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HOLLEY NAVARRE WATER SYSTEM  
CLUB AT HIDDEN CREEK  
BOARD OF DIRECTORS COMBINED MEETINGS  
APRIL 20, 2021  
6:00 P.M. - 7:54 P.M.

MIKE KENNEDY, PRESIDENT  
MARK MILLER, VICE PRESIDENT  
WILLIAM THIEL, SECRETARY TREASURER  
FRED TERASA, DIRECTOR  
JOE CAMPBELL, DIRECTOR  
DALLAS PEAVEY, CEO, HOLLEY NAVARRE WATER  
JASON MONTGOMERY, HNWS  
PHIL PHILLIPS, MUNICIPAL ENGINEERING  
CLINTON WELLS, HNWS  
MARK TURNER, HNWS  
CHRIS LEGG, HNWS  
GRANT SUMMERS, HNWS  
MELISSA MILLER, LANDRUM, HR ADMIN  
JR. RATLIFF, HNWS

ALSO PRESENT:

WILL DUNAWAY, ESQUIRE  
DEBORAH KHARUF, COURT REPORTER  
KRISTEN MCALLISTER, CPA WARREN AVERETT  
SANDI KEMP, NAVARRE PRESS, WILL GOULET,  
RON HOLLEY, CHRISTOPHER BOND, DARYL LYNCHARD,  
CARMEN REYNOLDS, DANIEL SCRUGGS, TED KIRCHMANN  
TED BACZEWSKI,

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

2 MR. KENNEDY: I call the meeting to order.  
3 Director Terasa, will you lead us in the prayer, please?

4 (INVOCATION GIVEN BY MR. TERASA.)

5 MR. KENNEDY: Mr. Terasa, pledge of  
6 allegiance?

7 MR. TERASA: Face the flag and repeat  
8 after me.

9 (PLEDGE OF ALLEGIANCE BY DIRECTOR TERASA.)

10 MR. KENNEDY: Thank you, sir. All right.  
11 Announcement of a quorum. Mr. Secretary, I believe we  
12 have a quorum?

13 MR. THIEL: Yes, we do.

14 MR. KENNEDY: Thank you, sir.

15 MR. DUNAWAY: Mr. President, could I ask  
16 that we just confirm that Director Miller can both hear  
17 us and be heard so that he is being counted as a member  
18 of the forum?

19 DR. PEAVEY: Mark, do you hear that  
20 question?

21 MR. MILLER: Yeah. What was the question?

22 DR. PEAVEY: Can you hear so that they can  
23 determine whether or not there is a quorum?

24 MR. MILLER: Yes. I can hear y'all fine.

25 DR. PEAVEY: Thank you, sir.

1 MR. KENNEDY: All right. So we have a  
2 quorum. And then, for everyone, audio and video  
3 recorders are in use. Please silence all cell phones.  
4 So if anyone wants to address the Board, there is a  
5 sign-up sheet right back there.

6 I would ask that you sign up for the  
7 agenda item that you would like to address. There is  
8 also an open forum you will be able to address at the  
9 end. When we get to these agenda items, you will have  
10 three minutes to talk about what you would like us --  
11 what you would like to give input to.

12 I will count down. I will let you know  
13 when we get to one minute and 30 seconds. And then,  
14 after that, your time is done.

15 All right. So the first agenda item is  
16 the approval of the minutes and transcripts. Has  
17 everybody had a chance to look at the meeting minutes?  
18 Any changes?

19 MR. THIEL: I make a motion to approve the  
20 minutes as presented.

21 MR. TERASA: Second.

22 MR. KENNEDY: Any further discussion?

23 (NO AUDIBLE RESPONSE.)

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

25 MR. THIEL: Aye.

1 MR. TERASA: Aye.

2 MR. CAMPBELL: Aye.

3 MR. DABNEY: Aye.

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

5 (NO AUDIBLE RESPONSE.)

6 MR. KENNEDY: Motion passes.

7 MR. MILLER: Aye.

8 MR. KENNEDY: Thank you, Mike.

9 Approval of memberships. So, in March, we  
10 had 338 new memberships, 300 canceled memberships and 3  
11 transfers. Do I have a motion to approve the memberships  
12 as presented?

13 MR. TERASA: So moved.

14 MR. THIEL: Second.

15 MR. KENNEDY: Any further discussion?

16 (NO AUDIBLE RESPONSE.)

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

18 MR. THIEL: Aye.

19 MR. TERASA: Aye.

20 MR. CAMPBELL: Aye.

21 MR. MILLER: Aye.

22 MR. DABNEY: Aye.

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

24 (NO AUDIBLE RESPONSE.)

25 MR. KENNEDY: Motion passes.

1 All right. On to unfinished business,  
2 then, we will go to the afterhours turn-on fee  
3 adjustment. Dr. Peavey?

4 DR. PEAVEY: Yes, sir. Mr. President, we  
5 presented this at the last Board meeting with the  
6 explanation for the increase in fees. The Board approved  
7 that at that time. We just want to give an update that  
8 is put in place as policy now.

9 MR. KENNEDY: Very good. Any questions  
10 from the Board?

11 (NO AUDIBLE RESPONSE.)

12 MR. KENNEDY: Very good. Thank you, sir.

13 DR. PEAVEY: Yes, sir.

14 MR. KENNEDY: New business under finance.  
15 The review of the March 2021 financials. Dr. Peavey?

16 DR. PEAVEY: Yes, sir. We have met with  
17 yourself and Secretary Treasurer Thiel on Thursday, went  
18 through these, the month of March financials, and we will  
19 present those for approval tonight without any changes.

20 MR. KENNEDY: Okay. Anybody take a chance  
21 at the -- take a look at the financials?

22 Do I have a motion to approve as  
23 presented?

24 MR. CAMPBELL: I make a motion to approve  
25 as presented.

1 MR. THIEL: Second.

2 MR. KENNEDY: Any further discussion?

3 (NO AUDIBLE RESPONSE.)

4 MR. KENNEDY: All those in favor say  
5 "Aye"?

6 MR. THIEL: Aye.

7 MR. TERASA: Aye.

8 MR. CAMPBELL: Aye.

9 MR. DABNEY: Aye.

10 MR. MILLER: Aye.

11 MR. KENNEDY: All those opposed say "No"?

12 (NO AUDIBLE RESPONSE.)

13 MR. KENNEDY: Motion passes.

14 Next item is the 2021 consolidated audit  
15 presentation. Ms. McAllister?

16 MS. MCALLISTER: Good evening. Thank you  
17 for having me here. It's good to see the Board again. I  
18 enjoyed participating in the Board training. I guess it  
19 was almost a month ago at this point.

20 We did complete the audit for the fiscal  
21 year 2020, which we all know was a very exciting and wild  
22 year. We did issue an unmodified opinion, which is the  
23 highest level of assurance we can provide. We did wrap  
24 up the audit in March, but we were just not in time for  
25 the March meeting, so we are here tonight.

1 Overview, a quick financial overview for  
2 your balance sheet, you have approximately \$72 million of  
3 overall assets, \$12 million of that is liquid cash, and  
4 \$50 million of that is to go under utility plant  
5 equipment.

6 As far as your liabilities, you owe  
7 approximately \$22 million in liabilities, \$13 million of  
8 that is your pension plan, and you have approximately  
9 long-term debt payable of about \$7 million.

10 Overall, your income was strong for this  
11 year. Over the prior year, it was about \$1.4 million in  
12 net operating income as compared to \$1.3 million in the  
13 prior year.

14 In relation to your pension plan, I always  
15 like to point out, the funding level of the pension plan,  
16 the overall pension liability as of the end of the year  
17 was approximately \$23 million, as well as \$10 million in  
18 accumulated assets to fund that liability, which is how  
19 you get to the net \$13 million liability, which is  
20 outstanding on that. And you do have approximately a  
21 \$1 million funding commitment for that within fiscal year  
22 '21.

23 Otherwise, I have no other findings to  
24 report in conjunction with the audit, nothing else to  
25 take our attention from this. We would want to report

1 our Board is here tonight. Also, there were no other  
2 changes within your financial statements, no new  
3 disclosures. There is not any accounting level changes.

4 All of those changes were postponed during  
5 2020 to allow us some extra time to deal with the COVID  
6 situation, but there will be upcoming changes in 2022 in  
7 regards to lease accounting, which we will talk about  
8 next year.

9 Otherwise, I welcome any questions you may  
10 have in regards to the audit.

11 MR. KENNEDY: Any questions from the  
12 Board?

13 (NO AUDIBLE RESPONSE.)

14 MR. KENNEDY: Well, again, as we all --  
15 you trained us up well during the Board training and you  
16 used this as a template, so thank you for that as well.

17 MS. MCALLISTER: Thank you for having me  
18 here.

19 MR. KENNEDY: All right. Do I have a  
20 motion to approve the 2020 consolidated audit financial  
21 statements as presented?

22 MR. TERASA: So moved.

23 MR. THIEL: Second.

24 MR. KENNEDY: Any further discussion?

25 MR. TERASA: I would just like to mention



1 that this good audit report is not the fault of the  
2 Board. It's the fault of these people right here, the  
3 good employees here who do such a great job and I want to  
4 thank them for continuing to make us very profitable. We  
5 are very grateful for that. Thank you.

6 MR. KENNEDY: Thank you, sir.

7 Any further discussion?

8 (NO AUDIBLE RESPONSE.)

9 MR. KENNEDY: All right. Those in favor  
10 say "Aye"?

11 MR. THIEL: Aye.

12 MR. TERASA: Aye.

13 MR. CAMPBELL: Aye.

14 MR. DABNEY: Aye.

15 MR. MILLER: Aye.

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

17 (NO AUDIBLE RESPONSE.)

18 MR. KENNEDY: Motion passes.

19 Rotary Club donation. This is Dr. Peavey.

20 DR. PEAVEY: Ms. Miller is going to work

21 with the Board on these presentations as far as the

22 donation, Mr. President.

23 MR. KENNEDY: Okay.

24 DR. PEAVEY: She has the certificates and

25 she has the check. I believe it is behind you.

1 MR. KENNEDY: It is. So -- can I give a  
2 little bit of background?

3 DR. PEAVEY: Yes.

4 MR. KENNEDY: So the Board members, we  
5 have expressed a desire for always improving our Board  
6 training. We have been doing this now, this will be a  
7 third year consecutively, and we went through a full day  
8 of training.

9 I would, again, like to thank our Board  
10 members who gave up an entire day of their work or their  
11 life or their golf to continue to be in this Board  
12 training, so thank you so much for that.

13 So, in March, we had a training session  
14 with Mr. Kirchharr. He is a Rotary Leadership Institute  
15 Certified Facilitator. And we also had the same training  
16 with our legal counsel, Mr. Dunaway, down here.

17 We also had it with Kristen McAllister,  
18 which is our auditor, and with our insurance agent,  
19 Mr. Grace. So the Board had a plethora of areas to get  
20 more training and to learn all about them.

21 The topics included guidance on the Board  
22 for governance, ethics, information about corporate  
23 structure, legal responsibility, training on key points  
24 on financial reports that the Board should know. So each  
25 Board in attendance of the trainings were awarded a

1 Certificate of Completion signifying their dedication and  
2 competency to serve on the Holley Navarre Water System as  
3 a member of our Board.

4                   So with that said, I believe, Ted, you  
5 were going to give out these certificates to the  
6 individual Board members?

7                   MR. KIRCHHARR: May I ask Ms. Miller to  
8 help me with this?

9                   MR. KENNEDY: Absolutely.

10                   (HANDING OUT CERTIFICATES TO BOARD MEMBERS.)

11                   MS. MILLER: Mike Kennedy --

12                   MR. KENNEDY: Yes, ma'am. Where would you  
13 like us? Do you want us to just sit here? Or do you  
14 want us to move in from right there?

15                   MS. MILLER: We are going to do a photo in  
16 front of the flag.

17                   MR. KENNEDY: Okay. Very good.

18                   (HANDING OUT CERTIFICATES TO BOARD MEMBERS.)

19                   MR. KENNEDY: Okay. Thank you, Ted. And  
20 so, in lieu of accepting a fee, both Ted, Will, they  
21 provided their time here to do this Board training in  
22 request for presenting a donation to Hand Wash and I will  
23 let Ted give some overview of that.

24                   MR. KIRCHHARR: Thank you, Mr. President.  
25 We agreed to volunteer our time and come out and spend a

1 day with y'all. We very much appreciate your investment  
2 in yourselves as a Board and also your willingness to  
3 contribute to our project down in Haiti.

4           The Hand Wash Project is a combination of  
5 the Rotary Foundation, Rotary Clubs around the world, the  
6 World Bank, and a number of other organizations. We have  
7 a goal of having potable water to the entire country of  
8 Haiti by 2030. It's hard to believe that you have got a  
9 country in the world that doesn't have a complete water  
10 system. Haiti does not.

11           And your contribution will go toward our  
12 project. We are going to actually stand up a Water  
13 System and a water station there. Thank you for your  
14 willingness to do that.

15           Will has got someone to introduce -- I do,  
16 too, from the Rotary World that we would like to  
17 introduce to you.

18           MR. DUNAWAY: Thank you, Ted. Thank you,  
19 Mr. President, and Board members, for allowing us to be a  
20 part of both your training and also then have this come.

21           I think it is fitting that a Water Board  
22 is actually helping another country create a water  
23 system, so we appreciate that and very much honor you on  
24 that.

