

MINUTES OF THE REGULAR BOARD MEETING
CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

Thursday, April 3, 2025

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:

Amanda Nairn

Michael Dean

Dave Ballew

Espaniola Bowen

Edgar O'Rear

Steve Carano

Bryan Hapke

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, Midwest City

Carrie Evenson, Midwest City

Andy Bruehl, Norman

Rachel Camp, HDR

Virtual

None

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- February 2025 financials

Mr. Ballew said he reviewed the balance sheet and found nothing out of the ordinary. Mr. Ballew asked Mr. Arthur to explain how the credit card charges are reviewed and handled. Mr. Arthur stated expenses are charged, as much as possible to the credit cards, receipts are turned in and Ms. Metcalf assigns the account code. Ms. Metcalf uploads receipts to Paxus (CPA), as they are turned in. When the monthly statements arrive, Ms. Metcalf reconciles the six credit card statements. The statement and receipts are emailed to Mr. Arthur for review and approval, and then the documents are emailed to the treasurer for review. Mr. O'Rear asked if all six cards are under the same account, and Mr. Arthur answered yes. Mr. Dean asked if the credit cards earn rewards. Mr. Arthur stated yes.

Mr. O'Rear asked about account 4923 (Invest Int Divs & Gains) and why the amounts fluctuated so dramatically from December (\$40,633.340), January (\$20,768.49 and February (\$9,725.21). Mr. Arthur explained that the monies in this account are income from the District's LPL account. He reminded the board it has been the practice of the District to take any investment account earnings and credit those each budget year to the cities as an offset to their assessment amount. Mr. Arthur said interest is paid on a semi-annual basis and the amount fluctuates depending upon when bonds have paid that month, the principal invested and the yield. Mr. Dean asked about account 5828 (variable frequency drive, VFD, replacement) having an amount the same as the original amount in the budget. Mr. Arthur answered that originally the intent was to pay for the VFDs through the use of surplus funds and this account was created to show those expenses. Since then, however, it was determined that American Resue Plan Act (ARPA) funds would be utilized for the new drives. Those expenses are shown in Account 5834 (ARPA Project) and ultimately will be capitalized as an asset. On a related note, Mr. Arthur stated the District has a balance of approximately \$60,000 worth of eligible expenses to request reimbursement, and that would deplete the ARPA funds.

Mr. Ballew asked if there were any questions, hearing none, Ms. Nairn proceeded to item #3.

3. Discussion of Sinking Fund and Emergency Fund

During the last meeting, while discussing the initial draft budget for FY26, interest was expressed in possibly reprogramming some of the emergency funds (\$4.1 million) to create a sinking fund for future infrastructure needs. In order to better inform this idea, Mr. Arthur shared a spreadsheet that he developed which outlined a capital infrastructure plan through 2045. It estimated the projects that would likely need to be completed in the next 20 years, including timing and future cost. Mr. Arthur then showed how the existing emergency account would be able to fund these projects, assuming a reinvestment of earnings on an annual basis, as well as a modest annual investment (to be determined). Mr. Arthur used 3% growth rate as an estimate for fiscal year 2026 through 2045.

Mr. Arthur then discussed how this fund, if redesignated, would fit within the District's existing larger portfolio. Currently, he said, the District has approximately \$5.9 million in assets. This includes the recently created Large Equipment Fund, the Emergency Fund (investment account), and money in our sweep account and treasury bills (T-bills). He stated that it was his belief that if the District re-designated the current emergency fund to create the previously discussed capital fund, there would be adequate funds remaining in our operating accounts and treasury bills to cover any reasonable emergency. He then discussed a spreadsheet which showed the annual balance in each of these over the next 20 years in an effort to demonstrate the amount of total funds available in any given year. Mr. Arthur acknowledged that it is difficult to estimate the appropriate amount needed in a dedicated emergency fund. He pointed out, however, as a point of reference the May 2010 tornado which did significant damage. Records indicate damages of \$440,000, of which \$375,000 was covered by insurance. While any given emergency can be very different, this indicates that an emergency fund of around \$1.2 million would seem to be quite adequate, even with inflation adjusted costs.

