

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the New Philadelphia City Council Chambers
May 18, 2012, 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, 150 East High Avenue, New Philadelphia, Ohio, on Friday, May 18, 2012, 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, Jim Cugliari, Tom Fisher, John Hoopingarner, Darrin Lautenschleger, Sean Logan, Tony Luther, Karen Miller, John Olivier, Boris Slogar, and Mark Swiger.

Mr. Boyle, 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: Jim Pringle (*MWCD Legal Counsel*); Eric Reip (*New Philadelphia resident*); Leatra Harper (*SEOASOW*); Rich Milleson (*Village of Cadiz and member of the MWCD Development Advisory Committee*); Josh Harris (*Mount Vernon resident*); Paul and Linda Clow (*owners and operators of Leesville Southfork Marina*); Keith and Danielle Ott (*new owners and operators of Leesville Southfork Marina*); and Craig Barnett (*Barnett Realtors*).

The following individuals addressed the Board:

- Mr. Reip stated opinion that up to five members of the public should be granted the opportunity to address the Conservancy Court at their June 2 meeting.
- Ms. Harper expressed her agreement with Mr. Reip and mentioned that she has requested to address the Court concerning issues related to fracking and water withdrawal for the purpose of fracking. She also submitted a written list of her questions and concerns expressed at the April 20 meeting.

Attorney Pringle informed the Board and Ms. Harper that her request to address the Conservancy Court on June 2 was referred to Presiding Judge O'Farrell and that her request will be addressed by the Court on June 2. MWCD staff has provided her with written responses to her questions.

3. APPROVAL OF MINUTES

On motion by Mr. Kokovich, seconded by Mr. Parham, the minutes of the April 20, 2012, meeting of the Board of Directors were approved.

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending April 30, 2012. The total operating revenue is \$4,653,029.00 with expenses of \$2,941,799.00, resulting in an excess of revenue over expenses of \$1,711,230.00.

General Fund

- Use of Water Assets revenue increased in the month with receipt of revenue for the water sale to Gulfport.
- Total expenses are 30.82% of budget and continue to be up from 2011.

- As indicated in past meetings there are increased expenses in Safety, Office Equipment and Remodeling, Administrative-Operations and Administrative-Non-Operating. This is all planned and within the approved 2012 budget.

Recreation Fund-Parks

- Total revenues are 57.80% of budget, which compares to 57.10% of budget in 2011.
- Vacation cabin revenue is 54.12% of budget and progressing at the same pace as 2011.
- Park camping revenues are 67.19% of budget compared to 66.29% of budget in 2011.
- Total expenses are at 20.72% of budget and on pace with our budget expectations, taking into account that additional funds have been budgeted in our park areas to address much-needed maintenance.

Recreation Fund-Non Park

- Total revenues are 31.54% of budget, which compares to 31.22% in 2011.
- All of the marina activities are comparable to where we were in 2011 with some of the leased operations running ahead of 2011.
- Multiple docks are 61.43% of budget, which compares to 62.06% in 2011.
- Total expenses are 21.90% of budget and in line with budget expectations.

Maintenance Assessment Fund

- Total revenues are 64.59% of budget as all first half settlements from the counties have been received. Also attached, as part of the financial reports, is a schedule with first half settlement information for your review.
- Total expenses are 20.30% of budget.
- Note that the bulk of expenses for the month are in the Dam Safety Upgrades and Shoreline Protection line items.

The total cash balance is \$25,921,019.00 of which \$13,370,612.00 is in the Maintenance Assessment Fund.

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

5. PAYMENT OF BILLS

On motion by Mr. Horstman, seconded by Mr. Parham, a report of the payment of bills for the period ending April 30, 2012, was approved as presented.

6. BUSINESS

6.01a LEASE TRANSACTIONS

On motion by Mr. Parham, seconded by Mr. Horstman, the 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 MWCD authorized.

6.01b SIERRA BUCKEYE LEASE

On motion by Mr. Parham, seconded by Mr. Pryce, a lease for deep mineral rights with Sierra Buckeye for approximately 185 acres located behind Dover Dam, as recommended and set forth in the above memorandum, was approved.