25           I want to introduce my Club President of

1 Cordova Rotary is Jehan Clark. He is here to accept that  
2 along with our Governor designee.

3 MR. CLARK: Yes. Our Rotary district  
4 spans from Perdido Key to nearly Gainesville and Dan  
5 Salisbury, who is from the Navarre Rotary Club, will the  
6 District Governor in roughly a year. So Dan is here also  
7 to accept your gift to our foundation.

8 MR. KENNEDY: Well, again, thank you so  
9 much. And with that, again, your ability to come out  
10 here and train us and keep us in a central location so we  
11 do not have to go to travel or anything like that.

12 MR. CLARK: We are happy to help.

13 (GROUP PHOTO TAKEN.)

14 MR. KENNEDY: All right.

15 MR. CLARK: Thank you so much.

16 MR. KENNEDY: Thank you so much. I mean,  
17 that was an excellent training.

18 (APPLAUSE.)

19 MR. KENNEDY: Next item up is the water  
20 and sewer provision policy. Dr. Peavey?

21 DR. PEAVEY: Yes, sir. Mr. President, in  
22 the last five months, we realized we didn't have a  
23 consistent firm policy in writing. So I would like to  
24 ask Mr. Clinton Wells, our General Manager of Operations  
25 and Maintenance, to talk a little about this so that we

1 can explain why we needed the policy to begin with and  
2 what the policy consists of. Mr. Wells?

3 MR. WELLS: Basically, we get a lot of  
4 requests for different uses of water and waste water.  
5 And we haven't had a firm policy on our uses of potable  
6 water versus non-potable and proper uses of sewer  
7 connections.

8 So this document has been put together  
9 with the help of customer service, Corp of Engineers,  
10 myself, and legal counsel has reviewed and weighed in on  
11 this. We would like y'all to draft this policy for us so  
12 it will give us some clarity on -- or some guidance or  
13 help us give guidance to the customer on what is legal  
14 and what is not legal. That's basically it in a  
15 nutshell.

16 DR. PEAVEY: Yes, Mr. President, we needed  
17 to have more consistency in the policies on the type of  
18 water services, sewer services, and whom we can provide  
19 them to. So that is what this document does is it gives  
20 us clarity for staff, customer service, and our customers  
21 out there. So we would ask the Board to consider --

22 MR. WELLS: It's really for the -- when  
23 people come in and it's not a normal request for service.

24 DR. PEAVEY: Correct.

25 MR. WELLS: We can handle a normal

1 request. This stuff might pop up once every couple years  
2 and we have to go back and try to find a document where  
3 we helped somebody, you know, set up service or denied  
4 them service and try to treat everybody the same. This  
5 document will help that process along.

6 MR. PHILLIPS: And the big issue is we  
7 have a commission of water use permit that limits our  
8 ability to provide people with non-potable use of  
9 water.

10 MR. KENNEDY: Okay. All right. Has the  
11 Board had a chance to look at this?

12 MR. CAMPBELL: Mr. President, there is one  
13 question, I have already talked to the CEO, if we could  
14 add when the ENGINEER or the CEO makes an exception to  
15 policy that it would go back to the member in writing, so  
16 you don't go to the handshake sort of thing.

17 DR. PEAVEY: So it's documented, any  
18 results or any feedback that occurs.

19 MR. CAMPBELL: It says in here that they  
20 would provide that, but I ask that they add that in  
21 writing so there is a historical, you know, no handshake  
22 deals.

23 DR. PEAVEY: Absolutely.

24 MR. CAMPBELL: Other than that, I am good.

25 MR. TERASA: So you are saying what you

1 want us to tell the member is that we made an exception  
2 in this case? Is that what you are saying?

3 MR. CAMPBELL: That for whatever reason,  
4 right, we, yeah, exactly.

5 MR. TERASA: Okay.

6 MR. CAMPBELL: So if our policy says this,  
7 but in this case we are going to make an exception, that  
8 it's in writing back to the members so the future  
9 Boards -- I know Clinton has been here quite a while, so  
10 he knows it all --

11 MR. KENNEDY: Okay. Do I have a motion  
12 then to improve -- actually, Director Campbell, do you  
13 want to make a motion with the changes?

14 MR. CAMPBELL: I will make a motion to  
15 approve this, adding the proviso of the exception that  
16 will be provided in writing.

17 MR. TERASA: Second.

18 MR. KENNEDY: I have a motion and a  
19 second. Any further discussion?

20 (NO AUDIBLE RESPONSE.)

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

22 MR. THIEL: Aye.

23 MR. TERASA: Aye.

24 MR. CAMPBELL: Aye.

25 MR. DABNEY: Aye.



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

2 (NO AUDIBLE RESPONSE.)

3 MR. MILLER: Aye.

4 MR. KENNEDY: Motion passes.

5 Organizational structure update.

6 Dr. Peavey?

7 DR. PEAVEY: Mr. President, again, this  
8 month, we had numerous discussions in both Board  
9 meetings, both special and open meetings regarding the  
10 needs for the organization based upon HR, based upon  
11 finance, and then, more so procurement policies.

12 So what I have told the Board is that we  
13 are going to go out and find those and place those  
14 positions in the organizational chart. And then, from  
15 that, we will continue to meet demands of the budget so  
16 that we fall within our budget approval for this year.  
17 It's just an update.

18 MR. KENNEDY: Okay. Thank you, sir.

19 Any questions from the Board? All right.

20 The next item is the Finance Committee  
21 update. Secretary Thiel?

22 MR. THIEL: Okay. We had the first  
23 meeting of the Finance Committee this past Thursday. And  
24 big outcome of that is we probably decided that it wasn't  
25 necessary to have a meeting monthly but only by

1 exception, if there was other things that come up from  
2 the projects.

3                   So I am going to turn over to each of  
4 them, the subcommittees, to see if they have anything to  
5 bring before the Board at this particular meeting.

6                   Mr. Terasa --

7                   MR. TERASA: Nothing at this time, sir.

8                   MR. THIEL: -- from Eglin?

9                   Capital Improvement, Joe Campbell.

10                  MR. CAMPBELL: It's progressing as  
11 scheduled. 27th is for the initial bids, and then, we  
12 will have a meeting of the committee pac once the bids  
13 are in.

14                  MR. THIEL: Excuse me, I probably need to  
15 go over what these are. The Eglin project is a project  
16 to pump waste water up on the Eglin reservation to  
17 several RIBS, injection points. It's a big expensive  
18 item. It's going to be done over the next five years.  
19 Is that correct?

20                  MR. PHILLIPS: Or we will be done by the  
21 end of 2022 or the first quarter of 2023.

22                  MR. THIEL: So that alleviates some of the  
23 short fall we have in having to pump excess water in  
24 other places that we want to not do anymore.

25                  Capital improvements is a long-term

1 capital project that is being overseen by Director  
2 Campbell.

3                   Mr. Miller -- Director Miller has the  
4 bonds. Mark, do you have anything from the bonds?

5                   MR. MILLER: No. I don't have anything to  
6 report. I think the intent of the Bond Committee is once  
7 we identify our financial needs, then we are going to  
8 look at what the options are to finance those. So I  
9 think we will be meeting soon.

10                   MR. THIEL: Okay. And the Budget  
11 Committee, that's basically the same people on there as  
12 on the Finance Committee, so we were all there with  
13 President Kennedy.

14                   MR. KENNEDY: Thank you. I mean,  
15 Secretary Thiel, we met with the staff and reviewed the  
16 budget actuals, and there is nothing outstanding, nothing  
17 exciting to report.

18                   MR. THIEL: That's all I have, Mr.  
19 President.

20                   MR. KENNEDY: Thank you, sir.

21                   All right. We are on to the Club at  
22 Hidden Creek. So I know we have a big group here. So  
23 before we get started, those that have signed up, all  
24 right, so what we will do is we are going to bring up the  
25 agenda item. I will ask -- actually, I will call your

1 name, and you will have three minutes to speak on the  
2 issue.

3                   And I will be timing you. Then, I will  
4 let you know when you are at one minute and 30 seconds  
5 out. The biggest thing, and I don't suspect this is  
6 going to be a problem, is that I ask that you guys  
7 respect this area just as much as you have the same  
8 courtesy and respect as you do on the golf course.

9                   I can tell that you guys, the men and  
10 women here, are not going to be a problem about that. So  
11 the next agenda here is the company update.

12                   DR. PEAVEY: Thank you, Mr. President, and  
13 Board. I was tasked three months ago with looking at the  
14 various options, i.e. to sell the Club, maintain the  
15 Club, and then, that would turn into whether we would  
16 self-manage or look for a third party contractor.

17                   On the 13th of this month, we held that  
18 meeting here with the Board members. I gave the various  
19 options and presentations, so all that is left at this  
20 point is for the Board to determine which direction they  
21 would like to go.

22                   MR. KENNEDY: Okay.

23                   MR. TERASA: What was your recommendation?

24                   DR. PEAVEY: The recommendation was to  
25 maintain the Club at this point in time because of the

1 market conditions but self-manage and move forward with  
2 what we planned to present.

3 MR. KENNEDY: Okay. All right. So for --  
4 all right, so the first person on the -- I will wait for  
5 that to -- I think -- is that Reggie?

6 MR. HOWELL: Reece.

7 MR. KENNEDY: I'm sorry. Reese. Yes,  
8 sir. To the podium, name and address. And we are  
9 interested in your input.

10 MR. HOWELL: My name is Reese Howell. I  
11 am a member -- I was -- I guess I was a member until this  
12 month at Hidden Creek and also a homeowner in Hidden  
13 Creek. And going to golf course a year ago, enjoy it a  
14 lot. At the same time, we purchased a house that my son  
15 has been living in.

16 It was great being a member there. Met a  
17 lot of nice people and there are a lot of groups with  
18 members that play, which is easy, you know, to play. And  
19 went from playing maybe four or five times a year to  
20 playing multiple times in a week.

21 And I'm certainly disappointed in the  
22 letter I got. I would like to understand what the plan  
23 is. I just got a letter basically saying that at the end  
24 of this month, you are no longer welcome here.

25 And I think this is very sad. I know

1 people out there. I was planning to build a house on the  
2 golf course. My wife and I talked about that. And, you  
3 know, right now, it just doesn't make any sense. Why  
4 would I live on a golf course I can't join?

5 I am concerned the property values -- I  
6 sold my house -- I put the house up for sale that I own  
7 out there and I just can't imagine that this is good for  
8 anybody, the golfers, the people that own property in  
9 that neighborhood, surrounding communities. I don't see  
10 how this works. And I cannot believe that this is going  
11 to be an improvement for the golf course.

12 MR. KENNEDY: Okay. Thank you, sir.

13 Duane?

14 MR. COWEN: Good evening, Board. I'm  
15 Duane Cowen. I also live at Hidden Creek. I am ten days  
16 away from being a member. My main concern, I am over the  
17 letter. I am over not being able to play, not feeling  
18 welcome. I have choices to golf around here. This is  
19 the Florida Panhandle, I have plenty of choices to golf,  
20 as do all of other members. And I think most of us will  
21 take advantage of that, which brings me to my concern for  
22 the course.

23 I am with Reese. I have done some  
24 research since we started getting the letters. A golf  
25 course closing impacts home vales somewhere between 10 to

1 30 percent. That's a huge investment. I am not mad  
2 about golfing anymore. Like I said, I can do that  
3 anytime. I am mad about my home value maybe being taken  
4 away.

5                   And part of that is summer season and I  
6 think we are going the wrong way. We haven't had a PGA  
7 professional at the golf course since Jack left work in  
8 the last two years. We just lost a damn good  
9 superintendent and a large part of the staff who went to  
10 our competition down the road with a bunch of your  
11 members.

12                   And so, I see we are going the wrong  
13 direction. You are not bringing back -- a large part of  
14 those members, they are not coming back.

15                   They are not going to pay -- what -- you  
16 can reinstate membership? They are not coming back.  
17 They are going to go to other choices. I don't see how  
18 you are going to make up all of those lost members.

19                   Okay. I live across the golf course. The  
20 golf course was closed all day Saturday. Guess what paid  
21 your big fat water bill? Kept the lights on? Those  
22 member dues, what you got left.

23                   Was closed all day Thursday, was closed  
24 half of this Saturday, and Sunday it was closed, so my --  
25 the decision I heard earlier, the recommendation, that

1 scares me now. I was coming here with some hope. Now, I  
2 am scared that my home value is going to take a tumble,  
3 that I need to find some way to protect myself. I am  
4 done. Thanks.

5 MR. KENNEDY: Thank you, sir.

6 Ed Burke?

7 MR. BURKE: My name is Ed Burke. I live  
8 at PGA Boulevard, and I am a member of the Club for 15  
9 years. I don't think anybody in here understood what you  
10 were saying. You are going to continue status quo? What  
11 is status quo?

12 Are you deliberately trying to run the  
13 Club into the ground? Because that's what is occurring.  
14 You have got no restaurant. You have got no bar. And  
15 now, you have got angry members. And the other point is  
16 a very valid one.

17 And I take it quite personally, like  
18 everybody else here, you are going to destroy the value  
19 of my home. You are taking money right out of my pocket  
20 and you are going to be seeing, "For Sale," signs all  
21 around the golf course because of the way you are running  
22 this place.

23 I don't know what kind of experience you  
24 have -- I am talking to you -- what kind of experience  
25 you have running a golf course or what kind of experience



1 you have even in management. But it seems it's a key  
2 element of business, you try to make your customers  
3 happy. You are trying to run your customers out of the  
4 place.

5 In the process, you are also making a lot  
6 of other residents very angry. That's all I have got to  
7 say. And you didn't say anything as far as what's your  
8 plan. What are you going to do?

