

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Special Meeting
Held at New Philadelphia City Council Chambers
July 29, 2010, 9:00 a.m.**

A meeting of the Board of Directors of the Muskingum Watershed Conservancy District was held at the New Philadelphia City Council Chambers, New Philadelphia, Ohio, on Thursday, July 29, 2010, 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. Boyle, Mr. Horstman, Mr. Kokovich, Mr. Parham, and Mr. Pryce.

Present from MWCD staff were Scott Barnhart, Mary Burley, James Cugliari, John Hoopingarner, Darrin Lautenschleger, Karen Miller, John Olivier, and Boris Slogar.

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

2. INTRODUCTION OF VISITORS AND PUBLIC COMMENT

Also in attendance for all or portions of this meeting were: Robert Fuerst (*Attorney with Meyers, Roman, Friedbert & Lewis, Cleveland*); John F. Meeske (*Chairman/CEO of Resorts and Clubs, Inc.*); Ray Gill, Jr. (*Architect, R Gill & Associates*); Charles R.R. Cherney (*President, Cherney & Associates, Inc.*); Trish McCullough and Glenn Enslin (*Congressman Space's office*); Monte Ball and Gregg L. Andrews (*Kent State Tuscarawas*); David Hall (*LifeCenter Plus, Inc. Hudson*); Larry Kerr (*Atwood resident*); Jon Baker (*The Times Reporter*); Gary K. Spahr and Brian Valot (*Atwood marinas*); Dee Horstman; Raymond Dinger and Mark Brannon (*Monroe Township Trustees, Carroll County*); John Wheaton (*Carroll County Commissioner*); Wayne Chonat (*Carroll County Chamber of Commerce and Economic Development*); Brock Ryan, Robert Jennings, Stan Snider, and Mary Snider (*Atwood Resort employees*); Amy Rutledge (*Carroll County Convention and Visitors Bureau*); and Carol McIntire (*Free Press Standard*).

Trish McCullough addressed the Board. She stated that the staff at Congressman Space's office has been working to "keep the Lodge alive and well" for the past two years. According to Ms. McCullough, they have researched many funding sources in an effort to keep the Lodge open. She reminded the Board that many things have happened at the Lodge as a result of funding it received. Ms. McCullough said a potential conflict of interest exists with one MWCD Board member in considering and voting on a possible wellness center.

3. BUSINESS

3.01 REVIEW OF STATUS OF ATWOOD LODGE

Mr. Hoopingarner led a presentation to "Review the Status of Atwood Lodge." Atwood Lodge opened in 1965 and was funded as a part of MWCD recreation operations. Expansions and renovations over the years have included a ski slope/chalet; golf course; airstrip; water treatment plant; outdoor swimming pool; trails; tennis courts; and most recently, an elevator.

A unique type of liquor license is maintained at the Lodge that was obtained specifically for Atwood. Under its current requirements, this license can be solely held by MWCD.

According to Carroll County Economic Development Office statistics, the economic impact of

Atwood Lodge is approximately \$7 million annually. This is a result of tourism; employment of approximately 150; real estate taxes (\$62,000 paid annually to Carroll County and \$30,000 in bed taxes to Monroe Township), vendors and suppliers; and Atwood Regional Water and Sewer District (Atwood Lodge is one of their largest customers with approximately \$85,000 paid for service per year).

Major factors impacting financial performance of Atwood Lodge include, but are not limited to: a declining occupancy which hovers around 30%; a decline in demand for meeting and conference space with many corporations utilizing facilities that don't require travel; competition in the hotel industry (when the Lodge was built there was little or no competitive facilities within the region; its remote location; utility costs (sewer and water costs are far above the industry average); and overall general economic conditions.

Net operating losses experienced with Atwood Lodge are:

2009.....	in excess of \$1 million
2008.....	\$668,993
2007.....	\$490,064

The overall historical losses are in excess of \$7 million, averaging \$159,000 annually over a 44-year period. In 2010, to date the amount of loss is \$634,777, with projected loss for 2010 at \$662,999.

In the process of seeking solutions, MWCD has sought planning and professional advice from various sources for options of repositioning the Lodge. The most recent renovation project was completed in the early 2000s; and grants and subsidies have been received from both Federal and State sources for improvements.

There were discussions with the Ohio Department of Natural Resources who operate several lodges throughout the State of Ohio. When questioned if they (ODNR) would be interested in operating Atwood Lodge, they declined.

