

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the New Philadelphia City Council Chambers
January 18, 2013, 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, January 18, 2013, 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, Dan Castellucci, Jim Cugliari, Tom Fisher, John Hoopingarner, Darrin Lautenschleger, Sean Logan, Karen Miller, Jim Pringle and Mark Swiger.

Mr. Parham, 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: Doug McLarnan (*MWCD Development Advisory Committee member*); Dale Norris and Bill Host (*Harrison County Commissioners*); Greg Pace and Al Espenschied (*Guernsey County Citizens Support on Drilling Issues*); Lea Harper and another representative (*SOASOW*); Leon Younger (*PROS Consulting*); Brent Winslow (*Borton-Lawson Engineering*); J. Sellers (*NG Industrial*); Cliff Easlick (*Dover resident*); and Andrew Pack, Bruce Rankin, and Mike Battles (*Woolpert*).

Commissioner Norris addressed the Board expressing the desire of the Harrison County Commissioners to work with MWCD regarding the water supply and availability for the oil and gas industry.

Mr. Pace referred to a letter submitted to the Board via email to Mr. Lautenschleger (dated December 21, 2012) and urged the Board to read the information provided. (A copy of this letter is on file with the MWCD and was previously provided to the Board.)

Ms. Harper stated her concerns about the potential leasing of property at Seneca Reservoir for oil and gas exploration and for hydraulic fracturing activities in general.

3. APPROVAL OF MINUTES

On motion by Mr. Kokovich, seconded by Mr. Horstman, the minutes of the December 21, 2012, meeting of the Board of Directors were approved.

Mr. Winslow informed the Board that the December 2012 minutes were incorrect in citing him as a member of the Ohio Oil and Gas Association (OOGA) Executive Committee. He is a member of the OOGA Water Resources Subcommittee. This correction is noted.

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending December 31, 2012. The total operating revenue is \$32,723,641.00 with expenses of \$13,355,626.00, resulting in an excess of revenues over expenses of \$19,368,015.00.

Conservation Fund

- Timber Harvesting and Pine Pulpwood Operations revenue total fell short of budget and ended at 73% of budget.
- Farm Operations-Sharecrops revenue finished the year well over the anticipated budget which amounted to \$326,486.00 in excess of budget.
- Expenses finished at 86.82% of budget.

Recreation Fund-Parks

- Total revenue finished the year at 2.07% or \$105,062.00 over budget.
- Total expenses were 96.14% of budget.

Recreation Fund-Non Park

- Total revenue finished the year at 99.10% of budget. In general, all major areas of revenue met budget.
- Expenses were 73.46% of budget for the year.

Recreation Improvement Fund

- Total expenses were 32.38% of budget as we reinvested back into our operations \$2,705,247.00 for the year with \$726,407.00 going back into marinas and \$791,492.00 into parks.

Maintenance Assessment Fund

- Total expenses were 63.47% of budget for the year.
- The major areas of expenditure were the Dam Safety Upgrades, PWM projects, shoreline protection and acid mine drainage issues.

Overall, the operations of the District performed well financially while meeting nearly all revenue projections and keeping expenditures within budget. Funds from the Oil and Gas leases were able to be used to reinvest in facilities as well as pay any outstanding debt that we could.

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

5. PAYMENT OF BILLS

On motion by Mr. Kokovich, seconded by Mr. Pryce, a report of the payment of bills for the period ending December 31, 2012, was approved as presented.

6. BUSINESS

6.01a LEASE TRANSACTIONS

On motion by Mr. Horstman, seconded by Mr. Boyle, 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 ANTERO RESOURCES – SENECA LAKE

Mr. Logan reported that the MWCD has continued to negotiate the terms of an oil and gas lease at Seneca with Antero Resources since the staff reported its intentions to lease at the November 16, 2012, meeting of the Board of Directors.

The plan, as stated, was to enter into a lease that would prohibit surface development of MWCD property, and at the same time add protection to the adjacent private property. The attached draft Exhibit A, which will be attached to and amend the standard oil and gas lease, fulfills both objectives.

Under the proposed terms of the lease there will be no well pads, lease roads or pipelines on MWCD property, but surface operations on adjacent lands where the MWCD shares in the well or lands leased by Antero Resources and located within ½ mile of MWCD property, will be subject to the terms of the lease, Mr. Logan said.

While respecting private property rights, the MWCD will have an opportunity to review Antero Resources' development plans annually, and throughout the year to review the location of all well pads, and associated roadways and pipelines. The MWCD will review Erosion and Sedimentation (E & S) Plans, Preparedness, Prevention and Contingency (PP&C) Plans, and engineering site plans prior to construction, and have access to the site prior to construction and during drilling and completion.

