

Antigua Condominium Association
Minutes of the Special Meeting of the Board of Directors
(Executive Session)

February 4, 2024

The special meeting of the Board of Directors of the Antigua Condominium Association was called to order by Mike Falkner, president, on February 4, 2024, at 7:30 p.m. The meeting was held via Zoom. The following directors were present: Mary Dischinger, Randy Ditch, Mike Falkner, Robert Mayer, Sheri Miller, Ellen Schweiger and Rosey Whittaker. A quorum was present. Kat Ilkhani and Mike Keenan arrived a few minutes late.

Motion to Meet in Executive Session. Mike Keenan moved and Robert Mayer second that the Board meet in executive session pursuant to Md. Condominium Code sec. 11-109.1(a)(1) and (6) to discuss matters pertaining to employees and personnel and to consider the terms of business transactions that are in the negotiation stage. The motion was passed on a vote of 6 in favor, 1 opposed and 2 absent. Those in favor of the motion were: Mary Dischinger, Randy Ditch, Mike Falkner, Robert Mayer, Sheri Miller and Ellen Schweiger. Rosey Whittaker opposed to the motion. Kat Ilkhani and Mike Keenan were Kat Ilkhani stated later in the meeting that had she been present she would have voted against the motion.

Electricity Contract. The first order of business was the electricity contract with NextEra. The contract is a five-year contract expiring within the week. The Board discussed two alternatives: Entering into a new contract now or waiting until the matter of professional property management is resolved. A property manager may have an additional perspective on the matter. If we waited, the electricity rate would increase to the current Delmarva rate. There is no contractual term and we could switch to an alternative vendor later. It was decided that it was better to enter into a new contract rather than wait for the resolution of the property manager matter. Upon motion made by Mike Falkner and seconded by Sheri Miller, it was moved that the condominium enter into a new five-year contract with NextEra with a rate of 9.5720 cents per kilowatt-hour. The contract has a cancellation fee. The motion was carried with a vote of 8-1. The directors voting in favor of the motion were: Mary Dischinger, Randy Ditch, Mike Falkner, Mike Kennan, Robert Mayer, Sheri Miller, Ellen Schweiger and Rosey Whittaker. Kat Ilkhani voted against the motion.

Executive Session Decision Revisited. Kat asked why the Board meeting was being held in executive session. She was not present when the vote was taken and thought that the meeting should be open to the owners. The matter was discussed further. The meeting was being held in executive session to protect the condominium from the possibility that one of the prospective property managers would find out what the other bids were and alter its proposal to the detriment of the condominium. The information should be kept confidential during the negotiation phase. It is anticipated that there will be a round-table meeting of the Board and the prospective management company to meet the principal, obtain further information and

evaluate the proposal. The meeting should be confidential and in-person. After the meeting, the Board will decide what to do next.

Professional Property Management. Mike Keenan presented the report of the Management Committee. The Committee consists of Mike Keenan, Randy Ditch and Robert Mayer. Mike reported that the Committee was organized towards the end of the 2023 season and has been operating since then. It was appointed because the Board felt that the current self-management business model coupled with the shortcoming of the current maintenance company was not operating as the Board would like and that alternatives should be investigated. The Committee identified 13 prospective professional property management firms serving Ocean City. Nine were eliminated for various reasons. Some did not offer what we were seeking. Others were not taking on new clients at this time. The list was narrowed to four: Mann Properties, Shore Management, Legum & Norman and Braniff Property Management. The entire Committee interviewed each of the four companies. Proposals were received from each. Additional interviews and requests for information were conducted by phone and in person to answer questions and obtain additional information.

The maintenance/custodial aspect is important. The Committee prepared a list of the work that the maintenance/custodial company should perform and the frequency it should be performed. This added additional time to the investigation to both prepare the list of duties and for the four management companies to review it and provide the cost of the services. All the property management companies were given the same maintenance/custodial requirements. Third party maintenance work is not included in the maintenance/custodial contract. It is outside the scope the current contract with 1 Stop. These costs are incurred on an as-needed basis whether there is self-management or professional management and exceed the ordinary light maintenance included in maintenance/custodial contracts.

The opening, closing and operation of the pool is also not included in the maintenance/custodial specifications. All the management companies contract with a pool company for those services. Those services are presently in the 1 Stop contract although this year, 1 Stop subcontracted the closing of the pool to a pool company.

