

CLEAN WATER MANAGEMENT TRUST FUND

BOARD OF TRUSTEES MEETING

---

WEDNESDAY, JUNE 3, 2015

10:03 A.M.

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WILLIAM G. ROSS CONFERENCE CENTER

121 WEST JONES STREET

RALEIGH, NORTH CAROLINA

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A P P E A R A N C E S

BOARD OF TRUSTEES:

Troy Kickler, Ph.D., Chairman

Frank Bragg

William Toole

Johnny Martin

Renee Kumor

Frederick Beaujeu-Dufour

ALSO PRESENT:

Terry Murray

Will Summer

Nancy Guthrie

Larry Horton

Gwyn McCullough

Hailey Medlin

Bill Crowell

Shawn Maier, Board Attorney

Bryan Gossage

Scott Pohlman

Jimmy Johnson

Judy Francis

Tom Massie

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2

P R O C E E D I N G S

3

MR. KICKLER: Good morning everyone. I

4

would like to welcome everyone to the

5

June 3rd, 2015, full board meeting of the North

6

Carolina Clean Water Management Trust Fund. For

7

the record, we are located at 121 West Jones

8

Street in the William G. Ross Conference Center in

9

the Nature Research Center.

10

We have a few perfunctory and important

11

duties to perform before we commence with old

12

business and new business, and one of those is the

13

call for attendance. When I say your name, please

14

indicate you're here by saying "here," "present,"

15

or something appropriate.

16

For the record, I, Troy Kickler, am in

17

attendance.

18

Frank Bragg?

19

MR. BRAGG: Present.

20

MR. KICKLER: Greer Cawood?

21

(No response.)

22

MR. KICKLER: Fred Dufour?

23

MR. BEAUJEU-DUFOUR: Present.

24

MR. KICKLER: Robin Hackney?

25

(No response.)

1 MR. KICKLER: Renee Kumor?

2 MS. KUMOR: Present.

3 MR. KICKLER: Johnny Martin?

4 MR. MARTIN: Present.

5 MR. KICKLER: William Toole?

6 MR. TOOLE: Present.

7 MR. KICKLER: Charles Vines?

8 (No response.)

9 MR. KICKLER: We have six members of the  
10 Clean Water Management Trust Fund Board present.  
11 We have a quorum, so we will proceed on with the  
12 agenda.

13 As always, I am required by Statute  
14 138A-15 to read verbatim that statute and inquire  
15 whether any trustee has a conflict or the  
16 appearance of a conflict of interest.

17 "General Statute 138A-15 mandates that  
18 the Chair inquire as to whether any Trustee knows  
19 of any conflict of interest or the appearance of a  
20 conflict of interest with respect to matters on  
21 the agenda. If any Trustee knows of a conflict of  
22 interest or the appearance of a conflict of  
23 interest, please state so at this time."

24 (No response.)

25 MR. KICKLER: Remember, if you are

1 reminded in some fashion that there is a conflict  
2 of interest or the appearance of one, you could  
3 always state so during the meeting, but please  
4 state so before the agenda item is being  
5 discussed.

6 Please, as a courtesy, put your cell  
7 phones on vibrate or turn them off.

8 Our next agenda item is Call to Order  
9 1(e). You have received the agenda and had the  
10 time to look over it. Are there any revisions or  
11 additions to the agenda?

12 (No response.)

13 MR. KICKLER: Nothing from staff?

14 (No response.)

15 MR. KICKLER: All right. Hearing that  
16 there are no revisions, is there a motion to adopt  
17 the agenda for June 3, 2015?

18 MR. TOOLE: So moved.

19 MR. KICKLER: Thank you, Trustee Toole.  
20 Is there a second?

21 MR. BRAGG: Second.

22 MR. KICKLER: Thank you Trustee Bragg.

23 All those in favor say "aye."

24 (Trustees respond.)

25 MR. KICKLER: All those opposed?

1 (No response.)

2 MR. KICKLER: Agenda has been approved.

3 Our next item is Consent Agenda. Consent  
4 items are non-controversial items unanimously  
5 recommended for approval by all involved parties.  
6 A single vote may be taken to approve all items  
7 under the consent agenda. However, if a trustee  
8 wants to remove an item, it could be placed under  
9 old business to be discussed further. As you can  
10 see, there is only one item on the consent agenda  
11 this time, so in essence, a vote will need to --  
12 consent agenda is, essentially, a vote on the  
13 minutes of the March 2015 meeting.

14 Is there any discussion on the consent  
15 agenda?

16 (No response.)

17 MR. KICKLER: Is there a motion to adopt?

18 MR. TOOLE: So moved.

19 MR. KICKLER: Thank you, Trustee Toole.

20 MS. KUMOR: Second.

21 MR. KICKLER: Second, Trustee Kumor.

22 Thank you.

23 All those in favor, say "aye."

24 (Trustees respond.)

25 MR. KICKLER: Opposed.

1 (No response.)

2 MR. KICKLER: Consent agenda has been  
3 passed.

4 The next item under Commencement 3 is a  
5 Legal Update. Mary Lucasse, our counsel from the  
6 Attorney General's Office, is not able to be here  
7 today. Shawn Maier, our other counsel from the  
8 Attorney General's Office, is present today and  
9 serving as our counsel. Mary and Shawn have a  
10 legal update, so I will turn the time over to  
11 Shawn.

12 MR. MAIER: The only item on our legal  
13 update this morning is to let you all know that we  
14 attended -- Chairman Kickler, Bryan Gossage, and  
15 I, a mediation Coffey versus Edgemont and Clean  
16 Water Management Trust Funds. There were more  
17 last Thursday. We will -- I am recommending that  
18 we discuss the contents of that mediation in a  
19 closed session at the close of this meeting this  
20 morning.

21 MR. KICKLER: Thank you, Shawn. Next  
22 item is Executive Director's Update. As you know,  
23 many events have been transpiring since last full  
24 board meeting, both at the staff level and in the  
25 General Assembly in the budget cycle.

1                   Executive Director Bryan Gossage, would  
2                   you like to share updates?

3                   MR. GOSSAGE: Thank you, Mr. Chairman.  
4                   As usual, you have several items in your blue  
5                   folder in front of you. You have correspondence,  
6                   snapshot of the budget where we are at, as well as  
7                   updates to provisional lists where our funding has  
8                   gotten us through since you all voted on those  
9                   last year. The House has released their budget.  
10                  They did that several days ago. The Senate is  
11                  working on theirs. And, of course, we have the  
12                  Governor's recommended budget.

13                  The House budget recommends a very  
14                  significant increase in grant funding for the  
15                  Clean Water Management Trust Fund to the tune of  
16                  about \$12 million. It's nonrecurring, so one-time  
17                  funds for grants, as well as a separate pot of  
18                  \$2 million for military-related buffering  
19                  projects, and then there was a half a million  
20                  dollar amount in there for the nutrient management  
21                  strategy projects, just like we had this past  
22                  year.

23                  There is also a recommended study of the  
24                  departmental reorganization that is going on that  
25                  involves elements of DENR, specifically the



1 Natural Resources Division and the Department of  
2 Cultural Resources, and that part of the  
3 recommended study -- it recommends moving the Land  
4 and Water Stewardship office, which the Clean  
5 Water Management Trust Fund is a part of, over to  
6 the Cultural Resource Agency. We will await  
7 action on that. The administration's perspective  
8 is that the office should remain within the  
9 existing agency, Department of Environment. So we  
10 will have to see what the Senate does, and then  
11 see how things progress from there. And that is  
12 all I had, Mr. Chairman.

13 MR. KICKLER: Thank you.

14 MR. TOOLE: May I ask a question?

15 MR. KICKLER: Sure.

16 MR. TOOLE: What does it mean to transfer  
17 to the Cultural Resources from Natural Resources,  
18 practically speaking?

19 MR. GOSSAGE: Well, there would be some  
20 very real changes, and then other things wouldn't  
21 change. I, for example, wouldn't expect us to  
22 physically move offices, because the building that  
23 we are in is a museum building, and that would  
24 move over to the Cultural Resources Agency. In  
25 all likelihood, we will remain exactly where we

1 are. As far as administrative support, HR, all of  
2 those types of functions, they would then be  
3 switched over to the new agency. So we might have  
4 to make some contract changes, just in terms of  
5 the wording on things. So there would be  
6 workload. It's more organizationally than  
7 anything.

8 MR. TOOLE: Okay. Thank you.

9 MR. KICKLER: All righty. Thank you,  
10 Bryan. We will move on to old business.

11 The first matter of old business, Old  
12 Business 1, is the Administrative Committee  
13 recommendations. The Administrative Committee has  
14 been working a long time on several items, and I  
15 believe at least one of them is in the  
16 recommendations here under old business. They  
17 have been taking a lot of time and forming an  
18 in-depth examination into some of these policy  
19 recommendations. Charles Vines was a member of  
20 the Administrative Committee, but due to health  
21 concerns, he is temporarily unable to serve on  
22 that committee. So I, as the Chair of the Clean  
23 Water Management Trust Fund, and as an ex officio  
24 member of that committee, I'll serve temporarily  
25 on that committee until Trustee Vines is able to

1 return and to work on that committee and to work  
2 on the full board.

3 Greer Cawood is chair of the  
4 Administrative Committee. However, she is not  
5 here today. So with that context in mind, I have  
6 asked Trustee Johnny Martin, a member of the Admin  
7 Committee, and he's been a member since the board  
8 was reconfigured. He has been dealing with many  
9 of these issues for a while. I asked him to make  
10 a few remarks about the Administrative Committee  
11 recommendation, and if he could deal with the time  
12 of presentation. So I will turn the time over to  
13 him.

