

**SUMMARY OF MINUTES  
BOARD OF DIRECTORS  
MUSKINGUM WATERSHED CONSERVANCY DISTRICT  
Held at Kent State University Tuscarawas, New Philadelphia, Ohio  
February 19, 2016, 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, on Friday, February 19, 2016, 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: Ms. Limbach, Mr. Maupin, Mr. Parham, and Mr. Pryce.

On motion by Mr. Parham, seconded by Mr. Pryce, Mr. Sprang was excused.

Present from MWCD staff were Scott Barnhart, Barbara Bennett, Donnie Borland, Mary Burley, John Hoopingarner, Ted Lozier, Karen Miller, Boris Slogar, and Mark Swiger.

Ms. Limbach, 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: J.D. Long (*Harrison News Herald*), Brent Winslow (*GAI Consultants*), Al Fearon, Ed Lee and Rob Moorehead (*MWCD Development Advisory Committee*), Sean Logan (*Woolpert, Inc./Sean Logan & Associates, LLC*); Dominic Nardis (*EnviroScience*); Brian Craven (*Civil Science, Inc.*); Boris Goldstyn (*KeyBanc Capital*); Holly Hinton (*DLZ*); and Terry Fercana (*Environmental Design Group*).

**3. APPROVAL OF MINUTES**

On motion by Mr. Maupin, seconded by Mr. Parham, the minutes of the January 22, 2016, meeting of the Board of Directors were approved.

**4. FINANCIAL**

Mr. Cugliari presented the financial report for the period ending January 31, 2016. The total operating revenue is \$764,706.00 with operating expenses of \$756,339.00 resulting in an excess of revenue over expense of \$8,367.00.

**Maintenance Fund-General**

- Revenues in this fund are 8% of budget and ahead of last year due to water sales.
- Expenses are 6.87% of budget and comparable to 2015. The increased expense in the Administrative-Non-Operating line item is due to the purchase of the BIZ Library software which was approved by the Board and is being utilized as a training and development tool.

**Conservation Fund**

- Revenues are 5.96% of budget and down from 2015 in all of the areas of revenue production.
- Expenses are 3% of budget and down approximately \$34,000, primarily due to the timing of payments in the Farm Operations-Sharecrops area.

**Recreation Fund-Parks and Non-Park**

- Both of these funds are in line with budget through the first month of the year with very little revenue activity.

**Recreation Improvement Fund**

- Expenses are 2.59% of budget with the majority of the expense being incurred in the Road Program and Park Master Planning line items.

**Maintenance Assessment Fund**

- Expenses are 3.20 % of budget and ahead of 2015. The main area for the increase from 2015 is in the Sediment Removal line item.

As the new fiscal year begins, activities are fairly slow with things starting to pick up in February and March.

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

**5. PAYMENT OF BILLS**

On motion by Mr. Pryce, seconded by Mr. Maupin, a report of the payment of bills for the period ending January 31, 2016, was approved as presented.

**6. BUSINESS**

**6.01a LEASE TRANSACTIONS**

On motion by Mr. Pryce, seconded by Mr. Maupin, 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 COTTAGE SITE LEASE RATE ADJUSTMENT FOR 2016**

Since February 1, 2000, all new and renewing MWCD cottage site leases have contained language that allows the Board of Directors to add an additional 0-4% discretionary increase over and above the annual Consumer Price Index (CPI) adjustment. A long-term goal, identified by the Board of Directors in 2001 and reaffirmed with the acceptance of the 2013 cottage site appraisal, was to achieve a 5% aggregate rate of return on the appraised value of all cottage sites.

For the year 2015, the Board of Directors elected to forego utilization of the 0-4% discretionary clause, as recommended by the Board of Appraisers and MWCD staff. Cottage site lease rates were increased negatively -0.8% in 2015 in accordance with the annual rent adjustment provision, which is contained in all residential leases that increases lease rates using the percent change in CPI from January 2014 compared to January 2015. The -0.8% increase affected those lessees on 30-year leases by yielding revenue of \$1,553,266 from new leases initiated since the year 2000. Of 1,203 total leased lots, there are 787 lots in this group. Based upon the 2013 cottage area appraisal, the appraised value of the 787 lots is \$40,368,000. The resulting rate of return is 3.84%

Additional rental revenue of \$51,505 was realized during 2015 as “old leases” (those that were initiated prior to the year 2000) transferred to new owners who typically pay a higher “new lease” amount. The \$51,505 additional revenue increases the rate of return to 3.98%.

