

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at The Hampton Inn, New Philadelphia, Ohio
January 23, 2009, 9:00 a.m.**

A meeting of the Board of Directors of the Muskingum Watershed Conservancy District was held at The Hampton Inn, New Philadelphia, Ohio, on Friday, January 23, 2009, at 9:00 a.m., pursuant to notice duly given all Directors, and the general public in accordance with law.

1. ROLL CALL

Directors present were: Mr. Horstman, Mr. Kokovich, Mr. Parham, Mr. Pryce, and Mr. Tribbie.

Present from Conservancy District staff were Scott Barnhart, James Cugliari, Jeremy Hoffer, John Hoopingarner, Kelli Karns, Darrin Lautenschleger, Tony Luther, Karen Miller, James Pringle, Mike Rekestis, Boris Slogar, and Mark Swiger.

Mr. Pryce, President of the Board of Directors, presided.

2. APPROVAL OF MINUTES

On motion by Mr. Parham, seconded by Mr. Horstman, the minutes of the December 19, 2008, meeting of the Board of Directors were approved.

3. INTRODUCTION OF VISITORS AND PUBLIC COMMENT

Also in attendance for all or portions of this meeting were Dick Bassetti (*MWCD Development Advisory Committee member*); Bill and Kathy Graening (*Northeast Productions*); Frank O'Hare (*CT Consultants*); Richard Bible and Steve Lucas (*Ohio Department of Transportation, District 11*); Joe Sommer (*MWCF Board of Trustees member*); and Eric Reip (*New Philadelphia resident*).

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending December 31, 2008. The total revenue is \$10,265,236.00 with expenses of \$9,418,369.00 resulting in an excess of revenues over expenses of \$846,867.00 (compared to \$1,297,474.00 of revenue over expenses during the same reporting period in 2007). The total cash balance is \$1,731,612.76 of which \$1,427,283.86 is in the general checking account and business high yield savings and available for meeting operational needs.

Overall for the year 2008, revenues were at 97.50% of budget and expenses were 92.64% of budget.

We are very pleased with the financial performance in 2008 compared to budget and will continue, as we have in the past, to monitor revenues and expenses in 2009 during these ever-changing financial times.

On motion by Mr. Tribbie, seconded by Mr. Pryce, the financial report was accepted as presented.

5. PAYMENT OF BILLS

On motion by Mr. Horstman, seconded by Mr. Tribbie, a report of the payment of bills for the period ending December 31, 2008, was approved as presented.

6. BUSINESS

6.01 ASSIGNMENTS, CANCELLATIONS, NEW LEASES, FARM LEASES, MORTGAGE CONSENT AND AGREEMENT CANCELLATIONS, AND MORTGAGE CONSENT AND AGREEMENTS

On motion by Mr. Tribbie, seconded by Mr. Parham, these assignments, cancellations, new leases, farm leases, mortgage consent and agreement cancellations, and mortgage consent and agreements were approved and execution by the proper officers of the Conservancy District authorized.

6.02a HUMAN RESOURCES SUMMARY

On motion by Mr. Horstman, seconded by Mr. Parham, human resources activities, as recommended and set forth in the above memorandum, were approved.

6.02b HEALTH PLAN REVIEW – NICOTINE REPLACEMENT THERAPY/ PREVENTIVE BENEFITS

On motion by Mr. Parham, seconded by Mr. Horstman, proposed changes to include coverage of nicotine replacement therapy and preventive benefits of a routine colonoscopy, as recommended and set forth in the above memorandum, were approved.

6.02c REVISED POSITION DESCRIPTION

On motion by Mr. Parham, seconded by Mr. Horstman, proposed changes in the Resources Coordinator position description and a title change to Forest Resources Coordinator, as recommended and set forth in the above memorandum, were approved.

6.03 MARINE PATROL STAFF ADDITION AND EQUIPMENT REPLACEMENT

On motion by Mr. Kokovich, seconded by Mr. Parham, acquisition of marine patrol boat, motor, and trailer, purchase of a ¾ ton pickup truck, and the posting and filling of a Group 1 Ranger Specialist Supervisor, as recommended and set forth in the above memorandum, were approved.

6.04 NORTHEAST PRODUCTIONS, INC. – MUSIC FESTIVAL AGREEMENT

On motion by Mr. Parham, seconded by Mr. Kokovich, a ten-year agreement with Northeast Productions, Inc. for a location of a four-day music festival event to be held at Atwood Lake Park, as recommended and set forth in the above memorandum, was approved.

6.05 MISSION STATEMENT

The MWCD mission statement is as follows:

<p>The Muskingum Watershed Conservancy District is dedicated to conservation and recreation conducted in harmony with flood control in the area of Ohio drained by the Muskingum River and its tributaries. Funded from income generated by the stewardship of its lands and waters, the District strives to enhance the quality of life in the Muskingum Lakes Region and beyond.</p>
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With the implementation of the maintenance assessment, the second half of the mission statement is no longer entirely accurate as other sources of funding are now available. In addition, the mission statement has served the District well in its current form; however, executive staff has agreed that it should also be simplified. To that end, the mission statement is proposed to be:

Responsible stewards dedicated to conservation, recreation and flood control in the Muskingum River Watershed.

