

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the New Philadelphia City Council Chambers
April 20, 2012, 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, April 20, 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, Mary Burley, Jim Crandall, Tom Fisher, John Hoopingarner, Darrin Lautenschleger, Sean Logan, Karen Miller, Mike Rekestis, Boris Slogar, and Mark Swiger.

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: Jim Pringle (*MWCD Legal Counsel*); Eric Reip (*New Philadelphia resident*); Steve Cooper (*AultCare*); Michael Oberholzer (*Romig Insurance Agency*); Edd Pritchard (*Canton Repository*); Joshua Sieck and Candace Robinson (*Gulfport Energy*); Pete Kenworthy (*Chesapeake Exploration*); Leatra Harper (*SEOASOW*); Laurie Seifert (*NWOASF*); Rich Milleson (*Village of Cadiz and member of the MWCD Development Advisory Committee*); George Romanoski (*MWCD Development Advisory Committee*); Phil Gerwig (*Perrysville resident*); Josh Harris (*Mount Vernon resident*); Annette McCormick (*Lucas resident*); Jason Taylor (*The WH Smith Hardware Company*); Elaine Baer (*Charles Mill Lake user and Mansfield resident*); Jan Kennedy (*Mansfield resident*); Russ Zimmer (*Media Network of Canton*); Larry Brandstetter (*Brandstetter & Carroll*).

Ms. Harper and Ms. Kennedy addressed the Board with their concerns for water supply as it relates to the oil and gas industry. Mr. Gerwig submitted a list of questions and concerns in writing prior to the meeting; and Ms. Harper submitted a list of questions in writing following the meeting (*copies are on file*).

3. APPROVAL OF MINUTES

On motion by Mr. Kokovich, seconded by Mr. Pryce, the minutes of the March 23, 2012, meeting of the Board of Directors were approved. Mr. Parham commented that Items 6.01c and 6.01d indicate "assignment" of deep mineral rights when, in fact, these transactions were transfer of existing leaseholds.

4. FINANCIAL

Mr. Crandall presented the financial report for the period ending March 31, 2012. The total operating revenue is \$3,300,516.00 with expenses of \$1,988,222.00 resulting in an excess of revenue over expenses of \$1,312,294.00.

General Fund

- Total revenues are 33.86% of budget.
- Chippewa Subdistrict shows a reimbursement to the main district in the amount of \$64,399.00 in 2011.
- Total expenses are 23.94% of budget and up 24% from 2011 or a total of \$126,000.00. Expenses in the following areas have increased from 2011:
 - Safety up \$12,000.00 from 2011. A major item is a chainsaw training program at approximately \$9,000.00.

- Office equipment and remodeling up approximately \$50,000.00 due to our efforts to upgrade our computer hardware.
- Administrative-Operations up from 2011 due mainly to the area where time is being charged by staff.
- Administrative-Non-Operating as indicated last month due to payments to recently retired employees.

Conservation Fund

- Total revenues are 20.39% of budget with Mineral Operations-Gas and Oil receipts in the amount of \$220,000.00 for the Gulfport lease approved by the Board in January 2012.
- Expenses are 11.92% of budget and on pace with last year.
- Note that we were able to pay a sharecrop expense and take advantage of an early payment discount.

Recreation Fund-Parks

- Total revenues are 43.36% of budget and in line with 2011.
- Vacation Cabins revenue is 14.37% of budget and about \$7,000.00 ahead of 2011.
- Park Camping revenue is 53.06% of budget and on pace with 2011.
- Total expenses are 14.85% of budget and up from 2011.
- The Lake Patrol account is up from 2011 because of a purchase of boat motors totaling \$34,475.00.
- General Park Operations are up from 2011 due mainly to funds budgeted to take care of much needed operational requirements in the parks.

Recreation Fund-Non Park

- Total revenues are 19% of budget.
- One area that will have an effect on the revenues is the self-operation of Seneca Marina.
- Overall expenses are down in this area by about \$100,000.00. This is due mainly to the Water and Sewer Maintenance Program where we have included the costs associated with Atwood Resort.

Maintenance Assessment Fund

- Total revenues are 34.64% of budget with a little over \$3,400,000.00 being received in first half settlements from the counties.
- Total expenses are 13.94% of budget.
- The Shoreline Protection line item continues to be the major area of expense with nearly \$1,000,000.00 spent to date.
- Also note that the Assessment Fund-Collection Fees for the month is \$67,499.00, representing auditors and treasurers fees.