14 MR. MARTIN: Thank you, Mr. Chairman.  
15 First all, I would like to thank the staff. They  
16 have worked really hard on a number of these items  
17 for Nancy, Will, and Larry. Thank you for all the  
18 work that you have done, and I'd also like to  
19 thank Greer for all her work in leading the  
20 effort. I'm sorry you have to listen to me today.  
21 Greer is much more succinct and professional than  
22 I am, but we will muddle through.

23 We will just go on into -- I guess we  
24 will do these one at a time, and we will start  
25 with item (a), which is the allocation of grant

1 funds for the 2015 applications. And before I  
2 turn it over to Nancy to give you some background,  
3 roughly, we are the -- the Committee is  
4 recommending that 75 percent of funds be allocated  
5 to acquisition projects, 20 percent of funds be  
6 allocated to stream restoration projects, and up  
7 to 5 percent of the funds be allocated into  
8 innovative storm water projects. Any planning  
9 applications will be reviewed and funded from the  
10 project allocation for the project type that the  
11 plant would develop. The Committee further  
12 recommends that, if the innovative storm water  
13 projects do not warrant 5 percent of the funds for  
14 innovated projects, then any funds allocated to  
15 storm water projects be allocated 2/3 to  
16 acquisition projects and 1/3 to fund stream  
17 restoration projects.

18 To briefly summarize, it's pretty much  
19 the same breakdown we had last year. And the  
20 reason that it came up that way is because, if we  
21 look at the number of applications and the dollars  
22 requested for this current funding cycle, it about  
23 lines up again to that 75, 20, and 5 percent split  
24 with the amount of dollars for innovative storm  
25 water not being quite up to 5 percent. So that's

1           why we put in the caveat that, if we don't think  
2           the projects warrant the 5 percent, that we would  
3           take some funds out of that and reallocate it to  
4           stream restoration. And I turn it over to Nancy  
5           to give more of the background.

6                       MS. GUTHRIE: Thank you. There is not a  
7           lot that I think I need to add, other than to just  
8           remind everyone that last year, when the  
9           Administrative Committee was looking at this and  
10          making the recommendations in 2014, a lot of the  
11          historic data from the Trust Fund was also  
12          considered. So the allocations that Johnny has  
13          given is holding very true to the Trust Fund over  
14          the years, as well as the most recent year in the  
15          request that's being received. So I will turn it  
16          back over to you.

17                      MR. KICKLER: Any discussion or questions  
18          for Nancy for the Admin Committee?

19                      (No response.)

20                      MR. KICKLER: Were you getting ready to  
21          say something?

22                      MR. MARTIN: Sure. So there again,  
23          Committee recommendation would be, for the 2015  
24          grant cycle, 75 percent of funding be allocated to  
25          acquisition projects, 20 to stream restoration,

1 and up to 5 percent of funds be allocated to  
2 innovative storm water projects. The planning  
3 applications would be reviewed and funded from the  
4 project allocation of the project type that the  
5 plan would develop, and the Committee further  
6 recommends that, if the innovative storm water  
7 projects do not warrant 5 percent of the funds for  
8 innovative projects, that any funds allocated, but  
9 not awarded to innovative storm water projects be  
10 allocated 2/3 of the funds to acquisition projects  
11 and 1/3 of the funds to stream restoration  
12 projects.

13 MR. KICKLER: Is there any discussion on  
14 the recommendation that's on the --

15 MR. BRAGG: I have a question.

16 MR. KICKLER: Yes.

17 MR. BRAGG: Is that the same allocation  
18 that we had last year?

19 MR. MARTIN: Yes, sir.

20 MR. BRAGG: Okay.

21 MR. TOOLE: Move the question.

22 MR. KICKLER: All those in favor say  
23 "aye."

24 (Trustees respond.)

25 MR. KICKLER: All those opposed.

1 (No response.)

2 MR. KICKLER: The Administrative  
3 Committee's recommendation under Old Business 1(a)  
4 has been approved.

5 Now we will move on to Old Business,  
6 Administrative Committee recommendation 1(b),  
7 which is Eminent Domain Policy, and I will turn  
8 the time over to Johnny for a few words and  
9 presentation.

10 MR. MARTIN: Thank you, Mr. Chairman.  
11 Thereagain, I want to thank everyone for their  
12 hard work. We understand this is a serious issue  
13 and appreciate the discussions of staff in the  
14 last meeting. One of the things that we, as the  
15 Clean Water Management Trust Fund, is not involved  
16 so much in wastewater projects anymore. Those are  
17 winding down. So we don't envision, in talking  
18 with staff, that eminent domain issues will be  
19 coming up nearly as often. Should not be too  
20 often. The only time when we might be running  
21 into them is for some restoration-type projects or  
22 some greenway-type projects might be the only time  
23 we run into them. So we think this issue will be,  
24 kind of, winding down. But with that, I will turn  
25 it over to Larry to give us a little more

1 background.

2 MR. HORTON: Thank you. So the  
3 Administrative Committee met a couple times to  
4 talk about this, and we had a lot of input from  
5 legal counsel, and the -- this issue was brought  
6 up at the February meeting, and it was given back  
7 to the Administrative Committee to do some more  
8 work on it.

9 In your board packet, there was an  
10 attachment that talks about the purpose, it gives  
11 a little bit of the background, and we really  
12 worked hard -- the Committee worked hard to try to  
13 do a good job on addressing the purpose and the  
14 background. I will be glad to answer any  
15 questions about that.

16 The policy that we came up with, I  
17 will -- that the Administrative Committee came up  
18 with, I will go ahead and read that.

19 "Clean Water Management Trust Fund grant  
20 funds may be used to pay for the cost of the land  
21 acquired by a grant recipient, regardless of  
22 whether the land was acquired through that grant  
23 recipient's right of eminent domain, as long as  
24 the grant award is consistent with the objectives  
25 for the use of Clean Water Management Trust Fund



1 grants, which are set forth in N.C. General  
2 Statute 113A-256(b). Clean Water Management Trust  
3 Fund grant funds may not be used to pay for legal  
4 fees or costs incurred by the grant recipient to  
5 acquire land through condemnation actions under  
6 the grant recipient's right of eminent domain,  
7 unless approved by the Board of Trustees of the  
8 Clean Water Management Trust Fund in writing prior  
9 to the action. The trustees shall review a grant  
10 recipient's request to use funds for legal fees  
11 and costs to acquire land through condemnation on  
12 a case-by-case basis. Any request shall be  
13 provided, in writing, by the grant recipient."

14 So that's the policy. I will be happy to  
15 answer questions, if there are any.

16 MR. MARTIN: The only thing I will add is  
17 that we did take some time to put things into  
18 purpose to, sort of, reiterate the fact that we  
19 don't have the right to invoke eminent domain on  
20 projects, and we would rather fund projects. And  
21 it's the preference of the Clean Water Management  
22 Trust Fund to fund projects, unless landowners are  
23 ready to sell land in a timely manner. So we did  
24 put some things in there to state that we really  
25 would rather fund projects that do not have issues

1 with eminent domain, but there again, we still  
2 don't think we will be involved with many projects  
3 with that, but just given the fact that we still  
4 have restoration-type projects, greenway-type  
5 projects, that the applicant may have to invoke  
6 eminent domain. We still feel like those projects  
7 are of merit in certain cases. So with that, I  
8 will just, then, state that our -- so the  
9 Committee's recommendation is to adopt the policy  
10 concerning eminent domain.

11 MR. KICKLER: Is there any more  
12 discussion or any questions?

13 MR. TOOLE: I was not on the Committee.  
14 I commend your work. I appreciate the strong  
15 recommendation that we avoid eminent domain  
16 matters, but we reserve the opportunity on a  
17 case-by-case basis to evaluate a particular  
18 project. I can just say that it would be very  
19 controversial, in the part of the state where I  
20 operate, for this fund to support a project that  
21 involved a greenway. There are greenway projects  
22 that are now engaged in eminent domain, and they  
23 are not well received. So I think you all struck  
24 that right balance, and I thank you for that.

25 MR. KICKLER: Thank you, Trustee Toole.

1                   Are there any other comments or any more  
2                   discussion?

3                   (No response.)

4                   MR. KICKLER: Administrative Committee's  
5                   recommendation is on the table. If not, all those  
6                   in favor say "aye."

7                   (Trustees respond.)

8                   MR. KICKLER: All those opposed.

9                   (No response.)

10                  MR. KICKLER: Hearing none, no  
11                  objections, the administrative policies  
12                  recommendation spelled out in Old Business 1(b)  
13                  has been approved. And I will move on to the next  
14                  agenda item, which is Administrative Committee  
15                  recommendation 1(c), and once again, I will turn  
16                  the time over to Trustee Martin for a few words.

17                  MR. MARTIN: Thank you, Mr. Chairman.  
18                  What you have in front of you today -- and we will  
19                  give you some background -- is we had a request  
20                  for an easement amendment request, and I will let  
21                  the -- give you the full background, but after  
22                  reviewing the request, the Committee  
23                  recommendation was to not approve this request,  
24                  and the main reason why was that we felt that what  
25                  we were -- what the request included was what we

1 would end up with an overall reduction in riparian  
2 protection with no specific public benefit  
3 identified. So in order to, kind of, give you the  
4 background on how we came to that conclusion, I  
5 will turn the time over to Will.

6 MR. SUMMER: Thank you. The brief  
7 background in this, in 2004, the Clean Water  
8 Management Trust Fund Board awarded a grant to  
9 Caldwell County to purchase 400 acres and place  
10 conservation easement on approximately 180 of  
11 those acres. At that time, the County had  
12 intentions at some point in the future to  
13 developing a drinking water reservoir. At some  
14 point in 2012, the County decided not to pursue  
15 that option and sold their fee interest to two  
16 separate private owners. One of these owners is  
17 Mr. Tony Jones, and he has submitted the request.  
18 There is a letter in your board packet if you  
19 would like to read it, but I will explain his  
20 request now.

