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HOLLEY NAVARRE WATER SYSTEM
BOARD OF DIRECTORS MEETING
OCTOBER 17, 2023
6:00 P.M. - 7:33 P.M.

- MARK MILLER, PRESIDENT
- MIKE MATTHEWS, VICE PRESIDENT
- BILL THIEL, SECRETARY
- JOE CAMPBELL, TREASURER DIRECTOR
- DARYL LYNCHARD, DIRECTOR
- DON LINNELL, DIRECTOR
- DAVID CRUMBLEY, DIRECTOR
- JEFF CRIGLER, CEO HNWS
- EMERALD MCDANIEL, HNWS
- BARBARA CARAWAN, HNWS
- PHIL PHILLIPS, MESI
- CLINTON WELLS, HNWS
- CHRIS LEGG, HNWS
- AMBER BUCHOLTZ, HNWS

ALSO PRESENT:

- WILL STOKES, ESQUIRE
- DEBORAH KHARUF, COURT REPORTER
- HARLAN HALL, KURT COSBY
- CARMEN REYNOLDS, WES SILER
- HANSEN HASENBERG, NAVARRE PRESS

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

2 MR. MILLER: I've got 6:00 o'clock. So we
3 can go ahead and get our meeting underway. Let's open
4 our meeting with a prayer. Please rise and bow your
5 heads.

6 (INVOCATION GIVEN BY DIRECTOR MILLER.)

7 MR. MILLER: Director Lynchard, would you
8 lead us in the pledge?

9 (PLEDGE OF ALLEGIANCE LED BY DIRECTOR
10 LYNCHARD.)

11 MR. MILLER: All right. Welcome,
12 everyone, to the October meeting of our Holley Navarre
13 Water System Board of Directors. Thank y'all for being
14 here. We do have a quorum. We have got a full board
15 this evening.

16 Audio and video recorders are in use.
17 Please fill out the member forum sign-up sheet in the
18 lobby if you would like to address the Board. And the
19 way that works is if there is a particular agenda item
20 that you would like to speak on, once the Board is
21 finished with their discussion, if you will be recognized
22 and come to the podium and state your name, we will allow
23 you to make any comments prior to the Board taking any
24 action on an item.

25 There is also an open forum at the end of

1 the meeting that you can speak. And we are going to
2 limit open forum to four minutes to respect everyone's
3 time and give everyone a chance to speak. And you can
4 speak on an agenda item. And you can speak in open
5 forum, if you would like to.

6 Early voting starts November 1st and ends
7 December 22nd at 4:00 p.m. for our election. The
8 Articles of Incorporation vote is only available on
9 Election Day, January 16th.

10 First item of business is approval of
11 minutes and transcripts. We have the August 10th open
12 Bylaws Amendment Workshop transcripts and we have the
13 separate September 19th regular meeting minutes and
14 transcripts. I would like to get a motion to approve
15 those minutes.

16 MR. LYNCHARD: So moved.

17 MR. MILLER: Second?

18 MR. LINNELL: Second.

19 MR. MILLER: Any discussion on that?

20 MR. THIEL: Yes. I have to add one item
21 to the action items for the minutes because they were in
22 conflict with the transcripts. Where the staff
23 directed -- or I should say the Board of Directors on
24 Hidden Creeks Estates, that first question.

25 And I would entertain those. So that was

1 added to the minutes. And it is already in the
2 transcripts.

3 MR. MILLER: All right. Any other
4 discussion?

5 (NO AUDIBLE RESPONSE.)

6 MR. MILLER: So we will make that motion
7 to -- for the minutes amended as -- approve as amended.

8 MR. THIEL: Yeah.

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

10 MR. LYNCHARD: Aye.

11 MR. LINNELL: Aye.

12 MR. THIEL: Aye.

13 MR. CAMPBELL: 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 Next, we have the approval of new
20 memberships. We have a total of 282 new memberships and
21 282 canceled memberships and one transfer. I would like
22 to get a motion to approve the membership report as
23 submitted.

24 MR. LYNCHARD: So moved.

25 MR. CRUMBLEY: Second.

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

3 (NO AUDIBLE RESPONSE.)

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

5 MR. LYNCHARD: Aye.

6 MR. LINNELL: Aye.

7 MR. THIEL: Aye.

8 MR. CAMPBELL: Aye.

9 MR. MATTHEWS: Aye.

10 MR. CRUMBLEY: Aye.

11 MR. MILLER: Nays or abstentions?

12 (NO AUDIBLE RESPONSE.)

13 MR. MILLER: Motion carries.

14 All right. Unfinished business. First
15 item on the unfinished business is the Holley Navarre
16 Water System 2024 Board Election.

17 We have some new information on that.
18 And, Mr. Crigler, will you update us on that?

19 MR. CRIGLER: Yes. I would be glad to.
20 So we have several items that need approval tonight
21 regarding the election. The first group has to do with
22 the candidates that will be running in this year's
23 election.

24 So we had a canvassing committee meeting.
25 It was last Thursday, October 12th. And the main purpose

1 of that was to vet the candidates. That's done by
2 confirming that they have the correct number of sponsors.
3 We performed the appropriate background checks and also
4 confirmed their membership status.

5 Their questionnaires are also attached as
6 well as the results of the background checks. So the
7 canvassing committee is recommending that these
8 candidates meet the qualifications and should be approved
9 as vetted.

10 The other part of the candidate approval
11 is the press releases. That documentation is in your
12 packet. It does include the answers to their
13 questionnaires.

14 And then, the last piece of that has to do
15 with ordering the ballots. So we are looking at ordering
16 2500 ballots for the Directors' vote. And that is
17 consistent with what we have done in the past.

18 So, initially, what we are looking for is
19 a vote to approve the vetted candidates, releasing the
20 questionnaire and the bios to the press, and then,
21 approving the order of 2500 ballots.

22 MR. LYNCHARD: What was the first one?

23 MR. MILLER: The first item is to approve
24 the slate of candidates for the election.

25 MR. CRIGLER: Yes.

1 MR. MILLER: And, for the record, I will
2 read off the candidates that have met the qualifications.
3 There is Rob Lowe. There is myself, Mark Miller. There
4 is Wes Siler, and there is William Thiel to my right
5 here. So we need a motion to that effect.

6 MR. CRUMBLEY: So moved.

7 MR. CAMPBELL: I second.

8 MR. MILLER: Okay. Any discussion on
9 that?

10 (NO AUDIBLE RESPONSE.)

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

12 MR. LYNCHARD: Aye.

13 MR. LINNELL: Aye.

14 MR. CAMPBELL: Aye.

15 MR. MATTHEWS: Aye.

16 MR. CRUMBLEY: Aye.

17 MR. MILLER: Nays or abstentions?

18 (NO AUDIBLE RESPONSE.)

19 MR. MILLER: I am going to abstain --

20 MR. THIEL: And I am going to abstain.

21 MR. MILLER: -- and Bill is going to
22 abstain. Motion carries.

23 All right. And then, Item B is the
24 Articles of Incorporation amendment, member ballot
25 sample, Article of Incorporation Amendment 3, proxy

1 sample, and the updated election, Articles of
2 Incorporation amended documents.

3 MR. CRIGLER: Yes. So the other item came
4 up at the canvassing committee meeting had to do with a
5 question about the use of proxies for the Articles of
6 Incorporation ballot that is upcoming. So the question
7 was posed to Legal: Does a proxy count as a member
8 present at the annual meeting?

9 So Legal has looked into this issue again,
10 did get a response late last week that it does. A proxy
11 does count as a member present at the meeting. And that
12 that would apply to the Articles of Incorporation vote.
13 So what that means is we have to just amend our election
14 documents to reflect that one change.

15 So we have the election document to
16 approve in September. That was indicated that the proxy
17 did not count for the Articles of Incorporation vote and
18 we are amending that, asking that to be amended tonight
19 based on the recent legal opinion.

20 MR. CAMPBELL: I would like to ask staff
21 to look at Exhibit L, where it talks about early voting
22 and proxies. And I think we need to make it adequately
23 clear to members that absentee ballots do not count.
24 Proxies do.

25 But proxies are turned in early. So I

1 would hate for somebody to think, obviously, if you don't
2 know how I assign my proxy to Bill. Bill has to show up
3 on the day and take his proxies inside; correct, Amber?

4 So that's the proxy. So you are on there.
5 The way I read Exhibit L, the third paragraph down, it
6 talks about -- it talks about the amendment to the
7 Articles of Incorporation be a proxy during early voting.

8 And I am going to ask staff to re-look at
9 that because it's a little confusing to me. And I think
10 we need to be abundantly clear to members that proxies do
11 count, but there is no such thing as early voting. They
12 need to be turned in early, I think, is the -- does
13 everybody else think that? Or is that just Cambellism?

14 MR. CRUMBLEY: It's a little confusing, I
15 agree with you.

16 MR. LYNCHARD: Which paragraph, Joe?

17 MR. THIEL: Third one down.

18 MR. CAMPBELL: It's the highlighted one.

19 MR. LYNCHARD: Okay.

20 MR. CAMPBELL: Just wordsmith that so
21 members don't think there is early voting.

22 MR. THIEL: And I have a question on the
23 proxies: Is there two? Can a member vote absentee and
24 still have a proxy assigned for somebody to vote on the
25 Articles of Incorporation on the day?

1 So there is going to be two separate
2 proxies they can fill out? I want to know the answer to
3 that because it's unclear to me.

4 MS. BUCHOLTZ: So --

5 MR. LINNELL: Yes. Ask that question
6 again? I am not sure I follow.

7 MR. THIEL: Can a member vote absentee and
8 still assign a proxy to vote for the Articles of
9 Incorporation on the day of the election?

10 MR. CRUMBLEY: Two separate entities.

11 MR. THIEL: Two separate entities.

12 MR. CRUMBLEY: Seems like it should be.

13 MR. THIEL: Yeah. I just wanted that
14 clarified. That's all.

15 MR. LINNELL: I think -- what's the
16 consensus on the answer? Yes?

17 MR. CAMPBELL: Well, it depends on what
18 the ballot reads. Right?

19 MR. LYNCHARD: I think it depends on how
20 the proxy reads.

21 MR. CAMPBELL: Yeah. Amber, what is going
22 to be on the ballot when the member -- because the
23 absentee is not the same as the ballot; correct?

24 MS. BUCHOLTZ: The Articles of
25 Incorporation will have a separate ballot for the day of

1 election from the Directors' ballot.

2 If you look in your packets, we have also
3 included the proxies. So there will be one for the
4 Directors that they can request and also one for the
5 Articles of Incorporation.

6 So if they choose to vote by proxy for the
7 Articles of Incorporation, we would note that, and they
8 could still come the day of election and vote for the
9 Directors. They wouldn't have the opportunity to then
10 vote for the Articles, because they have already given
11 their vote to someone else.

12 MR. THIEL: But my question is: Can
13 somebody request an absentee ballot for the Directors,
14 okay, and can they also request a proxy to assign the
15 vote on the Articles of Incorporation to someone else?

