

HOLLEY NAVARRE WATER SYSTEM  
THE CLUB AT HIDDEN CREEK  
COMBINED BOARD MEETINGS  
APRIL 21, 2020  
6:00 P.M. - 7:30 P.M.

DARYL LYNCHARD, PRESIDENT

JAMES DABNEY, VICE PRESIDENT

MIKE KENNEDY, DIRECTOR

KEVIN LANIER, DIRECTOR

FRED TERASA, DIRECTOR

WILL GOULET, DIRECTOR

KEITH KILPATRICK, ESQUIRE

(APPEARING TELEPHONICALLY)

GRANT SUMMERS, SECRETARY-TREASURER

CINDY CALLEN, GM, CLUB AT HIDDEN CREEK

BARBARA CARAWAN, HNWS OFFICE MANAGER

PHIL PHILLIPS, MESI

DANNY HAWKINS, HNWS

TORIN BRAND, IT HNWS

CHRIS LEGG, HNWS

KRISTEN MCALLISTER, WARREN AVERETT

ALSO PRESENT:

DEBORAH KHARUF, COURT REPORTER  
SANDI KEMP, NAVARRE PRESS

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

MR. LYNCHARD: Are we ready to start the 6:00 o'clock meeting? It's 6:05. Will, would you say the prayer?

MR. GOULET: Can you bow your heads with me?

(INVOCATION GIVEN BY DIRECTOR GOULET.)

MR. LYNCHARD: Join me in the pledge of allegiance to the flag of our country.

(PLEDGE LED BY DIRECTOR LYNCHARD.)

MR. LYNCHARD: I would say, "Mr. Secretary, announce a quorum," but since he is on the phone, we do have a quorum.

We need to approve the minutes and transcripts of the February 18th regular Board of Directors meeting, January 28th Special Personnel Meeting and redactions to the February 28th -- February 18th, 2020 Executive Session and redactions, August 20th, 2019, September 17th, 2019, August 15th, 2019, and January 6th, 2020, MOA Special Meeting Minutes.

And the reason -- those last ones, we are doing those because we -- we held off on approving those minutes until we had a final agreement signed by the County and at this point Gulf Breeze.

MR. LANIER: Motion to approve all minutes

1 as presented.

2 MR. TERASA: Second.

3 MR. LYNCHARD: We have a motion and a  
4 second to approve all minutes as presented. Is there any  
5 discussion?

6 (NO AUDIBLE RESPONSE.)

7 MR. LYNCHARD: None noted. All those in  
8 favor say "Aye"?

9 MR. DABNEY: Aye.

10 MR. LANIER: Aye.

11 MR. KENNEDY: Aye.

12 MR. TERASA: Aye.

13 MR. GOULET: Aye.

14 MR. SUMMERS: Aye.

15 MR. LYNCHARD: Any opposed?

16 (NO AUDIBLE RESPONSE.)

17 MR. LYNCHARD: Motion carries.

18 Approval of memberships. We need to  
19 approve the February new memberships of 299, cancelled  
20 memberships of 260, and transfers of zero, as well as the  
21 March new memberships of 336, cancelled 281, and no  
22 transfers that month.

23 MR. GOULET: I make a motion to approve as  
24 presented.

25 MR. LANIER: Second.

1 MR. LYNCHARD: We have a motion and a  
2 second. Is there any discussion?

3 (NO AUDIBLE RESPONSE.)

4 MR. LYNCHARD: None noted. All those in  
5 favor say "Aye"?

6 MR. DABNEY: Aye.

7 MR. LANIER: Aye.

8 MR. KENNEDY: Aye.

9 MR. TERASA: Aye.

10 MR. GOULET: Aye.

11 MR. SUMMERS: Aye.

12 MR. LYNCHARD: Any opposed?

13 (NO AUDIBLE RESPONSE.)

14 MR. LYNCHARD: Motion carries.

15 All right. Finance. Review the financial  
16 statements for February -- or January, February, and  
17 March 2020.

18 Has everybody had a chance to review the  
19 financial statements?

20 (NO AUDIBLE RESPONSE.)

21 MR. LYNCHARD: Is there any questions on  
22 them?

23 MR. LANIER: The only question I had was  
24 from Cindy's in December's numbers for Hidden Creek being  
25 \$20,000 different than what the audit said for the end of

1 the year.

2 MR. LYNCHARD: Okay. We will get to that  
3 in --

4 MR. GOULET: -- in the golf course  
5 meeting.

6 MR. LYNCHARD: -- in the golf course  
7 meeting. We are working on the Water System right now.

8 MR. LANIER: Okay.

9 MR. LYNCHARD: But we will get to that.  
10 Trust me.

11 MR. GOULET: I make a motion to approve as  
12 presented.

13 MR. KENNEDY: I second.

14 MR. LYNCHARD: We have a motion and a  
15 second to approve the January, February, and March 2020  
16 financial statements for Holley Navarre Water System and  
17 Municipal Engineering Services. Is there any discussion?

18 (NO AUDIBLE RESPONSE.)

19 MR. LYNCHARD: None noted. All those in  
20 favor say "Aye"?

21 MR. DABNEY: Aye.

22 MR. LANIER: Aye.

23 MR. KENNEDY: Aye.

24 MR. TERASA: Aye.

25 MR. GOULET: Aye.

1 MR. SUMMERS: Aye.

2 MR. LYNCHARD: Any opposed?

3 (NO AUDIBLE RESPONSE.)

4 MR. LYNCHARD: Motion carries.

5 2019 consolidated financial audit  
6 presentation. Kirsten, is there -- are you on the line,  
7 Kristen?

8 MS. MCALLISTER: Yes. Yes, I am here now.  
9 Can everybody hear me?

10 MR. LYNCHARD: Yes. We can hear you.

11 MS. MCALLISTER: Okay. So good evening.  
12 Interesting, I have never done a remote audit  
13 presentation like this. This is the first time. And it  
14 is interesting to look at you. I almost have the same  
15 viewpoint as if I was there, so it's very interesting.

16 Okay. So I am here to present the 2019  
17 audit report. We did complete the audit back in --  
18 really the beginning of March and we were on the agenda  
19 for the March meeting that was cancelled. So we have  
20 rolled to this meeting, but the audit has been completed  
21 for quite a bit -- for quite a bit.

22 The audit process did go very smoothly  
23 this year as well. We did issue a clean opinion on the  
24 financial statement, unmodified opinion, which is the  
25 highest level of assurance that we can provide. We also

1 do not have a management letter or any findings or such  
2 items that we would have to report to the Board, so it  
3 was a very good report overall from the audit.

4               Now, looking at the financials, if you  
5 will look at page 3, which is the start of your  
6 consolidated balance sheet, overall, the system end of  
7 the year was approximately \$70 million in assets. Most  
8 of that is within your utility plant and service assets  
9 and in your golf course equipment. You also had end of  
10 the year with approximately \$1.6 million in cash overall.

11              On your -- turning to page 4 on the  
12 balance sheet, which is your liabilities, overall, your  
13 biggest change in your liabilities is within your pension  
14 obligation, which did increase approximately \$3.2  
15 million. And we are going to talk about that in a  
16 second. A lot of those details are described in Note 6.  
17 And that had a significant impact as well when you turn  
18 to your income statement on page 5.

19              Overall, the system end of the year for  
20 2019 with income from operations of approximately \$1.3  
21 million dollars. You had increases overall in your  
22 wastewater and system revenues and from within the course  
23 as well -- within the Club's revenues as well.

24              Another significant change this year, if  
25 you will go to -- not necessarily significant, but

1 starting on page 9 of the notes for the financials, one  
2 of the hot topics in the accounting industry this year  
3 has been revenue recognition. Actually, they have been  
4 talking about it for several years, but that accounting  
5 standard was adopted this year by all entities. And that  
6 was adopted by the System.

7                   It did not have any impact on the way that  
8 you recognize revenue, but we do have to disclose that it  
9 was a new accounting standard and was adopted January  
10 1st, 2019, so I will point that out. But, as I said, it  
11 had no impact on the timing and the way that you  
12 recognize your revenue.

13                   So as I was saying, one of the biggest  
14 impacts on your financials this year is your pension plan  
15 and that starts on page 15, which is note 6. And as I  
16 said, your pension -- your overall pension obligation  
17 increased by about \$3.2 million dollars and that does  
18 include -- and that's net of the overall increase of your  
19 fair value of your plant assets of almost \$2 million as  
20 well, so you did have growth in your plant assets, but  
21 you had a significant change in your pension plan  
22 assumption utilized.

23                   You decreased your discount rate from 4.25  
24 percent to 3.25 percent. That one point percentage  
25 decrease was a significant change. Generally, you will



1 try to do that decrease in lower increments and that will  
2 have less of an impact, but you made that change. That  
3 alone had a \$2.3 million dollar increase impact on your  
4 benefit obligation.

5                   There were -- you also had to adopt other  
6 impacts by changing the discount rate by looking at your  
7 mortality table. All of the assumptions are provided to  
8 us via your actuary, so we did review the actuary's  
9 report and the assumption is utilized in his disclosure  
10 report. However, we did not determine or adjust any of  
11 those discounts or any of those assumptions utilized.

12                   And then, another change this year, if you  
13 continue on to page 19, the bottom of page 19, when we  
14 did include a subsequent event note. We have included,  
15 in consideration of the COVID-19 situation, and all of  
16 our clients, we have been, for any of our clients, we  
17 released our audit reports recently.

18                   We did disclose the fact that you  
19 temporarily closed the Club as of April 3rd and there is  
20 an unknown impact on the Club and the System based on the  
21 decline in the market as well as the close of the  
22 operation.

23                   And then, starting on page 20, you can see  
24 the individual balance sheet and income statement for  
25 each of the entities, the System, the Club, and Municipal

1 are all described separately because on the face of the  
2 financial, you will see those on a consolidated basis, so  
3 if you need to see those individually, you can see those  
4 starting on page 20.

5 Do you have any questions? I would be  
6 glad to answer anything for you.

7 MR. TERASA: I have a question. With  
8 respect to the last thing you talked about, something  
9 about an event. We talked about the Board of Directors  
10 voted to temporarily close the course on April 3rd. Now,  
11 there are votes and there are votes.

12 MR. LYNCHARD: We didn't vote.

13 MR. TERASA: That's what I am saying. So  
14 I think that language needs to be changed. I don't know  
15 what -- what does it need to say, Mr. President?

16 MR. LYNCHARD: Uh --

17 MR. TERASA: "Acting CEO closed the  
18 course"?

19 MR. LYNCHARD: "Acting CEO closed the  
20 course with recommendation of management based on a poll  
21 of Board members.

22 MR. TERASA: Okay. Did you get that?

23 MS. MCALLISTER: I did. I can make that  
24 change.

25 MR. TERASA: Okay. Thank you.

1 MR. LYNCHARD: Any other items?

2 MR. LANIER: The only other thing I  
3 noticed was on the Club on page 22 showing the  
4 comprehensive earnings of \$62,403.

5 MR. LYNCHARD: Yes.

6 MR. LANIER: The 12-month numbers given at  
7 the January -- or rather the February meeting for  
8 December showed a year-to-date of \$181,761 of net profit.  
9 The net profit and the comprehensive earnings. What is  
10 the difference in those two? And why are they different?

11 MR. LYNCHARD: Kirsten, would you like to  
12 answer -- or, Kristen, would you like to answer that  
13 question?

14 MS. MCALLISTER: Yes. So the \$181,000 of  
15 the income from operations, are you saying that was in  
16 your -- included in your internal findings?

