

MINUTES OF THE REGULAR BOARD MEETING
CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

Thursday, February 1, 2024

6:30 P.M.

Location: 12500 Alameda Dr. Norman, OK 73026

A. Call to Order

President Amanda Nairn called the meeting to Order at 6:30 pm.

Roll Call

Board Members Present:

President Amanda Nairn

Vice President Michael Dean

Treasurer Jann Knotts

Secretary Dave Ballew

Edgar O'Rear

Espaniola Bowen

Steve Carano

Board Members Absent:

None

Staff Present:

Kyle Arthur, General Manager

Kelley Metcalf, Office Manager

Tim Carr, Operations & Maintenance Supervisor

Others Present:

Dean Couch

Mark Roberts

Tim Barnes

Rachel Croft

B. Statement of Compliance with Open Meeting Act

Kelley Metcalf, Office Manager, stated the notice of the monthly board meeting had been posted in compliance with the Open Meeting Act.

C. Administrative

1. Public Comment

None

2. Treasurer Report- December 2023 financials

Ms. Knotts stated on the Balance Sheet the cash accounts are categorized as current assets, and the Treasury Bills (T-Bill) are categorized as other current assets. Both balances can be converted into cash at any point.

Ms. Knotts referenced the profit and loss section of the report, and stated the District is doing well controlling expenses.

Ms. Knotts then spoke about the budget vs actuals portion of the report. Employee wages are slightly higher for December, due to the COMCD Staff receiving safety and longevity bonuses.

Ms. Knotts prepared a spreadsheet to display the weighted average return on the fixed income assets, as requested at the previous board meeting by Mr. Ballew (document was handed out). Ms. Knotts and Mr. Arthur worked together to enhance the report. The District's average weighted return is 3.41%. Ms. Knotts stated that while there may be some bonds with better yields available currently, the spreadsheet shows that if the District sold any current bonds, it would be at a sizeable loss. Therefore, that strategy is not recommended.

Ms. Knotts also asked Mr. Lockard, of LPL Financial, to prepare a portfolio analysis report (document was handed out). Ms. Knotts added additional information to the report. The District has \$823,125 invested in mutual funds. The average annual total return percentage for 2023 is 12%. The average annual expense ratio for the District is 0.61%, and the industry average is 1.01%. The District's Investment Policy states no more than 10% be invested in a stock mutual fund at the time of purchase.

Ms. Knotts noted that the American Funds Inflation Linked Bond Fund (\$89,263) is not earning that much, and the District may want to sell and buy a 5% certificate of deposit (CD) or something else.

Ms. Ballew asked if the District has always reinvested the dividends and gains. Ms. Knotts said no. Returns from the mutual funds are reinvested. Income from Corporate Bonds and CDs are deposited into the operating account. Ms. Knotts said this practice could be changed if desired.

Ms. Knotts said that she and Mr. Arthur would be following up with Mr. Rob Lockard (District's Investment Advisor) to discuss the weighted average analysis results and opportunities to move money from underperforming funds to a better investment.

Ms. Nairn asked if there were any other questions or comments on the financials, hearing none she moved to the action portion of the meeting.

3. Discussion of initial draft budget FY 2025

Please see the packet for the budget documents.

Ms. Nairn stated this is the first review of the proposed budget. Depending on questions and comments, the hope is to have it as an action item at the next meeting. Prior to discussing the FY25 budget, Mr. Arthur discussed the overall cash position of the District, as well as ongoing or planned projects.

Mr. Arthur then discussed the handout titled “Overall Cash Flow”. Mr. Arthur stated he is projecting a little over \$2 million in cash on hand at the end of June 2024 (includes T-Bills). Mr. Arthur then stated, using the maximum amount of allowable carryover of \$1,250,000, the projected “surplus funds” balance at FYE 2024 would be \$797,137. Therefore, the District may have that amount of money to either dedicate to ongoing or planned projects, refund to the cities in some manner if available, or both.

Moving down the list of projects on the handout, Mr. Arthur said there are two broad categories of projects shown: “Surplus Funds Usage” and “ARPA Projects”. Mr. Arthur then discussed the projects on the surplus funds’ usage list. The total cost of these projects is estimated to be \$558,464. He noted that some of these have already been approved and are underway, while some will need Board action. Mr. Arthur then stated that while the cost estimate shown for the forebay cleanout is \$200,000, it is anticipated to be less than that—possibly as much as half of that amount. Mr. Arthur thanked the City of Midwest City for their willingness to allow the District to dispose of the sediment from the forebay in their sludge lagoons. This, in part, is why the project is anticipated to cost less than originally thought.

Mr. Arthur then discussed the ARPA Projects list. He reminded the Board that the original amount of funds available was \$1.355 million. The total amount of estimated costs remaining for these projects is \$837,503, however the ARPA reimbursement balance is only \$731,257. Thus, resulting in a projected overage of \$106,246, that would have to come from the surplus funds.

In summary, the District has an excellent cash position and could be in a position—even with all of the ongoing and planned projects—to have surplus funds available in excess of the maximum \$1,250,000 carryover. This figure could increase or decrease as costs are finalized. The consensus was to take a “wait and see” approach regarding the remaining funds.

