

Holley-Navarre Water System, Inc.

Special Board Meeting Minutes

May 11th, 2018

CONFIDENTIAL

James Calkins, Board President, called the meeting to order at 9:30 A.M. The following Board of Directors were present: James Calkins, Geo Mayer and Debbie Gunnoe. Ricki DeSantis and Mark Miller attended via telephone. Also present were: Barbara Carawan and Deborah Kharuf (stenographer).

Attorney Opinion on Board of Director Complaints

Debbie Gunnoe has provided attorney John Trawick's opinion letter to the stenographer and it will be attached to the minutes when they are published.

Procedures for Board of Director Complaints

Debbie Gunnoe motions to adopt a policy to specify the procedure for removing directors for good cause, based on board actions with counsel present and precedent set during previous board meetings on 01/22/2011 and 11/21/2017. Geo Mayer seconds. Mark initiates a discussion on the procedures set forth in the bylaws that determine how directors are to be removed for cause, therefore adopting a policy would be in conflict with the bylaws and is not legally allowed. He also states that the circumstances of the previous meetings being referenced were different than the current situation and no policies were set. The 2011 meeting was in conflict with the bylaws, and according to legal counsel the removal would not hold up in court. However, the director did not object to being removed. In 2017, the director was removed for being ineligible. James asks if Mark has any proof that the attorney said the removal would not hold up in court during the 2011 meeting, as the transcripts do not include this. Mark's conclusion is based on statements made by members that were on the Board during that time. **Debbie Gunnoe, Geo Mayer and Ricki DeSantis vote "aye," with Mark Miller voting "nay." Motion passes.**

Geo Mayer motions to add to the Holley Navarre Water System, Inc. board policies and procedures that removal of a board director with good cause will be decided by roll call vote, ayes are more than nays, of the Board of Directors only. Directors will adjourn to a private room to determine good cause. Members may be allowed to be present during the vote for removal at the meeting unless the meeting pertains to confidential matters as determined by the president. No video recordings will be allowed during the meetings that address complaints. Ricki DeSantis seconds. Mark again brings up the bylaws and feels this would be obstructing justice as there are currently several pending complaints against directors at this time. He points out that members elect directors and they should be allowed to have their voices heard. The clarity of the bylaws and their interpretations are discussed. It's pointed out that it's a conflict setting a policy that would allow directors to determine their own fate in regards to complaints. It's brought up again that the bylaws are subject to various interpretations.

Geo Mayer, Debbie Gunnoe and Rick DeSantis vote “aye,” with Mark Miller voting “nay.”
Motion passes.

Reading of Director Complaint for Good Cause

It's told to members present that the complaints will be read, then the Board will recuse itself to decide if they have cause. The members will have a chance to respond once that's complete. Mark inquires as to if everyone has been properly notified with written notice that the complaints would be heard today, specifically Doug Larson, with James stating he attempted to reach him via telephone. James passes the gavel to Debbie to read the complaint against him. Debbie confirms they've been informed in writing of the charges/complaints against them from Mr. Kilpatrick and that it was more than five days prior to meeting. James makes a statement that they are in a complaint proceeding and there will be no video recordings allowed during this complaint proceeding and then asks Romi White with South Santa Rosa News to stop filming, as to which she declines and expresses her opinion that the membership is not being informed of what they are doing. Geo requests to have her evicted from the meeting. Mark questions if everyone was notified five days prior to the meeting and points out that this meeting has only been called for 48 hours. Geo requests eviction of another member attending the meeting due to recording, as to which she responds by stating she's a member at a public meeting. Debbie relinquishes the gavel back to James until the complaint is read then restates the motion that was just passed. The gavel is once again passed to Debbie to address the complaint from Doug Larson against James Calkins. Mark expresses his opposition and exits the meeting in protest. A member of the audience questions the deputy as to whether or not it's legal to have someone removed for videotaping, with the deputy stating yes, if the person requesting is in charge of the building. She then expresses her opinion that the meeting was purposely held during this time when other board members and members of the public could not attend and feels it's illegal and unconstitutional. She stops recording in order to stay in the meeting.