16 MS. BUCHOLTZ: Sure. Yeah. Because we
17 would keep track of that.

18 MR. THIEL: So you are going to put two
19 separate proxies.

20 MR. LYNCHARD: Yeah. You would have to
21 have two separate proxies just for the Articles.

22 MS. BUCHOLTZ: Right.

23 MR. THIEL: That's my question.

24 MS. BUCHOLTZ: And that's what is in your
25 packet for you guys -- for the Board to approve this

1 evening.

2 We have the Directors' sample for the
3 proxy. And then, on the next page over, we have the
4 proxy for the Articles of Incorporation. So there is
5 going to be two separate proxies.

6 MR. THIEL: Two separate proxies. And if
7 they don't have the proxy, they can either vote absentee
8 and just not vote for the Articles of Incorporation.

9 MR. LYNCHARD: Okay. You get two proxies.
10 Where do I find -- I have got one in Exhibit K.

11 MR. CRIGLER: J and --

12 MR. MILLER: J and K.

13 MR. CRUMBLEY: J and K.

14 MS. BUCHOLTZ: Yes. But only if the Board
15 approves that.

16 MR. THIEL: Okay. So there is two. I
17 just wanted to clarify that to make sure that the members
18 understood what they are asking for.

19 MR. MILLER: Any other Board discussion?
20 Mr. Hall? Are you --

21 MR. HALL: He said something down there.
22 I didn't want to cut him off.

23 MR. MILLER: Go ahead.

24 MR. HALL: I have got a question on this.
25 I remember when you guys were originally talking about

1 how many votes it would take to change an Article.

2 Right?

3 You were setting a threshold for that.
4 And part of what you were talking about at that time was
5 that there would be no proxies. So that's why you set
6 the level at what you did. And now, you are going back
7 on that by saying proxies count.

8 So why did you even -- I mean, the idea
9 was to have the hurdle high enough that they couldn't
10 change the bylaws every time you change Board members.
11 But by allowing proxies, the person can go and get 300
12 proxies or whatever, just like you do when you run for
13 election and the next thing you know, they have surpassed
14 the hurdle to change the bylaws.

15 And I think it's very -- well, I think
16 it's very subjective. I think that what you said at --
17 whatever you set your hurdle at should have been voted by
18 people there, not by the use of proxies.

19 I think that it just bastardizes the
20 system. That's my two cents on it.

21 MR. MILLER: Thank you, Harlan. I think
22 the threshold applies to future bylaws changes --

23 MR. LYNCHARD: Can I answer his
24 question --

25 MR. MILLER: Yeah. Yeah. Go ahead.

1 MR. LYNCHARD: -- just so people don't
2 think ill of the Board? In our initial discussion, our
3 legal counsel gave us his opinion that proxies would not
4 be allowed in that.

5 I subsequently did a little bit of
6 research and went through the Florida Statutes. And,
7 personally, I didn't think that to be the case. So I
8 asked our legal staff to go back and review it again,
9 review the Florida Statutes. And they did. And came
10 back with, okay, Florida Statutes require the proxies --
11 require you to allow proxies based on the way your
12 guidelines read.

13 So it's not the Board and it's not Legal,
14 and it's not even anything we can do here at Holley
15 Navarre Water System. It's a State law. So you have got
16 to get Tallahassee to change the rules or people will
17 vote proxy until we amend our bylaws and Articles of
18 Incorporation.

19 MR. THIEL: Which, if this passes, we can
20 then amend to allow proxies for anything.

21 MR. LYNCHARD: But we were asking for
22 advice from legal counsel.

23 MR. HALL: So, basically, by what you are
24 saying, this one doesn't require a hurdle to get over?

25 MR. CAMPBELL: It still does. 850 left to

1 vote.

2 MR. HALL: Now, who said that? You guys
3 set the 850.

4 MR. THIEL: A majority of the people
5 voting --

6 MR. CRUMBLEY: It's five percent of the
7 total members. That's a roundabout figure.

8 MR. CAMPBELL: Yeah. Five percent on the
9 day of the voting, however many members we have at that
10 time, it has to be five percent of the members that we
11 have at that time, so --

12 MR. HALL: Is that what it always was? Or
13 is that what you set it at?

14 MR. MILLER: That's what we are changing
15 the Articles of Incorporation to.

16 MR. HALL: That's what I am getting at.
17 You set this hurdle, and now, you have got the proxies.
18 That's exactly what I am getting at.

19 MR. LINNELL: I don't think what we said
20 was correct. And I am happy to be corrected. So this
21 vote for the Articles of Incorporation, my understanding
22 was it's only -- it's got to be 50 percent plus one of
23 the people that show up that day. That is what is going
24 to count.

25 MR. THIEL: That's correct.

1 MR. LINNELL: Five percent is for the
2 future with the bylaws if this change passes. But the
3 vote on the Articles of Incorporation for this election,
4 my understanding is that 50 percent plus one of the
5 people vote that day.

6 MR. MILLER: That is correct.

7 MR. LINNELL: Period. No five percent.
8 No ten. No one. No nothing. Just 50 percent. If 20
9 people vote, you need 11. If 2000 people vote, you need
10 1,001. That's it. And that's the coming election.

11 MR. MILLER: And then, if this passes,
12 then future changes to our Articles or bylaws will
13 require that.

14 MR. LYNCHARD: I think it's a little --
15 it's not quite that simple. Okay. Because the Board has
16 to approve. And I will go -- the Articles of
17 Incorporation say 50 percent. So if it's less than 50
18 percent, then we are doing it in violation of our
19 Articles of Incorporation.

20 MR. LINNELL: Now, Daryl --

21 MR. LYNCHARD: And this Board will have to
22 approve that change, and then, there may be some
23 challenges to it. But if it's less than 50 -- I think it
24 doesn't matter if it is 50 percent or not.

25 The Articles of Incorporation says once

1 that election happens, the Board has to accept it. So I
2 am going to assume we are going to allow it. If it is
3 less than 50 percent, this Board is going to have to
4 accept it.

5 If you have only got five percent or two
6 percent or one percent of the people that vote in this
7 election, I, for one, am not going to vote to allow that
8 to proceed, because I think we need more people voting.
9 You know, I personally think that it needs to stay at 50
10 percent. Just as you said, you have got proxies.

11 If someone were to have the desire to
12 change our Articles of Incorporation or our bylaws, they
13 could go out and collect the proxies and meet the 50
14 percent rule and then change it.

15 And that's the way I think it needs to be
16 changed. But we have decided as a Board that we are
17 going to allow it to be less and see how that works.

18 MR. LINNELL: So we didn't decide as a
19 Board that we would allow it? We have been provided
20 legal advice that that is in accordance with Florida law,
21 that we have done that in the past. We have set the
22 standard, set the precedent. So anybody correct me if
23 that is not what we were told last time?

24 MR. CAMPBELL: That's what Will said
25 because there was a precedent back in the day that the

1 members present -- not even 50 percent of the members.
2 It was those present. Remember, there was 27 when they
3 last changed the Articles.

4 So we -- and here is what I thought we
5 were doing, is we were, okay, that's right. So the
6 members on that day can change it and we were actually
7 making it more difficult by the 850.

8 That's why I was supporting it. Because
9 the Articles right now says these seven people here could
10 change our bylaws if this was the annual meeting based on
11 precedent.

12 MR. LYNCHARD: Yeah. But my argument to
13 that statement is I have presented an amendment to the
14 bylaws and we have used that precedent. It was about ten
15 years ago now. We used that precedent at that time. And
16 we were told we couldn't change the bylaws.

17 We had a vote of the members present that
18 night. And Legal told us, "No." So although one is in
19 there that shows that it may have been wrong. And in
20 that, it doesn't say anything about proxies. And I would
21 imagine there were some proxies that night.

22 But subsequently to that event, that last
23 change, there have been attempts to amend the bylaws
24 using the same rules and it has been disallowed by this
25 Board.

1 MR. CAMPBELL: Right. But that's just to
2 change the Articles of Incorporation, not even talking
3 about down the line to the bylaws.

4 MR. LYNCHARD: Yeah.

5 MR. CAMPBELL: Right? So that was my
6 impression.

7 MR. LYNCHARD: I think that was where we
8 changed it. I would have to look back and see if it was
9 a change to the Articles or the bylaws, if the threshold
10 was the same, 50 percent.

11 MR. CAMPBELL: I mean, Daryl, are you
12 thinking the same as I am? Because that's what I took it
13 as. Right now, Legal said these seven could change the
14 Articles of Incorporation.

15 And we want to say, okay, we need at least
16 100 -- at least five percent of the voting; right?
17 That's why I supported it.

18 MR. LYNCHARD: In the future.

19 MR. CAMPBELL: In the future. Right.

20 MR. CRUMBLEY: That's what I agreed to.

21 MR. CAMPBELL: That what I thought.

22 Right.

23 MR. MILLER: Please state your name for
24 the record?

25 MR. COSBY: Kurt Cosby. Mr. Linnell is

1 exactly right. It was spoke about ad nauseam at last
2 month's meeting that the first threshold is whoever is
3 here, they have to vote on Election Day. And now, you
4 are saying you are going to allow proxies to come in
5 here.

6 MR. LINNELL: Do I respond, Kurt?

7 MR. COSBY: And that's wrong. I agree
8 with what you said.

9 MR. CAMPBELL: Well, that's the Legal --

10 MR. LINNELL: I hadn't covered that part.
11 Do you mind if I respond?

12 MR. COSBY: Oh, yes. Yes, sir.

13 MR. LINNELL: Well, I think when we did
14 talk about it ad nauseam, as you mentioned, we did not
15 want proxies to be included. We have since been informed
16 we must.

17 We must say that anybody who votes by
18 proxy, when a proxy holder comes in and votes, that's the
19 same as that member being present for that day. And that
20 was the line of demarcation. You had to be present.

21 MR. COSBY: No matter how many proxies
22 they had --

23 MR. LINNELL: No matter how many proxies
24 they have got, whether it's 10, 200, or 400. That's the
25 legal -- according to what I have been told in the last

1 month.

2 MR. COSBY: I will just say this and I
3 will sit down. This is getting shadier by the second.

4 MR. CRUMBLEY: It's interesting that the
5 whole reason that we are trying to go through this and
6 reconcile Article 9 and 10. Article update -- so that we
7 can do away with the proxy.

8 We all agree that it's not -- it is not
9 proper.

10 MR. CAMPBELL: It's ironic.

11 MR. CRUMBLEY: It's kind of ironic. We
12 are trying to do away with the proxies, and I understand
13 from, you know, past Boards and stuff, there is a lot
14 of -- not a lot of faith.

15 But it's very interesting and it's very
16 complicated, too. It's not -- we talk about it so much
17 we go around in circles for hours and --

18 MR. MILLER: For now, we have to allow
19 them, but the goal, the end goal is to have that be one
20 of the changes that are made so that we can eliminate the
21 proxies.

22 If you will state your name for the
23 record?

24 MR. SILER: Wes Siler. David just said
25 what I was going to say. It's full of irony.

1 Also, I wasn't here for the last meeting.
2 Why can't absentees count toward the Incorporation but
3 the proxies are allowed for the Articles?

4 MR. THIEL: Because they are not voting on
5 the date of the election.

6 MR. SILER: But you do proxies; right?

7 MR. MILLER: Well, they are. They are
8 giving their vote to someone else who will be present and
9 that was -- Legal advised us that if they are giving
10 their vote to someone who -- could you weigh in on this,
11 Will?