9 MR. CAMPBELL: Mr. President, I am going  
10 to ask the members to address the Board.

11 MR. BURKE: What are you going to do?  
12 Tell me what your plan is.

13 MR. KENNEDY: Mr. Burke, just address the  
14 Board here and not the CEO. We understand that. Yes,  
15 sir.

16 MR. BURKE: Then, you can talk to the CEO  
17 for me.

18 MR. KENNEDY: Yeah. Again, and I heard it  
19 twice --

20 DR. PEAVEY: I am --

21 MR. BURKE: Everybody is angry. Everybody  
22 in the room is angry.

23 MR. KENNEDY: Understood.

24 MR. BURKE: And you should be angry. You  
25 live on the golf course and your property value is going

1 to be affected by this, too.

2 MR. KENNEDY: Yes, sir. Thank you, sir.

3 Mr. Chuck Polhmann?

4 MR. POLHMANN: My name is Chuck Polhmann.  
5 I live at 2956 PGA Boulevard. I have a two-fold problem.  
6 I am a member of the golf club and I live on the golf  
7 course. And I just see what we are talking about tonight  
8 is going in the wrong direction, which you can kind of  
9 tell us as members what you are going to do.

10 We all have decisions to make in our  
11 lives. Most of us are retired. We have been in  
12 business, just like you are in the business today. And  
13 we have made business decisions. And I understand about  
14 business decisions. But you have to be competitive. If  
15 you are going to keep this course open, you have to be  
16 competitive.

17 And running the members away is not being  
18 competitive. You are running away guaranteed money,  
19 monthly income, that comes into this Club every month. I  
20 have been a member since 1996 and a member of MGA.

21 Nobody does everything right. We already  
22 know that. But let me give you some numbers. I don't  
23 think it's been -- it's been about eight years since I  
24 had a last increase from the Club on my membership and I  
25 just have a single membership.

1 My wife has said she wants to learn how to  
2 play golf. Okay. That means it's going to be an  
3 increased membership because we are going to go with a  
4 family membership.

5 Well, when I say competitive with  
6 surrounding courses around here, you can go down the road  
7 to Tiger Point and they are giving a full membership for  
8 everybody in your family, your brothers, your sisters,  
9 your mother, your father, including cart. So if that's  
10 the right information, I will pass it onto you. You need  
11 to check it out because that's your competition.

12 If we have 100 members here at Hidden  
13 Creek and you raise it, say, you know, \$100 a month per  
14 member, that's going to generate probably \$10,000 a  
15 month, if that's the right number. I don't know what the  
16 right numbers are. And it could generate up to \$120,000  
17 in new revenue for the Club each year.

18 In the same token, you could raise your  
19 green fees, you know, maybe \$10, \$12 a person. And I am  
20 sure you have thought of this and I am sure everybody has  
21 discussed it. But if you raised it \$10 a person and you  
22 have 100 people playing golf, I mean, you know that's  
23 \$1,000 a day times 30 days, if we don't have any bad  
24 weather or -- I mean, that's \$30,000 a month. And times  
25 12 is \$360,000 in revenue.

1                   Total, you are talking about \$480,000.  
2 That's lot of money to come in. I don't know. I don't  
3 see the bottom line number of the golf club. My sources  
4 tell me you are losing \$150,000 a year. Several years  
5 ago, the Board said if they lost up to \$300,000 a year,  
6 that would be fine. They could handle it. Maybe it's  
7 more than \$300,000. Maybe it's not \$150,000.

8                   I don't know what it is. But running the  
9 membership away is not the way to go. We all expect an  
10 increase, an increase that's reasonable. But there's  
11 plenty of competition around in the surrounding areas  
12 that people will go to. I know I will go to it.

13                   I have a two-fold problem. I live on the  
14 golf course and I am a member of Hidden Creek. And I  
15 need not to have my house price go down because you  
16 decide you are going to close it, make it a spray field.  
17 I don't want that to happen.

18                   And we just need to come together and do  
19 the right thing. There is a lot of people you are going  
20 to affect if -- if you don't do the right thing. And it  
21 will be -- not just to people that live on the golf  
22 course. It's going to be the people of Holley by the  
23 Sea.

24                   So there's got to be an understanding that  
25 you have got to explain in the next -- today and the next

1 few months what you are going to do and it needs to be  
2 clearer than having an email or talks or your letters  
3 coming out. And we are all confused. Very upsetting to  
4 me as a homeowner and as a member of Hidden Creek. Thank  
5 you.

6 MR. KENNEDY: Thank you, sir.

7 Mr. Morris?

8 (NO AUDIBLE RESPONSE.)

9 MR. KENNEDY: Mr. Greg? Is there a Greg?

10 MR. BREITLING: Oh, I signed it. I  
11 thought --

12 MR. KENNEDY: Oh, you were just signing  
13 in? No problem. But you are here --

14 MR. BREITLING: Yes.

15 MR. KENNEDY: 2822 -- my hand -- I can't  
16 read that. No, sir? You are good? Thank you. Is that  
17 Bobby?

18 MR. BOBBY: That's Bobby.

19 MR. KENNEDY: Okay. Thank you, sir.

20 Roger?

21 MR. DICKEY: I did the same.

22 MR. KENNEDY: Okay. That's -- got you.

23 Mr. Goulet?

24 MR. GOULET: William Goulet, 168 Torres  
25 Street, Navarre, Florida. I got a couple questions,

1 because I haven't been on the Board, so I have some  
2 questions. I know the Cashes were interested in  
3 purchasing the course and the Board approved continuing  
4 negotiations with them.

5                   And then, all of a sudden, the Cashes are  
6 not going to buy the course and got their earnest money  
7 back. Can the Board explain to the room and myself what  
8 happened with the negotiations or what fell through?

9                   MR. KENNEDY: No, sir. I mean,  
10 ultimately, at the end of the day, the --

11                   MR. CAMPBELL: I think we can say that  
12 they didn't meet any of the established requirements that  
13 the previous Board had established.

14                   MR. KENNEDY: That's a good point. That's  
15 true.

16                   MR. CAMPBELL: So, Will, can I say that?

17                   MR. GOULET: Yes.

18                   MR. KENNEDY: Yes.

19                   MR. GOULET: Has the Board thought about  
20 possibly going back to them and asking them if they are  
21 still interesting in purchasing it?

22                   MR. KENNEDY: No, sir. I mean,  
23 ultimately, they, you know, we are now -- again, on that  
24 issue today, we are going to be discussing just the  
25 agenda item, are we going to keep it or are we going to

1 sell it? Not whether or not we are going to go back and  
2 ask for someone to buy us.

3 MR. GOULET: All right.

4 MR. MILLER: Will, none of the offers that  
5 we received were acceptable, met the minimum requirements  
6 that we had established for, you know, I think the option  
7 of selling it at this point to one of the buyers who put  
8 a bid on it is off the table.

9 Now, we may look to sell it in the future,  
10 but, you know, I am at least leaning toward getting the  
11 financials in better shape. Because it's worth what the  
12 income generates.

13 MR. GOULET: Well, back in 2019, when we  
14 did an analysis of what the golf course was costing the  
15 system, based on what it was bringing into the Water  
16 System. And we purchased this originally to protect the  
17 spray field for Holley Navarre Water System because we  
18 had no options.

19 Two and a half years, we have an option to  
20 go to Eglin. It should be operational, if everything  
21 goes as planned, and I think that should definitely be a  
22 precursor to trying to find other options for the golf  
23 course to maintain itself. But, currently, right now, as  
24 of the last time we were looking at everything, it was  
25 basically for the 9,300 sewer providers we were providing

1 to, I think it might be 9,400 now, I am not sure,  
2 basically \$6.00 of their bill helps support the golf  
3 course for the spray field.

4                   And with 17,000 members of the Water  
5 System, of that portion of members, they were having to  
6 offset the cost of the spray field by using the golf  
7 course. Now, when the RIB system is operational at  
8 Eglin, it's not going to be needed anymore.

9                   MR. CAMPBELL: I'm going to ask that  
10 question of the engineers because the answer I have given  
11 you -- that is not a true statement.

12                   MR. PHILLIPS: It's never been  
13 contemplated that the golf course would be taken out of  
14 the inventory.

15                   MR. CAMPBELL: So the spray field will be  
16 needed --

17                   MR. PHILLIPS: It's always been a part of  
18 it.

19                   MR. CAMPBELL: Even with the RIB?

20                   MR. PHILLIPS: Correct.

21                   MR. CAMPBELL: It will always be needed as  
22 a spray field.

23                   MR. GOULET: That's correct. I am not  
24 saying it wouldn't be needed. I am just saying it  
25 wouldn't be needed the way it is set up right now.



1                   MR. KENNEDY: And I believe that is going  
2 to be discussed when we get to that. Correct? Actually,  
3 I believe we will get to that. But, yes, sir.

4                   MR. GOULET: All right. So here's my only  
5 question -- we got that out. Two years ago, the Board  
6 passed a Code of Conduct Resolution. This resolution  
7 says that the Board will not involve the management with  
8 our subsidiaries.

9                   Section VI of this Code states that no  
10 member of the Board shall directly benefit from service  
11 on the Board. This resolution invokes Mr. Terasa,  
12 Mr. Miller, and Mr. Kennedy.

13                   My assertion that these members live on  
14 the golf course, have a business relationship with the  
15 golfers' property, and have a conflict of interest  
16 regarding the rates charged to play golf and any  
17 potential disposal of golfers' property by Holley Navarre  
18 Water System.

19                   These members directly benefit financially  
20 from these issues. And according to the Board of Conduct  
21 (sic) must disclose their conflict and discussion  
22 regarding the conflict itself.

23                   So of the Board members, who lives at  
24 Holley by the Sea? Show of hands? Joe?

25                   Of the Board members, how many are members

1 of the golf course?

2 MIKE KENNEDY AND BILL THIEL RAISE THEIR  
3 HANDS.

4 MR. GOULET: In lieu of this, there's two  
5 Board members that can actually make decisions on the  
6 golf course, Mark and James. Because you have a conflict  
7 of interest --

8 MR. KENNEDY: 30 seconds.

9 MR. GOULET: I just want that to be stated  
10 on the record, there is a conflict of interest.

11 Now, I would like to see the golf course  
12 thrive. I would like to see it benefit. And when we  
13 closed the restaurant down, we saved over \$250,000 a year  
14 because we weren't running it properly.

15 As far as the loss at the golf course  
16 occurs monthly and yearly, when we shut it down 2019, for  
17 COVID-19, we actually got \$150,000 in COVID money. The  
18 golf course was profitable that year the first time in  
19 ten years, I believe.

20 So as a Board, I hope you are able to  
21 figure something out so we can keep the golf course. But  
22 also, with the 9300 members, an aspect of they are paying  
23 an additional \$6.00 a month on their sewer bill for the  
24 golf course.

25 MR. KENNEDY: Thank you, sir.

1                   And Mr. Scrubs?

2                   MR. SCRUGGS: My name is Daniel Scruggs.  
3 I live at 2310 Crescent Wood Road. We have many  
4 grievances we would like to file with the Board, but how  
5 do we do that because many people come up here and speak,  
6 it goes in one ear and out the other.

7                   There's four of you up here that got  
8 special deals for your golf and you don't care about the  
9 rest of the members. What about the members that have  
10 been here for 7 years? 6 years? 15 years?

11                  We are paying our dues to play golf. Not  
12 all of us play from your 8:30, 9:00 o'clock to 12:00  
13 prime time, but we are all getting kicked to the curb.  
14 Yeah. I work for a living. If I get to play golf, it's  
15 12:00 or 1:00 o'clock in the afternoon. But, yet, I am  
16 getting kicked to the curb, six or seven years of loyalty  
17 of paying it -- my dues. It's not even right.

18                  There's four of you that don't have  
19 memberships. Whatever you do, it is not going to affect  
20 you. You have got five years, ten years, two years. You  
21 know, I signed a one-year contract under Jack Lowery and  
22 I was told my contract renews on January 1st every  
23 year.

24                  Now, come to find out, between this  
25 management you fired or this manager you fired or that

1 management you fired, I am just a monthly customer.  
2 After seven years, I am just some monthly customer. I  
3 mean, come on.

4                   When you people wasn't making money, we  
5 was still paying. And then, you want to kick us all to  
6 the curb? I don't eat up your 9:00 - 12:00 tee times you  
7 can sell for \$70.

8                   If I am lucky, I get to play at 12:00,  
9 1:00, 2:00 o'clock in the afternoon. And all of a  
10 sudden, I am being told, I am not welcome at Hidden  
11 Creek. That's wrong. Every one of you know that's  
12 wrong.

13                   (APPLAUSE.)

14                   MR. SCRUGGS: I hope y'all can live with  
15 yourselves. Have a great night.

16                   MR. KENNEDY: Thank you, sir.

17                   MR. TERASA: Daniel, I want to make sure  
18 you understand -- I don't know of anybody on this Board  
19 that's got special treatment because we are on this  
20 Board.

21                   MR. SCRUGGS: I didn't say you got special  
22 treatment --

23                   MR. TERASA: Yeah, you did.

24                   MR. SCRUGGS: You have got a five year  
25 contract. He's got a five year contract. They are not

1 living at the golf course. We are.

2 MR. TERASA: Well, you said four of us. I  
3 take it -- I am a month to month member, just like you.

4 MR. SCRUGGS: You got to be a month to  
5 month after your five years, too.

6 MR. TERASA: After a couple of years.

7 MR. SCRUGGS: You are in the same boat  
8 with me.

9 MR. TERASA: I just want to make sure that  
10 there is no --

11 (BOTH SPEAKING OVER EACH OTHER.)

