

1 HOLLEY NAVARRE WATER SYSTEM
2 BOARD OF DIRECTORS MEETING
3 DECEMBER 19, 2023
4 6:00 P.M. - 7:45 P.M.

4 MARK MILLER, PRESIDENT

5 MIKE MATTHEWS, VICE PRESIDENT

6 BILL THIEL, SECRETARY

7 DARYL LYNCHARD, DIRECTOR

8 DON LINNELL, DIRECTOR

9 DAVID CRUMBLEY, DIRECTOR

10 JEFF CRIGLER, CEO HNWS

11 EMERALD MCDANIEL, HNWS

12 BARBARA CARAWAN, HNWS

13 PHIL PHILIPS, MESI

14 COREY SNYDER, MESI

15 KIM TORRES, HNWS

16 ALSO PRESENT:

17 WILL DUNAWAY, ESQUIRE

18 DEBORAH KHARUF, COURT REPORTER

19 KURT COSBY, WES SILER, HARLAN HALL,

20 CARMEN REYNOLDS, BILL ANDERSON

21 JERRY WYCLIFF

22

23

24

25

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

2 MR. MILLER: I have got 6:02. We will go
3 ahead and call the meeting to order. If everyone would
4 please rise and join me in prayer?

5 (INVOCATION BY DIRECTOR MILLER.)

6 MR. MILLER: Director Thiel, will you lead
7 us in the pledge of allegiance?

8 MR. THIEL: If you would face the flag and
9 repeat with me?

10 (PLEDGE OF ALLEGIANCE LED BY DIRECTOR
11 THIEL.)

12 MR. MILLER: All right. Welcome,
13 everyone, to our December meeting of the Holley Navarre
14 Water System Board of Directors. I appreciate everybody
15 being here.

16 I would like to announce that we do have a
17 quorum. We have got six out of seven directors.
18 Director Campbell is traveling right now.

19 We have audio and video recorders in use.
20 Please fill out the member forum sign-up sheet if you
21 would like to address the Board. And the way that works
22 is we will have a public forum at the end of our meeting
23 where it's open forum for discussion on any topics.

24 But if you would like to address the Board
25 prior to the Board taking a vote on an agenda item,

1 please be recognized after the Board discussion. We will
2 give members in the audience the opportunity to come to
3 the podium and address the Board before we take a vote
4 and vote on an item.

5 I would like to announce that proxy and
6 absentee voting is available now and ends December 22nd
7 at 4:00 p.m. And the Articles of Incorporation vote is
8 available via proxy or on Election Day on January 16th.

9 Our first item of business is approval of
10 minutes and transcripts. We have the November 21st,
11 2023, closed executive session minutes. And we have
12 November 21st, 2023, regular minutes and transcripts. I
13 would like a motion to approve those.

14 MR. LYNCHARD: So moved.

15 MR. MILLER: We have got a motion. Do we
16 have a second?

17 MR. LINNELL: Second.

18 MR. MILLER: Any discussion?

19 MR. THIEL: I had a couple of typos that
20 were in the transcript that I sent to Emerald and she is
21 going to fix them.

22 MR. MILLER: Okay.

23 MR. THIEL: A couple of numbers were
24 wrong.

25 MR. MILLER: I have got one comment on the

1 minutes of our last meeting. There was an error in the
2 address for Mr. Cosby. It's on Marlin Street. Is that
3 correct?

4 MR. COSBY: Yes, sir.

5 MR. MILLER: And the minutes have a
6 different street name. So if we can get that corrected?
7 That's my only comment.

8 Any other 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. MATTHEWS: Aye.

15 MR. CRUMBLEY: Aye.

16 MR. MILLER: Nays or abstentions?

17 (NO AUDIBLE RESPONSE.)

18 MR. MILLER: Motion carries.

19 All right. Approval of new memberships.

20 We have got November new memberships, 210. We have got
21 208 canceled memberships and one transfer. Can I get a
22 motion to approve the membership report?

23 MR. CRUMBLEY: So moved.

24 MR. LYNCHARD: Second.

25 MR. MILLER: I have a motion and a second.

1 Any discussion?

2 (NO AUDIBLE RESPONSE.)

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

4 MR. LYNCHARD: Aye.

5 MR. LINNELL: Aye.

6 MR. THIEL: Aye.

7 MR. MATTHEWS: Aye.

8 MR. CRUMBLEY: Aye.

9 MR. MILLER: Nays or abstentions?

10 (NO AUDIBLE RESPONSE.)

11 MR. MILLER: Motion carries.

12 On to unfinished business. Our first
13 item -- well, no, there is no unfinished business. New
14 business, CEO update. Mr. Crigler?

15 MR. CRIGLER: Yes. Just two items
16 tonight. First, one of our employees was selected for
17 Leadership Santa Rosa 2024 class, Ryan Hicks. He is a
18 Water Operations Supervisor in our Operations Group.

19 We -- I think we have had three people in
20 the last three years to go through. It's a great program
21 with the Chamber of Commerce that puts on -- that the
22 County puts on. So I wanted to commend him for kind of
23 donating his time and also thank the Water System for
24 sponsoring him to do that.

25 Secondly, just a brief update on our

1 procurement policy. We hoped to have a draft of that
2 tonight, but the amount of work that was done on the
3 budget, we did not get there. So we will have a draft on
4 the procurement policy probably in late January, early
5 February for discussion or first draft view at the
6 February meeting is what we are planning.

7 MR. LINNELL: You said the first February
8 meeting?

9 MR. CRIGLER: Yes. So there is no --
10 there will be no official business at the January
11 meeting. So I expect we will be able to discuss it at
12 the February meeting.

13 MR. MILLER: Any questions for
14 Mr. Crigler?

15 (NO AUDIBLE RESPONSE.)

16 MR. MILLER: We are going to move on to
17 finance. We have got the review of the October 2023
18 financials. Mr. Crigler?

19 MR. CRIGLER: Thank you. I will let Ms.
20 Barbara talk about October financials for the Water
21 System.

22 MS. CARAWAN: All right. Overall, admin
23 expenses -- this will be through October -- overall admin
24 expenses just under budget at 80 percent. Overall water
25 expenses right on budget at 83 percent.

1 Wastewater expenses under budget at 74
2 percent. Overall, I think we are doing pretty good.

3 October net income is \$452,418.82 and an
4 annual net income of \$1,235,766.17.

5 MR. MILLER: Okay. Any questions on the
6 financials?

7 (NO AUDIBLE RESPONSE.)

8 MR. MILLER: Hearing none, I would like to
9 get a motion to --

10 MR. LYNCHARD: There is one thing that I
11 have got a question on. I just noticed it. It's the
12 accounts receivable on the balance sheet.

13 What makes up that number? Is that just
14 like operating? It appears to be more than a month.
15 Actually, probably, more than a month and a half worth of
16 revenue.

17 MS. CARAWAN: I believe what they have
18 done for the last couple of years is combine the unbilled
19 revenue, like --

20 MR. LYNCHARD: Okay. Combined?

21 MS. CARAWAN: They combined the unbilled
22 revenue and the actual revenue.

23 MR. LYNCHARD: Okay.

24 MR. MILLER: Any other questions?

25 (NO AUDIBLE RESPONSE.)

1 MR. MILLER: Hearing none, I would like to
2 get a motion to approve the October financials as
3 submitted.

4 MR. LINNELL: So moved.

5 MR. MATTHEWS: Second.

6 MR. MILLER: I have got a motion and a
7 second. Any other discussion?

8 (NO AUDIBLE RESPONSE.)

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

10 MR. LYNCHARD: Aye.

11 MR. LINNELL: Aye.

12 MR. THIEL: Aye.

13 MR. MATTHEWS: Aye.

14 MR. CRUMBLEY: Aye.

15 MR. MILLER: Nays or abstentions?

16 (NO AUDIBLE RESPONSE.)

17 MR. MILLER: Motion carries.

18 We have our Directors update. We will go
19 with the individual finance committees. Capital
20 Improvement. Don Linnell?

21 MR. LINNELL: Both restricted and
22 unrestricted were a little behind budget. Nothing has
23 changed that much. On the unrestricted side, a little
24 over a million. 11 of that is in trucks that we never
25 got to, couldn't order.

1 The other one, we are more like \$12
2 million behind, but that was -- Eglin is delayed. The
3 Navarre -- Elevate Navarre got delayed.

4 Fortunately, those are both starting now,
5 so -- I don't think we will spend \$12 million by the end
6 of the year, but next year, hopefully, we will spend
7 some.

8 MR. MILLER: Okay. Budget OEM. Daryl?

9 MR. LYNCHARD: We are tracking right along
10 with our budget. Everything is right in line with where
11 we were projected to be at at this time of the year.

12 The only real major things that we had was
13 the interest income, which is a lot more than we
14 initially expected.

15 I think that the staff is probably going
16 to ask for an increase in our budget for the golf course
17 tonight, so -- but I think that's a little down the
18 road --

19 MR. MILLER: All right. And Pension
20 Committee. Director Thiel?

21 MR. THIEL: I don't have anything new. At
22 the last meeting, we approved the additional stipend to
23 go into the pension fund to make sure that stays at 80
24 percent. And then, the next big thing will come in April
25 when we get the real number from the actuary as to how

1 much we need to conserve for 2024.

2 MR. MILLER: Was that check cut for the
3 pension?

4 MS. CARAWAN: Yes, sir.

5 MR. MILLER: All right. Santa Rosa
6 Regional Reuse Project. That's me. We had a
7 groundbreaking last week that was well-attended. And so,
8 the Phase 1-A of the Eglin project is officially
9 underway, although the heavy lifting on it will start
10 next year.

11 We are underway with that project. Still
12 working on the acquisitions. Do you have any update on
13 that for us, Mr. Dunaway?

14 MR. DUNAWAY: Thank you. So as the Board
15 knows, the taking portion, the Order of Taking hearing
16 occurred right away in hand. The portion for determining
17 compensation continues. And we will be in contact with
18 each of those parcels that we have not settled with to
19 work through that process. And we are continuing to do
20 that. I am in coordination with the County Attorney, Mr.
21 Tom Dannheisser, and working through the County on that
22 acquisition.

23 MR. MILLER: Okay. Thank you for that.
24 Club at Hidden Creek Management Board. Mr. Crigler?

25 MR. CRIGLER: Yes. So I will go over a

1 few items related to the Club. First one, just to
2 highlight from the October financials on the income
3 statement for October month, a net income of almost
4 \$51,000.

5 For the year, we are looking at almost
6 \$278,000. Keep in mind that November and December,
7 typically, are slower months in the year. Still
8 expecting to finish a very successful year out there.

9 Second item, as the Board has directed us,
10 we have included the amount of spray field costs as an
11 exhibit in this packet. Through October, we are at
12 \$163,000 that has been reimbursed.

13 And after November, we know it will be
14 right around \$169,000, so -- which is the budget limit
15 the Board approved for FY-23.

16 MR. MILLER: All right. Fairpoint. Mr.
17 Crigler, you have got Fairpoint, too.

18 MR. CRIGLER: Yeah. So just two items
19 from there as well. There is no Fairpoint meeting in
20 December. They will meet again in January, so there is
21 nothing too much happening this month at Fairpoint.

22 We did approve the 2024 budget at
23 Fairpoint's November meeting, so we did accomplish that
24 at the last meeting.

25 MR. MILLER: All right. And Municipal

1 Engineering. Phil Phillips?

2 MR. PHILLIPS: We had a Board meeting
3 since the last Holley Navarre Board meeting. We talked
4 budget, some end of the year stuff, little strategic
5 planning for next year. Nothing earth-shattering unless,
6 David, you can think of something to add. Pretty normal
7 straightforward stuff.