17 MR. LANIER: Yes, ma'am. In our monthly  
18 Board book, they showed a net profit for the Club being  
19 \$81,761. And then, the number reflected in the audit  
20 under comprehensive earnings was \$62,403. So I wasn't  
21 sure what the difference was between those two numbers as  
22 far as reporting and whether or not they were, in fact,  
23 the same numbers.

24 MS. MCALLISTER: I would have to defer to  
25 Barbara on that, because that wasn't the income, the net

1 income we started with with the audit, so there must have  
2 been some adjustments at the end. The only audited  
3 adjustments we posted for the Club, I believe, were to  
4 update the depreciation.

5 MR. LANIER: Okay.

6 MR. TERASA: Is Barbara not on?

7 MR. LYNCHARD: I don't know --

8 MR. KENNEDY: And --

9 MR. LYNCHARD: And the numbers that we are  
10 talking about does include, just so there is no  
11 misconception, that number includes the \$234,000 the  
12 Water System gives the golf course to keep it solvent.

13 MR. KENNEDY: And then, I guess,  
14 ultimately, to point out here on the net income for the  
15 system at \$1.8 million, so -- and then, a profit of  
16 \$62,000 for the Club and we did well -- and a profit for  
17 MESI as well, so --

18 MR. LYNCHARD: That's right.

19 MR. KENNEDY: -- in my opinion, for 2019,  
20 staff did a great job across all three business segments.

21 MR. LYNCHARD: That's right. They did.  
22 And if you look at income from operations, you are at  
23 \$1.2 (sic) for the system minus \$181,000 for the Club and  
24 \$105,000 income for MESI.

25 MR. DABNEY: So the money that the golf

1 course is getting from us, we are not considering that  
2 revenue?

3 MR. LYNCHARD: Well, we are.

4 MR. LANIER: So as far as the Water System  
5 is concerned, that \$180,000 in fees that are paid for  
6 effluent discharge are a debit, but they are also  
7 income --

8 MR. LYNCHARD: -- for the Club.

9 MR. LANIER: -- for the members.

10 MR. LYNCHARD: That's right.

11 MR. LANIER: So the Club did make money,  
12 just the Water Department paid what they would normally  
13 pay to Gulf Breeze at 55 cents a thousand gallons that we  
14 had agreed to at one point --

15 MR. LYNCHARD: Not at all.

16 MR. GOULET: That's not correct.

17 MR. LYNCHARD: -- actually, why don't we  
18 get past approving the audit, and then, we will get into  
19 that discussion?

20 MR. LANIER: Okay.

21 MR. DABNEY: My only question would be if  
22 it was revenue, then why wouldn't it be put in the top  
23 part of that category?

24 MS. MCALLISTER: And I can clarify that.  
25 We are talking about the wastewater paid part of the

1 System to the Club.

2 MR. DABNEY: Yes. That's correct.

3 MS. MCALLISTER: That is all included in  
4 the other net income because it's not an operational  
5 revenue for the Club, because the Club's purpose is  
6 obviously the course and the restaurant. And that's why  
7 it is in the other grouping. So it's included in that  
8 \$254,000 of that other revenue.

9 And then, since it is a payment between  
10 the Club and the System, it is eliminated from the  
11 elimination column. You can see that negative \$234,000  
12 and that is removing that related-party revenue so that  
13 you are only reporting a net as a consolidated, because  
14 you wouldn't report that as revenue between the entities.

15 MR. LYNCHARD: Any other questions?

16 MR. DABNEY: But that's really just for  
17 tax purposes and banking purposes; correct?

18 MR. LYNCHARD: No.

19 MR. DABNEY: I am just trying to figure  
20 out why if you give it, you can take it back away.

21 MR. LYNCHARD: It's --

22 MS. MCALLISTER: You mean, how it's  
23 eliminated?

24 MR. DABNEY: Yes.

25 MS. MCALLISTER: It's eliminated in the

1 revenue and the expense, so it's -- because, in total, it  
2 eliminates to zero. But you can't, since you gave it  
3 from one entity to another related entity that you own,  
4 you can't show it as revenue within because you gave that  
5 revenue to yourself per se.

6 MR. DABNEY: Correct.

7 MS. MCALLISTER: It's a related party  
8 transaction between entities.

9 MR. DABNEY: Yes.

10 MR. GOULET: Even though one entity is for  
11 profit and one entity is not for profit?

12 MS. MCALLISTER: Correct. Because you  
13 wholly own both the Club and MESI.

14 MR. GOULET: Okay. I just want to make  
15 sure.

16 MS. MCALLISTER: It is elimination in both  
17 your other income, your other net income, as well as your  
18 operating and maintenance expense, so it's coming out of  
19 both categories. It's a net impact of zero.

20 MR. DABNEY: But that's still basically  
21 for tax purposes, correct, to make --

22 MS. MCALLISTER: It's for tax purposes.

23 MR. DABNEY: Yeah. To make the books  
24 balance.

25 MS. MCALLISTER: Correct.

1 MR. LYNCHARD: Okay. Any more questions?

2 Do we have a motion to --

3 MR. GOULET: I make a motion to approve as  
4 presented with the changes that Fred pointed out.

5 MR. LYNCHARD: Do we have a second?

6 MR. TERASA: Second.

7 MR. LYNCHARD: We have a motion and a  
8 second. Is there any further discussion?

9 (NO AUDIBLE RESPONSE.)

10 MR. LYNCHARD: All those in favor say  
11 "Aye"?

12 MR. DABNEY: Aye.

13 MR. LANIER: Aye.

14 MR. KENNEDY: Aye.

15 MR. TERASA: Aye.

16 MR. GOULET: Aye.

17 MR. SUMMERS: Aye.

18 MR. LYNCHARD: Any opposed?

19 (NO AUDIBLE RESPONSE.)

20 MR. LYNCHARD: Motion carries.

21 Thank you, Kristen.

22 MR. TERASA: Thank you.

23 MS. MCALLISTER: All right. Thank you.

24 MR. LYNCHARD: Okay. Do we want to  
25 discuss the loss now or whenever we get to Hidden Creek?



1 MR. KENNEDY: Hidden Creek.

2 MR. LYNCHARD: Okay. That will work.

3 Discuss preparations for Corona virus outbreak. I  
4 have got a few that we did.

5 I believe -- is Barbara -- are you on the  
6 line? Maybe we should go get her to call in. She has  
7 got more, I am sure.

8 MS. CARAWAN: Yes, sir. I am here.

9 MR. LYNCHARD: Okay. I am going to give  
10 my things that we did for the Corona virus outbreak, and  
11 then, I am sure you are going to have some additional  
12 ones.

13 We created a policy whereby employees that  
14 can perform their essential functions from home by  
15 telecommuting can so do during the COVID-19 restriction  
16 period.

17 We created a policy whereby any employees  
18 that will receive salary -- that we will receive salary  
19 reimbursements for -- from the Federal or State  
20 Government due to the CDC's COVID-19 guidelines will keep  
21 their earned PTO as long as we are reimbursed from said  
22 Governmental entities.

23 We have closed the lobby to the general  
24 public. We have waived all late fees and penalties for  
25 the duration of the COVID-19 restrictions as well as

1 cancelled all customer shut-offs for the same period.

2 We have created a policy limiting  
3 employees to two persons per vehicle and requiring the  
4 wearing of face masks in those vehicles when there is  
5 more than one person in the vehicle.

6 Barbara, do you have more?

7 MS. CARAWAN: We have signage all over the  
8 building, social distancing, washing hands. We  
9 constantly clean phones, keyboards, all work stations,  
10 door handles daily with Clorox wipes.

11 We have forms that we send out to the  
12 managers for any employees that have symptoms -- how to  
13 report the symptoms and the protocol on that, make sure  
14 that they are eligible for any paid sick leave,  
15 communicate with HR. That's about it.

16 MR. LYNCHARD: Okay.

17 MR. LANIER: On the reimbursement from the  
18 Government, have we applied for those loans? And what is  
19 the process of that?

20 MR. LYNCHARD: We are in the process of  
21 applying for the loans at the golf course. We have got  
22 the -- our -- Cindy finished filling out the paperwork  
23 yesterday and sent it to me, so we can transfer it over  
24 and then send it on to where it goes to.

25 MR. LANIER: Okay. What about the Water

1 Department?

2 MR. LYNCHARD: The Water System hasn't  
3 shut down. We -- I don't know if we have got any  
4 employees that qualify under the -- the other guidelines.  
5 But as far as the Payroll Protection, Holley Navarre  
6 Water System is an essential business.

7 MS. CARAWAN: That is correct.

8 MR. LANIER: Okay.

9 MR. LYNCHARD: Any others?

10 MR. TERASA: I have got one question  
11 for -- I guess, for Cindy. Have you -- did you sign the  
12 paperwork for the reimbursement? Or did Cindy sign that?

13 MR. LYNCHARD: I am supposed to sign it,  
14 but I haven't filled it out. She sent it to me  
15 yesterday. I haven't had a chance to get it plugged back  
16 into the computer so I can send it to where it needs to  
17 get sent to or send it off with my signature.

18 MR. TERASA: All right. And, again, I  
19 would love to see us get reimbursed by the Government,  
20 but as I understand it, the Governor said that golf  
21 courses were essential recreational activity.

22 MR. LYNCHARD: We aren't at the golf  
23 course yet, but I can assure you that the Governor nor  
24 any person in the Governor's office in Tallahassee has  
25 said that. And if you can name their name, I would like

1 to hear it.

2 MR. TERASA: I thought you sent a document  
3 to us from the guy at the emergency wherever; right?

4 MR. KENNEDY: But that's -- is this the  
5 right spot?

6 MR. LYNCHARD: No. Not really.

7 MR. KENNEDY: Okay.

8 MR. TERASA: You aren't getting to where I  
9 am at saying that. Nearly all other golf courses in the  
10 State of Florida were open.

11 I still believe the Governor said it, like  
12 Cindy said, but, anyway, the point is, is that going to  
13 throw a monkey wrench into the gears of getting that  
14 reimbursement?

15 MR. GOULET: No.

16 MR. TERASA: Since we closed on our own?

17 MR. GOULET: No.

18 MR. LYNCHARD: No.

19 MR. TERASA: Okay. Good. I hope so.

20 MR. LYNCHARD: I hope so, too.

21 MR. LYNCHARD: Would you let Randy in?

22 MR. TERASA: Is this the point where we  
23 want to talk about the golf course?

24 MR. LYNCHARD: No. We want to wait until  
25 we get to the golf course before we talk about the golf

1 course. Can we do that?

2 MR. TERASA: Sure. But I am only -- and  
3 here on the one hand asking, this isn't the golf course  
4 part of the agenda, it speaks nothing about reopening the  
5 golf course. Are we going to be able to talk to that?

6 MR. LYNCHARD: We will talk to that.

7 MR. TERASA: We will talk to that.

8 MR. TERASA: Okay. That's all I wanted to  
9 know. Okay.

10 MR. LYNCHARD: All right. Next item on  
11 the agenda. Actions taken by the CEO. I have got a list  
12 of them, most of them, I think.

13 I have signed 100 or more POs, signed  
14 hundreds of checks, changed the PO limit from \$500 to  
15 \$2500 for the individual managers to allow them to manage  
16 rather than chase signatures all day long.

17 We approved the purchase of a hoist for  
18 the sewer treatment plant in the amount of approximately  
19 \$4,000. We normally rent a hoist whenever we pull the  
20 equipment and it costs us \$1500 to rent it whenever we  
21 pull the equipment, \$1500 to rent it whenever we put it  
22 back in. So, one, twice, we have paid for the hoist.  
23 Just seemed to make sense. We have approved centering --

24 MR. LEGG: Twice we have paid for it.

25 MR. LYNCHARD: Okay, twice. Chris

1 corrected me.

2 (GARBLED VOICES ON CONFERENCE LINE.)