Mr. Arthur asked if there were any questions. Ms. Nairn said there will be future discussions held regarding this subject.

Ms. Nairn asked if there were any further questions or concerns, and hearing none she moved to the action portion of the meeting.

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, March 6, 2025, and corresponding Resolution

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

Dave Ballew made a motion seconded by Espaniola Bowen to approve the minutes and corresponding Resolution.

Roll call vote:

Amanda Nairn Yes

Michael Dean Yes

Dave Ballew Yes

Edgar O'Rear Yes

Espaniola Bowen Yes

Steve Carano Yes

Bryan Hapke Yes

Motion Passed

5. FY26 Budget, and corresponding Resolution

Please see the packet for the budget document.

Ms. Nairn reminded everyone this was presented as a discussion item last month.

Mr. Arthur stated there have been some changes since the last version was presented. Retirement is now an accurate figure due to receiving the actual required employer contribution rate from OkMRF, which results in an increase of \$6,146.00. Insurance increased \$12,000, due to getting more definitive numbers from the insurance carrier.

The consensus at the last meeting was to reinvest the earnings from the LPL account back into the District's operating account. Therefore, Mr. Arthur removed the investment earnings credit of \$125,000 from this draft of the budget.

He then referred to the handout that was not included in the packet (Cash). He stated that the draft budget still includes a \$155,000 surplus refund. This refund number was determined based upon the estimate of surplus money that will remain in the operating accounts at FYE 25 after subtracting the \$1.25 million in maximum carryover. From the resulting value, \$230,690.27, \$75,000 was allocated to the Large Equipment Fund, which left a remainder of \$155,000. Ms. Nairn reminded the board the cities have expressed support for not receiving any credit as an offset to their assessment amounts, in the hope of preventing large swings in the budget from year-to-year. She said she was happy to discuss the board's preference. Hearing no opposition, she read an amended Resolution to exclude this refund to the cities.

Ms. Nairn stated that the Resolution would be amended to read "IT IS HEREBY RESOLVED that the District's budget for FY26 shall be the same as is hereby approved, with modification of removing surplus refund of \$155,000."

Michael Dean made a motion seconded by Bryan Hapke to approve the FY26 budget with modification of removing surplus refund of \$155,000 and corresponding Resolution.

Roll call vote:

Amanda Nairn Yes

Michael Dean Yes

Dave Ballew Yes

Edgar O'Rear Yes

Espaniola Bowen Yes

Steve Carano Yes

Bryan Hapke Yes

Motion Passed

E. Discussion

6. Legal Counsel's Report

March 6 communication with Bonnie Moats of Oklahoma Water Resources Board about status of term permit application and attend monthly meeting of Board of Directors

March 14 receive instructions to provide publication and certified mail notice of application from Oklahoma Water Resources Board

March 24 communication to Kyle Arthur and Amanda Nairn about instructions to publish and provide certified mail notice of term permit application and telephone contact info for three downstream appropriation permit holders

March 24 communication with Cleveland County and Pottawatomie County newspapers of general circulation about need to publish notices of term permit application as instructed by Oklahoma Water Resources Board

March 26 email communication with Kyle Arthur about planned telephone calls with three downstream appropriators before mailing notices

March 28 email communication with Kyle Arthur about his conversations with Kyle Sanders and review draft email to summarize conservation

April 3 prepare and forward Legal Counsel report to Kelley Metcalf for monthly board meeting

Mr. Couch said he was happy to answer any questions.

Hearing no further questions, Ms. Nairn proceeded to the General Manager's Report.

7. General Manager's Report

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

Mr. Arthur highlighted a few items.

He shared the detailed written report from the Underwater Marine Contractors that performed inspections and sediment removal at the main plant.

Mr. Arthur stated he would be happy to answer any questions.

8. President's Report

None

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 the preliminary yield model results will be presented on Tuesday, April 15, 2025 at the District office. A Special Meeting notification will be created.

Mr. Arthur stated he forgot to mention in his Manager's Report, that COMCD will be participating in Midwest City's 3rd Annual Earth Day, Saturday, April 26th.

F. Adjourn

There being no further business, President Nairn adjourned the meeting at 8:40 P.M.