
BOARD OF TRUSTEES

CLEAN WATER MANAGEMENT TRUST FUND

MINUTES OF MEETING

MONDAY, FEBRUARY 4, 2013

8:33 A.M.

NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER

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RALEIGH, NORTH CAROLINA



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A P P E A R A N C E S

CLEAN WATER MANAGEMENT TRUST FUND BOARD OF TRUSTEES:

JOHN MCMILLAN, CHAIRMAN

HONORABLE HAROLD A. BASS, SR.

FRANK BRAGG

DR. YEVONNE BRANNON

KAREN CRAGNOLIN

JOHN GARROU

JOSEPH M. HESTER, JR.

WILLIAM HOLLAN

GEORGE HOWARD

CHARLES JOHNSON

RENEE KUMOR

KEVIN MARKHAM

HONORABLE CHRISTINE MELE

PRESTON PATE

BETTY CHAFIN RASH

AARON THOMAS (VIA CONFERENCE CALL)

CHARLES VINES

CLAUDETTE WESTON (VIA CONFERENCE CALL)

JERRY W. WRIGHT

ATTORNEY GENERAL'S OFFICE:

MARY L. LUCASSE, SPECIAL DEPUTY ATTORNEY GENERAL

CLEAN WATER MANAGEMENT TRUST FUND STAFF:

RICHARD ROGERS, EXECUTIVE DIRECTOR

BETH MCGEE, DEPUTY DIRECTOR

NANCY GUTHRIE, PROJECT MANAGER GOVERNMENT ACQUISITIONS &
DONATED MINIGRANTS

CHRISTOPHER FIPPS, BUSINESS OFFICER

PENNY ADAMS, EXECUTIVE/ACQUISITION ADMINISTRATIVE
ASSISTANT

LARRY HORTON, P.E., WASTEWATER INFRASTRUCTURE PROJECT
MANAGER

EVERETTE MOORE, REAL PROPERTY AGENT, STATE PROPERTY
OFFICE

CLEAN WATER MANAGEMENT TRUST FUND FIELD REPRESENTATIVES:

TOM MASSIE, WESTERN REGION

BERN SCHUMAK, CENTRAL REGION

WILL SUMMER, EASTERN REGION

ALSO PRESENT:

BRAD IVES, ASSISTANT SECRETARY

BILLY RAY HALL,

A G E N D A

- 8:30 a.m. A. Call to Order - Chairman McMillan
1) Welcome
2) Roll Call - Penny Adams
3) Compliance with General Statute §138A-15
4) Revisions, Additions, and Adoption of the Agenda (Action Item)
5) Please put cell phones on vibrate or off
6) Review and Approval of the transcripts of the October 2012 Meeting of the Board of Trustees (Action Item)
- 8:40 a.m. B. Public Comments (Three minutes per person) - Chairman McMillan
- 8:50 a.m. C. Attorney General's Report - Mary Lucasse
- 9:05 a.m. D. Executive Director's Report - Richard Rogers
- 9:25 a.m. E. Infrastructure/Wastewater Committee Report - Committee Co-Chairs Markham and Thomas (Action Items)
- 9:40 a.m. F. Break
- 9:55 a.m. G. Restoration/Stormwater/Greenways Committee Report - Committee Co-Chairs Brannon and Pate (Action Items)
- 10:15 a.m. H. Follow-up on CWMTF Committee of the Whole Discussion - Chairman McMillan
- 10:30 a.m. I. Acquisition Committee Report - Committee Co-Chairs Hester and Wright (Action Items)
- 10:45 a.m. J. Administrative Committee Report - Committee Co-Chair Weston
- 11:00 a.m. K. Reflections on CWMTF Evolution - Trustee Hester
- 11:20 a.m. L. Discussion
- 11:30 a.m. M. Adjourn

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M I N U T E S O F M E E T I N G

CHAIRMAN MCMILLAN: Good morning everyone.
We'll call the Clean Water Management Trust Fund Board meeting to order.

MR. ROGERS: Can you -- I've got to dial some folks in.

CHAIRMAN MCMILLAN: We're going to call in the remote folks.

MR. ROGERS: (Dials speaker phone to begin teleconference.)

(Comments made off the record.)

MR. ROGERS: Hello folks.

MR. THOMAS: Hello. (Via speaker phone.)

MR. ROGERS: Good morning.

MS. WESTON: Morning. (Via speaker phone.)

MR. ROGERS: All right.

CHAIRMAN MCMILLAN: All right. Good morning. We'll call the meeting to order. Welcome to the February meeting and I'd ask Penny to please call the roll.

MS. ADAMS: Chairman McMillan?

MR. MCMILLAN: Here.

MS. ADAMS: Mr. Bass?