12 MR. SCRUGGS: Everybody else can have it.

13 MR. KENNEDY: Thank you, sir. So --

14 MR. TERASA: I would like to speak, Mr.  
15 President, if I may?

16 MR. KENNEDY: Well, before we go, I just  
17 want to check, anyone else from the public?

18 Yes, sir?

19 MR. BACZEWSKI: I'm sorry. I signed up  
20 because --

21 MR. KENNEDY: I probably can't read.

22 MR. BACZEWSKI: My name is Paul Baczewski,  
23 7092 Summit Drive.

24 Not to throw fire on -- or gasoline on the  
25 fire, what you guys are doing in Haiti, I think, is

1 absolutely wonderful. And from what I understood -- and  
2 please correct me if I'm wrong and I hate to go over my  
3 one thirty or three minute thing, there was training that  
4 was involved with all of you for that?

5 MR. KENNEDY: Yes, sir.

6 MR. BACZEWSKI: How many of you -- raise  
7 of hand -- got a certificate? Because I didn't see  
8 everybody receive that.

9 MR. KENNEDY: I'm sorry. What was the  
10 question?

11 MR. MILLER: How many got a certificate?

12 MR. BACZEWSKI: I mean, you guys went into  
13 training and you donated \$5,000. James, where is your  
14 certificate?

15 MR. DABNEY: I wasn't able to make it.

16 MR. BACZEWSKI: Joe, where is your  
17 certificate?

18 MR. CAMPBELL: I received mine.

19 MR. BACZEWSKI: Shouldn't that have been  
20 something mandatory that all of y'all went through before  
21 you spent our money? Not your money, our money.

22 The Water Company is owned by its members.  
23 Shouldn't it have been mandatory that we all went? I  
24 mean, it's a great cause. Please don't get me wrong.  
25 But from what I understand, the Board members here that

1 haven't been -- and I have not been here for meetings --  
2 Board members that haven't been here for months and  
3 months and months on end for votes, yea, nay.

4 Mike, you are shaking your head yes.  
5 Correct? I will just leave it at that. But it's a great  
6 cause. We all thank you. But I sure think it should be  
7 a team effort and those that are not on the team, there  
8 is a door right there that says Holley Navarre Water  
9 exit.

10 MR. KENNEDY: Thank you, sir. Excellent.  
11 Any further comments?

12 All right. Yes, sir. Name and address?

13 MR. HOLLEY: Ron Holley, 6912 Leisure  
14 Street, Holley by the Sea. I just want to point out when  
15 the Club was closed down during the pandemic, the way I  
16 would have saw it, that pretty much gave every member, if  
17 they wanted to choose to end their membership, because  
18 that would breach the contract also. But we stuck with  
19 the golf course.

20 We stuck with them all the way through the  
21 pandemic. So I am pretty sure that that would have had  
22 an impact. But apparently getting a letter saying you  
23 are a valued customer when that was just a slap in the  
24 face, so I just wanted to point that out. We stuck by  
25 you. Now, you have got to stick by us. Thank you.

1 (APPLAUSE)

2 MR. KENNEDY: Thank you, sir.

3 All right. Well, thank you, public, for  
4 your input. Now, the --

5 MR. CAMPBELL: I do have a clarifying  
6 question. Your recommendation is to maintain the course  
7 with the spray field and the self-management. So we did  
8 get no bids or --

9 MR. DABNEY: No qualifying bids.

10 MR. CAMPBELL: No qualifying bids,  
11 obviously, so -- and we do need the spray field that the  
12 golf course sits on for -- in perpetuity is what I hear  
13 the engineers and the staff saying. Right?

14 So let's say that we did get an offer that  
15 was mildly acceptable and met all of those courses of --  
16 but, right now, it has to be a spray field, have to get  
17 first refusal, have to get -- what's the other thing?

18 MR. KENNEDY: Must remain a golf course.

19 MR. CAMPBELL: Must remain a golf course.  
20 And that was established by the previous Board; right?

21 So let's say we did get some amount. What  
22 would it cost to take the spray field and put it  
23 somewhere else? Because we still need that capability.

24 DR. PEAVEY: If, in fact, you could find  
25 the property, 160 acres, it would cost you -- Phil,



1 correct me if I am wrong -- between 8 and a half and 10  
2 million dollars if you could find the property.

3 MR. PHILLIPS: That's probably -- that's  
4 probably a little bit high. But the problem, of course,  
5 Joe, is that you can't find 160 acres on this side of the  
6 body of water that --

7 MR. CAMPBELL: So this is the asset for  
8 the Water System to dispose of the effluent. That's  
9 where I am going with it.

10 MR. PHILLIPS: Yeah.

11 MR. CAMPBELL: So if the golf course  
12 closes, and you are not recommending that, but if it  
13 does, what would it cost -- and I have asked this several  
14 times. I think James asked this back when the last Board  
15 was -- just to maintain the spray field out there with  
16 the irrigation that needs to be maintained and replaced,  
17 with the mowing, insurance, like James pointed out. What  
18 is that cost to the Water System, just as a spray field?

19 MR. PHILLIPS: The last time -- the last  
20 time --

21 MR. CAMPBELL: You briefed us the other  
22 day. What was that --

23 MR. PHILLIPS: Between \$19,000 and \$20,000  
24 a month.

25 MR. CAMPBELL: And this water board and

1 this budget was \$10,000 a month?

2 DR. PEAVEY: That's correct.

3 MR. CAMPBELL: Okay. So, in reality, if  
4 there wasn't a golf course operations, the spray field  
5 would cost us, still cost us \$9,000 a month than we are  
6 paying now?

7 MR. PHILLIPS: And let me clarify one  
8 thing there, Joe. Remember that the \$19,000 to \$20,000  
9 also has costs to maintain the building so that it -- so  
10 that at least it just doesn't deteriorate. So if you  
11 were going to close the course down, you would think that  
12 you would dispose of the building --

13 DR. PEAVEY: Or lease it --

14 MR. CAMPBELL: But that was a minimal  
15 cost; wasn't it, Phil? Was it \$600 -- I am trying to  
16 remember the numbers. I don't have them in front of me.

17 MR. PHILLIPS: On the building part?

18 MR. DABNEY: \$600?

19 MR. PHILLIPS: I can't remember, James.  
20 There was power money in there.

21 MR. DABNEY: There was \$600, \$1100, and I  
22 want to say \$1700. So it was a combination of about  
23 \$3400.

24 MR. CAMPBELL: So I guess my point going  
25 forward is this is a business decision for the Holley

1 Navarre Water System to maintain a spray field. And the  
2 fact that there is a golf course on it is really not --  
3 because we are paying less than, so saying \$6 of  
4 everybody's fees goes towards maintaining this golf  
5 course is not quite true.

6 I am just trying to get that in my mind.  
7 We are actually maintaining it for less with the golf  
8 course operation than if it was just a spray field.

9 MR. KENNEDY: To summarize what you are  
10 saying is we are maintaining our asset as a spray field  
11 for less with a golf course on it. Is that what you are  
12 saying?

13 MR. CAMPBELL: Yes. In my common sense  
14 approach. I mean, am I seeing that right?

15 MR. KENNEDY: Yeah. I mean, any other --

16 MR. TERASA: Yeah. May I speak now?

17 MR. KENNEDY: Yes, sir.

18 UNIDENTIFIED AUDIENCE MEMBER: Can I say  
19 something?

20 MR. KENNEDY: No, sir. Hang on one  
21 second.

22 MR. TERASA: I ask you, see out here, is  
23 the same angst this monthly member has. The  
24 communication was so poor that you couldn't help but feel  
25 like you had been kicked to the curb.

1 FEMALE IN AUDIENCE: Yeah.

2 (APPLAUSE)

3 MR. TERASA: Number Two; now we are  
4 sitting here, asked the CEO for a plan after 90 days that  
5 our plans work and we are going to sit here and not  
6 communicate one iota of information to these people out  
7 here about what is going on.

8 We are going to cover ourselves in a fox  
9 hole and wait until all of the artillery shots go over  
10 and then come out of our fox holes.

11 Doggone it, why can't we tell them what  
12 the plans are? There is a plan in work. I don't agree  
13 with the plan in terms of the numbers, but I have  
14 provided clear data about what I think we should be  
15 charging. We should be competitive with our competitor  
16 at Tiger Point.

17 Having said that, I will leave it at that  
18 because I have said too much. Reese asked me on the golf  
19 course one day, said, "Well, if you can't run a golf  
20 course, as easy as it is to run a golf course, how can  
21 you run a water company?"

22 I said, "It's a hell of a lot easier  
23 running a water company when you have got experts like  
24 these down here that know what they are doing than trying  
25 to run a golf course without any expertise."

1                   Now, I am calling upon this Board because  
2 I am leaving. I am leaving this town --

3                   MR. DABNEY: Here would be my reply --

4                   MR. TERASA: Let me just -- just -- let me  
5 finish, okay, James? Please.

6                   MR. DABNEY: Okay.

7                   MR. TERASA: I am asking this Board to  
8 assure me and all of these other people out here that we  
9 are going to get professional people to run this course.  
10 I am so disappointed that the two folks over here that I  
11 hoped were going to be the professionals coming in here  
12 to manage this course, so excited, but that fell apart,  
13 and we are now back to self-managing.

14                   And if you don't know the definition of  
15 crazy, it's doing the same damn thing, time after time,  
16 and deciding -- determining you are going to have  
17 different results. So I am asking you, I am begging this  
18 Board to get some professional help for the CEO. He  
19 cannot run the golf course. He knows what is going on in  
20 water. He needs an expert to do that.

21                   Now, the last thing I am going to say as a  
22 Board member, other than thank all of you, Holley Navarre  
23 Water System employees and MESI and our good golf course  
24 people out there that make our experience a good one.  
25 Thank you. God loves you for all that you do. It made



1 I believe you are up.

2 MR. DABNEY: So Fred and I, we are not  
3 always seeing eye to eye, but I can say it like this.  
4 You know, in one ear, we want to hear about how Holley  
5 Navarre needs to be run as a business. Any time we run a  
6 business and you start to see the numbers go in the wrong  
7 direction, you raise the water rates.

8 It's okay that you guys agree with us to  
9 raise the water rates when we put it out on the table.  
10 We are going to raise the rates. There is no  
11 complaining. But, yet, we see a golf course that's not  
12 making money, hasn't generated money in years, without  
13 being supplemented through this Board, the members, the  
14 staff, and all of who is associated with this Water  
15 System.

16 But, yet, it's okay for us to raise our  
17 rates on the water and sewer but raise the rates over at  
18 Hidden Creek, change the membership status and what the  
19 proper --

20 UNIDENTIFIED AUDIENCE MEMBER: They never  
21 raised the rates -- they never attempted to.

22 MR. KENNEDY: Excuse me, sir. Let him  
23 finish.

24 MR. DABNEY: It's been in the minutes from  
25 meetings of Boards. We had a meeting on the 13th, I

1 believe it was, and half the criteria you monthly members  
2 were facing or were in part was wrong. You should have  
3 never been given that opportunity. It's in the bylaws of  
4 Holley Navarre Water. It's in the bylaws of Hidden  
5 Creek.

6 We have meetings monthly that every single  
7 one of you that is here tonight can come to. And we did  
8 a golf course update every month.

9 MR. SCRUGGS: It goes in one ear and out  
10 the other.

11 MR. KENNEDY: Please allow James to  
12 finish.

13 MR. DABNEY: You are not listening to what  
14 I am saying.

15 MR. SCRUGGS: I am.

16 MR. DABNEY: When the negative is the  
17 negative, it's still the negative. If the golf course is  
18 in the negative, and we, them, us, decide to, say, "Hey,  
19 we have got to do something different," and run this like  
20 a business rather than a supplemental income coming from  
21 you members of the Water System. We own the golf course.  
22 Y'all own the golf course. Period.

23 At the end of the day, if it doesn't make  
24 money, what do you do when you have a business?

25 AUDIENCE: Sell it.



1 MR. DABNEY: You sell it or get rid of it  
2 or you raise the rates, one of two things.

3 UNIDENTIFIED AUDIENCE MEMBER: There's  
4 been no offer to raise the rates. That's the thing that  
5 gets me. They are just saying, "You are done."

6 MR. SCRUGGS: I want the water company to  
7 tell me, A, the golf course, before we buy --

8 MR. KENNEDY: And I am going to stop you  
9 there, Mr. Scruggs, because, again, this is a -- we are  
10 in a Board discussion now.

11 MR. DABNEY: My whole point is, you know,  
12 we have a meeting about this. And Fred wants to say what  
13 Fred wants to say, that's fine. We all leave this out on  
14 the table. We sat here for four, four and a half hours,  
15 five hours. You know, I can't come to every meeting.  
16 You know why? Because I have a business to run.

17 MR. SCRUGGS: Then don't be on the Board.

18 MR. KENNEDY: Let James finish.

19 MR. DABNEY: So bottom line --

20 (LOTS OF PEOPLE SPEAKING OVER EACH OTHER  
21 IN AUDIENCE.)

22 MR. KENNEDY: Mr. Scruggs, allow him to  
23 finish.

24 MR. DABNEY: So the bottom line is we are  
25 here tonight, from what I understand, to talk about this,

1 putting it out in the public's ears and eyes, but yet, we  
2 are going to get criticized for not doing it. We are  
3 trying to do it right now. We are here tonight to talk  
4 about it and understand what we are talking about. Am I  
5 wrong on that point?

6 MR. TERASA: Yes, you are wrong. It's not  
7 on the agenda.

8 MR. KENNEDY: We are here to talk about  
9 exactly what Dr. Peavey has said. The two decisions on  
10 the golf course, are we keeping it or are we selling it?