12 MR. STOKES: Yeah. The distinction is
13 that a proxy is considered to be voting on the day of.
14 Because they were the proxy holder is legally deemed to
15 be participating in a discussion, whereas a true absentee
16 ballot is not a participant in the debate and discussion,
17 so --

18 MR. COSBY: You anticipate debate and
19 discussion on Election Day?

20 MR. LYNCHARD: There can be.

21 MR. CAMPBELL: It is an annual meeting.
22 Members can debate.

23 MR. COSBY: Okay.

24 MR. LYNCHARD: That would be the decision
25 of the members.

1 MR. COSBY: What was the Florida law that
2 changed your opinion?

3 MR. STOKES: Well, it was my firm's
4 opinion under the Florida Nonprofit Corporation Chapter,
5 It's 617 of the Florida Statute.

6 MR. COSBY: And that was something you
7 hadn't checked before the Board informed you of it?

8 MR. STOKES: We conducted further research
9 and issued a legal opinion.

10 MR. COSBY: Is that something that we can
11 get a copy of? Or is that for the Board to see?

12 MR. MILLER: It's Florida Statute. Are
13 you talking about the legal opinion?

14 MR. COSBY: Yeah. Or was it just like an
15 email? Is that essentially what it was? I just want to
16 understand the progression of how it became --

17 MR. STOKES: We don't typically give
18 them -- it's attorney-client privilege.

19 MR. LYNCHARD: Let's just give him the
20 Florida Statute.

21 MR. LINNELL: Yeah. Florida Statute.

22 MR. THIEL: If it is according to the
23 Florida Statute, why wouldn't we share it?

24 MR. COSBY: I am just wanting to
25 understand the nature between the Board and the attorney

1 when -- no offense to you at all -- but when the attorney
2 doesn't cite that statute in their initial legal opinion
3 and then is corrected by the Board after it studied the
4 Statutes --

5 MR. CAMPBELL: Well, I would say the
6 initial was it was off the cuff and they just said the
7 absentee ballots --

8 (SPEAKING OVER EACH OTHER.)

9 MR. STOKES: It was discussed at the
10 workshop and then it was actual research done after
11 follow-up questioning.

12 MR. COSBY: Thank you.

13 MR. MILLER: Okay. What other Board
14 discussion do we have on the election packet? We need to
15 try to get to a motion on this.

16 MR. CAMPBELL: I motion we move forward
17 with the recommended changes making sure that members are
18 aware that proxies do count as a member on the day and
19 there is no early voting.

20 MR. MILLER: We have a motion.

21 MR. MATTHEWS: Second.

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

24 MR. LINNELL: Yes. Daryl, you can discuss
25 it first.

1 MR. LYNCHARD: Here's my discussion. We
2 left early voting up there and there really is no early
3 vote. We have absentee ballots and we have proxies, but
4 we do not have early voting. There is not going to be a
5 ballot machine back there where you can come down here
6 and vote until the Election Day.

7 As a matter of fact, our bylaws say that
8 we do vote on Election Day and absentee ballots aren't
9 calculated until Election Day. So I think that those two
10 words, "Early," and "Voting," is confusing a lot of what
11 we are doing up here.

12 MR. MILLER: So the wordsmithing that
13 needs to happen needs to be voting by absentee ballot --

14 MR. LYNCHARD: Yeah. Absentee ballots
15 will be available from November 1st and must be returned
16 by December 22nd. Same thing with proxies. But there is
17 no early voting.

18 MR. THIEL: And call it absentee voting.

19 MR. LYNCHARD: Yeah.

20 MR. MILLER: Okay. That's fair enough.
21 Don?

22 MR. LINNELL: Kind of what I was going to
23 ask about, so I'm good.

24 MR. CRIGLER: I would call attention to
25 Exhibit N. I don't know if the Directors have seen

1 the -- this is what the Article ballots are going to look
2 like.

3 I just want to make sure that you get a
4 chance to look at that. I believe you are seeing it for
5 the first time.

6 MR. CAMPBELL: So you are going to have to
7 hand count them? They won't go through --

8 MR. CRIGLER: That's correct.

9 MR. CAMPBELL: -- Tappie's machine?

10 MR. CRIGLER: That's correct.

11 MR. MATTHEWS: She is not going to be
12 there?

13 MR. CAMPBELL: Joe will be there, but
14 there is not counting --

15 MR. CRIGLER: She will count Exhibit M,
16 which is the Directors' ballot. Exhibit N will be hand
17 counted.

18 MR. CAMPBELL: Thank you.

19 MR. MILLER: All right. Any other
20 discussion?

21 MR. LYNCHARD: I do have one thing. I
22 just read this line here --

23 MR. MILLER: What page are you on, Daryl?

24 MR. LYNCHARD: I am on the page of the
25 Articles of Incorporation ballot.

1 MR. MILLER: Okay.

2 MR. LINNELL: November. Last page.

3 MR. LYNCHARD: Okay. And this is a
4 question for the attorney, if I may. It says -- the
5 last -- "In favor of Holley Navarre Water System's
6 proposal to revise Article 9 and Article 10 of the 1970
7 Articles of Incorporation as written."

8 Shouldn't that say as amended or --
9 because weren't there amendments to the Articles of
10 Incorporation during the years?

11 MR. MILLER: In 1986.

12 MR. LYNCHARD: In 1986. So shouldn't that
13 say as amended, as opposed to as written? Because as
14 written would indicate the original one would be in 1970.

15 MR. STOKES: It could add clarity. I
16 don't think it would have to be interpreted as written to
17 mean that it excludes the intervening amendments.

18 MR. LYNCHARD: Okay.

19 MR. STOKES: But -- and it may sound -- it
20 may actually add clarity, but it wouldn't have a legal
21 distinction.

22 MR. LYNCHARD: Okay. So maybe we could
23 write as -- instead of as written, we could say as
24 amended.

25 MR. CAMPBELL: I will add that to my

1 motion.

2 MR. MILLER: Okay. Any other discussion?

3 (NO AUDIBLE RESPONSE.)

4 MR. MILLER: I will call the vote. All in
5 favor say "Aye"?

6 MR. LYNCHARD: Aye.

7 MR. LINNELL: Aye.

8 MR. THIEL: Aye.

9 MR. CAMPBELL: Aye.

10 MR. MATTHEWS: Aye.

11 MR. CRUMBLEY: Aye.

12 MR. MILLER: Nays or abstentions?

13 (NO AUDIBLE RESPONSE.)

14 MR. MILLER: Motion carries.

15 All right. You have the implementation
16 schedule of the recommendations for the forensic audit.
17 Mr. Crigler?

18 MR. CRIGLER: Yes. Thank you. So last
19 month at the Board meeting, Carr, Riggs, and Ingram gave
20 a presentation on the result of the forensic audit that
21 they performed. Basically, their report had 15
22 recommendations.

23 Staff indicated at the time that we would
24 come back to the Board with an implementation
25 plan/schedule. We have since drafted that. It is

1 attached. And although you can't read it up there, we
2 have listed out the recommendations of staff response and
3 have given some target dates here.

4 One kind of overarching comment I want to
5 make is that the whole goal here is to end up with what
6 we are calling an accounting manual. The forensic audit
7 identified lots of things that we can fix. But there's
8 also things that we are doing everyday that are correct
9 that are also not written down in our policies or
10 procedures.

11 So this accounting manual will capture
12 everything. It will be procurement. All of your
13 accounting processes and policies. It's stuff we have
14 been doing over the years. We just need to document
15 that.

16 And even before this forensic audit, our
17 annual auditor said we needed written polices and
18 procedures and we knew that. We were gearing up for
19 that.

20 So that part of this is positive if it
21 gets us in that direction. So overall that manual --
22 almost every one of these items will eventually end up in
23 that manual in some way.

24 Now, a lot of these, we are going to be
25 able to accomplish a lot sooner. But the final manual is

1 going to take a lot of effort from our finance staff.
2 And then, ultimately, it will come back to the Board for
3 review and approval.

4 If you guys remember how long the Employee
5 Handbook took, this is probably a more complicated
6 document and that one took several shots to get through
7 the Board on that one. So, you know, we feel good about
8 these dates, but, you know, it requires buy-in and it
9 requires staff to be able to focus on it.

10 I do want to kind of mention just a few.
11 I am not going to go through every one. But I do want to
12 hit a few on each page. Also, the first one is
13 documentation of our accounting policies. That's the
14 creation of the accounting manual. And it also involves
15 storing it in a place where each employee can access
16 them.

17 That was one of the concerns was that some
18 hadn't been informed and hadn't been trained. We will
19 look at training in a minute.

20 The second one I want to touch on this
21 page is how to do mandatory purchase orders. We have
22 already written a process for how we are going to handle
23 purchase orders. It was pointed out in the forensic
24 audit, the date on the purchase orders, some of them were
25 after the actual purchase.

1 So we have come up with some guidelines to
2 rectify that and some situations where that has to
3 happen. Sometimes, we have to buy stuff before we do a
4 purchase order. So it is just a matter of getting a
5 written process. Donna has already drafted that. And,
6 ultimately, that will be part of this accounting manual.

7 Let's see, we can go on to the next slide.
8 I wanted to touch on the background checks. We currently
9 have a process for background checks. And I think one of
10 the recommendations in the audit had to do with stricter
11 background checks for certain people. And then, of
12 course, the Board can decide how we want to handle, you
13 know, future Directors.

14 So we have got some dates for that. HR is
15 working on that. That's something we have to have
16 completed a lot sooner. HR has told me they can have
17 something by the first of December on that.

18 Bank reconciliations, that's another one.
19 I think we pretty much already implemented changes. So a
20 lot of these are, you know, they are already seeing
21 progress. It's just that the completion of that final
22 manual is going to take a while.

23 One of the things that is kind of impeding
24 that is the Edmunds documentation. You know, that's how
25 we deal with the new financial system and at the same

1 time write their process and procedures.

2 So it's been complicated by the new ERP
3 system as well, so Finance needs to work through that.

4 Just a couple on the third slide here, the
5 conflict of interest disclosure statement. That is
6 actually an agenda item here later in the meeting.

7 We are looking at implementing the use of
8 a fraud hotline and creating a whistleblower program and
9 there would be training associated with that once that
10 gets implemented. And we are hopeful we can get some of
11 those changes in by the first of the year. If not,
12 January or February.

13 So, overall, we think this is the good
14 approach. You know, some people would look at this and
15 say, "Well, May. You know, May is a long way out." But
16 we want to get this running. We have gone years and
17 years and years without this manual. We want to do it
18 right.

19 So we think -- we think it's the right
20 responses and the right timeline. So that's where we are
21 at.

22 MR. MILLER: Okay. What discussion do we
23 have from the Board?

24 MR. CAMPBELL: I have a couple. I talked
25 briefly with Jeff about the difference between policy the

1 Board approves versus the procedure where they are doing
2 it and how they shift paperwork. But the overall policy,
3 obviously, if the Board, the verbiage kind of says
4 policies and procedures and it says, "Finance Director
5 and CEO approve."

