I don't know what they did.

20 MS. REYNOLDS: Mr. Lynchard was the
21 President then.

22 MR. LYNCHARD: Okay.

23 MR. DABNEY: I came on with him --

24 MS. REYNOLDS: So we don't know if it's
25 still a platinum healthcare plan or not? Or whether it's

1 been modified and stepped down?

2 MR. THIEL: I can't say for sure, but I
3 believe it was stepped down last year. I am almost
4 positive of that, because it was brought up that we would
5 be paying an exorbitant amount and we would be stepping
6 it down.

7 MR. DABNEY: Do you know what last year's
8 costs were?

9 MR. THIEL: Not off the top of my head.

10 MR. TY CAMPBELL: For the organization?

11 MR. DABNEY: Yes, sir.

12 MR. TY CAMPBELL: In total? \$1.5 million
13 approximate. Maybe \$1.4 and change, but I'm pulling that
14 from my head. I believe it was one -- under \$1.5 and it
15 looks like where it's going to come in within 30 grand or
16 so, depending on percentage. Right? For roughly there.

17 And to answer your question, I am not
18 really sure I understand your context of platinum. But I
19 think that's a subjective term and I don't know what it
20 was in '16, and I am not sure where that information
21 would exist.

22 MS. REYNOLDS: It would be synonymous with
23 a Cadillac health plan.

24 MR. TY CAMPBELL: Okay. We weren't like
25 naming it. Okay.

1 MS. REYNOLDS: If we can address that at
2 next month's meeting, I would like to know more about it,
3 you know, or options off to the side.

4 MR. MILLER: We can give a report on what
5 we ended up doing, what the plan costs are, let you know.

6 MS. REYNOLDS: Am I hearing you saying,
7 Mr. Campbell, \$1.5 million per year?

8 MR. TY CAMPBELL: That's a number that
9 appears -- that's all weighting everything. That's, you
10 know, health, the short and long-term disability, Workers
11 Comp, all the stuff we have to, we as a company, have to
12 provide.

13 Some of these we have to provide. So it
14 is an all-in number. It isn't just specifically the
15 health plan. So there is --

16 MS. REYNOLDS: Isn't there life insurance
17 in there as well?

18 MR. TY CAMPBELL: There is a small piece
19 like one-time salary or something like that. But it is
20 not like a 10 or 15 or 20 times. It is pretty
21 perfunctory.

22 MS. REYNOLDS: And it has the addition of
23 the 401K plan; correct?

24 MR. TY CAMPBELL: We do have a 401K plan.
25 We no longer have a Defined Benefit Plan that is open to

1 any employees. And it's been frozen. A salary creep
2 that has taken care of and -- but the 401K is
3 employee-funded, and there is a match that the Board
4 approves on a quarterly basis to match them like the
5 other 401Ks. It's pretty standard.

6 MS. REYNOLDS: Is it a percent match?

7 MR. TY CAMPBELL: I'm sorry?

8 MS. REYNOLDS: Is it an equal match or a
9 percentage match?

10 MR. TY CAMPBELL: It is a percentage
11 match-up to whatever the Board approved, so it's up to
12 seven percent, whatever. It could be up to seven
13 percent. Whatever ERISA law allows.

14 MR. MILLER: We are looking at our
15 long-term pension obligations and that was the substitute
16 for that program and that saved us a ton of money.

17 It was more, you know, matched than --

18 MS. REYNOLDS: That figure was really
19 scary. Thank you, Mr. Chair.

20 MR. THIEL: And that was \$7 million within
21 the first year.

22 MR. MILLER: All right. So that's a
23 non-action item. There will be a Board action without a
24 meeting once we have this other -- the next item on the
25 agenda, the Board had a Board action without a meeting,

1 appointed check signers for Municipal Engineering. And
2 the check signers that were on there were Phil Phillips,
3 Joe Campbell, Dale Long, and Ty Campbell.

4 And we -- the recommendation is that we --
5 we don't really need to remove Ty because he was never
6 actually put on the account, but change that check signer
7 and instead of Ty Campbell, let's appoint Bill Thiel. If
8 you are okay with being a check signer on MESI?

9 MR. THIEL: I guess.

10 MR. MILLER: Okay. Any discussion on that
11 item? If not, I will take -- accept a motion to replace
12 Ty Campbell on the MESI check signers for -- with Bill
13 Thiel.

14 MR. KENNEDY: So moved.

15 MR. LYNCHARD: Second.

16 MR. LINNELL: Second.

17 MR. MILLER: Any other discussion?

18 (NO AUDIBLE RESPONSE.)

19 MR. MILLER: All in favor say "Aye"?

20 MR. LYNCHARD: Aye.

21 MR. LINNELL: Aye.

22 MR. DABNEY: Aye.

23 MR. KENNEDY: Aye.

24 MR. MILLER: Nays or abstentions?

25 (NO AUDIBLE RESPONSE.)

1 MR. THIEL: I'll abstain.

2 MR. MILLER: Abstain. Motion carries.

3 Okay. Next up, we have a need of
4 replacing our CEO. And we have got to discuss the
5 process to do that. And so, we are going to open that up
6 for discussion on, you know, what our process to hire
7 another CEO is going to be.

8 MR. KENNEDY: Well, do we want to talk
9 about what we did last time?

10 MR. DABNEY: I would say let's not use the
11 same company we used before.

12 MR. LINNELL: Besides from the company, do
13 we have the process that he used written down somewhere?

14 MR. KENNEDY: First, we spin up the
15 Personnel Committee. We spun up -- I think we need to
16 spin one up. Right? And then, Board members will be
17 appointed to that.

18 And then, they would go out. The
19 Personnel Committee would go out. This is what we did
20 two years ago. They went out and got bids from
21 recruiting companies.

22 And we also wound up opening this up to
23 anybody local who also wanted to put in their hat in the
24 ring if they wanted to be the CEO here. And then, the
25 Personnel Committee came back with options.

1 Then, the Board picked the recruiting
2 company and the recruiting company then went forward and
3 found us, I think it was seven candidates, which we
4 whittled them down to four. And then, we started doing
5 real interviews and bringing them in. That's kind of the
6 back story. So how would you like us -- I am not going
7 to be one --

8 MR. LYNCHARD: I would like to make a
9 motion to reconstitute the Personnel Committee for this
10 purpose. Well, for other purposes as well, but
11 reconstitute the Personnel Committee, and I would ask
12 that this committee not be limited to three Board
13 members.

14 In other words, I would ask that the
15 Personnel Committee is by definition personnel, which is
16 sensitive private information, that all Board members
17 should be able to attend.

18 MR. KENNEDY: Well, we just have to notice
19 it in 48 hours.

20 MR. LYNCHARD: Yeah. 48 hours' notice.

21 MR. DUNAWAY: Yes, sir.

22 MR. KENNEDY: Is that correct,
23 Mr. Dunaway?

24 MR. DUNAWAY: That's correct. Special
25 Board meetings require 48 hours' notice.

1 MR. LINNELL: I will second it for
2 discussion.

3 MR. MILLER: Okay.

4 MR. LINNELL: So this committee is going
5 to extend past, I would bet, or I expect past December.
6 If there is a change in Board members, are new Board
7 members automatically on?