1	MR. BASS:	Here.
2	MS. ADAMS:	Mr. Beane?
3	MR. BEANE:	(No response.)
4	MS. ADAMS:	Mr. Bragg?
5	MR. BRAGG:	Here.
6	MS. ADAMS:	Ms. Brannon?
7	MS. BRANNON:	Here.
8	MS. ADAMS:	Ms. Cagnolin?
9	MS. CRAGNOLIN:	Here.
10	MS. ADAMS:	Mr. Garrou?
11	MR. GARROU:	Here.
12	MS. ADAMS:	Mr. Hester?
13	MR. HESTER:	Here.
14	MS. ADAMS:	Mr. Hollan?
15	MR. HOLLAN:	Here.
16	MS. ADAMS:	Mr. Howard?
17	MR. HOWARD:	(No response.)
18	MS. ADAMS:	Mr. Johnson?
19	MR. JOHNSON:	Here.
20	MS. ADAMS:	Ms. Kumor?
21	MS. KUMOR:	Here.
22	MS. ADAMS:	Mr. Markham?
23	MR. MARKHAM:	Here.
24	MS. ADAMS:	Ms. Mele?
25	MS. MELE:	Here.

1 MS. ADAMS: Mr. Pate?

2 MR. PATE: Here.

3 MS. ADAMS: Ms. Rash?

4 MS. RASH: Here.

5 MS. ADAMS: Mr. Thomas?

6 MR. THOMAS: Here.

7 MS. ADAMS: Mr. Vaughn?

8 MR. VAUGHN: (No response.)

9 MS. ADAMS: Mr. Vines?

10 MR. VINES: Here.

11 MS. ADAMS: Ms. Weston?

12 MS. WESTON: Here.

13 MS. ADAMS: Mr. Wright?

14 MR. WRIGHT: Here.

15 CHAIRMAN MCMILLAN: I will declare that

16 there is a quorum.

17 I will remind everyone of your obligation

18 under G.S. §138A-15 involving conflicts or appearances

19 of conflict. If you know of any conflict or

20 appearance of conflict please bring it to our

21 attention.

22 You have the agenda before you. Are there

23 corrections or additions to the agenda?

24 BOARD MEMBERS: (No response.)

25 CHAIRMAN MCMILLAN: If not, then it will be

1 approved as submitted.

2 I remind you to please put your cell phones
3 or other electronic devices on some sort of mute.

4 You have the transcripts of the October
5 '12 -- 2012 meeting. Are there corrections or
6 additions to the minutes?

7 BOARD MEMBERS: (No response.)

8 CHAIRMAN MCMILLAN: If not, is there a
9 motion that they be approved as submitted?

10 MR. WRIGHT: So moved.

11 CHAIRMAN MCMILLAN: Second?

12 MR. BRAGG: Second.

13 MR. HOLLAN: Mr. Chairman, can we
14 change "Deposition" to read "Transcript"?

15 CHAIRMAN MCMILLAN: Yes. We -- we have
16 reminded our court reporter to call these proceedings
17 as "Minutes" as opposed to "Depositions."

18 MR. HOLLAN: Thank you.

19 CHAIRMAN MCMILLAN: All right. So many as
20 favor the motion to approve the minutes as they are
21 correctly identified, please say, "Aye."

22 BOARD MEMBERS: Aye.

23 CHAIRMAN MCMILLAN: Any opposed, "No"?

24 BOARD MEMBERS: (No response.)

25 CHAIRMAN MCMILLAN: The "Ayes" have it.

1 Public comments? We have with us, again,
2 today, Brad Ives -- who spent the afternoon with us
3 yesterday -- the Assistant Secretary of DENR, and we
4 appreciate very much his interest in the proceedings
5 of this Board, and would invite him to make any
6 comments that he would like to make.

7 MR. IVES: Now, I would just say,
8 "Good morning" to everybody. And those who I did not
9 see yesterday, I bring you greetings from Secretary
10 Skvarla as well. But really, I'm enjoying working
11 with all of you and looking for ways that we can
12 tackle some difficult issues around clean water
13 management and work with you for the betterment of the
14 state. I look forward to it. Thank you.

15 CHAIRMAN MCMILLAN: Billy Ray Hall, the
16 "Grand Poobah" of the Rural Center and our host for
17 yesterday's and today's proceedings is here. Billy
18 Ray has been at this job for about 25 years. I think
19 we shared an office 25 [sic] years ago when --

20 MR. HALL: Twenty-six (26).

21 CHAIRMAN MCMILLAN: -- this organization --
22 26 years ago when this organization was -- was set up.
23 Billy Ray, you want to make any comments to this
24 group?

25 MR. HALL: I do. And in case y'all

1 think he's making me sound old, I want y'all to know
2 I'm starting my 42nd year in public service this
3 morning, so I can't think of a better way to start it
4 than to be here.

5 But I do want to say this: My PR people are
6 doing good. Y'all don't have to look at the "Rural
7 Center" in words all day. We'll get that down in a
8 few minutes, Richard. While we try to sell ourselves
9 to most people, I think y'all know who we are.