6 You realize the Board approves policy.
7 How they shift paperwork from one person to another is
8 not necessarily policy. The other thing I talked to him
9 about was basically the fraud hotline. Part of this
10 issue was employees were aware of things and didn't know
11 who to report them to and were kept from going to the
12 Board.

13 So I know the recommendation is go to a
14 whistleblower and a Florida State Fraud Hotline, but I am
15 going to ask the Board to consider and Jeff to look at
16 including the Board of Directors' President as kind of a
17 first step. Or any Board member. And we know they were
18 kind of prohibited and kind of dissuaded from doing that
19 in the past.

20 MR. MATTHEWS: I agree with that, Joe. I
21 don't know if we want to set one of us up for it?

22 MR. CAMPBELL: No. No. Just my input to
23 Jeff. And I want to make sure the whole Board is hearing
24 what we talked about.

25 And then, the last thing is really the

1 payroll entries where it talks about Finance to audit HR
2 records. We just need to be careful about HR payroll and
3 what somebody makes versus payroll and Finance knowing.
4 Again, we already talked about that.

5 HR does HR and how much Joe Campbell makes
6 is between HR and the CEO and not Finance. Overall, I
7 think May is a good timeline, I think, so -- especially
8 with how it was and there were a lot of things that were
9 just out there forever and ever and you did it. But you
10 had somebody else come in and so that's all I have.

11 MR. MILLER: Well, I think May is the
12 timeline on the new or revised accounting manual. Most
13 of the implementation that I am seeing on there is
14 December 31st of this year. Is that correct?

15 MR. CRIGLER: Yeah. That's for the
16 written processes and procedure to implement and put in
17 place. And just in the meantime, we are also being very
18 conservative about everything we do.

19 You know, this purchasing policy, we have
20 been focused heavily on this since the first day I
21 started, so we certainly understand while the dates are
22 way out, we will still follow everything until that time.

23 MR. MILLER: What's the timeline on the
24 purchasing policy coming before the Board?

25 MR. CRIGLER: Yeah. We can bring a draft

1 to that before, and then, maybe the final week part of
2 that accounting manual and we can just keep working on
3 that draft. Maybe we can have a draft of that in a
4 couple months.

5 MR. MILLER: Yeah. I would like to see
6 that.

7 MR. THIEL: And I trust you are looking at
8 those conflicts where there were a couple of items that
9 the auditor found where there was a conflict of which way
10 was really legal, but a budgeted item counted as a
11 threshold or not.

12 MR. CRIGLER: That was one of the bigger
13 conflicts. Yeah.

14 MR. THIEL: I would like that resolved
15 sooner than later.

16 MR. MILLER: Yeah. I agree. Any other
17 Board discussion?

18 Mr. Siler?

19 MR. SILER: Yeah. This is such a big
20 deal. I have a couple of things to say. The first one
21 was just applauding the Board for, first of all, hiring
22 what seems to be a really solid firm.

23 I was checking up on the folks that did
24 that, the forensic audit. They are, like, up in the Top
25 25 in the country. So it seems like they did a very

1 thorough job.

2 They published their report so we could
3 all see it. That was great. It was within two days or
4 something, so fantastic move there. And if I understand
5 correctly from reading the report, it was an internal
6 control related to the CEO.

7 Because, at the time, we were wondering,
8 you know, stuff in his background, issues with things he
9 has said to the Board. And then, did he actually affect
10 the system. And now, we are talking about systemic
11 change to the system, 15 different points here that I
12 think they went far and beyond what you asked them to do
13 to these and recommend them.

14 So I would very much encourage each of you
15 to adopt this plan. And I would love to see it myself.
16 It's kind of hard to see all the details here just on the
17 screen, so if that can be released at some point to the
18 public as well, seems like it would be a good move.

19 But it seems very much to me, just from
20 the outside looking in, seems like a turning point in a
21 very positive direction. Appreciate you guys. Thanks.

22 MR. MILLER: Thank you.

23 MR. LYNCHARD: Mr. President, I agree with
24 Wes on that. I think this is something that would be a
25 good idea for us to post alongside the audit report

1 itself online just so our members can see the timeline
2 and the changes we are making.

3 MR. MILLER: I see no downside at all. It
4 is completely a positive showing of our response to that
5 forensic audit, so I agree with you.

6 MR. LYNCHARD: I will make a motion to do
7 that.

8 MR. MATTHEWS: Second.

9 MR. MILLER: We have a motion and a
10 second. Any discussion on releasing this to the members?

11 MR. CAMPBELL: I don't see anything legal
12 wrong with it --

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

14 MR. LYNCHARD: Aye.

15 MR. LINNELL: Aye.

16 MR. THIEL: Aye.

17 MR. CAMPBELL: 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 Harlan Hall?

24 MR. HALL: Just one quick thing on the --
25 I was here when the forensic audit went over a lot of

1 this. And one thing comes to mind is he stated in his
2 report that there was things -- he found problems outside
3 of the -- what would you say -- the scope that he was
4 given.

5 I don't know how to explain it. But he
6 seen problems, but he couldn't run them to ground because
7 they were outside of the scope.

8 MR. CAMPBELL: No. They are in there.
9 Fuel card use and that sort of thing, they are in here.

10 MR. HALL: No. He said there was other
11 things besides what was listed --

12 MR. CAMPBELL: You questioned that.

13 MR. HALL: And he said that if you guys
14 would grant him, grant them broader scope, they could
15 have found out whatever was going on with that. He said
16 not necessarily a broader scope, but bigger timeline.

17 MR. MATTHEWS: Bigger timeline. Yeah.

18 MR. HALL: With a narrower scope, I
19 believe, is how he explained it, to run those. Has there
20 been any thought to doing that? Finding out what the
21 problems were that he was talking about?

22 MR. THIEL: Did he not -- I believe he
23 provided you a list of things that were outside the scope
24 that they noted might have existed beyond the six-month
25 period.

1 MR. CRIGLER: Well, he mentioned
2 allegations that he couldn't prove in the data that he
3 reviewed. And he said for me to look at it further, you
4 would have to authorize him for more scope. He didn't
5 say, "I saw this and that."

6 He said, "I was told this and that. I
7 can't verify what I have seen. But if you authorize me
8 to look further, I can look into it." So we need to make
9 that distinction.

10 MR. CAMPBELL: And that wasn't just the
11 previous CEO; right?

12 MR. LYNCHARD: That was everything.

13 MR. CAMPBELL: Yeah. Everything.

14 MR. HALL: So I am just curious if you
15 guys were going to follow up with that. Sounds like
16 there might be something there to figure out.

17 I mean, if this little scope comes up with
18 all of these items, maybe if he broadens to these
19 allegations, you might find a lot more. Just a thought.

20 MR. LYNCHARD: Mr. President, I am not
21 going to say that I wouldn't be interested in their
22 finding. But what they did, what they would do if we
23 allowed them to do that, but I think that we, as members,
24 and us, you know, we have a fiduciary responsibility to
25 our members. I think we really need to think about the

1 cost of such an undertaking.

2 And let's assume worst case scenario.
3 Everything that's in your head. What is the reaction
4 going to be or the benefit going to be to the
5 organization? Everything that we -- I am going to say
6 off the top of my head that 99 percent of what happened
7 in the past isn't going on anymore because we have kind
8 of eliminated the problem.

9 So if we go and allow Carr, Riggs and
10 Ingram to further investigate, we spend another \$50,000
11 of our members' money, yours and mine, what are we going
12 to get out of it? How is that going to benefit the
13 members? That's the only thing I would be worried about.

14 MR. HALL: I was thinking it would be --

15 MR. MILLER: Let's not speak out in the
16 audience --

17 MR. HALL: Well, he was talking in that
18 direction.

19 MR. MILLER: You will need to come back to
20 the podium.

21 MR. HALL: Sorry.

22 MR. MILLER: That's okay.

23 MR. HALL: The only thing I was thinking
24 is if you narrowed the scope, the cost would probably
25 come down, you know, because they wouldn't have all -- a

1 whole bunch of different sets of books to go through that
2 they have already kind of went through. They could just
3 address the allegations and go that direction.

4 And maybe the cost wouldn't be as
5 significant and the timeline wouldn't necessarily be as
6 long. That's all I was getting at. Since you already
7 know what you are looking for, you are not going in to
8 look for something.

9 MR. LYNCHARD: Go ahead.

10 MR. LINNELL: So, Mr. President, I have
11 got some thoughts on that also, similar to Director
12 Lynchard. One, I don't think the scope was minimal to
13 begin with. They had a pretty wide scope, a shortened
14 time period.

15 And from what I remember the comments
16 being made, I didn't have the impression -- I don't
17 remember hearing that any of the allegations would have
18 been outside of the areas that have already been
19 revamped and not revamped. We have already decided we
20 need to revamp this entire thing.

21 So if there was anybody that remembers or
22 thinks they said, hey, those allegations aren't going to
23 be covered in this stuff, then maybe it is something we
24 should look at. But I am not under that impression. And
25 if somebody is, I am happy to talk about it.

1 If the only thing we are going to do is
2 spend another \$10,000 to say, yeah, you still need to
3 update your accounting policies, he didn't say it in so
4 many words, but the gist of what Director Lynchard said I
5 thought was -- I don't know if there is a benefit to
6 doing that if they are just going to say we need to
7 update that or still need to update that.

8 MR. CRUMBLEY: Or maybe we can reach out
9 to them and ask what the specifics were.

10 MR. LINNELL: Yeah.

11 MR. CRUMBLEY: And if it's within the
12 scope of something of that we think we haven't fixed yet
13 or needs to be worked on, you know, that shouldn't cost
14 us anything.

15 MR. MILLER: But maybe ask what the cost
16 for an additional --

17 MR. CRUMBLEY: See what the situation is.
18 See what -- if he didn't go into it in front of us and it
19 wasn't written on anything.

20 MR. MILLER: I agree. There really wasn't
21 this -- there is a whole other issue over here that is
22 not named or listed or specified, so what's the benefit
23 of pulling that thread or chasing it --

24 MR. THIEL: There wasn't any facts
25 provided. Just allegations.

1 MR. CRUMBLEY: Right. They would find out
2 what the allegations were and if we think it is worth
3 diving into, then maybe we can --

4 MR. THIEL: I thought he provided all the
5 allegations already. Did he not, Jeff? Did he not give
6 you a list of some of the things that --

7 MR. CRIGLER: It was a verbal
8 conversation.

9 MR. THIEL: Yeah. Okay.

10 MR. MILLER: Ms. Reynolds?

11 MS. REYNOLDS: Thank you, Mr. Chair.
12 Carmen Reynolds, Navarre. While I am asking this first
13 question, is it possible for you to put the first nine up
14 there so that I can look at them, please?

15 I really would like to get a copy of that
16 unless you are releasing it to the public. And in that
17 event, I would like to know how that will be.

18 To the attorney: When you cited Chapter
19 6.17 for the Florida non-profits, could you give me a
20 citation for a particular section and paragraph?

21 MR. STOKES: Ma'am, I am referring to an
22 email memo prepared by one of my colleagues. There is a
23 number of parts to that statute that play into the
24 analysis. Would you like specific statutory citations?