21 Essentially, looking at the map here, his  
22 property is what is outlined in red, and our  
23 easement is what is crosshatched in blue on his  
24 portion of the property. And what he has proposed  
25 is that we change our easement here in blue, which

1 is approximately 17 acres, for a working land  
2 easement where he would be allowed to perform  
3 agricultural practices in this area, and the  
4 riparian easement would change, essentially, to a  
5 25-foot buffer on the main stream there. In  
6 exchange for that, he proposed that he would put  
7 an additional 26 acres of his land, shown in  
8 purple here, under a working land easement, which  
9 would also include a 25-foot buffer on  
10 approximately 250 linear feet of stream right here  
11 crosshatched in yellow.

12 So the bottom line is that the riparian  
13 buffer easement, which is currently 17 acres,  
14 would go to approximately 1.6 acres under this,  
15 though the total working land easement would be  
16 approximately 41-and-a-half acres. And that's it  
17 in a nutshell. I will take any questions.

18 MR. KICKLER: All right. The  
19 Administrative Committee has made a recommendation  
20 to not approve this request. Are there any  
21 questions, any discussion, any comments regarding  
22 this particular agenda item?

23 MR. TOOLE: Johnny, could you tell us why  
24 you all made that recommendation?

25 MR. MARTIN: Well, essentially, the main

1 issue was the level of protection under our  
2 current easement, you know, is much greater for  
3 the 17-acres, and that level of protection would  
4 change from 17 acres down to 1.6 acres. Now,  
5 there is -- he was allowing for that difference  
6 between that to be a working land easement. So  
7 there would be some level of protection, but it  
8 would still be allowed to be used for other uses.  
9 So the main issue was the fact that the level of  
10 protection was not going to be the same, and the  
11 area that was protected to the level of our  
12 original easement was going to be shrinking from  
13 17 acres down to 1.6.

14 MR. TOOLE: Thank you.

15 MR. KICKLER: Any other comments?

16 (No response.)

17 MR. KICKLER: All those in favor of the  
18 Administrative Committee's recommendation to not  
19 approve this request under Old Business 1(c)  
20 please say "aye."

21 (Trustees respond.)

22 MR. KICKLER: All those opposed.

23 (No response.)

24 MR. KICKLER: Administrative Committee  
25 recommendation to not approve this request has

1           been passed. Okay. Moving on to the next item,  
2           Old Business 2, which is Stewardship Endowment,  
3           something that the Trust Fund deals with, I  
4           believe, on an annual basis. I will turn -- so we  
5           may need a little bit of a refresher here, so for  
6           that, I will turn the time over to Will.

7                         MR. SUMMER: Thank you. So as  
8           Dr. Kickler said, once a year we engage the Board  
9           to make decisions on our stewardship endowment.  
10          This includes our policies and through the  
11          agreement we have with the treasurer's office on  
12          the way we manage the investments for the  
13          endowment. This, basically, pays for two  
14          functions. One is the monitoring contracts that  
15          we encumber with land trust to monitor all of our  
16          conservation easements that exist, and the second  
17          is a much smaller pot of money that we put as the  
18          stewardship management award.

19                         It's essentially a \$2,500 mini grant that  
20          we make two holders of the easements to make  
21          improvements that affect the conservation values  
22          on those properties. Those might be, for  
23          instance, adding a gate to prevent trespass or  
24          dumping, or the moving of evasive species that are  
25          threatening some of the native species on the

1 tract. These are two uses we have for these  
2 monies. We get them from the interest that is  
3 earned in our endowment. Terry's already on the  
4 second page now, and I will go over the details of  
5 our endowment.

6 So at the top of this page there are  
7 three blocks that represent each of the three  
8 investment types. We have our long-term  
9 investment fund in the first block, our short-term  
10 investment fund in the second, and our equities in  
11 the third, and down here are the totals on each  
12 one.

13 MR. GOSSAGE: Terry, can you zoom in  
14 on --

15 MR. SUMMER: There we go. So in the  
16 second column -- I think that would work.

17 So the second column is our principal.  
18 This represents all of the specific deposits that  
19 we have made since 2004 when we established this  
20 endowment associated with each project. So once  
21 Nancy closes a project, whatever was in that grant  
22 for the stewardship endowment is put into our  
23 principal, and over the years we have a sum total  
24 of a little over \$2.6 million in the principal,  
25 line 16, second column there.



1                   Now, we could never spend below that for  
2                   any of our purposes. It's a non-wasting  
3                   endowment, but anything that is earned in interest  
4                   is what we use for our stewardship management  
5                   awards and our monitoring contracts. Anything  
6                   that falls under the realm of stewardship for our  
7                   easements.

8                   So we go and look at the second to last  
9                   column, under total value, you could see the total  
10                  value of each fund. And you see that it is  
11                  significantly more than what we have in principal,  
12                  and the difference between those two is our total  
13                  interest, which is available to the Board to use  
14                  for these purposes.

15                  On line 18 in the green box, the total  
16                  interest we have over all the years that we have  
17                  been in the endowment is actually \$932,000 and  
18                  change. It's quite substantial. This fiscal  
19                  year, to date, in the box above that on line 17,  
20                  it's \$199,000 and change. And the only important  
21                  thing you need to take away from that is what I am  
22                  going to ask you to withdraw from the endowment in  
23                  a moment is significantly less than we have  
24                  available to us. So we are in good shape there.

25                  The other important figure on these three

1 tables is the last column, the percent of fund  
2 balance, which I have also summarized right here  
3 in the next block in the green squares. So what  
4 we have, as we sit today, in our long-term  
5 investment fund we have current 9.6 percent of our  
6 total values in that fund, and 19.7 percent is in  
7 our short-term investment fund, and 70.7 percent  
8 is in our equity fund. Now, per our arrangement  
9 with the treasurer's office, these are the ranges  
10 that we are permitted to be in. So between 5 and  
11 25 percent for the long-term investment, between 0  
12 and 35 percent for the short-term investment,  
13 which we are also within and between 55 and  
14 75 percent equities, which we also are in.

15 One of the recommended board actions is  
16 to accept our current fund balance without  
17 investments. If the board would like to, it's  
18 certainly up to you to adjust within that range,  
19 but the staff recommendation, just based on us not  
20 being out of that range, is to leave it as it is.  
21 If you will scroll down, please, Terry. There we  
22 go. That's perfect.

23 So below the black line here are our  
24 expected expenses for the next fiscal year. As we  
25 said today, we have a current cash reserve of

1           \$28,599.70. Expected costs for stewardship  
2           contracts for the next fiscal year is \$108,242.56,  
3           and my expected requests for management funds are  
4           going to be \$18,500. So considering our current  
5           cash reserve and what we have expected, we need to  
6           withdraw from the endowment to meet our expected  
7           needs, \$98,143.16.

8                         Separate from that, what we will add to  
9           the principal for the next fiscal year -- and this  
10          is based on nine projects that closed, and Nancy  
11          has forwarded that to me. So the total endowment  
12          from those nine projects on line 26 is \$103,589.  
13          So that goes into the principal of the endowment,  
14          and on the other end, I request that you withdraw  
15          \$98,000 off of the endowment.

16                        So with that, Terry, if you will go back  
17          to the first page where we can see the four. Keep  
18          going a little higher. There you go; one, two,  
19          three, four.

20                        I will just summarize the Board actions  
21          needed and take any questions. So the first  
22          action is to approve the staff recommendation or  
23          approve, not approve, or amend the staff  
24          recommendation to allow up to \$18,500 for  
25          stewardship awards for our policy. Staff makes

1 those awards, but the Board sets money aside for  
2 those awards.

3 The second action is to allocate money  
4 for the stewardship monitoring contracts. As I  
5 have shown on previous sheet, the expected  
6 expenses are \$108,243.

7 The third action is to approve that we  
8 make a deposit of \$103,589 to the principal and  
9 withdraw \$98,143 in interest to fund the program  
10 expenses, and if the Board approves that, this is  
11 a -- there will be recorded in a sheet that the  
12 chairman will sign and I will send to the  
13 treasurer with our request so they know the Board  
14 has approved that action.

15 And finally, the last action is to  
16 approve, not approve, or amend the staff  
17 recommendation to keep the fund at the current  
18 allocation, approximately 7 percent equities,  
19 20 percent short-term, and 10 percent long-term  
20 investment funds. If the Board sees fit, they  
21 could certainly make adjustments within the range,  
22 but that's at the Board's discretion. With that,  
23 I will take any questions.

24 MS. KUMOR: Renee Kumor. Could you just  
25 please refresh my knowledge of the stewardship

1 contracts? Are they -- once you get a contract,  
2 you have it as long as the land exists?

3 MR. SUMMER: They are annual contracts,  
4 but we anticipate they will go on as long as the  
5 land and the land trust both exist.

6 MS. KUMOR: So that every year, as we put  
7 out more appropriations and funding, the request  
8 can increase?

9 MR. SUMMER: Exactly. So with the nine  
10 projects that Nancy had given me, there will be  
11 nine new projects that I add to the existing  
12 projects.

13 MS. KUMOR: And they will, again, move  
14 like a bulk through the years so that we can award  
15 all these monies?

16 MR. SUMMER: Exactly. Because the  
17 easements are perpetual, we will almost never take  
18 anything off the rolls. We'll just continue  
19 adding onto the rolls as the Board awards  
20 projects.

21 MS. KUMOR: Thank you.

22 MR. BRAGG: Mr. Chairman?

23 MR. KICKLER: Yes, sir.

24 MR. BRAGG: Frank Bragg. I just want to  
25 comment that this is an excellent report, and I

1       talked to Will briefly before the meeting. I  
2       think I am the only carrier that came from the  
3       previous board that was on the committee that set  
4       this up. So I will claim credit for it. Not  
5       sure. We had some pretty good people who worked  
6       over a period of years to come up with the  
7       strategy, but it has worked, and it's always fun  
8       with the stock market that makes us look good.