3 MR. LEGG: Mr. President, it's actually  
4 \$2,000 dollars to pull it and it's \$2,000 to --

5 MR. LYNCHARD: Chris, can you turn your  
6 volume down on your YouTube feed?

7 MR. LEGG: Yeah. I think I maybe got it  
8 now.

9 MR. LYNCHARD: Thank you.

10 MR. LEGG: It's \$2,000 for them to pull it  
11 and then, it's \$2,000 for them to come back and set it --  
12 not \$1500.

13 MR. LYNCHARD: Okay.

14 MR. LEGG: So four grand we are paying  
15 just in crane costs to pull --

16 MR. LYNCHARD: Got it. We did that. We  
17 renewed the contract with Clark Partington Hart for the  
18 purpose of moving forward with the Eglin project. They  
19 were previously engaged in the contract drafting with the  
20 County.

21 They are now working on financing  
22 proposals with Phil and Barbara. Attended meetings in  
23 Tallahassee, Pensacola, and Gulf Breeze for the purpose  
24 of working out issues on the Eglin RIBS project in an  
25 attempt to secure \$10 million in State funding for the

1 project.

2                   To date, the agreement has been executed  
3 by all three parties and meets the anticipated  
4 requirements for said funding.

5                   Let's see here, we closed the golf course  
6 because opposite belief hearsay from a private  
7 organization that benefits financially when people play  
8 golf is not someone we should use when risking our  
9 members' assets. Nor do I believe -- I personally  
10 believe -- that anyone's hobby is risking our employees'  
11 health or our members' assets for.

12                   By poll of the Board, this was approved  
13 four to two, but no action was taken. We approved the  
14 reopening of the golf course when the recommendation --  
15 with the recommendation of management and with the  
16 restructed (sic) -- restricted plan to allow members the  
17 ability to play, although we are still closed to the  
18 general public.

19                   By poll, the Board approved this four to  
20 three, but no action was taken.

21                   We allowed Division Managers to manage as  
22 they know how to do their job. If they didn't, they  
23 wouldn't be managers. At Sheriff Johnson's request, we  
24 allowed the Sheriff's Department to borrow one of our  
25 generators when they lost power at the Command Center on

1 the Island.

2 I called Governor Desantis' office, the  
3 Florida Department of Health, and the Florida Disaster  
4 Center asking if golf was an essential activity and if  
5 the employees thereof were essential. To date, none have  
6 bothered a response. I even asked our lobbyist in  
7 Tallahassee, who spoke to the Attorney General's Office.  
8 They received the same response as I did. Nothing.

9 We approved centering numerous easements  
10 for recording -- or attempted recording that were left  
11 out in prior years. And that's pretty much it.

12 MR. LANIER: Since you have been operating  
13 as a CEO, have you given any raises to any employees or  
14 has any restructuring of --

15 MR. LYNCHARD: No.

16 MR. LANIER: -- org chart changed or  
17 anything?

18 MR. LYNCHARD: No. I would never do that.

19 MR. LANIER: Okay. Well, you were  
20 authorized to do certain things. I am just asking.

21 MR. LYNCHARD: Yeah. But, no. We didn't  
22 give anybody any raises. We didn't change any  
23 organizational charts or anything else.

24 MR. LANIER: So nobody qualified for the  
25 educational assistance or the bump in pay for their



1 education?

2 MR. LYNCHARD: Nobody has requested it.

3 MR. LANIER: Okay.

4 MR. LYNCHARD: So --

5 MR. KENNEDY: So, Mr. President, my main  
6 issue here -- I have three. It centers around Hidden  
7 Creek. So the closing of Hidden Creek, there was a --  
8 you know, the entire process was not done through an  
9 official Board action. So, in my opinion, doing this  
10 process on an email is more like a straw poll.

11 Because here's my problem. I am okay, I  
12 mean, you closed. And I will say, "You," closed because  
13 the CEO is the one that has got the authorization to do  
14 so.

15 MR. LYNCHARD: That's right.

16 MR. KENNEDY: You closed the golf course,  
17 and then, as the days went by, that would have been the  
18 perfect time for the Board to come together to discuss  
19 the options that are related to the golf course. So we  
20 have been down -- we have had the golf course shut down  
21 for now 18 days.

22 My calculation is we have lost \$115,000 in  
23 revenue and the Board has never come together to discuss  
24 the financial ramifications of shutting down the course,  
25 the plans, why this, why that.

1                   The members is open, but they have to walk  
2 and all of that kind of stuff --

3                   MR. GOULET: Can I ask a question, Mike?

4                   MR. KENNEDY: Yes.

5                   MR. GOULET: You said how much we have  
6 probably lost in 18 days?

7                   MR. KENNEDY: \$115,000.

8                   MR. GOULET: The golf course's best month  
9 is \$123,000 in gross revenue, so how could we lose that  
10 in 18 days?

11                  MR. KENNEDY: Your best month last year  
12 off of the -- you averaged \$182,000.

13                  MR. GOULET: Which month is that, sir?

14                  MR. KENNEDY: It's 2019 revenues for April  
15 and May and June. So you have got -- you had \$183,000 in  
16 revenue of April 2019, \$182,000 in May of 2019, and  
17 \$184,000 in July of 2019.

18                  So, I mean, rough ballpark --

19                  MR. GOULET: I was just asking. Thank you  
20 for clarifying.

21                  MR. KENNEDY: I am calculating somewhere  
22 between \$30,0000 and \$40,000 a week that we are losing in  
23 revenue. The problem is the Board did not come together  
24 as an action to make that kind of decision and as we have  
25 spoken before, I mean, the CEO is not even allowed to

1 spend more than \$25,000 without Board approval, so we,  
2 you know, I purposefully (sic) -- I mean, I personally  
3 asked for a meeting.

4 MR. TERASA: A Special Meeting.

5 MR. KENNEDY: A Special Meeting to be  
6 called, because, for me, I think when we get together as  
7 a group, we have a lot better ideas than just one person  
8 or something like that. And then, we come together as  
9 leaders.

10 And then, from leaders, we wind up giving  
11 a better message back to the people. There was nothing  
12 but confusion.

13 MR. LYNCHARD: I believe you called for a  
14 Special Meeting about a day before Cindy decided she  
15 wanted -- she had her plan to reopen the golf course.

16 MR. TERASA: I don't believe that.

17 MR. LYNCHARD: I will have to go back and  
18 look at the emails, but we did --

19 MR. KENNEDY: That's fine, Mr. President.  
20 The point is this Board did not act like a Board. This  
21 Board was, you know, it felt like you took over. You  
22 took all decision-making capabilities away from this  
23 Board.

24 MR. TERASA: Let me be more practical than  
25 that. I have been to several golf courses and I can tell

1 you -- and all the guys I play golf with were going all  
2 over the place. The things that Cindy and her team did  
3 to help us prevent from getting COVID-19 were 1000 times  
4 better. They are still -- I was up at Tiger Point today.  
5 They haven't changed a thing. They have got everything  
6 open. You walk in the club house and none of the stuff  
7 that our people do is there.

8                   It was just night and day. There was no  
9 practical reason in my mind for us to close. And I don't  
10 know. I still think it is unconscionable. I am with you  
11 with respect to the way it was done, Michael, but the  
12 practical thing, there was no need to do that.

13                  MR. LYNCHARD: I appreciate that. But on  
14 the day we decided to close it, we took a poll of the  
15 Board. So, in fact, we met that day. It would have  
16 still been four to three.

17                  MR. TERASA: I don't believe that for a  
18 minute. If we had had a conversation and if I would have  
19 been allowed to discuss things and what I had seen at the  
20 golf course and what I had seen at other golf courses and  
21 heard about, I think we might have had some different  
22 things.

23                  I think if James, Mr. Dabney, had had some  
24 of his questions answered that he asked that very day  
25 when you polled him, you might have had different

1 results.

2 That's -- we -- Mike, we needed to come  
3 together as a Board, have a full discussion, full  
4 disclosure, hear everything from Cindy. And I have to  
5 applaud Cindy and her team, they did a magnificent job.  
6 And I don't know anywhere -- all the guys were out there,  
7 and there were at Emerald Bay today. Same thing.

8 MR. LYNCHARD: Wide open.

9 MR. TERASA: Doesn't compare to what we  
10 did here.

11 MR. DABNEY: When we got, when we first  
12 got this -- what information I was provided is what I  
13 made my decision on. And then, down the road, what other  
14 information that was provided, I would have never voted  
15 to close the golf course, based on that information being  
16 provided, that it wasn't going to be closed by the  
17 Governor.

18 MR. LYNCHARD: Well, if you look on the --  
19 okay, does it say in the Governor's Executive Order that  
20 golf courses are to remain open?

21 MR. GOULET: No, it does not.

22 MR. LYNCHARD: Does it say in the  
23 Governor's list of essential employees in the State of  
24 Florida that golf course employees --

25 MR. KENNEDY: That's a great discussion

1 for a Board to have, sir. Not for you to decide. The  
2 Board would come here and we would decide and mitigate  
3 whether or not that is a risk --

4 MR. LYNCHARD: -- that we were willing to  
5 take.

6 MR. KENNEDY: -- that the Board would  
7 discuss. We would discuss that. But it wasn't until the  
8 day -- you know, I believe the Board was never sent the  
9 fact that, you know, Cindy and staff had already  
10 developed the protocols for -- for it -- what are they  
11 going to do; right?

12 You know, some of the Board may have gone  
13 into that meeting thinking, well, they are not even  
14 prepared, but they were -- or not even on the email  
15 change. But back to the process, Mr. President.

16 MR. LYNCHARD: Management was worried that  
17 we couldn't do it.

18 MR. KENNEDY: And the Board would have  
19 been happy to listen to management to help see if we can  
20 solve or be part of the solution.

21 MR. GOULET: Management came up with a  
22 solution.

23 MR. LYNCHARD: After the fact that we are  
24 talking about now --

25 MR. KENNEDY: I would have give it. You

1 can give it three or four days. We still should have  
2 come together as a Board.

3 Right now, the decision was a straw poll  
4 decision. You know, it's -- it's unacceptable, sir.

5 MR. LYNCHARD: I understand that. Right  
6 now, we have got a plan from management as to how to move  
7 forward. And based on your list, we have shown that we  
8 need the PPE for the employees. We have told the Board  
9 that we don't have it.

10 That doesn't seem to bother you. The only  
11 thing that seems to bother you is not being able to play  
12 golf at our golf course.

13 MR. KENNEDY: Sir, that's just  
14 speculation.

15 MR. LYNCHARD: Yesterday --

16 MR. KENNEDY: Let's talk about what you  
17 said.

18 MR. LYNCHARD: That was in your list that  
19 you sent out yesterday. Cindy sent out a list saying we  
20 don't have proper PPE for the employees and the cleaning  
21 equipment.

22 MR. KENNEDY: Let's go right back to  
23 Cindy. This is where as a Board we would discuss this  
24 and ask, "Cindy, do you feel confident that you can  
25 protect your employees?"

1                   If she does, we move forward. If she  
2 doesn't, we move forward and we get her the resources  
3 that she needs.

4                   MR. GOULET: Ask her what she wants. She  
5 is right there.

6                   MR. KENNEDY: I couldn't agree more. I  
7 think this is a great time to do that, which we should  
8 have done 14 days ago.