8 MR. CRUMBLEY: A lot of work on the books;
9 huh?

10 MR. PHILLIPS: Yes, indeed.

11 MR. CRUMBLEY: Which is a good thing.

12 MR. MILLER: All right. That concludes
13 our committee updates. Item 4 on the agenda is the Club
14 at Hidden Creek 2024 proposed budget. Mr. Crigler?

15 MR. CRIGLER: Yeah. So this budget was
16 discussed on a line-by-line basis at our summary
17 workshop. We received some good feedback at that
18 meeting. And we have kind of been working hard since
19 then to fix the items, to revise the few items.

20 Basically, where we are at now for our
21 2024 proposed budget, we are showing an operating loss of
22 about \$117,000, and then, after depreciation, essentially
23 a break-even.

24 We think this is a much better, I guess,
25 you know, place where we want to try to operate this

1 entity going forward is obviously at an operating profit,
2 but also a total profit. So I think this is a step in
3 the right direction.

4 Our staff from the Club is here. I want
5 to thank them again for all the hard work on this budget.
6 We looked at a lot of things multiple times. To get to
7 this number, we looked at both, you know, expenses that
8 were modified as well as the hard revenue numbers.

9 So I think it answers a lot of your
10 questions that were brought up at the workshop. One item
11 that did come up was wanting to see the wages broke out.
12 We have since done that. There are wages for
13 administration. There's wages for both food and revenue
14 and golf business.

15 So those are the main changes, really, by
16 breakdown of the wages and then some adjustment because
17 the line items -- to get us to a better proposed
18 number -- so I wasn't planning on any of these -- I
19 wasn't planning on going line-by-line tonight.

20 I think we have done that at the workshop,
21 so I really wanted to mention what has changed and then,
22 let's -- if there are any other questions, we will go
23 through a discussion.

24 MR. MILLER: Okay. Recommendation is to
25 approve the 2024 budget for the Club at Hidden Creek.

1 Would someone like to make that motion?

2 MR. LINNELL: Well, did you say you were
3 going to go over some specific changes, Jeff? Or you
4 think you already did?

5 MR. CRIGLER: Well, no. What I was
6 getting at is that we looked at a couple of items on the
7 expense side we were able to lessen and some items on the
8 revenue side that we were able to increase a little bit
9 to get to that bottom line number that we are looking at,
10 so --

11 MR. LINNELL: I have got some questions.
12 Questions in on -- so revenue went up 98K over the last
13 proposed budget. I am fine with it. My only question
14 is: You are good with signing up for that; Jeff?

15 MR. CRIGLER: Yeah. So we looked at where
16 we are going to end for 2023, projecting around about
17 \$1,080,000.

18 2024 budget number -- this is for green
19 fees -- \$1,150,000, so it's really not that much of an
20 increase, so we feel pretty good about it.

21 MR. LINNELL: Under expenses, golf
22 business wages, variance is zero. I mean, the math was
23 just working in that column? It's like 68 percent --

24 MR. CRIGLER: Yeah. Unfortunately, we did
25 not have time to fill in -- when we broke up these wages,

1 it does not include the 2023 to date. So you have got
2 the break-out as shown in 2024.

3 And then, if you want to look at 2023, you
4 have got to go back to the admin where all the wages are
5 shown in totality for 2023 year-to-date and year end.

6 MR. LINNELL: Okay. So there is --

7 MR. CRUMBLEY: It looks like --

8 MR. LINNELL: I mean, it's an increase --

9 (SPEAKING OVER EACH OTHER.)

10 MR. CRIGLER: We talked a lot about this
11 wage budget. And let me kind of explain how it gets
12 pulled together. So if you take the fulltime employees
13 out there, their salaries only account for roughly
14 \$550,000.

15 That is just a ballpark number. But it is
16 essentially about 60 percent of the wage budget. A very
17 large percent of this budget is part-time employees and
18 that fluctuates wildly.

19 What happened in '23, not only do we have
20 a great revenue here, but they were understaffed on the
21 part-time side. The result of that is some of these guys
22 had to work tons of hours to cover. There is actually
23 less labor. So it's good for business. It's not
24 sustainable from a labor point of view.

25 So what Trey has put together is to hit

1 this revenue number he has put forward. That's all the
2 part-time labor he is going to need. We know it's a --
3 like I said, with all the variability in the weather and
4 people coming and going and the turn-over of part-time
5 positions is extremely high, you know, it would feel like
6 it's a good time. We wanted to show it fully staffed.
7 But that's kind of how that wage budget comes together.

8 It's not like the Holley Navarre budget
9 that we can -- if people -- if nobody leaves, we are
10 going to hit that number. We know -- we pay the people.
11 We know that, you know, how many positions we have got.

12 There is a lot more variability to the
13 wages out there, so --

14 MR. LINNELL: So the 382 is for fully
15 staffed to current flow org chart?

16 MR. CRIGLER: Correct. And I looked on
17 the org chart earlier and there is --

18 MR. LINNELL: And I will just cut to the
19 chase. In the back of my mind, the big open position was
20 when Preston left. I am under the impression that the
21 others are part-time.

22 MR. CRIGLER: That's correct.

23 MR. LINNELL: And Preston may have been
24 part-time. I am not sure.

25 MR. THIEL: Ryan Davis is full time. He

1 is not --

2 (SPEAKING OVER EACH OTHER.)

3 MR. LINNELL: And we were in the Pro Shop.
4 So you are looking at the Pro Shop.

5 MR. CRIGLER: That's correct. Preston's
6 position would be reclassified and paid slightly higher
7 as he is more of an assistant golf pro.

8 MR. LINNELL: That's in here, though?

9 MR. CRIGLER: That's in there.

10 MR. LINNELL: Okay.

11 MR. MILLER: Any other questions?

12 MR. LINNELL: Yeah. Food and beverage.
13 Food and beverage wages also going up. Is it to replace
14 one person? Is it to replace her? Is there -- is that
15 it? That can't be for that much. It must be for those
16 two. We were under staffed last year?

17 MR. CRIGLER: Correct. There is two
18 full-time staff there and the rest is beverage cart
19 employees.

20 MR. LINNELL: So that's, again, staff to
21 the current org chart?

22 MR. CRIGLER: That's correct.

23 MR. LINNELL: Okay.

24 MR. CRIGLER: Yeah. If you look on the
25 org chart, there is almost 30 part-time positions on that

1 org chart.

2 MR. LINNELL: Yeah.

3 MR. LYNCHARD: Did our costs for the spray
4 field go up and is that why we have raised our number
5 for -- from \$160,000 to \$190,000?

6 MR. CRIGLER: Yeah. I think our costs
7 have gone up in the sense we have a recent history of
8 what we spent out there in the last couple of years.

9 MR. LYNCHARD: So the \$190,000 is what we
10 think --

11 MR. CRIGLER: Yeah. We think that is a
12 better approximation.

13 MR. LYNCHARD: That is stated. These
14 don't represent checks we are writing to them. These
15 represent amounts that we estimate they are going to send
16 us a bill for.

17 MR. CRIGLER: That's correct. And it is
18 broken out in two places, 84 on the electricity bill,
19 which we feel like we have really good clarity on, and
20 then, the \$106,000, which is a combination of items,
21 which, you know, we hope it's less than that.

22 MR. LYNCHARD: I am looking for those.
23 Can you --

24 MR. CRIGLER: I'm sorry.

25 MR. LYNCHARD: Is this in Holley Navarre

1 Water System?

2 MR. CRIGLER: I was in the Club under
3 maintenance.

4 MR. LYNCHARD: Okay. I was looking at --
5 oh, okay.

6 MR. CRIGLER: Yeah. The make-up of the
7 \$190,000 essentially is \$84,000 in power, \$106,00 in
8 those other expenses.

9 MR. LYNCHARD: Okay.

10 MR. THIEL: So the last three years, the
11 pump house has been a real problem child. We have had
12 numerous pumps fail and things out on it. We didn't
13 expect this year, when we built the budget last year,
14 that we were going to spend that much on the pump house
15 that we ended up spending this year.

16 Hopefully, knock on wood, it's fixed, but,
17 you know, worst case, that's the feeling in the end. We
18 are hoping we don't go there. We will see.

19 MR. MILLER: Okay. Any other questions?

20 (NO AUDIBLE RESPONSE.)

21 MR. MILLER: We need a motion to approve
22 the budget.

23 MR. MATTHEWS: So moved.

24 MR. THIEL: Second.

25 MR. MILLER: We have a motion and a

1 second. Any other discussion from the Board?

2 (NO AUDIBLE RESPONSE.)

3 MR. MILLER: All right. Mr. Hall, did you
4 want to address the Board?

5 MR. HALL: Yeah. Just a couple of
6 questions because I didn't hear the numbers.

7 MR. MILLER: If you will state your name
8 for the record?

9 MR. HALL: Harlan Hall, 7712 Manatee
10 Street, Navarre, Florida. Thank you. Sorry about that.

11 MR. MILLER: That's okay.

12 MR. HALL: I didn't hear the -- I didn't
13 hear. He said something about profit from the golf
14 course, but I did not hear the number.

15 MR. CRIGLER: Well --

16 MR. HALL: -- from -- is it something
17 like --

18 MR. CRIGLER: The budget number that is
19 proposed? Or are you talking our --

20 MR. CRUMBLEY: Do you want an actual?

21 MR. THIEL: 2023 through October, Jeff.

22 MR. CRIGLER: Yeah. I will go back and
23 read the results from the October financials. I believe
24 it was --

25 MR. HALL: I just didn't hear the number.

1 I'm sorry.

2 MR. CRIGLER: Yeah. So it was October of
3 this year, \$51,000 net income through the year-to-date
4 through October, \$278,000, just round it to the nearest
5 dollar.

6 MR. MILLER: And that's profit before
7 depreciation?

8 MR. THIEL: No. That's after
9 depreciation.

10 MR. MILLER: After depreciation.

11 MR. LYNCHARD: That includes
12 100-and-whatever thousand dollars for --

13 MR. THIEL: Yes.

14 MR. MILLER: In the shared services.

15 MR. LYNCHARD: We still have got to spray
16 the golf course if you want to have one. It's got to
17 have water.

18 MR. LINNELL: Now, you are not paying for
19 the spray field. You are paying to fix the stuff.

20 MR. HALL: Okay. That was my first
21 question. My second question is: How much did we
22 subsidize the golf course to get it to have a \$51,000
23 profit?

24 MR. LYNCHARD: 140 --

25 MR. CRIGLER: \$162,000 per the direction

1 of the Board through October. Or it is the end of the
2 year?

3 MR. THIEL: That's cash for spray field
4 expenses.

5 MR. HALL: I understand. Please don't go
6 down that rabbit hole.

7 MR. THIEL: Well, it's not a subsidy.

8 MR. HALL: It's a subsidy.

9 All right. That \$51,000 that they are
10 claiming as profit, is that coming back to Holley Navarre
11 Water System?

12 MR. MILLER: No. That goes into their
13 coffers for future expenses. The Clubhouse is going to
14 need a roof in two years. So, you know, they have got to
15 allow for that profit they make this year to pay for
16 future expenses.

17 MR. HALL: But at some point, I don't know
18 if we will ever get there, but if that becomes truly
19 profitable, that needs to start paying back Holley
20 Navarre Water System for the millions and millions of
21 dollars that it's lost since its inception.

