

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the Messerly Recreation Center, Charles Mill Lake Park
August 28, 2015, 9:00 a.m.**

A meeting of the Board of Directors of the Muskingum Watershed Conservancy District was held at the Messerly Recreation Center, Charles Mill Lake Park, on Friday, August 28, 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: Ms. Limbach, Mr. Maupin, Mr. Parham, Mr. Pryce, and Mr. Sprang.

Present from MWCD staff were Dan Atterholt, Scott Barnhart, Barbara Bennett, Mike Bittinger, Mary Burley, Jim Cugliari, John Hoopingarner, Ted Lozier, Bill Martin, Karen Miller, John Olivier, Boris Slogar, Mark Swiger, and Corey Tedrow.

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: Doug Schmidt (*American Tower Company*); Marty Larsen, Sr. (*Development Advisory Committee member and Charles Mill resident*); Marty Larsen, Jr. (*Charles Mill resident*); Terry Fercana (*Environmental Design Group*); and Sean Logan (*Woolpert, Inc./Sean Logan & Associates, LLC*).

3. APPROVAL OF MINUTES

On motion by Mr. Parham, seconded by Mr. Maupin, the minutes of the July 17, 2015, meeting of the Board of Directors were approved.

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending July 31, 2015. The total operating revenue is \$12,430,107.00 with operating expenses of \$8,251,639.00 resulting in an excess of revenue over expenses of \$4,178,468.00.

Maintenance Fund-General

- Total revenues in this fund are 69.60% of budget with the use of Water Assets meeting budget at this point.
- Total expenses in this fund are 47.59% of budget and 8.76% below 2014 levels.

Conservation Fund

- Total revenues in this fund are 43.82% of budget and 41.82% ahead of 2014.
- Total expenses in this fund are 42.62% of budget and 23.11% ahead of 2014.
- The Forest Inventory expense line item is 85.65% of budget and 46.66% ahead of 2014 as a result of our staff updating the inventory record.
- The Mineral Operations-Gas and Oil Royalties expense line item is 29.69% of budget but 78.01% ahead of 2014. Most of this is attributable to the defense of the Harper Lawsuit.

Recreation Fund-Parks

- Total Parks Revenues in this fund are 83.59% of budget and 4.18% ahead of 2014 levels.
- Vacation Cabin revenue is 73.01% of budget and running slightly behind 2014.

- Park camping revenue is 91.33% of budget and 3.94% ahead of 2014.
- Alive Festival revenue is 65.19% of budget and 47.72% behind 2014 or \$41,810.00 short of budget. This is the majority of the revenue received for the festival thus requiring a budget revision to reduce the budget.
- Total expenses in this fund are 51.87% of budget and 6.75% ahead of 2014 levels.
- The Marketing and Program Services expense line items are significantly higher than 2014 as a result of increased staffing and emphasis in these areas.

Recreation Fund-Non Park

- Total Non-Park Revenue is 71.06% of budget and 11.68% ahead of 2014.
- Overall Marina Operations, both leased and self-operated are performing exceptionally well and ahead of 2014 levels.
- Total expenses in this fund are 55.08% of budget and 16.99% ahead of 2014.

Recreation Improvement Fund

- Total expenses in this fund are 29.61% of budget and 31.36% ahead if 2014.
- The Road Program line item incurred a \$440,922.00 total expense as we completed a paving project.
- The Water and Sewer Systems line item incurred \$540,192.00 total expense for the month.
- The Park Master Planning line item shows \$470,676.00 spent for the month and 19.08% of the budget being expended.

Maintenance Assessment Fund

- Assessment Fund-Revenue Collections is showing \$78,027.00 being received for the month as a second half collections are being submitted.
- Total expenses in this fund are 35.24% of budget for the year.
- Water Quality Monitoring incurred \$312,664.00 for the month and \$817,875.00 year to date compared to \$73,080.00 spent year to date in 2014. This is a result of numerous agreements with USGS for their services.

Overall, operations continue to perform within budget expectations. In spite of wet weather conditions in June and early July, the park operations are performing well.

The Board also received a summary of budget revisions that have been approved to date in 2015. Mr. Sprang suggested that, if this type of report is prepared in the future, an additional column be included to indicate percentage of budget.

On motion by Mr. Pryce, seconded by Mr. Parham, 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 July 31, 2015, was approved as presented.

