

MINUTES OF OHCA BOARD MEETING FEBRUARY 21, 2023

7:00 PM, Eastport Fire Department

Board Members, Officers and Committee Chairs present at the meeting:

- Winston Dunkley, Chairman of the Board
- Kathy Burk, President & Board Member
- Calvin Kidd, Board Member
- Joe Matta, Board Member
- John Maxwell, Board Member
- Benny McCottry, Board Member
- Sharon Merrick, Board Member
- Nancy Plaxico, Board Member
- Don Krause, Vice President
- Jody Tracey, Recording Secretary
- Patty Jenkins, Special Tax Treasurer
- Shawn Danoff, Finance Committee Chair
- Barrett Hill, Piers & Harbors Committee Chair
- Dan Craig, RFP/Remediation Committee Chair
- Kurt Karsten, OHCA Attorney

Chairman Winston Dunkley called the meeting to order at 7:04 pm. After welcoming everyone, he asked for a moment of silence.

Approval of Minutes of January 17, 2023 Board Meeting

Nancy Plaxico moved and John Maxwell seconded a motion to approve the minutes of the January 17, 2023 OHCA Board Meeting. APPROVED UNANIMOUSLY BY VOICE VOTE.

Financial Reports for Jan/YTD FY 2023

Winston asked if there were questions regarding the Jan/YTD financial reports, which were sent to the board prior to the meeting. Shawn Danoff noted that the cost of Zoom for OHCA was lowered to \$199 a year and OHCA received an \$1800 refund from Zoom. He also noted that the bank statement for the Piers & Harbors account is now included with the monthly financial reports sent to the board. Patty Jenkins said that OHCA should receive the tax revenue check from the County soon.

President's Report

Kathy thanked Mike Wierzbicki for all his assistance with Officer Manager functions since Nick Jones resigned abruptly from that position. Mike and Patty Jenkins have both helped a lot in getting the office functions back on track.

Kathy gave an update on moving to ProCom as the property management company for OHCA. The County was picky about requirements in the contract with ProCom, and Kurt Karsten helped with the

necessary changes to the contract. The contract is now ready to be signed and will be signed tonight by Chair Winston Dunkley. March will be a transition month to ProCom, and ProCom will take over as OHCA's property management company on 4/1/23.

Kathy reported that the last of the OHCA 1099s for 2022 will go out by next week. We have had trouble getting needed information for the 1099s from some vendors, such as SR Marine and the caterer for OHCA parties last year.

There have been requests from residents to replace some of the outdoor furniture at the beach and Fishing Creek Park. The Beach Committee and Community Property Committee are looking into that. The Beach Committee plans to have a porta potty in place at the beach sometime in March, and beach cleaning will begin in mid-March.

Kathy reported that we will set up a separate Quickbooks account for Piers & Harbors, which will enable us to do proper reporting and reconciliation. Piers & Harbors Chair Barrett Hill reported that notices about slip fees for this year will go out soon, and slip fees will be increased \$1 per foot per month, from \$2 to \$3 per foot per month. He noted that even with that increase, OHCA slip fees are way below market. He would like to add security cameras and fresh water (via a well) at the piers. Shawn asked if security cameras at the piers would benefit the whole community so could be paid for with Special Community Benefit District (SCBD) funds. Kurt Karsten said that he met with the County and they said the maintenance of piers could be justified as an expenditure under SCBD since the piers are a benefit to the whole community. Kathy noted that the slip fee increase will help us build up a Piers & Harbors operating reserve and a longer term reserve for capital projects. She added that Piers & Harbors revenue is also used for Benevolence purposes and community events. Shawn asked if ProCom will collect slip fees, and Kathy said that eventually will be the case.

John Maxwell asked if the Piers & Harbors Committee is responsible for the kayak racks and Kathy said yes. Barrett noted that the committee is thinking of charging about \$5-10 for a sticker to put on kayaks kept on the rack, to help clear out those kayaks that are not actually being used.

Shawn said that OHCA is currently running on cash accounting and needs to change to accrual accounting. Kathy said ProCom has recommended that we not convert to accrual accounting until the start of the next fiscal year.

Kathy reported that Bonnie Epstein has resigned as Chair of the Social Committee, and Barrett Hill has stepped in as Interim Chair. Barrett announced there will be a Sock Burning on March 23 and an Easter Egg Hunt on April 8. We are also planning a beach party in the summer, parade on July 4, oyster roast in the fall, and Santa Run before Christmas.