Educational institutions were approached – Ohio State University, Kent State Tuscarawas, and Ohio University. Kent has expressed the most interest in an educational component at Atwood Lodge, patterning after the relationship established between Central Ohio Technical College and Roscoe Village Inn at Coshocton, Ohio.

MWCD staff has met with public officials, including Congressman Space's office, township trustees, and commissioners to seek their input in the process. In addition, there has been citizen involvement with meetings held over the past year; and the MWCD Board of Directors meetings are public open sessions held on a monthly basis.

In 2009, the Board of Directors adopted its goal: "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."

In 2010, the Board of Directors adopted its goal: "To divest Atwood Lake Resort and Conference Center. This goal will focus on the sale or lease of the Resort operation, reduce and eventually eliminate the financial liability of the MWCD relative to the Resort, and preserve the integrity of the land in light of our mission."

- In early 2009, meetings were held with Ohio Department of Natural Resources and educational institutions.
- In August 2009, requests for proposals were sought for the operation or purchase of Atwood Lodge; the deadline for proposals was January 4, 2010.
- On January 19, 2010, the Board rejected proposals (2 proposals were received with a purchase price offer of

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\$1.00). MWCD staff recommended closure of the Lodge; and the Board voted to keep the Lodge open until October 2010.

- In February 2010, dialogue began with John Meeske of Resort & Clubs, Inc. At the suggestion of a Board member, Mr. Boyle, MWCD representatives contacted CAYUGA Hospitality (a Cornell University consulting group) of which Mr. Meeske is a member.
- In May 2010, the Board entered into a non-binding memorandum of understanding with TREC-Atwood.
- On July 23, 2010, the Board rejected a proposed exclusive rights agreement with TREC-Atwood.

Since the Board action taken in January 2010, the Atwood Lodge was operated on a limited schedule until May with full operation resuming from May through September. It is currently scheduled to close on October 4, 2010. Its performance in 2010:

Net operating loss projection.....	\$627,000
Net operating loss as of June 30, 2010.....	\$634,777
Net operating loss projected end 2010	\$662,999

3.02 IMPACTS OF CLOSURE OF ATWOOD LODGE

Following is a spreadsheet illustrating Atwood Lodge transition cost estimates over the period of October 2010 through the year 2013, comparing closure of Atwood Lodge facilities and demolition versus closure of Atwood Lodge facilities and minimally maintaining the facilities.

Atwood Transition Cost Estimates	Close all Resort Facilities					Close all Resort Facilities				
	Demolish All					Minimally Maintain				
	Oct - Dec 2010	2011	2012	2013	Oct - Dec 2010	2011	2012	2013		
WARN Act	\$200,000	\$0	\$0	\$0	\$200,000	\$0	\$0	\$0		
Prospera Management Fees	\$150,000	\$0	\$0	\$0	\$150,000	\$0	\$0	\$0		
Accounts Payable	\$250,000	\$0	\$0	\$0	\$250,000	\$0	\$0	\$0		
Subtotal	\$600,000	\$0	\$0	\$0	\$600,000	\$0	\$0	\$0		
Taxes	\$0	\$62,515	\$0	\$0	\$0	\$62,515	\$62,515	\$62,515		
5th/3rd Interest Only Payment	\$30,000	\$0	\$0	\$0	\$30,000	\$0	\$0	\$0		
Resort Annual Debt Service	\$0	\$250,000	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$250,000		
Water Tower Annual Debt Service	\$0	\$9,444	\$9,444	\$9,444	\$0	\$9,444	\$9,444	\$9,444		
Insurance	\$0	\$20,000	\$0	\$0	\$0	\$20,000	\$20,000	\$20,000		
Subtotal	\$30,000	\$341,959	\$259,444	\$259,444	\$30,000	\$341,959	\$341,959	\$341,959		
Maint/Security Labor	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$36,000	\$37,080	\$38,192		
Utilities	\$6,000	\$6,000	\$0	\$0	\$6,000	\$24,000	\$24,720	\$25,461		
Grounds	\$6,250	\$6,250	\$0	\$0	\$6,250	\$25,000	\$25,750	\$26,522		
Supplies	\$1,500	\$1,500	\$500	\$500	\$1,500	\$6,000	\$6,180	\$6,365		
MWCD's Cost to Produce Water	\$30,000	\$30,000	\$0	\$0	\$30,000	\$120,000	\$123,600	\$127,308		
Subtotal	\$52,750	\$52,750	\$9,500	\$9,500	\$52,750	\$211,000	\$217,330	\$223,848		
Demolish Hotel	\$0	\$306,000	\$0	\$0	\$0	\$0	\$0	\$0		
Demolish Water Treatment Plant	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0		
Demolish 4 Residences	\$0	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0		
Demolish 17 Cabins	\$0	\$85,000	\$0	\$0	\$0	\$0	\$0	\$0		
Subtotal	\$0	\$481,000	\$0	\$0	\$0	\$0	\$0	\$0		
Grant Payback Tower	\$0	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0		
Grant Payback Renovation	\$0	\$0	\$115,000	\$0	\$0	\$0	\$0	\$0		
Grant Payback Renovation	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$0		
Subtotal	\$0	\$0	\$415,000	\$0	\$0	\$0	\$0	\$0		
Total Annual Costs	\$682,750	\$875,709	\$688,444	\$268,944	\$682,750	\$552,959	\$559,289	\$565,807		