9                   MR. LYNCHARD: We did.

10                  MR. LANIER: We did what?

11                  MR. LYNCHARD: Ask Cindy.

12                  MR. LANIER: Okay. Did you ask us?

13                  MR. LYNCHARD: No. Well, I did ask the  
14 Board that day.

15                  MR. LANIER: Was there a Board action  
16 without a meeting?

17                  MR. LYNCHARD: No. There was not.

18                  MR. LANIER: Was there a Board meeting?

19                  MR. LYNCHARD: No, there was not.

20                  MR. LANIER: So where did this decision  
21 come from that was an official Board action?

22                  MR. GOULET: Okay. So let me clarify that  
23 for you.

24                   On October 15, 2019, there was meeting in  
25 this room of the Board members. You voted for it. You



1 voted for it. You -- some other Board members voted but  
2 they are not in the room right now.

3 "Responsibility, including interview,  
4 training employees, planning, assigning, directing work,  
5 appraising performance, rewarding and disciplining  
6 employees, addressing complaints, resolving problems and  
7 when necessary, terminate employees following established  
8 HR guidelines."

9 Kevin seconded that.

10 MR. LANIER: Yeah. I am all for that.

11 MR. TERASA: Yeah. We are all --

12 MR. GOULET: You gave the CEO the  
13 authorization to run the company --

14 MR. LANIER: Did we give authorization to  
15 extend his --

16 MR. GOULET: Because you don't want to --  
17 one former employee said, "Neuter anybody."

18 MR. LANIER: Did we extend his paying  
19 ability to be able to lose this -- how much?

20 MR. KENNEDY: Let's just round down. We  
21 will go to \$100,000.

22 MR. LANIER: Did we give the authorization  
23 to lose \$100,000?

24 MR. GOULET: You know what? And just not  
25 trying to split hairs, but there is no losing ability in

1 the guidelines what the CEO could lose for the company,  
2 only purchasing. Just so you know that.

3 MR. KENNEDY: Correct. But it's still --  
4 the idea we are saying here is the CEO does not have the  
5 ability to shut down a business segment without the  
6 Board's approval.

7 MR. GOULET: You gave it to him October  
8 15th, 2019.

9 MR. TERASA: I think that was all about --

10 MR. KENNEDY: The business --

11 (EVERYONE SPEAKING OVER EACH OTHER.)

12 MR. TERASA: -- for personnel issues, not  
13 running the company.

14 MR. LYNCHARD: In any case, okay --

15 MR. TERASA: Can I ask you one thing?

16 MR. LYNCHARD: Can I say one thing?

17 MR. TERASA: You said -- you said  
18 something before you said "Golf course." I didn't catch  
19 it.

20 MR. LYNCHARD: I don't remember.

21 MR. KENNEDY: Well, I mean, the voting  
22 again, just my opinion, is just a straw poll.

23 MR. LYNCHARD: Yeah. It was a straw poll.  
24 That's right.

25 MR. KENNEDY: It is not an official --

1 MR. LYNCHARD: That's correct.

2 MR. TERASA: Let me just say this: You  
3 are dang right, I am upset having to pay \$44 today to go  
4 to Tiger Point and play. It's a nice course and they are  
5 very welcoming to us that came out there. But Hidden  
6 Creek is my golf course.

7 So as I say, Governor, you are dang right,  
8 I am upset, along with a lot of other members and what  
9 not, and players, not members. But as a Board member, I  
10 am all over it with Mike and the comments that there  
11 should have been a Board meeting to discuss it all.

12 James should have had the information with  
13 respect to what they have already done, what they have  
14 already accomplished out there. I believe that's what  
15 James was saying when he said he would have voted  
16 differently if he would have had that information in his  
17 hand.

18 Now, that is the root issue. We did not  
19 -- not everybody was on with all that information or had  
20 witnessed it, as Mike and I had, because we play.

21 And I think if you had heard us discuss it  
22 in some detail, we probably would have turned a couple of  
23 other people over. And, again, my opinion, and that's  
24 from a Board member's standpoint.

25 MR. LANIER: Of the 30 or 40 emails that

1 the Board received in reference to this, were they all  
2 answered in a timely fashion?

3 MR. LYNCHARD: Nope.

4 MR. LANIER: They were not answered? Were  
5 they answered at all?

6 MR. LYNCHARD: Some of them. I answered  
7 as many as I could given the time. You know, the Board  
8 was -- everybody at the Board received the emails. The  
9 Board members are the ones that had their -- the people  
10 send the emails. They were bypassing the website.

11 MR. KENNEDY: That's not true, sir.

12 MR. LYNCHARD: For the most part, they  
13 were.

14 MR. KENNEDY: For the email address?

15 MR. LYNCHARD: Yes. For the most part,  
16 they were bypassing the website.

17 MR. KENNEDY: We had actually given that  
18 email address, the bod@hnws.fl.com at this meeting. And  
19 it was part of my presentation as well -- our  
20 presentation -- when we went out to the different  
21 organizations as a screen saying, "That's how we get in  
22 touch with the BOD."

23 MR. LANIER: That's the address I was  
24 telling people until we were directed otherwise by Torin.

25 MR. LYNCHARD: Okay. Given the same

1 scenario again, given that management was fearful for the  
2 safety of their employees -- the employees at the golf  
3 course, I would make the same decision again.

4 MR. TERASA: Question: How did this  
5 start? Do you know how this started? Mr. Goulet over  
6 there writes an email concerned about our personnel and  
7 has the audacity to say we ought to close the golf course  
8 because they will get -- and doesn't even close his own  
9 business. Now, what kind of cockamamie stuff is that?  
10 He is not going to --

11 MR. GOULET: Fred, Fred, Fred, tread  
12 lightly. Tread lightly because I will sue you. Tread  
13 lightly, my friend. Tread lightly, you are being warned.  
14 The attorney is here. If you say anything, malice  
15 against me, I will sue you personally, Fred.

16 MR. TERASA: Okay.

17 MR. GOULET: And misquoting me, Fred. Why  
18 don't you quote it correctly, Fred?

19 MR. TERASA: Why did you say, then?

20 MR. GOULET: Anything on a Board  
21 communication between Board members, you passed the  
22 policy. I have got your dang policy right here, too.  
23 The policy becoming of a Board member right here. As I  
24 said, they are mainly concerned with the golf course,  
25 Fred. That's it.

1                   MR. KENNEDY: Here's my concern, though,  
2 okay, and this is to the Board. You are willing to do  
3 this again, you stated without having Board input.

4                   MR. LYNCHARD: No. I did it last time  
5 with Board input. But if management is fearful for the  
6 safety of our employees, you are suggesting that we just  
7 -- that the Board can come back in here and just override  
8 that decision?

9                   MR. KENNEDY: Why would I override it? I  
10 would like to know about it.

11                  MR. LYNCHARD: That is why you are arguing  
12 about it. That's why you are complaining about it right  
13 now. You have been out and talked to all the employees  
14 at the golf course. You should have stopped by Cindy's  
15 office.

16                  MR. KENNEDY: The point, though, is if  
17 Cindy is comfortable and prepared. If she wasn't --

18                  MR. LYNCHARD: She wasn't --

19                  MR. KENNEDY: -- we are here to help. We  
20 never had that chance. You took that chance. You  
21 decided how the whole thing played out.

22                  So I don't -- I mean, I can't go -- I  
23 don't know how to go over it again. The rest of the  
24 Board, you guys decide whether or not you agree with  
25 this. I am -- I find that your actions are unacceptable.

1 You know, I think that this Board should have been the  
2 ones that would make the -- that was leading and  
3 directing and also providing guidance to our members as  
4 we go forward, you know, where we come together as a  
5 actually a unit and not looking incompetent.

6 MR. LYNCHARD: So the Board should take  
7 over management now; correct?

8 MR. LANIER: That's what I am thinking.

9 MR. LYNCHARD: Okay.

10 MR. LANIER: I am ready to make a motion  
11 now, if the Board is wanting to vote on that -- on the no  
12 confidence as the CEO.

13 MR. LYNCHARD: Really?

14 MR. LANIER: I am ready to vote for it.

15 MR. KENNEDY: I don't even know where else  
16 to go, Mr. President. I mean, I am fearful of the fact  
17 that you are not getting the fact that this Board is the  
18 one that does the directing and we are the ones who  
19 direct you, who is now CEO.

20 MR. LYNCHARD: That's correct. I am the  
21 President. I am a member of this Board.

22 MR. KENNEDY: You are the President that  
23 presides over a Board meeting.

24 MR. LYNCHARD: That's true.

25 MR. KENNEDY: You are a CEO that receives

1 direction from the Board. You don't get to have  
2 dictatorship.

3 MR. LYNCHARD: I'm not a dictator. That's  
4 why I asked the Board.

5 MR. DABNEY: Well, I just read something  
6 in that same email that Will provided that he wrote --  
7 what year -- what year was that?

8 MR. GOULET: That was October 15th, 2019.

9 MR. DABNEY: The rest of that should be  
10 read, just as well as what you just read just a minute  
11 ago. The one I read about having too much power. That's  
12 why we --

13 MR. GOULET: No. I made that point. But  
14 me and Daryl voted no to allow the CEO to have that much  
15 authority. And the other Board decided, said, no, that's  
16 how it is going to be. Yeah. I will read the rest of  
17 it, just if you wanted to be transparent.

18 MR. DABNEY: I am just trying to figure  
19 out, to me, it sounded like it was addressed to the Water  
20 System. It wasn't addressed towards the golf course or  
21 MESI.

22 MR. KENNEDY: And just as a follow-up, I  
23 mean, I have also seen those emails that Kevin was  
24 referring to. In our Code of Conduct, we stated that the  
25 CEO or the President, I'm sorry, the President is the



1 voice for the Board.

2 MR. LYNCHARD: Uh-huh.

3 MR. KENNEDY: If you are not responding  
4 back to our members --

5 MR. LYNCHARD: I am doing the best that I  
6 can.

7 MR. GOULET: Have we ever had something  
8 like this before, Mike? I mean, seriously.

9 MR. LYNCHARD: I mean, we are dealing with  
10 kind of unusual times.

11 MR. KENNEDY: I couldn't agree more. Can  
12 we help, you know?

13 MR. LYNCHARD: Yes. You can help. That's  
14 why I asked everybody's opinion.

15 MR. GOULET: Trashing other Board members  
16 isn't really good help.

17 MR. TERASA: Without adequate information  
18 provided to us.

19 MR. LANIER: Yes.

20 MR. LYNCHARD: You had the information  
21 that I had.

22 MR. TERASA: I don't believe that. I  
23 mean, I didn't. You know, until Fred Terasa contacted  
24 Cindy to say, "What are -- what's your rubric? What  
25 are you doing?"

1                   She gave me a document that was a couple  
2 weeks old. First time most everyone had seen that. Is  
3 that not accurate?

4                   MR. GOULET: Which document is that?

5                   MR. TERASA: Why wasn't that sent out?

6                   MR. LYNCHARD: I don't know what document  
7 you are talking about.

8                   MR. TERASA: It was the protocol they were  
9 using at the point to run the golf course. And I believe  
10 that's what James is referring to. Maybe I am wrong.

11                  MR. DABNEY: I never even -- I never seen  
12 it, either.

13                  MR. TERASA: They sent it out to us,  
14 though.

15                  MR. KENNEDY: That's another thing. I  
16 mean, Cindy and staff developed the protocols and the  
17 documents. The Board was never supplied with that to  
18 realize that this staff was already prepared. They had  
19 protocols in place. They were ready to go.

20                  I never received it. The only reason we  
21 received it is Fred and I went and saw Cindy. She gave  
22 us the physical copy and Fred emailed you guys. Fred did  
23 it.

24                  MR. LYNCHARD: That was when Cindy was  
25 developing the plan to reopen the golf course. Correct?

1 MR. TERASA: No.

2 (EVERYONE SPEAKING OVER EACH OTHER.)

3 MR. TERASA: -- the whole situation.

4 These were the protocols that were in place on the day  
5 that the decision was made by the President to close --  
6 or the CEO to close the golf course.

