Orr's-Bailey Yacht Club
Board of Directors
Minutes
February 17, 2026
6:00 p.m. via Zoom

Directors Present: Allan Jarvis, Commodore; Andy Rusczek, Vice Commodore Dawn Kalmar, Secretary; Liz Incze; Howard Levitan; Tara McCarthy; Lee McIlvaine; Chris Nichols; Tom Nicholson; Christine Patton; Janice Skillings-Goff; Phil Sumner

Guests: Kristin Fletcher, David Hamilton, Treasurer

1. Call to Order

The meeting was called to order by Commodore Jarvis at 6:03pm.

2. Minutes

On a motion Patton with a second by Nicholson, the vote was unanimous of those present to approve the January 20, 2026 minutes as presented.

On a motion Patton with a second by McCarthy, the vote was unanimous of those present to approve the February 2, 2026 special meeting minutes as presented.

3. Treasurer's Report

Hamilton reviewed the financial report for January 2026. Gross profit exceeded expectations due to strength of AFSS Tuition Income. Operating expenses were $10,369 exceeding expectations and driven by the cyber incident. Net Operating Income was below budget by $685 due to strong operating income.

Kalmar asked if the $10,000 in lost funds due to the cyber incident were considered a loss to the Club. Levitan explained that it may be more appropriately re-categorized as a capital loss rather than an expense. Hamilton will follow up with the accountant to seek advice on how to most appropriately account for the funds, which will have potential implications for tax filing as well. Pending the accountant's advice, Hamilton will re-issue the January 2026 financials with the funds appropriately categorized and to avoid the carry-forward of the $10,000 loss each month.

On a motion by Nichols and second by Levitan, the vote was unanimous to approve the financial statement for January 2026 as submitted subject to re-issuance following conversations with the accountant.

4. Old Business

(a) Capital Reserve Fee Member Communication Update

Jarvis shared that ~86% of recipients opened the communication within days of it being sent. Most of the responses indicated appreciation for the transparency in communicating

the situation. Three people requested additional information. These inquiries have been addressed and resolved.

(b) Cybersecurity Incident Update

Jarvis shared that 86% of the members had opened the cyber incident breach eblast as of the meeting date and that the only responses received from the membership thus far hve been thank you messages for the update.

Jarvis asked Hamilton to review the status of the action items from the February 2 meeting. Hamilton re-shared a summary of the facts related to the January cyber incident as previously shared and as they are currently known. Hamilton and Fletcher have followed up with the Club's bank and learned that two-factor authentication is part of their standard process for ACH transfers. The Sheriff's department indicated they do not have ability to conduct a forensic analysis of electronic fraud. They have assigned a deputy to the case. Hamilton has not received follow-up from the Sheriff's department. Hamilton filed a cyber fraud filing with the FBI. His understanding is that the FBI will review the information and decide whether to send this to an Agent for further investigation.

Rusczek and Hamilton conducted an interview with the bookkeeper to learn more about her systems and processes. She has a professional business IT security service in place. The IT firm examined her email and did not find anything amiss. Rusczek provided more on the conversation. He was reassured that she has appropriate processes in place. She has undergone security training independently and also behalf of other clients. She is happy to undergo an additional training on behalf of OBYC. In addition to her own security measures and software, several of her clients have performed independent security checks on her computer and she was found to be in compliance.

Hamilton has hired someone to investigate his own email account.

There are two ways for recovery of funds. Reversal of the transfer. OBYC's insurance does not cover it. The two banks deny wrongdoing. The bookkeeper does not intend to pursue the matter with her insurance given the facts.

As a general matter, ACH transfers are confirmed by the person transferring the funds who calls to confirm the account information before releasing funds. In this case, there was confusion as to who provided the authorization.

Skillings-Goff asked if we know whether the Club's bank contacted the recipient's bank and if that would have made a difference in our ability to recover the funds.

Kalmar summarized what has been learned and discussed: There appear to be several missed opportunities to prevent the loss of Club funds. Without law enforcement pursuing an investigation, without insurance coverage for cyber incidents and without the bank showing

interest in pursuing the matter further, it appears that the Club is faced with hiring someone to formally investigate whether there is a potential liable party and, if there is, the Club would then be faced with deciding whether to prosecute. Further pursuit of the recovery of funds now would appear to involve incurring additional costs without certainty of recovering the funds.

A discussion ensued, including revisiting previously shared facts related to the loss of Club funds.

Fletcher shared that she has explored stand-alone insurance coverage for a cyber attack. After she and Skillings-Goff reviewed the application, they agreed that the Club does not appear to qualify due to certain requirements, which are more applicable to small businesses, including that the individuals involved in managing finances work on a shared network with an administrator.

Nichols asked about whether D&O insurance covers this sort of cyber incident. McCarthy reminded the group that we increased D&O insurance in 2025. Nichols asked if the policy covers this sort of cyber attack.

Rusczek sees diminishing returns for the pursuit of recovery of funds given the known facts and circumstances. The loss, while regrettable, is something the Club can recover from. A more catastrophic attack would involve the Club accounts. He shared several examples of potential safeguards against vulnerabilities that could be considered and implemented, including administrative (i.e. policies, restrictions on access, Club-specific email accounts instead of using personal accounts for Club business).

Jarvis asked whether the Board believes anything more can and should be done to attempt to recover Club funds and what activities should be undertaken to protect the Club finances going forward.

There was a discussion of the status of the various investigations and that the Board has done everything it knows to do to pursue the recovery of funds. There is no single obvious culprit that can be pursued and resources (time and money) would be required to go further.

Jarvis asked the Board if the Board considers that it has investigated the matter and pursued it to the best of its ability and that there are not reasonable additional means to recover Club funds. On a motion by Incze with a second by Nicholson the vote was unanimous of those present to wind down the investigation and proceed with forward-looking actions to protect the Club.

Kalmar suggested a communication to the members to request volunteers for a subcommittee to evaluate and recommend systems and processes to protect the Club

finances going forward. There was agreement that Board oversight would be required. Jarvis will draft the communication to members for Board review.

5. New Business

(a) 2026 New fee billing

The Finance Committee recommends the billing for annual dues and the Capital Reserve Fee proceed as planned and initiate ASAP using the same payment options that have been used in the past. The Committee believes the QuickBooks process is secure and has been successfully used. Funds will be transferred to the new account

On a motion by Nicholson with a second by Levitan, the vote was unanimous of those present to approve the Finance Committee's recommendation.

(b) Honorary Lifetime Members: New Fee

There are 3 honorary lifetime members. The honorary membership program was discontinued in 2007. Honorary members are exempt from dues but not fees. This was flagged for future discussion as we consider increases to Club dues.

(c) Succession Planning (Continued from January 20)

Jarvis shared a summary of what is required to serve in leadership roles. He believes that everyone on the Board has the capabilities required to serve in any of these roles. He is initiating the process now to work toward a transition of the Commodore's role prior to the Annual Meeting.

Nichols asked whether a single Commodore was needed and whether shared leadership may be more efficient and palatable. He pointed to the example of the AFSS leadership model, which has successfully distributed the workload. Rusczek supported Nichols position and indicated he had similar thoughts.

In March, Jarvis indicated that he will have a discussion at the March Board meeting related to deciding a path forward for succession in these key roles.

6. Other Business & Next Meeting Date

The next regularly scheduled Board meeting is March 16, 2026 at 6:00 pm via Zoom.

On a motion by Incze with a second by Kalmar, the meeting was adjourned at 7:40 p.m.

Respectfully submitted,

Dawn Kalmar, Secretary