On February 3, 2016, staff met with the Board of Appraisers and discussed the above details with respect to determining the need to utilize the 0 - 4% discretionary lease clause in addition to the annual CPI lease provision adjustment for 2016. Staff also advised the Board of Appraisers that the December CPI was .4% and that the scheduled release date from the Bureau of Labor Statistics for the January 2016 CPI is February 19.

For 2016, staff concurs with the Board of Appraisers that lease rates are aligned with projected goals of the leasing program and that no additional increase in lease rates is required through utilization of the 0-4% lease discretionary clause at this time.

This information is provided to the Board as a cottage site lease program update and requires no further action.

**6.01c GULFPORT ASSIGNMENT OF DEEP MINERAL RIGHTS TO CHESAPEAKE**

On motion by Mr. Parham, seconded by Mr. Pryce, assignment of a lease for approximately 228 acres at Clendening Reservoir from Gulfport Energy to Chesapeake Energy, as recommended and set forth in the above memorandum, was approved.

**6.01d HUFF RUN HABITAT RELOCATION AND RESTORATION**

On motion by Mr. Maupin, seconded by Mr. Parham, an agreement (Environmental Covenant) with the Ohio Environmental Protection Agency to provide the necessary land for the Huff Run Habitat Relocation and Restoration project, as recommended and set forth in the above memorandum, was approved.

**6.02a FUND TRANSFERS**

On motion by Mr. Pryce, seconded by Mr. Maupin, resolutions for fund transfers for the year 2015, as recommended and set forth in the above memorandum, were adopted.

**6.02b BOLIVAR DAM LOCAL COST SHARE FUNDING REQUEST**

On motion by Mr. Parham, seconded by Mr. Pryce, release of funds in the amount of \$1,055,437,00 to the Department of the Army for the Bolivar project, as recommended and set forth in the above memorandum, was approved.

**6.03a HUMAN RESOURCES SUMMARY**

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

**6.03b PERSONNEL POLICY REVISION – INFORMATION SYSTEMS AND TECHNOLOGY**

On motion by Mr. Pryce, seconded by Mr. Parham, proposed revisions to Personnel Policy 1001, “Information Systems and Technology,” as recommended and set forth in the above memorandum, were approved.

**6.03c PERSONNEL POLICY REVISION –  
EMPLOYMENT OF LAW ENFORCEMENT PERSONNEL**

On motion by Mr. Parham, seconded by Mr. Maupin, proposed revisions to Personnel Policy 907, “Employment of Law Enforcement Personnel,” and a change in the title to “Hiring of Personnel,” as recommended and set forth in the above memorandum, were approved.

**6.04a TAPPAN PARK – EAST CAMPGROUND  
SANITARY IMPROVEMENTS PROJECT AWARD**

On motion by Mr. Parham, seconded by Mr. Maupin, award of a construction contract with Border Patrol, LLC in the amount of \$330,769.00 for construction of a new sanitary sewer and lift station at Tappan Park, as recommended and set forth in the above memorandum, was approved.

**6.05 DOCKING SPECIFICATIONS REVISIONS – BOAT LIFT COVERS**

On motion by Mr. Pryce, seconded by Mr. Parham, proposed revisions to the MWCD docking specifications to allow for the use of boat lift covers, as recommended and set forth in the above memorandum, were approved.

**6.06 OPERATIONAL POLICY REVISION – NETWORK SECURITY AND ACCESS**

On motion by Mr. Maupin, seconded by Mr. Parham, proposed revisions to the operational policy entitled “Network Security and Access,” as recommended and set forth in the above memorandum, were approved.

**6.07 PWM GRANT PROGRAM – 2016 FUNDING RECOMMENDATIONS**

On motion by Mr. Parham, seconded by Mr. Pryce, funding of nine applications for the Partners in Watershed Management program totaling \$500,000.00, as recommended and set forth in the above memorandum, was authorized.