8 And is it Board members that are on the
9 committee? Is that what we are voting?

10 MR. DABNEY: Based on --

11 MR. LINNELL: All the Board members?

12 MR. LYNCHARD: Well, in other words, we do
13 it similar to what we did last time. The last time we
14 had this issue going on, all the Board members were
15 allowed to attend. Now, only a couple of them or three
16 or four, at most, decided to show up. But I was there --

17 MR. LINNELL: And I will make my point. I
18 didn't make my point clear.

19 MR. LYNCHARD: Okay. I'm sorry.

20 MR. LINNELL: The only thing I want to
21 confirm is we are saying all the Board members that were
22 on the committee. We are not naming any of us
23 individually. True statement?

24 MR. LYNCHARD: A true statement, but I do
25 believe we probably do need a head of that committee just

1 so we will have some direction.

2 MR. MILLER: Yeah. We definitely need a
3 Committee Chair. And to your point, if a member, you
4 know, rolls off the Board in January, then, you know, the
5 new elected Board member would become, you know, a member
6 of that committee. Any other discussion on that?

7 MR. KENNEDY: Well, again, I am perfectly
8 perfectly fine with that. I just again, having every
9 Board member on that, which is absolutely every one of
10 your rights, it will just slow down the process a little
11 bit more with having to schedule.

12 Everyone trying to herd every one of us
13 like cats. That's one. The other one is you will always
14 have to post a 48 hour notice to have the meeting, which
15 is okay, too. I just wanted to point that out.

16 MR. THIEL: For the Board to take action.

17 MR. KENNEDY: I am good with it. I am
18 just pointing that out for this Board to realize, I mean,
19 it took ten months.

20 MR. MILLER: I am hoping it doesn't take
21 ten months this time.

22 MR. THIEL: Hope is not much of
23 a reference.

24 MR. MILLER: Yeah. At any rate. So Board
25 discussion is over?

1 MR. LYNCHARD: Yes.

2 MR. MILLER: Ms. Reynolds?

3 MS. REYNOLDS: Yes. Carmen Reynolds, 9632
4 Sunnybrook Drive. The headhunter services where you
5 would send our need to locate and hire Mr. Peavey were
6 not worth a damn. Request you be more respectful of our
7 money and our opinions and not use another headhunter
8 recruiting service. Period.

9 Instead, exhaust all avenues to find
10 someone suitable and we can help you with this. And do
11 an extensive background check to look at past criminal
12 history to include fingerprints and validation by
13 official university transcripts of all claimed academic
14 credentials. A little of this could have gone a long,
15 long way, especially with the fraternization that blinded
16 some of you Board members.

17 How many of the Board members here tonight
18 were involved in the hiring decision? Please raise your
19 hands. Let the record reflect, Director Kennedy,
20 Director Lynchard --

21 MR. DABNEY: Now, let's be fair. When you
22 are saying who was on the Board at the time --

23 MR. LYNCHARD: The four of us.

24 MS. REYNOLDS: And did that include you,
25 Director Dabney?

1 MR. DABNEY: Uh-huh.

2 MS. REYNOLDS: Okay. Because of the
3 headhunter's lack of in-depth vetting that was totally
4 ineffective regardless of the warranty they are telling
5 you about, I researched and found that there could be an
6 action that this Board could pursue based on egregious
7 lack of oversight called errors and omissions of the
8 recruiter headhunter.

9 I would really implore you-all to look at
10 that avenue for -- to recover some expended funds of this
11 Water System. Thank you.

12 MR. MILLER: Please state your name and
13 address?

14 MR. CRUMBLEY: David Crumbley, 6817
15 Tidewater Drive. I just wanted to know the name of the
16 company that you used?

17 MR. MILLER: RSI or RLI or something like
18 that.

19 MR. LYNCHARD: Yeah. Recruitment --

20 MR. MILLER: -- Services International.

21 MR. KENNEDY: The best way, by the way,
22 would be you could send it because we are just now having
23 to pull back from a two-year memory.

24 MR. CRUMBLEY: Okay.

25 MR. KENNEDY: I would say send us an email

1 so that we are not giving you bad information.

2 MR. CRUMBLEY: All right. Thank you.

3 MR. MILLER: Okay. Any other discussion
4 from the Board on the motion to reform the Personnel
5 Committee?

6 (NO AUDIBLE RESPONSE.)

7 MR. MILLER: All in favor say "Aye"?

8 MR. LYNCHARD: Aye.

9 MR. LINNELL: Aye.

10 MR. THIEL: Aye.

11 MR. DABNEY: Aye.

12 MR. KENNEDY: Aye.

13 MR. MILLER: Nays or abstentions?

14 (NO AUDIBLE RESPONSE.)

15 MR. MILLER: Motion carries.

16 MR. KENNEDY: Do we want to go ahead and
17 name a chair? Or do we want to do that later?

18 MR. MILLER: Why don't we at the committee
19 meeting appoint the Chair, because Joe is not here, and I
20 would rather have a full Board of any of those interested
21 in being on the committee.

22 MR. THIEL: A properly noticed committee
23 meeting.

24 MR. MILLER: Right. Now we are down to
25 our engineering report, and, unfortunately, our head

1 engineer, Phil Phillips, also had a death in the family
2 and is not able to be here.

3 Clinton, are you handling that for us?

4 MR. WELLS: Yeah. I will give a brief
5 report since Phil isn't here. I would like to mention
6 that Phil's father-in-law was Bob Jones. And Bob Jones
7 was instrumental in getting funding for a lot of the
8 north -- a lot of the utilities in Northwest Florida,
9 even Holley Navarre Water System.

10 He was a person that worked through
11 Farmers Home Loan and Rural Development, so he actually
12 worked with my father to help get funding for Holley
13 Navarre Water System, so --

14 MR. DUNAWAY: That's who died?

15 MR. WELLS: Yes.

16 MR. DUNAWAY: That's his father-in-law?

17 MR. WELLS: Yes.

18 MR. MILLER: I would like to ask if
19 everybody would just keep Phil and Joe and their families
20 in your prayers. Losing a family member is never any
21 fun.

22 MR. WELLS: Boulevard lease, we are
23 getting closer to that. The attorneys are happy with it.
24 We are happy with it. So, hopefully, we will get it
25 signed, sealed, and delivered here quickly.

1 The booster pump station design is
2 proceeding and we will be applying for permits probably
3 in the next three to four weeks.

4 I&I, we are still aggressively pursuing
5 I&I. We have -- as Chris can contest to it, we have made
6 some good strides in fixing the I&I.

7 The easement clearing, which is part of
8 this I&I program and the Woodmont area is rolling along.
9 It has been a little bit slower than what we anticipated
10 but we have had so much rain, it is hard for the
11 contractor to get back in there with heavy equipment and
12 do the work that he needs to be doing.

13 But, hopefully, he will meet his mark of
14 being completed by the end of September. It appears that
15 he is on track to do that, weather permitting.

16 I will just briefly touch on Eglin. Of
17 course, we can't do anything until we actually get the
18 signed lease. But the design for the RIB portion itself
19 is nearly completed. So as soon as we get that, we will
20 be going out for bid for the RIB portion itself pretty
21 quickly. Other than that, that's about it in a nutshell.

22 MR. MILLER: Mr. Thiel?

23 MR. THIEL: I have a comment. I would
24 like to compliment the team for the unaccounted water
25 loss. I know ten percent has been a goal for a long

1 time. And I am happy, I think they finally found where
2 the glitches in the systems are, so my compliments to the
3 staff for doing that.

4 MR. WELLS: Thank you.

5 MR. MILLER: Any other questions for
6 Mr. Wells?

7 (NO AUDIBLE RESPONSE.)