25 MS. REYNOLDS: I would.

1 MR. STOKES: Okay. Well, start with
2 617.0720. These are general citations. All right.
3 6.17.0721. 617.01002. 617.1402. And then, in
4 particular, Section 617.1002, which I have already
5 referred to, expressly states:

6 "The proposed amendments -- my words --
7 for [Articles of Incorporation] shall be adopted from
8 receiving at least a majority or a smaller percentage
9 specified in the Articles of Incorporation or the bylaws
10 of the votes which members present at such meeting or
11 represented by proxy are entitled to cast."

12 MS. REYNOLDS: Thank you.

13 MR. STOKES: And there is a few more, if
14 you would like.

15 MS. REYNOLDS: That's okay. That will get
16 me started. I want to compliment the Board for first of
17 all approving this initiative so that you-all and the
18 members could know what is really going on and this is
19 really Steven Cuddy's translation of sharpening the
20 sword.

21 "You don't know where you are going until
22 you identify where you have been."

23 The Board abdicated some of their
24 responsibilities and we were just lucky we weren't called
25 to a significant stance because we were very vulnerable

1 after reading some of the things in this report.

2 We really skated on thin ice. One of the
3 areas that I was concerned about is the whistleblower
4 policy and it is going to take at least 75 days to get
5 things moving when termination threats and threats of
6 termination produce trauma within the Holley Navarre
7 Water System's staff.

8 I am not patronizing them at all, but a
9 reestablishment of competence, trust, and good will
10 really needs to happen with regard to staff. Financial
11 credentials, I am not sure if we really have anybody
12 qualified financially when, for instance, the CPA, for a
13 \$87 to \$93 million dollar company, I really think you-all
14 deserve to have expert guidance so that things like this
15 do not occur again.

16 In fact, if the internal controls are not
17 stringently created and employed, this could affect your
18 ability to receive grants in the future. Because they
19 want to know and be assured that that there are really
20 rigorous financial controls. And I think that is the
21 extent, except that the report talked some accounting and
22 lack of documentation for MESI.

23 And I know that the MESI manager is going
24 to be upset for me for bringing this up, but I don't see
25 that addressed here. Mr. Crigler, is it on one of those

1 15 items?

2 MR. CRIGLER: Not really. There was
3 actually a footnote added to the report. That was
4 something that we discussed with the auditor. And that
5 particular statement was not entirely accurate about
6 MESI. They follow the same rules that we do. And there
7 was -- actually, our accounting staff does their books,
8 so --

9 MS. REYNOLDS: So are they going to issue
10 a correction to their report?

11 MR. CRIGLER: They already did in the
12 footnote. I believe it is in there.

13 MS. REYNOLDS: And they corrected what
14 they asserted incorrectly?

15 MR. CRIGLER: They added a footnote to
16 clarify that statement. It was stated in an interview.
17 He didn't want to change someone's words, but he
18 clarified it in a footnote after speaking with
19 management. So go back and check the footnote, I
20 believe, at the bottom of that page. There is a footnote
21 that clarifies that.

22 MS. REYNOLDS: Thank you very much and
23 thank you to the Board.

24 MR. MILLER: And in your question about
25 how the -- this implementation is going to be released to

1 the public, are we going to post that on the website?

2 MR. CRIGLER: I believe that was the
3 vote.

4 MR. LYNCHARD: Yeah. It was.

5 MR. MILLER: I just wanted to clarify --

6 MR. LYNCHARD: I said to post it adjacent
7 to this -- to the report.

8 MR. MILLER: That's what I thought. I
9 wanted to make sure that's what --

10 MR. LYNCHARD: I want it to be right there
11 beside it so nobody has to look.

12 MR. MILLER: All right. Any other
13 discussion on this agenda item?

14 (NO AUDIBLE RESPONSE.)

15 MR. MILLER: All right. No further
16 action. New business. CEO Update. Mr. Crigler?

17 MR. CRIGLER: Yes. Thank you. A couple
18 of quick items. We did make the pension premium payment.
19 It was an annual payment due, part of our pension
20 requirements. That was done prior to the October 15th
21 deadline. And we did have a budgeted item for that.

22 I did want to mention an event we had at
23 the Club. I believe it was in early October. The Club
24 hosted a Special Olympics event. I believe it was on a
25 Saturday. I believe it was the first weekend in October.

1 Don't quote me on the date.

2 I believe we had about 40 participants
3 that included both kids and adults. I believe they
4 paired the participant with a sponsor/mentor and they
5 were able to do some different, play some different golf
6 games or different holes on the course. So not a revenue
7 event. This was our second year hosting this event.
8 This was a really nice event for, you know, the
9 community-minded event.

10 I just want to thank the Hidden Creek
11 staff for giving their time to participate in that.

12 MR. CAMPBELL: Didn't we do some sort of
13 press release on that?

14 MR. CRIGLER: I asked for pictures and I
15 haven't seen any yet, so --

16 MR. CAMPBELL: Well, Navarre Press is
17 here, so we can kind of --

18 MR. CRIGLER: I will try to do --

19 (SPEAKING OVER EACH OTHER.)

20 MR. CRIGLER: I agree. That's why I
21 mentioned it.

22 MR. MILLER: We are proud of them.

23 MR. CRIGLER: Yeah. Another item from the
24 September Board meeting where we were asked to provide
25 kind of a current spray field cost breakdown. We have

1 done that. It is in the back of the finances. We tried
2 to provide the year-to-date, which is a graph, and then,
3 also provide a monthly invoice that should show a monthly
4 cost that the Water System is reimbursing Hidden Creek
5 for.

6 So, yeah, we should have two different
7 pieces of information there that hopefully answer the
8 question of what you were looking for there, Director
9 Lynchard. It's in the very back of the Tab 3 and --

10 MR. LYNCHARD: Okay.

11 MR. CRIGLER: There is an invoice and then
12 there is a graphic that shows the breakdown of the cost
13 to date per year. And that's through August. That is
14 not through September.

15 MR. MILLER: Any questions from the Board
16 about the spray field? Or are y'all still looking over
17 it?

18 MR. LYNCHARD: I will have some questions,
19 but I don't have them now.

20 MR. CRIGLER: Yeah. That's fine.

21 MR. LYNCHARD: But not today.

22 MR. MILLER: Okay. Is that the conclusion
23 of your update, Mr. Crigler?

24 MR. CRIGLER: It is.

25 MR. MILLER: Okay. Ms. Reynolds?

1 MS. REYNOLDS: Yes. Carmen Reynolds,
2 Navarre. How would we know about what that breakdown is?
3 Will you verbalize it to us? Or how would we know the
4 results of that breakdown that you just went over in your
5 packet?

6 MR. MILLER: You are talking about the
7 spray field costs?

8 MS. REYNOLDS: Yes.

9 MR. MILLER: Okay.

10 MR. CAMPBELL: I will tell you.

11 MR. LYNCHARD: Yeah. I can answer that.
12 We have discussed ad nauseam especially over the past
13 year what we consider as a Board spray field cost.

14 And we actually voted last September on
15 that. If you look at that meeting, you will know exactly
16 what we have determined to be spray field costs as a
17 Board.

18 MS. REYNOLDS: You have got it listed on a
19 paper --

20 MR. LYNCHARD: Hold on. I wasn't
21 finished. Now, if there were any costs that Holley
22 Navarre Water System paid that -- that were over and
23 above those that we approved, in other words, they didn't
24 fall into those categories we approved, I can guarantee
25 you we will be discussing that at a future meeting

1 because I won't let it slip by.

2 MS. REYNOLDS: Okay.

3 MR. LYNCHARD: But we just received that,
4 I think it was yesterday or the day before yesterday, so
5 I haven't had a chance to look at any of the details. So
6 I don't think anybody on the Board of Directors are
7 really ready to discuss that.

8 MR. THIEL: You provided that information
9 earlier this year because the question was asked. I know
10 I asked the question, was the \$250,000 that was written
11 last year, and you indicated that that list that you
12 provided was all itemized was valid in accordance with
13 the resolution that was passed. Right? Those were
14 valid?

15 MS. CARAWAN: Those were valid for the
16 2022.

17 MR. THIEL: For 2022. And also, the 277
18 includes the first three months of '23; right, also?

19 MS. CARAWAN: \$21,000 of it. Yes.

20 MR. CAMPBELL: So, Ms. Reynolds, to date,
21 it's \$142,000 for spray field costs. Just keep in mind
22 our estimate to run a spray field is \$314,000, so --
23 because the golf course is making a little money with a
24 little better management, that cost is defrayed some.

25 MS. REYNOLDS: And when you said, "To

1 date," the start date?

2 MR. CAMPBELL: From 1 January through
3 August --

4 (EVERYONE SPEAKING OVER EACH OTHER.)

5 MS. REYNOLDS: Through August 30. Okay.
6 Thank you. I was just wondering what was in your
7 little -- what was in your little hat and the rabbit you
8 just pulled out.

9 MR. THIEL: And the Board has approved up
10 to \$169,900 for this year. Again, the cost of running
11 the spray field, if there was no golf course operation
12 that they determined to be \$314,000 a year.

13 MS. REYNOLDS: All right. Thank you very
14 much.

15 MR. THIEL: The differential is what we
16 stick with that \$169,900. Anything below the \$314,000
17 that the golf course is contributing to the members, in
18 other words, to Holley Navarre, to defray costs.

19 MS. REYNOLDS: Please understand, I am not
20 trying to be difficult, but when you have a report and we
21 don't know what you're referring to, we can't follow
22 along. At least I can't. Maybe the brainiacs can, but I
23 can't. Thank you.

24 MR. MILLER: Okay: That concludes the CEO
25 update. Unless there is any further discussion on that,

1 next on the agenda is the review of the August 2023
2 financials. Mr. Crigler?

3 MR. CRIGLER: Yes. Thank you. I will
4 defer to Barbara on that.

5 MS. CARAWAN: All right. Nothing out of
6 the ordinary to report. Total revenue for the month of
7 August was \$1,309,071. Total expenses were \$1,023,376
8 with a net income of \$285,695. Overall, we did great.

9 MR. MILLER: Good month.

10 MS. CARAWAN: Good month.

11 MR. MILLER: Any discussion on the
12 financials?

13 MR. THIEL: And the year-to-date is 838?

14 MS. CARAWAN: Year-to-date is \$838,892.

15 MR. MILLER: Okay. Any other discussion
16 on the financials? If not, I would like a motion to
17 approve the financials as submitted.

18 MR. CAMPBELL: I do have one question
19 on -- some more questions on that. I see a lot of the
20 check register has the same auto repair place. Is that
21 part of we go out and get repairs for auto repairs?
22 Because I keep seeing the same place. And I know in the
23 past we have used one place and didn't spread the wealth
24 throughout our other repair shops.

25 MR. CRIGLER: Navarre Auto Repair?

1 MR. CAMPBELL: I wasn't going to mention
2 any names. Just making sure it -- is there a bid, you
3 know, you go out and get?

4 MR. CRIGLER: I know that it's a proximity
5 issue and how quickly they can get it done issue.
6 Clinton, do you have --

7 MR. WELLS: Sometimes, we take them back
8 to the dealership. Sometimes, we just take them right
9 here to the local shop.

10 MR. CAMPBELL: I got you.

11 MR. WELLS: Oil changes, there are three
12 or four different places we will get oil changes. It
13 just really depends.

