

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the New Philadelphia City Council Chambers
January 23, 2015, 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 23, 2015, 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. Horstman, Ms. Limbach, Mr. Maupin, Mr. Parham, and Mr. Pryce.

Present from MWCD staff were Scott Barnhart, Barbara Bennett, Mary Burley, Jim Cugliari, John Hoopingarner, Ted Lozier, Tony Luther, Karen Miller, Mike Rekstis, David Sicker, Boris Slogar, Eric Stechschulte, Mark Swiger, and Jeff Yohe.

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 Villella (*Harrison News Herald*); Sean Logan (*Woolpert*); Jake Creeks and Rick Hazen (*Muskingum Riverway Advocacy Council*); Ken Ricker and Tom Mosure (*ms Consultants*); and Terry Fercona (*Environmental Design Group*).

3. APPROVAL OF MINUTES

On motion by Ms. Limbach, seconded by Mr. Parham, the minutes of the December 19, 2014, meeting of the Board of Directors were approved.

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending December 31, 2014. The total operating revenue is \$23,563,914.00, with operating expenses of \$12,959,541.00, resulting in an excess of revenue over expenses of \$10,604,373.00.

Overall revenue projections in nearly every category met or exceeded budget. Oil and Gas royalties were more than double the original budget projection. The Recreation Fund, both parks and non-parks, met and/or exceeded budget.

Operating expenses were within budget projections for the year. Overall expenses increased from 2013 as we allocate more dollars into operations.

The Recreation Improvement Fund saw \$6.7 million spent primarily on deferred maintenance items, with nearly \$1.8 million to Marina facilities; \$1 million to Park facilities; and \$1.5 million to Water and Sewer Systems. As the Park Master Plan implementation kicked off, only 10% of these funds were spent.

The Maintenance Assessment Fund expenses were \$13.2 million for the year with \$7.8 million dedicated to the Dover and Bolivar dam projects as the local sponsor share of the U.S. Army Corps of Engineers projects.

Nearly \$2 million was spent on Shoreline Protection projects and \$500,000 on Partners in Watershed Management (PWM) projects.

In summary, 2014 was a very good year from a financial perspective. As we embark on 2015, our challenges include the implementation of the Park Master Plan, addition of the operation of Clendening Marina, and maintaining solid operations during this growth period of the MWCD.

Mr. Maupin inquired about plans for future timber stand improvement operations. Mr. Lozier responded that plans are to increase timber stand improvement activities with the additional staffing currently posted and to be filled in the near future. Ms. Limbach inquired about the status of the forest inventory process. Mr. Lozier responded that progress is being made with approximately 1/3 of the work completed. Mr. Pryce requested that a status report be planned for presentation to the Board in the near future.

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

5. PAYMENT OF BILLS

On motion by Ms. Limbach, seconded by Mr. Parham, a report of the payment of bills for the period ending December 31, 2014, was approved as presented.

6. BUSINESS

6.01a LEASE TRANSACTIONS

On motion by Mr. Maupin, seconded by Ms. Limbach, 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.

6.02a PURCHASING LIMITS AND BID REQUIREMENTS

On motion by Ms. Limbach, seconded by Mr. Maupin, proposed revisions to the operational policy entitled "Purchasing Limits and Bid Requirements," as recommended and set forth in the above memorandum, were approved.

6.02b 2015 CLEAN OHIO FUND GRANT APPLICATIONS

On motion by Ms. Limbach, seconded by Mr. Pryce, Resolutions of Authorization for five Clean Ohio Fund grant applications, as recommended and set forth in the above memorandum, were adopted.

6.03a HUMAN RESOURCES SUMMARY

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

6.03b POSITION CHANGE – ENGINEERING

On motion by Mr. Pryce, seconded by Ms. Limbach, a change of title of an open position, from Equipment Operator to Crew Technician, as recommended and set forth in the above memorandum, was approved.

6.04a ATWOOD LAKE PARK TRAIL – PHASE I

On motion by Mr. Pryce, seconded by Mr. Parham, advertisement for bids and award of Phase I of the Atwood Lake Park Trail project, as recommended and set forth in the above memorandum, was authorized.