11 And then, the other one is if we are  
12 keeping it, we have legal restructuring.

13 MR. DABNEY: I mean, at the end of the  
14 day, there is how many members on there? 141? How many  
15 members we got? 141? I think last January --

16 UNIDENTIFIED AUDIENCE MEMBER: How many do  
17 you have now?

18 MR. DABNEY: Well, I am asking the  
19 question. How many do we have now? 141?

20 MR. KENNEDY: Well, Mr. Dabney,  
21 ultimately, again, we --

22 MR. DABNEY: I mean, I get it. I was just  
23 saying -- we are not -- I don't think Mr. Peavey, when  
24 somebody comes up and personally attacks him -- he  
25 answers to us. He doesn't do anything without us knowing

1 it is going on.

2                   You know, the last time we had issues, he  
3 is going to answer to the Board because that's who is in  
4 charge of him. And the Board answers to you guys. If  
5 you don't think we are doing a good job, hey, come up and  
6 say, "Hey, I don't think you are doing a good job."

7                   I understand your point I am not here all  
8 the time, but I still read everything these guys read --

9                   UNIDENTIFIED AUDIENCE MEMBER: James --

10                  MR. KENNEDY: Excuse me, sir. We are not  
11 going to go back and forth here. You have had your --

12                  MR. CAMPBELL: I think we are ready to  
13 move on.

14                  MR. DABNEY: I'm just saying, guys, it's a  
15 business. If it is --

16                  (AUDIENCE MEMBER MAKES UNINTELLIGIBLE  
17 COMMENT.)

18                  MR. DABNEY: We are all trying to get to  
19 that point.

20                  MR. KENNEDY: Yes. That's correct.

21                  MR. DABNEY: We know we have a problem.  
22 Y'all know we have a problem. Every month, there's --  
23 the financials are here. Cindy presented them forever  
24 and ever --

25                  MR. KENNEDY: All right, gentlemen.

1 Ultimately, we have in front of us a recommendation from  
2 the CEO to sell or keep the golf course.

3 Do I have a motion?

4 MR. MILLER: Wait, wait --

5 MR. CAMPBELL: The recommendation was  
6 to --

7 MR. MILLER: Are we not allowed to speak?

8 MR. KENNEDY: Oh, I'm so sorry. You are  
9 absolutely right. Do you want to go, Mark?

10 MR. MILLER: Yeah. I do want to go.

11 MR. KENNEDY: I apologize.

12 MR. MILLER: So I went back and watched  
13 the video of where this Board tasked Dr. Peavey with  
14 coming back to this Board with options. And the motion  
15 that was made is that he will come back with any and all  
16 options regarding the golf course, whether it be, you  
17 know, sell, keep, you know, whatever, have somebody  
18 manage it.

19 But I clarified with that motion that no  
20 action would be taken. Now, to eliminate memberships and  
21 eliminate approximately \$300,000 worth of revenue from  
22 the budget of the golf course, to eliminate them without  
23 the Board having any say in that, to me, was not what Dr.  
24 Peavey was tasked to do at that meeting.

25 We gave 90 days and this is the 90 days.

1 So, tonight, we are looking at those options. But in my  
2 opinion, the memberships should not have been eliminated  
3 without Board approval.

4 (APPLAUSE.)

5 MR. MILLER: We will no longer renew or  
6 make any new -- no longer means there will no longer be  
7 any memberships there, so that letter --

8 MR. CAMPBELL: That may have been the  
9 inference from some people.

10 MR. MILLER: I read the letter. I can  
11 pull it up on my phone.

12 It says, "We will no longer be offering or  
13 renewing memberships,"

14 MR. BACZEWSKI: Read the letter.

15 MR. KENNEDY: Paul, please --

16 MR. MILLER: So I want to make it clear  
17 that our intent as a Board is to offer memberships at  
18 some level or at some point, because that's a big portion  
19 of the revenue. That's the meat and potatoes of the golf  
20 course.

21 And if we are going to run it, we do need  
22 to offer memberships. I agree, the memberships in the  
23 form that they were being managed and run was not  
24 profitable and there -- you know, we have got to make  
25 some changes to that.

1                   But I think it needs to be clear, if we  
2 are going to keep this golf course and run it ourselves,  
3 that memberships will be part of that. And that's my say  
4 on that.

5                   MR. KENNEDY: Okay. Thank you, sir.

6                   UNIDENTIFIED AUDIENCE MEMBER: Nobody out  
7 here has a problem with paying higher monthly dues if we  
8 had the same amenities as the other golf courses in the  
9 area have.

10                  MR. KENNEDY: Right.

11                  UNIDENTIFIED AUDIENCE MEMBER: Right now,  
12 no restaurant. You have got to sit outside in the cold.

13                  MR. KENNEDY: Right.

14                  UNIDENTIFIED AUDIENCE MEMBER: We got no  
15 amenity. I don't mind paying extra.

16                  MR. KENNEDY: Director Thiel? Anything?

17                  MR. THIEL: I think most of it has been  
18 said. I think we are all kind of living in a vacuum  
19 right now because we haven't orchestrated to you the way  
20 ahead. I have looked at what the plans are.

21                  They haven't been made public yet, but I  
22 assure you there is going to be an opportunity to be  
23 members. You are not going to like the price, but we  
24 have priced it so that we can, at least, be profitable to  
25 some extent, to, A, have enough money to keep upgrading

1 the course, fixing the tee boxes, keeping the greens the  
2 way they are, solving the water problem. We have got the  
3 floods every time it rains hard.

4                   But we are going to have to increase,  
5 because we haven't had increases in membership dues, I  
6 think it's been ten years, sir. Okay? If we just did  
7 \$10 a month for those ten years, that would have been  
8 like an 80 percent increase. That's probably what is  
9 going to be required. We don't know what is going to be  
10 required yet because we are still working it.

11                   But we have got to run the numbers to  
12 figure it out and we are working on that very hard and I  
13 think you will be -- the dumpster fire that was started  
14 because of the rumor mill and Twitter and Facebook and  
15 yada, yada, yada --

16                   (AUDIENCE SAYS SOMETHING INAUDIBLE)

17                   MR. THIEL: I know, but you guys poured  
18 gasoline on it. So that's all I am going to say.

19                   MR. KENNEDY: Hang on. So I will have my  
20 little two cents and then we will go into the -- has  
21 everybody had a say here?

22                   All right. First and foremost --

23                   (INAUDIBLE COMMENT MADE AND THEN EVERYONE  
24 SPEAKING OVER EACH OTHER.)

25                   MR. KENNEDY: Absolutely, it's not your

1 fault. From my perspective, and I fully believe the  
2 Board is 100 percent behind this. We will do everything  
3 that is in the best interest of the asset to bring value  
4 to Holley Navarre Water System, the golf course, and its  
5 community.

6 All right. Hang on. And so, that also  
7 means, again, a huge part of this as a community. I echo  
8 what Bill has said. Now, what we are here today to do is  
9 to vote, keep it or sell it.

10 From there -- and it won't be tonight, so  
11 if guys are hoping to have a full blown laid out plan,  
12 it's not going to happen. The only thing we are doing  
13 tonight is whether we are going to keep it or sell.

14 And then, in the future, everything is  
15 going to come out as far as memberships, payments,  
16 options, amenities. But we haven't even planned to  
17 buy -- keep it or not. So this is where we are going to  
18 be right now.

19 (AUDIENCE ASKS AN INAUDIBLE QUESTION.)

20 MR. KENNEDY: Well, the plan right now is  
21 again, just whether or not we are going to keep it or  
22 sell it, because if we are going to sell it --

23 UNIDENTIFIED AUDIENCE MEMBER: That's not  
24 what you do --

25 MR. KENNEDY: Anyway, I understand all of



1 that.

2 UNIDENTIFIED AUDIENCE MEMBER: --  
3 an incompetent bunch to do something like that --

4 MR. KENNEDY: Understood.

5 MR. BACZEWSKI: Can I ask one just real  
6 simple question?

7 MR. KENNEDY: Yes, Paul.

8 MR. BACZEWSKI: There was a 90 day plan to  
9 see what we are going to do. This is one of the  
10 questions, to sell it or keep it? We took three months  
11 to come up with this question?

12 MR. MILLER: It was also the option of  
13 having an outside firm manage it.

14 MR. KENNEDY: Yes, sir.

15 MR. MILLER: There were basically three  
16 options.

17 MR. KENNEDY: All of that is fully vetted  
18 and everything like that, sir. It takes a while. And we  
19 are not going tit -- back and forth again.

20 MR. BACZEWSKI: I think we need a better  
21 Board.

22 MR. KENNEDY: Yes, sir. You absolutely  
23 have that right.

24 (MANY SPEAKING OVER EACH OTHER.)

25 MR. KENNEDY: All right. So everybody had

1 has --

2 MR. SCRUGGS: Y'all want to answer how  
3 much did you pay before you bought the golf course to  
4 spray effluent?

5 MR. KENNEDY: No, sir. All right. Do I  
6 have a motion for the golf course?

7 MR. CAMPBELL: I will make a motion that  
8 it is a recommendation of the staff that we maintain and  
9 self-manage the golf course until such time -- and meet  
10 those criteria, another offer, or it becomes more than  
11 what we would pay for the spray field.

12 MR. KENNEDY: Okay. I have a motion. Do  
13 I have a second?

14 MR. THIEL: Second.

15 MR. MILLER: I will second.

16 MR. KENNEDY: All right. I have a motion  
17 and a second.

18 MR. KENNEDY: Any further discussion?

19 (NO AUDIBLE RESPONSE.)

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

22 MR. THIEL: Aye.

23 MR. TERASA: Aye.

24 MR. CAMPBELL: Aye.

25 MR. DABNEY: Aye.

1 MR. MILLER: Aye.

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

3 (NO AUDIBLE RESPONSE.)

4 MR. KENNEDY: Motion carries. We will be  
5 keeping the golf course. All right? As a golf course.

6 MR. SCRUGGS: Or as a spray field?

7 MR. KENNEDY: Now, this is important to us  
8 that this is a golf course and that it is a business, so  
9 I will ask you, first step, we are keeping it.

10 Next step, more information coming out to  
11 you guys so that you will know where we are going in  
12 terms of everything you have asked tonight.

13 I know, Ron, you have one question?

14 MR. HOLLEY: If we are still going to do a  
15 plan, why was there such a hurry to get rid of the  
16 members immediately?

17 MR. KENNEDY: And this will be the last  
18 thing. Those plans -- they weren't valid plans. So by  
19 the bylaws, they weren't valid. So if you have a bad  
20 business process, should we continue the bad business  
21 process or nip it in the bud?

22 UNIDENTIFIED AUDIENCE MEMBER: Yes.

23 MR. KENNEDY: So it was nipped in the bud.  
24 All right? Ladies and gentlemen, that's where we are at.

25 (AUDIENCE MEMBER MAKES INAUDIBLE COMMENT.)

1 MR. KENNEDY: No more questions.

2 UNIDENTIFIED AUDIENCE MEMBER: In the  
3 communication that come out to the members, did it say  
4 that that was not right? That it wasn't viable? We are  
5 not cancelling memberships? Or are we cancelling  
6 memberships?

7 MR. KENNEDY: Sir, what is coming next  
8 will be everything that you are going to need to know to  
9 be -- what we hope are happy members.

10 I know we have gone -- we have not made  
11 you happy. We will work to making this right. We all  
12 want to do this together. All right. I even said this  
13 earlier today. These are going to be growing pains. We  
14 are all going to go through it.

15 You are mad at us. I get it. But we are  
16 going to get through this together because we are a  
17 community. You are welcome to be mad at me as much as  
18 you want, but we will get through this to where, again,  
19 this asset is a value both to Holley Navarre Water System  
20 members and the community.

21 All right. Onto the next thing.

22 MR. THIEL: The next thing is you have got  
23 your structuring.

24 MR. KENNEDY: Yes, sir. And then, the  
25 next option is the legal restructuring. Dr. Peavey?

1 DR. PEAVEY: Mr. President and Board, we  
2 have legal counsel here to discuss that with you. We  
3 started the discussion on the 13th. Legal counsel, Mr.  
4 Dunaway.

5 MR. DUNAWAY: Thank you, Dr. Peavey. Mr.  
6 President, members of the Board, I was asked to review  
7 the corporate documents of the Club at Hidden Creek, LLC.

8 The Club at Hidden Creek is the entity  
9 that owns and operates the golf course. According to the  
10 Articles of Incorporation, an organization of the LLC,  
11 which was filed with the Secretary of State in 2012, the  
12 Articles show that the Holley Navarre Water System,  
13 Incorporated, of which you are the Board members and  
14 operate, is the sole member and owner of that LLC.

15 However what appeared to have been a  
16 clerical error is that with the Sunbiz information --  
17 Sunbiz is the website in which you go to find out  
18 information about corporate structure -- the only member  
19 that was listed was Director James Dabney.

20 At the direction of the Board, I corrected  
21 that and Holley Navarre Water System is shown as it is  
22 legally proper, according to the Articles of  
23 Organization.

24 So the Holley Navarre Water System, Inc.  
25 is the sole member and owner of the LLC.

1           I was then further directed to look at how  
2 the Club operated, what are the operating documents. The  
3 documents, which are called -- labeled as Home Club  
4 bylaws rules and regulations, which were adopted on, I  
5 think, March 1st, 2014, are the only documents that  
6 operate -- or that document how the Club is to operate.

7           There has been some discussion about the  
8 types of membership, the way that is operated, that is  
9 what these -- what are labeled Home Club Bylaws. It is  
10 those documents that you have to look to. So when you  
11 look to that, those -- these are really how you operate  
12 the golf club, not how you operate the LLC.