10 Just a couple of comments, in case Brad or a
11 couple others haven't -- don't remind themselves or
12 haven't been here before. One, this is your building
13 unless you don't pay federal tax. Now if you don't
14 pay federal tax, you're a guest, so act like a guest.
15 But otherwise, this is home. And how is that?
16 Because the federal government paid for half and those
17 corporations out there on that list paid for the other
18 half of this building. So my guess is you paid for it
19 two ways; one, with your federal tax -- and then if
20 you did business in North Carolina, you bought part of
21 it, too. So, welcome to your building. And I know
22 y'all have been here a time or two so we're delighted
23 to have you back.

24 Just a couple of things: One, we've been
25 partnering for years with you and other organizations

1 to address clean water for North Carolina. It's been
2 a strong and effective partnership, and we're
3 delighted with the partnership we've had. The big
4 challenge, as you know, is -- this is the thing I'll
5 be telling, hopefully, Mitch Gillespie and others in a
6 few minutes -- or this afternoon, Brad -- is that the
7 clean water problem did not go away. It did not
8 disappear. It just seems to have missed some of the
9 lists of infrastructure that is circulating at the
10 national and state level. We're going to try very
11 hard to get it back.

12 A footnote reminder -- a few years ago we
13 partnered and put together the Water 2030 Study and
14 that 16 billion figure is still real. People in North
15 Carolina don't see it as real. It will bottom
16 relatively quickly. Second thing I do want to
17 report -- and you'll hear us talking about this over
18 the next couple of weeks -- we just polled 400 local
19 managers in the state, or clerks or administrators --
20 it depended on who is in charge -- and, as y'all know,
21 200 smaller departments don't have a manager. We just
22 polled them. Eighty (80) percent of them said their
23 number one issue was water and wastewater. This is
24 not a surprise. It's always been that way, as long as
25 I've been in Raleigh with local government leadership.

1 But I do think it says something we want to put
2 together. For one reason, this is a very big issue
3 across North Carolina and it has to be part of the
4 infrastructure debate. I hope we join in that
5 discussion.

6 And second, if you've got any job
7 opportunities where people are putting jobs in rural
8 North Carolina, we'd love to help them put them there.
9 Tom is nodding back there. As y'all know, the General
10 Assembly has let us work to help local governments put
11 together their plan for responding to immediate jobs,
12 and we've been doing that for a while. And I'll be
13 sharing with you a great report we've done that looks
14 at the buildings that have been put back into use that
15 were vacated and we've done about 360 empty buildings
16 across the state. So, if ever you're going back to
17 Currituck, I'm sure there is a vacant building
18 somewhere in Currituck that they could put a business
19 in, we'd be glad to help them with upfitting the
20 building.

21 That's my commercial on the Rural Center. I
22 just want to say what I say to most groups like this:
23 I am really delighted that you take the time off from
24 your making a living to come be a part of the state
25 leadership. So often people do like you, and give

1 their time and their effort, and they're not thanked.
2 Those of us that have been working at it for a long
3 time and getting paid -- and I'm thankful they pay
4 me -- get to watch people come and participate and
5 work to improve North Carolina. You guys have done a
6 great job, and so I join Richard and others in keeping
7 the joints wet.

8 Welcome. If there is anything we can do to
9 make your stay any better, just let us know. You're
10 on a WIFI system here; there's plenty of restrooms and
11 telephones in the building so you can keep working
12 inside. Come back and see us.

13 CHAIRMAN MCMILLAN: Thanks, Billy Ray. I
14 appreciate it.

15 It's time for public comments. Are there
16 members of the public who would like to address the
17 Board this morning?

18 (No response.)

19 CHAIRMAN MCMILLAN: Seeing none we will
20 proceed to the Attorney General's report. Mary?

21 MS. LUCASSE: I don't really have a
22 report today, but I just wanted to take a minute and
23 say this has been a time of transition. Although at
24 the Office of the Attorney General, our leader, Roy
25 Cooper, was unopposed for re-election, and we're

1 pretty stable there. We've just been having a
2 wonderful last month getting to know the new
3 administration over at our -- our section's main
4 client, DENR. We have a new general counsel who we've
5 been meeting with and talking with about the work that
6 our office does to support the work that DENR does,
7 and it just been a really exciting time for us, and
8 I'm really looking forward to it. So, thank you.

9 CHAIRMAN MCMILLAN: Thank you, Mary.
10 Executive director's report, Richard?

11 MR. ROGERS: Thank you, Mr. Chairman.

12 There are several items that I want to
13 provide an overview of for y'all and -- including the
14 legislature, our contract status -- we got our
15 applications in for 2013 -- some updates on some of
16 the projects we've been working on, as well as our
17 communication efforts, and then some other
18 administrative items.

19 A legislative update -- they're back. The
20 legislature came back in last week, formally, to get
21 down to business. But we know -- I think we're all
22 aware of the challenges we have and I think the idea
23 that we've been working on is to make our efforts,
24 make clean water, make infrastructure, make
25 conservation a priority in the legislature.

1 Obviously, it has not been a priority. Every year, in
2 the budget process, there's never enough money. And
3 I've heard that already this year. But I think the
4 idea is that there's never enough money funded.
5 What's funded in the legislature are priorities and
6 we've been taking and working really hard at making
7 clean water a priority and getting it a known item and
8 a need across the state.