22 Because that's not the Board's money.
23 It's not the LLC's money. That's my money, their money,
24 their money, that we have been subsidizing this thing
25 with for years. And you guys know it.

1 MR. THIEL: The only thing I would --
2 okay, go ahead and finish.

3 MR. HALL: I was going to say, the other
4 question I have is -- just real quick, and I will wrap it
5 up. You said -- I didn't hear about all of the
6 employees. I know that's an LLC, so it's not like the
7 Board here.

8 Is there any Board members that are
9 drawing a check from Hidden Creek?

10 MR. CRIGLER: No.

11 MR. THIEL: You have got to be kidding me.

12 MR. HALL: Well, it's an LLC. It's a
13 for-profit business. It's not out of realm to think it
14 could happen.

15 MR. MILLER: The answer to that question
16 is "No."

17 MR. HALL: Thank you.

18 MR. LYNCHARD: One thing, our bylaws say
19 that no Board member can receive compensation for their
20 services as a Board member. That's in our -- that's
21 written in our bylaws.

22 MR. HALL: I understand that. But that's
23 for here --

24 MR. LYNCHARD: No.

25 MR. HALL: With an LLC, I didn't know.

1 You know how people try to twist stuff. I mean, come on,
2 this is Navarre for God's sake.

3 MR. LYNCHARD: The reason you would be a
4 Board member out there is because you are a Board member
5 here. And if you are a Board member here, you can't
6 receive money because of the Board -- because of, you
7 know.

8 MR. HALL: I am just making sure we are
9 staying clean.

10 MR. MILLER: Mr. Cosby?

11 MR. COSBY: Kurt Cosby, 6839 Wallen
12 Street. Quick question based on the workshop that -- on
13 December 8th, y'all -- for the Club at Hidden Creek Golf
14 Course, y'all are still looking at 100K shortfall in the
15 budget. Correct?

16 MR. LINNELL: No.

17 MR. CRIGLER: No.

18 MR. THIEL: After the adjustment they did,
19 we are breaking even, basically.

20 MR. COSBY: And how much -- I didn't catch
21 the adjustments. I apologize.

22 MR. THIEL: We decreased some of the
23 expenses and we -- well, Jeff --

24 MR. CRIGLER: So there is three pages of
25 items here. It is essentially going back and getting

1 with the team and working -- where can we cut?

2 Looking at our revenue numbers, what are
3 our projections based on? What do we charge in the
4 future? So it's multiple things.

5 MR. COSBY: I didn't hear it right before
6 I left that morning that it's a 100K shortfall. Okay.
7 Thank you.

8 MR. MILLER: Okay. Bill?

9 MR. THIEL: I think I just want to make
10 one statement of correction. It is true that Holley
11 Navarre Water System paid a subsidy for the golf course
12 over the years. That started when we purchased the
13 property in 2012, I believe. Okay. So we have ten
14 years.

15 They have been a golf course operation on
16 that -- the estimate that we got from the staff was the
17 cost to run the spray -- the spray field expenses was
18 something north of \$314,000 a year.

19 It will take it over ten years -- that's
20 like \$3 million dollars. And so, I just wanted to
21 clarify that it's not all been a subsidy for the golf
22 course.

23 MR. LYNCHARD: Just one thing, Mr.
24 President. We did not buy the property. We purchased an
25 LLC. And the LLC owned that golf course.

1 them to spray there?

2 MR. LINNELL: No. I don't think that's an
3 accurate statement.

4 MR. THIEL: I don't think it is, either.

5 MR. LINNELL: The lease agreement
6 specifically said Holley Navarre -- I will paraphrase --
7 will repair any and everything having to do with the
8 spray field equipment when it breaks.

9 Paying to spray for water? No. And I
10 would contend we are still not. But the lease agreement
11 said anything breaks, Holley Navarre Water System has to
12 fix it.

13 MR. LYNCHARD: Is that correct, Phil?

14 MR. PHILLIPS: No.

15 MR. LINNELL: You don't think that is
16 correct?

17 MR. PHILLIPS: Holley Water, when the --
18 during the time prior to Holley Navarre purchasing the
19 LLC, Holley Navarre paid nothing for anything with two
20 exceptions: Both times, the capacity on the course was
21 expanded to benefit Holley Navarre Water System.

22 Holley Navarre Water System contributed
23 capital to Meadowbrook or whoever it was at the time to
24 expand the course. But they did not pay for any kind of
25 costs.

1 MR. LINNELL: I am not saying, "Pay." You
2 don't think that is what the lease says? All right. I
3 will look at the lease again this week.

4 MR. PHILLIPS: I wasn't -- are you talking
5 about the current lease?

6 MR. LINNELL: No. The one that was in
7 place before 2012.

8 MR. PHILLIPS: No.

9 MR. LINNELL: Okay.

10 MR. PHILLIPS: No. It didn't apply to
11 Holley Navarre to pay for anything. And, again, to the
12 best of my knowledge, Holley Navarre only wrote two
13 checks with regard to the golf course -- both times for
14 capital improvements to expand the course.

15 MR. LINNELL: I am looking at -- when I am
16 reading it, we will get a response.

17 (SPEAKING OVER EACH OTHER.)

18 MR. LINNELL: Yeah. I have got the
19 lease -- so, yeah, I will respond to the Board of
20 Directors, including Phil.

21 MR. HALL: Hypothetically, if Phil is
22 correct, we never paid to spray there before. So why are
23 paying there to spray there now when we own it? It's
24 kind of ludicrous, guys.

25 MR. MILLER: We are not paying to spray.

1 We are paying to maintain the equipment.

2 MR. HALL: Okay. I will redirect. Yeah.
3 All right. We never paid them anything before for
4 spraying or for equipment. But once we bought the LLC
5 eight years later, because -- and we can sit here and
6 debate spray field and non-spray field, but everybody but
7 a three-year-old on the street knows what is going on.

8 And that is that golf course was losing so
9 damn much money that they wouldn't even discuss the
10 finances in the meetings here. And over the years, it's
11 lost over half a million dollars every year, if not more.

12 But all of a sudden, because it's such a
13 black eye, we decided that we are going to start paying
14 for -- not spraying. We are going to make up some
15 numbers for equipment -- and I'm not saying, "Make up,"
16 sorry.

17 We are going to total some numbers for all
18 this stuff and now we are going to charge it against
19 Holley Navarre Water System and give them a credit.
20 Something that never happened in the past and even prior
21 to owning it, never existed.

22 MR. THIEL: I just wanted to restate one
23 point. If we stopped the golf course tomorrow, stop
24 operations of the golf course, yes, from the engineers,
25 next year, it's going to cost Holley Navarre Water System

1 \$315,000 to operate that spray field. Okay? You got
2 that? That's the fixed number.

3 MR. HALL: Okay.

4 MR. THIEL: Okay. With the golf course
5 operation on there now, we are estimating it's only going
6 to cost Holley Navarre Water System, instead of paying
7 part of those spray field expenses, \$190,000.

8 So that's a savings to the Holley Navarre
9 Water System members of --

10 MR. MILLER: \$125,000.

11 MR. THIEL: You can do the math. Now,
12 okay, that's the thing that we have never been able to
13 get across is that now, granted, before 2021, when I got
14 on the Board, I can't speak for that.

15 He was throwing money at it hand over fist
16 and things were -- I don't know what happened. Okay?
17 But we got on the Board. We established the OA, and we
18 tried to put some semblance in so we could tell the
19 public what the actual costs were going to be if the golf
20 course was not operating. And if it was operating, how
21 much the golf course was contributing to the membership.

22 And since 2021, if you add up all the
23 contributions that Holley Navarre Water System has given
24 to the golf course, it amounts to about \$300,000 in the
25 last three years, plus or minus a little bit.

1 MR. HALL: You said it was over 160 over
2 last year.

3 MR. LYNCHARD: Yeah. No. It was a lot
4 more than that.

5 MR. HALL: It's got to be more than
6 \$300,000.

7 MR. LYNCHARD: We have \$277,000 worth of
8 receivables from it.

9 MR. HALL: I am just saying --

10 MR. THIEL: We paid \$180,000 of that back,
11 Director Lynchard --

12 (SPEAKING OVER EACH OTHER.)

13 MR. LYNCHARD: Yeah. As of October 31st,
14 sir.

15 MR. HALL: You didn't want to buy it back
16 but you were ordered to pay it back. Let's get that
17 straight.

18 MR. THIEL: No. Because --

19 MR. HALL: No. Because you guys argued
20 about not wanting to pay it back. Then, they took a vote
21 and made you pay it back. And you and your little --

22 MR. MILLER: Okay --

23 MR. HALL: -- next to you voted against
24 it. I was here.

25 MR. MILLER: Let's let all comments happen

1 from the podium, please.

2 MR. HALL: Sorry.

3 MR. MILLER: Mr. Siler?

4 MR. SILER: Wes Siler, (unintelligible)
5 Court. To a degree somewhat echoing somewhere of what he
6 said and where he is coming from, I think, there is still
7 a divide here between the information you guys are
8 looking at and what we see.

9 I know you had a workshop. It was really
10 hard to hear on that video. But I heard that from so
11 many members and I feel that myself -- I know you guys
12 are well-intentioned. I know you are trying to make a
13 difference here. I appreciate Bill offering an
14 explanation to the Board.

15 But when doing members like this, it would
16 be so much more beneficial, we don't need everything that
17 you have. I understand there is some sensitive
18 information, but this doesn't tell me anything about, you
19 know, the operations of the golf course.

20 That's what I would like to talk to you
21 guys about. It's -- as you hit this new year, we would
22 love to see more in what you provide in these meetings
23 for us. Right?

24 Even if is a succinct diagram or package,
25 but there is stuff that flies across the screen, so the

1 screen is really quick and we don't see it. And that
2 leads to so much of the frustration that you hear from
3 citizens.

4 I know we are going to talk about a rate
5 increase among other things. But we can't keep track of
6 the numbers. It's impossible to have a discussion
7 responsibly and then just keeping track of the entities
8 between LLCs, non-profit, and everything else.

9 It's extremely confusing for the average
10 person. And, yet, that's where it is coming from -- so I
11 would encourage you guys to look at doing more for these
12 rules to help, you know, at least shrink down at least
13 some of the big decisions that y'all in a way that we can
14 understand. Thank you.

15 MR. MILLER: Thank you. All right. I am
16 going to call the vote. We had a motion to approve the
17 2024 proposed budget.

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

19 MR. LYNCHARD: Aye.

20 MR. LINNELL: Aye.

21 MR. THIEL: Aye.

22 MR. MATTHEWS: Aye.

23 MR. CRUMBLEY: Aye.

24 MR. MILLER: Nays or abstentions?

25 (NO AUDIBLE RESPONSE.)

1 MR. MILLER: Motion carries.

2 All right. We are going to move on to the
3 Municipal Engineering proposed budget. Mr. Crigler?

4 MR. CRIGLER: Yes. So Municipal
5 Engineering was also discussed at length in the workshop.
6 There has been no changes since that discussion. So we
7 are presenting the same version that was discussed at the
8 workshop essentially for approval.

9 MR. LYNCHARD: I make a motion to approve
10 this.

11 MR. LINNELL: Second.

12 MR. MILLER: We have a motion and a
13 second. Any discussion?

14 (NO AUDIBLE RESPONSE.)