8 MR. MILLER: All right. We are now on
9 down to Member Forum. And I have a list of everyone who
10 has signed up. I am going to call every one at a time.
11 And you are welcome to come up and speak.

12 Please try to keep your comments to around
13 three minutes or less so we can all get out of here
14 before it's too late.

15 First up is Robert Burnett -- Barnett.

16 MR. BARNETT: Thank you. Robert Barnett,
17 2008 Pine Ranch Drive here in Navarre. And I have a
18 couple questions to ask. You know, I am here as one
19 member owner of the Holley Navarre Water System out of
20 several thousand members with concerns about the inner
21 operations of the Holley Navarre Water System.

22 And a couple of questions that I have to
23 ask the Board that we, the members, you know, voted to
24 responsibly represent our interests. I think they are
25 important questions.

1 Question 1: And, Mark, I will direct this
2 to you because in Joe's absence and know that Joe and
3 Phil are both in our prayers. Is there a buy-out in Dr.
4 Peavey's contract with Holley Navarre Water System? I
5 believe there was at least one year left on his contract
6 at the point of his termination.

7 So the question is: Is he being paid for
8 the remainder of his contract? Or did that cease with
9 his termination?

10 MR. MILLER: That ceased with his
11 termination.

12 MR. THIEL: Terminated for cause.

13 MR. LYNCHARD: Mr. Attorney, is it
14 appropriate for us to be talking about that?

15 MR. DUNAWAY: That was an accurate answer.
16 That's what was in our --

17 MR. BARNETT: Yeah. I am not asking for
18 the financial part. I am asking for the part of yes or
19 no.

20 Question Number 2 --

21 MR. LINNELL: Before -- I am sorry to
22 interrupt you, Mr. Barnett. So I think -- what I would
23 ask you -- if somebody asks something we shouldn't
24 answer, if you would just say something before any of us
25 do, we would appreciate it.

1 MR. MILLER: Yeah. Before we begin.

2 MR. LINNELL: Well, we don't know what
3 they are going to ask.

4 MR. BARNETT: Question Number 2 for
5 clarification also for the member owners. Joe, being put
6 in the Interim CEO position, is Joe being compensated for
7 that along with being a member of the Board?

8 MR. MILLER: No, sir.

9 MR. DUNAWAY: No.

10 MR. BARNETT: Thank you. And the next
11 question --

12 MR. DUNAWAY: That was an appropriate
13 question.

14 MR. BARNETT: I will ask the next question
15 because it's already been asked and answered about the
16 headhunter firm. And so, just keeping this less than
17 three minutes, my final statement or request is as a
18 member, I am asking now that the Holley Navarre Water
19 System declare itself subject to Florida Sunshine Law,
20 FS 286. Thank you.

21 MR. MILLER: Thank you, sir.

22 Nancy Forester, you are up.

23 MS. FORESTER: Nancy Forester, 6825
24 Tidewater Drive, Navarre. Is it true that some insurance
25 for employees was transferred to the insurance company

1 that Mr. Peavey's wife worked for? And what did that
2 cover?

3 And will the Peaveys benefit? Or have
4 they benefited or in the future will they benefit still
5 from that contract? And how did you let that one slip by
6 you?

7 One more question, but, you know, give me
8 an answer to all of it. Secondly, how many wrongful
9 termination cases under Mr. Peavey's supervision are
10 ongoing at this time?

11 Please respond. We want, and, of course,
12 feel as owners of the company and members that we deserve
13 that information.

14 MR. DUNAWAY: Both questions would be
15 questions that I would advise the Board not to comment on
16 in open forum.

17 MR. MILLER: Okay.

18 MS. FORESTER: Is that like -- did you say
19 both questions or not -- they shouldn't comment?

20 MR. DUNAWAY: Correct.

21 MR. MILLER: I would like to request you
22 send an email to Joe Campbell at jcampbell@HNWS-fl.com
23 and he can respond to your question appropriately.

24 MS. FORESTER: Okay.

25 MR. MILLER: And you may not get the

1 answer that you like, but you will get an answer.

2 MS. FORESTER: Right. Like we can't give
3 you that answer.

4 MR. MILLER: Well, when it pertains to
5 legal issues, we have to be careful about that.

6 MS. FORESTER: Well, we as members --

7 MR. MILLER: There is a lawsuit pending.

8 MR. FORESTER: She is not asking for a
9 number. She is not asking for particulars. This is not
10 a legal issue.

11 MS. FORESTER: Right. I am not asking for
12 numbers.

13 MR. MILLER: What number are you asking
14 for?

15 MS. FORESTER: I am asking how many
16 wrongful termination suits, cases, under Mr. Peavey's
17 supervision are ongoing. So I am asking if that is
18 like --

19 (PEOPLE SPEAKING OVER EACH OTHER.)

20 MS. FORESTER: Not do they want to get
21 five million dollars. I just want to know are there
22 suits --

23 MR. MILLER: Zero.

24 MS. FORESTER: Zero?

25 MR. MILLER: Zero.

1 MS. FORESTER: There are no wrongful --

2 MR. MILLER: That doesn't mean there won't
3 be --

4 MS. FORESTER: There are no wrongful
5 termination suits?

6 MR. LYNCHARD: I have never been told
7 whether there are or there aren't, so I don't know how to
8 answer that question.

9 MR. MILLER: To my knowledge, we have
10 zero.

11 MS. FORESTER: Who would know that? The
12 attorney, then; right?

13 MR. LYNCHARD: I don't know that he would
14 know.

15 MR. MILLER: I think it would be brought
16 before the Board if there were anything. Nothing has
17 been brought before the Board yet.

18 MS. FORESTER: Okay.

19 MR. MILLER: And I want to be transparent
20 with you guys. We just have to be careful about
21 getting --

22 MR. THIEL: We have no knowledge of any.
23 We don't know if any have been filed so far.

24 MR. MILLER: Right.

25 MS. FORESTER: Okay.

1 MR. MILLER: I think that's a fair
2 question and a fair answer.

3 MS. FORESTER: Yeah. Thank you. I just
4 want to stress again, the water members are kind of
5 traumatized by what all has been happening and what we
6 still hear rumors about. So I really ask you, please, if
7 you are up and above board and honest, then there is no
8 reason why you shouldn't be willing to give us
9 information, unless it's like a dollar amount, you know,
10 somebody you know, their salary or something like that.
11 I can see that. But, please, if you have nothing to
12 hide, be open with us.

13 MR. MILLER: Okay.

14 MS. FORESTER: Thank you.

15 MR. MILLER: Okay. Chuck Pohlmann, you
16 are up next.

17 MR. POHLMANN: Chuck Pohlmann, 2956 PGA
18 Boulevard here in Navarre. I will be real quick, so I
19 will only go a minute and half. I will give my other
20 minute to someone else. I would just like to know if
21 Holley Navarre Water System had a nepotism rule in place?

22 MR. LYNCHARD: Yes, we do.

23 MR. POHLMANN: You do?

24 MR. LYNCHARD: Yes.

25 MR. POHLMANN: Okay. I just want to ask

1 one other question. I have been told that Mr. Peavey's
2 stepson and stepdaughter works for Holley Navarre Water
3 System. Is that correct?

