

**SUMMARY OF MINUTES  
BOARD OF DIRECTORS  
MUSKINGUM WATERSHED CONSERVANCY DISTRICT  
Held at the New Philadelphia City Council Chambers  
April 18, 2014, 9:00 a.m.**

A meeting of the Board of Directors of the Muskingum Watershed Conservancy District was held at the Science and Technology Center, Kent State University Tuscarawas, 330 University Drive NE, New Philadelphia, Ohio, on Friday, April 18, 2014, 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. Parham, and Mr. Pryce.

On motion by Mr. Boyle, seconded by Mr. Horstman, Ms. Limbach was excused.

Present from MWCD staff were Scott Barnhart, Dan Castellucci, Jim Cugliari, John Hoopingarner, Darrin Lautenschleger, Ted Lozier, Karen Miller, Jim Pringle, Mike Rekstis, Boris Slogar, and Mark Swiger.

Mr. Pryce, 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: Brent Winslow (*Consol Energy*); Doug McLarnan (*MWCD Development Advisory Committee*); Theodore Voneida, Swanhild Voneida, Eric Fenster, Sue Dye, Kathy Thornhill, and Patricia Jacobson (*Piedmont area residents*); Brad Janssen (*American Energy*); Bob Downing (*Akron Beacon Journal*); John Morgan (*Beallsville resident*); Leatra Harper and Steve Jansto (*Seneca area residents/Fresh Water Accountability Project*); Richard Regula (*Stark County Commissioner*); Clark Sprang (*Big Prairie resident*); Tim Vonville (*Turner Oil and Gas*); Dennis Kito (*Carrollton resident*); Robert Villella (*Canton resident*); Dustin Goldston (*Uniontown resident*); James Dobrozi (*Woolpert*); Jennifer Black (*News 9*); Sara Yingling (*WTRF-TV*); Kabir Bhatian (*WKSU*); Eric Reip (*New Philadelphia resident*); Shawn Bennett (*Energy in Depth*); John Stark (*The Nature Conservancy*); and John Navarro (*Ohio Department of Natural Resources' Division of Wildlife*).

The following individuals addressed the Board with comments against hydraulic fracturing and/or general comments asking that the MWCD not lease the Piedmont Lake area for gas and oil and production:

- 1) Theodore Voneida, who submitted his written statement. Mr. Voneida also read a letter from his neighbor, Frank Persello.
- 2) Swanhild Voneida, who submitted her written statement. Mrs. Voneida also read a letter from her neighbor, Betty Renney
- 3) Eric Fenster
- 4) Kathy Thornhill
- 5) Patricia Jacobson, who submitted her written statement
- 6) John Morgan, who submitted a document, entitled "*Reasons to be require (sic) an environmental impact study before leasing for shale gas.*"
- 7) Leatra Harper, who submitted her written statement
- 8) Steve Jansto, who read from his wife's (Leatra Harper) statement

NOTE: All written statements referenced above are on file with the MWCD.

Richard Regula, Stark County Commissioner, addressed the Board and stated that Stark County pays the largest portion of the maintenance assessment. He appealed to the Board that, if the maintenance assessment is reduced or suspended, MWCD continue efforts to fund water quality projects and supplement any maintenance assessment funds that would have been received for this purpose with gas and oil revenue. He expressed appreciation for the cooperative efforts in the area of water quality between MWCD and Stark County entities.

Additional letters that were submitted for Board review were from Elaine Baer of Mansfield, Ohio; and Phil Gerwig of Perrysville, Ohio.

### **3. APPROVAL OF MINUTES**

On motion by Mr. Parham, seconded by Mr. Boyle, the minutes of the March 21, 2014, meeting of the Board of Directors were approved.