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

16 MR. LYNCHARD: Aye.

17 MR. LINNELL: Aye.

18 MR. THIEL: Aye.

19 MR. MATTHEWS: Aye.

20 MR. CRUMBLEY: Aye.

21 MR. MILLER: Nays or abstentions?

22 (NO AUDIBLE RESPONSE.)

23 MR. MILLER: motion carries.

24 Okay. Item 6, cost of living adjustment.

25 Mr. Crigler?

1 MR. CRIGLER: Yeah. So we have this on
2 here as a separate item. Our wage budget for 2024 budget
3 is currently at two percent COLA. I would note that is
4 less than the -- if you look on the Government's
5 estimation as to what inflation and what COLAs are, they
6 are in the high 3's.

7 So this is a modest cost of living. It is
8 on the heels of two larger cost of living prior years,
9 but we think it is appropriate with the continued
10 increase in cost of goods and services.

11 MR. LYNCHARD: I make a motion we approve
12 the cost of living increase.

13 MR. LINNELL: I will second that.

14 MR. MILLER: All right. We have a motion
15 in the amount of two percent?

16 In the amount of two percent? Can I
17 clarify --

18 MR. LYNCHARD: Yes.

19 MR. MILLER: In the amount of two percent?

20 MR. LYNCHARD: In the amount of two
21 percent.

22 MR. MILLER: We have a motion and a
23 second. Any discussion on that?

24 (NO AUDIBLE RESPONSE.)

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

1 MR. LYNCHARD: Aye.

2 MR. LINNELL: Aye.

3 MR. THIEL: Aye.

4 MR. MATTHEWS: Aye.

5 MR. MILLER: Nays or abstentions?

6 MR. CRUMBLEY: Nay.

7 MR. MILLER: We have one nay? Okay.

8 MR. CRUMBLEY: I disagree with giving a
9 cost of living raise every single year.

10 MR. MILLER: Okay.

11 MR. CRUMBLEY: I don't think -- it's not
12 necessary.

13 MR. MILLER: All right. Motion carries.

14 All right. We have the --

15 MR. LINNELL: Did it carry 6-1?

16 MR. MILLER: It was 5-1, I believe.

17 MR. THIEL: 5-1.

18 MR. LINNELL: I can't count today.

19 MR. MILLER: All right. We have the
20 Holley Navarre Water System 2024 proposed budget. Mr.
21 Crigler?

22 MR. CRIGLER: Yes. This budget contains a
23 few things. I will note that it's had very minor changes
24 since our workshop. We did adjust a few expense items.
25 I think the net result on that increased expenses by

1 around \$20,000. But no impact on the overall final
2 result.

3 This budget does include a 4.5 percent
4 rate increase. I do want to highlight kind of the
5 driving factors of why we really need that. I think it's
6 important.

7 The first one, as I mentioned with the
8 cost of living, really increased cost of goods and
9 services and taxes. We see it on everything from
10 chemicals to, you know, having contractors do work. So
11 we were feeling it.

12 Second one is just the demographics of the
13 system. Growth from this system is just not continuing
14 up. It is leveling off. I wouldn't call our system
15 built-out, but we are getting there.

16 So demographics are not really in our
17 favor. Our members actually do a good job of water
18 conservation. That works kind of against revenue in a
19 way, so I think our per capita -- what's our per capita,
20 Phil, 100 and --

21 MR. PHILLIPS: It was 157-ish. That is
22 not per capita. That is per residential address
23 connection. It went up this year. And, you know, I
24 don't have that number in my head, but I would say --

25 MR. SNYDER: Lower 160s?

1 MR. PHILLIPS: Yeah. I was just going to
2 say 162 -- don't quote me. Y'all saw the graph the other
3 day. I just can't remember what that number is, but I
4 think it's in the real low 160s.

5 MR. CRIGLER: Right. And the last piece
6 that is really driving the need is just our capital
7 needs. We have an aging system that has to be taken care
8 of. So we have a good capital plan to address that and
9 those are kind of really what is driving the need for
10 this.

11 As I mentioned, it includes the COLA --

12 MR. MILLER: Okay. So staff's
13 recommendation is to approve the 2024 proposed budget
14 with included COLA, four and a half percent rate increase
15 to water and sewer, based rates and tiered rates, and CIP
16 plan to be presented at the annual meeting of the members
17 for acceptance and direct staff to use the 2024 proposed
18 budgets for operations from January 1 until the budget is
19 approved at the annual meeting of the members on January
20 16th, 2024.

21 I would like to have that motion made, if
22 somebody is willing to make that.

23 MR. LINNELL: So moved. Have you read it?

24 MR. LYNCHARD: Yeah. I think we need to
25 approve -- you said somebody needs to make a motion to

1 use the proposed budget for operations from January 1st
2 until a budget is approved at the annual meeting.

3 MR. THIEL: That's what he said.

4 MR. MILLER: It's in there.

5 MR. THIEL: That's what he said.

6 MR. LYNCHARD: So where does it say
7 approve the 2024 proposed budget?

8 MR. CRUMBLEY: This says budget, but we
9 could change that to a budget.

10 MR. LINNELL: Well, you have got to read
11 the whole thing. It says approve this budget to be
12 presented at the meeting. That's all it says. It does
13 not say approve the budget --

14 MR. MILLER: Until the budget is approved
15 at the annual meeting.

16 MR. LINNELL: It will be presented at the
17 meeting. And you said January 1. That's what I
18 remember. Is that what was meant?

19 MR. THIEL: I make a motion to approve the
20 20 --

21 MR. MILLER: We had a motion.

22 MR. THIEL: What the President has read.

23 MR. MILLER: We had a motion. We need a
24 second.

25 MR. THIEL: Second.

1 MR. MILLER: We have a motion and a
2 second.

3 MR. LYNCHARD: Can you read the motion
4 again?

5 MR. MILLER: I will read the motion again.
6 It's to approve the 2024 proposed budget with included
7 COLA, four and a half percent rate increase to -- rate
8 increase to water and sewer base rates and tiered rates
9 and CIP plan to be presented at the annual meeting of the
10 members for acceptance and direct staff to use the 2024
11 proposed budget for operation from January 1, 2024, until
12 the budget is approved at the annual meeting of the
13 members on January 16, 2024.

14 That was the motion. That was the second.
15 Any discussion from the Board? Ms. Reynolds?

16 MR. LYNCHARD: I just don't like it where
17 in your motion you are saying approve the 2024 budget.

18 MR. CRUMBLEY: For presentation.

19 MR. LYNCHARD: For acceptance at the
20 annual meeting.

21 MR. CRUMBLEY: For members to accept it.

22 MR. MILLER: Yes. We are approving it to
23 be presented at the annual meeting.

24 MR. CRUMBLEY: Jeff, real quick. I'm
25 sorry. The 4.5 rate increase, how did that number -- why

1 did we pick that number?

2 MR. CRIGLER: Essentially, you use the
3 financial analysis with the cash flows. Part of what is
4 in the packet here is us establishing a financial
5 reserve. For us to keep that financial reserve at the
6 level we want to keep it, the rate increase provides
7 additional revenue so we can have that cash flow and keep
8 that reserve. There is no cash flow --

9 MR. LYNCHARD: Where is this four and a
10 half percent in relation to the consumer price index or
11 the inflation for the past 12 months?

12 MR. CRIGLER: So through October, the CPI
13 was 3.2. Annual inflation is at 3.7. Those might be a
14 month old.

15 MR. LYNCHARD: Is there any estimates of
16 what it is going to be at the end of the year or what it
17 is going to be for the 12 months?

18 MR. CRIGLER: I haven't seen any yet.

19 MR. CRUMBLEY: I just see us as part of
20 the avalanche. I mean, it's -- we are getting squeezed
21 from every side these days except for gasoline prices,
22 thank God. But, you know, five percent increase doesn't
23 sound like much, but everything else is going up
24 exponentially. That's a hard number for me to swallow.

25 MR. THIEL: It was for me, too, initially,

1 when I looked at it because of the fact that we are
2 showing a million dollar profit to date this year
3 already. But we talked during the budget thing, you
4 know, a lot of expenses are going to come to fruition
5 next year with the Eglin project. And we have to plan
6 ahead for that because there is going to be some
7 significant expenses we are going to have to pay out of
8 that, too. So, you know, it's --

9 MR. MATTHEWS: That's where I was, too. I
10 didn't want to raise rates, but --

11 MR. THIEL: I didn't want to raise them,
12 either, but I took a look at the numbers. And if you
13 want to have a rainy day fund or whatever you want to
14 call it --

15 MR. MATTHEWS: We are going to spend a lot
16 of money in the next couple of years.

17 MR. THIEL: -- you are going to spend a
18 lot of money in the next couple years. And if we want to
19 keep that rainy day fund in the Operations budget, you
20 have to do it.

21 MR. MILLER: And it's not just for
22 expansion efforts. It's for maintaining our existing
23 infrastructure that we have.

24 Any other Board discussion?

25 Ms. Reynolds?

1 MS. REYNOLDS: Yes. Thank you. Carmen
2 Reynolds, Navarre. This is like deja vu of last year
3 when I very respectfully asked for more information,
4 because what you expedite on the slides, we can't see
5 permanently. And it just -- it just vanishes and we
6 don't have information to base your decisions on.

7 For example, the MESI budget. Don't know
8 what that entailed, but back to the matter at hand, the
9 proposed budget increase. This happens every year and
10 every year I respectfully ask for details.

11 For example, these are generalities:
12 Increased cost of goods and services. Growth is leveling
13 off. Members are good at conserving water. An aging
14 system.

15 How much is going to each of these things?
16 What will be dedicated to your equipment replacement
17 program? Your CIP program? Specifics as to how this is
18 going to be used to justify this percentage increase.

19 So I will comment again that when y'all
20 proposed an increase, the members really deserve to know
21 what you are going to match that increase to specifically
22 and what line items. That gives us more confidence in
23 your decision and that you are not just throwing a number
24 up at the wall and giving us generalities.

25 Specifically, I would offer this. The

1 aging system comment. I have spoken before of the Hazard
2 Mitigation grants. Gulf Breeze right now is enjoying a
3 large -- millions of dollars worth of grants that they
4 have been able to get in the area there off New Hope Road
5 where they have got aging infrastructure with their water
6 lines. They are practical getting all of it replaced
7 through grants.

8 And we have talked before about first
9 edition and second edition. So there is an answer for
10 the -- that part of some of the aging infrastructure.

11 Secondly, frugality. If you are going to
12 ask the members for rate increases constantly every year,
13 most COLAs, this is glaring. I believe that this Water
14 System should institute from the membership cost savings
15 measures that you all can capitalize on, be proud of, and
16 use as an exemplary example of the fact that it's a
17 win-win from the staff, from the employees, and you
18 expect the membership to pass those rate increases on to
19 them.

20 Lastly, spend downs that happen at the end
21 of the year. In December, right before the tax return is
22 coming up to show that this non-profit is not having
23 exorbitant profits.

24 If those spend downs are occurring in
25 light of this projected rate increase year after year,

1 those should not be happening. There should be more
2 accurate utilization of our dollars and --

3 MR. LYNCHARD: Those aren't happening --

4 MS. REYNOLDS: Say again?

5 MR. LYNCHARD: Spending down at the end of
6 the year -- I just want to get that clear --

7 MR. THIEL: That's not --

8 MR. LYNCHARD: That doesn't happen here.

9 MS. REYNOLDS: Okay. So the year when all
10 the employees were directed whether they were field
11 workers or not, to buy two pairs of boots, to spend money
12 down, that did not occur?

