

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the Pleasant Hill Park Activity Center
August 24, 2012, 9:00 a.m.**

A meeting of the Board of Directors of the Muskingum Watershed Conservancy District was held at the Pleasant Hill Park Activity Center, on Friday, August 24, 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, Donnie Borland, Jim Cugliari, John Hoopingarner, Darrin Lautenschleger, Sean Logan, Karen Miller, Mike Rekestis, Boris Slogar, Mark Swiger, Bill Martin, Dan Mager, Corey Tedrow, and Sue Williams.

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: Larry Kerr and Earl Vogelsang (*Atwood North Shore Cottage Area residents*); Eugene and Marjorie Grossenbacher (*Pleasant Hill Lake Park campers*); Greg James and Robin Webb (*Butler residents*); Jim Brewer (*Loudonville Times*); Lea Harper (*SEASOW*); Bill Baker and Donna Carver (*Frack Free Ohio*); Kaitlin Durbin (*Mansfield News Journal*); Annette McCormick (*Lucas resident*); Leslie Harper (*FWAP*); Doug McLarnan (*MWCD Development Advisory Committee*); Greg Pace (*Guernsey County Citizens Support on Drilling Issues*); Jack Shaner (*Ohio Environmental Council*); and Nathan Johnson (*Buckeye Forest Council*).

Mr. Kerr addressed the Board as the President of the Atwood Lessees, Inc. He recalled that the Atwood Lessees, Inc. had a history of not the best relationship with MWCD and eventually the organization was dormant for a couple of years. Efforts to re-establish the group about five years ago have been brought them back into a proactive and positive relationship with MWCD. For instance, they were advocates for the MWCD during process of turning Atwood Resort over to the Carroll County Commissioners. Mr. Kerr commented on the value of the communication between himself and MWCD staff and expressed his appreciation.

Ms. Lea Harper addressed the Board stating that she is not attending to “thank” anyone. She questioned why there seems to be such justification for moving forward with this “highly risky and non-regulated industry” (*referring to oil and gas*) with no oversight. She claims that she has tried to get “hearings” and “more public input” for the past six months. In her opinion, MWCD is not protecting natural resources. She feels that her statements are not included in minutes of the meetings. She claims to have “no input into the executive meetings” with potential leasers for oil and gas. “All we can do is ask for records.”

Ms. Leslie Harper submitted two documents (*copies are on file*): 1) a letter dated November 15, 2011, from HydroQuest of Stone Ridge, New York, addressed to Scott E. Walters, Chief, General Permits/Beneficial Use Section, Division of Municipal and Residual Waste, Bureau of Waste Management, Harrisburg, Pennsylvania, regarding “Natural Gas Brine Dispersal on Roadways and the Risk of Surface and Groundwater Contamination (Comments on DEP Permit #WMGR064); and 2) a paper published with open access at Springerlink.com regarding “Methane and the greenhouse-gas footprint of natural gas from shale formations – A letter – by Robert W. Howarth, Renee Santoro, and Anything Ingraffea. She stated that she has reviewed the records as requested from MWCD by Ms. Lea Harper. Her opinion is that MWCD is “heading down the wrong path in resuming water sales to the industry. She feels that if MWCD continues with water sales, they are not “short-term or long-term, but should be called permanent removal.” She urged the Board to “not disappoint and be the cause of their (*hers and her family’s*) pain and suffering.”

Mr. Baker submitted a report from the New York State Department of Environmental Conservation entitled, “Revised Draft Supplemental General Environmental Impact Statement on the Oil, Gas and Solution Mining Regulatory Program Well Permit Issuance for Horizontal Drilling and High-Volume Hydraulic Fracturing to Develop the Marcellus Shale and other Low-Permeability Gas Reservoirs.” He called the matter of whether or not the MWCD should sell water to the oil and gas industry a “moral issue of allowing leasing and creating toxic fluid.” He is concerned about the creation of toxic waste and the dumping of it to injection wells in Ohio. He commented that he appreciates the impact study being performed by the U.S. Geological Survey for the MWCD reservoirs. He urged that there are many issues to be addressed prior to drilling being permitted.

Ms. Carver informed the Board that she has been a nurse for 30 years and “has seen first-hand the destruction of land.” She said that “volatile organic compounds from the sites” that cause illness, damage to nearby fields/crops, etc.; further making the accusation that the “records (*of the damage by the compounds*) are sealed.” She added that “we are in a national drought, so why would you want to sell water?” She stated that she has issues with statements made to the Board by Shawn Bennett at the July 26, 2012, meeting. She commented that she “is concerned about a gag order on provision placed on Senate Bill 315.” She requested that the Board members “visit Butler County (*Pennsylvania*).”

