

**SUMMARY OF MINUTES
BOARD OF APPRAISERS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the MWCD Annex Building
February 15, 2024, 1:30 p.m.**

A meeting of the Board of Appraisers of the Muskingum Watershed Conservancy District was held at the MWCD Annex Building, 2050 Reiser Avenue SE, New Philadelphia, on Thursday, February 15, 2024, at 1:30 p.m., pursuant to notice duly given all Appraisers and the general public in accordance with law.

Appraisers present were Mr. Gary Barker, Mr. John Ginikos and Mr. Mark Waltz. Mr. Waltz, chairman, presided.

Present from MWCD staff were Adria Bergeron, Julie Bickis, Craig Butler, Jamie Carlisle, Jim Crandall, Wendy Derr, Brad Janssen, David Lautenschleger, Adam Liston, Daniel Louwers, Jonathan Mizer, Pete Novotny, and Ethan Zucal.

Present from the public: Jim Gresh (MWCD Board of Directors) and Scott Milburn (Scott Milburn, LLC).

Approval of Minutes

On motion by Mr. Ginikos, seconded by Mr. Waltz, the minutes of the January 17, 2024, meeting of the Board of Appraisers, were approved. Roll Call: Mr. Ginikos-yes; Mr. Waltz-yes; Mr. Barker-abstained since he was only virtually present at the previous meeting.

Introduction of Visitors and Public Comment

Present from the public: Jim Gresh (MWCD Board of Directors); Scott Milburn (Scott Milburn, LLC)

The following was orally presented:

FROM: Adam Liston & David Lautenschleger

SUBJECT: Site for Chippewa Office—Oral Report

Mr. Liston updated the Board regarding the development of the MWCD Chippewa Subdistrict Office. He explained that the new building would be placed on the site which currently had a house with an office space being leased by MWCD.

The following memo was read:

FROM: Bradley P. Janssen

SUBJECT: **Cottage Site Lease Rate Adjustments for 2024**

Since February 1, 2000, MWCD cottage site leases have contained language that allows the Board of Directors to add an additional 0-4% discretionary adjustment over and above the annual Consumer Price Index (CPI) adjustment.

For the year 2023, the Board of Directors, as recommended by the Board of Appraisers, elected to forego utilization of the 0-4% discretionary clause. Cottage site lease rates were increased 6.30% in 2023 in accordance with the annual rent adjustment provision.

The 6.30% adjustment yielded revenue of approximately \$2,972,778 in 2023.

In 2023, at MWCD's request, Spalding/Emig Company completed an appraisal report of the Leased Fee and Fee Simple Values of the underlying land at the 1,205 MWCD Cottage Sites ("Report"). The Board of Directors

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confirmed and accepted the Report for future lease rate adjustment determinations at the January 26, 2024, Board of Directors meeting. The effective “as is” date of appraisal is January 1, 2024.

The following are the Concluded Values from the Report:

Concluded Capitalization Rate:
5.00%

Concluded Values – Leased Fee Interest
January 1, 2024
\$65,400,000 (standard rents)
\$63,500,000 (with legacy rent deduction)
\$59,400,000 (in-place rents)

Concluded Values – Fee Simple Interest
January 1, 2024
\$93,300,000

Utilizing 2023 revenue of \$2,972,778, and the concluded unrounded Fee Simple Interest Value of \$93,273,000, the overall aggregate gross rate of return is currently 3.19%.

The January 2024 published CPI is 2.90%.

Referencing the attached charts, you will find the 2023 Revenue and Return on Value Summary, along with the 2024 Projected Revenue and Return on Value for the January 2024 CPI adjustment and the 0-4% discretionary adjustments at increments of 1%.

In addition, attached please find the Rental Rate Comparison Chart, by lake, showing the Tier, Current % Increase, Rents at 5% of Fee Simple, and the % increase for the January 2024 CPI adjustment and the 0-4% discretionary adjustments at increments of 1%.

Finally, attached for reference are a history of CPI and discretionary adjustments since the year 2001, a summary of 2023 CPI, and a 2024 projection by lease class breakdown. *(Copies of all attachments are on file)*

It is the intent of staff to discuss these items with the Board of Appraisers to prepare a recommendation for the Board of Directors regarding the potential 0-4% discretionary adjustment for 2024.

The Board of Appraisers discussed and accepted the analysis presented by staff and elected to recommend the following:

- 2.90% CPI + 4.00% discretionary adjustment for a total of 6.90% for those Tiers seen highlighted in pink on the attached chart titled “Rental Rate Comparison Chart”.
- 2.90% CPI and no discretionary adjustment for a total of 2.90% for those Tiers seen highlighted in green on the attached chart titled “Rental Rate Comparison Chart”.

In addition, for the grandfathered and grandfathered/discounted rates, the adjustments seen above will apply to the Lake/trigger Tier they currently correspond to.

On a motion by Mr. Barker, seconded by Mr. Ginikos, the Board of Appraisers approved the recommendation above to be presented to the Board of Directors and voted upon. Roll Call: Mr. Barker-yes; Mr. Ginikos-yes; Mr. Waltz-yes.

Other Business

None.

Adjourn

There being no further business, on motion by Mr. Barker, seconded by Mr. Ginikos, the meeting of the Board of Appraisers was adjourned. The next meeting of the Board of Appraisers will be held Wednesday, May 8, 2024, at 2:00pm at the MWCD Annex building located at 2050 Reiser Ave. SE, New Philadelphia, OH.

05.6.2024, jlc