Overall, the first quarter has ended on pace with our budget projections. The total cash balance is \$23,597,950.00 of which approximately \$11,000,000.00 is in the Maintenance Assessment Fund.

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

5. PAYMENT OF BILLS

On motion by Mr. Parham, seconded by Mr. Pryce, a report of the payment of bills for the period ending March 31, 2012, 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 LEESVILLE OIL AND GAS LEASE

~~On motion by Mr. Parham, seconded by Mr. Pryce, staff was authorized to continue negotiations with Chesapeake Exploration for lease of mineral rights at Leesville Reservoir.~~ NOTE: A correction to the April 20, 2012, minutes was approved at the July 26, 2012, meeting. Action on this matter was recorded incorrectly. The minutes are hereby corrected to read as follows:

On motion by Mr. Parham, seconded by Mr. Pryce, staff was authorized to enter into a lease with Chesapeake Exploration for mineral rights at Leesville Reservoir.

It was noted that injection wells are not permitted on MWCD property; also there is no implied right to withdraw water from MWCD reservoirs in the existing oil and gas lease.

6.01c ATWOOD MARINA EAST – RESTAURANT SUB-LEASE

On motion by Mr. Parham, seconded by Mr. Horstman, the sub-lease of a restaurant operation at Atwood Marina East from Brian Valot to David Cosentino, as recommended and set forth in the above memorandum, was approved, subject to the extension of the sub-lessor's marina lease with the MWCD and for the effective periods of said marina lease.

6.01d ATWOOD COMPRESSOR SITE

On motion by Mr. Pryce, seconded by Mr. Parham, a one-year extension of a current agreement with Enervest for a compressor site and right-of-way agreement at Atwood Lake, as recommended and set forth in the above memorandum, was approved.

6.02a DOVER DAM LOCAL COST SHARE FUNDING REQUEST

On motion by Mr. Pryce, seconded by Mr. Kokovich, a request from the U.S. Army Corps of Engineers for a local cost share payment in the amount of \$267,996 for the construction at Dover Dam, as recommended and set forth in the above memorandum, was authorized.

6.02b INVESTMENT POLICY

On motion by Mr. Kokovich, seconded by Mr. Horstman, the proposed Investment Policy, as recommended and set forth in the above memorandum, was adopted.

6.02c FIXED ASSET POLICY

Members of the Board received a copy of a proposed Fixed Asset Accounting policy. The original policy was approved by the Board on May 20, 2005. Since then, there have been a number of changes and therefore it was necessary to rewrite the policy. This policy will continue to keep MWCD in compliance with Government Accounting Standards Board (GASB) Statement No. 34. GASB 34 requires that governments depreciate their exhaustible assets, including infrastructure.

Although this policy was presented for review only, members of the Board expressed their intent to act upon the policy at this meeting. On motion by Mr. Pryce, seconded by Mr. Parham, the proposed Fixed Asset Accounting policy was approved, as recommended and set forth in the above memorandum.

6.02d GENERAL LIABILITY INSURANCE RENEWAL

On motion by Mr. Kokovich, seconded by Mr. Parham, renewal of the general liability insurance and membership in The Ohio Plan at an annual premium of \$156,417.00 for the period May 1, 2012 through May 1, 2013, as recommended and set forth in the above memorandum, was approved.

6.03a HUMAN RESOURCES SUMMARY

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

6.03b GROUP HEALTH BENEFIT PLAN REVIEW

On motion by Mr. Kokovich, seconded by Mr. Horstman, renewal of the group health benefit plan for MWCD staff with AultCare for a one-year period effective June 1, 2012, as recommended and set forth in the above memorandum, were approved. Mr. Pryce-abstain.

6.03c UTILITIES LICENSE/CERTIFICATION COMPENSATION

The Board requested that staff resubmit this matter along with a reimbursement plan for fees for classes to obtain certification for water and wastewater operators.

6.03d UTILITIES SUPERVISOR POSITION DESCRIPTION UPDATE

On motion by Mr. Parham, seconded by Mr. Pryce, a revised position description and a change in title for Utilities Supervisor to Utilities Coordinator, as recommended and set forth in the above memorandum, were approved.

6.03e OUT-OF-STATE TRAVEL – ESRI INTERNATIONAL USER CONFERENCE

On motion by Mr. Horstman, seconded by Mr. Parham, a request for out-of-state travel for Tom Fisher to attend the ESRI International User Conference in July 2012, as recommended and set forth in the above memorandum, was approved.