Ms. McCormick of Ashland County, submitted the following written statement which she request be included in these minutes: “Every day there are more and more articles from highly respected sources: Bloomberg News, New York Times, Scientific American, Rolling Stone magazine to name a few, that bring stories of contaminated water, devalued property values and illegal dumping of highly toxic fracking waste along roads and streams. Why won’t these horror stories that are occurring in other states happen in Ohio? The Ohio Petroleum Council director Terry Fleming says, ‘Ohio still only has eight producing wells to release energy from shale.’ He says that contamination has not occurred but then went on to say, ‘It could take 400 years for something to work it’s way 8,000 feet up.’”

Mr. McLarnan introduced himself to the Board as the newest member of the MWCD Development Advisory Committee. He is currently the Operations Manager at the Knox County Park District and has served on a number of local, regional and state boards. He made the observation that today there is a very civil group addressing the Board; and throughout the history of the MWCD, there has always been controversy, but that controversy always makes you (*the MWCD*) stronger. Mr. McLarnan stated his support of the MWCD mission. He closed his comments with an invitation to the September 26, 2012, 10:00 a.m. dedication of the Mohican River Water Trail.

Mr. Brewer informed the Board that the summer of 2012 marks a 45-milestone. He began a 3-year stint as a lifeguard at Pleasant Hill Park beach 45 years ago and stated that “it was the best job I ever had.”

3. APPROVAL OF MINUTES

On motion by Mr. Parham, seconded by Mr. Kokovich, the minutes of the July 26, 2012, meeting of the Board of Directors were approved.

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending July 31, 2012. The total operating revenue is \$14,724,346.00 with expenses of \$7,568,450.00, resulting in an excess of revenue over expenses of \$7,155,896.00.

Conservation Fund

- Mineral Operations-Gas and Oil, the first of three payments from Chesapeake Energy, in the amount of \$6,959,775.00, has been received.

- Expenses are 68.89% of budget with Farm Operations-Sharecrops expenses significantly higher than last year.

Recreation Fund-Parks

- Total revenues are 84.69% of budget and compares to 83.91% of budget in 2011. Actual revenue is up 3% from 2011.
- Vacation Cabins revenue is 83.97% of budget compared to 84.97% of budget in 2011.
- Park Camping continues to perform well at 89.87% of budget compared to 88% in 2011. Revenues are also 3.5% higher than 2011.
- General Park revenues are 87.54% of budget compared to 72% in 2011.
- Expenses continue to run within budget at 54.94% of budget and higher than 2011, as anticipated.

Recreation Fund-Non Park

- Revenues are 68.73% of budget compared to 64.31% in 2011.
- All Marina Operations revenues continue to run ahead of budget and ahead of 2011 totals.
- Cottage Sites, Club Sites and Multiple Docks are at budget or slightly higher than 2011.
- Expenses are 48.18% of budget and in line with projections.

Recreation Improvement Fund

- There is a continued effort in this fund to reinvest in our facilities by doing projects from the critical projects list. During the month of July, \$220,000 was expended.

During the month of July, the District invested \$15,970,000 in various investments as provided in the Ohio Revised Code. KeyBanc Capital Markets is the firm investing these funds on our behalf. A listing of these investments is provided for review.

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

5. PAYMENT OF BILLS

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

6. BUSINESS

6.01a LEASE TRANSACTIONS

On motion by Mr. Parham, seconded by Mr. Pryce, 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 TAPPAN LAKE VOLUNTEER FIRE DEPARTMENT

The Tappan Lake Volunteer Fire Department (Tappan VFD) was established in its current location with approval from the MWCD Board of Directors on June 2, 1978. Since that time, the MWCD has maintained a lease agreement with Tappan VFD for a parcel that is less than one acre in size at an annual lease amount of \$1.00.

Tappan VFD has been in discussion with staff off and on over the past few years about selling its current building and leasing a larger parcel from MWCD in which it could construct a larger building, expand parking and allow room for future growth.

We have recently received a letter of request seeking Board approval to move the department to one of two possible sites that the Tappan VFD is requesting. These locations are shown a map distributed to the Board. In response to our concern regarding the fire department potentially selling the existing building to a non-compatible business, the fire department is willing to cancel the lease on the current location and sell the existing building to Tappan Lake Marina or the MWCD.

Staff supports the concept of leasing additional acreage at an agreed upon location with the agreement that the current facility is transferred to MWCD at an amount approved by our Board of Appraisers. Since the current building is located within close proximity to the Tappan Lake Marina and a public launch ramp, we experience conflict of use. The purchase of this building and relocation of the fire department would alleviate this congestion and conflict.