4 MR. DUNAWAY: That's an appropriate
5 question.

6 MR. LYNCHARD: It's my understanding
7 that's the case.

8 MR. POHLMANN: They do work?

9 MR. DUNAWAY: Yes, they do.

10 MR. POHLMANN: Is that going against the
11 nepotism rule?

12 MR. LYNCHARD: I believe it is.

13 MR. MATTHEWS: I believe it is, too.

14 MR. POHLMANN: When is it going to be
15 corrected?

16 MR. KENNEDY: Well, I will point out that
17 it isn't now.

18 MR. POHLMANN: I understand that. But
19 when is it going to be corrected?

20 MR. KENNEDY: We have a whole --

21 MR. MILLER: We are in the process of
22 reviewing the Employee Handbook which includes the
23 nepotism policy.

24 MR. POHLMANN: Right.

25 MR. MILLER: And there are some updates to

1 that policy, but I haven't seen the final version of it
2 yet.

3 MR. POHLMANN: Will we be informed when it
4 is finalized?

5 MR. KENNEDY: We will approve it in here,
6 in the open.

7 UNIDENTIFIED AUDIENCE MEMBER: So instead
8 of enforcing the handbook, you are just going to change
9 the rule? Is that what I am hearing?

10 MR. LYNCHARD: We have been doing it all
11 year long.

12 MR. LINNELL: Speaking for myself, I would
13 say the answer is no. I don't read our nepotism policy
14 as saying they could not have worked here.

15 MR. POHLMANN: Okay.

16 MR. LINNELL: It's the same as the policy
17 I had at DRS and L3. You can't report to a family
18 member, but brothers, sisters, cousins can work in the
19 same company.

20 UNIDENTIFIED AUDIENCE MEMBER: Everybody
21 reports to the CEO.

22 MR. LINNELL: True. Everybody reports to
23 the CEO in some way, but not necessarily under the
24 influence, so --

25 UNIDENTIFIED AUDIENCE MEMBER: Everybody

1 is under the influence of the CEO.

2 MR. LINNELL: Not everyone is under the
3 influence of the CEO. That's where the disagreement
4 comes.

5 MR. POHLMANN: The way I understand
6 nepotism is somebody that is in power. He employs a
7 family member, a kinship. And that's what happened here,
8 if I am saying that correctly.

9 UNIDENTIFIED AUDIENCE MEMBER: You are
10 correct.

11 MR. POHLMANN: Any other thought process
12 on that? Nothing?

13 MR. LINNELL: Nothing I didn't say
14 already. Just to reiterate, to me, he didn't have
15 control over what they were doing.

16 MR. POHLMANN: And I am only saying that
17 some Board members disagree on that philosophy.

18 MR. LYNCHARD: The CEO had control over
19 the entire organization.

20 MR. POHLMANN: The CEO did. Yeah.

21 Well, going forward, you are going to hire
22 another CEO. I guess you are going to go to the Handbook
23 and you are going to explain the nepotism rule in
24 concrete. I mean, it seems like it is wishy-washy to me,
25 you know.

1 MR. MILLER: I will say this, the nepotism
2 policy and the interpretation of it was not a unanimous
3 Board decision on that, so, you know, it takes four out
4 of seven to have a decision on that.

5 MR. POHLMANN: Okay. All right. Thank
6 you very much.

7 MR. MILLER: Okay. I'm going to pass the
8 floor back to our attorney, Mr. Dunaway. We do have a
9 comment to make. Go ahead, Mr. Dunaway.

10 MR. DUNAWAY: Thank you, Mr. Chairman. I
11 just wanted to update the Board in light of the question
12 from the member. At your Special noticed meeting at 5:00
13 o'clock today, which was canceled, I would have updated
14 you that there has been a lawsuit filed against one of
15 your former employees.

16 And that is something that I am prepared
17 to brief the Board in detail in a personnel meeting -- a
18 legal special meeting when that is next scheduled. I
19 didn't want that information to go unanswered at --
20 tonight, so that -- those details will be forthcoming at
21 the next Special meeting.

22 Again, they would have been brought to you
23 at your Special meeting at 5:00 o'clock today, but that
24 meeting was canceled.

25 MR. MILLER: Thank you, Mr. Dunaway.

1 MR. LYNCHARD: Mr. Dunaway, did you say it
2 was brought by one of our former employees? Or against
3 one of our former employees?

4 MR. DABNEY: By --

5 MR. DUNAWAY: No. It is against the
6 Board. I mean, against the company brought by a former
7 employee.

8 MR. LYNCHARD: That's what I wanted.

9 MR. MILLER: Okay. All right. Ms.
10 Reynolds, did you still want to speak in open forum?

11 MS. REYNOLDS: Carmen Reynolds, 9621
12 Sunnybrook Drive. That nepotism policy that the previous
13 speaker talked about, that suggests preferential
14 treatment. And, for the record, I would like -- I was
15 reading, and I saw that you-all were starting an
16 internship program.

17 And then, when I looked at the pictures
18 and -- this week or last week and I saw that in that
19 internship program -- I talked about preferential
20 treatment -- was Mr. Peavey's stepson. So I have that
21 picture on my phone. And I would like that entered for
22 the record.

23 I am not a whiner. But I am a responsible
24 member of this Water System. I feel like you guys ran me
25 off last year because we were asking questions. I am

1 interested in my Water System, my Fire Department, my
2 County, and I have participated in all of them, as a
3 former Fire Commissioner, as a Representative for the
4 District IV Citizens Task Force. I ran that for our
5 County Commissioner.

6 In the past, there has been a blatant
7 disregard for the members, denying requests for
8 information when we are honestly here trying to help you
9 and share in the responsibility. Telling us our
10 questions are inappropriate when we ask about lift
11 stations or refusing to allow members to speak when they
12 have engineering questions. That must change.

13 So I echo the gentleman who talked about
14 the Sunshine law. This could go a long way to help
15 redeem this deficit in the trust in this community of our
16 Water System by the members. Last year, I requested that
17 the speaking time be extended to four minutes.

18 I made this justification successfully to
19 the Board of County Commissioners. And they understood
20 that people, when they get up there, they are nervous.
21 Some of them have never spoken before. They are not used
22 to explaining their ideas to you-all.

23 And they basically, in order to survive in
24 this environment that we have, you have to write
25 everything down to get it all out in three minutes. And

1 I really don't like that, but that's the way it is and
2 that's the way you have made it.

3 So I would like to re-request that you
4 extend the member speaking time to four minutes in the
5 interest of reestablishing trust of your 16,000 plus
6 customers in this community. Thank you.

7 MR. MILLER: Thank you.

8 MR. LYNCHARD: Mark, can I say one thing
9 to Carmen and the other gentleman who brought up the
10 Sunshine laws?

11 We are subject to the Sunshine laws in
12 regards to the Eglin project. Because that's the County
13 Governmental project.

14 MR. MILLER: True.

15 MR. LYNCHARD: My position on what you are
16 asking us to do and say that we are subject to the
17 Sunshine laws, I feel that that is completely
18 disingenuous if we were to ever say something like that.
19 And the reason being, the Sunshine laws have an effect
20 because they have teeth. They have penalties.

21 You know, somebody in Government runs
22 afoul of the Sunshine laws, then there is a legal
23 penalty, whether it be monetarily or jail time,
24 sometimes. But, in our case, under the Florida Statute,
25 we are not subject to the Sunshine laws. And there is

1 nothing that we can do to make ourselves subject to those
2 laws.

3 So if we were to say that we are subject
4 to the Sunshine laws, again, as I said, that has no
5 teeth. So if your Board members decided they wanted to
6 talk, there would be no penalty, no consequences.

7 So I am having a hard -- I have a hard
8 time saying that every -- certainly, we want to try and
9 go by the Sunshine laws and do the best to be -- to hold
10 ourselves to be those -- to be open and transparent. But
11 to say that we are going to be subject to those laws, I
12 think, is disingenuous.