### **4. FINANCIAL**

Mr. Cugliari presented the financial report for the period ending March 31, 2014. The total operating revenue is \$4,628,330.00 with operating expenses of \$2,533,320.00, resulting in an excess of revenue over expenses of \$2,095,010.00

#### **Maintenance Fund – General**

- Interest income for the month totaled \$47,203.00 and year to date is \$111,705.00 or 40.62% of budget.
- Expenses are 24.21% of budget for the year.
- The Office Building account is significantly over the 2013 year to date, as a result of the outfitting with furniture, office equipment and rental agreement at the Reeves Building.
- The Health Insurance Laser is also \$90,000.00 over the 2013 amount expended.

#### **Conservation Fund**

- Revenues are 21.32% of budget.
- Timber Harvesting is currently at 55% of budget and ahead of last year. There have been a couple of projects in the first quarter; while in 2013 most of the activity occurred in the fourth quarter.

#### **Recreation Fund-Parks**

- Total park revenues are 43.70% of budget through the first quarter of the year.
- Park Camping is 53.25% of budget and nearly \$120,000.00 ahead of last year. The majority of the camping revenue is due to seasonal camping.
- Expenses are 11.78% of budget and running about \$100,000.00 ahead of 2013 expense.

#### **Recreation Fund-Non Park**

- Revenues are 20.68% of budget for the first quarter.
- Marina revenues for both leased and MWCD operated are ahead of 2013. We will monitor this early on to see if some of it has to do with timing from a seasonal docking perspective.
- Multiple Docks is right on schedule with budget and where we were last year at this time.
- Total expenses are 18% of budget and \$100,000.00 less than 2013. This amount is made up of quite a few of the categories in this fund being below 2013 levels.

#### **Recreation Improvement Fund**

- Total expenses are 9.7% of budget and \$140,000.00 ahead of 2013.
- A significant amount has been expended in 2014 in the Road Maintenance Program and Water and Sewer line items.

#### **Maintenance Assessment Fund**

- Total revenues for the collection of the assessment are 21% of the budget. To date, seven counties have reported their first half collections.

- Expenses are 48.50% of budget. The major area of expense is in the Dam Safety Upgrades, PWM, Sediment Removal and Shoreline Protection.

Overall operations are running in line with projections as we have completed the first quarter of operations in 2014.

On motion by Mr. Boyle, seconded by Mr. Parham, 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 March 31, 2014, 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 ATWOOD MARINAS – RESTAURANT SUB-LEASE**

On motion by Mr. Horstman, seconded by Mr. Boyle, sub-leases for restaurant operations at both Atwood marinas, as recommended and set forth in the above memorandum, were approved.

### **6.01c ANTERO RESOURCES – PIEDMONT LEASE**

Mr. Hoopingarner emphasized that MWCD has managed oil and gas leases on its properties for its entire 80-year history as a part of its overall natural resources stewardship program. Oil and gas leases developed by the conservancy district have served as a model for other owners of public property considering strategies for management of leases that provide for revenues to enhance public benefit and services while ensuring the highest level of environmental protections.

Mr. Lozier stated that interest from the oil and gas industry in leasing the Piedmont area has been ongoing for a number of years. In late 2013, ten viable production companies had stated an interest in entering into a lease. That group of ten was narrowed down to five. In addition, a public meeting was held to discuss the lease process in January at St. Clairsville. Since that time, MWCD staff worked with each of these producers, met with them individually to discuss their qualifications. Antero Resources was determined to be the best fit for the specific lease at Piedmont. Negotiated terms of the lease were presented to the Board at its March 21, 2014, meeting for review. Since the March 21, 2014, Board meeting, the lease agreement has been available for review and comment on the MWCD website.

Mr. Swiger noted that it is important to convey to everyone that the negotiation for the oil and gas lease at Piedmont was a competitive process. The decision to select Antero Resources was based on its acreage position and environmental aspects that it was willing to embrace. The Seneca lease was used as the foundation to develop the Piedmont lease. He also stated that MWCD would have final approval of any activity on MWCD property. In addition, where the MWCD shares in a well, if that lateral is located under property or within a half-mile buffer, there are environmental safeguards built into the proposed lease.