Mr. Arthur then proceeded to discuss the draft FY 2025 budget. The budget gives a 3-year look. He then proceeded to highlight a few items.

A 7% increase in employee retirement (account 5009) is budgeted. He reminded the Board that the District received advice last year that the employer defined benefit plan match was to be 4.75%, however, 2 months later it was revised to 6.23%. Mr. Arthur stated it is better to be overfunded than underfunded and so he erred on the conservative side and budgeted a 7% increase year-over-year. He noted that account 5015, Workers’ Compensation, shows a decrease. This is based upon our recent invoice showing our costs have decreased. Additionally, Mr. Arthur stated that the Department of Public Safety rents the boathouse slips for \$600 a month. He said that he has sent a request to increase the rent to \$800 monthly and has not yet heard back. Also, a \$50,000 increase to consultants and engineers (account 5503), has been budgeted. The additional \$50,000 is associated with pump optimization software installation.

Mr. Arthur stated that a new category has been added, Nonassessed Expenses. These are items that would be approved for expenditures but are not being assessed to the cities. These two projects are the variable

frequency drive replacement, which has \$225,000 earmarked, and replacement of the office flooring for \$15,000.00.

Finally, Mr. Arthur stated that over the last year pumping power kilowatt-hour costs have increased significantly, so this line item has increased by \$80,000.

Mr. Ballew asked why Midwest City's power estimate is higher than Norman's. Mr. Arthur stated because it is being pumped farther and twice; at the main plant and at the relift plant. Additionally, some discussion was held regarding the possibility of paying off the Energy Project loan with surplus funds. Mr. Arthur said that was possible, but the interest currently being paid on the loan is 0% and, additionally, Midwest City had paid their portion in full up front. Therefore, that would need to be taken into consideration. Mr. O'Rear asked if the A/C for the variable frequency drive (VFD) is included in pumping power, and if it is a significant portion of the expense. Mr. Arthur stated he is not certain because it is not broken down that way.

Mr. Arthur asked the Board to study the proposed budget between now and the next meeting and invited anyone with questions or comments to reach out to him.

D. Action: Pursuant to 82 OKLA. STATUTES, SECTION 541 (D) (10), the Board of Directors shall perform official actions by resolution and all official actions including final passage and enactment of all resolutions must be approved by a majority of the Board of Directors, a quorum being present, at a regular or special meeting. The following items may be discussed, considered, and approved, disapproved, amended, tabled or other action taken:

4. Minutes of the regular board meeting held on Thursday, January 4, 2024, and corresponding Resolution

Ms. Nairn asked if there were any questions, comments, or edits, hearing none she entertained a motion.

Michael Dean made a motion seconded by Espaniola Bowen to approve the minutes, and corresponding Resolution.

Roll call vote:

President Amanda Nairn Yes

Vice President Michael Dean Yes

Treasurer Jann Knotts Yes

Secretary Dave Ballew Yes

Member Edgar O'Rear Yes

Member Espaniola Bowen Yes

Member Steve Carano Yes

Motion Passed

5. Annual Audit Report for fiscal year ended June 30, 2023, and corresponding Resolution

Please see the packet for the audit reports.

Ms. Nairn introduced Mr. Tim Barnes of Finley & Cook.

Mr. Barnes presented the FYE 2023 results to the Board. He indicated that it was a good clean audit, with no surprises or problem areas.

Finding the audit in good order as presented Michael Dean made a motion seconded by Jann Knotts to approve the Annual Audit Report for fiscal year ended June 30, 2023, and corresponding Resolution.

Roll call vote:

President Amanda Nairn Yes

Vice President Michael Dean Yes

Treasurer Jann Knotts Yes

Secretary Dave Ballew Yes

Member Edgar O'Rear Yes

Member Espaniola Bowen Yes

Member Steve Carano Yes

Motion Passed

E. Discussion

6. Legal Counsel's Report

Jan 4 Attend monthly meeting of Board of Directors

Jan 5 Initiate review of new equipment building bidding process for ARPA funding and SAM registration requirements

Jan 22 Review and provide comments on draft Invitation to Bid documents for equipment building documents sent by Kyle Arthur; also review procurement process that may be needed for a follow up Phase 2 of Contaminants of Emerging Concerns project

Jan 26 Prepare and send Legal Counsel Report to Kelley Metcalf

7. General Manager's Report

Please see document titled "Manager's Report" in the packet.

8. President's Report

Ms. Nairn stated it is anticipated that a contract for the cleanout of the forebay will be presented at the March board meeting. She thanked Midwest City again, for their generous offer of letting the District take the sediment to their sludge lagoons.

9. New business (any matter not known prior to the meeting, and which could not have been reasonably foreseen prior to the posting of the agenda)

Ms. Nairn announced that Ms. Bowen will be running for Ward 3 City Council in Midwest City on February 13th.

F. Adjourn

There being no further business, President Nairn adjourned the meeting at 8:43 P.M.