6. BUSINESS

6.01a LEASE TRANSACTIONS

On motion by Mr. Pryce, seconded by Mr. Sprang, 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 ODOT EASEMENT – CHARLES MILL

On motion by Mr. Pryce, seconded by Mr. Sprang, an easement agreement for the Ohio Department of Transportation to construct and maintain a watercourse on the MWCD below the State Route 603 bridge at Charles Mill, as recommended and set forth in the above memorandum, was approved.

6.01c ASCENT RESOURCES – ASSIGNMENT OF DEEP MINERAL RIGHTS

On motion by Mr. Pryce, seconded by Mr. Sprang, assignment of deep right mineral rights on property at Tappan Lake from Ascent Resources to Chesapeake Energy, as recommended and set forth in above memorandum, was approved.

6.01d SHORT-TERM WATER SUPPLY AGREEMENT – CLENDENING/ASCENT RESOURCES

On motion by Mr. Pryce, seconded by Mr. Sprang, a short-term water supply agreement with Ascent Resources to withdraw water from Clendening Reservoir, as recommended and set forth in above memorandum, was approved.

6.01e SHORT-TERM WATER SUPPLY AGREEMENT – LEESVILLE/CHESAPEAKE

On motion by Mr. Pryce, seconded by Mr. Sprang, a short-term water supply agreement with Chesapeake Energy to withdraw water from Leesville Reservoir, as recommended and set forth in above memorandum, was approved.

6.01f SENECA RESERVOIR/ANTERO RESOURCES JIM BALL ROAD WATER SUPPLY SITE

On motion by Mr. Pryce, seconded by Mr. Sprang, an alternative water supply site for future use as a deep water backup to the existing water supply site proposed by Antero Resources at Seneca Reservoir, as recommended and set forth in the above memorandum, was approved.

**6.01g DOMINION EAST OHIO REFORESTATION (BAT MITIGATION)
PROJECT AT WILLS CREEK**

On motion by Mr. Maupin, seconded by Mr. Parham, a memorandum of agreement with Dominion East Ohio to implement a reforestation project of 100+ acres at Wills Creek, as recommended and set forth in above memorandum, was approved.

**6.02a PARTNERS IN WATERSHED MANAGEMENT GRANT PROGRAM
NIMISHILLIN BASIN FLOOD WARNING AND FLOOD MAPPING PROJECT**

On motion by Mr. Pryce, seconded by Mr. Parham, a five-year PWM funding request totaling \$500,000 for the Nimishillen Basin Flood Warning and Flood Mapping project, as recommended and set forth in the above memorandum, was approved.

6.02b INVESTMENT RESOLUTION – JP MORGAN SECURITIES LLC

On motion by Mr. Maupin, seconded by Mr. Sprang, a resolution for the purposes of execution of the documents pertaining to the establishment of investment accounts with JP Morgan Securities LLC, as recommended and set forth in the above memorandum, was ratified.

6.02c PARK AND MARINA AUDITS

On motion by Mr. Pryce, seconded by Mr. Sprang, audit reports for the MWCD-operated park and marina facilities, as recommended and set forth in the above memorandum, were approved.

6.03a HUMAN RESOURCES SUMMARY

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

6.03b COMMENDATION OF RANGER COREY TEDROW

On motion by Mr. Maupin, seconded by Mr. Sprang, commendation of Ranger Corey Tedrow, as recommended and set forth in the above memorandum, was authorized.

6.03c GROUP TERM LIFE INSURANCE PLAN

On motion by Mr. Pryce, seconded by Mr. Parham, renewal of the Mutual of Omaha life insurance plan including an increase in coverage, as recommended and set forth in the above memorandum, was approved.

6.04a ATWOOD LAKE PARK TRAIL LIGHTING

At the April 17, 2015, the Board of Directors authorized solicitation of bids and entering into a construction contract for the installation of lighting on an existing section of trail at Atwood Lake Park which extends from the small amphitheater to the larger amphitheater.. Construction documents were prepared by Environmental Design Group of Akron, Ohio.

Sealed bids were received and opened on July 14, 2015, with the following results:

Company	Total Bid
Wood Electric Inc., New Philadelphia, OH	\$100,992.01
CS Electric & Excavating LLC., Pataskala, OH	\$103,919.40
Perram Electric Inc., Wadsworth, OH	\$124,929.60

The amount of the low bid is within ten percent (10%) of the engineer's estimate (\$94,345.00) and is an acceptable bid.