14 MR. CRIGLER: If it is warranty, you would
15 go back to the dealership. And a lot of our trucks were
16 older, so we can't --

17 MR. WELLS: Yeah. Our goal is to get them
18 back on the road as quickly as possible, so --

19 MR. MILLER: And that is a concern with
20 vehicle repairs, since a lot of shops say we can get to
21 you three weeks from now, you know.

22 MR. WELLS: Correct.

23 MR. CAMPBELL: That answers my question.

24 Thank you.

25 MR. THIEL: I make a motion to approve the

1 financials for September as presented.

2 MR. LYNCHARD: I will second.

3 MS. CARAWAN: August.

4 MR. MILLER: I was going to say, wait a
5 minute --

6 MR. THIEL: My bad, my bad. August 2023
7 as presented.

8 MR. LYNCHARD: Second.

9 MR. MILLER: We have a motion and a
10 second. Any other discussion?

11 (NO AUDIBLE RESPONSE.)

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

13 MR. LYNCHARD: Aye.

14 MR. LINNELL: Aye.

15 MR. THIEL: Aye.

16 MR. CAMPBELL: Aye.

17 MR. MATTHEWS: Aye.

18 MR. CRUMBLEY: Aye.

19 MR. MILLER: Nays or abstentions?

20 (NO AUDIBLE RESPONSE.)

21 MR. MILLER: Motion carries.

22 We have our Directors update with the
23 Finance Committee. Director Campbell?

24 MR. CAMPBELL: Don, can you cover CIP,
25 please?

1 MR. LINNELL: Yeah. CIP still behind.
2 You know, we are waiting some on Eglin -- hasn't gone --
3 we let the tank contract -- we actually let the tank
4 contract for the tank down by elevating the line, so it
5 will be hitting the books pretty quick when we start
6 working on that. But, otherwise, we are not spending it
7 all yet, thankfully, not that many problems yet, but --

8 MR. CRUMBLEY: Yet.

9 MR. LINNELL: Knock on wood. I was told
10 we will start using that lift station for repairs and
11 improvements so we expect -- things break. You know, it
12 just hasn't happened yet. It's going to -- it will ramp
13 up at some point.

14 MR. CAMPBELL: And what is the timeframe
15 for that tank?

16 MR. PHILLIPS: One year.

17 MR. CAMPBELL: Got it. Okay. And then,
18 Director Lynchard?

19 MR. LYNCHARD: Sure. We had our budget
20 meeting. Everything is tracking right where we are at.
21 We are two-thirds to three-quarters of the way through
22 the year, as of our last meeting. And we are down
23 two-thirds in expenses and revenues with the exception of
24 the interest income.

25 We budgeted, I think it was around \$15,000

1 or maybe a little less for interest income last year and
2 our interest income is \$144,000. So they are doing
3 pretty good.

4 MR. CAMPBELL: I know, Clinton, you had a
5 concern earlier about wastewater and water repairs but
6 that looks like to be on track?

7 MR. WELLS: Yes, sir.

8 MR. CAMPBELL: We thought we might have to
9 lose some money, but I have looked at it, and knock on
10 wood, there aren't any issues.

11 MR. WELLS: Right. Especially on
12 wastewater budget line items. But things seem to be
13 evening out right now, so knock on some wood and maybe we
14 won't bust it too bad.

15 MR. CAMPBELL: All right. That's all I
16 have, Mark.

17 MR. MILLER: Okay. The Eglin Regional
18 Reuse project. We did have a meeting. We had a room
19 full of all of the players here and I think that meeting
20 was about 21 minutes long.

21 It was a really quick, all positive,
22 everything is right on track. There is really no issues,
23 and, you know, that is a wonderful thing, knock on wood,
24 that is still tracking right along just like it is
25 supposed to.

1 MR. CAMPBELL: Can I ask you a question?

2 MR. MILLER: Yes.

3 MR. CAMPBELL: So with the easements in
4 that timeline, when do we think we are going to start
5 looking at money for Phase 1-B that --

6 MR. PHILLIPS: The money --

7 MR. CAMPBELL: -- look to put that out and
8 everything.

9 MR. PHILLIPS: Assuming everything goes
10 okay, November 14 -- I can't remember to be exact --

11 MR. CRIGLER: 27th.

12 MR. PHILLIPS: 27th. I don't know why I
13 keep saying the 14th. It's the 27th.

14 MR. CAMPBELL: Is that the easement --

15 MR. STOKES: It's the order of taking the
16 easement.

17 MR. CAMPBELL: I know the County response,
18 but I just -- as soon as you can start looking at the --

19 MR. PHILLIPS: As soon as the judge issues
20 an order based on that hearing, we will advertise Phase
21 1-B, which is all of the transmission main.

22 MR. CAMPBELL: So, Jeff, when do you think
23 the Board is going to have to start looking at money for
24 that transmission line? Early part of the year after the
25 election?

1 MR. CRIGLER: Winter or spring before we
2 expend any money. Several months of the bidding process
3 itself.

4 MR. CAMPBELL: Got it.

5 MR. THIEL: That includes the Bay?

6 MR. PHILLIPS: Yes, sir. All the pipeline
7 up to the leased property.

8 MR. THIEL: Okay.

9 MR. CAMPBELL: Thank you.

10 MR. THIEL: The pipeline starting with the
11 leased property is in 1-A; right?

12 MR. PHILLIPS: Correct. Everything on the
13 leased property is in 1-A.

14 MR. THIEL: Okay. Which has already been
15 approved?

16 MR. PHILLIPS: Yes, sir.

17 MR. THIEL: Okay. Thank you.

18 MR. MILLER: When are they starting work
19 on the property?

20 MR. PHILLIPS: Paperwork and all, Mark,
21 they have already started. When will we see the first
22 piece of ground broken out there? They have released a
23 tentative schedule. We have the official
24 pre-construction meeting tomorrow.

25 I am guessing, Mark, because of the

1 preliminary stuff that we have to do environmentally to
2 get the site permit, I am going to say mid-January,
3 probably, to actually see a piece of equipment out there.

4 MR. MILLER: I thought we were looking at
5 a groundbreaking sooner than that.

6 MR. PHILLIPS: Well, you might have an
7 official groundbreaking ceremony whenever you schedule
8 it. But in terms of real construction, that's when real
9 construction will happen.

10 MR. CAMPBELL: Before the next annual
11 meeting --

12 (SPEAKING OVER EACH OTHER.)

13 MR. PHILLIPS: I just saw an email where
14 it seems like you were going to have a groundbreaking --

15 MR. CRIGLER: We are going to talk to the
16 contractor tomorrow about that. And, you know, maybe we
17 can put a piece of equipment out for that. We are going
18 to have a good event.

19 MR. PHILLIPS: Lots of golden shovels.
20 Ten golden shovels.

21 MR. CAMPBELL: I have to wear that hard
22 hat?

23 MR. PHILLIPS: You have to.

24 MR. WELLS: We already got them.

25 MR. CAMPBELL: Can we get the timeline,

1 Jeff? Or does that break that Eglin rules?

2 MR. CRIGLER: The construction schedule?

3 MR. CAMPBELL: The timeline that says what
4 we just asked about.

5 MR. PHILLIPS: Oh, absolutely. Yeah.

6 MR. CAMPBELL: Okay.

7 MR. CRIGLER: I think one of the documents
8 that we are discussing tomorrow is project schedule.

9 MR. PHILLIPS: Yeah. I actually have a
10 tentative project schedule that is not approved by us.
11 It's not even finalized by them --

12 MR. CAMPBELL: Just looking for a way --

13 MR. PHILLIPS: Yeah. Tomorrow will be the
14 be-all, end-all, where we discuss those things.

15 MR. CAMPBELL: I would like to see those
16 things if I could.

17 MR. LYNCHARD: Uh-huh.

18 MR. MILLER: All right. Next up is the
19 Club at Hidden Creek Management Board. Mr. Crigler?

20 MR. CRIGLER: Yes. So this past weekend,
21 we had a good-sized wedding event in our new event space.
22 I received some really good feedback from it. And we are
23 hoping to use some of the pictures taken after some
24 agreements with the photographer in some future marketing
25 material to, you know, advertise that space.

1 We think that is going to work out real
2 well. Like I said, I got really good feedback from that
3 event from the staff.

4 Financially, total revenue year-to-date at
5 the Club, we are about \$300,000 over budget. I believe
6 they are still on track for the highest revenue, at least
7 in the last three to four years. We are doing a good job
8 out there in terms of course condition. We are hearing a
9 lot of good feedback on that.

10 And they are getting a lot of rounds of
11 golf in. You know, the weather is acting in their favor.
12 Like I said, they are doing what they can to keep those
13 grounds up.

14 Net income to date through August. We
15 looked at about \$200,000. That is also a positive. So,
16 once again, kind of kudos to them for --

17 MR. THIEL: It's net profit for them; is
18 that right?

19 MR. CRIGLER: That's correct. Net profit
20 to date through August.

21 MR. MILLER: Any questions on Hidden
22 Creek?

23 (NO AUDIBLE RESPONSE.)

24 MR. MILLER: Fairpoint Regional Utility
25 System. Mr. Crigler?

1 MR. CRIGLER: Yeah. Not a lot. I have
2 got one item here on Fairpoint. We changed the date when
3 the Fairpoint budget is due. We changed that as part of
4 the member agreements to be done before the end of the
5 year. So we will actually be working on the Fairpoint
6 budget and turn that in at the November 25th Fairpoint
7 meeting. So the hottest topic is getting the budget
8 done.

9 MR. MILLER: All right. And, lastly,
10 Municipal Engineering. Mr. Phillips?

11 MR. PHILLIPS: Corporate-wise, we haven't
12 had a meeting in the last month. Next meeting we will
13 have will be with regard to budget for the end of the
14 year since we now have the requirement to produce the
15 budget by the end of the year.

16 Couple of items to give updates on. We
17 took possession of the manhole camera that we purchased.
18 By we, I mean, Mark Turner. Phil wasn't allowed to touch
19 the thing.

20 We understand that the side-by-side
21 mounted camera is very shortly going to be made available
22 to us. So, hopefully, both those things are pretty
23 close.

24 The camera is a pretty interesting thing.
25 Probably when we get both of them in, I talked to Mark

1 Turner about maybe giving a demonstration one day for the
2 Board members to attend, if they would like to come take
3 a look at it. It's a pretty interesting technology. I
4 think that's all I have to report.

5 MR. MILLER: All right. We are going to
6 move on to Item 4, the corporate tax returns for 2022.
7 Mr. Crigler?

8 MR. CRIGLER: Yeah. So Warren Averett has
9 prepared a draft of these annual returns for 2022. We
10 tried to send these out with plenty of advanced notice in
11 case there was any questions or comments. So we are
12 trying -- seeking approval for the Board President to
13 have signatory authority and to submit the 2022 corporate
14 tax returns.

15 MR. THIEL: I make a motion to allow our
16 President to sign the 2022 tax returns for Holley Navarre
17 Water System.

18 MR. LYNCHARD: I will second it

19 MR. MILLER: Okay. Any discussion?

20 MR. LYNCHARD: Yes. I would like to
21 discuss one thing. On flipping through this, the 990,
22 under Part 7, I noticed that we have got a couple of
23 names and amounts and names redacted.