13 MR. LYNCHARD: When did that happen?

14 MS. REYNOLDS: I was trying to get some
15 clarification on it, but --

16 MR. LYNCHARD: Did that ever happen?

17 MR. THIEL: I think that's an urban
18 legend.

19 MR. LYNCHARD: Yeah. It never happened.

20 MR. PHILLIPS: Not at least since 2014.

21 MR. THIEL: Maybe on Facebook or Twitter,
22 but it didn't happen in real life.

23 MS. REYNOLDS: Okay. Thank you for
24 answering that. And, finally, I think that the grant --
25 the utilization of the grants as I hear the plight of the

1 system, I think with the utilization of grants could
2 really really help the system. And I will leave you with
3 that. Thank you.

4 MR. MILLER: That's Item 9 on our agenda.
5 Yes.

6 Mr. Siler?

7 MR. SILER: Yeah. I would just -- I would
8 second everything that she said. And it sounds like this
9 is not the final thing. You have a few weeks. Please
10 use the time that you have to present the case to the
11 members as well.

12 Sounds like some of you have had
13 discussions that have made more sense. That's fine. But
14 share that knowledge on paper for us so we can get our
15 minds around it. Because the people are watching. And
16 they are expecting the system to be different than what
17 Carmen is saying. It feels a lot like deja vu. You
18 don't want to go through this again and again.

19 And when we hear, okay, the system is
20 doing well. Director Daryl Lynchard said early on that
21 we are where we are supposed to be in the budget. Right?

22 Then, why are we having rate increases?
23 Right? That's what we want to figure out. If there is a
24 short-term need or emergency, that is one thing. But if
25 this is business as usual, then it is unacceptable.

1 So try to figure out a way to be able to
2 get out of this so we don't have to do this every year.
3 So Carmen has given you some good ideas. I know a lot of
4 people here care deeply about the system. They are eager
5 to help, so just give us a way to do that. Thank you.

6 MR. MILLER: I would just like to point
7 out to your comment and to everyone in the room that one
8 of the factors that -- and one of our biggest expenses is
9 wages.

10 And the voters in the State of Florida
11 voted for a minimum wage increase for a dollar a year for
12 five years. And so, you know, for us to be able to
13 attract and retain employees, we have to offer a
14 competitive wage. If they can go to What-A-Burger and
15 make \$17 an hour, why would they come and work outside in
16 the hot sun and the cold in the middle of the night and
17 that kind of thing to work here? So we have got to be
18 able to pay a competitive wage.

19 And when the minimum wage is going up, our
20 wages have to adjust accordingly as well as the cost of
21 living, inflation, you know, all of that affects the
22 Holley Navarre Water System employees spending power.

23 MR. SILER: Do you publish those wages
24 online?

25 MR. MILLER: We do not publish people's

1 wages.

2 MR. SILER: Well, if you could provide
3 that --

4 MR. MILLER: Well, that is private. What
5 somebody makes is private.

6 MR. SILER: Okay.

7 MR. MILLER: We publish the total wages,
8 but we don't publish individual job position wages.

9 MR. SILER: It's when people -- because
10 guess who is paying for that? It's us; right? It's the
11 membership. That's the transparency problem that we
12 still have. We are paying those folks' wages, but very
13 few people know that information. We don't see that,
14 especially something as simple as this.

15 I am not going after any one person. I am
16 simply saying seeing those costs laid out on a sheet,
17 seeing, you know, the major projects they are talking
18 about. I understand the RIBS are a huge part of that.
19 Seeing those numbers for the members helps us understand
20 "This is why we are having to do this."

21 Getting the generalities, getting info
22 about numbers really doesn't help. It doesn't build
23 confidence as to why this is happening. And so, we have
24 the year of debating about the golf course or the spray
25 field, this, that, or the other. Then, we get to this

1 point where now the membership springs for -- that's
2 where the frustration comes from.

3 And I want you guys to succeed. I really
4 do. I want us to get past this break. We have made so
5 much progress with Jeff, and, you know, the audit and
6 everything that -- you can see how he is working through
7 that. And that is great. That's what I would love to
8 see from you guys in the next couple of years is here's
9 our plan so we don't have this next year.

10 That's what we want to see. That's what
11 we haven't heard is 2024, I see it right there, doesn't
12 look good for a five percent increase.

13 What are we going to do in 2025? Do the
14 same thing? 2026? What are we going to do? If this is
15 just business as usual, I think people are fed up with
16 that. We have seen where a lot of that money goes,
17 haven't we, over the past year? It's not just paying
18 wages.

19 MR. MILLER: It would depend on what
20 expenses are whether or not there is a rate increase next
21 year. But the minimum wage is going to go up another
22 dollar next year and a dollar the following year.

23 MR. SILER: I understand. We have also
24 been through an audit for a reason. Because there was a
25 lot of money going to other places; right? Plus all the

1 expense we have been through.

2 We want to see those things stop
3 happening. And if the money is used responsibly, people
4 are a lot more tolerant of what you have to do. When
5 they don't have faith in the system, when they don't
6 trust where it is going, that's where the questions comes
7 and that's when lack of transparency kills you. We are
8 trying to help. But those are things that people want to
9 see.

10 MR. MILLER: Okay. Mr. Hall?

11 MR. HALL: Harlan Hall. Just real quick.
12 Mr. Miller, I respect you as the President here. I am
13 sorry I lost my temper when I was up here last time.

14 I apologize to you, Mr. Thiel. But these
15 are hot button issues to me. And, unfortunately,
16 sometimes, I lose my temper over it, and I apologize.

17 MR. MILLER: Okay. Thank you.

18 MR. HALL: That's all I have.

19 MR. MILLER: Ms. Reynolds?

20 MS. REYNOLDS: Carmen Reynolds, Navarre.
21 Director Lynchard, for the record, I just wanted to
22 correct something. When I talked about spend downs from
23 the Form 930s as recently as two years ago, there were
24 spend downs being made to charitable non-profits in the
25 town and I understand that.

1 But I brought it up and it has since been
2 discontinued. There was, you know, \$1,000 here,
3 whatever, and it is on the Form 990s.

4 MR. LYNCHARD: Okay. But you are talking
5 about the 990, which is an annual return which shows a
6 number for the entire year.

7 MS. REYNOLDS: Correct.

8 MR. LYNCHARD: So that could have been
9 spent in January. It could have been spent in February.
10 Could have been spent all through the year. But what you
11 insinuated was that at the end of the year, we spend as
12 much money as we possibly can on these things to increase
13 our expenses and make it where it looks right. That is
14 incorrect. That's what I am talking about.

15 We need to be clear because we are
16 live-streaming this and I don't want anybody out there to
17 get the wrong idea.

18 MS. REYNOLDS: I stand corrected, but it's
19 very difficult in light of that, that procedure has been
20 discontinued because I shed light on it. Thankfully, you
21 guys stopped that. But to base a rate increase on the
22 system when that kind of stuff was going out the door
23 without the members' knowledge or approval was very
24 questionable. And that was one of the things I was
25 referring to.

1 I use the word combat boots. You said it
2 was an urban legend or whatever. But the point I was
3 trying to make was frugality and cost savings. If some
4 program could be instituted within the Water System where
5 the employees can come up with cost-saving measures and
6 be distinguished for doing so, that would go a long way
7 to show that we are all working toward the same goal.
8 Thank you.

9 MR. MILLER: Thank you. Okay. Any
10 further discussion? Our motion -- I am not going to read
11 the motion again.

12 All in favor say "Aye"?

13 MR. LINNELL: Aye.

14 MR. THIEL: Aye.

15 MR. MATTHEWS: Aye.

16 MR. MILLER: Nays or abstentions?

17 MR. LYNCHARD: Me.

18 MR. CRUMBLEY: Nay.

19 MR. MILLER: Wait a minute.

20 All in favor of the motion say "Aye," by a
21 show of hands?

22 MR. LINNELL: Aye.

23 MR. THIEL: Aye.

24 MR. MATTHEWS: Aye.

25 MR. MILLER: We have got three ayes. Nays

1 or abstentions?

2 MR. LYNCHARD: Nay.

3 MR. CRUMBLEY: Nay.

4 MR. MILLER: Don, did you vote?

5 MR. LINNELL: Yes. I said, "Aye."

6 MR. MILLER: You said "Aye." So it's four
7 to two. Motion carries.

8 Okay. We are onto our reserve fund
9 policy. Mr. Crigler?

10 MR. CRIGLER: Yes. So we were directed to
11 come up with this policy as part of our budget process.
12 This is basically where we are proposing a reserve that
13 consists of 45 days of operating expenses.

14 And one of the main situations is this
15 protects us again, whether it be from a natural disaster
16 where a hurricane hits this area and we are just, we are
17 out of business for a little while and can't get rolling.
18 People have to move away. That's the scenario.

19 The other scenario is some very large
20 emergency repair of infrastructure failure. So we did do
21 some research. We looked at some of the industry
22 standards. 45 days is well within those standards.

23 We are proposing that come out of our two
24 operating accounts for the reserve and that total amounts
25 to about -- just \$1.6 million keeping those accounts.

1 MR. LINNELL: I thought the 45 days was on
2 the short end of the --

3 MR. CRIGLER: It's a range.

4 MR. THIEL: The biggest thing to me -- and
5 it happened before I came on the Board was when several
6 years back, they made a mistake and floated a clarifier
7 and that cost us a million dollars to fix. So that's the
8 kind of things we are talking about, for people to fix
9 that. Because if you don't have it, then you have to
10 come up with that money. You can borrow it, I guess. Is
11 that not a true statement, Phil?

12 MR. LYNCHARD: It's 1.4.

13 MR. PHILLIPS: Speaking how utilities do
14 it, utilities do it lots of different ways from anything
15 from bare cash flow and recognition that the borrowing
16 power is still good to, you know, not wanting to borrow
17 anything. Or the borrowing power not being very good to
18 60 or 90 days on what we call the unrestricted side. It
19 just depends.

20 MR. THIEL: And this was a request, I
21 believe, or it was commented that we come up with an
22 emergency funding at one time. Ms. Reynolds, I believe
23 you talked about that and thought that was a good idea.
24 So this is in response to that.

25 MR. PHILLIPS: The 45 days -- the 45 days

1 pretty much coincidentally matches generally the cash in
2 the bank at this point in time.

3 MR. THIEL: The big thing for me is if a
4 catastrophic event or something happens and we do make a
5 huge mistake and we have a big bill to pay at the
6 wastewater treatment plant to install a new clarifier.
7 That's my two cents.

8 MR. LYNCHARD: I make a motion to
9 establish a reserve amount within our operating account
10 of 45 days, which is currently \$1,595,326. Since it's 45
11 days, management will bring to the Board in December, our
12 December meeting each year, any changes that need to be
13 made to the amount for presentation.

14 MR. LINNELL: I will second that.

15 MR. MILLER: So to clarify, your motion
16 approves the policy as it's been presented to us?

17 MR. LYNCHARD: No. My motion, it kind
18 of -- it approves 45 days, which is currently \$1,595,326.

19 But if you make it for that amount, then
20 you are going to have to make a new motion every time you
21 want to change that amount. If you make it 45 days and
22 have management present, what, once a year what 45 days
23 is, then it can be approved.

24 MR. PHILLIPS: I think for Jeff's and
25 Barbara's benefit, just to clarify, I think there is some

1 language in the policy about how that cash flow occurs
2 during the month. Or when that balance is actually
3 maintained.