7 MR. GOULET: Cindy, are you online?

8 MS. CALLEN: Yes, I am.

9 MR. GOULET: Can you shed any light on  
10 this or add any -- would you like to add anything to  
11 this?

12 MS. CALLEN: I can. On the 1st, I believe  
13 it was, on April 1st, Jamie and I worked on a schedule of  
14 what we had done that we were going to send out to  
15 everybody. On April 2nd is when the stay-at-home order  
16 came through.

17 And Fred and Mike came into my office and  
18 I handed them both a piece of paper, and then, I also  
19 emailed it to Daryl saying that. And that paper had all  
20 the lists of everything that we had done to prepare for  
21 COVID.

22 MR. KENNEDY: That was never presented.  
23 Now, as the CEO, I consider it the CEO's responsibility  
24 to keep the Board informed. You know, staff goes to CEO.  
25 The CEO comes to us. That's what we have been trying to

1 work on here as chain of command.

2 MR. LYNCHARD: I didn't -- was that  
3 your --

4 MR. KENNEDY: The operational --

5 MR. LYNCHARD: That is what they had been  
6 doing for the past two weeks. Correct?

7 MR. TERASA: Yes. Essentially.

8 MR. LYNCHARD: Correct.

9 MS. CALLEN: Correct.

10 MR. TERASA: I think a couple of  
11 exceptions like closing the bathroom and something else,  
12 I don't remember what they were, but, yeah, essentially  
13 that's -- and then, that's something I think the Board  
14 should have seen before it made any straw poll.

15 MR. LANIER: Cindy --

16 MS. CALLEN: Yes?

17 MR. LANIER: -- I have a quick question.  
18 On the Facebook page for the golf course, it talks about  
19 the course being closed. The Board of Directors closed  
20 the golf course.

21 And then, recently, it was one about the  
22 Board of Directors that voted to reopen the golf course.  
23 Where did you get the impression that the Board had  
24 voted?

25 MS. CALLEN: The first one, as you will

1 see, an email went out saying the same thing that Jamie  
2 had put out and he said that the Board of Directors had  
3 closed it.

4                   When we reopened it, I felt that I should  
5 give credit to the Board because people were looking down  
6 at the Board for it being closed, so I wanted to kind of  
7 be uplifting and let everybody know that the Board had  
8 discussed it. We are going to reopen.

9                   I knew there was a straw poll. I didn't  
10 know if there was a regular vote or not, but I knew the  
11 Board of Directors had discussed it and that was the  
12 decision that was made.

13                  MR. LANIER: Okay. I guess that's one of  
14 my biggest concerns in all of this is that membership is  
15 looking at this as -- for me, Kevin voted for this to  
16 close. And I didn't. I didn't have the opportunity.

17                  MR. KENNEDY: And you don't have minutes.

18                  MR. LANIER: And I don't have minutes to  
19 show the members about a vote. There wasn't a -- and the  
20 fact that the impression is being put out that the Board  
21 took action and closed and Board took action to open is  
22 very concerning to me from the standpoint of, no, we  
23 didn't.

24                  MR. LYNCHARD: No. The Board didn't. I  
25 did.

1                   MR. LANIER: And the CEO, if there was an  
2 emergency, you have all the right in the world to close  
3 it, but there should have been a Board meeting called  
4 immediately following that within the next couple of days  
5 to discuss the option of what needed to happen, not 14 or  
6 18 or however many days later than we are now.

7                   MR. LYNCHARD: Well, we are 18 days later  
8 now. It's been open for -- since last Wednesday;  
9 correct?

10                  MR. LANIER: That's the point that I see  
11 the main failure that sticks in my craw that we are being  
12 saddled with this decision that we didn't make.

13                  If there had been a vote, then there would  
14 have been a record of how each individual Board member  
15 voted. If it was a Board action without a meeting, there  
16 would have been unanimous consent among the Board, but  
17 none of that has happened. And that's where the failure,  
18 to me, happened.

19                  MR. DABNEY: And I want to put it out  
20 there, too, I am no different from where I kept my  
21 business open, but we followed all the guidelines  
22 provided to us from the State and the Health Department  
23 and all of that stuff.

24                  Like I said, I made my vote based on what  
25 information I was provided or was told about. Because I

1 thought it was the Governor's action.

2 MR. LYNCHARD: James --

3 MR. DABNEY: And going back later on, the  
4 Governor came back in and changed it the very next  
5 morning after we had already voted. So there was, on  
6 Daryl's behalf, some paperwork out there, but that  
7 paperwork did not get clarified until the next day. Am I  
8 correct?

9 MR. LYNCHARD: Okay. Two things. The  
10 Governor, the State of Florida, and the Governor's  
11 Office, they have given you instructions as to how to  
12 proceed. They have told restaurants exactly what they  
13 need to be doing.

14 The next day, you are correct, that was  
15 not from the Governor. That was from a private entity  
16 called the PGA of Florida.

17 MR. DABNEY: There was one that morning,  
18 too, but the Governor never came back and said the  
19 courses were closed, but the Governor never said the  
20 courses were open.

21 MR. LYNCHARD: That is correct.

22 MR. DABNEY: So the PGA, the letter that  
23 we got or somebody sent to us, but I did personally  
24 contact Daryl -- and I will tell you, and we were  
25 going off -- I was -- I was, not him, I was going off the

1 information that I seen that I read. But it did not  
2 specifically say close the golf course.

3 It had recommendations on a lot of things.  
4 Not just, I mean, when you read that thing, it's just --

5 MR. TERASA: Unlike your business, Cindy  
6 handled the business of the golf course with her team,  
7 Jamie and, I believe, Chip was involved. His network of  
8 people described, as well as Jamie's, I am pretty sure,  
9 what they were doing to stay open, even in California,  
10 which is really having a hard time.

11 MR. GOULET: But you realize, though, even  
12 with the steps Cindy was taking, she was still concerned  
13 about the safety of the employees and the members.  
14 Because the majority of our members are older, okay, and  
15 they were prone to this virus. Just so you know, Fred.  
16 I am just letting you know that. She had concerns.

17 MR. TERASA: And I am older, to. I am 73.  
18 I am an old guy, but I know how to protect -- we --

19 MR. GOULET: We can put you up here in the  
20 one percent. Do you know what I am saying? Other people  
21 are not like this.

22 MR. DABNEY: Let's just look at it this  
23 way. We have all -- you know, I just got back on the  
24 Board. We have all sat here and made decisions. Some  
25 people don't like other people's decisions. At the end



1 of the day, we are having another meeting about the golf  
2 course on Thursday.

3 MR. LANIER: Tomorrow at 11:00.

4 MR. DABNEY: Pension is Thursday?

5 MR. LYNCHARD: That's right. Pension is  
6 Thursday.

7 MR. DABNEY: But tomorrow, we are having a  
8 meeting on that, so we will be able to sit down and  
9 discuss what we want are going to do going forward on  
10 that meeting for the golf course; correct?

11 MR. TERASA: I thought we were going to  
12 make that decision tonight, Mr. President. Tomorrow is  
13 the personnel meeting.

14 MR. DABNEY: Tomorrow is the personnel  
15 meeting.

16 MR. KENNEDY: So I felt, as a Director,  
17 and God bless them, people who came out and elected us,  
18 all of us on the Board as representatives that we are  
19 representing them as their voice and our voice.

20 Because, guess what? We are now together  
21 and now we are getting each other's opinion when we  
22 should have already done that.

23 MR. GOULET: Well, Mike, like Daryl said,  
24 and I understand, I have listened to what you have to say  
25 and I read your emails. All right. I have read

1 Fred's emails. I have read every email. Okay.

2 I was on the Board as President when we  
3 purchased the golf course out of bankruptcy. I was the  
4 one that went along spending \$7 million dollars on a golf  
5 course. That was me. I will hang that hat. I am right  
6 here. That was me. Because I think it's something we  
7 need as a community. I golf.

8 The last thing I want to do is see the  
9 golf course shut down, no matter what Fred thinks or  
10 anybody else thinks. I don't golf as good as you  
11 because I only go once a year, but I do go.

12 I support Cindy's decisions. I think she  
13 is doing a great job. Since last December, we were all  
14 here, we praised her, what she was able to do with the  
15 numbers at the golf course.

16 The Board had to make some tough  
17 decisions. What happened right now freaked a lot of  
18 people out. There are still people that aren't coming  
19 out. All right. This is a bad thing.

20 Some people say it's a bad flu, Chinese  
21 flu, whatever you want to call it, but at the time of the  
22 information we had, I felt it was necessary to inform the  
23 Board of my opinion, my opinion. That's all it was.

24 Cindy made a decision. Daryl made the  
25 decision. We had a straw poll. They took all that

1 information together and that's what they did.

2 Now, the next day, new information came  
3 out. Maybe we should have had a meeting. A lot of us  
4 were busy. James has been super busy. I have been super  
5 busy. I have got employees. He has got employees.

6 Some of you don't have more employees than  
7 yourself or one person. Some of us -- I have nine  
8 employees. I don't know how many he has. So we have  
9 been super busy. It's a volunteer position.

10 That doesn't mean we shouldn't give it 100  
11 percent, either. But what I am saying is this has never  
12 happened before. Maybe the Spanish flu has happened  
13 before. I wasn't alive back then. I know you were not  
14 alive back then, either. Okay. But I am just saying, I  
15 understand your concerns.

16 We can beat a dead horse all night on  
17 this. I understand. Whenever there is a catastrophe,  
18 Opal, Ivan, whatever, we always learn from it. Okay.  
19 That's what we try to do is learn from it.

20 I have learned stuff from this decision.  
21 James has. Daryl, Kevin, Fred, Mike, and Grant on the  
22 other line, Cindy. We have all learned something from  
23 this, what we can do for protection.

24 She still doesn't have masks out there.  
25 Do you realize that? She doesn't have the PPE stuff to

1 clean the carts yet. She doesn't have that stuff. Can't  
2 find wipes. You can buy two at a time.

3 Well, you're figure -- and I read your  
4 math about the cart, 80 times, and all of that stuff --

5 MR. DABNEY: I mean, the only thing I am  
6 going to say on that is, masks are out there, whether or  
7 not you are really looking for them is a different  
8 decision, because they are available.

9 MR. KENNEDY: And she will -- she will  
10 speak to that when we get there.

11 MR. DABNEY: I understand.

12 MR. GOULET: But I am just saying, there  
13 was concern here and I think the safety of our employees  
14 always come first. We shut our office down. I mean, we  
15 shut our office down at Holley Navarre Water System. We  
16 protected our employees here.

17 We need to make sure to give the same  
18 protection to the employees at the golf course, too.

19 MR. DABNEY: But going back to what Will  
20 just said, I'm going to recap what my understanding is.  
21 So what did you say January or February, which is it,  
22 when we praised Cindy?

23 MR. GOULET: December.

24 MR. DABNEY: So in December, we praised  
25 Cindy for the job she is doing. I am not saying she is

1 doing a bad job. But three days ago, there was an  
2 article in the newspaper saying the numbers that we were  
3 giving were misconstrued. So either the golf course made  
4 money or the golf course is losing money.

5 You can't praise somebody in December, and  
6 then, in March or April say, "Those numbers aren't true.  
7 You really didn't tell us the truth."

8 MR. LYNCHARD: No. There's a different  
9 discussion --

10 MR. DABNEY: Well, I am just saying, I  
11 mean, I am totally confused because according to the  
12 newspaper I am looking at, you know, I am sitting here  
13 looking at these numbers, golf course in February of  
14 2020, revenue was \$145,000. Net profit was \$10,000.