13           So that being the case, it appears that  
14 there are no -- there is no operating agreement for the  
15 LLC. So that is the recommendation coming to you for the  
16 enactment and approval of an operating agreement for the  
17 Club at Hidden Creek, LLC.

18           You have been provided with a copy of that  
19 document. It is a standard operating agreement,  
20 specifically tailored to the operation of the Club and  
21 the LLC.

22           It generally called for, and, again, this  
23 is at the Board's discretion how you organize the entity,  
24 but the recommendation is that you appoint a Board of  
25 Managers of that Club. The recommendation is that those

1 Board of Managers consist of positional authority of your  
2 Water System's CEO, your General Manager of the Club at  
3 Hidden Creek, and a selected Board member whom you may  
4 decide.

5                   The other issues of note in the operating  
6 agreement is that it is recommended that you limit the  
7 authority of your Board of Managers to certain specific  
8 issues and that you retain the authority ultimately to --  
9 and this comes from Section 8.3, you require -- you  
10 retain the authority to require additional capital  
11 contribution to make any distributions, to remove a  
12 manager, to incur any debt. Obviously, to admit a new  
13 member.

14                   There is a recommendation, which I know  
15 Director Campbell had some questions, which I provided  
16 additional information on, as to how much of the assets  
17 of the company the Board of Managers could -- and that's  
18 open to your debate and authority.

19                   It also indicates that there would not be  
20 the authority of your Board of Managers to making any  
21 single expenditure greater than \$25,000. That's  
22 consistent with your Holley Navarre Water Board policies  
23 now.

24                   So the recommendation is that you put this  
25 agreement in place, that you appoint one of your Board

1 members to serve as that sitting manager, and then,  
2 direct other further authority you feel necessary to  
3 control the LLC.

4 MR. TERASA: Can I ask one question?

5 MR. KENNEDY: Just ask me and I will say,  
6 "Yes."

7 MR. TERASA: Well, I mean --

8 MR. KENNEDY: I'm sorry. Mr. Dunaway, are  
9 you done?

10 MR. DUNAWAY: Yes.

11 MR. TERASA: You know, where it says,  
12 "Manager," the manager is really the Board of Managers in  
13 the context of the three people you enunciated.

14 MR. DUNAWAY: Correct. And that -- you  
15 see that --

16 MR. TERASA: I see that. I have got it  
17 here. Here's my question: This authority -- Phil,  
18 President of MESI, can you and your Board sell MESI?

19 MR. PHILLIPS: No. Of course not.

20 MR. TERASA: Then, I don't understand why  
21 they would have full power to sell that asset.

22 MR. KENNEDY: And I am actually going  
23 to -- I am actually going to call on Joe, if you don't  
24 mind. We are going to do down -- we are going to go left  
25 to right, but Joe is -- if you follow through the



1 questions?

2 MR. CAMPBELL: So you are talking about  
3 83-F, where the managers without member approval, can do  
4 a single expenditure of \$25,000. The part I disagree  
5 with where it says, "A substantial portion of the assets  
6 of 30 percent."

7 MR. TERASA: Yeah.

8 MR. CAMPBELL: I disagree with that.  
9 Because MESI's Board of Managers could sell the clubhouse  
10 and the operating is done. So I don't think the managers  
11 should have that.

12 I would like to propose that it be reduced  
13 to the single expenditure to \$25,000 unless someone else  
14 has a different thing. And Will just said this was  
15 generic. This was kind of one of the things I thought it  
16 was too much for this without -- it's the Water System's  
17 asset.

18 MR. MILLER: I would agree with that.

19 MR. KENNEDY: I actually would suggest we  
20 actually remove that altogether. We don't sell one iota  
21 is my opinion.

22 MR. MILLER: Liquidate certain amount of  
23 old golf clubs or something like that, you know --

24 MR. CAMPBELL: Which is where I get the  
25 \$25,000. If they can, you can unbudget it again.

1 MR. KENNEDY: Good point. Okay.

2 MR. MILLER: I like the \$25,000. It's the  
3 same as the spending money. It gives them freedom to  
4 operate without having to come to the Board for every  
5 asset they need to liquidate or sell. So I agree with  
6 the \$25,000.

7 MR. TERASA: Mr. President, I was looking  
8 at 71(b)(i) where the manager will have full power and  
9 authority to conduct the business of the company without  
10 limitation the power to sell.

11 Well, that's got to be stricken based on  
12 this conversation. So any motion, that's got to include  
13 those changes.

14 MR. KENNEDY: I'm sorry. Which one?

15 MR. TERASA: Article 7, management by  
16 manager, (b) 30 the manager, then (i) "The manager shall  
17 upon full power and authority conduct the business of the  
18 company including without limitation power to sell."  
19 That needs to be stricken as well.

20 MR. KENNEDY: And I will ask Mr. Dunaway,  
21 Do you see where he is talking on 7.1(i)?

22 MR. DUNAWAY: I do. I do.

23 MR. KENNEDY: Does it need to be in there  
24 to be able to sell, say, \$25,000 of, say, old equipment  
25 or something?

1 MR. DUNAWAY: Correct. The 7.1(i), that  
2 authority to sell is not to sell the asset of the Club.  
3 That is the property. That would go to those retained  
4 and it would -- the example would be, let's say you are  
5 selling a golf cart or you were selling an ice machine  
6 that you were replacing or something like that. You have  
7 the power to sell, purchase, invest, reinvest assets of  
8 the company.

9 Obviously, that is subject to the  
10 limitation of 8.3. And as Director Campbell noted that  
11 if you made that 30 percent or if you made that \$25,000,  
12 then that would be consistent with your -- if you took  
13 out the power to sell, then you would have to come back  
14 here to the Board to get authority to make any sale of  
15 any asset.

16 MR. TERASA: The scary word is -- a minute  
17 before that says, "Without limitation."

18 MR. MILLER: Yeah.

19 MR. TERASA: And that is an asset as a  
20 whole, limitation to me -- I am not a legal genius.

21 MR. MILLER: I would put that in and put  
22 "Subject to the limits in section," --

23 MR. TERASA: Yeah. Can we do that or  
24 something, just to clarify?

25 MR. CAMPBELL: That's already in that

1 paragraph. Subject to any actions set forward in 8.3  
2 which sets the limits.

3 MR. TERASA: Yeah. Okay.

4 MR. CAMPBELL: So if we set the \$25,000  
5 limit of selling --

6 MR. THIEL: In 8.3, then it covers it.

7 MR. CAMPBELL: That means what you are  
8 talking about?

9 MR. TERASA: Yeah.

10 MR. DUNAWAY: Subject to 8.3.

11 MR. MILLER: No. I would like that  
12 without limitation out of there.

13 MR. KENNEDY: Is that --

14 MR. DUNAWAY: It is still legally  
15 sufficient.

16 MR. KENNEDY: Was there any -- do you  
17 remember the other -- do you want to run through these  
18 questions that we all kind of --

19 MR. CAMPBELL: Will answered all the other  
20 ones. It was just lawyer speak versus Joe Campbell speak.  
21 So the only other recommendation, at least until we have  
22 a properly vetted Club Manager, instead of interim, is I  
23 would like to see two Directors and the CEO on this  
24 Management Board.

25 MR. TERASA: I agree completely.

1 MR. MILLER: Yeah. I do, too.

2 MR. DABNEY: Wasn't that brought up at our  
3 meeting that that wasn't allowed based off of one of the  
4 Florida statutes or something? Was it something, Will?

5 MR. DUNAWAY: Thank you for your question.  
6 It was not recommended. It is allowed. It is not  
7 recommended.

8 The direction was that we put in place of  
9 management structure for the LLC, which allowed for you  
10 to have -- for them to have more independence from the  
11 Board, subject to the limitations that you gave

12 It is a legal decision, if that's what you  
13 so choose.

14 MR. KENNEDY: Okay.

15 MR. MILLER: I agree that I would rather  
16 see two Directors and the CEO rather than the manager of  
17 the Club, General Manager of the Club.

18 MR. TERASA: Until such time as we have a  
19 true professional. I am like Mark.

20 MR. MILLER: Somewhere it says we can  
21 appoint different managers --

22 MR. CAMPBELL: At any time the Board sees  
23 fit.

24 MR. DUNAWAY: That's true.

25 MR. KENNEDY: And, again, I will just ask

1 the question, the pitfalls of having two Directors on  
2 that Board?

3 MR. MILLER: I don't see any.

4 MR. KENNEDY: Okay. Okay. All right.

5 MR. TERASA: How do we approach those  
6 changes?

7 MR. KENNEDY: We will --

8 MR. DUNAWAY: Mr. President, the changes  
9 can be affected by making a motion to adopt as has been  
10 discussed in amendments. The amendments that I have  
11 recorded, and, of course, the record would show, but the  
12 record, the amendments that I have recorded, based on the  
13 discussion are the striking on the word -- it would also  
14 be the commas, "Without limitation," in 7.1 (b) (u) (1),  
15 without limitation.

16 It would be the change in substituting the  
17 Club Manager in 7.1 (c), which would replace the Club  
18 Manager with two members --

19 MR. THIEL: Two Directors and a member --

20 MR. DUNAWAY: Right.

21 MR. THIEL: -- and the CEO.

22 MR. MILLER: Wouldn't we need to adjust  
23 the minutes, item 2A?

24 MR. DUNAWAY: The minutes -- that's  
25 correct. The minutes will be reflective and the record

1 will reflect the minutes and we will make sure that those  
2 minutes were provided for you, too, so we could have a  
3 coordinated script with regards to the actions that you  
4 are taking.

5                   The other place, let me make sure, is in  
6 8.3 and --

7                   MR. THIEL: I have a question.

8                   MR. DUNAWAY: Yes.

9                   MR. THIEL: I don't understand the  
10 legalese when you get to the -- if you substitute the  
11 manager is now determined as this three person panel,  
12 that's the definition of a manager; right?

13                   MR. DUNAWAY: Yes, sir.

14                   MR. THIEL: And the definition of member,  
15 there is only one member, that is Holley Navarre Water  
16 System?

17                   MR. DUNAWAY: Yes.

18                   MR. THIEL: Okay. But I read that, and,  
19 again, my law degree is some place at Yale yet, because I  
20 haven't picked it up. I didn't go there either. But I  
21 don't read it -- it's gobbledygook, so can you go over  
22 that and tell me what that all means?

23                   MR. DUNAWAY: Yes, I can. And that was  
24 the subject of Angela Campbell's questions, too. If you  
25 read 8.1 and 8.2, the intent of that is to provide this

1 Board, not the Board of Managers, with more flexibility  
2 and it provides this Board the ability not to have to  
3 meet to authorize a direct action of your Board of  
4 Managers.

5                   So, for instance, in the action of written  
6 consent, what it is saying is that the member, that's  
7 you, is authorized to take any action which you are  
8 authorized to take, and you can do that without a meeting  
9 and without prior notice.

10                   Now, in your unique situation, that's the  
11 way all LLCs would be structured. In your unique  
12 situation, since you are a public facing Board, you can't  
13 meet without notice. You have a different rule. So, in  
14 effect, that is not ever going to happen. You won't be  
15 able to make a decision because you will not have met  
16 without having had a noticed meeting.

17                   So it doesn't have to be in there. It was  
18 just for your flexibility and protection. So, for  
19 instance, you could have this meeting, for instance, and  
20 you could get a report from your managers on something.  
21 And then, you could have a decision that you wanted them  
22 to carry out. You could do that with a written consent.

23                   MR. THIEL: Okay. Glasses fog over --

24                   MR. KENNEDY: So that just allows us a  
25 little more flexibility to be able to give direction to



1 the three panel -- the three person Board for Hidden  
2 Creek.

3 MR. DUNAWAY: Correct. Because you are  
4 the owner of the LLC. So ultimately, all decisions here  
5 with this Board -- and you can direct whatever action you  
6 chose.

7 MR. THIEL: You can only direct that at a  
8 formal meeting.

9 MR. DUNAWAY: Which is -- which is  
10 consistent within your other rules and you can only do  
11 that --

12 MR. THIEL: I agree. I will take your  
13 word for it.

14 MR. KENNEDY: And, then, again, back to  
15 two members -- two Board members on the Board versus  
16 not -- I guess I am just looking for any pitfalls in  
17 terms of legal, legalese pitfalls.

18 MR. DUNAWAY: The only pitfall legally --  
19 and it's -- I am doing the math. I actually don't see  
20 that it would happen, the only issue is if you got to  
21 where two became a quorum.

22 And you would have to go down to three  
23 Board members. So let's, for instance, say you had --  
24 everybody sold their house and moved their family, like  
25 Director Terasa is leaving.

1                   And you were down to three Board members  
2 of the Holley Navarre Water System Board. Two of you are  
3 now on as the LLC. You're meeting as the LLC and also  
4 you're meeting as the Water Board because that is your  
5 quorum of that Board.

6                   MR. KENNEDY: I see.

7                   MR. DUNAWAY: So it is a long shot, but  
8 that's what lawyers do, try to eliminate long shots and  
9 you do that by only having one of you. Because you can't  
10 have a quorum of one. If you are down to one Board  
11 member, we are in big trouble.

12                  MR. KENNEDY: Okay. I get that now.

13                  Okay. Any further --

14                  MR. TERASA: That doesn't change our  
15 thought on it. I mean, I appreciate the advice. But we  
16 are going to have two -- I am going to vote on it if it  
17 says two Directors, Board of Directors, two members of  
18 our body on that.