Debbie begins by stating: “First complaint, Mr. Larson against – Mr. Doug Larson against Mr. James Calkins. Was the individual notified of the complaint? Was the director notified of the complaint against him at least five days prior to the meeting? And that was done at the time that the complaint was filed on the 17th of April. So the director was notified of the complaint at least five days prior. Is the complainant in the room? The complainant is not in the room. He knew of the meeting. Okay. Since the complainant is not in the room, I will read the complaint.” Debbie reads the complaint:

“I, Doug Larson, as Secretary for Holley Navarre Water System, Incorporated, do forth bring cause for removal as President and Director of the Holley Navarre Water System Board of Directors against James Calkins. Under the Holley Navarre Water System bylaws, Article of Incorporation, and Florida statutes, I charge Mr. Calkins as President of the Holley Navarre Water System, Inc. Board of Directors has failed in his duties to the members for the following reasons: Failure to approve meeting minutes in a timely manner, December 15th, 2017

Special meeting of the members, December 15th, 2017 Special meeting of the members, December 19th, 2017 preboard meeting of the members, December 19th, 2017, regular Board meeting of the members, December 27th, 2017, confidential meeting. Failure to carry out his duties by removing the above-cited minutes needing approval from the March 20th, 2018 meeting of the members; failure to notify the Secretary in writing of what the claimed discrepancies in the meeting minutes are so they can be corrected and approved. Failure of his duties to call a special board meeting of the members as requested by the Board on March 23rd, 2018. Failure in his duties to call a special board meeting of the members as requested by the Board on March 27, 2018. Removing board agreed upon items from the agendas. Interfering with the duties of the secretary by asking Torin Brand to alter the public video recording of the March 20th, 2018, meeting of the members before it was approved by the Board. Making false and misleading statements to the members and public about the March 20th, 2018, meeting of the members. Attempting to rig a Board seat appointment over the objections of the rest of the Board of Directors and the member in attendance. Intimidating the staff of Holley Navarre Water System and TCHC using title of authority. (Debbie clarifies that's the Club at Hidden Creek). Making misleading statements to the press as a representative of Holley Navarre Water System, Inc. seat to the Fairpoint Board. Interfering with the staff operations of assigning offices after it was decided by the Board in the February 20th meeting that was the job of the General Manager."

Debbie states "it was signed and dated by Douglas C. Larson, at the time secretary/treasurer of Holley Navarre Water System, Incorporated, on this day of April 17th, 2018. Complainant will be heard as to his complaint. The director has the opportunity to respond."

James responds by stating all of the complaint is false.

The Board moves into private session to determine good cause for removal

Geo Mayer motions for no cause. Discussion ensues with Ricki stating he feels the complaint contains false, incorrect and inconsistent claims. Debbie also feels it contains a lot of opinion and lacks support of the charges. **Geo Mayer motions there is not good cause and the complaint should be removed. Debbie Gunnoe seconds. Geo Mayer, Ricki DeSantis and Debbie Gunnoe vote "aye." James Calkins abstains. Motion passes.** To confirm, **Ricki DeSantis motions the complaint is absent good cause and should be dismissed. Geo Mayer seconds. Geo Mayer, Debbie Gunnoe and Ricki DeSantis vote "aye," with James Calkins abstaining. Motion passes.** It's agreed that the rest of the complaints will be addressed at the same time.

The Board returns to the board room and resumes the public meeting

It's announced that the Board found no good cause to proceed and the complaint has been dismissed. The gavel is given back to James.