6.04b CM-95 STORM SEWER

On motion by Mr. Parham, seconded by Mr. Maupin, award of a contract for construction of a catchment system to address a drainage problem in the Charles Mill Mifflin Ferndale Cottage Area to Tucson, Inc. at a total bid price of \$47,565.50, as recommended and set forth in the above memorandum, was authorized.

6.04c OHIO LAKE MANAGEMENT SOCIETY – RENEWAL

On motion by Mr. Maupin, seconded by Mr. Parham, a three-year Cooperative Work Agreement with the Ohio Lake Management Society, as recommended and set forth in the above memorandum, was approved.

6.04d SHORELINE PROGRAM – PICTOMETRY OBLIQUE AERIAL IMAGERY

On motion by Mr. Pryce, seconded by Ms. Limbach, a contract with Pictometry International in the amount of \$89,659.00 for Oblique Aerial Imagery, as recommended and set forth in the above memorandum, was approved.

6.04e CHARLES MILL SITES LAKE ROADWAY IMPROVEMENTS

On motion by Mr. Pryce, seconded by Ms. Limbach, a request to advertise for bids for a roadway improvement project at Charles Mill Sites Lake Cottage Area, as recommended and set forth in the above memorandum, was authorized.

6.04f RESTAURANT DEMOLITION – TAPPAN U.S. ROUTE 250

On motion by Ms. Limbach, seconded by Mr. Parham, a request to advertise for bids for demolition of the former restaurant located on State Route 250 at Tappan Lake, as recommended and set forth in the above memorandum, was authorized.

6.05 MUSKINGUM RIVERWAY ADVOCACY COUNCIL

On motion by Mr. Pryce, seconded by Ms. Limbach, reimbursement of funds in the amount of \$12,500.00 to the Muskingum Riverway Advocacy Council, as recommended and set forth in the above memorandum, was authorized. Mr. Pryce inquired about the composition of the Advocacy Council. Mr. Creeks responded that there are four counties involved (Muskingum, Coshocton, Morgan, and Washington) and the Council is comprised of three members per county.

6.06 OTHER BUSINESS

Mr. Slogar distributed a progress report summarizing each of the strategic plan initiatives.

7. REPORTS

7.01 MARINA REPORTS

Members of the Board received a copy of a report entitled “Summary of Marina Operations” for the period ending December 31, 2014. No action was requested.

- MWCD assumed the operation of Clendening Marina on January 1, 2015. The transition process has gone smoothly, aided greatly by the retaining of two quality, long-time staff members from previous ownership.
- Bob Schraedly, owner of Charles Mill and Pleasant Hill marinas, has indicated that his proposed sale of both marinas has been put on hold.
- A pre-construction meeting for the new restroom/shower building at Clendening was held January 14. Construction will begin February 1, and is to be completed by April 15. Minor repairs to the campground electrical system will also be undertaken.
- The service/repair building at Seneca Lake Marina was completed in November. The building is functioning well and helping to improve efficiency in the delivery of service.
- Several Master Plan-recommended dock replacements and additions are underway, including three docks at Piedmont Marina which will complete the replacement of all docks at that facility. Three dock replacements will occur at Seneca Marina as well.
- Planning is underway for Master Plan-recommended fuel system improvements at Piedmont Marina. These will include the addition of an above ground storage tank to replace the existing underground tank, and the installation of new dispensers.
- Planning will also begin this year on a waterfront and accessibility design for Seneca Lake Marina. Facets of the plan will include improved access to docks and parking, launch ramp replacement, erosion control and storm water management, newly configured gas and courtesy docks, landscaping, and potential outdoor programming space. The project will be similar in scope to that just completed at Piedmont Marina.
- The Dockside Restaurant at Seneca had a very successful 2014. Off-season holiday events attracted many, including 148 reservations for their Thanksgiving buffet, 156 for Christmas Day, and 112 for their New Year’s Eve event. Over 20 group holiday parties were hosted as well. Sales of alcohol, which began mid-summer, increased revenues and were provided in a very professional manner without incident.
- Audits were recently completed by Rea & Associates at three leased marina operations – Pleasant Hill, Tappan, and Leesville Southfork.

Citing the improving U.S. economy, in January’s Boating Industry magazine, the National Marine Manufacturers Association reported that U.S. power boat sales increased by 5% in 2014.