24 Now, were those redacted at the request of
25 our CPA firm? Or was that something that staff did?

1 Because if it's something staff did, they need to call
2 the CPA firm and ask them if it is okay to redact that
3 under Federal law, because I don't think it is.

4 MR. CRIGLER: Okay.

5 MS. CARAWAN: We did. That's employee
6 information.

7 MR. LYNCHARD: Yeah. I was going to ask,
8 you asked the CPA firm and the CPA firm said it's okay
9 to --

10 MS. CARAWAN: They actually sent the
11 original documents for execution tonight just in case
12 they were -- and they are redacted in those originals as
13 well.

14 MR. CAMPBELL: And that's the same one?

15 MR. PHILLIPS: But not the electronic
16 filing, Daryl.

17 MR. LYNCHARD: Yeah.

18 MR. PHILLIPS: It's the same way with
19 ours.

20 MR. LYNCHARD: Okay. Make sure. Because
21 I know there is some pretty stiff penalties --

22 MR. CAMPBELL: I don't remember it being
23 redacted last year.

24 MR. LYNCHARD: It was not.

25 MR. CAMPBELL: I know.

1 MR. LYNCHARD: It has never been redacted.
2 If that is something our CPA firm said, then, I am sure
3 they are on the hook for it.

4 MR. CRIGLER: I certainly don't mind
5 double-checking on that.

6 MS. CARAWAN: They wouldn't be redacted
7 for submittal. They are only redacted for the --

8 MR. LYNCHARD: But for distribution is
9 what I am talking about. Because anybody can come down
10 here, and under Federal law, we are required to hand them
11 a copy of that 990.

12 Different with an 1120 or 1120-S or a
13 1065. But a 990, you are required by Federal law to give
14 out a complete copy of the tax return so people can see
15 what was going on. And if you start redacting
16 information on there, people won't know what was going
17 on.

18 MS. CARAWAN: Okay.

19 MR. CAMPBELL: So, Barbara, so the one
20 that will be filed won't be redacted?

21 MS. CARAWAN: Will not be redacted.

22 MR. CAMPBELL: But the one we see is
23 redacted?

24 MS. CARAWAN: Right. Only because it is
25 personal income and confidential information.

1 MR. CAMPBELL: Because it's got
2 individual --

3 MR. LYNCHARD: Don't we have to approve
4 the tax return? So we are approving items that we can't
5 see?

6 MS. CARAWAN: Yeah.

7 MR. LYNCHARD: So I won't be voting to
8 approve them.

9 MR. CRIGLER: We have a deadline of
10 November 15th. So we can certainly get clarification,
11 but we would have to somehow, you know --

12 MR. LYNCHARD: Yeah. I don't think
13 anybody should approve something that they are not
14 allowed to see. I mean, that doesn't make any sense to
15 me.

16 MR. MILLER: It's got the amounts at the
17 bottom of the summary. It just doesn't have the
18 individual line, the names and the individual --

19 MR. LYNCHARD: I think we had this
20 discussion about trying to approve minutes that had been
21 redacted and --

22 MR. MILLER: I mean, it's employee
23 compensation that -- we are not seeing individual line
24 items. We are seeing the total amount of compensation.

25 MR. LYNCHARD: If you are comfortable with

1 voting on stuff that you are not allowed to see, you are
2 more than welcome to. I won't be voting.

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

5 MR. CAMPBELL: I would like clarification.
6 Well, I think I know the two individuals, but last year
7 there was three on there. So I know one has since
8 retired, but it's the highest compensated employees,
9 obviously, so --

10 MR. LYNCHARD: It should be three for
11 2022, at least.

12 MR. MILLER: Can we get --

13 MR. THIEL: Can the Board get a copy --
14 can we get a copy for the Board?

15 MR. MILLER: Yeah. Can we get an
16 unredacted copy sent to the Board and have this as a
17 Board action without a meeting?

18 MR. LYNCHARD: Yeah. I am okay with doing
19 that. I will do that.

20 MR. CRIGLER: Okay.

21 MR. LYNCHARD: That's fine.

22 MR. MILLER: Okay. Are we going to
23 withdraw the motion? Or are we going to vote?

24 MR. LYNCHARD: Yeah. I withdraw my
25 second.

1 MR. THIEL: I will withdraw the motion.

2 MR. MILLER: Motion withdrawn. Okay. So
3 we will do this as a Board action without a meeting to
4 make sure.

5 All right. We are going to move on to the
6 next item. Conflict of interest policy. Mr. Crigler?

7 MR. CRIGLER: Yes. So this is one of the
8 items that was mentioned as a recommendation in the
9 forensic audit. We had a policy and a conflict of
10 interest statement drafted that is included in your
11 packet under Tab 5.

12 So, hopefully, you will have a chance to
13 look through that. This was the intent that the
14 statement would be signed annually by Directors,
15 officers, and also members of a Board committee.

16 So if there was like a Board Election
17 Committee or some other special committee, they would
18 sign it as well. So that's the way this one was drafted.
19 Once again, it's a recommendation from the forensic
20 audit.

21 MR. MILLER: Has everyone had a chance to
22 look over the conflict of interest policy? And is there
23 any discussion on that?

24 MR. LYNCHARD: I make a motion we approve
25 it as presented.

1 MR. LINNELL: I will second that.

2 MR. MILLER: We have a motion and a
3 second. My discussion is that I think it's a good
4 policy. I think it's something that we needed to do for
5 a while and I am in favor of it.

6 MR. THIEL: I would like to see this
7 posted also online so that the members have an
8 opportunity to review it. I don't see any reason why it
9 cannot.

10 MR. LYNCHARD: Sounds good.

11 MR. MILLER: I am okay with that. All
12 right. All in favor say "Aye"?

13 MR. LYNCHARD: Aye.

14 MR. LINNELL: Aye.

15 MR. THIEL: Aye.

16 MR. CAMPBELL: Aye.

17 MR. MATTHEWS: Aye.

18 MR. CRUMBLEY: Aye.

19 MR. MILLER: Nays or abstentions?

20 (NO AUDIBLE RESPONSE.)

21 MR. MILLER: Motion carries.

22 Sorry --

23 MR. CAMPBELL: No. No. I was just going
24 to say because there was a Board comment but it had no
25 weight. So I will wait until it happens before I -- you

1 can have a conflict of interest, but if I leave something
2 out there, and it's found, you know, what's the --
3 disregard it.

4 MR. LYNCHARD: To your point, Joe, I don't
5 think that we -- you know, even if you have a straight-up
6 conflict of interest, it is not something that you can be
7 removed from the Board for.

8 MR. CAMPBELL: And that's why I said,
9 "Disregard."

10 MR. LYNCHARD: This is a good thing, but
11 it doesn't change who is on the Board.

12 MR. CAMPBELL: I opened my mouth before I
13 thought about it. Sorry.

14 MR. MILLER: I do that sometimes, too.

15 All right. That's approved. We will sign
16 that tonight and begin using it immediately.

17 Operations. Deep watering pump purchase.
18 Mr. Crigler?

19 MR. CRIGLER: Yes. So this is for the
20 purchase of a dewatering pump. We do have three posted
21 attached to this. Currently, when we do dewatering --
22 and, Clinton, correct me if I'm wrong -- we are using our
23 bypass pumps.

24 MR. WELLS: Correct.

25 MR. CRIGLER: And it's really not a

1 correct application. These dewatering pumps have
2 different heads and suction conditions, which is really
3 not the correct application for the pumps we have.

4 It is really adding to our fleet of pumps
5 for this specific circumstance. It typically occurs when
6 we have -- when we have to make a repair, transport
7 water, or we have got to lower the groundwater in an area
8 to, like I said, make a repair or add something.

9 MR. THIEL: For employees that are here,
10 are dewatering pumps used for taking water out of a pipe
11 that needs repair?

12 MR. WELLS: No, sir. This is actually for
13 a well-point system, so --

14 MR. CRIGLER: Lowering the groundwater.

15 MR. THIEL: Make sure the groundwater is
16 low enough.

17 MR. WELLS: That's correct. Yes, sir.

18 MR. THIEL: You don't have one currently
19 now?

20 MR. WELLS: We don't have the proper one.
21 We have been utilizing some pumps that are not built for
22 that.

23 MR. THIEL: Okay.

24 MR. WELLS: And we have gotten by with it,
25 but it's time we get a true dewatering pump.

1 MR. THIEL: Okay.

2 MR. LYNCHARD: I make a motion we
3 purchase --

4 MR. CRUMBLEY: I will second.

5 MR. LYNCHARD: -- the pump.

6 MR. MILLER: We have a motion and a
7 second. Fiscal impact on that is \$35,092.59.

8 (EVERYONE SPEAKING OVER EACH OTHER.)

9 MR. MILLER: I mean \$43,945. I read the
10 wrong line. \$43,945. Any other discussion on that?

11 MR. LINNELL: Yeah. I have got a
12 question.

13 MR. WELLS: Yes, sir.

14 MR. LINNELL: Am I reading that right?
15 That wasn't the lowest bid?

16 MR. WELLS: So --

17 MR. LINNELL: -- the best value for
18 different reasons?

19 MR. WELLS: Yes, sir. The lowest bid is
20 actually not a true six-inch pump which we specified we
21 wanted. It's got four-inch internals in it, with just
22 six-inch suction and six-inch discharge.

23 So it's not true apples to apples. And it
24 also didn't include the box that goes on the end of it.
25 So it's another \$2500 to \$2700. The Myers and Seth pump

1 that we have done some research on, all the big rental
2 companies are going to these pumps because they are so
3 reliable.

4 MR. LINNELL: Okay. Thanks.

5 MR. MILLER: Any further discussion?

6 (NO AUDIBLE RESPONSE.)

7 MR. MILLER: Call the vote. All in favor
8 say "Aye"?

9 MR. LYNCHARD: Aye.

10 MR. LINNELL: Aye.

11 MR. THIEL: Aye.

12 MR. CAMPBELL: 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 Sorry, Ms. Reynolds. I didn't see you.

19 MS. REYNOLDS: No problem. Thank you. I
20 just wanted to know what the life cycle is on the
21 dewatering pump.

22 MR. WELLS: I would have to go to the
23 manufacturer's recommendations, but it is probably going
24 to be an 8-year life cycle.

25 MS. REYNOLDS: Did you say 8 years?

1 MR. WELLS: Yes, ma'am.

2 MS. REYNOLDS: So in five years, we might
3 have to replace or get another pump, but this probably
4 won't come up for a while again?

5 MR. WELLS: Yes, ma'am.

6 MS. REYNOLDS: Thank you.

7 MR. THIEL: Any warranty on that?

8 MR. WELLS: I am sure there is a one-year
9 warranty on it, but that's typical.

10 MR. THIEL: Like everything.

11 MR. WELLS: Yeah.

12 MR. MILLER: Like most things that last a
13 year, it will probably last eight years.

14 MR. WELLS: Correct. You will find you
15 have your issues in the first month you get it, so --

16 MR. MILLER: All right. Next item up is
17 the Colonial Pines Lift Station and 16 pump replacement.
18 Mr. Crigler?

19 MR. CRIGLER: Yeah. This is a lift
20 station out on the east side of the system. And, really,
21 it's in response to the growth out in that part of the
22 system. And the fact that these pumps have been in for a
23 long time. They are due for an upgrade.