Special Audit of SCBD and Piers & Harbors Funds

Kurt Karsten reported that the Board asked him to meet with the Anne Arundel County Office of Law to discuss what appears to have been a systematic transfer of a substantial amount of SCBD funds to the Piers & Harbors account over the past six years, the expenditure of which had not been reported to the

County as part of the mandatory annual audit, which would not be in compliance with County requirements for SCBD funds or the OHCA Constitution. It appears that at least \$275,000 were moved from the SCBD account since 2016 to a new Piers & Harbors account, and those funds were spent without being subject to audits and requirements on the use of SCBD funds or OHCA Constitutional two-signature safeguards. In addition, it appears that about \$36,000 in cash was withdrawn by debit card from the new Piers & Harbors account over that time, and a number of expenditures from the Piers & Harbors account during that period were not accompanied by vouchers or receipts. Upon hearing this information, the County Office of Law informed Mr. Karsten that OHCA needed to meet directly with the Anne Arundel County Auditor, which Mr. Karsten then did.

In that meeting, after discussing the above information, the County Auditor and County Assistant Auditor directed OHCA to undertake a special audit to ascertain exactly what happened with the roughly \$275,000 of County collected tax funds over that period and submit a report to the County Auditor on those findings, along with a proposed resolution to bring OHCA back into compliance with SCBD requirements. The report and proposed resolution will need to be submitted to the County before the annual audit deadline at the end of this fiscal year (9/30/23). Given this deadline, Mr. Karsten recommended that the audit be completed as soon as possible so there is ample time to discuss the outcome of the audit with the County and determine a resolution that is acceptable to the County before the disbursement of funds would occur for FY 2024.

The County Auditor very much appreciated OHCA “self-reporting” these issues and OHCA’s desire to correct them and be fully in compliance with County law and requirements. Normally the County would withhold any further funds from a Special Community Benefit District when such issues are identified, until they are rectified; but since OHCA has self-reported the issues and brought them to the County, the County is willing to try to identify a different path by allowing OHCA to undertake a full audit and submit a report explaining what was found and a proposed resolution, and then try to work out a resolution that would avoid withholding future tax funds, if possible. The County Auditor also recognized that OHCA had paid for and submitted annual audits that appeared to be in compliance for the entire period of time, which audits were performed by an outside Certified Professional Accountant (CPA) who apparently was unaware of the transfers being made out of the SCBD account into the Piers and Harbor account or the expenditures from that Piers and Harbor account.

Mr. Karsten then discussed with the County Auditor and County Assistant Auditor the Scope of Work for the special audit:

Scope of Work for Special Audit

1. *Review the incoming deposits into the Special Community Benefit District (SCBD) and Piers & Harbors (P&H) accounts to determine the sources and amounts of “income” into each, and what transfers were made between the two accounts.*
2. *Review the expenditures from each account to determine what amount of expenditures were made that fit the approved purposes of the SCBD statutory language and what amounts, if any, did not.*
3. *Review the expenditures from each account to determine how the additional Pier Slip fee income was spent.*

4. *Review the expenditures from each account to determine whether all of the expenditures (both SCBD and P&H) were made in the manner required under the OHCA Constitution and were therefore authorized expenditures on behalf of OHCA.*
5. *Issue a report for distribution to the community which summarizes the results of the analysis on those four items and which includes a section on item 1 and 2 which can be excerpted and provided to the County Audit Department.*

At the request of the OHCA President, Mr. Karsten got estimates from three accounting firms for a special audit based on the above Scope of Work. All three bidders have strong credentials and came highly recommended. All three bids were based on “time and materials” but gave an estimated cost for the audit. The bid with the lowest estimated cost and the one that seemed the most reasonable was from Stout (www.stout.com), which estimated the audit cost to be about \$15,000.

Joe Matta asked if the auditor would do presentations to the Board and community after the audit is completed, and Kurt responded yes.

There was a discussion about how far back the audit should go. Since the new Piers & Harbors account was opened in 2016, it was decided that the audit should go back at least seven fiscal years (FY 2016 to FY 2022). Based on the findings from those years, the auditor might recommend that the audit go back farther in time.

John Maxwell noted that he supports having the special audit, but would vote no on the motion to select the auditor since he thought we did not strictly stick to the procurement policy, and he would like to review all the bids before making a decision on the auditor. Shawn Danoff, Finance Committee Chair, commented that in addition to the Board, the Finance Committee was included on all the emails about the bids and he agreed with the recommendation on the auditor.