9               I do want to comment that it's important  
10       for us to realize, and this is directly to your  
11       question, we have a long horizon, because this is  
12       a permanent conservation easement, so this needs  
13       to be a sustained fund that goes on forever.

14               Second point is that the allocation of  
15       the monies at 70 percent equities, in today's  
16       market, some of us might say, well, that's pretty  
17       aggressive. But in the scheme of things, with the  
18       long horizon, it's almost impossible, we think, to  
19       try to time the market. So I do recommend that we  
20       stay with the 70 percent equity, 30 percent fixed.

21               The one change that we made a couple  
22       years ago was going to a 20 percent for the  
23       short-term part of the portfolio, which gives us  
24       less volatility. If interest rates rise -- I  
25       could have said when they rise, but you know, the

1 talking heads have been saying interest rates are  
2 going to rise for 18 years, and they have not  
3 risen yet. Eventually, inflation will come back,  
4 but we hedge with going to the shorter term  
5 exposure to our bonds, but it is an excellent  
6 report, and so we are in great shape. Thank you,  
7 Will.

8 MR. SUMMER: Thank you, Will.

9 MR. KICKLER: Thank you, Trustee Bragg.  
10 I am glad you volunteered that information,  
11 because with the background, I was going to ask  
12 you to say a few words.

13 Are there any other questions, comments?  
14 Yes, sir, Trustee Toole.

15 MR. TOOLE: I recognize this is a  
16 perpetual fund and there are going to be perpetual  
17 needs. Are we over-funded, or is it premature to  
18 even guess?

19 MR. SUMMER: It's interesting you bring  
20 that up. Not this year, but because we got in as  
21 the market was rebounding, there is quite a bit.  
22 There are before -- in our early history, we did  
23 one of several things. We either gave the land  
24 trust the money for them to manage, and in many  
25 cases we just said it's your responsibility to

1           steward this and provide them with no funds. And  
2           so we have almost as many easements that we have  
3           endowed, just we have an MOA between us in the  
4           land trust because, per our agreement, when we  
5           gave you the grant money, you will continue to  
6           monitor and submit these reports.

7                     It's my interest, perhaps over the next  
8           year, to try to pick up some of these old ones  
9           that we don't have any funds for and perhaps put a  
10          proposal before the Board and say take some of  
11          this money out of the interest and put it back in  
12          the principal, associate it with particular  
13          projects from the backlog, and hope to have all  
14          the projects that we have not paid money for for  
15          endowment included in this, so we have money to do  
16          what we are going to do, but also, in case the  
17          land trust, for any reason, are not able to do  
18          that, we will have the money to have somebody else  
19          to monitor our easement for us.

20                    MR. TOOLE: So the answer is, it's  
21          premature to evaluate that, but it's a thought  
22          process?

23                    MR. SUMMER: There is certainly a lot  
24          more in interest than we use.

25                    MR. TOOLE: Thank you.



1 MR. KICKLER: Any other questions?

2 MR. BRAGG: I might add that that could  
3 disappear by close of the market today. You know,  
4 30 percent corrections happen and you don't have  
5 to do much math to see that all that could  
6 disappear. So it's a nice cushion that we have,  
7 but one that we certainly don't want to look at  
8 spending. So it's -- we will find ways to do  
9 something else with it. I like how it looks.  
10 Let's stay the course with our present strategy.

11 MR. KICKLER: Any other comments or  
12 questions for Will or staff in general about this?

13 MR. MARTIN: I was just going to add  
14 thank you, Trustee Bragg, for you and the previous  
15 people who looked at that, and I might want to  
16 talk to you after the meeting and see if you can't  
17 help me out.

18 MR. TOOLE: I move we adopt all four and  
19 approve each of the four requests for Board action  
20 in a single vote. Can we do that?

21 MR. KICKLER: I was going to add for --

22 MR. TOOLE: I withdraw the suggestion.

23 MR. KICKLER: I think it's best that we  
24 deposit money before we take money out, formally  
25 speaking. So I was going to ask, for clarity

1           sake, if we go through, we start with number 3,  
2           then 4, then 1 and 2, for those purposes there.  
3           So for the record, we are depositing money before  
4           we are taking money out.

5                         Is there a motion to approve Old Business  
6           2 -- is there a motion to deposit \$103,589 to the  
7           endowment principal and withdraw \$98,143 in  
8           interest to fund the program expenses?

9                         MR. TOOLE:    So moved.

10                        MR. KICKLER:  Thank you.  Is there a  
11           second?

12                        MR. BEAUJEU-DUFOUR:  Second.

13                        MR. KICKLER:  Thank you, Trustee Dufour.

14                        All in favor say "aye."

15                        (Trustees respond.)

16                        MR. KICKLER:  Opposed.

17                        (No response.)

18                        MR. KICKLER:  Thank you.  The motion has  
19           carried.

20                        Is there a motion to keep the fund type  
21           after current allocation and make deposits and  
22           withdrawals at approximately the same percentage?

23                        MS. KUMOR:  So moved.

24                        MR. KICKLER:  Thank you, Trustee Kumor.

25                        MR. BRAGG:  Second.

1                   MR. KICKLER: Second. Thank you,  
2           Trustee Bragg. All those in favor say "aye."

3                   (Trustees respond.)

4                   MR. KICKLER: All those opposed.

5                   (No response.)

6                   MR. KICKLER: The motion has carried.

7                   Is there a motion to allocate up to  
8           \$18,500 for stewardship management awards?

9                   MR. BRAGG: So moved.

10                  MR. KICKLER: Thank you, Trustee Bragg.

11                  MR. MARTIN: Second.

12                  MR. KICKLER: Second by Trustee Martin.

13                  All those in favorite say "aye."

14                  (Trustees respond.)

15                  MR. KICKLER: All those opposed.

16                  (No response.)

17                  MR. KICKLER: The motion has carried.

18                  Is there a motion to allocate \$108,243  
19           for stewardship monitoring contract?

20                  MR. BRAGG: So moved.

21                  MR. KICKLER: Thank you, Trustee Bragg.

22                  Is there a second?

23                  MS. KUMOR: Second.

24                  MR. KICKLER: Thank you, Trustee Kumor.

25                  All those in favor say "aye."

1 (Trustees respond.)

2 MR. KICKLER: All those opposed.

3 (No response.)

4 MR. KICKLER: The motion has carried.

5 Thank you, trustees, for your patience  
6 for clarification. I appreciate that.

7 We will now move on to the next agenda  
8 item, which is New Business 1, North Carolina  
9 Department of Agriculture assistance request for  
10 forest stewardship plans. And I will turn the  
11 time over to Nancy Guthrie.

12 MS. GUTHRIE: Thank you, Mr. Chairman.  
13 The North Carolina Forest Service, which is a  
14 division of the North Carolina Department of  
15 Agriculture and Consumer Services, has submitted a  
16 grant request for \$30,000 to develop forest  
17 stewardship plans and practice plans. There is a  
18 lot of information in your board packet from the  
19 Forest Service. The request is there that  
20 explains the plans.

21 But very generally, the plans are written  
22 by the Forest Service. They are written for the  
23 benefit of the landowners to help them manage  
24 their forest areas. Focusing on 13 different  
25 elements, and several of them overlap with Clean

1 Water's interest, including protecting streams  
2 from sedimentation, managing for diverse biology,  
3 managing/protecting any cultural and historic  
4 sites that might be on the properties. So there  
5 is some overlap with Clean Water's purpose for  
6 what the plans are written to project and help the  
7 landowners really manage in the best possible way.

8 The plans are written across the state,  
9 but for the request to Clean Water that's in front  
10 of you, it's a pilot to focus on the properties  
11 where the land use would be promoted for a  
12 compatible use with existing military installation  
13 and training routes, engaging the landowners to  
14 keep their properties and forest management,  
15 helping the military with its training and  
16 encroachment issues at the same time.

17 There are a few things to note on the  
18 request. The request is being submitted outside  
19 of the grant cycle. It's \$30,000. In considering  
20 the request, also consider that Clean Water Trust  
21 Fund has its donated easement program, which, in  
22 the past year, set aside \$200,000 to assist with  
23 bringing in donated easements with land trust, but  
24 the demand for that funding has been very low. So  
25 there is a set of some funds that have been set

1           aside separate from the grant allocations, the  
2           larger projects, that has been identified as your  
3           consideration for funding the proposal in front of  
4           you.

5                       I will stop there and see if you have  
6           questions.  If there are questions specific about  
7           the projects, we do have Sean Brogan with the  
8           North Carolina Forest Service here, and then we  
9           will try to answer any other questions you have.

10                      MR. KICKLER:  Thank you, Nancy.

11                      Are there any questions for Nancy?

12                      MS. KUMOR:  Yes.

13                      MR. KICKLER:  Yes, Trustee Kumor.

14                      MS. KUMOR:  What would be our  
15           relationship to the property, or any properties or  
16           plans?  Is there anything that comes back to the  
17           Trust Fund?  An easement or --

18                      MS. GUTHRIE:  There is not.  These are  
19           the plans that would be conducted by the Forest  
20           Service, and then the Forest Service would have  
21           the relationship with the landowner.

22                      MS. KUMOR:  And is there any requirement  
23           that the landowner even follow the plans?