9 With regards to the appropriation project
10 [sic] -- process -- which we're most interested in --
11 it will begin in earnest tomorrow. There will be a
12 joint meeting of the House and Senate Appropriation
13 Committees. They will be meeting at 8:30 in the
14 morning. They will be giving an overview and review
15 of the budget. They have a lot of new members that
16 need to be educated about the process, about what's
17 funded. And that will begin tomorrow and Wednesday.

18 My understanding on -- the Senate will be
19 the first one to pull the budget together, and I
20 believe that the governor's budget is planning to come
21 out in early March or in the middle of March. So
22 we'll have that time and opportunity to talk to the
23 legislature about clean water as a priority prior to
24 that. And we'll be giving you updates, and getting
25 out meeting and greeting the new legislators, and also

1 talking to the appropriation co-chairs.

2 This afternoon we have a meeting with
3 Senator Brunstetter, the co-chair in the Senate
4 Appropriations Committee. Bill Hollan, myself and
5 John McMillan are planning to attend that. And we'll
6 keep y'all apprised of our efforts there, and any
7 feedback that we receive.

8 On to that, communications has been a very
9 important issue that we've been dealing with, and
10 communicating clean water to the general public, to
11 the media, and those kind of areas. I think we made
12 some great advances over the past several weeks, the
13 end of last year, and the beginning of this year. We
14 have pulled together, at the request of the Chairman,
15 a packet that should be at your desk of several -- an
16 article and several editorials, John's letters in the
17 *N&O* as well as *The Observer*. The wonderful editorial
18 we got in the *Ashville Citizen Times* is included in
19 there. I think these are all well done. And we
20 provide this for you so that you can use it in your
21 efforts in talking with legislators, local government,
22 and folks of that nature in promoting clean water.

23 I really appreciate the support that the
24 Trustees have given us -- Betty and Karen and John
25 especially on these editorials -- and getting them

1 in -- in the papers as well.

2 Also in this Board packet, if you look
3 towards the back, we have our -- a couple of
4 resolutions attached. The other -- another effort
5 we've made is getting resolutions out to local
6 governments and having them signed. We have a couple
7 examples for you of signed resolutions, and
8 Mecklenburg County is one as well. And then -- let's
9 see -- Greensboro is the other. And the very last
10 page is a summary, or actually a list of the
11 resolutions that we have in. We've got totally about
12 85 that have -- the local governments that have
13 committed or actually done resolutions, and a total of
14 90 or so, that have committed or actually have been in
15 house.

16 The idea behind this was to provide these to
17 our local governments. They adopt them, and then send
18 them to the governor, the presidnet *pro tem*, and also
19 the speaker of the house. I think our response has
20 been very good so far. They continue to come in. And
21 we're very appreciative of the efforts that the local
22 governments have made to put us on their list of
23 priorities as well.

24 Other -- other advocacies -- activities that
25 we've been working on is -- the North Carolina League

1 of Municipalities met last week [sic] -- two weeks ago
2 for their annual advocacy goals conference on
3 Thursday, 24th of January. We were a part of that.
4 There were 50 goals that they had to sort through,
5 prioritize to wind up with 25 goals prioritized.
6 Clean Water Management Trust Fund is the number four
7 goal that they adopted at that advocacy conference.
8 So I think that puts us in good stead and it will be a
9 part of their packet and part of the League's efforts
10 in promoting Clean Water Management Trust Fund coming
11 in.

12 We've also met at the -- in the first of
13 January, with the soil and water -- the Association of
14 Soil & Water Conservation Districts the first week in
15 January. And, at their meeting, we also were the
16 number four adopted goal and priority for
17 communicating to the legislature as well. So, I
18 think, we have covered the bases pretty well. We have
19 raised awareness in the community with a diverse group
20 of folks, and we're looking to continue to do that.

21 Also, in a separately -- or across, there's
22 a draft -- and I need a name for this. I'm calling it
23 a newsletter, but it's not really a newsletter. And
24 we've talked about this before. And I can't find my
25 copy of it for some reason. Hold it up.

1 MR. HOLLAN: (Lifts identified document.)

2 MR. ROGERS: Thank you, Bill.

3 Anyway, this is -- and we ran this by y'all
4 in June, and y'all weren't real happy with our first
5 version, so we went back to the drawing board on it.
6 And, basically, the feedback we got from y'all, we
7 need to have example projects that have been a success
8 in the community. We need to have the communities
9 commenting on those projects and telling what it's
10 done for the community. This is our first stab at it,
11 and I appreciate your feedback.

12 My intention is to get this out this week
13 under this version. We've gone through it and around
14 it. And unless there's huge objections, I plan to get
15 it out. Now, what we can do, next time -- and I've
16 already gotten some feedback on it -- is make sure
17 that we incorporate -- I think, we need to have a
18 little more local government flavor, or a little more
19 community flavor in it to make it more -- a better
20 piece. But we'll continue to improve on that.