7.02 UTICA ROYALTY REVENUE REPORT

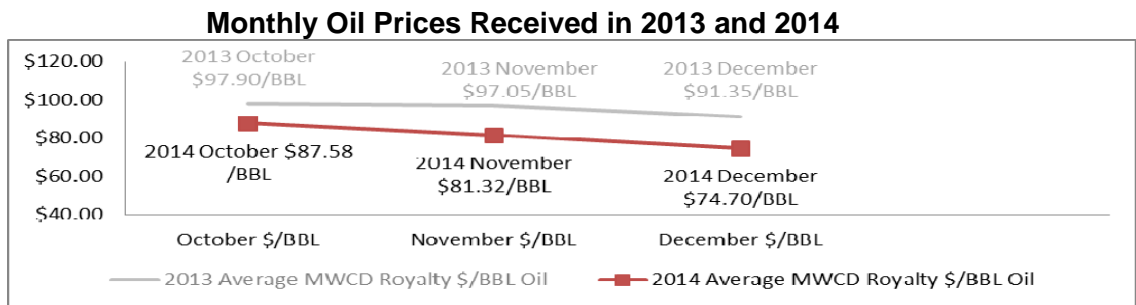
Utica royalty revenue is currently generated by 13 wells on adjacent private property. The MWCD’s proportional share of the wells varies significantly, and is shown below on the right.

| Number of Wells | Description | Reservoir | MWCD Proportional Share |
|-----------------|--------------------|------------|----------------------------|
| 4 | Gulfport Boy Scout | Clendening | 64.2% of the 747 acre unit |
| 4 | AEU Jones | Clendening | 19.2% of the 635 acre unit |
| 2 | Gulfport Stout | Piedmont | 0.21% of the 633 acre unit |
| 3 | Antero Myron | Seneca | 92.3% of the 817 acre unit |

Utica royalty revenue increased 4.56% from November 2014 (\$971,786.91) to December 2014 (\$1,018,217.52), while the royalty payment for a barrel of oil dropped from approximately \$81 per barrel to \$74 per barrel during the same payment period. The additional revenue is due in part to the four Clendening wells on the Jones Unit paying their first full month of production. The remaining nine Utica Shale wells are experiencing the anticipated decline in production.

Some individual items of note:

- The price of West Texas Intermediate crude, the U.S. benchmark, declined to \$45.77 on January 13, 2015
- The average MWCD oil royalty revenue is not yet reflecting the lowest market prices.



7.03 UTICA SHALE MINERAL DEVELOPMENT

Members of the Board received an analysis of Utica Shale Mineral Development as of January 23, 2015, a copy of which is on file.

7.04 MASTER PLAN UPDATE

Mr. Rekstis and Mr. Sicker led a presentation to provide an update for the Park Master Implementation. Ken Ricker of ms Consultants, Program Management Consultants, addressed the Board with recent implementation team activities, including review of master plan and business plans, field visits to all facilities, planning workshops, review of the initial budget, and establishment of initial construction schedule and sequencing. A copy of the PowerPoint presentation slides is on file.

7.05 DISCUSSION OF 2015 GOALS

Mr. Hoopingarner distributed and reviewed proposed goals for 2015 as follows:

1) OIL AND GAS DEVELOPMENT

The MWCD will develop environmental and financial compliance audit procedures for its oil and gas leases. The major focus of environmental compliance will be on emergency preparedness. The major focus of financial compliance will be on assuring that royalties are accurately paid. Emergency preparedness plans and financial compliance procedures will be completed in the second quarter of 2015.

2) MASTER PLAN IMPLEMENTATION

The MWCD will focus design and construction activities on utility and infrastructure needs. Major projects for 2015 include the construction of the Atwood Welcome Center, modifications to the Pleasant Hill Activities Center, and Atwood Trail Phase I construction. A complete program schedule will be completed and submitted to the Board of Directors for review and approval in the third quarter of 2015. Business plans will be developed for the Master Plan implementation period within 90 days of the Board of Directors approval of the program schedule.

3) DREDGE PROGRAM

The MWCD will begin dredge operations in 2015, based on the priorities and needs identified in its comprehensive dredging plan completed in 2014. The dredge program is a multi-year program. The MWCD will also develop a navigational dredge plan in the third quarter of 2015.