The lease will include surface operation requirements similar to those instituted for MWCD lands at Clendening, including specifications on the drilling operation, reclamation procedures, and light and sound control to reduce the impact to the community.

Members of the Board received a copy of Exhibit A for review and comment prior to the February Board meeting when, pending final monetary considerations, Mr. Logan said the MWCD staff anticipates making a recommendation to enter into a lease with Antero Resources for the available acreage at Seneca.

Mr. McLarnan inquired about whether or not new pipe is required to be used in oil and gas drilling operations in the MWCD lease. Mr. Swiger replied that new pipe is required.

Upon hearing that discussions about the details of the lease would be discussed in executive session, Ms. Harper requested to be present during the executive session. Mr. Parham responded that she could not attend the executive session. Ms. Harper asked if there would be a report of the discussions held during executive session. Mr. Parham responded with a brief explanation of executive sessions in general and noted that any action taken by the Board would occur in open session. Ms. Harper then requested a work session similar to that requested by the Harrison County Commissioners. Mr. Lautenschleger responded that he will be in contact with Ms. Harper regarding her questions and concerns.

6.02a BOLIVAR DAM LOCAL COST SHARE FUNDING REQUEST

On motion by Mr. Horstman, seconded by Mr. Pryce, release of cost share funds for the Bolivar Dam Major Rehabilitation project in the amount of \$4,252,590.00, as recommended and set forth in the above memorandum, was authorized.

Mr. Pryce noted that it would be beneficial to have a breakdown of the costs associated with this project. Mr. Cugliari indicated that this information will be provided.

6.02b CLEAN OHIO FUND GRANT – PIEDMONT SHORELINE PROJECT

On motion by Mr. Boyle, seconded by Mr. Pryce, a resolution of authorization for a Clean Ohio Fund Grant for a shoreline stabilization project at Piedmont, as recommended and set forth in the above memorandum, was adopted.

6.03a HUMAN RESOURCES SUMMARY

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

6.03b PROPOSED REORGANIZATION – IS/IT

On motion by Mr. Boyle, seconded by Mr. Kokovich, proposed organizational changes and a request to post and fill appropriate positions within the Information Systems/Information Technology group, as recommended and set forth in the above memorandum, were approved.

6.03c SEASONAL STAFFING PLAN FOR 2013

On motion by Mr. Pryce, seconded by Mr. Horstman, the proposed seasonal staffing plan for 2013, as recommended and set forth in the above memorandum, was approved.

6.03d VACATION CONVERSION PLAN

On motion by Mr. Boyle, seconded by Mr. Pryce, revisions to the Vacation Conversion Plan policy, as recommended and set forth in the above memorandum, were approved.

On motion by Mr. Pryce, seconded by Mr. Boyle, the Board mandated that contracted employees be required to take a minimum of two (2) weeks of vacation per year.

6.04 REQUEST FOR SHORT TERM WATER WITHDRAWAL FOR CONSTRUCTION PURPOSES

On motion by Mr. Kokovich, seconded by Mr. Horstman, a request from George J. Igel Company purchase of up to 110,000 gallons of water from Clendening Reservoir for the construction of a pipeline compressor station, as recommended and set forth in the above memorandum, was approved.

6.05 TRASH REMOVAL CONTRACT

On motion by Mr. Pryce, seconded by Mr. Boyle, a three-year agreement for trash removal with Rumpke Companies of Northern Ohio, as recommended and set forth in the above memorandum, was approved.

6.06 PURCHASE OF RENTAL BOATS

On motion by Mr. Horstman, seconded by Mr. Pryce, purchase of three pontoon boats for rental at Piedmont and Seneca marinas from Buckeye Outdoors at a total cost of \$42,900.00, as recommended and set forth in the above memorandum, was approved.

6.07 OTHER BUSINESS

SHALE SUMMIT 2013

Mr. Hoopingarner shared information that was provided by Mr. Parham regarding an event to be held Tuesday, February 5, 2013, at Executive Caterers at Landerhaven: Ohio & Shale: Getting it Right. The event is presented by Crain's Cleveland Business. Rich Cochran, President and CEO of the Western Reserve Land Conservancy will be the keynote speaker. Mr. Hoopingarner informed the Board that members of the MWCD staff will be attending and offered the opportunity for Board members to attend as well.