24                      MS. GUTHRIE:  Do you mind if I --

25                      MR. KICKLER:  The Chair will recognize --

1 and who --

2 MS. GUTHRIE: Sean Brogan.

3 MR. KICKLER: Sean Brogan. The Chair  
4 will recognize Sean Brogan for some of these more  
5 specific questions.

6 MR. BROGAN: Good morning. I appreciate  
7 your willingness to hear this consideration. To  
8 address your question, the question of will they  
9 follow the plans, each year we do a random  
10 sampling monitoring of the plans, and we found  
11 that 80 percent are implementing the plans. And  
12 there are several different types of plans.  
13 Stewardship plans are the ones where the criteria  
14 really matches up with the Board's missions and  
15 things they are interested in. There is practice  
16 plans as well that help with, say, reforestation,  
17 and the implementation rate for those is even  
18 higher.

19 I think it's worth noting, this is in the  
20 backdrop or with the backdrop of a grant effort  
21 with the military, the U.S. Forest Service, and  
22 Wildlife Resources Commission. We are one of two  
23 states in the nation trying to pilot this effort  
24 to engage private landowners around these military  
25 installations. And when you look at typically





1           that Ag staff and Clean Water staff have had, this  
2           is a project that they have. I know it's somewhat  
3           new, in terms of a pilot project. From staff  
4           perspective, the question was, does this meet the  
5           overall mission of the Clean Water Management  
6           Trust Fund as prescribed by the legislature, and  
7           there was enough of an overlap there with cultural  
8           resources, with military mission, with water  
9           quality, with natural heritage to at least bring  
10          the request for you guys.

11                        As Nancy mentioned, from a funding  
12          perspective, there is that pot of about \$200,000  
13          set aside for the donated mini grants that there  
14          is a lot of planning work that those funds are  
15          currently used for, surveys, and things like that.  
16          So it seemed that there was a relationship there  
17          from a funding perspective, as opposed to a more  
18          traditional grant and a grant application cycle.  
19          So that's kind of where it came from and how it  
20          ended up in front of the Board today.

21                        MR. KICKLER: Where does the money --  
22          does the money stay within the Department of  
23          Agriculture?

24                        MR. BROGAN: It would help defray the  
25          cost of visiting the site, preparing the plan.

1                   MR. KICKLER:   Okay.   Trustee Bragg.

2                   MR. BRAGG:   The farm stewardship forest  
3                   program is an excellent program.   I live on a farm  
4                   that's designated as a stewardship farm.   I have  
5                   another farm in the mountains that's a stewardship  
6                   farm.   So I believe very much in the stewardship  
7                   farm program.   It seems to me that it's not in  
8                   keeping with the mission of the Clean Water  
9                   Management Trust Fund.   Just because we have a few  
10                  dollars that we didn't spend, doesn't mean we need  
11                  to go looking around to find some other agency  
12                  that might have some good ideas.   And this is a  
13                  great idea, but we are in the business of  
14                  permanent land protection, permanent conservation  
15                  easements.   And the stewardship forest can be  
16                  extinguished today and the land developed  
17                  tomorrow.

18                  I think, if I were a senator or a member  
19                  of the House, that I would not want to see this  
20                  agency, Clean Water, giving money to other  
21                  agencies, even though it's a good cause.   I like  
22                  the stewardship forest program, but I don't think  
23                  it's in keeping with our mission.

24                  MR. KICKLER:   Thank you.   Are there any  
25                  other questions?

1 (No response.)

2 MR. KICKLER: I had another question.  
3 For clarity sake, even if this is awarded, there  
4 is still going to be some leftover money. Where  
5 will that leftover money go? Does it go to next  
6 year's acquisition cycle, or does it return to,  
7 like, the provisional list for this cycle? Where  
8 does that money end up?

9 MS. GUTHRIE: And I could answer that for  
10 you. The funding was set aside until June 30th  
11 for the donated easement program. At that point,  
12 it rolls forward into the Clean Water funds that  
13 move forward, and also the appropriations that  
14 would be awarded in August, when you are looking  
15 at projects.

16 MR. KICKLER: Okay.

17 MS. KUMOR: Mr. Chairman, I had another  
18 question.

19 MR. KICKLER: Yes, ma'am.

20 MS. KUMOR: I would ask this of Bryan.  
21 This is a new kind of request in your dealings  
22 with all the other agencies, as you implied you  
23 all meet. Does this open the door for a lot of  
24 other requests for monies that we have? What  
25 criteria -- are we changing criteria of how we

1 spend our money?

2 MR. GOSSAGE: I'm not aware of any other  
3 request. I haven't had any other agency come and  
4 ask to address -- and again, I'm not taking a  
5 position on this, either for or against. For me,  
6 it had to meet a couple of criteria just to  
7 consider putting it on the agenda. Was it related  
8 to the mission of the Clean Water Management Trust  
9 Fund? Were there funding available to meet the  
10 request? Those are the hurtles for me. And  
11 beyond that, I'm not for it or against it. So I  
12 want to make that clear.

13 To kind of tie that thought with the  
14 comment that Trustee Bragg made, I would say that,  
15 having an easement on a property -- having a  
16 permanent easement on a property is the goal of  
17 the Clean Water Management Trust Fund, but it may  
18 not be an on or off switch, where today you don't  
19 have one and then tomorrow you do. There is a  
20 process that you might go through that you might  
21 say, this is a broader process than simply not  
22 having an easement today and having an easement  
23 tomorrow.

24 So as the Board has considered these  
25 other concepts of a temporary easement or forest

1        stewardship plan, what are the types of activities  
2        that go on in this whole conservation world that  
3        might walk you toward having a permanent easement  
4        on property, rather than just, again, that black  
5        and white, we don't have one, now we do. So if  
6        there are other parts of that process that, you  
7        know, get you there, then I might see other  
8        agencies make those requests -- make similar  
9        requests. I don't know if that answers your  
10       question or not. So if there are, I'm not aware  
11       of them, is the best answer that I could give you,  
12       but conceivably, there could be other things going  
13       on out there in state government that could move  
14       you from not having an easement today to some time  
15       in the future having a permanent easement.

16                    Sean, does that --

17                    MR. BROGAN: I think that's fair. And  
18       Mr. Chairman, I think there is a couple of points  
19       that arose that are worth mentioning. One of them  
20       is the match that is being offered. You know,  
21       right now, Camp Lejeune and Fort Bragg have come  
22       to us and said, "Here's what's important to us,  
23       geographically." They were the ones that  
24       identified these priority areas. We have the  
25       services, and the folks, and the footprint on the

1 ground to deliver this, and we have the  
2 relationship with the landowners to do this.

3 So I hope you accept the fact that, in my  
4 mind at least, this is a good program. I think  
5 you make a good point, is this a good fit for the  
6 Board? I think that's the question. If you look  
7 at your priorities, one of them deals with  
8 military buffering, and there is a heck of a lot  
9 of private landowners that, again, are not ready  
10 to sign on the dotted line for the easement for  
11 sale, but there is other partners out there, like  
12 ourselves, that have the capability, but we don't  
13 have the funding. So I think that's a big  
14 question is, you know, is this something in the  
15 future that would fit with the Board's mission?

16 MR. KICKLER: I had a follow-up question  
17 with that, and I know Trustee Martin, you raised  
18 your hand, and Trustee Toole. We already have  
19 existing planning. So I'm wondering how this is  
20 similar and different to those planning grants  
21 that we already have, if staff could clarify that.

22 MS. GUTHRIE: I will try and answer that  
23 one too. The planning proposals that come in with  
24 the larger grant cycle are typically preparing a  
25 project that will come back to Clean Water for a

1 larger grant. Probably the easiest way to sum up  
2 the typical planning project, so it will be a  
3 group looking at an entire watershed and saying,  
4 "What are the priority acquisition pieces in this  
5 watershed to come back to Clean Water or other  
6 sources to purchase that," or, "Where is the most  
7 sedimentation coming in that a stream restoration  
8 project would address?" That has been, kind of,  
9 the historic application of the planning projects  
10 that Clean Water has funded. I think that has  
11 been a definition based on wanting to see projects  
12 on the ground. This does expand that idea of  
13 planning a little further, and it doesn't  
14 necessarily bring back a project to Clean Water to  
15 fund in the future.

16 MR. KICKLER: Okay. Thank you.

17 Trustee Martin, you had your hand up  
18 first.

19 MR. MARTIN: The thoughts that I had  
20 about it were -- and I see where Trustee Bragg is  
21 coming from on his concerns. I guess one of the  
22 things I was thinking about too is that -- and I  
23 know that we, kind of, talked about this with the  
24 temporary easements that we discussed at the last  
25 mediation, and why I was for that was, having

1 grown up on a farm in Johnston County, you  
2 understand how people have such a tie to the land,  
3 and they are probably unwilling to make that  
4 commitment because they don't want to tie up their  
5 future generations and their future generations'  
6 decisions. But the hope with this sort of  
7 temporary is that they see that, and the hope is  
8 that it continues on.

9 I guess what I see with this is that, you  
10 know, sort of the same thing, that maybe these  
11 people that aren't quite there yet -- ready to  
12 turn it over permanently, but maybe if they see  
13 how this works, and their sons and daughters sees  
14 how it works, that the hope is that eventually it  
15 will be turned over to something permanent.  
16 Again, there is no guarantees, but again, with the  
17 amount of investment that we are looking at here  
18 too, I just -- also, as an engineer, you think  
19 about numbers, and you think about what is the  
20 potential return we would get for this \$30,000  
21 investment. And while it is probably a little  
22 outside the box, maybe what ultimately would come  
23 out of it would be worth the investment. So I'm  
24 just thinking out loud a little bit, but that's  
25 just the comments I have.



1 MR. KICKLER: Thank you. Trustee Toole.

2 MR. TOOLE: I'm sorry, I've already  
3 forgotten your name.

4 MR. BROGAN: Sean.

5 MR. TOOLE: Sean. Is that with an S-H?

6 MR. BROGAN: S-E-A-N.

7 MR. TOOLE: S-E-A-N. What we just agreed  
8 to allocate money for -- what did we do --  
9 acquisition, stream restoration, storm water --  
10 innovative storm water projects. This planning  
11 process, where would that fall within those three  
12 categories, or does it, and what we -- give me  
13 some details on what that plan would look like on  
14 the ground.