4 MS. CARAWAN: It would be a cash average.

5 MR. PHILLIPS: Yeah. So just to clarify,
6 Daryl, I think the words in the policy count as well as
7 the amount.

8 MR. LYNCHARD: Okay. Well, that's it. I
9 just make a motion to approve the policy as presented.

10 MR. PHILLIPS: Or the policy with that
11 number instead of the policy with 45 days. I wasn't
12 telling you not to do what you are suggesting --

13 MR. LYNCHARD: Yeah. I like the 45 days
14 rather than the number.

15 MR. PHILLIPS: I was only suggesting that
16 if you cut the policy out, it get weird for these guys
17 trying to figure out every month when they have to write
18 a check. "Oh, do I have to wait for members to pay?"

19 Do you see what I am saying?

20 MR. LYNCHARD: Yeah. You are right.

21 MR. PHILLIPS: Because you are right at
22 the number right now.

23 MR. LYNCHARD: Okay. Just -- so I retract
24 the motion and make a motion to approve the policy as
25 presented.

1 MR. MILLER: Okay. Do we have an amended
2 second?

3 MR. CRUMBLEY: Second.

4 MR. LINNELL: No. Not for me.

5 MR. MILLER: Okay.

6 MR. LINNELL: Not without some questions.
7 I don't like just having the number in there. I didn't
8 think Daryl did say it. It caught me by surprise.

9 We are going to have to change it again
10 next year and the year after that and the year after
11 that. The dollar amount is going to change every year.
12 So we either set the policy and say we have to maintain
13 for 45 days. Staff, tell us what that is every January
14 so we know.

15 Or tell us the number because we have to
16 update the policy every year.

17 MR. CRIGLER: We made it part of the
18 budget process this year. There is no reason it couldn't
19 just be part of the budget process. It comes back each
20 year. You will have to look at it, anyways.

21 MR. LINNELL: The policy was it cannot not
22 drop below 1,595,326.

23 MR. CRIGLER: That's correct.

24 MR. LINNELL: Okay. Next year, 1.7 might
25 be needed, but it doesn't have to stay at 1.7. It can

1 drop down to 1,595,326.

2 MR. MILLER: So --

3 MR. THIEL: Did you approve this? Did you
4 change your motion to approve it for 2024? And then,
5 subject to adjustment in the budgeting process for
6 follow-on years?

7 MR. LINNELL: I apologize, Director Thiel.
8 Daryl and I were having a side conversation. Could you
9 repeat the question?

10 MR. THIEL: I said, would you support
11 approving the number as presented for the next year for
12 2024 and subject to reconsideration and reworking the
13 budgeting process for approval as part of our future
14 budgets?

15 MR. LINNELL: Sure. If that is what we
16 want to do, that's -- we can do that. That's the thing I
17 wanted to try to get away from doing this every year.
18 Instead of just saying, we want to be able to sustain
19 ourselves for 45 days.

20 MR. CRUMBLEY: We are going to approve a
21 budget every year.

22 MR. THIEL: You approve a budget every
23 year, so it's part of it.

24 MR. CRUMBLEY: Anyways --

25 MR. MILLER: And I think the Board is

1 going to want to know what that number is every year as
2 part of the budget.

3 MR. THIEL: Yes, they will.

4 MR. MILLER: But for this year, it's
5 1,595,000. Okay. I am going to call the vote.

6 All in favor say "Aye"?

7 MR. LYNCHARD: Aye.

8 MR. LINNELL: Aye.

9 MR. THIEL: Aye.

10 MR. MATTHEWS: Aye.

11 MR. CRUMBLEY: Aye.

12 MR. MILLER: Oh, I'm sorry.

13 MR. COSBY: Kurt Cosby. What is the
14 action if it falls below?

15 MR. THIEL: We won't know if it falls
16 below unless something catastrophic happens. If you
17 don't use it, it doesn't change --

18 MR. COSBY: I understand that. But if
19 it -- there has got to be some kind of -- for you guys to
20 do to put this into effect. There has got to be an
21 action one way or the other depending on --

22 MR. MILLER: We would be looking at
23 spending cuts, and, you know, to stay above that number,
24 we are not going to cut it all the way down to that
25 number, but, you know, you start getting close to that

1 number, that's when you have to start doing spending cuts
2 and hiring freezes and --

3 MR. COSBY: Nobody was talking about it,
4 so I just want to clarify. There is some kind of action
5 that has to be taken.

6 MR. LYNCHARD: Right.

7 MR. LINNELL: So just following on what
8 Mr. Cosby said, it's not a daily look. The policy says
9 based on a three-month cash average. So it can drop
10 below as far as within that three months. If the average
11 is above 1,595,000, we are fine. It is not something
12 that has to be looked at daily.

13 MR. MILLER: Right.

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

15 MR. LYNCHARD: Aye.

16 MR. LINNELL: Aye.

17 MR. THIEL: Aye.

18 MR. MATTHEWS: Aye.

19 MR. CRUMBLEY: Aye.

20 MR. MILLER: Nays or abstentions?

21 (NO AUDIBLE RESPONSE.)

22 MR. MILLER: Motion carries.

23 Item 9 is septic to sewer funding
24 discussion. Mr. Crigler?

25 MR. CRIGLER: Who seconded that? I'm

1 sorry.

2 MR. CRUMBLEY: I did the second time.

3 MR. CRIGLER: Sorry.

4 MR. MILLER: Septic to sewer.

5 MR. CRIGLER: All right. So Santa Rosa
6 County is putting together a grant application on our
7 behalf. It includes not only us, but some other utility
8 systems in the County. Pace Water System is involved as
9 well as some others.

10 They submitted this application for sewer
11 expansion and we have received a couple of requests from
12 the County, so we kind of wanted to update the Board on
13 the project in general. We are requesting funding for --
14 as well as the request that the County has made.

15 So the project we are talking about is in
16 the vicinity of Tom King Bayou. These are homes
17 essentially on the water body on the side of Tom King
18 Bayou. There are six total phases we have identified.

19 This funding requests the first three and
20 I will show some slides in a minute to show where these
21 projects are actually at. First three pages total about
22 \$3.4 million. There's maps required on our part through
23 the engineering of funding to receive these funds.

24 And then, I note that the grant does
25 include some of the private side costs, which is the

1 done in the past on a sewer project. The second thing
2 they have asked for in our application is that we offer
3 some kind of credit for just wastewater. We will talk
4 about that as well.

5 First, notification letters. It's State
6 law that an owner must connect within a year. Written
7 notification by a utility system is available. And the
8 utility must also notify the customer one year prior to
9 the availability. That would be conceivably during
10 construction or right before the construction starts.

11 These notifications requirements are State
12 law. So part of that funding, Santa Rosa County has
13 asked that we send these letters. The second thing they
14 have asked for, which is more of kind of a discussion
15 topic is they would like us to offer a credit on our
16 wastewater impact fee for each person that ties in during
17 the first year of the system being available.

18 Once again, this is to improve -- kind of
19 the scoring of the application. We are not going to work
20 this grant. They have submitted it. They got comments
21 back from the funding agency and please talk to your
22 utilities you are applying on behalf of. See how they
23 will approach this project in these two areas.

24 MR. LYNCHARD: How much --

25 MR. CRIGLER: Go ahead.

1 MR. LYNCHARD: How much of the project are
2 they going to pay for?

3 MR. CRIGLER: All of it. It's 100
4 percent.

5 MR. PHILLIPS: Yeah. You are asking for
6 100 percent funding.

7 MR. LYNCHARD: If they are going to pay
8 100 percent of it, then --

9 MR. PHILLIPS: That's what has been asked
10 for, Daryl.

11 MR. LYNCHARD: Yeah. Then, we could --

12 MR. CRIGLER: Yeah. The impact fee, the
13 downstream improvement, the large pump stations will
14 impact the wastewater plants are not part of that.

15 If you want to credit the entire impact
16 fee --

17 MR. LYNCHARD: Yeah. You couldn't do the
18 entire -- unless you had had some other Governmental
19 agency.

20 MR. CRIGLER: The important comparison is
21 when a developer puts in a subdivision, he pays not only
22 for the infrastructure that are the pipes, the lift
23 station, but each house or each homeowner or builder
24 comes in and pays impact fees, so we get that
25 infrastructure paid for and we get the impact fees. And

1 that's how we are able to keep it at our treatment plant.

2 So from a financial perspective, it's hard
3 for us to credit. You know, we have all that -- or even
4 a major portion of it, it would be hard for us to
5 recommend that from a financial perspective.

6 Of course, these septic tanks abatement
7 programs, there is an environmental component. There is
8 a community component to them. We want to participate
9 with the County. So I think that's what we are kind of
10 discussing tonight is, you know, what our options might
11 be.

12 Director Miller and I talked about a
13 couple of things. One would be like a 25 percent
14 discount. That would encourage people to tie in during
15 the first year. After that first year the system being
16 available, it wouldn't be available to them.

17 Another one we talked about was a tiered
18 discount. It would encourage them to pay the impact fee
19 after the first time they receive a notice and then
20 another level after their one-year availability.

21 MR. LYNCHARD: Is this going to be a
22 mandatory connection within 12 months?

23 MR. CRUMBLEY: Yeah. Thank you.

24 MR. CRIGLER: Let me back up to that. So
25 the State law says that the owner must connect. It's not

1 been enforced. And it would be the Health Department
2 that would be that entity.

3 The Health Department regulates the septic
4 tanks. We offer them sewer.

5 MR. CRUMBLEY: So once the infrastructure
6 is built, the owners must tie into that at some point.

7 MR. MILLER: That's according to State
8 law, but there is no enforcement of that.

9 MR. PHILLIPS: So traditionally -- and
10 this isn't just Holley Navarre. This is northwest
11 Florida. Traditionally, the State law with regard to
12 requirement of connection within one year has not been
13 enforced by any party.

14 And with regard to Holley Navarre Water
15 System in the past, of course, Holley Navarre Water
16 System has applied for and received a bunch of community
17 block grant projects where the grant pays for the
18 installation of the lines and the right-of-way. And it
19 also pays for the connection of the low to moderate
20 income folks.

21 Neither Holley Navarre nor the Health
22 Department has ever enforced requiring anyone else to
23 connect within the one year. And, again, the mechanism
24 for connection like the slide show, there is a series of
25 steps that have to be being taken to force that

1 residential connection.

2 The first -- or one of which is giving
3 notice that it is now available and you have one year to
4 connect. No party has ever given that notice in Holley
5 Navarre's franchise area.

6 MR. CRUMBLEY: I am just wondering what
7 would the motivation be to -- if it goes bad?

8 But then, you go to sewer and you have to
9 pay every month. I mean, you know, I am just being
10 honest. I mean, there are certain drawbacks. I have
11 lived in houses with both septic and now sewer.

12 MR. CRIGLER: You will have to get
13 members. There will be people that want it and people
14 that are against it. It is a polarizing project.

15 MR. CRUMBLEY: Looking at the proposal, it
16 looks like they are wanting us to make these concessions
17 before they even decide they are going to give us this
18 grant.

19 MR. CRIGLER: Corey and I attended a
20 meeting with the County. The way it was phrased, what I
21 am understanding of it is they want to strengthen how the
22 application looks. And the feedback from the funding
23 agency is we don't want to give money to someone that is
24 not going to make people connect. We don't want to give
25 money unless there is some type of credit on the impact

1 fee to help the people that are connecting.