24 Because we are putting in slightly bigger
25 pumps, we have to upgrade the controls as well. So the

1 \$35,000 includes new upgraded pumps as well as upgraded
2 controls.

3 And my understanding of the Mark Turner
4 approach here, we are buying the pumps so the majority of
5 the electrical upgrade is being done in-house.

6 MR. WELLS: Absolutely. Yes.

7 MR. CRIGLER: And we have attached the
8 quotes to the pump and the electrical components.

9 MR. MATTHEWS: I see what they are working
10 on now.

11 MR. WELLS: Well, it's been struggling for
12 a while.

13 MR. MATTHEWS: Yeah.

14 MR. WELLS: We have got to get that bypass
15 pump off 98 before someone runs it over. There is still
16 lead time on these pumps for four weeks, so --

17 MR. LYNCHARD: I am sorry to ask this
18 question, but we are going to do a majority of electrical
19 work in-house and the electrical work on the invoices is
20 a little over -- right at \$11,000.

21 Are we going to do more work than that
22 electrical work in-house? And how much, you know, how
23 much is that number? Because it says \$35,000 here. Are
24 we looking at a \$50,000 bill for this?

25 MR. WELLS: No. No. That's total price.

1 MR. LYNCHARD: Does that include the
2 in-house work?

3 MR. WELLS: Well, not the labor. But as
4 far as the starters and --

5 MR. LYNCHARD: Oh, I was thinking we were
6 burning boards and things like that.

7 MR. WELLS: No.

8 MR. LYNCHARD: Okay.

9 MR. MILLER: Okay. We don't have a motion
10 yet.

11 MR. LYNCHARD: I make a motion we approve
12 the CIP project for Colonial Pines Lift Station Number 6
13 as presented.

14 MR. LINNELL: Second.

15 MR. MILLER: Motion and a second. Fiscal
16 impact, \$35,092.59. Any more discussion?

17 (NO AUDIBLE RESPONSE.)

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

19 MR. LYNCHARD: Aye.

20 MR. LINNELL: Aye.

21 MR. THIEL: Aye.

22 MR. CAMPBELL: Aye.

23 MR. MATTHEWS: Aye.

24 MR. CRUMBLEY: Aye.

25 MR. MILLER: Nays or abstentions?

1 (NO AUDIBLE RESPONSE.)

2 MR. MILLER: Motion carries.

3 All right. We are down to engineering.

4 Mr. Phillips?

5 MR. PHILLIPS: Well, if you look at the
6 first page of the engineering section, you see Clinton
7 has been a pretty good boy last month. Unaccounted for
8 losses are at 7.3 percent. And, again, we are held to a
9 10 percent number by the regulatory agencies.

10 If you flip the page, you will see the
11 information that I usually point out, which is the inflow
12 and infiltration. If you remember last month, I said
13 it's really the first true month where we have seen what
14 actually should happen.

15 It's a little worse this month in that
16 there was a little tiny bit of observable I&I, but still
17 pretty good compared to the rest of the year. And, of
18 course, again, I will point out that we are pretty darn
19 fortunate right now that there has just been no rain.

20 It's not -- although there has been a lot
21 done since I&I was first started to be addressed, we do
22 still have some I&I issues that we are working on, but we
23 are benefiting from the weather right now, so -- and if
24 anybody has any other questions with regard to the master
25 booster pump station and the elevated tank, as Don said,

1 the tank is awarded. CB&I is starting on that.

2 The booster pump station, the design is
3 essentially complete, but because the tank folks have to
4 have the site essentially for their full year, that
5 project won't be bid until they get very close to being
6 done until we can actually foresee a date where we can
7 occupy the property.

8 I think we kind of beat Eglin to death a
9 little bit. If anybody has any other questions?

10 MR. THIEL: I would just like to comment
11 that to echo your comments, they are doing a good job on
12 unaccounted for water loss with the goal being 10
13 percent. We have been historically well below that.

14 And although our goal is ostensibly five
15 percent, I think that is probably a little bit
16 unrealistic. I don't think we have obtained it but a
17 couple of times, but you do well in comparison.

18 I asked Clinton about some other details
19 about our competitors, not our competitors, our sister
20 water users, and the only one that is even close to us is
21 Midway. They are around 7.4 percent.

22 Gulf Breeze and Holley Navarre are 20
23 percent -- not Holley Navarre -- Holley -- Navarre Beach,
24 excuse me. They are at 20 percent, so kudos.

25 MR. MILLER: All right. That concludes

1 our engineering report. We are down to member forum.

2 Open member forum.

3 I am going to go down the list of folks
4 that signed in. Let me know if you would still like to
5 speak. Carmen Reynolds?

6 MS. REYNOLDS: Thank you, Mr. President.
7 Carmen Reynolds, Navarre. You guys brought this up. So
8 I was looking at the 4990 from last year. So that was
9 the past. And it will help me with this math, because I
10 really don't understand it too well.

11 Dallas Peavey, CEO, base compensation,
12 \$156,034. Bonus and incentive compensation, \$25,879.
13 Other reportable compensation, \$19,097. Retirement and
14 other deferred compensation is \$6,203 for a total of
15 \$237,340. Can somebody interpret this for me, please?

16 MR. LYNCHARD: That would have been the
17 information from 2021. I don't think anybody discussed
18 that off the top of their head.

19 MS. REYNOLDS: So what happens with the
20 money that was put into his retirement and deferred
21 compensation fund of \$6,203?

22 MR. LYNCHARD: A 401-K plan that he would
23 have been eligible for. So I believe that would have --
24 I don't know how that works here.

25 MS. REYNOLDS: Did they take -- did they

1 change it out even after you all let him go?

2 MR. MILLER: I don't know. You only
3 contribute to that while you are employed. Or, at least,
4 there is only a company match while you are employed
5 here.

6 MS. REYNOLDS: Right.

7 MR. THIEL: What you contribute to that,
8 it stays in the employee's account.

9 MS. REYNOLDS: Okay. So \$236,340. So
10 great. Thank you.

11 MR. MILLER: All right. Wes Siler?

12 MR. SILER: Yeah. I mean, that paints the
13 picture, just kind of where she left off. That's also
14 some of the other problems we saw in the report. But
15 kind of like I said earlier, releasing that is probably a
16 difficult step, but it is a necessary one because it
17 allows people to see what is going on, at which point of
18 accountability from the outside as well as what is within
19 and that is what leads to success.

20 That's what I am starting to see, just the
21 base level of operations that Jeff is already doing is a
22 step in the right direction. I think you said most
23 profit in three or four years from the Club. Right?

24 He has only been here a few months.
25 Right? He is already moving in the right direction.

1 You want people to be getting married at
2 the Club, you know, at the Club at Hidden Creek. You
3 want memories to be made there, not, you know, a place
4 that is full of -- like she was saying to us, she has got
5 the history that Dallas Peavey had.

6 The other things, you know, the contract
7 was huge in that report. You guys, of not even being
8 aware of approving hundreds of thousands of dollars being
9 spent. Tonight you are seeing everything start to
10 resurface of the Board and this CEO having a much more
11 healthy conversation, starting to implement policies from
12 the auditors is a great thing.

13 I think, at least from my perspective,
14 when Dave stood up a year ago and said, we need to have
15 an audit. This is what we hope to achieve, at least,
16 what I took out from that -- and a lot of people as well.

17 Like I said, hopefully, it's a new era of
18 turning the ship, of moving us in the right direction,
19 but that involves that transparency. And that's the task
20 for you guys was just like -- I think it was Phil and a
21 couple others -- it could have been a first listing at
22 least you would release this to the public.

23 Yes. Always, yes. Let the people see it.
24 We need the context. We need to understand what you guys
25 do. When you do that, that opens up that conversation,

1 which leads to this type of good results.

2 So thank you guys for your time.

3 MR. MILLER: Thank you, Wes.

4 Kurt Cosby?

5 MR. THIEL: He left.

6 MR. MILLER: Okay.

7 MS. REYNOLDS: He had to go to another
8 meeting.

9 MR. MILLER: Any other member forum?

10 MR. HALL: I have just got a quick one.

11 MR. MILLER: If you would, sign our sheet
12 before you leave?

13 MR. HALL: I will. Yes. Harlan Hall. I
14 want up to commend you guys for doing the audit that you
15 did and for releasing it to the public so they could see
16 what was going on. I think that was a great step toward
17 transparency.

18 And I think that -- I commend you guys for
19 that. I also commend -- I don't know his name -- the
20 second guy there --

21 MR. MILLER: Clinton.

22 MR. HALL: -- On the pump deal for
23 actually researching that pump finding out that it won't,
24 because, you know, the lowest bidder isn't always right.

25 MR. CAMPBELL: Are you going to admit it

1 was Mark Turner that found that?

2 MR. WELLS: It was actually Ron Hicks.

3 MR. CAMPBELL: He is giving praise to one
4 of his troops running it.

5 MR. HALL: But what I am saying, by doing
6 that little bit of research, sometimes, really, they
7 could have ended up with a sub-standard product. So I
8 just wanted to thank him for doing that research, and,
9 hopefully, all the departments continue doing that on
10 things that go out to bid so that we do get the best bang
11 for our dollar.

12 MR. MILLER: Thank you.

13 MR. HALL: You guys are doing a fantastic
14 job. Keep it up.

15 MR. MILLER: Thank you, Mr. hall.

16 All right. That concludes our meeting,
17 our October meeting. Thank everybody for coming.

18 MR. CAMPBELL: Motion to adjourn.

19 MR. MILLER: Motion to adjourn.

20 MR. THIEL: Second.

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

22 MR. LYNCHARD: Aye.

23 MR. LINNELL: Aye.

24 MR. THIEL: Aye.

25 MR. CAMPBELL: Aye.

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MR. MATTHEWS: Aye.

MR. CRUMBLEY: Aye.

MR. MILLER: Meeting adjourned.

WHEREUPON, THE BOARD OF DIRECTORS MEETING
FOR THE HOLLEY NAVARRE WATER SYSTEM CONCLUDED AT 7:33
P.M.

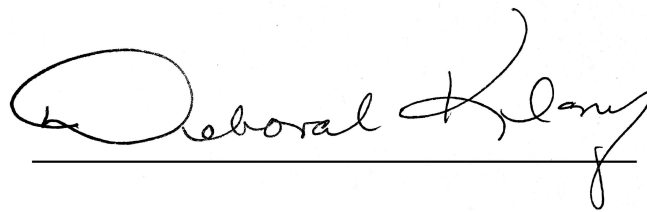
1 CERTIFICATE OF REPORTER

2
3 STATE OF FLORIDA

4 COUNTY OF SANTA ROSA

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

16 Dated this 8th day of November, 2023.

17
18 A handwritten signature in cursive script, reading "Deborah G. Kharuf", is written over a horizontal line. The signature is positioned in the center of the page, between lines 17 and 20.19
20
21 DEBORAH G. KHARUF

22 Court Reporter and Notary Public,

23 State of Florida at Large.

24 Commission number HH 387801

25 My commission expires July 6, 2027.