This is provided for information only and requires no action at this time, pending completion of review by the Board of Appraisers and staff.

6.01c GULFPORT ENERGY - PIEDMONT

On motion by Mr. Pryce, seconded by Mr. Parham, authorization to enter into a non-drilling lease with Gulfport Energy for acreage located at Piedmont Reservoir, as recommended and set forth in the above memorandum, was granted.

Ms. Lea Harper requested to remark on this matter and was denied by Mr. Boyle.

6.01d ENTERPRISE LIQUIDS PIPELINE - CLENDENING

On motion by Mr. Kokovich, seconded by Mr. Pryce, a permanent easement and a temporary working easement for installation of a pipeline at Clendening Lake by Enterprise Liquids Pipeline, as recommended and set forth in the above memorandum, were approved. This matter was reviewed and approved by the MWCD Board of Appraisers on August 22, 2012.

6.01e CARROLL COUNTY COMMISSIONERS REQUEST – ATWOOD RESORT

On motion by Mr. Parham, seconded by Mr. Horstman, a proposed schedule of opening dates for the golf courses at Atwood Lake Resort and Conference Center as submitted by Carroll County Commissioners, and as recommended and set forth in the above memorandum, was endorsed.

RESOLUTION

WHEREAS the Board of County Commissioners of Carroll County, Ohio, and the Board of Directors of the Muskingum Watershed Conservancy District (MWCD) signed an agreement in February 2012 that transferred ownership of Atwood Lake Resort and Conference Center, the two associated golf courses and other resort amenities to Carroll County; and

WHEREAS the Board of County Commissioners of Carroll County, Ohio, recently has agreed to terms with Radius Hospitality of Stark County, Ohio, for services for the operation of Atwood Lake Resort and Conference Center, including the two golf courses; and

WHEREAS the Board of County Commissioners of Carroll County, Ohio, and Radius Hospitality have developed an updated schedule of re-opening of the main resort for October 1, 2012, and the golf courses for targeted dates in 2013, 2014 and 2015 to accommodate planned upgrades and improvements; and

WHEREAS the MWCD Board of Directors has determined that the schedule presented for the re-opening of the golf courses is acceptable and will be treated as an amendment to the donation agreement between the parties;

NOW, THEREFORE, be it resolved by the MWCD Board of Directors that it endorses and supports the schedule of proposed re-opening dates presented by the Board of County Commissioners of Carroll County, Ohio, for the two golf courses at Atwood Lake Resort and Conference Center as follows:

- Opening of the Par 3 golf course will take place not later than Memorial Day 2013
- Opening of the initial nine (9) holes of the 18-hole course will take place no later than Memorial Day 2014
- Opening of the final nine (9) holes of the 18-hole course will take place no later than Memorial Day 2015

6.02 BUDGET ADJUSTMENTS

On motion by Mr. Kokovich, seconded by Mr. Pryce, budget adjustment for the month of July 2012, as recommended and set forth in the above memorandum, were approved.

6.03a 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.

6.03b SHOOTING INVESTIGATION TEAM REPORT

In executive session, members of the Board heard a report of findings of a Shooting Investigation Team relative to an incident at Tappan Lake Park that occurred on July 23. The incident involved a car chase and shooting by a MWCD ranger. The Shooting Investigation Team found that no disciplinary action is required.

In open session, on motion by Mr. Pryce, seconded by Mr. Parham, the findings of the Shooting Investigation Team were accepted.

6.04a SENECA COTTAGE AREA ROAD MAINTENANCE

This matter was delayed until after action was taken relative to “Cottage Site Road Program.”

On motion by Mr. Pryce, seconded by Mr. Horstman, authorization to award a contract for a road maintenance project at Seneca Lake at a cost not to exceed \$55,000.00, as recommended and set forth in the above memorandum, was granted. This project will be done under the new “Cottage Site Road Program” at 50% cost to the lessees.

6.04b SENECA PARK WELCOME CENTER

On motion by Mr. Kokovich, seconded by Mr. Pryce, authorization to re-bid a contract for construction of the Seneca Park Welcome Center and award to the lowest and/or best bidder, as recommended and set forth in the above memorandum, was granted.

6.05 PWM – TUSCARAWAS COUNTY HMGP

On motion by Mr. Pryce, seconded by Mr. Horstman, a PWM funding request in an amount not to exceed \$158,465.00 for a hazard mitigation project in Tuscarawas County, as recommended and set forth in the above memorandum, was approved.