21 And if you have examples -- one of my
22 thoughts was that we may want to go out to our -- our
23 constituency and ask them to submit examples of
24 projects that they've worked with us on, and let them
25 take charge, and let them report the benefit and

1 how -- how good the projects have -- and how they have
2 helped them. So comments on that are welcome. And I
3 don't know if anybody wants to speak up now, but if
4 not, I'll be glad to take those, and we'll get that
5 out.

6 Karen?

7 MS. CRAGNOLIN: Richard, one thing
8 you -- we need all to get a link to this newsletter --

9 MR. ROGERS: Yeah.

10 MS. CRAGNOLIN: -- so that we can put it
11 in our newsletters or our communications --

12 MR. ROGERS: Right.

13 MS. CRAGNOLIN: -- so that other people
14 can -- can expand on it.

15 MR. ROGERS: We -- we will hopefully
16 get that in a way that folks -- and I'm thinking that
17 you -- getting linked in and signing up to receive it
18 and those kinds of things. We're looking into that.
19 And I don't know how complicated that is, but we'll
20 definitely look into that and make sure that it's in a
21 form that you can pull it into your -- your
22 newsletters and link -- link to ours as well. We'll
23 get it posted on the web so you can do that.

24 MS. CRAGNOLIN: Thank you.

25 MR. ROGERS: Back to some -- a few

1 administrative items: Contract status is a typical
2 item that we want to give you an update on of -- of --
3 we've got 151 contracts that are currently encumbered;
4 27 that are in the process of being encumbered. We --
5 I know we've been since October, since we've made
6 improvements of our last projects -- but we've also
7 been rolling new projects on with unencumbered funds.
8 So we've got about 11 of our drafts that are out for
9 review by our -- our clients in final draft for
10 signature, which means that they're getting ready to
11 sign, either they're at the client's base signing or
12 they're in the process of getting back to John -- John
13 for signing. We had eight of those, and then eight
14 that are at DENR awaiting -- waiting to be encumbered.

15 A couple of updates on projects that we've
16 been trying to keep you apprised of. Hamby Sanitary
17 Project we've talked about at several Board meetings,
18 which is a huge project that's been on the books for a
19 while. And concerns were raised about it getting done
20 and having funds in order to continue to get it done.
21 They had run into some issues, contracting-wise, and
22 had several delays. They've had poor installations
23 of -- of part of their project. If you recall, it's a
24 community that has about 2,100 septic tanks that
25 they're putting online, and they're going to take

1 their waste to a facility. They're pulling two
2 wastewater treatment plants offline as well.

3 Larry was down there two weeks ago. They
4 are working hard. They have a staff of four. They're
5 actually connecting houses up. They're having to
6 replace pipes and -- and make those connections.
7 It's -- it's a very difficult process. A lot of these
8 folks are not permanent residents. So getting the
9 residents there, getting the electrician there,
10 getting them to get the electrician there is -- is
11 difficult, so all this to be said, progress is being
12 made. There was concern that it wasn't -- we weren't
13 making the progress we needed to. They have a huge
14 loan out. There's issues around their -- around their
15 fees. And they'll be charged in order to make
16 repayments and things of that nature. But I think,
17 right now, the effort is there. They are working
18 diligently, hopefully pulling in three or four of
19 these homes a day trying to get them online. And we
20 have full confidence, right now, that they're doing
21 everything they can to make this happen.

22 The bigger issues with the lawsuits and
23 things, I think we're going to let that move on and
24 proceed. We have extended their contract because of
25 the work that they are getting done on the ground, and

1 we'll continue work with them on that effort.

2 The City of Shelby, you all are well aware
3 of -- of that matter, where they did not fulfill their
4 obligations on the product. I reported last time that
5 they had agreed to reimburse us funds on that project,
6 and we now have a repayment schedule and agreement
7 signed. Repayment will start in the first of July,
8 and they are on board with that schedule. The first
9 payment will be \$80,000. And, as you know, we had a
10 graduated scale in order for us to just allow them to
11 continue to work to get a company online to take --
12 and to help offset the -- what they did not fulfill in
13 their obligation of -- of removal -- of wastewater in
14 the -- in the lines. So we're moving forward with
15 that. We're excited to have that done and -- and on a
16 new path with that.

17 Administratively, I mentioned yesterday our
18 stewardship position, Cherri Smith -- she left us and
19 went on to another job with DWQ. So that position is
20 vacant. What staff has done is we have reallocated
21 those responsibilities amongst ourselves to deal with
22 those until the end of the physical year. We are not
23 pursuing filling that vacancy because of the
24 legislature. And it is -- we'll have to see what the
25 budget is and how things work out. I don't think it's

1 appropriate for us to fill that and pursue filling
2 that position right now. Not that we don't need it.
3 I believe we worked it out amongst ourselves in order
4 to cover the bases until the beginning of the fiscal
5 year. We'll report more details on that as we move
6 forward into our budget development for the
7 administration in June.