6.03f OUT-OF-STATE TRAVEL – WESTERN DREDGING ASSOCIATION MEETING

On motion by Mr. Horstman, seconded by Mr. Parham, a request for out-of-state travel for Boris Slogar and Mike Rekestis to attend the Western Dredging Association Midwest Chapter annual meeting in April, as recommended and set forth in the above memorandum, was approved.

Members of the Board requested that future out-of-state travel requests be included in a lump sum in the annual budget and that the Executive Director approve out-of-state travel requests unless there are unusual circumstances. Current policy allows that only out-of-state travel to contiguous states or Washington, D.C. can be approved by the Executive Director and that all other out-of-state travel requires Board approval.

6.04 PWM – MORGAN COUNTY HMGP LOCAL COST SHARE FUNDING REQUEST

On motion by Mr. Horstman, seconded by Mr. Parham, funding of hazard mitigation project in Morgan County in an amount not to exceed \$108,094, as recommended and set forth in the above memorandum, was approved.

**6.05a SENECA SHORELINE STABILIZATION PROJECT
CHANGE ORDER FOR MARGO LANE ROAD REPAIRS**

On motion by Mr. Kokovich, seconded by Mr. Pryce, a change order with Stanley Miller Construction in the amount of \$50,685 for road repair work at Seneca, as recommended and set forth in the above memorandum, was authorized.

**6.05b W.E. QUICKSALL AND ASSOCIATES, INC.
ADDITIONAL ENGINEERING SERVICES FOR ATWOOD WATER TREATMENT PLANT**

On motion by Mr. Kokovich, seconded by Mr. Parham, an amendment to a contract with W.E. Quicksall in the amount of \$5,000 and execution of an agreement with Terracon Consultants, Inc., at a cost not to exceed \$5,000 for the design, bidding and construction phase of the new Atwood Lake water treatment plant, as recommended and set forth in the above memorandum, were approved.

**6.05c CAMPGROUND MANAGEMENT, RESERVATION AND
POINT-OF-SALE SYSTEM CONTRACT NEGOTIATIONS**

On motion by Mr. Pryce, seconded by Mr. Parham, staff was authorized to proceed with negotiations for a contract with Leisure Interaction, LLC, to provide a campground management, reservations and point-of-sale system for MWCD facilities, as recommended and set forth in the above memorandum.

6.05d SHARE CROP MATERIALS

On motion by Mr. Parham, seconded by Mr. Kokovich, purchase of materials for the 2012 share crop operations and a budget revision to increase the share crop budget by \$30,000, as recommended and set forth in the above memorandum, were authorized.

6.06 MEMORANDUM OF UNDERSTANDING - AOGDP

On motion by Mr. Kokovich, seconded by Mr. Pryce, authorization to enter into a memorandum of understanding with the Voinovich School of Leadership and Public Affairs at Ohio University and Buckeye Hills/Hocking Hills Regional Development District for the purposes of furthering a grant project process for the Appalachian Ohio Geospatial Data Partnership, as recommended and set forth in the above memorandum, was granted. There is no commitment of funding associated with this MOU.

6.07 CADIZ WATER SUPPLY AGREEMENT

Members of the Board were informed of a letter dated April 9, 2012, from Ken Zitko, Mayor of the Village of Cadiz, formally requesting an increase in the current allocation of water from Tappan Lake (*a copy of which is on file*).

Mr. Milleson, Economic Development Coordinator for the Cadiz CIC, addressed the Board stating that the Village of Cadiz has pledged to invest all profits from the sale of water into wastewater treatment plant improvements.

Mr. Horstman urged that the Village of Cadiz keep the whole of Harrison County in mind and not just the interests of the Village.

6.08 TEMPORARY WATER PURCHASE AGREEMENT

Attorney Pringle reviewed the policies regarding water sales (ORC 6101.53) and water supply agreements (ORC 6101.24).

In 2010, 6101.53 addresses water sales under the sole jurisdiction of the Board of Directors. Water supply agreements (ORC 6101.24) must be approved by the Conservancy Court.

Water sales (ORC 6101.53) are short-term agreements that stipulate a limit on the quantity of water to be withdrawn and where the water is to be withdrawn, protects the reservoir shoreline at the withdrawal site, and sets a rate schedule.

The proposed temporary water purchase agreement being considered was termed in recent new media publications as an “emergency” measure. Mr. Logan stressed that MWCD representatives have never referred to this proposal as an “emergency.” Additionally, Mr. Logan shared that a direct supply of water from the reservoir would eliminate 1,800 to 2,400 semi-tanker round trips supplying water to the well site during hydraulic fracturing.