13 MS. REYNOLDS: But, Director Lynchard, you
14 have subjected yourselves to a de facto Sunshine law. I
15 heard the attorney echo that you have to have a 48-hour
16 notice to have your -- or whatever that was to have your
17 Special meetings.

18 MR. LYNCHARD: That's actually in the
19 Florida Statutes. The Florida statutes say in order to
20 hold a Special meeting, you have to wait 48 hours.

21 MS. REYNOLDS: And it's come to this
22 because when we have asked for information, we have been
23 denied it or told that it's inappropriate or whatever.
24 This is devolved to this circumstance that we are in.
25 That's why we are asking for the Sunshine law.

1 If you-all were more open and transparent
2 with us, we wouldn't be asking for that. Had you not
3 abdicated your responsibility to this Water System and
4 dealt with the last 24 months with a less than
5 satisfactory individual, we wouldn't be where we are
6 today.

7 That was a measure of good faith for
8 you-all to declare -- you are not bound by it -- but you
9 can yourselves declare as a Board that you are going to
10 be in line with the Sunshine.

11 And I will tell you, I am very embarrassed
12 when our County Commission can't even get any information
13 from you-all. It makes it look like something is being
14 hidden.

15 They were redoing franchises, so they had
16 to review data. And the previous CEO, whether that was
17 the Board's idea or not, because he was a renegade, you
18 know, on his own, Mr. Napoleon, Hitler, whatever we want
19 to call him, he made this Water System and Fairpoint look
20 bad. And it -- it is embarrassing to read it out of the
21 newspaper.

22 So I am just relaying the news and how he
23 treated, on behalf of the Water System and all of our
24 members, our County Commissioner -- our County
25 Commission, when all they wanted was some basic

1 information so that they could review the franchises.

2 MR. MILLER: It was a little more than
3 that, but, anyway --

4 MS. REYNOLDS: Okay. Well, I think they
5 asked y'all how many employees you had. And for the
6 record, how many employees do we have?

7 MR. MILLER: 60 -- I don't know how to
8 answer that.

9 MS. REYNOLDS: So 60 some employees?

10 Last comment: Are you -- how many HR
11 people do we have for the Water System?

12 MR. LYNCHARD: Two. That's all the staff
13 we have in the HR Department is two.

14 MS. REYNOLDS: How many?

15 MR. LYNCHARD: Two.

16 MR. MILLER: Two.

17 MS. REYNOLDS: Okay. I was told there
18 were about five. That might have been the reason for
19 needing the new building.

20 And I just want to let you know, according
21 to Bloomberg Statistics, the average HR employee to a
22 company employee is 1.3 HR people to 100. So if it is
23 over two -- if it is two, it's too many. And if it is
24 close to five, it's way over.

25 So we really need to be looking at

1 internal things like that. And this is why the community
2 can help you to make sure we are in line with the
3 statistics. And we are friends, not foes. Thank you.

4 MR. MILLER: Bill?

5 MR. THIEL: For reference, we gave you
6 five minutes there.

7 MS. REYNOLDS: Yes, you did.

8 MR. MILLER: We really don't put the
9 clocks on people. It's to try to make it fair on
10 everybody and lets us all get out of here at a decent
11 time.

12 Mike Matthews?

13 MR. MATTHEW: Mike Matthews, 2193
14 Bellmeade Circle. I do appreciate you guys' time. And
15 let's hurry. Is there any thought of hiring within for
16 the new CEO position? Can we elevate from within the
17 company?

18 And I think a lot of these questions are
19 based around transparency as in can we get a detailed
20 forensic audit as we are looking for a CEO, so we can
21 kind of go into this thing with a nice clean set of
22 clothes.

23 And I think it also would show where we
24 could save money. Where maybe we were spending money or
25 allocating money, like you were saying, Daryl, about how

1 we are doing it.

2 It's probably a big CYA in my estimation.
3 Has one ever been done? You know, things like that, so
4 probably time to clean up some of these unknowns. That's
5 basically what I got.

6 MR. MILLER: Mike, to answer your
7 question, we do an annual audit every year. We just did
8 one in March. And our auditor said that there was
9 nothing irregular in our audited financials. I have
10 asked the question about what would the expense of a
11 forensic audit be.

12 The answer to that question is it depends
13 on what you are looking for and how far back you wanted
14 to go. And the cost of doing that could be, you know,
15 \$50,000, \$100,000. It could be a really --

16 MR. MATTHEWS: Have you looked into it?
17 Or did you just say that you have an estimation of a
18 dollar amount? Get that dollar amount and pose it to the
19 Board or pose it to somebody and get it going.

20 MR. MILLER: The amount is a not small
21 number.

22 MR. MATTHEWS: Okay. It's just to start.
23 You guys spend money pretty easily.

24 MR. MILLER: Let me finish. You asked a
25 question and I am responding. Okay? We did ask. We are

1 looking at that.

2 Okay? But my point is: It wouldn't make
3 sense to spend \$100,000 to find that \$10,000 is missing.

4 Okay?

5 MR. MATTHEW: Well, an audit will clear up
6 a lot of things.

7 MR. MILLER: We have got to start from a
8 standpoint of Number 1, we are doing our own internal
9 audit in looking at is anything awry in the finances.
10 And we haven't found anything to date, anything that
11 shows -- I mean, if we look at the monthly financials.
12 We look at --

13 MR. MATTHEWS: I just want it on the
14 record saying I hope you guys figure it out.

15 MR. MILLER: It is being considered.

16 MR. LINNELL: Before you leave, I would
17 like to follow up on your first question. To my
18 knowledge, nobody has made any comment about who can or
19 who can't be the CEO.

20 Right now, it's open tomorrow, for lack of
21 a better phrase. Somebody wants to apply, I mean, we
22 will look everywhere.

23 (EVERYONE SPEAKING OVER EACH OTHER.)

24 MR. LINNELL: There is only one person
25 ruled out as who is going to be CEO next.

1 MR. MATTHEWS: Okay.

2 MR. LINNELL: And that's the guy who just
3 left. Other than that, it's open. We will do our best
4 to find the best candidate.

5 MR. MATTHEWS: I know in the military,
6 more organizations hire within. Seems like a logical
7 thing.

8 MR. MILLER: That is not off the table --
9 (SPEAKING OVER EACH OTHER.)

10 MR. MILLER: -- Personnel Committee can
11 look this up.

12 MR. LYNCHARD: Actually, it's in our
13 Employee Handbook. Y'all will always attempt to hire
14 from within when possible.

15 MR. MATTHEWS: There you go. I was just
16 kind of throwing that out there. I appreciate it.

17 MR. MILLER: Okay. David Crumbley, you
18 are up next.

19 UNIDENTIFIED AUDIENCE MEMBER: Can I say
20 something about the forensic audit?

21 MR. MILLER: Well, if you would like to
22 sign up to speak, you can sign up to speak for this
23 next --

24 MR. CRUMBLEY: David Crumbley, 6817
25 Tidewater Drive. I have just got a couple of quick

1 things. Yeah. After all this fiasco happened, you know,
2 obviously, some of you guys are, you know, relatively new
3 to the Board.

4 And I know you probably know as well as I
5 do that this company that I am part owner in has a
6 horrible reputation -- that the Board itself has a
7 horrible reputation. And this was just another black
8 eye -- and for two years.