With the information in hand, the Committee prepared a spreadsheet showing the costs of each company for setup fees, administration, office administration, an on-site office attendant, payroll preparation costs, operation of the pool through a pool company, and bookkeeping services. These costs were compared with the Antigua's 2023 expenses under self-management. The total of the costs on an annual basis are:

Mann Property	\$145,895
Shore Management	\$ 91,400
Braniff Property Management	\$ 82,919
Legum & Norman	
Option 1, Full-time Administrator	\$138,311

Option 2, Part-time Administrator \$105,477
Option 3, On-Site Manager \$155,666

These compare to the Antigua's 2023 costs of \$135,836.

Braniff did not include the cost of a maintenance/custodial contract. Braniff used 1 Stop Management as its maintenance/custodial contractor on its properties. However, there was a parting of the ways and Braniff changed its proposal to administrative services only. Its overall cost of \$82,919 did not include maintenance/custodial services which we would have to obtain elsewhere and supervise. This effectively took Braniff out of consideration.

Legum & Norman is a large, national management company. It presented three options for administration: a full-time administrator, a part-time administration and an on-site manager. The last option, the on-site manager, is in lieu of our present office attendant position.

Mann Property, a well-regarded management company in Ocean City, had the most expensive administration cost and, except for Legum & Norman's Option 3, on-site manager, was the most expensive.

Mike concluded by saying that the Committee reviewed the history of self-management since Karen Burton left almost seven years ago and concluded that it was not working. There was a continuing decline in the quality of the services rendered to the condominium. The Committee recommended that the condominium contract with a professional management company and that Shore Management be considered further.

Mike Falkner asked about the office attendant position at the Antigua. The position is a part-time position. In the off-season the office attendant is the sole employee at the Antigua office. During the season, a second part-time office attendant is hired to assist in the additional workload. Under the proposals presented by Mann, Braniff and Shore, the office attendant would be an Antigua employee and not the employee of the management company. Legum & Norman, under Option 3, would provide an on-site manager who would be Legum & Norman's employee.

Handling the payroll is a consideration. There is an expense to doing it and it takes a consistent and regular effort by an individual to see that it is done timely each week. We spent \$1,223 in 2023 on software to process the office staff's payroll. That is a relatively high cost in relation to the payroll itself. Perhaps more important, someone has to process it on a weekly basis. Our present bookkeeper processes the payroll as part of her duties. All the management companies will take the accounting function in-house and we will not have the separate expense of a bookkeeper. Shore would handle the payroll functions, but the office attendant would remain the Antigua's employee. Mann would not process the office attendant's payroll and we would have to find another way to meet our payroll responsibilities. Having the treasurer or another Board member responsible for this function is neither workable nor

appropriate. Board members are unpaid volunteers and this is a year-round job justifying compensation. All Board members are non-residents. Over the years, the Board member responsible will change and there is no assurance that the consistency required would be present over the years. The mechanics of meeting the payroll on a consistent basis other than by hiring an outside person or using a payroll processing firm is not a reasonable expectation. Payroll processing firms do not appear to be cost effective for one or two employees. The work includes preparation of employment tax returns and paying the withholding.

Mike Falkner also asked about the cost shown for maintenance/custodial contracts. Mann's was \$48,000; Legum & Norman's, \$59,974; and Shore's, \$20,000. Shore's was significantly lower than the others. Mike Kennan said that he had seen that as well and looked into it. All the management companies received the same list of duties. He asked Shore how this was determined and was told that she had reviewed it with a company she uses to provide these services and would provide them for the amount she quoted. Mike noted that the proposal was for six days a week service, not seven. This matters during the season and would have to be addressed.

The discussion turned to the current employment situation. The office attendant resigned and moved to Florida for personal reasons. The bookkeeper gave her notice. She was resigning for health reasons. 1 Stop Management gave its 60-day notice of termination.

The bookkeeper position does not need to be filled with a professional management company. Each management company will take the accounting functions in-house and the position will be eliminated. In 2023 we paid the bookkeeper \$8,840. Our current bookkeeper will stay on for a reasonable time after her notice period expires.

The maintenance/custodial contract will change. 1 Stop had an on-site employee and is responsible for the operation of the pool. It is a Certified Pool Operator. It takes regular tests of the pool and maintains the pool. Its contract included opening and closing the pool. The management companies all contract with pool companies to open, close and maintain the pools in the condominiums they manage. The current cost for a pool company is about \$8,000 for the year. In addition, the maintenance/custodial contracts differ from the current 1 Stop contract in that they have a list of duties to be performed and not a prescribed number of hours to be worked. While 1 Stop also had duties to perform, the on-site employee had set hours. There was discussion of whether 1 Stop's on-site employee actually had the work to fill all the hours he was scheduled to work, a different subject than the quality and timeliness of his performance of them. These changes are some of the reasons why the management companies' costs differ from the Antigua's 2023 costs.