Mr. Pryce informed visitors that the financial terms of the proposed lease cannot be divulged until action is taken by the Board.

In answer to a question posed by Mr. Parham about whether or not MWCD has the right to reject a proposed well site on MWCD property, Mr. Swiger stated in the affirmative. Many aspects, including topography, distance from established activities, stream crossings, cultural and environmental issues, would be taken into consideration in such a decision.

On motion by Mr. Boyle, seconded by Mr. Parham, an oil and gas lease for MWCD property at Piedmont Reservoir with Antero Resources, as recommended and set forth in the above memorandum, was approved.

Upon approval of the above motion, it was reported that the agreement with Antero Resources for more than 6,300 acres of MWCD property at Piedmont Reservoir includes a signing bonus of \$15,000 per acre plus a share of 20 percent of the royalties from the production of the lease (on gross amount without reduction). Another approximately 300 acres of the Piedmont property is being finalized and will potentially be added to the lease later.

**6.01d      SENECA/ANTERO – SHORT-TERM WATER SUPPLY AGREEMENT**

On motion by Mr. Parham, seconded by Mr. Boyle, a short-term water supply agreement with Antero Resources at Seneca Reservoir, as recommended and set forth in the above memorandum, was approved.

**6.01e      PIEDMONT/GULFPORT ENERGY – SHORT-TERM WATER SUPPLY AGREEMENT**

On motion by Mr. Parham, seconded by Mr. Boyle, a short-term water supply agreement with Gulfport Energy at Piedmont Reservoir, as recommended and set forth in the above memorandum, was approved.

**6.01f      CLENDENING/AMERICAN ENERGY UTICA –  
SHORT-TERM WATER SUPPLY AGREEMENT**

On motion by Mr. Parham, seconded by Mr. Boyle, a short-term water supply agreement with American Energy Utica at Clendening Reservoir, as recommended and set forth in the above memorandum, was approved.

**6.01g      SENECA PARK BEACH CONCESSION**

On motion by Mr. Parham, seconded by Mr. Horstman, an agreement for the Seneca Park beach concession operations with Annie Bride and Terry Lake, as recommended and set forth in the above memorandum, was approved.

**6.02a      BUDGET REVISION**

On motion by Mr. Horstman, seconded by Mr. Boyle, a budget revision for both revenue and expenses in the park camping line item due to the new online reservation system, as recommended and set forth in the above memorandum, was approved.

**6.02b      BUDGET ADJUSTMENTS**

On motion by Mr. Boyle, seconded by Mr. Horstman, budget adjustments for the first quarter of 2014, as recommended and set forth in the above memorandum, were approved.

**6.03a HUMAN RESOURCES SUMMARY**

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

**6.03b GROUP HEALTH BENEFIT REVIEW**

On motion by Mr. Boyle, seconded by Mr. Horstman, renewal of the group health benefit plan with AultCare, as recommended and set forth in the above memorandum, was authorized. On roll call: Mr. Pryce-abstain.

**6.03c VOLUNTARY BENEFIT PLANS – DENTAL AND VISION**

On motion by Mr. Horstman, seconded by Mr. Parham, changes to the voluntary benefit plans for dental and vision for MWCD employees, as recommended and set forth in the above memorandum, were approved.

**6.04a SENECA MARINA BOAT REPAIR BUILDING**

On motion by Mr. Parham, seconded by Mr. Horstman, a request to solicit for bids and award in an amount not to exceed \$250,000.00 for the Seneca Marina boat repair building, as recommended and set forth in the above memorandum, was approved.

**6.04b VEHICLE REPLACEMENTS**

On motion by Mr. Boyle, seconded by Mr. Horstman, a request to purchase vehicles as outlined in the 2014 budget, as recommended and set forth in the above memorandum, was approved.