Staff is entering into a contract with Wood Electric, Inc., in the amount of \$100,992.01. Construction will begin as soon as possible with a substantial completion date projected to be November 28, 2015.

This memo is provided for informational purposes only and no action is required.

6.04b CHARLES MILL – WEST SHORE COTTAGE AREA ROADWAY IMPROVEMENTS

On motion by Mr. Parham, seconded by Mr. Maupin, authorization to bid and award a contract for roadway improvements in the Charles Mill West Shore Cottage Area, as recommended and set forth in the above memorandum, was granted.

**6.04c 2014/2015 SHORELINE STABILIZATION PROJECTS
FINAL PROJECT ACCOUNTING AND CHANGE ORDER RATIFICATION REQUEST**

On motion by Mr. Pryce, seconded by Mr. Sprang, change orders for the 2014/2015 shoreline stabilization projects amounting to a decrease in the total contract amounts of \$18,216.09, as recommended and set forth in the above memorandum, were ratified.

**6.04d LONG TERM MAINTENANCE DREDGING PROGRAM – TAPPAN LAKE
PETERSEN COMPANIES, PCi DREDGING SERVICES CONTRACT**

On motion by Mr. Pryce, seconded by Mr. Parham, a Guaranteed Maximum Price Amendment with PCi Dredging in the amount of \$5 million through the remainder of 2015, as recommended and set forth in the above memorandum, was ratified.

6.05 OTHER BUSINESS

ARTEX OIL COMPANY – ASSIGNMENT AND AMENDMENT OF LEASE – SENECA

On motion by Mr. Sprang, seconded by Mr. Pryce, assignment and amendment of oil and gas lease #599, regarding deep mineral rights on property at Seneca from Artex Oil Company to Antero Resources, as recommended and set forth in the above memorandum, was approved.

ENERVEST CONSENT TO PARTIAL ASSIGNMENT - ATWOOD

On motion by Mr. Pryce, seconded by Mr. Maupin, assignment of a portion of the working interest in the MWCD – Dutton Unit #1 horizontal Clinton Well on private property at Atwood from Enervest Operating to Red Raider LLC, as recommended and set forth in the above memorandum, was approved.

CONSENT AGENDA

Ms. Limbach mentioned that since the Board is now utilizing a “Consent Agenda,” there may be additional time available for reports of various MWCD activities at its meetings. In that light, members of the Board requested that an in-depth report of the Park Master Plan be prepared for the September meeting.

7. REPORTS

7.01 MARINAS REPORT

Members of the Board received a financial report entitled “Summary of Marina Operations,” for the period ending July 31, 2015.

The weather greatly improved in July in contrast with the seemingly daily rains of June.

The new shower/restroom building at Clendening has become very popular with our users. Final grading and landscaping around the site is underway. Work continues on the leach field for the wastewater system.

Total revenues at all marinas are up 2% YTD. Above-average performers include Charles Mill up 24%, Leesville South Fork up 20%, and Leesville Petersburg, Pleasant Hill, and Atwood East marinas up between 10% - 12%.

Seneca Marina is seeing double-digit increases in all revenue streams, highlighted by an 18% increase in docking revenues, and a 26% increase in retail sales. Piedmont’s camping and cabin/motel figures are up 10%, while their retail sales are climbing as well, up nearly 18%.

Both Seneca and Piedmont docking facilities remain at over or near capacity. The expansion of docking at both marinas is being planned for by the individual park and marina design firms. To meet customer demand in the short-term, a plan has been developed to add 30 new slips for the 2016 season. A major new dock for Piedmont may come on-line for the 2017 season.

A project to improve customer access and provide a drop-off area at Piedmont will begin after Labor Day. This is a project that was directly requested by our customers.

Design meetings continue regarding renovations to the marina building at Piedmont Marina. Accessibility, efficiency, and increased retail space are a high priority. Meetings also continue with individual park and marina design firms at Piedmont and Seneca. The architects at Seneca have requested meetings with our partners at Seneca –The Dockside Restaurant, and Ohio Valley Boats, to gather their input as well. Piedmont architects presented wonderful ideas concerning the location of future cabins.

A new public courtesy dock was installed at the launch ramp at Leesville Petersburg Marina. Staff informed me that one of the first users was a woman in a wheel chair who was able to travel from car to boat with no problem.

Keith Ott, operating under the name “Ohio Valley Boats”, continues to make progress with leased sales and service at Seneca. During the first six weeks, over 50 boats were serviced, and turn-around times are running about five days. He also sold his first boat at the facility, a \$42,000 Manitou tritoon.