4) FISCAL MANAGEMENT

The MWCD will continue the development of plans for the use of revenue generated from oil and gas leases. In light of recent market fluctuations and uncertainty, a forecast of oil and gas revenue will be developed. This forecast will be used to determine what changes may be needed in our plans for future expansion and development of facilities and programs. In the first half of 2015, the MWCD will address the issue of whether or not further adjustments of collection of the maintenance assessment should be made. This goal will require continual monitoring throughout the year.

5) HUMAN RESOURCE DEVELOPMENT

The MWCD will address management succession planning and will develop plans for leadership training and education for its staff. An emergency succession plan will be developed in the first quarter of 2015. Management training programs will be developed for Board review in the third quarter of 2015.

6) TAPPAN/LEESVILLE/CLENDENING/TRAILS PLANS

The MWCD will begin the process to develop master plans for the Tappan/Route 250 Corridor, Leesville Lake, Clendening Lake, and a general plan for trails. These plans will consider recently acquired properties and assets, and how to maximize their use and benefit to the public. Input from our partners, customers and the public will be sought in this initial phase. A draft report with several concepts and proposals for consideration will be developed in the fourth quarter of 2015.

On motion by Mr. Pryce, seconded by Ms. Limbach, the 2015 goals were approved as presented.

7.06 USACE PROJECTS STATUS REPORT

Mr. Slogar reported that Trevilcos South, prime contractor for the seepage barrier at Bolivar Dam, has begun construction of the first 300 feet of the nearly 4,500 foot long barrier. The barrier is an underground concrete wall that will substantially reduce seepage beneath the dam, which has been observed during historical flood events such as in 2005 and 2008. Mr. Slogar and other MWCD staff members toured the construction site recently and the operation is fascinating. The concrete barrier wall will be three feet thick and as deep as 144 feet. Once the USAE approves of the first 300 foot section, Travilcos South will proceed with constructing the remainder of the barrier. The entire project is expected to take up to four years to complete. Mr. Slogar informed the Board that arrangements can be made to tour the construction site with the required safety precautions followed.

The Dover Dam project is essentially completed.

The USACE prepared a draft Dam Safety Modification Report (DSMR) / draft Environmental Assessment (DEA) and a draft Finding of No Significant Impact (FONSI) for the Zoar Levee and Diversion Dam, Dam Safety Modification Study. This information was made available at a public meeting held at the Zoar Schoolhouse on January 20, 2015. The plan includes construction of a trench and berm to help stop seepage, as well as updating 60-year-old pumps at a pump station near State Route 212 and replacing a culvert on the spillway for a diversion dam east of Zoar. The current cost estimate for the Zoar project is \$11.5 million, with the MWCD expected to be the local cost-share partner in the project, picking up 23 percent of the cost, or about \$2.3 million. The USACE is currently drafting a Project Partnership Agreement for the MWCD cost-share.

Brigadier General Richard G. Kaiser (Commander and Division Engineer, Great Lakes and Ohio River Division, headquartered in Cincinnati), and Colonel Leon Parrott (Commander, Huntington District), along with several USACE staff members, visited the MWCD main office in New Philadelphia on Tuesday, January 13.

7.07 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

Mr. Parham reported that the Atwood Regional Water and Sewer District (ARWSD) recently received an award from Auditor of State for their financial records. There is ongoing discussion about the potential providing water supply.

7.08 IMMINENT OR PENDING LITIGATION

No report at this time.

8. SUBDISTRICTS

8.01 BLACK FORK SUBDISTRICT UPDATE

Mr. Slogar reported that Requests for Proposals for conceptual design of a flood reduction system for Black Fork, were received in late December. These proposals are under review and a recommendation is expected to be brought to the Board for consideration at the February meeting.

9. EXECUTIVE SESSION

On motion by Ms. Limbach, seconded by Mr. Pryce, the Board of Directors entered into executive session at 11:22 a.m. to discuss matters related to ORC §121.22 (G) (1) employment and compensation, and (3). On roll call: Mr. Horstman-yes; Ms. Limbach-yes; Mr. Maupin-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 12:57 p.m.

In open session, on motion by Mr. Pryce, seconded by Mr. Maupin, the Board approved a pay increase for the Executive Director in the amount of 7.5 %, effective beginning with the first pay period of 2015.

10. ADJOURN

There being no further business, on motion by Mr. Parham, seconded by Mr. Maupin, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, February 20, 2015, at 9:00 a.m. at J.I.M.S. Place in New Philadelphia, Ohio.