A short recess is taken

James begins addressing Debbie Gunnoe's complaint against William Goulet by asking if the complainant is in the room, with Debbie stating "I am." James now states: "Complainant will be heard as to her complaint. Nothing may be added to the complaint during the hearing. Director has an opportunity to respond. Ms. Debbie, please read your complaint." Debbie reads her complaint:

"Attention, Mr. James Clakins, President of Holley Navarre Water System Board of Directors, with copies to Debbie Gunnoe, Secretary Treasurer, Holley Navarre Water System Board of Directors, Ricki DeSantis, Treasurer of Holley Navarre Water System Board of Directors, Mr. Keith Kilpatrick, attorney for the Holley Navarre Water System, Incorporated, Board of Directors. I Deborah A. Gunnoe, as a Director and Secretary of the Holley Navarre Water System, Incorporated, Board of Directors, bring cause for removal of William Goulet as a Director on the Holley Navarre Water System, Incorporated, Board of Directors. Under the Holley Navarre Water System, Incorporated bylaws, Articles of Incorporation and Florida Statutes, I charge Mr. William Goulet as a Director on the Holley Navarre Water System, Incorporated, Board of Directors has failed in his duties and responsibilities to the members for the following reasons: In the short time I have been a member of the Board of Directors, Mr. William has caused a hostile working environment in the Board meetings I have attended. His egregious outburst and use of inappropriate, obscene language in the presence of women and others is wholly unacceptable. He behaves in a manner indicative of being unable to work with a female Director on the Board. Further, his aggressive and bullying outbursts and gestures towards the female stenographer in a closed, confidential personnel meeting demands a written apology to her and me. And that can be substantiated in the transcripts of that closed meeting. Additionally, when querying the Holley Navarre Water System attorney about a hypothesis of possible Board personnel action, Mr. William Goulet inappropriately copied Holley Navarre water System employees who should not have been involved in this confidential personnel matter. This action improperly allowed personnel not associated with the query to have knowledge of not only the query but also the attorney's response. Mr. William Goulet's unacceptable behavior, obscenities, aggressive, threatening manner and intimidating threats at board meetings towards other board members is unacceptable and grounds for immediate removal. I ask that he be barred forever – from ever serving on the Board of Holley Navarre Water System, Incorporated,

in the future, signed, Debra A. Gunnoe, Board of Directors, on this date, April 26, 2018.”

James confirms the director was notified of the complaint at least five days prior, with Debbie stating Keith disseminated this to Mr. Goulet on the day it was given to him. A member of the audience asks if they can speak on the issue, with Debbie stating they cannot at this time.

Geo Mayer now reads his complaint against Will Goulet:

“April 26th, 2018. I, Geo Mayer, Board of Director of Holley Navarre Water System do forth bring cause for removal as Director of Holley Navarre Water System Board of Directors against Will Goulet. Director Goulet has demonstrated unsuitability for board service as follows:

- 1. From the podium and blackboard demonstrating and directing the Board and staff how to provide service to an undeveloped property owned by a supporter. This happened in the presence of a large contingent of senior staff and engineering personnel seated directly in front of him and who had no prior knowledge of the matter at hand. In summary, he was directing staff on what to do and approve, even to the extent that staff was to approach the County for assistance and relief.*
- 2. The applicant for new service appeal to the Board his assessment of \$32,000.00 for a service which he paid by check plus \$5.00 cash for a certificate. Examination of the appeal determined that a like service in the community reduced this assessment to \$3,500.00. The Board reduced his payable assessment to this amount. However, Goulet motioned to hold the \$32,000.00 deposit for up to one year, reviewed quarterly. This was possibly extortion, more likely a political ploy to gain personal favor and future business advantage by later monitoring and the return – motioning the return of the deposit. More good ol’ boy country politics to the detriment of our stockholders.*
- 3. On multiple occasions, Goulet has professed support and agreement with me on the board matters, even suggesting that I research and document relative support. Later, it became evident that he mislead me and used my materials against me, a flagrant manifestation of his duplicity, total lack of character. Further, this is a violation of his fiduciary duty for candor and truthfulness.*
- 4. On multiple occasions, including public meetings, Mr. Goulet has openly used crude, vile, and vulgar language, a serious character flaw, an offense to those present, and a poor reflection on the already failed reputation of Holley Navarre Water System.*