Ms. Harper and Mr. Harris expressed their objections to this action.

6.01c TAPPAN MARINA LEASE EXTENSION

On motion by Mr. Horstman, seconded by Mr. Kokovich, an extension of the lease for Tappan Marina effective July 1, 2012 through November 30, 2014, as recommended and set forth in the above memorandum, was approved.

6.01d LEESVILLE SOUTHFORK MARINA – SALE AND ASSIGNMENT OF LEASE

On motion by Mr. Kokovich, seconded by Mr. Horstman, the assignment of the lease for Leesville Southfork Marina from Paul and Linda Clow to Keith Ott, as recommended and set forth in the above memorandum, was approved.

6.01e SOUND ENERGY – ASSIGNMENT OF DEEP RIGHTS

On motion by Mr. Horstman, seconded by Mr. Parham, the Board found no objection to the assignment of an existing lease for deep oil and gas rights from Sound Energy Company and Dover-Atwood Corporation to Sierra Buckeye, as recommended and set forth in the above memorandum.

Ms. Harper expressed her objections to this action.

6.01f ODOT WORK AGREEMENT

On motion by Mr. Parham, seconded by Mr. Pryce, a work agreement with the Ohio Department of Transportation for repairing a slip in Harrison County, as recommended and set forth in the above memorandum., was approved.

6.02a BUDGET ADJUSTMENTS

On motion by Mr. Pryce, seconded by Mr. Parham, budget adjustments made during the months of March and April, 2012, as recommended and set forth in the above memorandum, were approved.

6.02b DEPOSITORY CONTRACTS

On motion by Mr. Horstman, seconded by Mr. Pryce, five-year depository agreements with financial institutions throughout the District, as recommended and set forth in the above memorandum, were authorized.

6.02c AGRICULTURAL BUDGET REVISION

On motion by Mr. Parham, seconded by Mr. Kokovich, a budget revision resulting in a \$40,000 increase in the agricultural materials expense budget, as recommended and set forth in the above memorandum, was approved.

6.02d BOLIVAR DAM LOCAL COST SHARE FUNDING REQUEST

On motion by Mr. Parham, seconded by Mr. Pryce, a request from the U.S. Army Corps of Engineers for a local cost share payment in the amount of \$1,354,900 for the Bolivar Dam major rehabilitation project, as recommended and set forth in the above memorandum, was authorized.

6.03a HUMAN RESOURCES SUMMARY

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

6.03b CONSERVATION GROUP REORGANIZATION

On motion by Mr. Pryce, seconded by Mr. Parham, proposed organizational changes and the posting and filling of the positions of Conservation Specialist and Forest Resources Specialist, as recommended and set forth in the above memorandum, were approved.

Ms. Harper expressed her objections to this action.

Mr. Hoopingarner commented that there has been an ongoing program of water testing in the past and plans to continue those efforts in the future. MWCD works in partnership with the U.S. Army Corps of Engineers, Ohio Lake Management Society, and U.S. Geological Survey to accomplish water testing and compile those results.

6.03c UTILITIES LICENSE/CERTIFICATION COMPENSATION

On motion by Mr. Horstman, seconded by Mr. Parham, a plan for compensation and reimbursement of class fees for water and wastewater staff, as recommended and set forth in the above memorandum, was approved.

6.04a PARK MASTER PLANNING

On motion by Mr. Pryce, seconded by Mr. Horstman, authorization to negotiate an agreement with Woolpert Design as consultant for a park master planning process in amount not to exceed \$350,000 in the year 2012, as recommended and set forth in the above memorandum, was granted.

Based upon comments by Mr. Kokovich relative to the perception of marina patrons that MWCD operates all the marinas, staff will request Woolpert Design to provide a proposal to include the marina operations in the master planning process in the study.

Ms. Harper expressed her objections to this action.