15 MR. BROGAN: So, typically, with a  
16 stewardship, the landowner contacts the county  
17 ranger, says, "I'm not sure what to do about  
18 harvesting," or may have questions about insect or  
19 disease, or, "I just inherited my land. My father  
20 passed away." We would arrange to meet with them,  
21 talk about their objectives. Prior to meeting  
22 with them, we would go and pull up all the  
23 information we could about the property. So then  
24 we would do a tempered exam and a tract exam, and  
25 on the back end of it, provide them with a plan,

1 and typically a stewardship plan would be, say, 8  
2 to 20 pages.

3 And if you look at the notes in your  
4 handout, for stewardship, stewardship is the  
5 Cadillac of our woodland plans. And it's a  
6 program that began in this state in 1990, and all  
7 of those resource elements are addressed if it's  
8 present on the property. So let's say if you have  
9 degraded, you know, areas around streams that may  
10 need some additional BMP work, best management  
11 practices work. There would be technical  
12 assistance that would be laid out, and we could  
13 follow up with the landowner about restoration.  
14 If there was a planned harvest, there will be  
15 potential tree harvest information provided. You  
16 know, really, it depends on the landowner's  
17 objectives, what they say are important to them,  
18 in combination with the resources on site, plus  
19 the planned activities, and that's where, you  
20 know, we can provide some of the information. But  
21 one of the most powerful networking abilities that  
22 we could do is tie a landowner to one of our four  
23 stewardship biologists, because there are RCW  
24 issues on the tract, or --

25 MR. TOOLE: RCW means?

1 MR. BROGAN: Red-cockaded woodpecker.

2 MR. TOOLE: Those guys. Bugs and  
3 bunnies, got you.

4 MR. BROGAN: Yes. They are a very good  
5 partner of ours. But part of it is, a lot of  
6 landowners, honestly, they may have just inherited  
7 the land, they may be a new forest landowner. You  
8 know, this is about empowering them to understand  
9 what they have, but also opening up the doors for  
10 them to understand who can help them.

11 MR. TOOLE: So this request would go into  
12 a general category fund at the Forest Service  
13 saying we are going to spend something more than  
14 \$30,000 for plans in and around military  
15 installations in the eastern part of the state,  
16 basically, some of which will involve streams.

17 MR. BROGAN: Uh-huh. Any water resources  
18 on the property, whether it's blue-line streams,  
19 whether it's public water supply, things like  
20 that, are addressed in the plans. And the way I  
21 see it, we have already got a system in place with  
22 the invoicing saying we would prepare the plans,  
23 and then we would work with Bryan's staff to  
24 provide those numbers of plans and the invoice for  
25 reimbursement.

1                   MR. TOOLE: What other sources of funding  
2                   are you all looking at, Sean?

3                   MR. BROGAN: We engaged and already put  
4                   in, through Dr. Bob Barker at NC State, a request  
5                   for \$20,000 from the Marines. Paul Friday -- the  
6                   two points of contact for the military, you have  
7                   got Paul Friday with the Marines, you have got  
8                   John Chase with Fort Bragg, and both of them are  
9                   very positive about this, and they are looking to  
10                  bring money to the table. That's why, with the  
11                  information provided in your packet, I can't say  
12                  right now the military -- the Marines have given  
13                  the green light, but I have -- that's already been  
14                  put to sentinel landscapes, it's already been put  
15                  up to Paul Friday. I have every indication that  
16                  we'll be funded.

17                  So really, the hope is, within X number  
18                  of months, maybe this fall, the ideal situation  
19                  would be a Clean Water Management partnership with  
20                  the Marines to provide these plans through our  
21                  development, probably to the Pender County  
22                  priority area, and John Chase can do the same with  
23                  the Fort Bragg monies.

24                  MR. TOOLE: So the total funding for the  
25                  project, not just from Clean Water Management, the

1 total you all need is how much?

2 MR. BROGAN: We are being very  
3 conservative. My attitude is this is a pilot, and  
4 we are just trying to figure out the kinks and  
5 figure out this new partnership. What we  
6 requested, we could spend a lot more, but I don't  
7 want to ask more than we could comfortably spend.  
8 What we have requested is \$30,000 from the Board  
9 to be matched with \$20,000. We could put up  
10 the -- we don't have a lot of stewardship money,  
11 you know, compared to eight years ago when our  
12 stewardship funding from the U.S. Forest Service  
13 was \$750,000. We are down to about \$260,000. And  
14 if you look at the number of stewardship plans  
15 being provided to the landowners in the state, we  
16 used to provide about 400 stewardship plans. Last  
17 year we did about 80. This is a funding issue.  
18 We have the capability to provide landowners with  
19 these plans and this know-how, but the funding is  
20 tight.

21 MR. TOOLE: Do the landowners contribute  
22 anything towards the preparation of the plan?

23 MR. BROGAN: Right now, the landowners  
24 have to pay everything for the plan --

25 MR. TOOLE: I see.

1                   MR. BROGAN:  -- based on new legislation.  
2                   And what we have seen is, since that went into  
3                   effect, depending on which county you are looking  
4                   at, and which type of plan, whether it's a forest  
5                   stewardship plan or practice plan, we've seen  
6                   decreases of 30 to 60 percent.  And that's -- big  
7                   picture, that's what concerns me, you know.  My  
8                   goal here is to have more landowners informed.  
9                   More landowners with management plans in their  
10                  hand, to me, equates to better land management.

11                  MR. TOOLE:  Thank you.

12                  MR. MARTIN:  Just one more thing.  So you  
13                  said you guys end up going back and monitored, and  
14                  what you found is, whenever you do these plans,  
15                  about 80 percent of the grant recipients tend to  
16                  implement the plan?

17                  MR. BROGAN:  We have been doing it for  
18                  about five years, and sometimes it's a little  
19                  less, a little more, but right about 80 percent  
20                  are implementing their stewardship plan.

21                  MR. MARTIN:  Just give the sense of an  
22                  average size of the acreage per plan.  I know it  
23                  varies.

24                  MR. BROGAN:  Average size of a  
25                  stewardship plan, depending on which part of --

1           you know, it's bigger in the east, but you may be  
2           looking at 30 to 75 acres.

3                     MR. MARTIN:   Okay.

4                     MR. KICKLER:  Thank you.  Trustee Bragg.

5                     MR. BRAGG:  I just want to be clear that  
6           I am a big advocate of stewardship forest, of the  
7           program.  My question is, approximately how many  
8           stewardship forests exist in the state that are  
9           designated already?

10                    MR. BROGAN:  I believe the number is over  
11           3,000.  When we write a forest stewardship plan,  
12           the horizon is for 10 years.  So if you look at  
13           that 10-year period with current forest  
14           stewardship owners and plans, I believe it's 3,000  
15           plus.  Typically, we write 5 to 7,000 woodland  
16           management plans a year, and those are all sorts  
17           of categories, the Cadillac of stewardship plans,  
18           regeneration plans.

19                    MR. KICKLER:  Any other questions?

20                             (No response.)

21                    MR. KICKLER:  Comments?

22                             (No response.)

23                    MS. KUMOR:  Yes.  Mr. Chairman, I really  
24           am concerned with the issue of what does this  
25           allow in the future?  Who else will, then, come

1 looking at securing money that we have, and how  
2 will we deal with it? That's a question you can't  
3 answer, but that's my concern, that there will be  
4 more people that see that there is some money  
5 sitting quietly in our bank account.

6 MR. KICKLER: Right.

7 MR. GOSSAGE: Well, I would address that  
8 by saying that, again, if we are closely related  
9 enough to the mission of the Trust Fund, then I  
10 would bring it to you. If it wasn't, then I  
11 wouldn't. And so from the standpoint of the  
12 Board's charge to oversee the distribution of  
13 those monies to accomplish the mission of the  
14 Board, it would be, in my view, preferential for  
15 you to have options, and have choices, and to be  
16 able to see, you know, various ideas and concepts  
17 like this, and then to make your decisions.  
18 Because, again, you know, if your choice is, well,  
19 there is some planning dollars that have been set  
20 aside, and here's a planning initiative, or these  
21 funds can be rolled back into a provisional list  
22 or to the traditional grant funding cycle, that's,  
23 kind of, the choice you are making today.

24 And so if it's something that's not  
25 related to, again, what I see as more of a broad



1 process of moving a landowner from not under a  
2 permanent easement into a situation where they are  
3 under a permanent easement, again, I see that as  
4 something that could take years, that could take  
5 more than one generation of landowner, and is not  
6 simply a light switch on or off. So if it's  
7 related to that process, then the Board would see  
8 it, and the Board would say "yes" or "no." It's  
9 not something that you are locked into at any  
10 point.

11 If the Department of Transportation came  
12 and said, "Hey, we are looking for resources for  
13 eminent domain for the freeway we want to do,"  
14 number 1, it's probably not going make it on the  
15 agenda; number 2, if it does, you know, the Board  
16 is well within its rights to vote it down. It  
17 would be on a case-by-case basis where you would  
18 have to decide whether or not, you know, again, it  
19 meets the mission that the legislature has given  
20 the Trust Fund, and whether or not there are  
21 resources available to do it.

22 MR. KICKLER: I will admit that's a  
23 question I had as well. How many case-by-case --  
24 how many cases?

25 MR. GOSSAGE: Again, I'm not aware of

1 any.

2 MR. KICKLER: I'm not questioning that,  
3 but I taught high school and college. People can  
4 be very creative when they answer questions.