5. *On multiple occasions, Director Goulet has released confidential data and proceedings to the public, media, and social media in direct violation of board policy and good governance. Thus, he is acted in a tortious and unconstitutional fashion and has willfully, recklessly, and negligently failed to act as custodian. I move for his immediate expulsion from the Board and a prohibition against future service.*”

James confirms the director was notified at least five days prior, with Debbie stating yes, he was notified of the complaint on the date it was filed with the attorney. A member videotaping is again addressed, with the Sheriff’s deputy stating he will not be removing anyone for recording, as he spoke with Sheriff Johnson and they cannot stop people from recording a meeting if it has an impact on the public. It’s also noted on this complaint that the director is not present to make any comment.

Geo Mayer now reads his complaint against Daryl Lynchard:

“April 26, 2018. I, Geo Mayer, Board of Director of Holley Navarre Water System do forth bring cause for removal as Director of Holley Navarre Water System Board of Directors against Daryl Lynchard.

1. *Director Lynchard has released to the public, press, and social media confidential board matters to the detriment and harm of the corporation and its directors.*
2. *Director Lynchard has released to the South Santa Rosa News inaccurate, salacious data demeaning to the members of the Board of Director. Director Lynchard maintains that he has no control or influence with this media outlet since it is owned not by him rather his spouse.*
3. *Mr. Lynchard personally directed the hiring of a management employee responsible for the loss of hundreds of thousands of dollars and supported and defended him during the course of the enormous losses. He has grossly violated his fiduciary responsibility.*
4. *Director Lynchard has conspired with board member Goulet regarding Item 1 above.*
5. *Director Lynchard has conspired with Director Goulet and all members of the prior Board of Directors to surreptitiously transfer hundreds of thousands of dollars from Holley Navarre Water System to the Club at Hidden Creek in support of their increasing and ongoing operating losses.*
6. *Director Lynchard has continuously worked to undermine certain fellow directors to the detriment of the corporation and his obligation to be frank, candid, and fiduciary responsible. I move for his immediate expulsion from the Board and a prohibition against future service.*”

Debbie confirms the complainant was notified of the complaint at least five days prior to the meeting and the director is not in the room.

Debbie reads the next complaint, which is Daryl Lynchard's against James Calkins, Ricki DeSantis, Geo Mayer and Debbie Gunnoe. She confirms the directors were all notified of the complaint at least five days prior and that the complainant is not in the room, but the directors are present (one by phone). Debbie reads the complaint:

"I am requesting a special meeting of the members for the purpose of removing the following board members – James Calkins, President, Ricki DeSantis, Treasurer, Geo Mayer, Board member, and Debbie Roach Gunnoe (Debbie states she's unsure why "Roach" was included), Secretary. It is my belief that if these board members continue, irreparable – will be done to Holley Navarre Water System, Holley Navarre and its affiliate corporations. This is a member-owned organization, should be managed by Board of Directors who have the members' interest at the forefront of their actions. It appears that these board members are incapable of acting in the members of Holley Navarre Water System best interest and are only on the Board to serve their own interest.