9 For two years, it was going on. So I
10 would like to echo the fact that we definitely need a
11 forensic audit, at least for the last two years. You are
12 talking about spending \$100,000 to find \$10,000. How
13 about we spend \$35,000 and find \$100,000 missing?

14 That's probably a good thing; right? So
15 we are trying to be transparent. You guys are trying to
16 open up and say, "Hey, we are new. We are different. We
17 are not the old water board. We are not the old water
18 company that you knew."

19 So let's do that. Let's actually do that
20 instead of just that. Okay? So that's my opinion on
21 that. We need a -- we need a forensic audit, and we need
22 it immediately before any records disappear, like in a
23 fire or something --

24 MR. THIEL: So you are saying you want a
25 global forensic audit in everything? Not in any one

1 particular area? You want everything from --

2 MR. CRUMBLEY: I want everything that went
3 through Mr. Peavey's desk -- needs to be audited.

4 MR. THIEL: Well --

5 MR. CRUMBLEY: Everything --

6 MR. THIEL: -- that's not the question.
7 There is a lot of stuff. Do you want the Billing
8 Department all looked at?

9 MR. CRUMBLEY: Yes.

10 MR. THIEL: Okay. So there are a lot of
11 kinds of departments --

12 MR. DABNEY: Nowadays, we don't have
13 fires. We just hit buttons --

14 MR. CRUMBLEY: Yeah. Delete, delete.

15 Yeah. I mean, whatever it takes to get to
16 the bottom of this guy's mischief. He was a professional
17 con man. He was so good at it, you guys hired him.
18 That's how good he was.

19 And he has been running this business for
20 two years. And you guys think that he wasn't stealing
21 stuff off the top? You don't think there was some stuff
22 missing that should have been there?

23 Come on, seriously. This is just a
24 no-brainer for me. You could spend how much money it
25 takes to get some bids. I will guarantee you, it is not

1 going to cost \$100,000.

2 But we get some good bids, and then, we
3 bring that to the Board. You vote on it. We go from
4 there. But, as a member, that's immediately one of the
5 things I would do.

6 The second thing is PNJ ran an article.
7 Obviously, you guys have probably read it. And I want to
8 ask Mr. Kennedy and Mr. Thiel -- Ashley Ferguson reported
9 potential financial issues -- it says in the article. Is
10 that true? To you guys -- she specifically called out
11 you two.

12 MR. KENNEDY: No.

13 MR. CRUMBLEY: Okay. So that's not true?

14 MR. THIEL: Yes.

15 MR. CRUMBLEY: She didn't -- did she
16 report to you that there was potential financial issues?

17 MR. THIEL: She insinuated there might be,
18 but she didn't give any specifics.

19 MR. CRUMBLEY: Okay. And we never looked
20 into it? Never even turned the page?

21 MR. THIEL: We did look into it.

22 MR. CRUMBLEY: You did?

23 MR. THIEL: We looked into it to see if
24 any of the things were -- finally, we looked at it when
25 Mr. Campbell came in, and he did not see the same things

1 that she talked about.

2 MR. CRUMBLEY: Okay.

3 MR. DABNEY: Like I said, the entire Board
4 was not privy to that letter.

5 MR. CRUMBLEY: No. And I understand that.

6 There was particularly two gentlemen that
7 she said she mentioned. So that was the question that I
8 had that -- if that was the case, and I was in charge, I
9 would definitely look into it.

10 It sounds like you guys did. So, but,
11 yeah, I think as we all kind of understand now, we -- you
12 guys have to be as transparent as possible now.

13 Everything has to be as open as possible
14 right now because this was a horrible black eye for this
15 community, not just for the Water Company. But it was
16 really super embarrassing, as Carmen said.

17 We all understand that. So let's try to
18 be as transparent as possible. Please be as open as
19 possible. And I thank you for your time.

20 MR. MILLER: Thank you, Mr. Crumbley.

21 Rick Schaeffer, you are up next.

22 MR. SCHAEFFER: Rick Schaeffer, 6915
23 Jasper Street. On November 11th, 2021, PFAS release was
24 identified in the Fairpoint Regional Utility System.

25 And per Mr. Peavey, Holley Navarre Water

1 System was going to test all the supply wells within the
2 well protection area to make sure that PFAS wasn't
3 present, and if it was, that it was within limits.

4 So what I would like to know is where are
5 the results from these testing -- testing of these wells?
6 And can I get a copy of that? I would like to see what
7 the results were.

8 MR. MILLER: I will answer that question
9 because Daryl and I were on the Fairpoint Utility Board.
10 And Fairpoint is the utility that provides us with water
11 from the north end of the County.

12 There was testing done by both the Navy
13 and our own independent testers. And those test results
14 did show that there was not any levels of PFAS that were
15 of any concern.

16 I don't know how you would get a copy of
17 that report, but, again, if you will email
18 jcampbell@holleynavarrewatersystem (sic), he can respond
19 to that request.

20 MR. SCHAEFFER: Okay.

21 MR. MILLER: But they are favorable
22 reports. We didn't just trust the Navy to come in and do
23 it. We spent money out of Fairpoint's budget to actually
24 have that -- our own independent test done. And it
25 showed that there were not any concerns with PFAS.

1 MR. SCHAEFFER: Okay. Well, it says here
2 for 390 samples were non-detect. 279 samples were
3 detected below the EPA limits. At the time, it was an
4 erroneous EPA limit, 70 PPT, parts per trillion.

5 You are all aware that they have now
6 updated that to a reasonable number. It's 4 PPQ, parts
7 per quadrillion. So whatever was reported as parts per
8 trillion is over the limits.

9 And it says that 18 wells detected above
10 the EPA health advisory. They called it an advisory that
11 said in PPT because it was unenforceable. And it was an
12 erroneous number, so they have revamped their limits.

13 MR. MILLER: I don't know about the
14 results of what those tests were, but we would be happy
15 to --

16 MR. SCHAEFFER: Send an email to Mr.
17 Campbell?

18 MR. MILLER: Yes.

19 MR. SCHAEFFER: And I can get copies of
20 these?

21 MR. MILLER: Yes. Fairpoint meets next
22 week. We have a monthly meeting with Fairpoint.

23 MR. SCHAEFFER: Very good. Thank you.

24 MR. MILLER: Thank you, sir. We have one
25 more speaker, Greg Breitling. Did I say that right?

1 MR. BREITLING: Yes. Thank you.

2 MR. MILLER: Okay.

3 MR. BREITLING: I wasn't planning on
4 speaking, but just on the forensic audit. I heard some
5 mixed numbers, so I did a little research myself.

6 I heard Joe Campbell say \$35,000 on the
7 South Santa Rosa News interview that he did. And it's
8 not \$35,000 from the research I have done.

9 I have looked at multiple sources. It's
10 about \$200 per hour, and it ranges anywhere from 50 to 75
11 hours for a full year. And then, subsequent years after
12 that are anywhere from 30 to 40 hours. And it's also got
13 in several articles that depending on the level of
14 embezzlement is what would increase the number of hours.

15 And if the fraud was hidden -- but if
16 everything is spic and span and clean like you are saying
17 it is, I think what everybody here is asking is if it is
18 great, prove it to us.

19 Get a third party. Spend the \$10,000.
20 Let's say it's 200 bucks, it would be \$10,000 and you
21 might -- who knows what they might find? If it is great
22 like you said it is, then, I think that would go a long
23 way for your members.