5 So are there any other comments or  
6 questions?

7 MR. BEAUJEU-DEFOUR: How can we get you  
8 involved with Clean Water when you do your  
9 stewardship plan? I mean, as Trustee Bragg said,  
10 we won't perpetrate, so how can -- when you do the  
11 plan, you can get a rep from -- original rep, you  
12 know, for them to come and explain that. They can  
13 go one step further. I mean, do you have that in  
14 the plan? Is that something that -- because I'm  
15 trying to understand how it's connected too. I  
16 have no problem with the money, if you can give me  
17 a clear -- I mean, if we have something to get in  
18 it, I have no problem giving the money. Right  
19 now, I see two different entities with no  
20 connection between.

21 MR. BROGAN: The vision would be the  
22 landowner would receive the forest stewardship  
23 plan, and they would receive a cover letter  
24 invoice that said typically this would have cost  
25 you \$203, or whatever it was. But through a

1 partnership with the Clean Water Management Trust  
2 Fund, and either our stewardship program or the  
3 military, this has been provided to you. And this  
4 would be for our forces grant program  
5 participants. We didn't necessarily get into the  
6 specifics of that, but this would be for folks  
7 that understand the importance of the military  
8 buffering program. And again, the actual plan,  
9 itself, has a lot of water quality information  
10 already addressed in it.

11 I could foresee information about Clean  
12 Water Management Trust Fund's options for  
13 easements as an attachment in there. We have an  
14 acquisition program, Forest Legacy. It's actually  
15 more of an easement program. So we -- typically,  
16 with a landowner that may be interested in an  
17 easement, you know, we already talked to them  
18 about our Forest Legacy Program. And what we  
19 could do at the same time we talked about that is  
20 also break out information about Clean Water  
21 Management Trust Fund opportunities, and put that  
22 in touch with one of your field reps, if they were  
23 interested.

24 MR. BEAUJEU-DUFOUR: Thank you.

25 MR. KICKLER: Yes, Trustee Martin.

1                   MR. MARTIN: I think that's a great idea,  
2                   Fred. I think that would be -- that could be a  
3                   win-win, and just give them some additional  
4                   options, and so I think that, if you would be  
5                   willing to do that, that would be a great thing to  
6                   include in your stewardship plan, is information  
7                   about what we do, as well as the regional contact  
8                   that they could get in touch with. I think that  
9                   would be great.

10                   MR. BEAUJEU-DUFOUR: If I could add to  
11                   it, the rep could send a courtesy e-mail or letter  
12                   saying, "You got a stewardship plan, and we may be  
13                   able to help you."

14                   MR. BROGAN: That's something that we  
15                   could share the information with the landowners  
16                   that are participating and receive this plan. And  
17                   you know, we are always very careful about the  
18                   privacy of private landowners we work with, but in  
19                   this case, they are getting something for free,  
20                   and I think that, given certain circumstances,  
21                   that may be a good opportunity to reach out to  
22                   those landowners by your staff to inquire about  
23                   any interest in what you offer.

24                   MR. GOSSAGE: Clean Water staff would be  
25                   happy to follow up on that process and make

1 landowner contacts through our staff and through  
2 our land trust partners to ensure that they are  
3 aware of the various easement options available to  
4 them. As Commissioner Martin was saying, that the  
5 art of making sure there is a return on this  
6 investment, that we're, kind of, creating --  
7 planting the seeds for future Clean Water  
8 customers.

9 MR. BEAUJEU-DUFOUR: Yes. That's what I  
10 would say to Trustee Martin, if you could prove a  
11 clear conation between the two, then anyone coming  
12 for money would have to do the same, and if not,  
13 we could turn them down pretty easily.

14 MR. BROGAN: This really is a pilot  
15 effort. This is one of the most innovative ideas  
16 out there, in terms of engaging private landowners  
17 around military buffers. Florida is making some  
18 progress on this. There is certain demographics  
19 of those landowners in those buffer areas, and you  
20 have the patriotic, and they are easy to get  
21 engaged. You have the folks that are not  
22 interested in ever selling their lands, but then  
23 there is the rest of them. And, you know, we  
24 spent a lot of time identifying the fact that you  
25 have to have some assistance and some incentives

1 to try to bring them in, and this is a very low  
2 cost.

3 When you think about a plan might be \$200  
4 or \$300, it's a pretty low-cost, low-risk option,  
5 and we are very open to new ways to do this. You  
6 know, our funding levels have been slashed for the  
7 last seven years, and we are having to look at  
8 out-of-the-box partnerships like this.

9 MR. KICKLER: Any other questions?  
10 Comments?

11 (No response.)

12 MR. KICKLER: Is there a motion to  
13 approve the \$30,000 request from the NC Department  
14 of Agriculture and Consumer Services with  
15 assistance for forest stewardship plans and  
16 practice plans using unspent funds set aside for  
17 donated easement grants?

18 MR. MARTIN: I will make that motion with  
19 the addition that we -- that they include our  
20 contact information as part of the stewardship  
21 grants that they write.

22 MR. BEAUJEU-DUFOUR: And then be  
23 transferred to our office so we could do something  
24 with that, and I would second that motion.

25 MR. KICKLER: Second the amended motion?

1 MR. BEAUJEU-DUFOUR: Yes.

2 MR. KICKLER: That the Department of  
3 Agriculture provide -- what was --

4 MR. BEAUJEU-DUFOUR: Our information in  
5 their plan, and provide us with the name of the  
6 people requesting this plan, so we can -- if we  
7 are going to give them the money, we might as well  
8 get their name.

9 MR. KICKLER: With the amendment that the  
10 Department of Agriculture provide us with contact  
11 information from landowners and provide Clean  
12 Water with the contact information of the  
13 landowners. Do you --

14 MR. MARTIN: Okay. Absolutely.

15 MR. KICKLER: So we have a first and  
16 second. Is there any more discussion?

17 MR. TOOLE: Yes.

18 MR. KICKLER: Yes, sir.

19 MR. TOOLE: I have -- I'm undoubtedly  
20 convinced this is an innovative project, there's a  
21 need for it, and it's worthy. I don't believe,  
22 however, it fits within our wheelhouse.

23 My concerns are these: You know, we get  
24 lots of good projects coming before us that  
25 involve permanent easements which we cannot fully

1 fund because we don't have the whole shooting  
2 match. I know there has been discussion in this  
3 Board about the value -- the future value of  
4 temporary easements or reaching out to folks. I  
5 do not -- I have not been convinced that we need  
6 to do that -- those kinds of projects in this  
7 Board, because we have so many good projects  
8 coming before us that we cannot fully fund. So I  
9 don't see that it fits within this Board's mission  
10 statement at this time. Which is not to take away  
11 from the value of the project. I think it's  
12 fabulous, and I wish I could give you a dollar to  
13 help you out.

14 That is my concern, and I do share -- I  
15 understand Trustee Kumor's concerns about if we  
16 open this door, who else -- what other cats and  
17 rats are coming in after. I think we can manage  
18 that on a case-by-case basis. I would hope we  
19 could. I just don't think that this fits within  
20 our notion of permanent protections. I will be  
21 voting against this particular amendment.

22 MR. KICKLER: Any other discussion?

23 Thank you. Any other discussion?

24 (No response.)

25 MR. KICKLER: There has been a motion and



1           it has been seconded. So I believe on this one, I  
2           should take a role call, and so I will just go  
3           down the list. If you are in favor of the motion,  
4           please say "aye." If you are not in favor of the  
5           motion to approve \$30,000 request as amended and  
6           as listed under New Business 1, please say "no."  
7           It's "aye" or "no."

8                         So just going down the list in  
9           alphabetical order, Trustee Bragg.

10                        MR. BRAGG: No.

11                        MR. KICKLER: Trustee Dufour.

12                        MR. BEAUJEU-DUFOUR: Yes.

13                        MR. KICKLER: Trustee Kumor.

14                        MS. KUMOR: No.

15                        MR. KICKLER: Trustee Martin.

16                        MR. MARTIN: Yes.

17                        MR. KICKLER: Trustee Toole.

18                        MR. TOOLE: No.

19                        MR. KICKLER: And I will have to vote no  
20           as well.

21                        MR. BROGAN: Thank you for your time.

22                        MR. TOOLE: Thank you for yours.

23                        MR. KICKLER: Thank you. Okay. The  
24           public is invited to -- moving on to the next  
25           agenda item, which is Public Comments, the public

1 is invited to make comments to the Board. Each  
2 person will have a maximum of three minutes. I  
3 will keep the time. If your time is up, I will  
4 politely ask you to stop, and I hope you will  
5 politely oblige and be respectful of the time.

6 Before we move on to public comments, let  
7 me make it clear for the record that the last  
8 motion failed by vote of four to two.

9 Okay. Now, moving on to public comments.  
10 Is there anyone who would like to make a public  
11 comment? Yes, sir.

12 MR. SMITH: Good morning. I am  
13 Michael "Squeak" Smith, Chairman of the Board of  
14 Resource Institute and former Chairman of the  
15 Board of Foothills Conservancy. I would just like  
16 to thank the members, the trustees, for the  
17 long-term commitment and support to the various  
18 organizations that I am and have been involved  
19 with.

20 Today I would like to talk briefly about  
21 a very special project that you all have supported  
22 for last two years. It's called the Western  
23 North Carolina Stream Initiative. It has been a  
24 model program that has been very well accepted  
25 nationally, and we have been fortunate, in that we

1 have taken NRCS dollars and leveraged those with  
2 state dollars, and also with Clean Water  
3 Management Trust Fund dollars to do stream  
4 restoration work in the 31 counties of Western  
5 North Carolina. This past year, we were able to  
6 do 40,000 feet of stream restoration on private  
7 property for landowners who have stewardship  
8 easements -- excuse me, who has stewardship  
9 processes on their farms, and it has enabled us to  
10 move forward. Our funding for our first year was  
11 approximately \$6 million. Funding for this year's  
12 projects is about \$5.8 million. And we look  
13 forward to next year of an additional give or take  
14 \$6 million.