- NOTES:
- 1) Demolition costs could be staggered
 - 2) Cabins and residences could be rented
 - 3) Potential grant paybacks could possibly be staggered

- 4) Costs do not include direct MWCD administrative oversight costs
- 5) Costs do not include operational losses forecasted to be \$662,999
- 6) Golf course could be offered for lease.

Mr. Slogar commented on the current status of the Atwood Resort water system. Ohio EPA has mandated that the water treatment plant be replaced by 2013. He has maintained continuing dialogue with Ohio EPA and has been informed that a request from MWCD for grant funding through Ohio EPA for replacement of the water treatment plant has been rated with a high priority.

Mr. Cugliari commented on the status of the existing \$2.56 million loan balance. The bond issue that had been structured with the assistance of Fifth Third Bank for renovation funding had been called. MWCD is working to secure short-term financing with Fifth Third Bank on an interest-only basis with a further effort to secure longer-term financing with either Fifth Third Bank or another financial institution. He stated that effects on the overall budget have been experienced over the past several years, with the most severe effects in the past two years. As discussed earlier, even closure will affect the overall budget and park operations are already at minimum or near-minimum levels. It will be necessary to investigate the possibilities of further budget cuts.

Mr. Hoopingarner introduced John F. Meeske of Resorts and Clubs, Inc. Mr. Meeske has been working with MWCD since February 2010 and has more than 40 years of direct experience in the resort and hospitality industry. He has been part of operations at numerous properties, including Pinehurst Resort & Country Club and Quail Hollow Resort & Country Club.

EXECUTIVE SESSION

It was requested that the Board enter into Executive Session to discuss matters related to ORC §121.22 (G) (2) sale of property. At this point, Mr. Hoopingarner pointed out to the Board that the usual procedure/format for a roll call vote has been done improperly in the past. He informed the Board that once a roll call vote has been requested by the Board president as required by law, voting will occur as follows:

- 1) Ask for the vote of the member who made the motion on the item to be voted on;
- 2) Ask for the vote of the member who seconded the motion; then
- 3) Ask for the votes of the remaining members in alphabetical order (by last name).

Mr. Hoopingarner apologized for this error and indicated that future roll call votes will be handled in the above-outlined manner.

On motion by Mr. Boyle, seconded by Mr. Pryce, the Board of Directors entered into executive session at 9:42 a.m. to discuss matters related to ORC §121.22 (G) (2) sale of property. On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Mr. Kokovich-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 12:08 p.m.

Mr. Kerr stated an objection to elimination of the public from the stated topic of discussion. Present for all or portions of the Executive Session including the Board members were: MWCD staff members, Attorney Fuerst, Mr. Meeske, Mr. Gill, Mr. Churney, Mr. Ball and Dean Andrews.

3.03 TREC-ATWOOD MEMORANDUM OF UNDERSTANDING

Progress Report by John Meeske/Chuck Cherney and Response to Board Concerns

This matter was discussed in Executive Session.

3.04 GENERAL DISCUSSION

On motion by Mr. Pryce, seconded by Mr. Boyle, the Board of Directors authorized staff to continue negotiations with TREC-Atwood in efforts to meet its goal for divestiture of the Atwood Lake Resort and Conference Center.

WARN Act Compliance

On motion by Mr. Parham, seconded by Mr. Kokovich, the Board directed that WARN Act (Worker Adjustment and Retraining Notification Act for advance notice of closings and layoffs) notifications be sent to the employees of Atwood Lake Resort and Conference Center.

4. ADJOURN

There being no further business, on motion by Mr. Kokovich, seconded by Mr. Parham, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, August 20, 2010, at 9:00 a.m. at the New Philadelphia City Council Chambers.

07/29/2010

Approved 08/20/2010