Mr. Slogar informed the Board that USGS and the U.S. Army Corps of Engineers are working on an analysis of the impact on MWCD reservoirs from potential future water withdrawal requests. He stated that, according to his calculation, 11 million gallons water at Clendening Reservoir corresponds to 0.22 (22 one-hundredths) of an inch of reservoir pool. This amount is similar to depth of a stack of 40 sheets of paper.

Mr. Logan distributed a spreadsheet entitled “Comparison of Rates – Sale of Water” which provided information regarding rates of water sale agreements with the State of Ohio, City of Steubenville, and the Tuscarawas County Port Authority.

Mr. Hoopingarner reported that to date MWCD representatives have met with individual members of the Conservancy Court in pre-trial sessions, open to the public. Thirteen of the 18 counties have been visited and in each instance, Mr. Hoopingarner has informed the judge that there will be discussion about potential water sale requests relative to the oil and gas industry.

There has been a question raised by the public as to “why not wait” to withdraw water for this request. Mr. Hoopingarner stated that there has been a desire on behalf of camp officials and Gulfport Energy to have the well drilled at Clendening on the Boy Scout Camp area prior to the upcoming summer camping season.

Ms. Harper requested that the minutes reflect her opinion that her questions and concerns were mostly unanswered. Mr. Logan had previously stated that “all 9” of her stated items were addressed.

On motion by Mr. Parham, seconded by Mr. Pryce, an amendment to the water sales policy adopted July 23, 2010, to include a mineral development category and authorization to enter into an agreement with Gulfport Energy to supply up to 8 million gallons of water from Clendening Reservoir, as recommended and set forth in the above memorandum, were approved.

6.09 OTHER BUSINESS

There was 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 March 31, 2012. No action required.

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

Mr. Logan reported that the total MWCD funds to date for the Cost-Share Cooperative Work Agreement with ODNR Division of Soil and Water Resources is \$36,896.33. There are projects located in Knox, Muskingum, Coshocton, Holmes, Tuscarawas, Washington, Morgan, and Harrison counties with a reduction for the life of the projects (10 years) as follows: 503 tons of sediment per year; 503 pounds of phosphorus per year; and 1,012 pounds of nitrogen per year.

7.03 STRATEGIC PLANNING UPDATE

No report at this time.

7.04 MWCD ID BRANDING STUDY UPDATE

Mr. Lautenschleger reported on the progress with the consultant, LPK, on the ID branding study. A list of opportunities was distributed as follows:

- Tie together both the ‘fun’ recreational side with the ‘more serious’ water conservancy and flood reduction side.
 - Rather than segment our message based on the type of work we do we need to have a consistent message that represents the full scope of the organization from parks to flood control.
- Develop the appropriate messaging across all audiences (WHO, WHAT, WHY)
 - Internal/External
 - Users/Non-Users
- Develop a consistent look and feel across the entire MWCD brand.

7.05 PRELIMINARY 2012 GOALS

Mr. Hoopingarner reviewed the preliminary 2012 goals with the Board.

Mr. Horstman inquired about the status of Seneca Marina. Mr. Barnhart provided an update of the work to get this facility ready for operation for the upcoming season.

7.06 USACE PROJECTS STATUS REPORT

Mr. Slogar reported

7.07 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

Mr. Parham reported on recent activities of the Atwood Regional Water and Sewer District (ARWSD).

7.08 IMMEDIATE OR PENDING LITIGATION

Mr. Pringle reported on the status of the bankruptcy case involving the former operator who leased Piedmont Marina continues; and the status of a court case involving a cottage lessee from Atwood Lake.

8. LEGISLATIVE REVIEW

8.01 CURRENT LEGISLATIVE ACTIVITIES

Mr. Hoopingarner reported there has been little current legislative activity relative to the MWCD.

9. SUBDISTRICTS

9.01 BLACK FORK SUBDISTRICT – ID BRANDING INITIATIVE

Mr. Lautenschleger reported that staff has been working with a local firm to develop ID branding for the Black Fork Subdistrict.

9.02 CHIPPEWA SUBDISTRICT – DAMS AND CHANNEL INSPECTION

Mr. Slogar reported that the annual Chippewa dam and channel inspections were conducted on April 18 and 19. The Natural Resources Conservation Service partners with the Chippewa Subdistrict in this effort. The channel inspections will take place on April 30.

Mr. Slogar informed the Board that the Watershed Coordinator, Debbie Russell, will be retiring as of July 31, 2012.

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 18, 2012, at 9:00 a.m. at the New Philadelphia City Council Chambers.