DOCUMENTS SUBMITTED BY L. HARPER

Documents submitted by Leatra Harper prior to the meeting were distributed to the Board: 1) a letter dated January 11, 2013, addressed to Governor John Kasich from Lea Harper, Freshwater Accountability Project; 2) a letter dated January 14, 2013, addressed to State Emergency Response Commission, Ohio Environmental Protection Agency, from Lea Harper, Freshwater Accountability Project; 3) a copy of a report dated October 17, 2012, from HydroQuest entitled "Hydrogeologic Concerns Regarding Hydraulic Fracturing within the Muskingum River Watershed in Eastern Ohio with Justification & Recommendations in Support of a Drilling

Moratorium within Reservoir Watershed and Statewide Legislation Banning Hydraulic Fracturing,” for Southeast Ohio Alliance to Save Our Water; and 4) a document entitled “Threshold Criteria” relative to the City of Cambridge as applicant. These documents are on file.

7. REPORTS

7.01 SUMMARY OF MARINA OPERATIONS

Board members received a copy of the Summary of Marina Operations report through December 31, 2012. No action required.

Members of the Board inquired about and Mr. Barnhart commented on the progress of securing an agreement for the operation of the restaurant at Seneca Marina.

7.02 UPDATE ON 2012 GOALS / DISCUSSION OF PROPOSED 2013 GOALS

Mr. Hoopingarner reviewed the 2012 goals with the Board.

- 1) Financial Management
- 2) Strategic Planning
- 3) Market Branding
- 4) Master Planning
- 5) Natural Resources
- 6) Marinas
- 7) Official Plan

Members of the Board received a copy of proposed goals for 2013 for: 1) Oil and Gas Development; 2) Park Capital Improvements; 3) Marina Operations; and 4) Fiscal Management.

7.03 STRATEGIC PLANNING

This report was considered to be part of the park master planning report.

7.04 PARK MASTER PLANNING

Mr. Pack, Mr. Younger, and Mr. Rankin gave a progress report of the park master planning process. There will be a workshop with the MWCD team on Tuesday, January 22, with a follow-up presentation to MWCD employees at a meeting on January 23.

The scope of the master planning includes: condition assessment and sustainability audit of facilities; matching recreation needs with facility and amenity capability; evaluation of return on investment for existing programs and facilities; facilitation and evaluation of community input; and development of proposed programs and facility improvements.

In the coming months there will be development of final concepts, reporting of business plans, public workshops, and final presentation of the master plan.

There were 1,900 responses received to a recent survey (it was hoped that there would be 1,600 responses). Resulting from input received at public meetings and the survey, among the top public needs identified were: infrastructure upgrades and improvements; more full hookup campsites; new upgraded facilities; and additional amenities. Water-related facilities and camping rated at the top with walking and hiking opportunities. Also ranking high was the need for kid-focused attractions. Further study of the survey results will focus on household type of respondent, length of stay of visitors, and/or specific park/area used.

Recommendations from Woolpert are expected to be that each park is as sustainable as possible – with design for revenue and facilities meeting national park and recreation standards; green infrastructure; system modernization; efficiency in operations; standards across the system (mowing, programs, design, marinas, etc.); proposal of theme for each park area (an example was illustrated of one park themed as “Edge Sports”).

The scheduling up to final presentation of the master plan was presented as follows:

- February: Coordination of strategic plan, branding plan and master plan efforts between each planning group to create synergy, consistency and cross coordination of priorities
- March: Business plans rolled out by park with key recommendations and priority work plans
- April: Capital improvement plans rolled out based on cost benefit and return on investment and timelines to complete
- May: Draft report presentation with financial plan
- June: Final report presentation

7.05 ID BRANDING

This report was considered to be part of the master planning report.

7.07 USACE PROJECTS STATUS REPORT

The Dover project is on schedule and on budget; the current phase of the Bolivar project is nearing completion.

7.08 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

Mr. Parham reported that there will be no rate increases for Atwood Regional customers for the coming year.

7.09 IMMINENT OR PENDING LITIGATION

These matters will be discussed in executive session.

8. SUBDISTRICTS

No business at this time.

9. EXECUTIVE SESSION

On motion by Mr. Kokovich, seconded by Mr. Horstman, the Board of Directors entered into executive session at 12:30 p.m. to discuss matters related to ORC §121.22 (G) (2) and (3). On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Mr. Kokovich-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 1:18 p.m.

In open session, the Board took the following action: On motion by Mr. Horstman, seconded by Mr. Kokovich, the Board authorized staff to negotiate for the purchase of the former restaurant property along State Route 250 at Tappan Reservoir.

Mr. Pryce, seconded by Mr. Boyle, the Board authorized counsel to proceed with legal action to enforce the terms of the lease of the previous operator of Seneca Marina.

10. ADJOURN

There being no further business, on motion by Mr. Kokovich, seconded by Mr. Horstman, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, February 15, 2013, at 9:00 a.m. at McDonald/Marlite Conference Center, New Philadelphia, Ohio.

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Approved 02.15.2013