8 The other thing we've done -- and I
9 mentioned this yesterday as well -- is a cost-share
10 program [sic] -- position with Terri Murray. And
11 she'll be working 40 percent of her time down in the
12 infrastructure finance center so that they -- we're in
13 a contract with them, and they will make payment to us
14 in order to cover those costs in -- and the time that
15 she's there. This is -- this is a result of, I think,
16 great cooperation among us and the IFC, trying to meet
17 some of their needs as they -- as it's related to
18 processing their contracts in IFC. It's very similar
19 to what Terri does in our organization, keeping a hold
20 on contracts, working with those folks that are on the
21 other end of the line working on the contracts at the
22 local level. So I think it will be very parallel to
23 what she does with our organization.

24 It's also -- I think, we are very sensitive
25 to the workload. What we have -- our contract

1 management is down, so we're trying to address those
2 issues as we move forward so that our folks stay busy.
3 And I think Terri is excited about it, and we're
4 excited about the opportunity to work with IFC as
5 well. Again, this will factor into our efforts as we
6 develop and start looking at next year's budget.

7 Finally, the application deadline is here
8 for 2013. And I believe we have a -- do we have slide
9 to put up?

10 MS. GUTHRIE: (Displays requested slide on
11 screen.)

12 MR. ROGERS: We received applications.
13 Close of business of February 1 was the deadline.
14 Ooo, that's real easy to read, isn't it?

15 Just a quick summary, and this -- it just
16 came in Saturday [sic] -- I mean, Friday, close of
17 business, was the -- was our deadline. We had 88
18 applications come in for a total of \$47.9 million. If
19 you recall, last year we had 158 applications. We had
20 \$125 million in requests.

21 Why did we get fewer applications for less?
22 I think we can attribute it to a few things. One is
23 last year we allowed applications to roll over from
24 the 2011 cycle, which we had about 75 brand new
25 applications last year in addition to about 50 or 60

1 that rolled over. So that counts for the numbers. On
2 average, the amount requested is way down, and I think
3 there's several reasons for that. One is the fact
4 that we had been capping our programs at \$600,000 for
5 all programs, and 400,000 for our
6 restoration/stormwater. The applicants are becoming
7 aware of that. And rather than putting in their total
8 need, I think they're coming in with smaller projects
9 as well.

10 If you noticed the wastewater projects, I
11 think, last year, we had 46 projects or so. This year
12 we have 14. And I think they're really seeing the
13 impact of the capped program in that area. What we've
14 run into with a lot of projects request is that these
15 local governments trying to hook in with other
16 wastewater treatment facilities; they need a lot of
17 pipe, a lot of line. And their projects run on up
18 into our cap of \$3 million. And you can't run a line
19 halfway and have a project. So I think we're hurting
20 a lot from that.

21 This breakdown, we'll get it -- get it to
22 you. And if you all have any thoughts, comments on
23 that, we'll be glad to -- glad to take those. But I
24 think it's a -- again, we'll look at these projects,
25 but I think it's a good -- it's a good -- good

1 quantity, and I think a lot of it goes with the cap
2 that we've had to put on our wastewater projects and
3 stormwater projects and -- and acquisition as well.

4 The acquisition projects are pretty strong
5 with 37 for 22 million. Restoration/stormwater
6 projects, we had 33 come in with about 15 million;
7 four greenway projects for 2.3 million. And then our
8 wastewater projects, 14 at \$7.8 million.

9 MR. HOLLAND: Richard, I think it
10 would be helpful if we could create a document that
11 showed those carryover projects as well as these so we
12 have an aggregate amount of the total amount that's
13 being sought will be reviewed this time. It seems to
14 me it will be a much bigger number and a much lower --

15 MR. ROGERS: Well, we won't have --
16 we didn't have carryover this time, so --

17 MR. HOLLAND: I thought we allowed
18 everybody --

19 MR. ROGERS: We -- we did last year,
20 but we did not this year.

21 MR. HOLLAND: Okay.

22 MR. ROGERS: We asked for new
23 applications this year.

24 MR. HOLLAND: Oh, I'm sorry. I
25 thought --

1 MR. ROGERS: I was referring to -- to
2 the last cycle.

3 MR. HOLLAND: Oh, why we had so
4 many --

5 MR. ROGERS: Yes, sir.

6 MR. HOLLAN: -- last time?

7 MR. ROGERS: Yes, sir.

8 MR. HOLLAND: All right. Go ahead.

9 CHAIRMAN MCMILLAN: Karen?

10 MS. CRAGNOLIN: I don't think that this
11 is a reflection of a reduced need in the state. I
12 think this is very much a reflection of the perception
13 in the larger community that we don't have funds to do
14 these projects.

15 MR. ROGERS: Yeah.

16 MS. CRAGNOLIN: And it takes a lot of
17 effort to put one of these together that -- that is
18 competitive. So I don't think this reflects at all a
19 reduced need in the state.