6.04b BEACH CONCESSION OPERATIONS AT TAPPAN LAKE PARK

On motion by Mr. Kokovich, seconded by Mr. Parham, an agreement with Sarah Law for operation of a beach concession at Tappan Lake Park, as recommended and set forth in the above memorandum, was approved.

6.04c CAMPGROUND MANAGEMENT, RESERVATION AND POINT-OF-SALE SYSTEM CONTRACT

On motion by Mr. Kokovich, seconded by Mr. Horstman, a contract with Leisure Interactive, LLC to provide MWCD with a campground management, reservation and point-of-sale system, as recommended and set forth in the above memorandum, was approved.

**6.04d 2011/2012 SHORELINE STABILIZATION PROJECTS
FINAL PROJECT ACCOUNTING AND CHANGE ORDER RATIFICATION REQUEST**

On motion by Mr. Horstman, seconded by Mr. Kokovich, changes orders associated with the 2011/2012 shoreline stabilization projects, as recommended and set forth in the above memorandum, were ratified.

6.05 DEVELOPMENT ADVISORY COMMITTEE APPOINTMENTS

On motion by Mr. Pryce, seconded by Mr. Parham, the appointments of Joy Padgett and Jon Elsasser to the MWCD Development Advisory Committee, as recommended and set forth in the above memorandum, were approved.

6.06 BOARD OF APPRAISERS FEES

On motion by Mr. Kokovich, seconded by Mr. Parham, changes to the fee structure paid to members of the MWCD Board of Appraisers, as recommended and set forth in the above memorandum, were approved. This matter will be presented to the Conservancy Court on June 2, 2012, for consideration.

**6.07 PARTNERS IN WATERSHED MANAGEMENT PROGRAM
LOWER MUSKINGUM FLOOD WARNING SYSTEM GRANT**

On motion by Mr. Parham, seconded by Mr. Kokovich, a Partners in Watershed Management Program grant in the total amount of \$400,000 to the U.S. Geological Survey-Ohio Water Science Center for a Lower Muskingum flood warning system, as recommended and set forth in the above memorandum, was awarded. The expenditure in year 2012 will be \$129,250. The remainder of this funding will be included in the 2013 and 2014 budgets.

6.08 TEMPORARY RAW WATER SALE AGREEMENT – VILLAGE OF CADIZ

Mr. Horstman inquired of the lack of involvement with the Harrison County Commissioners on this issue. Mr. Milleson explained the process to date and that one of the county commissioners, Don Bethel, was included in an initial meeting along with Robert Sterling, Harrison County Engineer/Sanitary Engineer.

On motion by Mr. Horstman, seconded by Mr. Parham, staff was directed to bring this matter to the attention of the Harrison County Commissioners and that the information is to be presented again at the July Board meeting for consideration. On roll call: Mr. Horstman-yes; Mr. Kokovich (did not vote); Mr. Parham-yes; and Mr. Pryce-abstain. Motion carried.

Following a lengthy discussion about the proposed temporary raw water sale agreement with the Village of Cadiz, Mr. Kokovich made a motion, seconded by Mr. Pryce, to approve the proposed temporary raw water sale agreement for the two month period until the July meeting, contingent upon the conditions that Mr. Horstman previously stated relative to the involvement of the Harrison County Commissioners, and that a refined agreement be brought back to the Board in July. Following discussion, Mr. Kokovich withdrew the motion.

Ms. Harper and Mr. Harris expressed their objections to this action.

Mr. Logan pledged to the Board that he will involve and keep the Harrison County Commissioners informed as to the status of the request from the Village of Cadiz.

6.09 OTHER BUSINESS

ATWOOD RESORT VACATION CABINS

The Board was provided with information about the Atwood Resort vacation cabins. A study of the condition of these cabins was recently conducted and a summary of the results, including cost analysis, to bring the cabins to a condition which make them suitable for rental was included.

Mr. Kokovich commented about what other uses would be suitable for the area where the Atwood Resort vacation cabins. Mr. Barnhart responded that this will be a part of the park master planning process. Mr. Hoopingarner added that the firm that is in negotiations with Carroll County for operation of Atwood Resort has also been contacted with inquiry of whether or not they would be interested in the vacation cabins operation.