Nancy Plaxico moved and Winston Dunkley seconded a motion to approve a contract with Stout for a special audit of OHCA Special Community Benefit District and Piers & Harbors funds, covering at least the past seven fiscal years (FY 2016 to FY 2022) and based on the Scope of Work discussed with the County and included in the materials for this Board meeting. APPROVED BY VOICE VOTE, with John Maxwell voting no.

RFP/Remediation Committee Update

Dan Craig, Chair of the RFP/Remediation Committee, reported that we have not received an update from the Maryland Department of Environment (MDE) on the status of the State Attorney General’s review, and we are still awaiting the go-ahead from MDE to begin the remediation work to remove the unauthorized landfill in the wetlands at the end of Cross Road.

Kathy reported that she had an email last month from Joseph Louis, a representative of property owner Stewart Anderson, which said Mr. Anderson “is in agreement to moving forward in removing the mulch trail at his own cost.” Kathy asked Mr. Louis to elaborate and provide further details, but she did not hear further from him.

Joe Matta asked if anyone had seen the study that Mr. Louis's firm Firefly did for OHCA at former President Eric Epstein's direction last summer, and Kathy responded she has not seen it, nor has anyone that she is aware of aside from Eric. Kathy added that Mike Wierzbicki is looking for the study on the OHCA Google Drive.

Old Business

Kathy commented on the presentation made by two youth from Oyster Harbor at the January 24 Community Meeting, asking that a two foot mulch barrier at the OHCA Harbor Lot be moved a few feet to make it easier to play wiffle ball there. As many as 40 youth are gathering at the Harbor Lot to play wiffle ball now. Joe Matta volunteered to take the lead on that matter and come back to the board with a plan to address it. Lee Downing, whose son Liam was one of the two youth presenting at the community meeting, noted that the boys have put together their own money to buy the wiffle ball equipment, and she has never seen the Harbor Lot so busy.

There was a general discussion about other sports that could be added at the Harbor Lot, such as pickleball. Jody Tracey commented that we need to have a community survey to see what community members want there, and the new property management company ProCom could perhaps help set up that survey once they take over in April. Lee Downing noted that adults are the ones most likely to fill out a survey, and we should not forget the kids in the community in planning what will be done at the Harbor Lot.

Keith Smith reported on the inquiry he made to Baltimore Gas & Electric (BGE) about whether Oyster Harbor has had more power outages recently. After checking their records, BGE confirmed that we did have a higher number of outages from November through January, and BGE is sending a crew to check it out.

New Business

John Maxwell, the OHCA lead on a County pet waste survey, announced that the survey is now available and encouraged community members to fill it out. The survey is from the Anne Arundel County Bureau of Watershed Protection & Restoration and will help address bacteria pollution in local waterways caused by pet waste. The short survey is at <https://www.surveymonkey.com/r/AAW2023?fbclid=IwAR0z8MuQV5qvKECNpLCOiL6QfyLa7V045tNAvrTAA1RmCsi9B5-dAw518Oc> and that link is on the Oyster Harbor Facebook page. Survey responses will help inform best practices for pollution reduction efforts.

Sharon Merrick commented that she would like Oyster Harbor to become a model community ecologically, and she asked for help in starting such an initiative.

Joe Matta discussed a proposal to buy new outdoor furniture at the beach.

Joe Matta moved and Winston Dunkley seconded a motion for OHCA to spend up to \$25,000 for new outdoor furniture at the beach. APPROVED BY VOICE VOTE.

Beach Committee Chair Dan Craig reported on a meeting that he, Joe and Don Krause had at the beach to discuss needed improvements there. Two slides need to be repaired or replaced, and Don Krause is taking the lead on that. Dan is repairing the sea nettle nets and doing other work, and Joe is taking the lead on the new outdoor furniture.

Joe Matta moved and John Maxwell seconded a motion for OHCA to spend up to \$15,000 to improve the Harbor Lot. APPROVED BY VOICE VOTE.

Kurt Karsten asked if anyone knows whether OHCA has a song. Dan said that Eric Epstein commissioned one about five to ten years ago, but no one in the room knew further about that.

Adjournment

Since there was no further business, the Chairman adjourned the meeting at 8:48 pm.

Minutes drafted by Board Secretary Nancy Plaxico and approved by OHCA Board at 3/21/23 Board Meeting