7.02 UTICA ROYALTY REVENUE REPORT

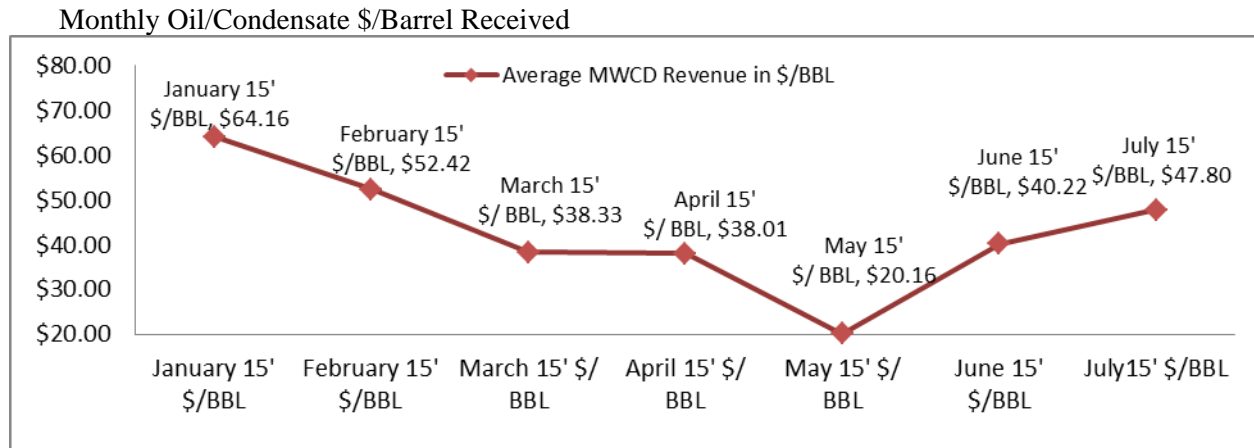
Utica royalty revenue is currently generated by 13 wells on adjacent private property. The MWCD’s proportional share of the wells varies significantly, and is shown below on the right.

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 0.34% from June (\$290,115.40) to July (\$291,097.88) while the royalty payment for a barrel of oil/condensate is at approximately \$48/ barrel during the same payment period. The Utica Shale wells are experiencing the anticipated decline in production.

Some individual items of note:

- The Market Report prices posted for \$/barrel of Ohio Oil/Condensate on August 11, 2015
 - Marcellus Utica Medium \$43.96
 - Marcellus-Utica Light \$37.96
 - Marcellus – Utica Condensate (Formerly ALS) \$19.96



7.03 MASTER PLAN UPDATE

Mr. Slogar updated the Board on the Master Plan Implementation.

Program Status

- All of the individual park design (IPD) teams have been authorized and are progressing with the initial layout and preliminary design of all proposed master plan improvements. A key initial step has been to refine the standard RV campsite template and then test fit this template into the topography of all the current and proposed campground areas. The aerial survey and mapping completed by Kucera International is being utilized by all design teams for this purpose.
- ms Consultants has completed an assessment of the current utility infrastructure and future demands at all parks. This information has been turned over to the IPD teams and is being used to determine the location and size for all new water, sewer, electric, communication and gas lines.
- The cabin development team continues to meet to refine the floor plans and exterior look and finishes for the proposed cabins at all parks. A design standards committee has also been formed and is meeting by teleconference to assure that all design concepts are standardized.
- A draft agreement has been written and reviewed by MWCD that would allow for connecting Pleasant Hill Lake Park into the Village of Perrysville wastewater treatment plant. The draft agreement will be forwarded to the Village for review and approval in the next few weeks.

Individual Project Status

- Atwood Lake Park Welcome Center
 - NL Construction Corporation of Canton has completed earthwork operations, installation of underground culverts, drainage structures, and conduits, partial asphalt paving of new ingress/egress lanes and building foundation construction. Project completion date is set for March 15, 2016.
- Atwood Lake Park Trail, Phase I
 - VIP Construction Corporation of Canton has completed grading, drainage work, and installation of the aggregate base course. Paving has been delayed due to wet conditions in June and should be completed in the next few weeks.
- Tappan ADA Restroom and Shower House
 - The project was advertised for bids on August 24 and bids will be opened on September 15. The substantial completion date is set for May 1, 2016.
- Atwood Lake Bridge and Trail Phase II
 - Jones Stuckey presented their preliminary design submission to MWCD in July. Final plans are due in September, with bidding to occur in October. Construction will run from approximately November 2015 until June 2016.