- 1. These board members did conspire to fire the general manager of the Club at Hidden Creek, a wholly owned subsidiary of Holley Navarre Water System, Inc., who was under contract, in order to hire a personal friend of board member Geo Mayer. These board members did collude and conspire to develop a contract for Mr. John Childs that would cost the Club at Hidden Creek and Holley Navarre Water System hundreds of thousands of dollars and give Mr. Childs the ability to purchase the golf course at his will. These board members did collude and conspire to vote to hire Mr. John Childs without a job opening, without any job posting, without any application process, without interviewing any other qualified applicants, without consulting or informing the chairman of the personnel committee. These board members have caused a suit to be brought by Mr. Jim Morgan that could cost the members of Holley Navarre Water System hundreds of thousands of dollars. By giving Mr. Childs the ultimate ability to purchase the Club at Hidden Creek, these board members plan to misappropriate property owned by the members of Holley Navarre Water System, Incorporated. These board members have harassed the employees of Holley Navarre Water System, Incorporated, and its affiliated entities, which has a detrimental effect on their operations. These board members did lie to the general membership on April 24th, 2018, when asked by the member present of their actions to fire Mr. Jim Morgan and both to hire Mr. John Childs. It is my belief that Mr. John Childs should be present at this meeting and determine his exact involvement in these potentially illegal*

activities and should evidence be brought – produced that any illegal act took place in these negotiations, the proper authorities should be notified and charges brought. These charges are filed pursuant to Article 8, Section 6 of the Holley Navarre Water System, Incorporated bylaws, Daryl Lynchard, and that dated April 27th, 2018.”

Debbie states the complainant is not in the room, however the directors are present. She also confirms everyone was notified of the complaint on April 27th.

Debbie speaks to the accusations in the complaint, claiming they are untrue, that she did not lie to the membership by refusing to release confidential information, never harassed the employees of HNWS and would never agree to sell the golf course, as it's necessary to spray effluent. Ricki and James agree with her statements and feel the complaint is retaliation.

The Board moves into private session to determine good cause on the additional complaints

1. Debbie Gunnoe's complaint against Will Goulet: **Ricki DeSantis motions there is good cause to proceed with the complaint from Debbie Gunnoe against Will Goulet. Geo Mayer seconds. Geo Mayer, Debbie Gunnoe and Ricki DeSantis vote "aye." James abstains, stating the president always abstains unless breaking a tie. Motion passes.**
2. Geo Mayer's complaint against Will Goulet: **Ricki DeSantis motions there is good cause to proceed with the complaint against William Goulet. Geo Mayer seconds. Geo Mayer, Debbie Gunnoe and Ricki DeSantis vote "aye." Motion passes.**
3. Geo Mayer's complaint against Daryl Lynchard: **Debbie Gunnoe motions there is good cause to proceed with the complaint against Daryl Lynchard. Ricki DeSantis seconds. Geo Mayer, Debbie Gunnoe and Ricki DeSantis vote "aye." Motion passes.**
4. Daryl Lynchard's complaint against James Calkins, Ricki DeSantis, Geo Mayer and Debbie Gunnoe: **Ricki DeSantis motions the complaint is absent good cause and the complaint is dismissed. Geo Mayer seconds. Debbie Gunnoe, Geo Mayer and Debbie Gunnoe vote "aye." Motion passes.**

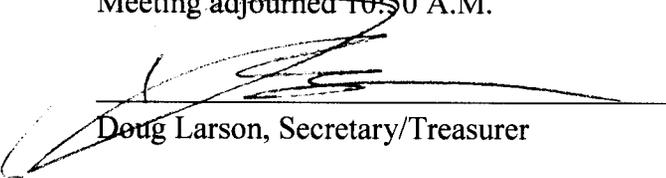
The Board returns to the board room and resumes the public meeting

James announces the results of the votes, which are: Debbie Gunnoe's complaint against Will Goulet, Geo Mayer's complaint against Will Goulet and Geo Mayer's complaint against Daryl Lynchard were determined to have good cause to proceed.

The complaint against James Calkins from Doug Larson and the complaint from Daryl Lynchard against James Calkins, Ricki DeSantis, Geo Mayer and Debbie Gunnoe was found absent of good cause and dismissed.

Debbie Gunnoe motions to adjourn the meeting. Geo Mayer seconds. Motion passes unanimously.

Meeting adjourned 10:50 A.M.



Doug Larson, Secretary/Treasurer