19                  MR. KENNEDY: I believe whoever makes a  
20 motion --

21                  MR. CAMPBELL: Is that your motion, Fred?

22                  MR. KENNEDY: Is that your motion?

23                  MR. TERASA: No. Joe? Joe, is that your  
24 motion?

25                  MR. KENNEDY: I will entertain a motion if

1 we are ready to go, if everybody has discussed it.

2 MR. MILLER: I will make a motion. I will  
3 make a motion that we adopt --

4 MR. DUNAWAY: The operating agreement --

5 MR. MILLER: -- the operating agreement  
6 for the Club at Hidden Creek, LLC, with the recommended  
7 changes that the Board has gone through and that Will has  
8 just confirmed.

9 MR. DUNAWAY: And Director Miller, would  
10 you also add to that motion to direct the President to  
11 execute once it's back to him?

12 MR. MILLER: Amend the motion to add that  
13 the President is authorized to sign this operating  
14 agreement once it's submitted and back to him.

15 MR. KENNEDY: Okay. I have a motion.

16 MR. CAMPBELL: I will second.

17 MR. KENNEDY: We have a second.

18 MR. THIEL: Just to clarify the two  
19 conditions you are talking about amending is the change  
20 7.1(c) to make it two Directors and the CEO, as it is  
21 currently written. And the other one is to limit the  
22 approval authority for expenditures to \$25,000.

23 MR. MILLER: There is one other change --

24 MR. KENNEDY: 7.1, without limitation, I  
25 believe --

1 MR. MILLER: We are going to strike the  
2 words, "Without limitation."

3 MR. TERASA: And add --

4 MR. THIEL: Yeah. To sell 30 percent of  
5 the --

6 MR. MILLER: That was part of the 8.3, to  
7 limit that to \$25,000.

8 MR. THIEL: Okay. But it is 35.5 in one  
9 place and there is 30 percent in the other.

10 MR. CAMPBELL: Right.

11 MR. THIEL: Does that need to go away,  
12 Will? 8-3F?

13 MR. DUNAWAY: It can be accomplished by  
14 deleting sub paragraph F and putting in, instead of a  
15 percentage, putting in the term, \$25,000.

16 MR. THIEL: Just delete it. It's  
17 confusing because you have got two different numbers in  
18 one place. If you leave in \$25,000 in, then, that's  
19 that.

20 MR. DUNAWAY: The difference, Director  
21 Thiel, is that -- the limitation on the expenditure is  
22 in -- that's the \$25,000 to expend it.

23 The limitation you have is to get rid of  
24 the asset. So an example was if we were getting rid of  
25 old golf balls, you would have to come back here.

1                   So if you wanted, if they are able, if  
2 your intent is to allow the managers the authority to get  
3 rid of an asset up to \$25,000, then we would put \$25,000  
4 where it says 30 percent.

5                   MR. MILLER: In lieu of 30 percent.

6                   MR. THIEL: So it will be written, can it  
7 be done?

8                   MR. MILLER: Yeah.

9                   MR. THIEL: Okay.

10                  MR. MILLER: Is that okay with you?

11                  MR. THIEL: That's okay.

12                  MR. MILLER: Okay.

13                  MR. KENNEDY: All right. We have a motion  
14 and a second. Any further discussion?

15                  (NO AUDIBLE RESPONSE.)

16                  MR. KENNEDY: No? Those in favor say  
17 "Aye"?

18                  MR. THIEL: Aye.

19                  MR. TERASA: Aye.

20                  MR. CAMPBELL: Aye.

21                  MR. DABNEY: Aye.

22                  MR. MILLER: Aye.

23                  UNIDENTIFIED AUDIENCE MEMBER: Can I ask a  
24 question?

25                  MR. KENNEDY: Ultimately, I -- yes, sir.

1 I am sorry --

2 UNIDENTIFIED AUDIENCE MEMBER: On this  
3 Board of Managers, I know how the voting will go if there  
4 is any kind of voting, but would it be possible to have a  
5 golfer as a non-voting member just as an advisory,  
6 somebody representing the actual golfers at the course?

7 MR. KENNEDY: I don't believe this Board  
8 will entertain that idea. Would they?

9 MR. CAMPBELL: No. But I can answer in  
10 talking with the CEO that in the old bylaws it was there.  
11 So I guess my expectation was these managers are seated.  
12 They redo the bylaws and that's already in the old  
13 bylaws, so --

14 MR. KENNEDY: Yeah. I believe the answer  
15 is no, Mr. Mitchell.

16 MR. MILLER: I would state this, though --

17 MR. THIEL: It wouldn't be in the  
18 bylaws --

19 MR. MILLER: -- any member that has any  
20 issues can feel free to come to a Board member or a  
21 manager and say, "I have got a problem with this or  
22 that." That's how the Club gets better is by taking  
23 feedback from members and players.

24 MR. MITCHELL: Would those meetings be  
25 announced on the website or anything like that?

1 MR. KENNEDY: No. I mean, ultimately,  
2 these meetings will not be announced.

3 MR. MITCHELL: How can we come to them,  
4 then?

5 MR. KENNEDY: You are going to be coming  
6 to the managers to -- well, the chain of command, right,  
7 is always still going to be the same.

8 Your GM, your CEO, or in this case -- the  
9 GM is going to be the first One. And then, the GM will  
10 roll up to the Board of Managers and the Board of  
11 Managers will wind up rolling up to the Board. So any  
12 concerns you have will always start with the General  
13 Manager.

14 MR. MITCHELL: What may be a concern about  
15 what is being considered by the Board of Managers and we  
16 won't know what that is.

17 MR. KENNEDY: Well, then, you would in one  
18 sense; right.

19 MR. CAMPBELL: I would recommend the  
20 gentleman hold that thought.

21 MR. KENNEDY: Okay. All right. On what  
22 sense --

23 MR. CAMPBELL: Daryl is going to say  
24 something.

25 MR. KENNEDY: Okay. Oh, I'm sorry.

1 MR. LYNCHARD: Daryl Lynchard, 6525  
2 Avenida de Galvez. I guess we are still talking -- we  
3 can still talk before --

4 MR. KENNEDY: Absolutely. I jumped the  
5 gun.

6 MR. LYNCHARD: I think there may be some  
7 confusion in the crowd as to what these managers actually  
8 do. The managers of the LLC are the ones that actually  
9 do the day-to-day business of the LLC. So it's not  
10 really a customer service type arrangement, which may be  
11 what the concerns of the people are. Thank you.

12 MR. KENNEDY: Thank you, Mr. Lynchard.

13 MR. TERASA: Call for a vote.

14 MR. KENNEDY: Okay. Any further  
15 discussions?

16 (NO AUDIBLE RESPONSE.)

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

19 MR. THIEL: Aye.

20 MR. TERASA: Aye.

21 MR. CAMPBELL: Aye.

22 MR. DABNEY: Aye.

23 MR. MILLER: Aye.

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

25 (NO AUDIBLE RESPONSE.)



1 MR. KENNEDY: Motion carries.

2 MR. CAMPBELL: Mr. President, since we  
3 approved that, I would like to make a motion to appoint  
4 Joe Campbell and Bill Thiel as the named managers of the  
5 Club of the LLC.

6 MR. KENNEDY: Okay.

7 MR. MILLER: I will second.

8 MR. KENNEDY: There is a motion and a  
9 second. Do we have any --

10 MR. DABNEY: I wanted to be a part of  
11 that, so I don't know how that, how that would work.

12 MR. KENNEDY: I am sorry. What is that?

13 MR. DABNEY: I wanted to be a part of that  
14 management team.

15 MR. TERASA: James, I appreciate that, but  
16 I know you are -- how busy you are with your business,  
17 and I really appreciate it, and I know -- I can't imagine  
18 having a business where you can't get a damn employee. I  
19 feel that.

20 So I think we got the right two guys on  
21 there. It's not an affront to you. I am glad to see a  
22 couple golfers stepping up to sit in that --

23 MR. CAMPBELL: I think in the same  
24 respect, I don't think there should be two golfers on a  
25 management team that has -- one has basically your best

1 interest is the golf course, whereas my -- I am a  
2 business man. I want to run it as a business. I don't  
3 think we should put two golfers on a membership team --  
4 on a management team. I disagree with that.

5 MR. CAMPBELL: And I want to run it as a  
6 business, too. Some of the questions I have asked and --

7 MR. KENNEDY: You know, ultimately, right  
8 now, we have a motion on the table, which if it gets  
9 voted down, then we can do something else.

10 Does anybody else have a -- I'm sorry, Mr.  
11 Dabney, are you done?

12 MR. DABNEY: I am just -- I am opposed to  
13 it. I mean, I don't know, you know, how, you know,  
14 how -- this has already been brought up. We talked about  
15 it the other day. And we were told we were going to talk  
16 about it.

17 So I am just asking the question of why  
18 are we putting two? Earlier, the discussion was it was a  
19 conflict of interest. I don't know if it is or isn't,  
20 you know, but we should have a Board member who is not a  
21 member of Holley Navarre -- Hidden Creek versus two  
22 members who are members at Hidden Creek.

23 MR. KENNEDY: Okay. Does anybody else  
24 have any comments?

25 MR. DABNEY: I mean, where do we stand on

1 the legal aspect of that?

2 MR. TERASA: Do you have a problem with  
3 that, Will, from a legal standpoint?

4 MR. DUNAWAY: Is the question whether  
5 there is a conflict of interest for a Holley Navarre  
6 Water member to sit as a manager of the LLC?

7 MR. TERASA: Correct.

8 MR. DUNAWAY: There is not a conflict.

9 MR. GOULET: Do you have a copy of the  
10 current Board Code of Conduct, Will?

11 MR. DUNAWAY: Mike, we do have?

12 MR. KENNEDY: Yes, sir.

13 MR. GOULET: Do you have a current copy of  
14 it?

15 MR. KENNEDY: Yes, sir.

16 MR. GOULET: Okay. I just wanted to make  
17 sure.

18 MR. TERASA: Call for a vote.

19 MR. KENNEDY: All right. So we have a  
20 motion and a second.

21 No further discussions --

22 MR. DABNEY: Let me ask you a question:  
23 Can we have four members? We talked about it earlier. I  
24 want to be the fourth member.

25 MR. KENNEDY: Well, we have already had --

1 we have already had a motion for the first part and this  
2 is a motion for the second part, so --

3 MR. DABNEY: I want to reopen it up and  
4 say I want to have a motion to go back and redo that.

5 MR. KENNEDY: Well, this motion right now  
6 is the one that's on the table, so you will -- this Board  
7 will vote on that motion --

8 MR. THIEL: The problem with that, James,  
9 the only problem with that is if you have got three Board  
10 of Director members on there, once Mr. Terasa resigns  
11 because he has to because he is leaving, we now have a  
12 quorum. So whatever that meets, it counts as a Board  
13 meeting.

14 MR. MILLER: And you would have a two-two  
15 rather than a, you know, an odd number. So if you are  
16 making a decision on something, you know, you may get a  
17 unanimous on everything, but you may get a split vote on  
18 that, so --

19 MR. DABNEY: Well, we didn't have an issue  
20 with it 20 minutes ago. We were okay with having four  
21 people on there --

22 MR. MILLER: No. We were talking about  
23 three.

24 MR. DABNEY: We were talking about four.  
25 We were talking about a GM and two Board members.

1 MR. CAMPBELL: The other problem is at any  
2 time the Board has to --

3 MR. THIEL: GM was taken off.

4 MR. CAMPBELL: So the other part of that,  
5 to James' point, that if the Board here at Holley Navarre  
6 Water System is displeased with those managers, you can  
7 replace those managers at the next meeting.

8 MR. TERASA: Absolutely.

9 MR. CAMPBELL: So I hear what you are  
10 saying, but I want it to succeed. I want Holley Navarre  
11 Water System --

12 MR. DABNEY: I don't think anybody sitting  
13 here wants to see the golf course not function.

14 (DIRECTORS SPEAKING AT THE SAME TIME OVER  
15 EACH OTHER.)

16 MR. KENNEDY: Okay. Well, right now, what  
17 we have is --

18 MR. DABNEY: Obviously, there is no sense  
19 in voting. I mean, this was decided way before I got  
20 here.

21 MR. MILLER: I didn't decide anything.

22 MR. TERASA: There was no decision made.

23 MR. MILLER: I just -- when the motion was  
24 made, I know both Joe and Bill are long-time member  
25 players. They understand the operations of the Club. I

1 think they would be good people to be in that manager  
2 position.

3 MR. CAMPBELL: But I also sat in that  
4 audience of Holley Navarre Water System for the last  
5 seven years. And that's how -- because I cared about the  
6 Water System, so --

7 MR. DABNEY: Well, okay.

8 MR. KENNEDY: So we have a motion. Those  
9 in favor say "Aye"?

10 MR. THIEL: Aye.

11 MR. TERASA: Aye.

12 MR. CAMPBELL: Aye.

13 MR. MILLER: Aye.

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

15 MR. DABNEY: Aye.

16 MR. KENNEDY: That's a no?

17 MR. DABNEY: Aye. It's a no.

18 MR. KENNEDY: It's a no. All right. So  
19 one no? All right. Motion carries.

20 MR. DABNEY: So can we -- we are not going  
21 to open it back up to having four member on the Board?

22 MR. KENNEDY: No, sir. I mean, you are  
23 welcome to make a motion, but then you will have to get a  
24 second to make it. All right.

25 MR. DUNAWAY: May I ask one further point?

1 And this comes from the very last five minutes, could I  
2 have authorization from the Board to update Sunbiz to  
3 update the actions that have been taken with regard to  
4 the Club at Hidden Creek?