- Atwood Amphitheater Trail Lighting
 - Bids were opened July 14 for this project which will add 10 light poles along the existing trail to the amphitheater. A contract has been signed with successful bidder Wood Electric Inc. of New Philadelphia and a preconstruction meeting is set for late August. Due to lead time on materials, work should commence in early fall and be completed by the end of November.

7.04 DISCUSSION OF 2015 GOALS

Mr. Hoopingarner provided an update on the 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. *Mr. Slogar provided the following information...*

DREDGING PROGRAM

Dredging Operations

- *Test pumping of dredge material will begin over the Labor Day weekend, with full scale dredging set to take place soon thereafter. Dredge operations are slated to run through the month of November.*

Dredge Material Relocation Areas (DMRA's)

- *Dewatering of the sediment material will take place on an MWCD parcel north of U.S Route 250, near Addy Road.*
- *All permits and consents have been received from OEPA, USACE, and ODOT.*
- *Dewatering site preparation is nearly complete.*

Navigational Dredging Program

- *Staff is evaluating options for smaller-scale dredging options meant to target areas in the reservoirs that would be inefficient and costly for large-scale dredging machinery.*

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.

7.05 USACE PROJECTS STATUS REPORT

Dover Dam

- Project is complete.

Bolivar Dam

- USACE investigation of joints between panels is complete and verification borings have confirmed that modified construction techniques have been successful.
- Work continues on repair and installation of service gates in the spillway structure.

Zoar Levee

- Huntington USACE staff continues to work on design of levee modifications. A Project Partnership Agreement between USACE and MWCD is expected to be delivered in draft form later this year.

Muskingum Section 729 Watershed Assessment

- USACE has approval for \$30k of \$400k to begin work initially without local cost share.
- A cost-sharing agreement is under draft review and is expected to be delivered to MWCD sometime in October.

7.06 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. ARWSD is now providing a water supply to the Atwood Yacht Club. ARWSD is in a dispute relative a sludge disposal site. Three trucks were recently purchased for ARWSD operations and expansion of a supplemental treatment system is now underway. All of these recent expenditures add up to approximately \$2 million of debt which ARWSD will cover through current revenue. For the time being, there is no anticipated increase in fees for users.

7.07 IMMINENT OR PENDING LITIGATION

The Board heard a brief update on the status of the Harper v. MWCD lawsuit.

8. SUBDISTRICTS

8.01 CHIPPEWA SUBDISTRICT – REPLACEMENT OF 2 HYDRAULIC STRUCTURES ALONG CHIPPEWA CREEK

On motion by Mr. Pryce, seconded by Mr. Sprang, authorization to solicit for bids and award a contract for replacement of two hydraulic structures, as recommended and set forth in the above-referenced memorandum, was granted.

8.02 CHIPPEWA SUBDISTRICT – REPLACEMENT OF 3 HYDRAULIC STRUCTURES ALONG CHIPPEWA CREEK

On motion by Mr. Pryce, seconded by Mr. Sprang, authorization to solicit for bids and award a contract for replacement of three hydraulic structures, as recommended and set forth in the above-referenced memorandum, was granted.

8.03 CHIPPEWA SUBDISTRICT – REPLACEMENT OF 5 HYDRAULIC STRUCTURES ALONG RIVER STYX

On motion by Mr. Pryce, seconded by Mr. Sprang, authorization to solicit for bids and award a contract for replacement of five hydraulic structures along River Styx, as recommended and set forth in the above-referenced memorandum, was authorized.

9. EXECUTIVE SESSION

On motion by Mr. Parham, seconded by Mr. Maupin, the Board of Directors entered into executive session at 11:15 a.m. to discuss matters related to ORC §121.22 (G) (2). On roll call: Ms. Limbach-yes; Mr. Maupin-yes; Mr. Parham-yes; Mr. Pryce-yes; and Mr. Sprang-yes. The executive session ended at 11:48 a.m.

In open session, on motion by Mr. Pryce, seconded by Mr. Sprang, the Board authorized staff to obtain a real estate appraisal of the Tappan Marina property.

10. ADJOURN

There being no further business, on motion by Mr. Maupin, seconded by Mr. Parham, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, September 25, 2015, at 9:00 a.m. at the Science and Technology Center, Kent State University Tuscarawas, New Philadelphia, Ohio.