15 I am looking at March --

16 MR. LYNCHARD: Cindy did do a great year  
17 last year.

18 MR. DABNEY: I am looking at March of  
19 2020. I am talking about right now, current, today's  
20 date. Golf course made in February \$10,000. March made  
21 \$14,000.

22 MR. LYNCHARD: Yeah.

23 MR. DABNEY: So either we made \$24,000 or  
24 we lost \$24,000. If we are going to sit here and save  
25 the golf course, because Holley Navarre Water is giving

1 it stipends, if you want to call it like the Federal  
2 Government does, but then, we are going to turn around  
3 and take it away from the golf course to try to make it  
4 look like a negative, I don't agree with that.

5 MR. KENNEDY: Yeah. I don't think we are  
6 there at all, sir. We are just sitting here and we are  
7 talking about Hidden Creek shutdown --

8 MR. DABNEY: I am just saying, we are  
9 going to praise on one side, and then, we are going to  
10 say it's losing money on the other. I don't go for that.  
11 Numbers are numbers.

12 MR. LYNCHARD: That's a good discussion.

13 MR. KENNEDY: Real good discussion.

14 MR. LYNCHARD: Yeah.

15 MR. GOULET: I think --

16 MR. KENNEDY: I don't think we are going  
17 anywhere, gentlemen, unless the Board has something they  
18 wish to say. I just needed to say my piece.

19 MR. LYNCHARD: Sure.

20 MR. GOULET: Let's close out the Water  
21 System's part of the meeting, and then, we can get into  
22 the golf course, because we just didn't close the Water  
23 System. We can talk about the golf course numbers  
24 because we kind of slipped into the golf course here.

25 MR. TERASA: We finished with that. We

1 have personnel, I guess, is what you are saying?

2 MR. LYNCHARD: Yeah. Personnel Committee.

3 MR. GOULET: And then, you are on the Golf  
4 Course Committee.

5 MR. TERASA: Okay.

6 MR. GOULET: That's why I am saying, we  
7 just need to do personnel first and --

8 MR. TERASA: Okay. Finish personnel and  
9 let's go from there.

10 MR. GOULET: I just want to remind the  
11 Board that we have a personnel meeting tomorrow. Since  
12 it's personnel, it's closed to the public, at 11:00 a.m.  
13 Staffing from Landrum is going to be conferenced in.  
14 Okay?

15 MR. TERASA: Okay.

16 MR. GOULET: The attorney will be here and  
17 Cindy will be here, also.

18 MR. LYNCHARD: And we do have some Board  
19 members that have requested some information on our  
20 meeting for tomorrow. I was uncomfortable emailing it,  
21 because our Employee Handbook says that we are supposed  
22 to view that information at the Water System.

23 MR. GOULET: That's correct.

24 MR. LYNCHARD: And the way our policy  
25 works is I was uncomfortable as CEO making that decision

1 to email stuff, so the Board can vote tonight and make  
2 the ruling on that.

3 MR. KENNEDY: I am comfortable looking at  
4 it tomorrow if we have to change anything.

5 MR. TERASA: We can come in early. So an  
6 hour? You think an hour is going to be enough?

7 MR. GOULET: Yeah. 11:00 to 12:00 should  
8 be fine, because Stephanie has 11:00 to 12:00 blocked for  
9 us. It's when she can --

10 MR. TERASA: I have got -- I have got  
11 workers coming at -- right at tomorrow afternoon.

12 MR. KENNEDY: As a side note, but on a  
13 same thing on personnel, so we have got nowhere on the  
14 CEO search. I know you are very busy.

15 MR. GOULET: Kevin and I were talking  
16 about that prior to the meeting. If you can bring any  
17 information you have tomorrow to this personnel meeting.

18 MR. KENNEDY: Okay.

19 MR. GOULET: And afterwards, since it's  
20 not a called meeting, it's just an information meeting  
21 for us, we can go over a few things after that meeting if  
22 you guys have time.

23 MR. KENNEDY: Yeah. That sounds great.

24 MR. GOULET: Normally, I am a 7:00 o'clock  
25 in the morning guy, but I changed my schedule to be an



1 11:00 o'clock guy tomorrow. All right?

2 MR. KENNEDY: Right. So to give you guys  
3 a little bit of a heads up, the way that I am seeing  
4 this, to get our CEO search going, we just all need to --  
5 because, unfortunately, we seem to be in the same spot  
6 you were when you looked at your 2018 minutes.

7 MR. LYNCHARD: Yeah.

8 MR. KENNEDY: We need to decide on a job  
9 description, pick a salary range, and then, decide, A, if  
10 we get someone to help find us a CEO and ask everybody  
11 else to send us some stuff.

12 MR. LYNCHARD: Yes.

13 MR. KENNEDY: That's my recommendation.  
14 But we will confirm that tomorrow.

15 MR. LYNCHARD: Thank you.

16 MR. TERASA: Okay. Are we ready to do  
17 golf now?

18 MR. LYNCHARD: Again? Let's go. Go  
19 ahead, Fred.

20 MR. TERASA: Okay. Let's handle the  
21 financials, and then, Cindy, God love her, sent us all an  
22 email and sent out these rules. Has everybody seen the  
23 rules?

24 MR. LYNCHARD: Yes.

25 MR. TERASA: And I am hoping that as she

1 concludes the financial aspect that we will be able to be  
2 allowed as a Board to decide based on these rules to  
3 reopen or not.

4 MR. KENNEDY: Could we go ahead and  
5 make -- could we go ahead and discuss that now? Or do  
6 you want to do it afterwards?

7 MR. LYNCHARD: It doesn't matter to me.  
8 Whichever way the Board would like to proceed.

9 MR. KENNEDY: Since it is already in the  
10 golf realm and we give it to Cindy to go and do the  
11 financials and then we can be done.

12 MR. DABNEY: Well, let's see what she has  
13 to say first --

14 MR. KENNEDY: Okay.

15 MR. DABNEY: -- in reference to -- if  
16 that's what you are getting at.

17 MR. GOULET: Technically, we have to -- in  
18 my opinion, technically, we have to do it on the golf  
19 course, because you can't oversee two Boards at the same  
20 time, in my opinion. I think it is sticky.

21 So I think we can lead into that after  
22 financials with Cindy when we open the golf course  
23 meeting -- in my opinion.

24 MR. LYNCHARD: All right.

25 MR. TERASA: Okay.

1 MR. LYNCHARD: So --

2 MR. TERASA: Go, Cindy.

3 MR. GOULET: Just a technicality.

4 MR. LYNCHARD: -- done with Water System.

5 Now we are moving on to the Club at Hidden Creek, so,  
6 Cindy --

7 MR. GOULET: So we can make a motion --

8 MR. LYNCHARD: To?

9 MR. GOULET: -- to adjourn the -- or are  
10 we just going to roll into the golf course meeting?

11 MR. LYNCHARD: We can just roll into the  
12 golf course meeting whenever.

13 MR. TERASA: Is Cindy there?

14 MS. CALLEN: Are you ready for me?

15 MR. GOULET: Go ahead, Cindy.

16 MS. CALLEN: Okay. So I will go ahead and  
17 start with the January financials. We had revenue of  
18 \$123,702, with an expense of \$115,956.

19 For January, we had a course operating  
20 income in the amount of \$6,746.

21 February, we had course revenue of  
22 \$145,548 with expenses of \$113,073 with course operating  
23 income of \$32,475.

24 And then, in March, we had another good  
25 month. Course revenue was \$170,632. Total expenses,

1 \$132,976 with an operating income of \$37,657.

2 That actually brings year-to-date course  
3 operating income of a positive \$76,877, so that's my  
4 financials for January, February, and March.

5 MR. LYNCHARD: Okay. I see what she has  
6 got here. We've --

7 MR. KENNEDY: May I make a motion to  
8 approve?

9 MR. LYNCHARD: Make a motion to approve.

10 MR. KENNEDY: Mr. President, I make a  
11 motion to approve the January, February, March financials  
12 for Hidden Creek as presented.

13 MR. LYNCHARD: Do we have a second?

14 MR. LANIER: Second.

15 MR. GOULET: I will second that motion.

16 MR. LYNCHARD: Is there any discussion  
17 before I get started?

18 MR. GOULET: I have got one question, Mr.  
19 President. Spray field -- okay, it has got spray field  
20 income listed on the balance sheet on this, and I would  
21 have thought in the actuary, the way they were describing  
22 it, it's not considered income.

23 And it's a lesser amount than what the  
24 Board approved. So would that be used up in somewhere  
25 else?

1 MR. LYNCHARD: I don't know.

2 MR. GOULET: Do you see what I am saying?  
3 When you figure it at 15,6 and the Board gives you  
4 18,999 --

5 MR. LANIER: All of last year, it was  
6 \$15,000 and --

7 MR. LYNCHARD: No. \$25,000.

8 MR. LANIER: \$15,600 all last year.

9 MR. LYNCHARD: Okay. Yeah. 234 (sic) --

10 MR. GOULET: No. It's 19,9.

11 MR. LYNCHARD: 19,9 is what it is.

12 MR. KENNEDY: It was this year, we went  
13 down -- we went with 15,6.

14 MR. LYNCHARD: This year it went to 15,6.

15 MR. TERASA: Mr. Williamson said they were  
16 going to reduce it again for this year by 20 percent.

17 MR. GOULET: That's why there is a  
18 difference.

19 MR. TERASA: Yeah. I think it was reduced  
20 by 20 percent --

21 MR. LYNCHARD: Yeah. Something like that.

22 MR. TERASA: -- whatever that number. So  
23 that's why it's down, but --

24 MR. GOULET: It's listed as income on this  
25 sheet and --

1 MR. TERASA: It's written as 15,6 on this  
2 here.

3 MR. GOULET: All I am saying is it is  
4 listed as income.

5 MR. LANIER: It is income.

6 MR. DABNEY: It is still considered  
7 income.

8 (EVERYONE SPEAKING OVER EACH OTHER.)

9 MR. TERASA: What is it?

10 MR. LYNCHARD: Okay.

11 MR. DABNEY: It is considered income  
12 because at the end of the day, if Holley Navarre Water is  
13 paying the golf course a spray field right to let us  
14 spray our -- on there, it's a lease. It still considered  
15 income. Yes or no?

16 MR. LANIER: Yes.

17 MR. DABNEY: It is considered income, so  
18 why are we --

19 MR. LYNCHARD: I will go with it. All I  
20 would say is realistically, guys, we need to go back and  
21 look at history. Because if you don't look at history,  
22 you start drinking your own Koolaid.

23 MR. KENNEDY: Context is everything.

24 MR. LYNCHARD: Yeah. Context is  
25 everything. Back in 2015, the Board decided to start

1 giving the golf course \$39,000 -- \$39,500 a month. We  
2 are talking \$474,000 a year.

3 And that wasn't because the Board felt  
4 like they needed to pay the golf course. No golf course  
5 actually gets paid from Water Systems to accept water.  
6 As a matter of fact, the only way they can get water is  
7 from us.

8 It would be impossible for them to get  
9 permitting from Northwest Florida Water Management System  
10 to dig wells to pump 1.5 million gallons a day. They  
11 have to take it from us if they want to run a golf  
12 course.

13 But back in 2015 -- and '14 in  
14 particular -- the Board was meeting. And every time we  
15 would meet, we would have to give the golf course  
16 \$50,000, \$100,000, \$200,000 a month.

17 MR. GOULET: A loan.

18 MR. LYNCHARD: And the general public --  
19 well, we would call it a loan. The general public got  
20 mad. They didn't like seeing their money being wasted at  
21 a golf course as they saw it.

22 So rather than the Board having to do that  
23 every month, the Board came up with a number that they  
24 thought would make the golf course solvent on a monthly  
25 basis and they called it income.