24 MR. MILLER: I will say that that is not
25 off the table. We are looking into that. That's all I

1 can say at that point. But we are doing our
2 own internal --

3 MR. BREITLING: Yeah. I don't think you
4 need to do an internal one.

5 MR. MILLER: We have got to look and see
6 are there any irregularities so we know what to tell
7 somebody to come and look for.

8 MR. BREITLING: I don't think they need
9 that. They don't need it. They will do it themselves.

10 MR. MILLER: Well, I can tell you, we put
11 it out to someone, and they said, "We need to know the
12 scope before we can give you a bid."

13 They need to know the scope --

14 MR. BREITLING: The scope would just be
15 financial statements.

16 MR. KENNEDY: That's what the audit is
17 for. That's your choices. You either trust the audit
18 and they are done by the auditors.

19 MR. BREITLING: We don't.

20 MR. KENNEDY: Okay. So you don't trust
21 the auditor?

22 MR. BREITLING: Right.

23 MR. KENNEDY: Then we can do a forensic
24 audit on nothing, because the scope of a forensic audit
25 has to be specific. You have to narrow it down.

1 So if you are not going to narrow it down,
2 you are going to do an audit. So I am just putting that
3 out, so --

4 MR. BREITLING: The narrow down would be
5 the financial statements.

6 MR. KENNEDY: Which is the audit. The
7 financial statement, we do here.

8 MR. DABNEY: I am going to say this:
9 Y'all were standing right here when all of us -- three
10 Board members asked for us to get our check register.
11 And we couldn't even get our check register.

12 (SPEAKING OVER EACH OTHER.)

13 MR. DABNEY: I am sitting here going, I
14 want to see my check registers. I can't even do it.

15 (APPLAUSE.)

16 MR. DABNEY: Let's put it out there if you
17 are going to put it out there. I am a Board member and I
18 am asking for a check register.

19 They just sat there -- hell, no.

20 MR. BREITLING: The argument in my mind,
21 why would you not want me to see them?

22 Mr. Thiel, you say "No." Why? Why not?

23 MR. DABNEY: What the hell are you trying
24 to hide if you don't --

25 MR. LYNCHARD: Exactly.

1 MR. BREITLING: Exactly.

2 MR. DABNEY: That's my point. You don't
3 want to go against it --

4 MR. THIEL: I'm not trying to hide
5 anything.

6 MR. DABNEY: Just release the file. What
7 the hell difference does it matter? We wrote the check.
8 I mean --

9 MR. BREITLING: And you ask. Do you not
10 trust the Board members? I don't know what any of you
11 guys do in your free time. I don't trust any of you. So
12 if you guys are buddies and you hang out on weekends and
13 you know each other, then that might be a different
14 story.

15 But you have a professional relationship.
16 You don't have any idea what the other person does. So
17 why would you trust them? I don't trust my co-workers.
18 I verify everything that they do, just like they verify
19 everything that I do, because we have transparency, and
20 that's how we do things right.

21 MR. THIEL: Right.

22 MR. LYNCHARD: Trust and verify.

23 (APPLAUSE.)

24 MR. LYNCHARD: And can I say one thing
25 here? I think we are kind of getting -- one thing that

1 you said earlier was that the financial statement audit
2 said that there were no irregularities. And, actually,
3 the term should be that there were no material
4 misrepresentations or irregularities.

5 MR. MILLER: Okay.

6 MR. LYNCHARD: The audit is just that.
7 And that's why we pay about \$35,000 a year for it. Now,
8 the forensic audit that you are talking about, that is a
9 transactional audit. That means that we are looking at
10 individual transactions that went through the system.

11 We are tracing those from the checks, the
12 purchase order, the invoice, the receipt of the items and
13 things like that, so it's a lot more detailed whenever
14 you are talking about it in organizations such as this
15 and how many transactions we have during the year.

16 So those can get quite expensive. But I
17 think we need to get -- we need to get an estimate so we
18 can be able to tell you guys, "Hey, it's going to cost
19 \$50,000," for example, or \$500,000.

20 MR. BREITLING: That's why you require
21 three estimates.

22 MR. LYNCHARD: Yes. Exactly. Well, we
23 require three estimates if it is over \$25,000, so --

24 UNIDENTIFIED FEMALE IN AUDIENCE: Will you
25 make the motion?

1 MR. LYNCHARD: I have asked the Board this
2 through emails, but we can make a motion to get an
3 estimate for you.

4 MR. DABNEY: That has been done. I know
5 Daryl has asked and myself has asked.

6 MR. MILLER: It doesn't cost us anything
7 to get an estimate. So I don't need a motion to do that.

8 MR. THIEL: Before we do that, they said
9 you needed a scope, so they can decide --

10 MR. LYNCHARD: The entire organization.

11 MR. MILLER: Mr. Campbell?

12 MR. TY CAMPBELL: I contacted our
13 auditors, Warren Averett, to do the audit. And I asked
14 specifically what it is going to take for a forensic
15 audit.

16 The response was that they would be
17 sending -- they will be contacting us with their forensic
18 audit team who will then further lay out what is
19 necessary to define that, but it first has to include
20 scope.

21 Our regular audit, not forensic, is
22 \$35,000. When you do a forensic audit, I am going to
23 give you an analogy. Everyone knows they want a forensic
24 audit. It's like pulling your car up outside the curb
25 out here and walking up to a mechanic and say, "Fix my

1 car. Tell me what is wrong with it. And quote me right
2 now."

3 You have to give that mechanic or give
4 that auditor an area to focus on or you will spend the
5 \$200 an hour you are talking about -- and it is per
6 person -- I am sorry, sir -- it's per person.

7 A team of forensic auditors will show up
8 with five to ten people, so your \$200 an hour becomes
9 \$1,000 to \$2,000 an hour. And they will be thrilled to
10 spend months and months and run up a bill of hundreds of
11 thousands of dollars for whatever we would like --
12 whatever you and the Board would like, whatever you guys
13 decide.

14 I am -- I welcome any audit. And any
15 auditor can look at anything that has happened since I
16 started on October 20th.

17 Warren Averett gave us, and I quote, you
18 can read the minutes, this was the fastest and cleanest
19 audit they have had since they started.

20 Secondarily, Standard and Poor's went
21 through -- also went through a rating of Holley Navarre
22 Water, which is very extensive. And we were rated -- we
23 were reaffirmed at A plus and removed from negative to
24 stable outlook.

25 So there has been more than one entity

1 that has looked at the financials as everyone keeps
2 focusing on. And I take that to heart.

3 This is my job. I have worked for Fortune
4 10 companies. I have signed financial statements for
5 companies with 20, \$30 billion dollars.

6 I have an impeccable reputation and I will
7 not let you impugn to say that there has been
8 embezzlement. There's been extortion. Something skimmed
9 off the top.

10 There are dual check signers. There are
11 many levels of approval between Operations and people who
12 check and re-check. There is no six-gun, freewheeling,
13 Wild West show of money at Holley Navarre Water System.

14 It has been, if anything, we have a
15 warehouse of documents back to 1970 that we keep on every
16 transaction as it comes through the financial area.

17 MS. FORESTER: Is that before or after the
18 fire?

19 MR. TY CAMPBELL: They are sitting in --
20 they were in a third-party location, so those financial
21 transactions I have, I am looking at this morning --
22 "What am I going to do with a 1970 check register?"

23 So, yes, there was a fire. I just knew
24 about that this past year. I found that out like months
25 ago. But I stand behind the fact that the financials are

1 fairly represented. They are materially relevant and
2 there are no omissions that are required unless the Board
3 so desires a forensic audit.