6.06 COTTAGE SITE ROAD PROGRAM

On motion by Mr. Kokovich, seconded by Mr. Pryce, the following, as recommended and set forth in the above memorandum, was approved:

- Establishing an account to be used specifically for cottage area roadway improvement, this will be funded, after initiation, with revenues derived from the cottage area lease program.
- Initiating the cottage area roadway improvement account with startup funding of \$500,000.
- Replacement of the existing area roadway policy with the above-defined cottage area roadway improvement concept (Board members received a copy of the proposed policy revision).

On roll call: Mr. Boyle-abstain; Mr. Horstman-abstain; Mr. Kokovich-yes; Mr. Parham-abstain; and Mr. Pryce-yes. Abstention was on advice of legal counsel due to these Board members themselves or members of their immediate family being cottage site lessees that could be directly affected by this action.

6.06 OTHER BUSINESS

No other business at this time.

7. REPORTS

7.01 SUMMARY OF MARINA OPERATIONS

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

7.02 PARKS REPORT

A report of the gross receipts for MWCD parks/campgrounds for the period ending August 12, 2012, was presented. No action required.

7.03 DROWNING AT PIEDMONT LAKE

On July 2, 2012, Trent James Carpenter of Bethesda, was fishing on Piedmont Lake with his two younger brothers and an adult using a borrowed pontoon boat. Around 9:00 a.m. they anchored the boat approximately 50 yards from a large rock known as Eagle or Swimmer's Rock. Sixteen year old Trent and his two fourteen year old brothers decided to jump from the boat and swim to the rock. Trent jumped from the boat first and swam toward the rock and as he approached the rock, he began to call for help. The adult operator on the

pontoon boat jumped from the boat and swam toward the rock, but was unable to reach Trent before he disappeared below the surface. The adult made one unsuccessful dive for him but was too exhausted to continue.

The Belmont County Sheriff's office, MWCD and the Ohio Department of Natural Resources, Division of Watercraft along with local fire departments and dive teams assisted with the recovery. The victim's body was recovered at 3:45 p.m. by a diver with the Guernsey County Underwater Rescue. The victim was located in 14 feet of water wedged between two large rocks within 10 feet of the rock and the point last seen.

7.04 UPDATE ON 2012 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

7.05 ID BRANDING

Mr. Lautenschleger reported that the MWCD Sign Team members held an excellent meeting with LPK recently and some revisions to the MWCD signage, exterior and interior building standards markings are being reviewed. He anticipates that an update will be ready for presentation to the Board at the September meeting.

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

Mr. Logan reported that he and Mr. Boyle attended an aerial seeding operation in Holmes County. On each single trip, the plane carried approximately 3,800 pounds of seed (oats and rye) which were scattered within about 10 minutes. Mr. Logan stated that there was less interest in participation of this program this year due to the drought conditions.

7.07 USACE PROJECTS STATUS REPORT

Mr. Slogar reported that work on the U.S. Army Corps of Engineers (USACE) projects at Dover and Bolivar dams is progressing with little or no problems. He did note that the USACE has now placed Tappan Dam at Class 2 (urgent) status due to seepage issues.

Mr. Slogar attended a USACE Planning Associates program in Fort Worth, Texas, earlier this week. MWCD was one of three groups who were invited to address attendees at this national event. Also making presentations at this event were representatives of the Kansas Division of Water and the State of California Water Department.

7.08 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

Mr. Parham, who serves as the MWCD representative on the Atwood Regional Water and Sewer District (ARWSD) Board of Trustees, reported on a meeting held August 20. At that meeting, Larry Lloyd of the ARWSD told that Board of Trustees that MWCD had not been billed for the cottage and two houses located on the Atwood Peninsula and would be placed back into the billing cycle. Mr. Cugliari informed Mr. Parham that his initial research indicated that the billing for these structures had been included on the Atwood Park billing, but he

will contact Larry Lloyd to clarify this matter.

Mr. Parham also reported that ARWSD will be meeting with representatives of Radius Hospitality and the Carroll County Commissioners to negotiate the new billing for Atwood Resort since it has been announced that they will reopen the resort in October of 2012.

7.09 IMMEDIATE OR PENDING LITIGATION

No report at this time.

8. LEGISLATIVE REVIEW

8.01 CURRENT LEGISLATIVE ACTIVITIES

No report at this time.

9. SUBDISTRICTS

No business at this time.

EXECUTIVE SESSION

On motion by Mr. Parham, seconded by Mr. Horstman, the Board of Directors entered into executive session at 11:27 a.m. to discuss matters related to ORC §121.22 (G) (1). On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Mr. Kokovich-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 11:45 a.m.

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, September 21, 2012, at 9:00 a.m. at Pioneer Career and Technology Center in Shelby, Ohio.

08.24.2012, km
Approved 09.21.2012