1                   And that way, they didn't have to -- the  
2 Board didn't have to vote every meeting to loan it more  
3 money. Because the loan worked out to about \$4 million  
4 dollars at that point.

5                   Now, if you take what the golf course has  
6 taken from Holley Navarre Water System over the terms  
7 since it has been purchased by Holley Navarre Water  
8 System, in excess of our \$2 million dollar initial  
9 investment, we have spent another one point -- or  
10 \$5,182,000.

11                   That means we give -- on average, the  
12 members of Holley Navarre Water System have given the  
13 Club at Hidden Creek almost \$740,000 a year for seven  
14 years.

15                   We can argue over whether you want to call  
16 it income or a loan or something like that. But at the  
17 end of the day, it's just money we give them so the  
18 members don't get mad and tell us to close the golf  
19 course, like they were in 2014.

20                   MR. KENNEDY: And correct me if I'm wrong,  
21 I mean, I know this was a goal of ours last year, the  
22 absolute end game for Hidden Creek is to become a viable  
23 business with no --

24                   MR. GOULET: Self-sustaining.

25                   MR. KENNEDY: Self-sustaining within a



1 year or two or three without yanking all -- we will call  
2 it the subsidy --

3 MR. GOULET: The goal was -- and Cindy --

4 MR. KENNEDY: You guys have been reducing  
5 that over time.

6 MR. GOULET: Cindy may agree with this.  
7 The goal was by the end of this year in December that the  
8 Water System would not have to fund the Club at Hidden  
9 Creek anymore. That was my goal.

10 MR. LYNCHARD: And just to make sure,  
11 because I wanted to mention this, and whenever you  
12 started talking, it popped into my head again. You  
13 said -- we said Cindy did a good job last year. She did.  
14 She did an amazing job last year.

15 MR. DABNEY: I can't agree more.

16 MR. LYNCHARD: We have never lost less  
17 than half a million dollars at the golf course whenever  
18 you back out our subsidies.

19 And last year, I think it was somewhere  
20 around -- once you back that out, it is somewhere around  
21 \$150,000. So that's an amazing turnaround for the golf  
22 course.

23 MR. KENNEDY: And I would just like to say  
24 if we don't talk about -- not really not talk about it,  
25 but if we take all revenues minus expenses, according to

1 the audit, now, don't -- we are not talking about where  
2 is revenue coming from. All revenue minus expenses,  
3 Cindy's team turned a profit last year of \$62,000.

4 And that's the first time in history that  
5 I am aware that --

6 MR. GOULET: The only thing --

7 MR. KENNEDY: -- and her reduction of the  
8 revenue was from \$39,900 --

9 MR. GOULET: I will give you this, Mike.  
10 I will give you this. With depreciation figured in?  
11 Yes.

12 MR. KENNEDY: Yeah.

13 MR. GOULET: But actual hard costs like a  
14 small business person, actual hard costs? No. We didn't  
15 make money last year. But we have done better than we  
16 have done since we purchased the property in 2014.

17 And just so everybody understands, the  
18 reason why in 2015 we had to do this is Holley Navarre  
19 Water System was wanting to get loans and grants and it  
20 was affecting our credit rating because we had another  
21 company that was hemorrhaging so much money, we wouldn't  
22 have an A rating anymore. We were going down to a B  
23 plus.

24 So, at the time, the General Manager sat  
25 with the Board and there were Board members that didn't

1 agree with it and voted against it, just so you know.  
2 They wanted to shut it down, get away with it, didn't  
3 care. And we have seen for Holley by the Sea, Hidden  
4 Creek Estates, and the citizens of Navarre, it was a  
5 viable thing to have. That's why we invested money in  
6 it.

7                   So that's what irritates me when people  
8 say, "I don't know why the golf course is open." That's  
9 not true. That's definitely not true. I think Cindy has  
10 done a great job. She is thinking outside of the box.  
11 But she is looking at it as her own business because she  
12 is the General Manager. It's her job to run the golf  
13 course.

14                   MR. TERASA: Right.

15                   MR. GOULET: And that's her job, and I  
16 think she has done a great job. And I appreciate her  
17 sticking with it, sticking with this Board for all these  
18 years. Because she has seen the ups and downs of the  
19 golf course.

20                   She has seen different managers come and  
21 go. She has seen different Boards come and go. I  
22 commend Cindy in what she has been able to do with the  
23 golf course. It's the best looking course in Northwest  
24 Florida.

25                   Chip has done an awesome job with the

1 greens, so --

2 MR. DABNEY: So here's my question -- and  
3 I am not -- obviously, I used to work at Tiger Point, so  
4 I do know a lot about golf courses.

5 What would it take, Cindy, what would it  
6 take to -- and I guess it's probably in your paperwork,  
7 what would it take to mow that grass every single day 30  
8 days a month or 31 days a month? Average monthly salary?  
9 And how many people would it take to maintain that  
10 course, not in playable status, but in operational status  
11 as a spray field?

12 MS. CALLEN: That's a tough question. I  
13 know --

14 MR. DABNEY: Are we talking \$100,000 a  
15 week? Are we talking \$5,000 a week?

16 MS. CALLEN: Well, you would have to have  
17 the equipment, too, but it would be about \$5,000.

18 MR. DABNEY: So we are actually -- Holley  
19 Navarre Water is getting off cheap by going ahead and  
20 giving you \$15,000 a month.

21 MR. KENNEDY: Good point. I see what you  
22 are saying.

23 MR. DABNEY: So we are actually -- Holley  
24 Navarre is saving \$4,000 a month by you keeping that  
25 course open and you generating in the month of March

1 \$14,000 profit.

2 MR. GOULET: Well, now, we are, but we  
3 weren't in the past because we had to invest \$5 million  
4 dollars to get here, James.

5 MR. DABNEY: But that's what you work  
6 towards.

7 MR. GOULET: Right. But I know -- that's  
8 what I am saying.

9 MR. DABNEY: I tell you, I don't make  
10 money the first three years of my operation at any  
11 business. Anybody in small business makes money in three  
12 years, I want to hold your hand and see how you did it.  
13 I am going to follow you around.

14 MR. GOULET: Leaping --

15 MR. LYNCHARD: At the end --

16 MR. DABNEY: I mean, we can't sit here --  
17 we are arguing apples and apples. Let's argue apples and  
18 apples.

19 MR. LYNCHARD: Well, if you want --

20 MR. DABNEY: It's still cheaper than us  
21 having to pay something to spray that field and still cut  
22 the grass.

23 MR. KENNEDY: To answer your point, I  
24 think we are all, as James just pointed out, there is a  
25 viable reason for the golf course to also be a business

1 and we are savings money.

2 MR. DABNEY: I will be the first one to  
3 stand up here and tell you, if it ain't making money, I  
4 will vote right now tonight to sell that golf course.

5 MR. TERASA: It's interesting, we talk  
6 about we are \$5,000 cheaper doing it this way, at least  
7 with the current situation. Think about what we are  
8 spending on -- could possibly be spend going to Eglin, I  
9 mean, in comparison to --

10 MR. GOULET: Yeah. But it's \$7 million  
11 dollars right now, so that's awesome.

12 MR. TERASA: But, again, members can't  
13 live with that forever, either.

14 MR. LYNCHARD: That's right.

15 MR. TERASA: So I think we are at a point  
16 now, if we -- do we need to vote? Do we need to vote?

17 MR. LYNCHARD: Yeah. We need to vote to  
18 approve the financials.

19 MR. TERASA: Let's do that.

20 MR. LYNCHARD: And the one thing that --  
21 just so everybody understands the financial statements.  
22 We call it, the one that we look at and we approve in our  
23 book every time, this is not a profit and loss report.  
24 This is an operational cash flow statement.

25 So we are -- that's what we approve. It's

1 never going to match up to what is on the profit and loss  
2 statement and it's definitely never going to match up to  
3 what's on the audit report at the end of the year.

4 MR. KENNEDY: Because the COI, which is  
5 the Course Operating Income she is reporting here, like,  
6 in February of \$32,475, that's \$32,000 in profit based on  
7 course operating income.

8 MR. LYNCHARD: No. That's \$32,000 in  
9 positive cash flow.

10 MR. KENNEDY: Positive cash flow.

11 MR. LYNCHARD: From operations. It  
12 doesn't take into account loan payments on the golf carts  
13 and the other equipment that we may have. So it's  
14 operational cash flow.

15 MR. KENNEDY: Cash flow. But it's a  
16 viable number that --

17 MR. LYNCHARD: Yeah. From an operational  
18 standpoint, it is an operational positive cash flow.

19 MR. KENNEDY: Okay.

20 MR. LYNCHARD: Less the leases and the  
21 equipment.

22 MR. KENNEDY: And we look to your  
23 expertise as well.

24 MR. LYNCHARD: As long as you call it a  
25 cash flow statement, you are perfect. You just can't

1 call it a profit and loss statement.

2 MR. KENNEDY: I got you.

3 MR. DABNEY: So at the end of the day, for  
4 every dollar that loses, that's less taxes Holley Navarre  
5 Water has to pay.

6 MR. LYNCHARD: Holley Navarre Water System  
7 is a nonprofit organization. We never -- we never have  
8 paid taxes.

9 MR. DABNEY: Somebody is paying taxes  
10 on --

11 MR. TERASA: Call for a vote.

12 MR. GOULET: I make it -- we have got a  
13 motion and a second.

14 MR. LYNCHARD: We have got a motion and a  
15 second. Is there any further discussion?

16 MR. LYNCHARD: We have a motion and a  
17 second. Is there any further discussion?

18 (NO AUDIBLE RESPONSE.)

19 MR. LYNCHARD: All those in favor say  
20 "Aye"?

21 MR. DABNEY: Aye.

22 MR. LANIER: Aye.

23 MR. KENNEDY: Aye.

24 MR. TERASA: Aye.

25 MR. GOULET: Aye.



1 MR. SUMMERS: Aye.

2 MR. LYNCHARD: Any opposed?

3 (NO AUDIBLE RESPONSE.)

4 MR. LYNCHARD: Motion carries.

5 MR. TERASA: As part of golf course  
6 business, may I make a motion that we add to the agenda  
7 an item that says we will vote on whether we are going to  
8 reopen the golf course based on Cindy's new rules that we  
9 have all got.

10 MR. LANIER: I will second the  
11 modification to the agenda.

12 MR. LYNCHARD: Second.

13 MR. GOULET: Why don't we get Cindy's  
14 input on it?

15 MR. TERASA: Oh, yeah.

16 MR. GOULET: Cindy?

17 MS. CALLEN: Yes?

18 MR. GOULET: Can we get your input? Go  
19 ahead.

20 MS. CALLEN: I would like to open the golf  
21 course as early as tomorrow. I do have some rules in  
22 place that we -- I want to make sure that everybody  
23 maintains social distancing at least six foot.

24 No groups more than ten people can group  
25 together at a time.

1                   The golf course, I feel -- the club house  
2 should remain closed and everybody come through the  
3 window in the golf house.

4                   I would like to -- with our insurance --  
5 with the COVID policy in there, we still need to have a  
6 waiver signed with everyone. No more than four persons  
7 per group.

8                   Basically, everything that we did before  
9 with some additional PPEs, but we would like to get the  
10 golf course back open again.

11                  MR. DABNEY: Has nobody approached you  
12 about bringing masks or having masks made or -- I mean,  
13 N95 masks is the big topic of discussion.

14                  MR. TERASA: Don't we have masks?

15                  MR. LYNCHARD: No.

16                  MS. CALLEN: I do have some masks on  
17 order. They are not coming in until May 20th. I have  
18 had trouble finding them. But my mother has started  
19 making masks for us and I should have a big enough supply  
20 by in the morning to be able to have it for my staff to  
21 open.