5 MR. TERASA: Oh, yeah.

6 MR. KENNEDY: Would somebody please make a  
7 motion to authorize Sunbiz?

8 MR. MILLER: I make a motion that Will is  
9 authorized to update Sunbiz with this new motion we have  
10 got.

11 MR. TERASA: Second.

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

14 (NO AUDIBLE RESPONSE.)

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

16 MR. THIEL: Aye.

17 MR. TERASA: Aye.

18 MR. CAMPBELL: Aye.

19 MR. DABNEY: Aye.

20 MR. MILLER: Aye.

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

22 (NO AUDIBLE RESPONSE.)

23 MR. KENNEDY: Motion carries.

24 Engineering?

25 MR. PHILLIPS: I have got three items.

1 And you may have noticed from the report this included  
2 the waste water treatment plant. The I&I picked back up  
3 again this past month with a lot of rain to 163,000  
4 gallons a day on average, and I would suggest that this  
5 month is going to also indicate I&I again.

6           Fortunately, it is not as bad as it was  
7 there for a while, but we will see just how bad it is if  
8 the rain continues this month.

9           Second item is -- I am surprised Fred  
10 didn't mention it, but we have the 60 percent set of  
11 design plans for the Eglin project sitting here on the  
12 table if anyone would like to peruse them. We are going  
13 to be giving them back the comments tomorrow and turning  
14 them loose to proceed with the next phase, which is  
15 essentially a 90 percent set of plans. So that's  
16 ongoing.

17           We have also been in discussions with the  
18 group that is no longer called Navarre Beach Crossing  
19 here at 87 and 98. The agreement is now with the -- it  
20 would be the development group that is actually  
21 purchasing or buying out the rights to the property.

22           It is initially developing the apartments.  
23 Had a meeting with those guys the other day. They showed  
24 us their kind of updated plan for development of the  
25 site, still accommodating us in the same location per the



1 Board's approval of the tentative agreement that has  
2 already been made.

3 Right now, Will's partner is reviewing the  
4 language in the lease, the comments they have sent back.  
5 And I would expect next month we will be asking the Board  
6 again to approve any modified language to that lease with  
7 that party. So moving forward on that one as well.

8 And I didn't see anything in the proposed  
9 change, language and the lease, that would cause me any  
10 concerns, so --

11 MR. KENNEDY: Okay. Any discussions from  
12 the Board?

13 (NO AUDIBLE RESPONSE.)

14 MR. KENNEDY: All right. Well, before we  
15 move to open forum, I would like to give Director Terasa  
16 a little -- Director Terasa will be leaving us and this  
17 will be his last meeting. He is going to be moving.

18 Would you like to say a few words?

19 MR. TERASA: I pretty much said all I got  
20 to say. Thank you very much. I appreciate the  
21 opportunity to serve.

22 MR. KENNEDY: Well, I will tell you that  
23 he and I got on this two years ago together. We ran  
24 together. And some days, it has been a slug fest, and  
25 some days, it's been not so much. You know, this is a

1 democracy; right?

2 I mean, this is the way it goes. And he  
3 is a bulldog. He looks like a bulldog and forever will  
4 be for me a valued Director.

5 MR. TERASA: And friend. Yeah.

6 MR. MILLER: Fred, I would like to thank  
7 you for your service. I want to thank you for your  
8 passion that you brought to this Board. I want to thank  
9 you for all of the efforts you put into the visioning  
10 exercises we have done over the years. Those were really  
11 well done and well put together.

12 And so, we are losing a very good Board  
13 member. Hate to see you leave us, but I understand that  
14 life takes you in different directions.

15 MR. TERASA: Thank you very much. I  
16 appreciate that

17 MR. KENNEDY: Does anybody from the public  
18 like to speak? Yes, sir. Mr. Williamson?

19 MR. WILLIAMSON: Good evening, Director  
20 Terasa. I had to come down tonight to say thank you. I  
21 wanted to get my comments on the record to just say thank  
22 you for your service. And I echo what Director Miller  
23 said that your passion, your enthusiasm, it's infectious.  
24 Your compassion, the way you care for what you do.

25 And I remember your first meeting. I

1 remember your first meeting. I think you were sitting  
2 where Director Miller is sitting now and you made your  
3 first motion. And that motion was you wanted to hire  
4 legal counsel to investigate the hiring of SOB  
5 Williamson.

6 I thought, "Man, I am in trouble. I am in  
7 trouble. This guy is tough." But every day from then to  
8 now, having the opportunity to see your leadership style,  
9 your quality, the way you care about what you do, being  
10 part of some of those visioning sessions and knowing the  
11 challenges you have faced behind the scenes. And it's  
12 just an privilege to call you a friend.

13 When you came onto this Water System, they  
14 had been talking about Eglin for 20 years. And during  
15 your time of sitting on this Board, that has moved  
16 forward. We have heard about the golf course, how there  
17 was a subsidy of over half a million dollars and now it's  
18 down to below \$200,000.

19 Everyone that was dead weight and dead  
20 meat are no longer working here. And you have helped  
21 shepherd in a lot of that change, you and the other Board  
22 members that are here.

23 And I just think of the line from  
24 Roosevelt that it's not the critic who counts, it's the  
25 doer of deeds or the one who thought he could do them

1 better, something along those line, but it's the man in  
2 the arena.

3                   And each of you are in the arena. And,  
4 Fred, we are better off for your time in the arena and I  
5 will miss you, bud.

6                   MR. TERASA: Thank you, sir.

7                   (APPLAUSE)

8                   MR. KENNEDY: Director Thiel?

9                   MR. THIEL: I would just ask the passion  
10 that was shown tonight for the golf course that you give  
11 this newly appointed management structure for the golf  
12 course a chance to come out with some solid policies that  
13 you can take to the bank before you pour the gasoline out  
14 of the can. Okay? Any more gasoline out of the can.

15                   MR. TERASA: Thank you.

16                   MR. KENNEDY: And, Ms. Carmen, are you  
17 here to speak on behalf of Director Terasa?

18                   MS. REYNOLDS: No. You asked for public  
19 forum.

20                   MR. KENNEDY: Not yet. I am almost there.  
21 You just stay right there.

22                   MS. REYNOLDS: All right.

23                   MR. KENNEDY: Just as a reminder -- and I  
24 am saying this to the Directors as well with Director  
25 Terasa leaving now, that means that we are going to have

1 two spots open up for appointment.

2                   So we will make the offer again to the  
3 community with that. If you are interested in an  
4 appointment -- to be able to get in touch with our  
5 vetting chair, Mr. Miller, to be able to get a bio, a  
6 chance for the Board to be able to vet you and everything  
7 like that.

8                   Joe, you seem to have questions?

9                   MR. CAMPBELL: Yeah. Did that committee  
10 make contact with --

11                  MR. THIEL: I just asked him. You did  
12 respond.

13                  MR. MILLER: He is not interested. He  
14 started a new job.

15                  MR. KENNEDY: So we would be very happy  
16 for, "You don't like us? Come join us," the -- to be  
17 able -- again, get with Mr. Miller, that way, we can fill  
18 the two seats. I am hoping next meeting of next month.

19                  Okay. All right. We are onto public  
20 forum. Ms. Reynolds?

21                  MS. REYNOLDS: Carmen Reynolds, Sunnybrook  
22 Drive, Navarre, member. I will run through these really  
23 quick. As you and the audience may or may not know, this  
24 was the first of the Land Development Code updates. We  
25 are in the final stages.

1                   They are finalizing that since 1991. So  
2 that's where I am just kind of from -- it lasted most of  
3 the day. I had to leave early. You may or may not have  
4 a heads up on this, but they are discussing adding water  
5 as a utility for franchise fees.

6                   I closed the loop with the Northwest  
7 Florida Water Management District and they find no  
8 shortage of water in the aquifer, which was identified at  
9 a prior BOCC meeting. So they, bottom line, have no  
10 report for nothing to verify that.

11                   So they are the daddy rabbit on the wart,  
12 (sic) so -- also, today, there is going to be 266 acres  
13 at Gulf Power, north of Highway 90 -- is going to be  
14 installing solar panels, and that will be on the  
15 ridgeline between the Blackwater and the Yellow River  
16 Water Sheds.

17                   They were extremely disappointed that they  
18 extended an invitation to this particular Water System  
19 and all water systems, but they did not have an  
20 attendance from Holley Navarre Water, so I told them I  
21 would pass this on tonight.

22                   For the sewer customers, we are almost in  
23 the hurricane season. And that means that just like  
24 Hurricane Sally and the extended power outages, where at  
25 Whispering Pines, we have five lift stations out there.

1 And, unfortunately, the sewer customers don't really know  
2 that they can't unlimitedly flush their toilets during  
3 these storm seasons, especially if there is no power.

4                   So I am asking the Water System to start  
5 some PR with hurricane preps so that we don't have  
6 spillage, sewage spillage in many areas coming up to  
7 this. The people in the audience made comments about  
8 what about this donation.

9                   And I always see the glass half-full --  
10 excuse me, yeah, half-full, not half empty. And just  
11 like the donations last year where they raised the money  
12 at the golf course and they gave the money to the Fire  
13 Department, which was needed, and to the -- I think it  
14 was the Special Ops Warrior Fund, the audience comes in.  
15 They have no idea what is going on.

16                   They, you know, I was at the prior Board  
17 meeting, but I didn't know what was going on. So I think  
18 they registered. A good suggestion tonight could be  
19 implemented for better communication, which bring me  
20 to -- significant communications, substantive things,  
21 things that I have to end up having to work, who do you  
22 want me to contact?

23                   Who is my belly button when I need a piece  
24 of information? Do I go to the CEO, Dr. Peavey? Or do I  
25 go to the Board of Directors? Which -- what am I

1 supposed to do?

2 MR. KENNEDY: It would definitely be the  
3 CEO.

4 MS. REYNOLDS: Okay. Okay.

5 MR. KENNEDY: So, just again, to  
6 reiterate, right, Board functions as the high level. The  
7 CEO is day to day everything else.

8 MS. REYNOLDS: Okay. And for it to be  
9 effective, it has to be two ways.

10 MR. KENNEDY: I understand that.

11 MS. REYNOLDS: Okay. And hopefully, with  
12 better communication, the problem with the audio, when  
13 people can watch this from home on streaming.

14 I believe you have a YouTube channel. Dr.  
15 Peavey said he was working on this -- staff was working  
16 on that. Has that been rectified yet; do we know?

17 DR. PEAVEY: We put in a purchase order to  
18 upgrade what we have.

19 MS. REYNOLDS: So is -- when I try  
20 listening to what I missed the first four minutes  
21 tonight, will I be able to hear it audibly? Or it is not  
22 fixed yet?

23 DR. PEAVEY: It's not fixed yet until we  
24 receive the system and install it. It's not fixed yet.

25 MS. REYNOLDS: Okay. Thank you. Finally,



1 conservation program, the mid-West right now is looking  
2 at a lack of snow pack. They are looking at going into  
3 mandatory conservation measures.

4 Water is a gift. And I am just  
5 suggesting, again, that we embark, the system embark on a  
6 conservation program with PR for the community, because  
7 we never know when we are going to have extended drought  
8 and that our aquifer, our sand and gravel aquifer is  
9 going to be under duress.

10 Does that mean that Williams Creek, the  
11 RIBS there will be staying? Or will they be going away  
12 when the RIBS at Eglin already is enacted?

13 MR. KENNEDY: Oh, I don't -- I mean, I am  
14 not sure. Ultimately, at the end of the day, for that  
15 question, can you just send an email to Dr. Peavey to --  
16 for that information?

17 MS. REYNOLDS: Okay. Well, I thought the  
18 spray fields were all going to go up there to the Eglin  
19 property. Tonight, we learned that they are not. Then,  
20 I thought, well, does that mean the RIBS at Williams  
21 Creek putrefying the marsh grasses and going out to the  
22 sound is going to stay?

23 MR. KENNEDY: Correct. Thank you so much.

24 And, again, just for clarification on  
25 Hidden Creek, unless I am missing something, Hidden Creek

1 is primary in terms of our spray field.

2 MR. PHILLIPS: Yeah. I don't think Carmen  
3 was speaking of Hidden Creek. I think she was speaking  
4 of the Greskovich --

5 MR. KENNEDY: Greskovich. Got you. So  
6 even going forward, even though we will have Eglin RIBS,  
7 the golf course will be primary. And as we said, we  
8 can't get rid of it. If we could, it's close to an eight  
9 to ten million dollars investment.

10 MR. TERASA: Are we going to adjourn?

11 MR. KENNEDY: I will entertain the idea of  
12 motion to adjourn.

13 MR. TERASA: So moved.

14 MR. MILLER: Second.

15 MR. KENNEDY: All those in favor say  
16 "Aye"?

17 MR. THIEL: Aye.

18 MR. TERASA: Aye.

19 MR. CAMPBELL: Aye.

20 MR. DABNEY: Aye.

21 MR. MILLER: Aye.

22 MR. KENNEDY: Meeting adjourned.

23

24 WHEREUPON, THE MEETING ADJOURNED AT 7:54 P.M.

25

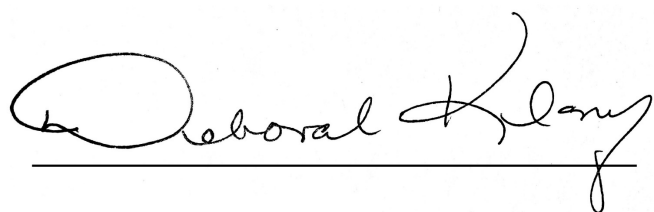
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CERTIFICATE OF REPORTER

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

Dated this 3rd day of May, 2021.



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