2 So those are two steep asks. And that's
3 why I wanted to bring it to the Board is we think it
4 warrants discussion. We are certainly not convinced on
5 the impact fee credit. But we also have some
6 reservations about that letter because we have to say --
7 the State law, that it had to happen, but it's the agency
8 coming behind it hasn't traditionally backed that up.

9 MR. LYNCHARD: Somebody make a phone call
10 in Tallahassee to the Health Department up here and says
11 you are not doing your job. We are fixing to send
12 somebody up there so they can do it for you.

13 Then, our members that have, you know,
14 come in under the assumption that they are not going to
15 have to connect, now they have to start to connect.

16 I think we need to do some looking or some
17 research and see if there are additional grants that can
18 connect people, especially in a project like this when
19 you have got properties that are adjacent to a body of
20 water.

21 MR. CRUMBLEY: Yeah.

22 MR. LYNCHARD: I think there probably
23 would be some Clean Water funds out there from Federal or
24 State or somewhere --

25 MR. PHILLIPS: So, to be fair, and you

1 correct me if I say this wrong. Currently in the ask is
2 money to connect the homes.

3 MR. LYNCHARD: Okay.

4 MR. PHILLIPS: But here is the problem. I
5 don't think any of us here understand. So we asked for
6 \$3.4 million and we have said that covers the first three
7 phases.

8 What happens if \$3.4 million doesn't cover
9 the entire construction of the first three phases
10 including how much money Corey put in there to connect
11 the homes and abandon the septic tanks?

12 Then, could the homeowners have a
13 liability? And could Holley Navarre Water have a
14 liability for construction? We don't know the answer to
15 that question, because you don't know any of the answers
16 until later.

17 So -- but to be fair, to your point, if
18 right now, if you ask for \$3.4 million and it covered the
19 entire cost of those three phases, including the
20 connection of the house and the abatement of the septic
21 tank, really, you are not asking someone to spend money.
22 It's being provided to them.

23 MR. CRUMBLEY: Okay.

24 MR. PHILLIPS: Fair enough?

25 MR. MATTHEWS: Are we on the hook for all

1 three phases?

2 MR. CRIGLER: He wasn't talking about the
3 impact --

4 (SPEAKING OVER EACH OTHER.)

5 MR. PHILLIPS: No. No. No. That
6 conversation I just had has nothing to do with impact
7 fees.

8 MR. CRIGLER: Construction costs only.

9 MR. PHILLIPS: Jeff's conversation with
10 regard to impact fees is completely and utterly true.
11 Every time impact fees have been calculated, they are
12 calculated on both residential and commercial entities.

13 But by far and large, the calculation is
14 based around what it takes to serve a residential house,
15 average residential house.

16 None of the construction in the
17 subdivision that that house exists in is included in that
18 impact fee. That \$4,250 doesn't include that, so it
19 does -- this grant gets rid of none of what that \$4,250
20 pays for.

21 MR. MATTHEWS: Now, are we on the hook for
22 all phases? What if we run out of money at Phase 2?
23 Let's say it's a go and we run out of money at Phase 2.
24 Are we on the hook for the --

25 MR. SNYDER: We are not on the hook right

1 now for anything and this is just the first three --

2 MR. PHILLIPS: And I would --

3 MR. MATTHEWS: No. I agree, but you sign
4 up --

5 MR. SNYDER: These would be -- it would be
6 unlucky if we open the bids and it's higher because those
7 estimates are made with such fluff --

8 MR. PHILLIPS: Hopefully.

9 MR. SNYDER: Yeah. Hopefully. But the
10 purpose behind it would be that there is no way we open
11 the bids and that it is higher than we expected. But the
12 way things have been going, it's --

13 MR. MATTHEWS: Like, I just mean --

14 MR. PHILLIPS: What I expect to your
15 point, too, Mike, is that whatever comes is going to come
16 to Holley Navarre, it is going to come in the form of
17 some type of grant agreement. You are going to
18 understand what the terms are before you accept that
19 grant agreement.

20 MR. SNYDER: Yeah.

21 MR. MATTHEWS: Yeah.

22 MR. SNYDER: So they will explain if we
23 actually are on the hook --

24 (SPEAKING OVER EACH OTHER.)

25 MR. MATTHEWS: That was my only --

1 MR. PHILLIPS: And also, in point of
2 fairness, I don't believe they are expecting an answer
3 off the discussion tonight.

4 MR. MATTHEWS: Sure.

5 MR. PHILLIPS: This is something that we
6 are putting out there to kind of gauge interest and
7 questions.

8 MR. MATTHEWS: Because capacity, too; huh?
9 It's quite a bit more; right?

10 MR. THIEL: Just to clarify in my mind, so
11 what you are saying, if I understand it, is that if they
12 award these, okay, it's going to cost Holley Navarre
13 Water System nothing to have the individual hook-up.

14 But that's not going to cover the impact
15 fees on the increased cost, the place where the increased
16 capacity that they are buying --

17 MR. PHILLIPS: Yes, sir. That is correct.
18 Two separate issues.

19 MR. DUNAWAY: I also think that it is
20 important to note that if you are asked and you do send a
21 notice letter, you have zero authority to enforce that
22 provision.

23 And the way that provision is enforced now
24 is if a homeowner on -- if a homeowner goes to get a
25 septic tank, that's permitted by the Health Department.

1 They have to get a note of availability
2 from the system engineer. If the system engineer of
3 Holley Navarre Water says, "Sewer is available," it's the
4 Health Department who is supposed to deny the permit for
5 the septic.

6 But if you are already on septic and your
7 septic is working, then there is no -- there is no
8 mechanism by which you and this Board or this entity have
9 legal authority to force someone to -- the sewer is here.
10 You have to connect. That's the statement --

11 MR. SNYDER: Also, if you do have a
12 working septic tank and it fails, you go for repair, it's
13 the same thing. They can deny the repair request.

14 (SPEAKING OVER EACH OTHER.)

15 MR. MILLER: One expectation usually is if
16 the rules point there is -- that the utility would begin
17 charging the customer for sewer, even though they are not
18 connected. That generally is -- no one has said anything
19 in this case. Correct?

20 MR. SNYDER: No.

21 MR. PHILLIPS: But that's generally the
22 expectation of what will occur.

23 MR. MILLER: I think -- I would like to
24 see us offer some kind of a discount on the impact fee
25 just to encourage people to connect. You know, a lot of

1 go. Personally, I live in Robledal on East Bay, I would
2 stroke you a check today if you hook me up to sewer.

3 MR. PHILLIPS: I am going to let -- I am
4 going to let Cory say this in his own words and I am sure
5 Jeff will agree with what he is about to say here, but
6 it's regarding the County's expectation.

7 MR. SNYDER: Yeah. So the expectation
8 that they are looking for now is to be able to
9 communicate back to the State what the Board's intentions
10 might be. So, for instance, if the Board is eventually
11 okay with sending out that letter, that's all the County
12 needs to hear now. We don't have to talk about what the
13 letter is going to be structured like or anything like
14 that.

15 And the same goes for the impact fees.
16 The Board doesn't even have to make a decision now about
17 what that is. It could be five percent. It could be 25.
18 But if we can go back to the County and say, "The Board
19 is willing to open up that discussion," then they can
20 tell the State that with confidence. And the State will
21 then look at the application as, you know, meeting their
22 expectations.

23 MR. CRUMBLEY: And I will say something
24 real quick regarding this specific amount of money, this
25 specific item. I think we should definitely show the

1 State that we are good partners. You know, we want the
2 water to be clean. We want the oysters to come back in
3 the Bay. We want this.

4 And I think we should do everything
5 financially that we can to make sure, you know, if it's a
6 discount on impact fees, I think -- I am definitely for
7 that as long as it makes financial sense for us, get this
8 money, get this project done.

9 In the future, we can make some money off
10 the sewage and turn that back around into the company --

11 MR. LYNCHARD: Just --

12 MR. CRUMBLEY: -- but, yeah I think we
13 should be -- I think we should show that we are good
14 partners and we are trying our best. Like I said, we
15 don't have to make any decisions today, but I definitely
16 would be for both the letter and --

17 MR. MATTHEWS: It sure moves getting those
18 people off septic easier. Something is better than
19 nothing. I don't know how you say that, you know.

20 MR. LYNCHARD: It does, but I have one
21 thing I want everyone to remember about. Whether you
22 discount it 5 percent, 25 percent, 50 percent, 100
23 percent, unless you have got some outside entity covering
24 that cost, that means that every other member in the
25 system covers that cost. It's not free.

1 It's a discount to them. It increases
2 everybody else's water bill. So the Board needs to
3 remember that.

4 MR. CRUMBLEY: That's what I meant when I
5 said financial. If it makes financial sense for us to do
6 that.

7 MR. THIEL: Because you are going to have
8 to increase the rates to cover what the impact is to keep
9 the infrastructure.

10 MR. LYNCHARD: Yeah. The \$40 million
11 dollars we spent on the sewer treatment plant, it's been
12 spent. We are trying to pay -- we have to pay for that
13 through the impact fees.

14 MR. MILLER: Okay. Any other Board
15 discussion?

16 (NO AUDIBLE RESPONSE.)

17 MR. MILLER: Ms. Reynolds?

18 MS. REYNOLDS: Yes. Carmen Reynolds,
19 Navarre. I have a couple comments, but I can only make
20 them once clarification is given on this \$4,250.

21 Are y'all saying that despite this grant
22 that there is still going to be a requirement for each
23 homeowner to pay \$4,250 for a hook-up?

24 And that is what you are talking about?
25 Who pays that? Okay. I will move on.

1 This is a commendable environmental
2 initiative or environmental sensitive grants. The Water
3 System can join in those accolades. The numbers that
4 were given, \$7.2 million, were those numbers given to you
5 by the County? Or did you provide those numbers?

6 MR. CRIGLER: I believe those are our
7 estimates for the project cost.

8 MS. REYNOLDS: Can you revise those
9 numbers for inflation so that there is no shortfall?

10 MR. PHILLIPS: We think, Carmen, that
11 those numbers do include inflation at its current rate.

12 MS. REYNOLDS: Okay.

13 MR. PHILLIPS: Construction is completely
14 different, though, sometimes, than CPI or normal
15 inflation.

16 MS. REYNOLDS: Right. But you have
17 already a bit of slack in them?

18 MR. PHILLIPS: We hope so. Yes, ma'am.

19 MS. REYNOLDS: And President Biden has
20 numerous, numerous initiatives for this -- these Clean
21 Water Grants, and I can have about five of those on
22 Mr. Crigler's desk in the morning.

23 MR. CRIGLER: Send them. Cool. We will
24 review them.

25 MS. REYNOLDS: Thank you.

1 MR. MILLER: Please state your name?

2 MR. WYCLIFF: I will. Jerry Wycliff, 2580
3 Cypress Point Circle. This doesn't -- it kind of bogs
4 the grant, but I am on the Architectural Committee at
5 Holley by the Sea.

6 And we are having a hard -- and our
7 covenants require that if sewer is available, they have
8 to hook up. Of course, we are doing this on new homes.
9 Right?

10 The staff is telling me -- that's why I
11 came to the meeting -- staff is telling me they just
12 cannot get from -- and I am not saying right or wrong
13 here. I am just telling you what they tell us -- that
14 they can't get a diagram or layout of where the sewer
15 exists at Holley by the Sea.

16 Because, just recently, we just found a
17 house that's got sewer -- I mean, septic, but it was
18 sewer on either side of that lot. Right.