**6.04c GENERAL LIABILITY INSURANCE RENEWAL**

On motion by Mr. Parham, seconded by Mr. Boyle, renewal of the general liability insurance coverage through The Ohio Plan with Whitaker Myers Insurance Group, as recommended and set forth in the above memorandum, was approved.

**6.04d FIREWORKS EXHIBIT CONTRACT**

On motion by Mr. Horstman, seconded by Mr. Boyle, agreements for fireworks displays at MWCD parks, as recommended and set forth in the above memorandum, were approved as follow: 1) an agreement with Pyrotecnico for the 2014-2016 seasons at an annual cost of \$31,700.00; and 2) an agreement with Northeast Ohio Pyrotechnics Group for the 2014 Alive Festival and Atwood Area Fall Festival at a cost of \$8,000.00 (this specific expenditure is contingent upon cost-sharing outside funding sources).

**6.04e SHARE CROP MATERIALS**

On motion by Mr. Parham, seconded by Mr. Horstman, purchase of share crop materials for the 2014 season at a total cost of \$229,506.20, as recommended and set forth in the above memorandum, was approved.

**6.04f      STREAM GAGES, LAKE LEVEL GAGES AND WEATHER STATIONS AT MWCD RESERVOIRS**

On motion by Mr. Parham seconded by Mr. Boyle, expenditure of funds in the amount of \$758,200.00 for installation of a USGS monitoring system, along with annual operation and maintenance costs of \$334,000.00, as recommended and set forth in the above memorandum, was approved.

**6.04g      PURCHASE OF PATROL BOAT**

On motion by Mr. Horstman, seconded by Mr. Boyle, purchase of a patrol boat from Alumaweld Boats at cost of \$40,970.00, as recommended and set forth in the above memorandum, was approved.

**6.05      CONSIDERATION OF THE REDUCTION/SUSPENSION OF THE MAINTENANCE ASSESSMENT**

Mr. Hoopingarner reported that consideration of a potential reduction/suspension of the maintenance assessment has occurred. With recent revenue generated through oil and gas leasing, staff recommends that the Board consider a fifty percent (50%) reduction of the annual maintenance assessment and to periodically review this matter as necessary. MWCD must meet obligations for funding as the local cost-share projects with the U.S. Army Corps of Engineers, and funds committed to local projects. On motion by Mr. Horstman, seconded by Mr. Boyle, the Board approved a fifty percent (50%) reduction in the annual maintenance assessment collection beginning with the year 2015, subject to further review and action by the Board.

**6.06      CONSIDERATION OF THE CREATION OF A WATERSHED PROJECT FUNDING PROGRAM**

Mr. Hoopingarner stated that staff is recommending the creation of a watershed project fund program, established as a revolving loan program with a third party agency to fund local public works projects within the watershed. On motion by Mr. Horstman, seconded by Mr. Parham, the Board authorized staff to begin negotiations to prepare a proposal for Board consideration.

**6.07      OTHER BUSINESS**

**CONSERVANCY COURT – 2014**

It was noted that the Conservancy Court of the Muskingum Watershed Conservancy District will hold its annual session on Saturday, June 7, 2014, at 10:00 a.m. in the Tuscarawas County Court House, New Philadelphia, Ohio. The Honorable Edward O'Farrell is the presiding judge.

**7. REPORTS**

**7.01      MARINA REPORTS**

All marinas are in the process of re-installing docks, and getting ready to have boats move back on docks.

The first dock purchased through the new bid process requiring the submittal and approval of engineer-stamped drawings and certified calculations, was delivered on time to Piedmont Marina. The new requirements did not appear to delay the process.

Bids will be solicited for construction of the service building at Seneca.

The launch ramp, parking, restroom, and waterfront improvements project at Piedmont Lake Marina continues under a very tight schedule. The launch ramp can now be used to launch boats.

A major shoreline stabilization project is nearing completion at Atwood West Marina.

Leased marina revenues were up 4% YTD at the end of March.

Revenues at Piedmont and Seneca marinas are up 12% and 37% respectively YTD at the end of March.