20 CHAIRMAN MCMILLAN: I think we all agree
21 with that. And if we -- if we have a cap of \$600,000,
22 how -- how do organizations, like the Nature
23 Conservancy, put together the \$20-million-dollar
24 projects like Jocassee Gorges or South Mountains or
25 Grandfather Mountain or -- all of those big, big

1 landscape projects that have been so important. And
2 they work hard to cobble together grants from -- from
3 us, from Natural Heritage Trust, from their donor
4 base, from -- to individual appropriations from the
5 legislature. You'll recall that when -- when we did
6 South Mountains, they -- there was a \$5 million
7 appropriation independent of our appropriation, the
8 same with Jocassee Gorges. I believe that was also a
9 \$5 million appropriation.

10 So particularly wastewater, those are big
11 dollar projects, and -- and when you cap it at
12 \$600,000, they just can't put together a meaningful
13 application. So it's a self-fulfilling prophecy. If
14 you don't have the funds to do it, then the people who
15 are interested in it are going to stay on the
16 sidelines and walk away. So that's the message that
17 we have to convey. And we're trying to do that.

18 As Richard said, we have a meeting with
19 Senator Brunstetter this afternoon. We met a month or
20 so ago with Senator Harry Brown, who's one of the co-
21 chairs. And the third co-chair in the Senate is Neal
22 Hunt, who came and spoke to us at one of our recent
23 meetings. So we are -- we're doing that. We had a --
24 Richard and I met with Secretary Skvarla last month.
25 When he was on the job for two weeks, he took time to

1 meet with us, and we had a very cordial and productive
2 meeting.

3 We are trying to set up a meeting with the
4 budget director, Art Pope. Several of the Mecklenburg
5 Trustees have been communicating with the governor's
6 people, and seeking an audience about that. So we've
7 had great support from -- from our -- our group of --
8 of people who apply to us. The Land Trust is working
9 hard at this, the cities. The resolutions have been
10 extremely important, I believe. So we're after it,
11 and -- and we'll just have to see how it goes.

12 Any comments, questions?

13 MR. ROGERS: Just to wrap up, we
14 appreciate your support, and continue to advocate.
15 It's important that we keep communicating the need to
16 our -- our legislators and to the government. I do
17 want to put one date on your calendar. The "Land for
18 Tomorrow" lobby day is March 27th. We'll have more
19 information. That day is a full day where the
20 conservation committee comes out; lobbies the
21 legislature, hits their local delegations; and it
22 wraps up with an evening event that all legislators
23 are invited to. And it's usually a pretty good day,
24 and a good day to be at the legislature as well. And
25 as I said, more details on that, and a schedule and an

1 agenda for that event I'll -- I'll get to you.

2 Mr. Chairman, that concludes my report.

3 CHAIRMAN MCMILLAN: Thank you, Richard. The
4 Infrastructure/Wastewater Committee, Kevin Markham.

5 MR. MARKHAM: Thank you, Mr. Chair.
6 The Infrastructure/Wastewater Committee met yesterday.
7 And the first item on our agenda was an informational
8 item. Dr. Mike Williams spoke to us, provided us with
9 a handout. Dr. Williams is the director of N.C.
10 State's Animal and Poultry Waste Management Center.
11 He spoke to us about Project 2006A-522, which was the
12 evaluation of an alternative swine waste system. The
13 presentation was very informative. The preliminary
14 results are very encouraging in terms of reducing
15 nutrients and other pollutants at a very substantial
16 scale. We're looking forward to seeing their final
17 report and their economic analysis. And we appreciate
18 Dr. Williams coming in and providing us that
19 presentation.

20 The next item on our agenda were four
21 construction contracts where applicants have come to
22 us requesting extensions on getting under contract.
23 The committee has recommended that the recipients
24 receive construction contract extensions for the
25 following projects for the Town of Salisbury, Project

1 2011-526; the wastewater regionalization for a Second
2 Creek. The current contract deadline is January 15th,
3 2013. The committee is recommending extension to
4 February 28th, 2013.

5 The Town of Taylorsville, 2011-608 [sic],
6 failing system -- septic systems in Millersville. The
7 current construction contract deadline was -- was
8 January 2nd, 2013. The committee is recommending an
9 extension to September 1st of 2013.

10 For the Town of Thomasville, for Project
11 2011-533 for sewer rehabilitation for Hamby Creek; the
12 current contract deadline -- it was October 10th,
13 2012. The committee is recommending an extension to
14 October 10th, 2013.

15 And for the Western Piedmont COG for Project
16 2010-616A, the current contract deadline was December
17 10th, 2012. And the committee is recommending and
18 extension to April 10th, 2013.