MAINTENANCE ASSESSMENT

Discussion was held by members of the Board relative to the potential for a reduction in the maintenance assessment. Board members have received general comments that MWCD should consider a reduction in the maintenance assessment due to the influx of revenue from the oil and gas activities. Mr. Pryce suggested that the Board might want to consider a specific percentage reduction in the overall assessment. Attorney Pringle reported that any reduction in the maintenance assessment must be apportioned to all assessment and that specific assessments (i.e. industrial, etc.) cannot be reduced without reducing all.

7. REPORTS

7.01 SUMMARY OF MARINA OPERATIONS

Board members received a copy of the Summary of Marina Operations report through April 30, 2012. No action required.

7.02 COST SHARE COOPERATIVE WORK AGREEMENT – ODNR, DSWR PROJECTS UPDATE

Mr. Logan reported that there is a proposal for aerial seeding of cover crops in Holmes and Carroll counties. An advantage of aerial seeding of cover crops is that more acres can be seeded in less time than with ground equipment. Aerial application also allows seeding to be done when it is physically impossible to use ground equipment, such as when crops are present, or the soil is too wet for regular equipment.

7.03 STRATEGIC PLANNING UPDATE

Mr. Hoopingarner that the within the strategic planning process, staff is busy with organizational strategic initiatives with a focus on the branding plan and surveying (customer/stakeholder input) program.

7.04 MWCD ID BRANDING STUDY UPDATE

Mr. Lautenschleger reported on the progress with the consultant, LPK, on the ID branding study. Six basic concepts have been presented and are under review. Staff is working very closely with LPK and it is anticipated that information will be ready for presentation to the Board at the July meeting.

7.05 PRELIMINARY 2012 GOALS

Mr. Hoopingarner reviewed the 2012 goals with the Board.

7.06 USACE PROJECTS STATUS REPORT

Mr. Slogar reported that the construction project at Dover Dam, Phase I, is progressing and the U.S. Army Corps of Engineers (USACE) has acquired nearly all of the necessary access for Phase II. The work at Bolivar Dam is also underway. A dam safety modification report for Mohawk Dam is scheduled for submission in late 2013.

Mr. Slogar informed the Board that the USACE has extended an invitation to representatives of MWCD to attend their planning associates conference in Fort Worth, Texas, later this year. On motion by Mr.

Horstman, seconded by Mr. Kokovich, the Board authorized out-of-state travel by the appropriate staff to attend this conference. Transportation costs for attending this conference are covered by the USACE.

7.07 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

No report at this time.

7.08 IMMEDIATE OR PENDING LITIGATION

Mr. Pringle reported on the status of the bankruptcy case involving the former operator who leased Piedmont Marina continues, but nears completion and the status of a court case involving a cottage lessee from Atwood Lake.

8. LEGISLATIVE REVIEW

8.01 CURRENT LEGISLATIVE ACTIVITIES

Mr. Hoopingarner reported that several meetings are scheduled with key legislators in late May.

9. SUBDISTRICTS

9.01 CHIPPEWA SUBDISTRICT – CHANNEL INSPECTION

Mr. Slogar reported that the annual Chippewa channel inspections were conducted on April 30. The Natural Resources Conservation Service partners with the Chippewa Subdistrict in this effort.

EXECUTIVE SESSION

On motion by Mr. Horstman seconded by Mr. Parham, the Board of Directors entered into executive session at 1:35 p.m. to discuss matters related to ORC §121.22 (G) (1), regarding employment. On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Mr. Kokovich-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 1:45 p.m.

In open session, on motion by Mr. Kokovich, seconded by Mr. Horstman, an addendum to the employment contract for Chief of Conservation was approved as a result of successful completion of the probationary period.

10. ADJOURN

There being no further business, on motion by Mr. Kokovich, seconded by Mr. Pryce, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Thursday, July 19, 2012, at 9:00 a.m. at a location to be determined.