15 This is putting stream restoration on the  
16 ground. Your support has been critical. I am  
17 asking for more. We have put in a request for  
18 \$1.5 million for the last three years to support  
19 this project. You have been kind enough to, with  
20 the cap, give us \$400,000. The problem with that  
21 is -- I mean, it's wonderful that we have gotten  
22 that, but it's limiting what we can do. The -- as  
23 we move forward and you go into negotiations in  
24 August in determining, I wish you would look very  
25 closely at -- there are, I think, of the 21 stream

1 restoration projects out there, 4 of them amount  
2 to about \$700,000 in front of you, are to complete  
3 projects within this program. So staff is aware  
4 of this, and if you would consult with them, I  
5 think you would be able to accomplish more by  
6 fully funding this project.

7 I thank you very much for your continued  
8 support.

9 MR. KICKLER: Thank you. Are there any  
10 other comments from the public?

11 MR. HOLMAN: Mr. Chairman.

12 MR. KICKLER: Yes.

13 MR. HOLMAN: Good morning. I'm  
14 Bill Holman, North Carolina State Director for the  
15 Conservation Fund, and I'm speaking on behalf of  
16 the Land for Tomorrow Coalition, which includes  
17 some other folks in the room, the Conservation  
18 Trust For North Carolina and the Nature  
19 Conservancy State Parks. We are an organization  
20 that advocates on behalf of the Clean Water  
21 Management Trust Fund and the Parks and Recreation  
22 Trust Fund, and other funding in the General  
23 Assembly.

24 Mr. Gossage gave good news earlier in his  
25 report. We want to echo back that we were very

1           pleased that the House budget includes  
2           substantial -- non-recurring, but substantial  
3           increases for both the Clean Water Management  
4           Trust Fund and the Parks and Rec Trust Fund. We  
5           were pleased that there is also the \$2 million  
6           appropriation for military buffer protection that  
7           would be administered by the Clean Water  
8           Management Trust Fund, and there are some other  
9           really overall improvements to conservation in the  
10          budget.

11                         We are all watching, kind of, the  
12          proposed reorganization. The House proposed a  
13          study of that. We don't know what the Senate is  
14          going to do, but we just wanted to say, I think  
15          the reason we are able -- our Land for Tomorrow  
16          Coalition is successful. And advocating for  
17          funding in the General Assembly is, frankly, the  
18          good work by this Board and the staff, and the  
19          quality projects you selected. I think we have  
20          been able to educate members of the General  
21          Assembly about the demand for land conservation  
22          projects.

23                         The applications you receive, as you well  
24          know, greatly outstretch the resources you have  
25          available, and we hope to be back in front of you

1 at your next meeting with good news. I think, as  
2 you all know, it was a long ways to go between the  
3 Senate and the final conference committee, but  
4 it's good to be debating increases in funding for  
5 the Clean Water Management Trust Fund in this  
6 budget cycle, and I think it's good that these  
7 appropriations really lift all votes. Based on  
8 your allocation decision this morning, 75 percent  
9 of, say, \$20 million for acquisition and  
10 20 percent of -- you know, for restoration that  
11 lifts all votes. So I'm pleased to be able to  
12 provide good news, and I hope we all have good  
13 news when you meet in August. Thank you.

14 MR. KICKLER: Thank you. Any other  
15 public comment? Yes.

16 MR. WILSON: Good morning. I'm  
17 Reid Wilson, Executive Director of Conservation  
18 Trust of North Carolina. Two points. One is to  
19 just add to what Bill Holman just said about how  
20 thrilled we are about what the State House did on  
21 the budget for Clean Water and for Parks and  
22 Recreation.

23 All of us in the Land For Tomorrow  
24 Coalition have been spending quality time in the  
25 legislature. I want you all to know that. It's

1           been paying off. And we now, obviously, have  
2           already turned our attention to the Senate, and  
3           will continue to spend a lot of time explaining to  
4           key legislators why increased funding for what  
5           this organization does and Parks and Recreation  
6           Trust Fund and the Agricultural Development  
7           Preservation Trust Fund are also important. It  
8           always helps when a former Clean Water Management  
9           Trust Fund board member is an appropriations  
10          co-chair of the House. That doesn't hurt. So  
11          having Chuck McGrady there is a great thing.

12                         That was point one. The second is just a  
13          real happy update. Last year you all funded a  
14          conservation trust for North Carolina project at  
15          the Orchard at Altapass at Mile Post 328 on the  
16          Blue Ridge Parkway. Saturday we had an amazingly  
17          meaningful fun celebration at the orchard.  
18          Bill Carson and Kit Truby, his sister, are the  
19          co-owners, and they lavished praise on -- not only  
20          on my organization, but upon your organization and  
21          your role of funding that conservation easement  
22          that would last forever that would enable that  
23          special natural and agricultural and scenic and  
24          historical place to remain as it is forever, and  
25          it was covered by Asheville TV, Asheville

1 newspaper, Associated Press, which wound up in the  
2 Washington Times up in DC. So it's everywhere.

3 So I just wanted to tell you that we had  
4 a great celebration of the protection of the  
5 Orchard at Altapass, and it would not have  
6 happened without the Clean Water Management Trust  
7 Fund Board, so thank you very much.

8 MR. KICKLER: Thank you. More public  
9 comment?

10 (No response.)

11 MR. KICKLER: Having seen none, we will  
12 move on to the next item of the agenda, which is  
13 the closed session. The chair will entertain a  
14 motion to enter a closed session pursuant to  
15 North Carolina General Statute 143-318.11(a)(3)  
16 for the purpose of consulting with its attorneys  
17 on Coffey v. Edgemont and Clean Water Management  
18 Trust Fund filed in Caldwell County.

19 MR. BRAGG: Mr. Chairman?

20 MR. KICKLER: Yes.

21 MR. BRAGG: I will need to recuse myself  
22 from that. May I have permission to drive my  
23 truck back to Charlotte, since this is the last  
24 item, or do we have other business after this?

25 MR. KICKLER: We have -- the last item is



1 adjournment. Thank you for reminding us of the  
2 that, Trustee Bragg. Appreciate that.

3 MR. MARTIN: Mr. Chairman, I move that  
4 the board go into closed session pursuant to  
5 North Carolina General Statute Section  
6 143-383.11(a)(3) to consult with its attorney  
7 regarding Caldwell County Superior Court Docket  
8 Number 14 CVS 418. The parties in that case are  
9 Plaintiffs Dennis and Sandra Coffey, Jeff Coley,  
10 Wilbur Armstrong, Robert Otis Vines, Joyce Vines,  
11 Christopher Belcher, Bobby Belcher, Lisa Belcher,  
12 Hight D. Reid, Bobby McAbee, Barbara May,  
13 Rachel S. Austin, Cora Green, John Reese,  
14 Dock T. Ford, Lillian V. Ford, Lyle P. Ford,  
15 Angie Ford, Jenkins Printing, Inc.,  
16 Walter W. Rabb, Jr., Dennis Coffey, II,  
17 Jennifer Coffey, Mark J. Stinson,  
18 Ginger P. Stinson, Jack Stokes, Jr.,  
19 Marilyn L. Stokes, Lawrence Edward Paysuer, III,  
20 Sandra H. Paysuer, Marty Coffey, Sandy Coffey, and  
21 Sara Godfrey. Defendants are Edgemont Limited and  
22 the Clean Water Management Trust Fund.

23 Thank you very much.

24 MR. KICKLER: Thank you. Is there a  
25 second?

1 MR. TOOLE: I will second that one.

2 MR. KICKLER: All those in favor to go to  
3 closed session, please say "aye."

4 (Trustees respond.)

5 MR. KICKLER: Opposed.

6 (No response.)

7 MR. KICKLER: Before we go into closed  
8 session, I want to say for the record that  
9 Trustee Bragg has recused himself from this  
10 discussion. He eluded to that before, but I  
11 wanted to make it very clear that he is not in  
12 this closed session. So we are now -- our counsel  
13 from the Attorney General's Office, Shawn Maier,  
14 will keep the records for the closed session.

15 (Board went into closed session from  
16 11:35 a.m. to 11:48 a.m.)

17 MR. KICKLER: All right. We are back in  
18 open session. Everyone -- every trustee in  
19 attendance is here. Does any trustee have any  
20 comments they would like to make before there is a  
21 motion to adjourn?

22 (No response.)

23 MR. KICKLER: All right. Hearing none,  
24 is there a motion to adjourn?

25 MR. TOOLE: So moved.

1 MR. KICKLER: Thank you, Trustee Toole.

2 Second.

3 MR. BEAUJEU-DUFOUR: Second.

4 MR. KICKLER: Trustee Dufour.

5 All those in favor say "aye."

6 (Trustees respond.)

7 MR. KICKLER: Opposed.

8 (No response.)

9 MR. KICKLER: Hearing no opposition, we  
10 are adjourned.

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12 (Meeting concluded at 11:49 a.m.)

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CERTIFICATE OF NOTARY - COURT REPORTER

STATE OF NORTH CAROLINA)

)

COUNTY OF WAKE )

I, JOANN BUNZE, RPR, Notary Public in and for the above county and state, do hereby certify that the foregoing meeting, was held before me at the time and place hereinbefore set forth; and were duly recorded by me by means of stenotype; which is reduced to written form under my direction and supervision, and that this is, to the best of my knowledge and belief, a true and correct transcript.

I further certify that I am neither of counsel to any party or interested in the events of this meeting.

This the 17th day of June, 2015.

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Joann Bunze, RPR  
Notary Public, Wake County,  
North Carolina  
Notary Public, #200707300112