**OTHER BUSINESS**

**OHIO WATER DEVELOPMENT AUTHORITY**

Ms. Limbach requested discussion regarding the possibility of establishment of a revolving loan fund through the Ohio Water Development Authority (OWDA). This matter had been originally discussed by the Board in 2014. Mr. Hoopingarner, Mr. Cugliari, and Mr. Lozier met with OWDA officials at that time. Ms. Limbach proposed that consideration be given to transfer of \$1 million to OWDA for this purpose. Upon Mr. Maupin’s urging that staff have time to discuss the concept further, Mr. Pryce suggested that Mr. Sprang, since he serves on the Budget Committee, meet with staff to discuss the concept and this matter could be an agenda item for the March meeting. Mr. Hoopingarner reminded the Board that an agreement with OWDA remains in draft form and has not received final approval by the Board.

**7. REPORTS**

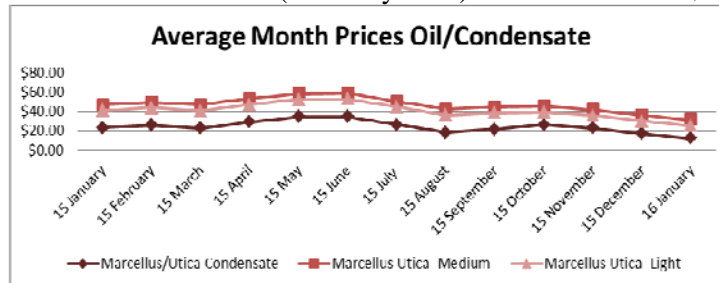
**7.01 UTICA ROYALTY REVENUE REPORT**

Utica royalty revenue is currently generated by 29 wells on adjacent private property. The MWCD’s proportional share of the wells varies significantly see attachment for more detail.

Utica royalty revenue decreased 71.88% from December '15 (\$1,573,592.62) to January '16 (\$442,566.13).

Some individual items of note:

- The significant decrease is due to the large first royalty payment on the Seneca and Becker Units that consisted of multiple previous months of production.
- The Ohio Market Report prices posted for \$/barrel of Ohio Oil/Condensate on February 2, 2016
  - Marcellus Utica Medium .....\$28.88
  - Marcellus Utica Light .....\$22.88
  - Marcellus Utica Condensate (Formerly ALS) .....\$9.88



Mr. Cugliari added that an audit of the royalty revenue, to be performed by an independent consultant, was initiated last week.

**7.02 INVESTMENT PORTFOLIO REVIEW**

Boris Goldstyn, KeyBanc Capital, presented a review of the MWCD investment portfolio.

**7.03 2016 GOALS**

Mr. Hoopingarner presented proposed 2016 Goals for review and comment.

**FISCAL MANAGEMENT/PLANNING**

The MWCD will review and revise its strategic plan in 2016, and develop a 2 to 3 year budget forecast. The strategic plan and budget forecast will be used as the basis for the annual budget process to be completed in the fourth quarter of 2016. The updated strategic plan will be completed in the third quarter of 2016.

**OIL AND GAS DEVELOPMENT**

The MWCD will continue to develop and audit financial compliance procedures for the oil and gas leases. Financial compliance procedures will be completed in the second quarter of 2016 and the audit process will be ongoing. In addition, MWCD will develop a shale royalty forecast to be reviewed at least quarterly. The shale royalty forecast will be used for strategic planning, budgeting and to determine revenue distribution of deep shale royalties (in accordance with the proposal adopted by the Board of Directors on December 18, 2015).

**CAPITAL IMPROVEMENTS/MASTER PLAN IMPLEMENTATION**

The MWCD will complete preliminary design of all projects in the first quarter of 2016. Construction activities will continue on utility and infrastructure needs. Major projects for 2016 include commencing construction of campground areas in the third and fourth quarters of 2016 at Atwood, Pleasant Hill, Seneca, and Tappan parks. A complete program schedule will be submitted to the Board of Directors for review and approval in the second quarter of 2016. Business plans will be developed for the Master Plan Implementation period within ninety (90) days of approval of the program schedule by the Board of Directors.

### **DREDGE PROGRAM**

The MWCD will continue dredging operations at Tappan Reservoir with completion by the end of the fourth quarter of 2016. Based on the priorities and needs identified in the comprehensive dredging plan completed in 2014, a plan for dredging at Seneca Reservoir will be complete by the end of the third quarter of 2016. The dredge program is a multi-year program.