The question of opening and closing the pool and preparing the pool for storms was raised. The opening is part of the pool company's contract. Rosey pointed out that chemical readings should be taken before the pool is opened for the day, as well as throughout the day. Closing the pool in the evening is a different issue. The office attendants will be gone. This will

have to be addressed, and it may be necessary to have a pool attendant in the evening for this function.

It was noted that during June, 1 Stop provided security for Friday and Saturday nights from about 11:00 p.m. to 3:00 a.m. This is not included in the maintenance/custodial duties submitted to the property managers.

Shore Management would be available for recruitment of the pool attendant and, as needed, the office attendant. It was thought that a professional, experienced property manager might be better situated to recruit staff than our historic practices.

There were various questions left open. In light of the favorable maintenance/custodial quote, there were concern that the maintenance/custodial contract should be reviewed as a part of the consideration of Shore's proposal. Mike will get additional information from Shore and a list of current condominiums that Shore represents so that we can contact the condominiums for their comments on Shore's management. Rosey and Mike will make the contacts.

Decision to Stay with Self-Management or Change to Professional Management. Mike Keenan asked that the Board decide whether to change to professional management or remain with self-management. He noted that the physical state of the building had deteriorated since Karen Burton left. Self-management has not worked for the condominium and we cannot continue with this state of affairs. Kat expressed her skepticism that any professional management company would work. She reminded the Board that we had tried professional management before with ManaJit. ManaJit worked for the condominium from approximately the fall of 2018 to the spring of 2019. That had not worked out. Mike Keenan said that during ManaJit's term, the maintenance was performed by Ryan Zynn and Billy. There was some issue in this regard and with the Board which resulted in the termination of the contract.

Sheri stated that a lot of work fell on the shoulders of the Board with self-management. She did not think that it was fair that the burden of self-management should rest on the Board members who were working for free. Self-management did not work. We had done the best we could, but it just did not work.

Rosey remembered a spring owners' meeting where three prospective managers were presented to the owners who then made the selection decision.

Kat again raised the question of why the meeting was held in executive session and why owners were not able to be present. She stated that had she been present when the vote to go into executive session was taken, she would have voted against the motion.

Sheri replied that the decision on management and on hiring a management company was a Board decision.

Kat asked why the proposals had been held and not presented earlier. Mike Kennan addressed the question and said that they were not held. A lot of work and effort went into the search and the evaluation of the proposals. Additional information was needed after the proposals came in. The preparation of the maintenance/custodial requirements had taken time and Shore undertook a careful review of them in preparing its response.

Ellen noted that we would need to speak with other condominiums that Shore managed.

Robert moved and Mike Keenan seconded that the Board proceed with the search of a professional management company. The motion passed, 7-2. The directors voting in favor of the motion were: Mary Dischinger, Randy Ditch, Mike Falkner, Mike Kennan, Robert Mayer, Sheri Miller and Ellen Schweiger. Kat Ilkhani and Rosey Whittaker voted against the motion.

The Board will continue negotiations with Shore Management. An in-person Board meeting, in executive session, will be held so that all Board members can meet the principal of Shore in person and ask questions and seek clarifications. Mike Keenan will obtain clarifications and additional information requested by Board members and a list of condominiums that Shore represents. Rosey and Mike will contact board members from the list. A tentative date for the in-person meeting was set for the weekend of February 23.

Office Staffing. Ellen raised the question filling the office attendant position. It was agreed that she would use the ad in the Board package, modified as appropriate, to search for suitable candidates.

Fire Marshal. Mike F. informed the Board that the Fire Marshal responded to an inquiry about the geothermal leak. Atlantic came over with the Materials Data Book and information on the glycol. It is a non-toxic material. The matter was apparently concluded to the satisfaction of the Fire Marshal. The contract for the repairs has been signed and Atlantic will repair the leak shortly.

Adjournment. Robert moved and Randy seconded that the meeting be adjourned. The motion passed on a unanimous voice vote.

Mike adjourned the meeting at 9:17 p.m.

Respectfully submitted,

/s/ Robert Mayer

Robert Mayer
Secretary