19 So the builders are obviously doing the
20 septic because it is going to be cheaper. And nothing
21 against any builder, but that's kind of the way it goes.
22 So we would like to start enforcing that hooking on to
23 sewer, so we need something -- you know, it would be
24 great if we had from your GIS Department or something
25 like that for a layout, all of the streets where a sewer

1 is on each lot --

2 MR. PHILLIPS: The problem is Homeland
3 Security. And, you know, you used to -- an engineer or
4 someone used to be able to walk in this office and ask us
5 for a copy of the map of where the water and sewer was
6 and we freely gave it to them. You can't do that
7 anymore.

8 What Holley Navarre could do is develop a
9 process with the Homeowners Association such that, you
10 know, that information could be provided on a lot-by-lot
11 basis, but I don't know.

12 MR. SNYDER: We have to provide an updated
13 map to the Health Department every couple of months and
14 they reach out to me when they are unsure. So if the
15 lot -- if sewer is truly available to this lot, I would
16 be extremely surprised. That would be one in two years
17 that may have gotten by, but I can't -- I have a hard
18 time believing that --

19 MR. WYCLIFF: I am just relating what I
20 was told. It would be helpful. I am an engineer, too.
21 I am retired.

22 MR. SNYDER: If I knew what the lot was, I
23 could look it up, but I am willing to bet there is not
24 sewer available.

25 MR. WYCLIFF: And the house has already

1 been built. We just happened to find a house that is on
2 septic with sewer on either side of it, so --

3 MR. SNYDER: That doesn't mean sewer is
4 available necessarily. They are some outliers where a
5 developer would split lots and they will segregate that
6 house from the available sewer and that is on that
7 developer --

8 MR. WYCLIFF: There is a grinder pump at
9 this house, a grinder pump at this house, and a lot
10 between them. Okay?

11 MR. SNYDER: Yeah.

12 MR. WYCLIFF: Okay.

13 MR. CRIGLER: Regarding the map, though,
14 we have given -- you have seen the map we gave to Mr.
15 Hall?

16 MR. WYCLIFF: It doesn't have streets on
17 it.

18 MR. CRIGLER: Yeah. We need to revise
19 that, but we have already met and are working through
20 this issue, so if you want more information --

21 MR. WYCLIFF: My point is we have got 46
22 houses under construction. It's not like we can wait for
23 the map to be developed two months from now. It would be
24 very helpful --

25 MR. CRIGLER: Can you give us an address?

1 MR. SNYDER: If you give us an address, we
2 can do that.

3 MR. PHILLIPS: He will respond the day --

4 MR. WYCLIFF: Who do we give the address
5 to?

6 MR. SNYDER: Me. I will give you my name.

7 MR. WYCLIFF: All right. Thank you.

8 MR. CRIGLER: We on the same page there.

9 MR. WYCLIFF: I have just got one other
10 question about the sewer in all of those areas. Does
11 your price, the \$7.4 million, include booster pump
12 stations? Or will we need pump stations?

13 MR. SNYDER: Yes.

14 MR. WYCLIFF: Okay.

15 MR. MILLER: Okay. Any other discussion
16 on this item?

17 (NO AUDIBLE RESPONSE.)

18 MR. MILLER: Do we need an action to --

19 MR. CRIGLER: I think we need to bring
20 this information back to the Board is what I am hearing.

21 MR. MILLER: Okay.

22 (SPEAKING OVER EACH OTHER.)

23 MR. MILLER: All right. So that was the
24 end of our new business. We are on to engineering. Mr.
25 Philips?

1 MR. PHILLIPS: Oh, boy. I think that I&I
2 for the month was actually negligible. Let me open here.
3 And as I was speaking to Corey before the meeting, for
4 the next few months, you are really going to -- you are
5 really going to see, assuming we don't get a bunch of
6 rain, what the I&I really is.

7 You know, during the winter, your water
8 sold to customers truly reflects water use or uses that
9 come back to the wastewater system. Not a whole lot of
10 people out washing their car or watering their yard or
11 filling their swimming pool in the middle of the winter.

12 Like I said, I&I went to close to zero.
13 Clinton is not here to defend his water loss, which is
14 still below ten percent but has crept up a little bit to
15 9.1 percent this month. And I wish I could tell you if
16 there was something going on there, but I am not aware of
17 anything this month that they found or discovered.

18 So unless somebody has any questions about
19 capital improvement projects or those two items, I think
20 that's all of my report.

21 MR. MILLER: Any questions for Mr.
22 Phillips?

23 (NO AUDIBLE RESPONSE.)

24 MR. MILLER: All right. We are going to
25 move on to member forum. First on the list, Ms.

1 Reynolds, did you want to address the Board again?

2 No? Okay.

3 Bill Anderson, you're next on the list.

4 MR. ANDERSON: Thank you. Bill Anderson.

5 I would like to talk to you this evening about 3026
6 Clapton Circle, which is an undeveloped piece of
7 property, right up 87 here behind Emerald Coast Wildlife
8 Refuge.

9 So my wife and I travel extensively in
10 retirement. And because of that, we leave our water
11 shut-off valve closed and all the spigots on the property
12 itself open for any pipe break, during freezes, et
13 cetera, since we are gone a lot.

14 That was the case pretty much this entire
15 year. I believe, according to the usage, we had used two
16 gallons all year long because the water on that property
17 had been shut off all year.

18 We recently took an extended trip to India
19 that we just returned from. And the Saturday following
20 our return, my wife was opening up our water bill
21 expecting the minimum charge that we have been paying
22 each month all year because the water has been off.

23 Instead, it was \$3,959.94, at which point,
24 we waited until Monday morning to come talk to your good
25 people in the front office. They pulled all the reports.

1 And what they found was on the 4th of November round
2 about 1400, somebody had apparently opened our water
3 shut-off valve.

4 So the water ran continuously until we
5 discovered that this Saturday on the 16th of December.
6 So your good folks in the front office said that there is
7 this progressive policy and has given a one-time
8 catastrophic protection, if you will, to property owners
9 in situations like this.

10 Unfortunately, our episode, while we were
11 out of the country, happened across months. So my ask to
12 you is rather than it being by month, if you would
13 approve the one-time waiver of these fees from the 11-4,
14 when that valve was turned off until the 12-16 when we
15 discovered that it was still on.

16 MR. MILLER: Okay. Any discussion from
17 the Board?

18 MR. LYNCHARD: Mr. President, I would like
19 to make a motion that we, for this particular event, we
20 average -- we combine the -- we give the member a
21 12-month average bill for November and December of this
22 year as a one-time exclusion or as a one-time
23 forgiveness.

24 (SPEAKING OVER EACH OTHER.)

25 MR. PHILLIPS: Exclude two months --

1 MR. CRUMBLEY: You have been paying the
2 minimum, correct, the whole year?

3 MR. ANDERSON: We have had no usage all
4 year long because the water was off. And it was off when
5 we left the country.

6 MR. LYNCHARD: Charge him average month --

7 MR. PHILLIPS: And it's got to go to zero
8 if he only used two gallons the rest of the year. His
9 bill is --

10 (SPEAKING OVER EACH OTHER.)

11 MR. MILLER: He will pay the base charge.

12 MR. LYNCHARD: Correct.

13 MR. CRIGLER: He is now signed up for the
14 member portal. He wasn't before. Now he is signed up --

15 MR. MATTHEWS: Oh, no. I meant the water,
16 that constant, it doesn't ping --

17 MR. SNYDER: Over three months, there was
18 a lot over one, it probably wasn't enough to throw a red
19 flag -- it probably looked like normal usage had been on
20 and it just wasn't.

21 MR. MATTHEWS: Yeah. 3,000 --

22 MR. PHILLIPS: So only if he had the alarm
23 set up online would it have pinged him.

24 MR. ANDERSON: I would just like to say
25 you guys staff has been excellent throughout this, very

1 helpful, trying to get to the bottom of it.

2 Emerald got me smart on these alerts,
3 which we have now set up. The only other thing I guess I
4 would ask help with, other than forgiveness, is the valve
5 isn't lockable.

6 In our discussion, we thought that perhaps
7 there was a way for me to lock this valve closed to
8 prevent things like this occurring in the future.

9 MR. CRUMBLEY: Can't you just put a lock
10 on the curb stop?

11 MR. PHILLIPS: Well, technically --

12 MR. CRIGLER: You can't lock on our side
13 of the meter, but you can put in a valve and lock it on
14 your side.

15 MR. PHILLIPS: Technically, we can't tell
16 you to lock our side. No one is going to go look, but
17 you can put one on your side.

18 MR. THIEL: I will second the motion.

19 MR. MILLER: Thank you, Bill. I was going
20 to look for a second. All right. We had a motion and a
21 second. Any discussion on this?

22 (NO AUDIBLE RESPONSE.)

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

24 MR. LYNCHARD: Aye.

25 MR. LINNELL: Aye.

1 MR. THIEL: Aye.

2 MR. MATTHEWS: Aye.

3 MR. CRUMBLEY: Aye.

4 MR. MILLER: Nays or abstentions?

5 (NO AUDIBLE RESPONSE.)

6 MR. MILLER: Motion carries.

7 MR. ANDERSON: Thank you, gentlemen.

8 MR. MILLER: Yeah. Thank you for coming.

9 All right. Mr. Siler, you are on the
10 list.

11 MR. SILER: Yeah.

12 MR. MILLER: That ends our public forum.

13 MR. DUNAWAY: Mr. President, before you
14 end, I just noted that in your approved minutes of
15 November 21st, you do have a -- there was one scribner's
16 error. It listed Will Stokes as having attended that
17 meeting, but that was me.

18 MR. CRIGLER: That was October? Yeah.

19 MR. DUNAWAY: He attended October. I was
20 here in November. Sorry for not catching that earlier.

21 MR. MILLER: Thank you. We will get that
22 change made. All right. Do I have a motion to adjourn?

23 MR. LYNCHARD: So moved.

24 MR. MILLER: Second?

25 MR. LINNELL: Second.

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

2 MR. LYNCHARD: Aye.

3 MR. LINNELL: Aye.

4 MR. THIEL: Aye.

5 MR. MATTHEWS: Aye.

6 MR. CRUMBLEY: Aye.

7 MR. MILLER: Any opposed?

8 (NO AUDIBLE RESPONSE.)

9 MR. MILLER: Meeting adjourned.

10 WHEREUPON, THE MEETING FOR THE BOARD OF
11 DIRECTORS OF HOLLEY NAVARRE WATER SYSTEM ADJOURNED AT
12 7:43 P.M.

13

14

15

16

17

18

19

20

21

22

23

24

25

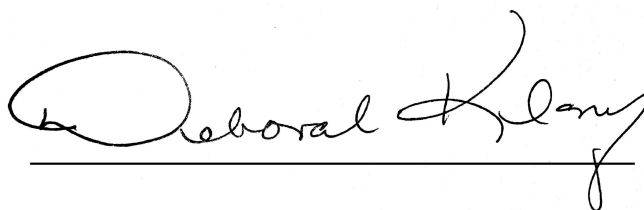
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF REPORTER

STATE OF FLORIDA
COUNTY OF SANTA ROSA

I, DEBORAH G. KHARUF, Court Reporter and Notary Public, State of Florida at Large, hereby certify that I was authorized to and did stenographically report the foregoing meeting of the Board of Directors for Holley Navarre Water System. Transcript is a true record of said proceedings. 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 5th day of January, 2024.



DEBORAH G. KHARUF
Court Reporter and Notary Public,
State of Florida at Large.
Commission number HH 387801
My commission expires July 6, 2027.