### **ENTERPRISE CONTENT MANAGEMENT**

The MWCD will initiate implementation of the Enterprise Content Management (ECM) system which is an electronic records management system. This includes creating policies for capturing, storing and retrieving newly created documents and records, as well as policies for archiving both electronic and hard copy historic records by the first quarter. Records retention policies will be developed for all records by the second quarter of 2016. Staff training regarding the ECM will be completed by the third quarter of 2016. Full implementation of a scan/store/retrieve phase of the ECM will be completed by the end of 2016. Back scanning of historic documents will continue throughout 2016 and beyond.

### **TRAILS PLAN**

MWCD will develop a Trails Blueprint by December of 2016 that will address not only various types of trails, but also linkages between communities and our lakes, between MWCD lakes, and between regional trail systems and MWCD lands. The development of trails was one of the higher priorities identified by customers surveyed as part of the parks master planning process. A Trails Blueprint Development Team will be chartered and begin by the end of the second quarter. The activities and processes developed and implemented by the internal trails workgroup of 2014 and 2015 will be utilized to aid in the development of the blueprint.

### **HUMAN RESOURCES**

Deliver an online training system to all employees which will allow for the assignment of customized content to employees in order to focus on essential traits, skills, job-related knowledge and workplace behaviors that are necessary to perform duties and meet organizational goals, by the end of the second quarter of 2016. Develop and implement a curriculum-based “all employee” training path for both new and existing staff which includes both human resources compliance, safety and customer service topics by the end of the fourth quarter of 2016. Develop and implement a curriculum based supervisory training path for both new and existing managers/supervisors by the end of the fourth quarter of 2016.

Mr. Pryce inquired about completion of a 2015 goal for training of executive management staff. Mr. Hoopingarner responded that he did not recall that the goal specifically addressed executive management and he would check on the matter and report back.

Mr. Pryce requested that a status report on the strategic plan be prepared for the March meeting.

## **7.04 MASTER PLAN UPDATE**

Mr. Slogar distributed a written report to the Board on the Master Plan Implementation.

### **Program Status**

- Preliminary Design Reports (PDR) deliverables have been received from the individual park design teams for all parks. Reviews by MWCD staff and ms consultants are nearly complete. Comments have been sent to the designers for Piedmont, Seneca and Charles Mill. Comments for the other parks will be sent out by the end of February. Final revised documents are to be submitted to MWCD by March 31.
- PDRs include a recommended priority listing and sequencing of projects for each park which meets MWCD master plan budget constraints. Scope of services meetings for the detailed design of the 2016 projects is currently underway, with Seneca and Pleasant Hill completed and Atwood schedule for completion by February 24. Board approval of the detailed design contracts for the first round of 2016 projects will be

requested at the March Board meeting. Construction is anticipated to begin in the fall of 2016.

- Engineering, Recreation and Conservation staff are working to have trees cleared from the work limits of the 2016 master plan project areas. Federal regulations restrict tree cutting to the period between October 1 and March 31.
- MWCD has sent responses to the comments from the Village of Perrysville on a draft wastewater treatment agreement for Pleasant Hill. A meeting is anticipated with the Village to negotiate the proposed rates for wastewater treatment.

### **Individual Project Status**

- Atwood Lake Park Welcome Center
  - NL Construction Corporation of Canton has completed approximately 90% of the work. Current work includes completion of stone veneer, exterior siding and metal roof installation. Interior floor finishes and trim work are underway. Substantial completion is scheduled for March 2016 with final paving to be completed in April as weather permits.
- Atwood Lake Park Trail, Phase I
  - VIP Construction Corporation of Canton has completed the project and the final change order has been processed. Additional wood railing and crosswalk markings will be installed under separate contract.
- Tappan ADA Restroom and Shower House
  - Plan revisions have been made to the restroom/shower building design based on an internal value-engineering review. The revised plans are now undergoing an independent third-party value engineering review to look for additional cost savings measures. The project will be rebid in the second quarter of 2016.
- Atwood Lake Bridge and Trail Phase II
  - Dennison Bridge is currently driving piling for the bridge. Piling for the forward abutment is complete and forms are being installed for concrete placement. The contract is currently driving the pier piling. The substantial completion date is set for June 30.
- Atwood Amphitheater Trail Lighting
  - Wood Electric Inc. of New Philadelphia has substantially completed the project and the final project close-out is underway.
- Tappan East Campground Sanitary Sewer Improvements
  - Bids were opened for the project on February 9. The apparent low bidder is Border Patrol, LLC, at \$330,769.00. Construction should begin in late March and substantial completion is scheduled for July 6.
- Atwood Campground Area 20 Tree Clearing
  - Bids were opened for the project on February 12. The apparent low bidder is ProTouch Landscapes, LLC, Brecksville, at \$68,824.00. The project will begin in early March with substantial completion set for March 31.