22                  MR. GOULET: Cindy, if you need anymore --  
23 if you need anymore, let me know. I could supply at  
24 least ten tomorrow if you need them.

25                  MS. CALLEN: Okay. Thank you.

1                   MR. TERASA: Did we say that our employees  
2 at Holley Navarre Water System are, in fact, wearing  
3 masks?

4                   MR. DABNEY: Supposed to have masks in the  
5 truck.

6                   MR. TERASA: We don't have a supply of  
7 them?

8                   MR. LYNCHARD: We are out of them. Cindy  
9 bought -- or Barbara brought some reusable masks. I  
10 think she was going to send some to the golf course, but  
11 we only had a limited amount of them.

12                   They are -- on the 25th, we are supposed  
13 to get 1,000 N95 masks in. And that's for the entire  
14 system, so they will definitely be going to the golf  
15 course, too.

16                   MR. KENNEDY: Cindy, do you have  
17 everything that you need? And are you confident in  
18 opening the course tomorrow morning?

19                   MS. CALLEN: I do. I do so want to get  
20 some more of the Lysol wipes, but I do feel that we are  
21 sanitizing everything we possibly can and I am  
22 comfortable opening the golf course.

23                   MR. KENNEDY: Thank you. And then,  
24 Mr. Kilpatrick?

25                   MR. KILPATRICK: Yes, sir?

1                   MR. KENNEDY: The waiver -- is that  
2 something we really need from a legal standpoint?

3                   MR. KILPATRICK: Yes. I would.

4                   MR. LYNCHARD: Yeah.

5                   MR. KILPATRICK: I would definitely make  
6 sure that they are on notice that this, you know,  
7 potentially could happen and they could contract it.

8                   MR. DABNEY: And the biggest or easiest  
9 thing to do is at the sign-up window, you have a sign  
10 made that says, "Here's our rules. Here's our  
11 guidelines. Here's what it is."

12                   Upon entering the premise, you have  
13 already signed the documentation.

14                   MR. GOULET: And agreed to it.

15                   MR. DABNEY: And agreed to it. And  
16 whether or not they have signed it, the sign is there  
17 where the sign-up sheet is.

18                   Now, do we have it and have we maintained  
19 it and have we kept it? It's no different than me  
20 selling fireworks. It's no different.

21                   MR. LYNCHARD: We are making people print  
22 the sheet of paper and sign it.

23                   MR. DABNEY: I understand that, but I am  
24 saying, it's no different than me selling fireworks. If  
25 I present the sign, you sign the paperwork. It covers my

1 liability.

2 MR. LYNCHARD: Yeah.

3 MR. GOULET: So, Cindy, as far as what you  
4 provided to the Board, you feel comfortable and confident  
5 to be able to do this?

6 MS. CALLEN: Yes.

7 MR. GOULET: Then, I make a motion to  
8 approve Cindy's recommendations for the Board to reopen  
9 the course.

10 MR. LYNCHARD: Do we have a second?

11 MR. TERASA: Point of order.

12 MR. LYNCHARD: Can we get a second?

13 MR. GOULET: I'm sorry.

14 MR. LYNCHARD: We have got a motion and a  
15 second already.

16 MR. GOULET: I will second the motion.

17 MR. LANIER: Yeah. We need to add it to  
18 the agenda, which requires a vote.

19 MR. LYNCHARD: Okay. So we do need a --

20 MR. LANIER: Yes. We do need a vote.

21 MR. TERASA: We need a motion to put it on  
22 the agenda. Right?

23 MR. LYNCHARD: We already had a motion to  
24 put it on the agenda.

25 MR. LANIER: And it was already seconded.

1 MR. LYNCHARD: Okay.

2 MR. LANIER: But we need to vote.

3 MR. TERASA: Will seconded that.

4 MR. GOULET: So vote on it?

5 MR. LYNCHARD: We have got the motion to  
6 put this item that we have been discussing for the past  
7 15 minutes on the agenda.

8 All those in favor say "Aye"?

9 MR. DABNEY: Aye.

10 MR. LANIER: Aye.

11 MR. KENNEDY: Aye.

12 MR. TERASA: Aye.

13 MR. GOULET: Aye.

14 MR. SUMMERS: Aye.

15 MR. LYNCHARD: Any opposed?

16 (NO AUDIBLE RESPONSE.)

17 MR. LYNCHARD: Motion carries.

18 MR. DABNEY: I was just going to vote  
19 against it because --

20 MR. GOULET: I make a motion to reopen the  
21 golf course per Cindy's guidelines tomorrow. Is that  
22 correct?

23 MR. TERASA: Second.

24 MR. KENNEDY: Go ahead.

25 MR. TERASA: Am I doing it? Or you doing

1 it?

2 MR. GOULET: Second the motion.

3 MR. TERASA: Second the motion.

4 MR. GOULET: Is there any further  
5 discussion?

6 (NO AUDIBLE RESPONSE.)

7 MR. LYNCHARD: And I think Cindy said that  
8 this is the way and that she was comfortable with this  
9 and she felt confident we could get this done safely.

10 MR. KENNEDY: That's correct.

11 MR. DABNEY: And that's the restaurant,  
12 too, so --

13 MR. LYNCHARD: Cindy?

14 MR. KENNEDY: Another question to you,  
15 Cindy.

16 MS. CALLEN: Yes?

17 MR. LYNCHARD: Do you feel confident that  
18 we can do this safely and efficiently? Correct?

19 MS. CALLEN: I do, along with the rules  
20 that I have listed, I do feel comfortable with it.

21 MR. LYNCHARD: Okay. That's enough for  
22 me. All those -- is there any further discussion?

23 (NO AUDIBLE RESPONSE.)

24 MR. LYNCHARD: All those in favor say  
25 "Aye"?

1 MR. DABNEY: Aye.  
2 MR. LANIER: Aye.  
3 MR. KENNEDY: Aye.  
4 MR. TERASA: Aye.  
5 MR. GOULET: Aye.  
6 MR. SUMMERS: Aye.  
7 MR. LYNCHARD: Any opposed?  
8 (NO AUDIBLE RESPONSE.)  
9 MR. LYNCHARD: Motion carries.  
10 MR. TERASA: Yeah.  
11 MR. KENNEDY: Excellent.  
12 MR. LYNCHARD: All right. What's our  
13 next --  
14 MR. LANIER: You can now put it on the  
15 Facebook page that the Board has approved opening the  
16 golf course.  
17 MR. KENNEDY: Well, you don't have to  
18 change it.  
19 MR. LYNCHARD: You don't have to change  
20 it. What else do we have here?  
21 MR. GOULET: Engineering.  
22 MR. LYNCHARD: Phil, are you still awake?  
23 MR. PHILLIPS: Yeah. I am still here.  
24 MR. LYNCHARD: Okay. Can we get an  
25 engineering report?



1                   MR. PHILLIPS: Yeah. I think you pretty  
2 much already gave it. I only have one thing to mention  
3 and that's the MOA has been executed by all of the  
4 parties and has gone to the Water Management District for  
5 consideration of the grant.

6                   MR. GOULET: Awesome.

7                   MR. PHILLIPS: That's good news since the  
8 last meeting.

9                   MR. LYNCHARD: Yes, it is.

10                  MR. DABNEY: I want to make sure, I have  
11 had a couple people reach out to me.

12                  MR. GOULET: Did you want to say  
13 something?

14                  MR. DABNEY: I don't care. I will --

15                  MR. GOULET: Phil, are you there?

16                  MR. PHILLIPS: Yeah.

17                  MR. DABNEY: We changed up on you.

18                  MR. GOULET: This is a recommendation. I  
19 know we spoke about this before. I need to make sure  
20 that any time reports or anything or any discussions are  
21 made with any question as far as water or sewer taps or  
22 anything like that, I need to make sure that you are the  
23 one that is able to convey the message or information to  
24 the person asking. Is that fine, Phil?

25                  MR. PHILLIPS: Sure.

1                   MR. GOULET: Does the Board have any  
2 questions on that?

3                   MR. KENNEDY: I have. Are you saying  
4 that --

5                   MR. LYNCHARD: None that we can answer  
6 right now.

7                   MR. GOULET: I understand that,  
8 but just --

9                   MR. DABNEY: I am just asking. I should  
10 have asked you.

11                  MR. GOULET: Sorry. Thank you, Phil.

12                  MR. KENNEDY: Something more coming?

13                  MR. LANIER: Well, we can talk about that  
14 at the personnel meeting.

15                  MR. LYNCHARD: Yeah. We can talk about  
16 that at the personnel meeting.

17                  MR. KENNEDY: Okay.

18                  MR. LANIER: Not to get into the weeds on  
19 personnel issues, being on the personnel committee, it  
20 would have been nice to have been looped into personnel  
21 issues that recently occurred. And that's all I am going  
22 to say about it.

23                  MR. GOULET: Duly noted, Kevin.

24                  MR. DABNEY: Okay. Are y'all going to  
25 talk about golf course anymore? Or are we good now?

1 MR. KENNEDY: He is ready to go.

2 MR. LANIER: He's got a tee time in the  
3 morning.

4 MR. LYNCHARD: Yeah.

5 MR. GOULET: You have got contractors  
6 coming. Remember?

7 MR. TERASA: Yeah. I do.

8 MR. LYNCHARD: Do we have a motion and a  
9 second to accept the Engineer's report?

10 MR. GOULET: I make a motion to accept it  
11 as presented.

12 MR. TERASA: Second.

13 MR. LYNCHARD: All those in -- is there  
14 any further discussion?

15 (NO AUDIBLE RESPONSE.)

16 MR. LYNCHARD: All those in favor say  
17 "Aye"?

18 MR. DABNEY: Aye.

19 MR. LANIER: Aye.

20 MR. KENNEDY: Aye.

21 MR. TERASA: Aye.

22 MR. GOULET: Aye.

23 MR. SUMMERS: Aye.

24 MR. LYNCHARD: Motion carries.

25 Is there anything that benefits Holley

1 Navarre Water System, the Club at Hidden Creek, or MESI  
2 or to come before the Board of Directors?

3 MR. TERASA: Personnel or whatever?

4 MR. LYNCHARD: I make a motion to adjourn.

5 MR. KENNEDY: Second.

6 MR. LYNCHARD: All those in favor?

7 MR. DABNEY: Aye.

8 MR. LANIER: Aye.

9 MR. KENNEDY: Aye.

10 MR. TERASA: Aye.

11 MR. GOULET: Aye.

12 MR. SUMMERS: Aye.

13 MR. LYNCHARD: Motion carries. Let's go  
14 home.

15 WHEREUPON, THE BOARD OF DIRECTORS MEETING  
16 ADJOURNED AT 7:30 p.m.

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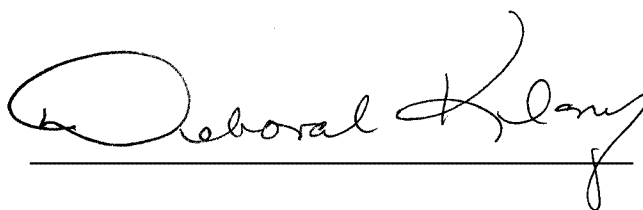
CERTIFICATE OF REPORTER

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 Holley Navarre Water System Board of Directors meeting and that the transcript is a true record of said meeting. I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any attorney or counsel connected with the action; nor am I financially interested in this proceeding or its outcome.

Dated this 1st day of May, 2020.

A handwritten signature in black ink, reading "Deborah G. Kharuf", is written over a horizontal line.

DEBORAH G. KHARUF

Court Reporter and Notary Public,

State of Florida at Large.

Commission number GG 310633

My commission expires July 6, 2023.