4 I am fine with it. Spend all the money
5 you like. However, scope must be defined. They don't
6 just show up and go, "Well, I guess we are going to start
7 at the front of the building and walk back."

8 So that is a way for it not to be
9 impactful.

10 MR. KENNEDY: And just to help you there,
11 again, we have this on the food -- we are actually
12 talking about this as far as the chain email about it,
13 so, you know, again, I don't see there is a motion to be
14 made until we actually discuss --

15 MR. MILLER: We need something to discuss
16 and --

17 MR. KENNEDY: Yeah.

18 MR. DABNEY: And I think there are some
19 Board members that are willing to take, say, a \$200,000
20 investment of your money to protect your \$8.3 million
21 dollars. And that is just me. That's less than the
22 three percent we charge for credit cards. Just saying.

23 MR. CRUMBLEY: I will make this real
24 quick. I mean, you do realize that your previous CEO was
25 embezzling money and had companies and had signatures and

1 had -- he covered his bases.

2 Like this guy was getting better and
3 better, even went to Nigeria to get even better than
4 that. So there is probably some stuff that you don't
5 know about and probably some stuff that the Board members
6 don't know about that was -- why would he be here?

7 MR. MILLER: It's also entirely possible
8 that he came here to start a new life and --

9 MR. CRUMBLEY: No. I disagree with you.

10 MR. MILLER: No. It is an absolute
11 possibility, so we don't know that. And we have not seen
12 any evidence of that.

13 MR. CRUMBLEY: Exactly. You don't know
14 that. I don't know that. None of us know that.

15 MR. MILLER: I haven't seen any evidence.
16 And we are looking for it.

17 MR. CRUMBLEY: Well, we need to look for
18 it. That's the whole purpose of us trying to get a
19 forensic audit.

20 MR. MILLER: We can't just assume that's
21 the --

22 (EVERYONE SPEAKING OVER EACH OTHER.)

23 MR. CRUMBLEY: A regular audit, he's
24 looking at companies, check, check. But we are not
25 looking into the company. You are not calling those

1 people. You are not finding out who is the secretary,
2 who is the CEO.

3 He is just signing checks. Who knows
4 where some of that money is? That's all I am saying --

5 MR. MILLER: And I am going to make a
6 statement that, you know, Dallas Peavey, while he was
7 CEO, he came to us with a huge resume of utility
8 experience.

9 He came in and made some really good
10 positive changes for Holley Navarre Water System. He
11 found areas to save money. And so, while what you are
12 saying is a possibility, overall, he ran this company
13 well and made some positive changes to it. So, again,
14 again, you know, the circumstances are what they are.

15 MR. CRUMBLEY: Right.

16 MR. MILLER: But, you know --

17 MR. CRUMBLEY: And we just don't know.
18 That's the thing. It's possible --

19 MR. MILLER: And that's the question.

20 MR. CRUMBLEY: None of us know. None of
21 us know whether he was embezzling money. None of us
22 know.

23 MR. DABNEY: And I would like to
24 reiterate, too, there was a Board member that made a
25 statement earlier that Dallas saved us. It was \$7

1 million dollars saved on a retirement plan.

2 What did you say, the first year or
3 something? Did I hear something that --

4 MR. THIEL: Overall, it went down.

5 MR. MILLER: The pension obligation.

6 MR. THIEL: The pension obligation --

7 MR. DABNEY: The pension obligation was
8 brought up way before Dallas got here by certain Board
9 members.

10 MR. CRUMBLEY: Right.

11 MR. DABNEY: Board members were talking,
12 and I personally sat down with Mr. Peavey and brought it
13 to his attention that area here, this area. And would
14 you like -- would you like to come here and go broke?

15 I mean, I may sit here as some old country
16 boy, but I can promise you, I am really good with
17 numbers.

18 MR. CRUMBLEY: The second question I have
19 and I will make it quick: How much did we pay the
20 headhunter company to get Mr. Peavey?

21 MR. KENNEDY: We are still back two years
22 ago. Again, honestly, I don't want to tell you the wrong
23 information.

24 MR. MILLER: If you shop, you will find
25 that they will charge a percentage of what your salary

1 is. And we went with a company that, you know, offered
2 the best plan for the buck.

3 MR. CRUMBLEY: Thank you very much.

4 MR. MILLER: All right. Any other
5 business from our Directors?

6 MR. LYNCHARD: Yes. I would like to know
7 what is happening with our Board room? Is Customer
8 Service still using it?

9 MR. MILLER: Our what?

10 MR. LYNCHARD: Our Board Room. Is
11 Customer Service still using our Board room?

12 MR. KENNEDY: Yes.

13 MR. LYNCHARD: When will we get our Board
14 Room back?

15 MR. KENNEDY: There is still people in
16 there.

17 MR. MILLER: That's a good question.
18 Let's find out.

19 MR. LYNCHARD: I have been told the
20 construction side for it -- I heard Customer Service --

21 (EVERYONE SPEAKING OVER EACH OTHER.)

22 MR. MILLER: I don't know --

23 MR. THIEL: Yeah. People are still in
24 there.

25 MR. KENNEDY: Well, you know, ultimately,

1 before you guys leave, I just wanted to -- I know this
2 is -- we are in a black eye situation.

3 But I want all of you and everyone that is
4 watching this to at least try to start trusting that this
5 Board and this company, that we are going to stay focused
6 on our mission, which is water and wastewater service.

7 Have you seen the tragedy that is going on
8 in the west? Lake Mead? And, you know, Colorado River
9 is now at Tier 2. They are going to be stopping whole
10 states from going and using the water.

11 And this Board, this company, and, again,
12 I know it's usually the Board that gets the black eye.
13 The staff that we have are exceptional. They will not
14 stop. They are always working to make sure that we are
15 planning, funding, building, and protecting your water so
16 that -- it's not just for now. It's for the future.

17 (APPLAUSE.)

18 MR. MATTHEWS: That's the biggest problem
19 here is that members have lost trust in this company and
20 the leadership of this company and that's what you guys
21 have to earn back.

22 MR. KENNEDY: We are working.

23 MR. MATTHEWS: That's what I think it is.
24 The more transparent you are, the more trust you are
25 going to built back. And we can all work together.

1 I have no doubt that the employees are
2 fantastic. I see them on a regular basis and I know they
3 do a great job. But the leadership of this company, we
4 have lost trust in, and we need to get that trust back by
5 being open and being transparent.

6 MR. KENNEDY: Yes, sir.

7 MR. MILLER: All right. Any other
8 business?

9 (NO AUDIBLE RESPONSE.)

10 MR. MILLER: Motion to adjourn?

11 MR. KENNEDY: So moved.

12 MR. LYNCHARD: Second.

13

14 WHEREUPON, THE BOARD OF DIRECTORS MEETING
15 FOR HOLLEY NAVARRE WATER SYSTEM CONCLUDED AT 8:03 P.M.

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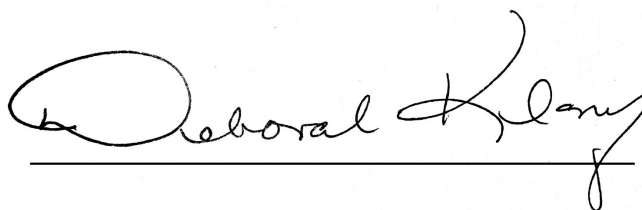
CERTIFICATE OF REPORTER

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STATE OF FLORIDA
COUNTY OF ESCAMBIA

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

Dated this 2nd day of September, 2022.



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