This concise statement accurately reflects the hallmarks that MWCD stands for: stewardship, conservation, recreation, and flood control. It is recommended that the Board approve the proposed revised mission statement.

On motion by Mr. Kokovich, seconded by Mr. Horstman, the proposed mission statement was amended as follows:

Responsible stewards dedicated to conservation, recreation and flood control in the Muskingum River Watershed, striving to enhance the quality of life in the region.

On motion by Mr. Tribbie, seconded by Mr. Parham, the proposed revised MWCD mission statement, as recommended and set forth in the above memorandum and amended, was approved.

Mr. Hoopingarner distributed “Goals for 2009” as follows:

- 1) **To implement the maintenance assessment.** This goal will embrace the collection of the assessment, administering the credits program, developing and beginning projects, and communicating with the public. There will no doubt be legislative and judicial involvement in this process.
- 2) **To revise our financial reports/budget to incorporate the assessment revenue and expenses.** This goal will require a comprehensive review of our current financial reports and budget and making changes to account for assessment projects, administration and debt reduction. Of importance will be keeping the assessment projects separate, with the suggestion of dividing these projects into two major categories: flood reduction and water quality.
- 3) **To divest Atwood Lake Resort and Conference Center.** This goal will initially focus on the opportunity to partner with another agency or organization, with the goal of not losing jobs or tax base for the local area. In addition we must strive to protect the integrity of the land in light of our mission.
- 4) **To address our organizational structure as it relates to our new emphasis on infrastructure maintenance.** This goal will involve the creation of several positions and/or the reassignment of duties of existing staff within the organization, and the consideration of how to best partner with other agencies and organizations to accomplish the work to be done. Flood reduction projects, water quality initiatives, data management, and public education will be key areas, but we will also have to devote efforts toward the management of our recreation facilities.
- 5) **To address our recreation operations in light of current economic conditions and customer demands.** This goal will require market analysis and customer feedback. We need to know what our competition is doing. We need to study the "metrics", i.e. where are our profit centers? Defining the customer and conducting surveys to obtain customer feedback will be key in making future plans. We need to provide information to the Board of Directors from the members of our staff on the "front line" about how programs work, why is the program necessary and how the customer feels about our service/product.

Mr. Pryce requested additional language be placed in Item 2 – “We will budget specific construction projects, including metrics in each project.” On motion by Mr. Tribbie, seconded by Mr. Horstman, the Board

affirmed the “Goals for 2009” with the proposed additional language to Item 2.

**6.06 ADDENDUM TO PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR
 SITES LAKE WASTEWATER TREATMENT PLANT**

On motion by Mr. Horstman, seconded by Mr. Tribbie, addendum no. 1 to a contract for professional engineering services at the Sites Lake wastewater treatment plan with CTI Engineers, as recommended and set forth in the above memorandum, was approved.

OTHER BUSINESS

EASEMENT ON STATE ROUTE 212

Mr. Bible and Mr. Lucas addressed the Board regarding a potential easement request along State Route 212. The area is located along State Route 212 between the area of Zoar levy and the railroad, an approximate 30-foot strip that is approximately 1,800 feet in length. ODOT would propose to purchase a permanent right-of-way on this property. The property is subject to flooding and is located below spillway and in the flowage easement. The road in this section is experiencing severe slippage and ODOT needs to perform reparative work, with construction estimated to begin in the spring of 2010. ODOT representatives have met with Mr. Slogar and Mr. Jukich at the site. Mr. Slogar indicated that formal documentation will be presented at the February Board of Directors meeting for consideration.

7. REPORTS

7.01 SUMMARY OF MARINA OPERATIONS

Members of the Board received a copy of the Summary of Marina Operations report through December 31, 2008.

7.02 AGRICULTURAL PROGRAM UPDATE

Mr. Swiger gave a presentation to the Board regarding the MWCD agricultural program.

The MWCD agricultural program consists of approximately 1,805 acres, of which 458 acres are cash leases that are rented for a negotiated set price, and 1,347 acres that are leased on a sharecrop basis, where expenses and revenues are shared and vary year to year. The cash leases are generally smaller tracts located at five reservoirs, while the share crop leases are often larger fields, more susceptible to flooding, and are limited to the Mohawk and Wills Creek areas.

Cash leases for cropland, which excludes the lower value pasture and hayfields, range from \$25 per acre for small or isolated tracts to \$96 per acre for the most productive. Rates depend on the location, soil type, terrain, size of field, and the local demand for agricultural acreage. The average price per acre on the MWCD’s cash rent cropland in 2008 was \$64 per acre.