### **7.05 DREDGE PROGRAM STATUS – TAPPAN LAKE DREDGING PROJECT**

- The dredging project at Tappan Lake is nearing completion of the first of two phases. This first phase included 175,000 cubic yards of dredging in the upper east end of the main lake, both above and below the Deersville Road causeway. The mechanical dredging effort began December 6, 2015, and is scheduled to be complete by March 1, 2016. The contractor estimates that they have removed 130,000 cubic yards of material to date, and they expect to complete the remaining dredging before rising lake levels force work to stop. If the remaining volume cannot be dredged mechanically, the remaining material will be removed by hydraulic dredging this spring.
- The material removed by mechanical dredging has been placed at three different locations: 1) Deersville Road DMRA; 2) Oxford Coal Mine near Cadiz; and 3) Capstone Holdings stone pit near Cadiz. When the original agreement was signed, trucking costs to haul to any off-site locations were not included in the contract. The Deersville Road DMRA can hold only 60,000 to 70,000 cubic yards, so we had to find other locations to place the dredged material. In order to keep costs in-line with the project budget, we reduced the volume of

material dredged by 5-10% to offset the costs of hauling to the coal mine and stone pit. This required a contract modification and was approved by the Board in January 2016.

- The second phase of the Tappan project will involve hydraulic dredging of material from Beaverdam Run Bay and Clearfork Bay, and should total approximately 200,000 cubic yards. Work will begin this spring and be complete by the end of 2016. We will be faced with the same challenge of finding a suitable location for final placement of the dredged material. We are currently reviewing costs associated with constructing an open pit dewatering site versus a mechanical dewatering process. The open pit process has proven challenging due to the natural terrain surrounding Tappan Lake. However, if we can find a way to utilize the Deersville Road DMRA or another nearby location (or both), we could maximize the amount of material that remains on site and reduce the trucking costs associated with moving the material to another location.

## **7.06 USACE PROJECTS STATUS REPORT**

### **Bolivar Dam**

- The seepage barrier construction is 78% complete. Substantial completion expected in May. Hydromill pump problems were identified so 14 tractor-trailer loads enroute delivering a backup hydromill.
- Post Implementation Evaluation (PIE) to take place once project is completed.
- Service gates will be shipped to Iowa when ready to be modified. Each gate weighs 14 tons. Contract will be completed in about a year, which is approximately 6 months behind schedule.
- USACE funding request has been submitted and is an item of business on today's agenda.

### **Dover Dam**

- PIE presented to DSOG in January in Jacksonville, FL. PIE was approved so Dam Safety Action class (DSAC) rating on Dover will drop from II to IV.
- USACE plans to work with county EMAs to discuss updated spillway discharge ratings and impacts.

### **Zoar Levee**

- Programmatic agreements drafted and will be routed to appropriate parties soon.
- Letter of Intent and fiscal certification to be considered by MWCD Board at February meeting.

### **Mohawk Dam**

- Analysis continues with regard to seepage and prospective repair options.

### **Muskingum 729 Watershed Assessment**

- Mr. Lozier and Mr. Slogar are scheduled to meet with USACE Huntington staff in early April to finalize process and discuss stakeholders.

## **7.07 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE**

Mr. Parham reported that the Atwood Regional Water and Sewer District approved the purchase of two major capital items at that their recent meeting.

## **7.09 IMMINENT OR PENDING LITIGATION**

Mr. Hoopingarner reported on current imminent or pending litigation matters.

## **8. SUBDISTRICTS**

No business at this time.



**9. EXECUTIVE SESSION**

There was no executive session.

**10. ADJOURN**

There being no further business, on motion by Mr. Pryce, seconded by Mr. Parham, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, March 18, 2016, at 9:00 a.m. at the Carlisle Inn, Sugarcreek, Ohio (adjacent to the Dutch Valley Restaurant).

*02.19.2016, km*

*Approved 03.18.2016*