The Dockside Restaurant at Seneca has already hosted two special events this season. Both events resulted in very positive email comments.

An interior decorator was contracted to provide design work for decorating improvements at the Seneca Marina restaurant. Installation will occur April 29.

A new water well was drilled at Leesville Petersburg to provide better flow and quality of drinking water, primarily for the campground.

## **7.02 ASIAN CARP MONITORING PARTNERSHIP REPORT**

John Stark, representing The Nature Conservancy, and John Navarro, representing the Ohio Department of Natural Resources/Division of Wildlife, presented information to the Board regarding the Asian Carp monitoring partnership between MWCD and their respective organizations.

## **7.03 UPDATE ON 2014 GOALS**

Mr. Hoopingarner provided an update on the progress of the 2014 goals:

### **① OIL AND GAS DEVELOPMENT**

The MWCD will negotiate and enter into an oil and gas lease for Piedmont Reservoir in the first quarter of 2014, and for Tappan Reservoir in the third quarter of 2014. These leases will produce revenue to fund park, recreation, public access and conservation improvements. The leases will contain significant provisions focusing on the protective development of these natural resources. *The Board took action to approve a lease for the Piedmont Reservoir area with Antero Resources during the business portion of this meeting.*

### **② MASTER PLAN IMPLEMENTATION**

The MWCD will develop a schedule, budget, design and implementation plan for park capital improvement projects at each of the five lake parks and marinas it operates. Changes to the organizational structure of the MWCD will be implemented to accommodate the multi-year implementation of these projects. Capital improvement projects will begin in 2014. *No update was provided at this time. Progress continues in recruiting and hiring new positions approved earlier this year for the master plan implementation.*

### **③ DREDGE PROGRAM**

The MWCD will launch a comprehensive dredging plan that will prioritize and identify reservoir dredging needs, secure necessary permits, and begin dredge operations in 2014. The dredge program will be a multi-year program. *Staff continues to explore opportunities for disposal of dredge material at Tappan. The contractor selection process is under way.*

**④ FISCAL MANAGEMENT**

The MWCD will continue the development of plans for the use of revenue generated from the development of oil and gas reserves and consider the amount of revenue needed to meet its obligations to fulfill the Official Plan and the Amendment to the Official Plan adopted in 2005. In the first half of 2014, the MWCD will address the issue of whether or not the current maintenance assessment should be adjusted. *As staff evaluates the cash position and potential oil and gas revenue, more information will be available for Board consideration.*

**7.04 STRATEGIC PLAN**

Mr. Slogar distributed the “2014 MWCD High Priority Initiatives” report to members of the Board.

**7.05 USACE PROJECTS STATUS REPORT**

There is nothing to report at this time. Mr. Hoopingarner informed the Board that the next Corps partnering meeting will be hosted by MWCD on June 6.

**7.06 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE**

No report at this time.

**7.07 IMMINENT OR PENDING LITIGATION**

No report at this time.

**8. SUBDISTRICTS**

**8.01 CHIPPEWA SUBDISTRICT – REPLACEMENT OF HYDRAULIC STRUCTURES ALONG CHIPPEWA CREEK**

On motion by Mr. Horstman, seconded by Mr. Boyle, a request to bid and award the replacement of seven hydraulic structures along the Chippewa Creek at Chippewa Subdistrict at a cost not to exceed \$68,500.00, as recommended and set forth in the above memorandum, was approved.

**9. EXECUTIVE SESSION**

On motion by Mr. Horstman, seconded by Mr. Boyle, the Board of Directors entered into executive session at 9:40 a.m. to discuss matters related to ORC §121.22 (G) (2), and (3). On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 10:50 a.m.

**10. ADJOURN**

There being no further business, on motion by Mr. Parham, seconded by Mr. Horstman, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, May 16, 2014, at 9:00 a.m. at the Messerly Recreation Center at Charles Mill Lake Park.