Share crop leases divide the grain that is produced equally, 50/50, with the MWCD and the lessee responsible to market their portion of the crop. The MWCD pays 60% to 70% of the material costs, and the lessee pays the remainder. The lessee also provides all the manpower and equipment to plant and harvest the crop. In the event of a flood, the MWCD pays all of the material costs on the acreage where the crop is totally lost due to flooding.

The average net income per acre on sharecrop acreage in the last 15 years (1994-2008), after deducting all material expenses, real estate taxes, and crop insurance totals \$61 per acre. During that time, there were five major flood events of 150 acres or more, as well as less significant flood events. The five major flood events were:

Year of Flood	Acres Lost
1997	755
1998	955
2004	502
2006	414
2007	154

The 1998 flood resulted in the largest number of acres lost in over 30 years, and as shown on the attached graph, was the only year in the 15-year time period that the share crop program did not generate revenue, losing \$45 per acre. The average net income per acre on sharecrop lands in 2008 was \$90 per acre.

Though net income has been satisfactory, the cost of agricultural materials has essentially doubled in the last four seasons, as is illustrated by the list of materials purchased in 2005 and 2008 for the same acreage at Wills Creek. Updating products, revising application rates, and adding potash in 2008 keep it from being an exact comparison, but the cost of raising a crop has risen steeply. The progression from 2005 to 2008 was from \$60,633, to \$77,399, \$85,459, and finally \$121,231. Budget projections for the 2009 crop were based on a projected 26% increase in chemical and fertilizer costs. Net revenues have been acceptable despite the high cost of materials, but 2009 may be a transition year where the market price for corn and soybeans does not correspond with the high cost of materials.

	2005	2008
Seed	\$15,056	\$24,437
Fertilizer	\$32,902	\$77,576
Chemicals	\$12,675	\$19,218
Totals	\$60,633	\$121,231

The agricultural program not only generates revenue, but also provides an opportunity for MWCD staff to stay in contact with the agricultural community and be aware of the dynamics that drive the decisions on the farm, which eventually impact the environment.

7.03 MAINTENANCE ASSESSMENT STATUS UPDATE

Mr. Hoopingarner reported that counties are in the process of mailing tax duplicates. Stark County officials sent a separate notice to residents indicating that questions should be addressed directly to the MWCD. Interestingly, many of these residents who received this notice were not subject to the MWCD assessment. There were other issues with non-MWCD assessment amounts on the Stark County tax bills that were necessary to route back to the county.

7.04 IMMINENT OR PENDING LITIGATION

These matters were discussed in executive session.

8. LEGISLATIVE REVIEW

8.01 CURRENT LEGISLATIVE ACTIVITIES

The 128th Ohio General Assembly went into session on January 5. Representatives of MWCD will be meeting with legislators to discuss matters relative to MWCD.

9. SUBDISTRICTS

9.01 CHIPPEWA SUBDISTRICT UPDATE

Mr. Slogar reported that the project advisory committee is scheduled to meet next week. They will be discussing future projects for the Chippewa Subdistrict.

EXECUTIVE SESSION

On motion by Mr. Parham, seconded by Mr. Tribbie, the Board of Directors entered into executive session at 10:00 a.m. to discuss matters related to ORC §121.22 (G) (3). On roll call: Mr. Horstman-yes; Mr. Kokovich-yes; Mr. Parham-yes; Mr. Pryce-yes; and Mr. Tribbie-yes. On motion by Mr. Parham, seconded by Mr. Tribbie, the Board returned to open session. The executive session ended at 10:22 a.m.

On motion by Mr. Kokovich, seconded by Mr. Horstman, the Board of Directors entered into executive session at 10:55 a.m. to discuss matters related to ORC §121.22 (G) (1) and (G) (2). On roll call: Mr. Horstman-yes; Mr. Kokovich-yes; Mr. Parham-yes; Mr. Pryce-yes; and Mr. Tribbie-yes. On motion by Mr. Parham, seconded by Mr. Tribbie, the Board returned to open session. The executive session ended at 11:38 a.m.

In open session, on motion by Mr. Parham, seconded Mr. Horstman, an additional \$50.00 per month compensation for executive contracted employees was approved for expenses related to the use of a PDA/Smartphone.

On motion by Mr. Parham, seconded by Mr. Kokovich, a 3% increase in the salary of the Manager of Operations and Chief Engineer was approved.

On motion by Mr. Horstman, seconded by Mr. Parham, a \$10,000 increase in the salary of the Chief Financial Officer/Treasurer was approved.

On motion by Mr. Parham, seconded by Mr. Horstman, the annual salary of the Executive Director was approved at \$118,000.00.

10. ADJOURN

There being no further business, on motion by Mr. Horstman, seconded by Mr. Kokovich, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is February 20, 2009, at 9:00 a.m. at Kent State University Tuscarawas.

01/23/2009

Approved 2/20/2009