19 CHAIRMAN MCMILLAN: Kevin, on the
20 Taylorsville 2011, is it 608 or 609?

21 MR. MARKHAM: I'm sorry. Six-o-nine
22 (609). Thank you.

23 CHAIRMAN MCMILLAN: You're heard the motion.
24 Is there discussion of the motion?

25 BOARD MEMBERS: (No response.)

1 CHAIRMAN MCMILLAN: If not, so many as
2 approved the motion, say "Aye."

3 BOARD MEMBERS: Aye.

4 CHAIRMAN MCMILLAN: Any opposed say "No."

5 BOARD MEMBERS: (No response.)

6 CHAIRMAN MCMILLAN: The "Ayes" have it.

7 MR. MARKHAM: Mr. Chair, that was the
8 extent of our committee meeting.

9 CHAIRMAN MCMILLAN: Thank you very much.
10 Restoration/Stormwater/Greenways, Yevonne Brannon?

11 MS. BRANNON: Our committee met
12 yesterday, and we had four action items. But before I
13 mention those, I'd like to again thank Dr. Greg
14 Jennings and our Kris Bass, who both came from N.C.
15 State Water Quality Group and did some outstanding
16 presentations on looking at some of the results of
17 their research in looking at stormwater. And they did
18 a great presentation on the project we funded --
19 helped to fund at the North Carolina Art Museum. So I
20 think both of those assessments that we've received
21 yesterday informed our committee and our Board of the
22 results of good solid research, and how they have
23 taken this research information and applied it to
24 sharing it with other agencies, such as DENR, and with
25 other professional organizations.

1 Also we thank Dr. William Hunt, who came
2 also from N.C. State for the Urban Stormwater
3 Management Project, and did, kind of, a summary of
4 some of the innovative projects that are funded
5 through a special effort from our Board several years
6 ago. That was very entertaining and very interesting,
7 and we're hoping that our staff will be able to share
8 some of the research and some of that -- results from
9 the innovative stormwater projects on our website, and
10 with our -- our other land trusts sometime soon.

11 The first item that we looked at was a
12 request from -- to reduce the scope of work -- this is
13 from the Southwestern North Carolina RC&D. This is
14 Project Number 2008-423. They requested to reduce the
15 project scope of work, the grant amount, and the
16 project budget. They asked to reduce their projects
17 that they're working on for four project sites to
18 three project sites. This would reduce the total
19 project cost from \$416,960 to \$168,922. The committee
20 did recommend that we receive this revised scope of
21 work, and that we did also reduce the budget as
22 requested by the Southwestern North Carolina RC&D.
23 That was the committee's recommendation.

24 CHAIRMAN MCMILLAN: You're heard the
25 recommendation of the committee. Is there discussion?

1 BOARD MEMBERS: (No response.)

2 CHAIRMAN MCMILLAN: If not, so many as favor
3 the recommendation, say "Aye."

4 BOARD MEMBERS: Aye.

5 CHAIRMAN MCMILLAN: Opposed say "No."

6 BOARD MEMBERS: (No response.)

7 CHAIRMAN MCMILLAN: The "Ayes" have it.

8 MS. BRANNON: Also, Mr. Chair, we had
9 a request to reduce the amount of budget and the
10 project scope from the Town of Leland. This is
11 Project Number 2008-705. They asked to reduce the
12 amount of work. One of the landowners for the stream
13 restoration part of the project no longer wanted to
14 participate, so the town wanted to remove this work
15 from the project, and, therefore, reduce the budget.
16 Total budget costs went from 82,000 down to 40,000.
17 This is the recommendation of the committee to accept
18 this request from the town -- from the Town of Leland.

19 CHAIRMAN MCMILLAN: You're heard the
20 recommendation of the committee. Is there discussion?

21 BOARD MEMBERS: (No response.)

22 CHAIRMAN MCMILLAN: If not, so many as favor
23 the motion, say "Aye."

24 BOARD MEMBERS: Aye.

25 CHAIRMAN MCMILLAN: Any opposed say "No."

1 BOARD MEMBERS: (No response.)

2 CHAIRMAN MCMILLAN: The "Ayes" have it.

3 MS. BRANNON: The City of Charlotte

4 also requested that we accept their stormwater utility

5 easements on three of their stormwater projects,

6 Project 2011-704, the McDonald Pond Retrofit; 2012-

7 721, the Shadowlake Pond Retrofit; and 2012-722, the

8 Wilson Pond Retrofill [*sic*] -- Retrofit. The City of

9 Charlotte accepts stormwater -- asked us to accept

10 stormwater utility easements that they have recorded

11 with 14 property owners on these three projects I just

12 listed rather than require the City to renegotiate the

13 easement conditions with the property -- property

14 owners. The staff did recommend that we accept these

15 stormwater utility easements already recorded to these

16 projects as meeting our requirements for protecting

17 the BMP's footprint area on these private properties.

18 The committee had a good discussion on this, and does

19 recommend that we accept the City of Charlotte's

20 request.

21 CHAIRMAN MCMILLAN: You're heard the motion.

22 Is there discussion?

23 BOARD MEMBERS: (No response.)

24 CHAIRMAN MCMILLAN: If not, so many as favor

25 the motion, say "Aye."

1 BOARD MEMBERS: Aye.

2 CHAIRMAN MCMILLAN: Opposed say "No."

3 BOARD MEMBERS: (No response.)

4 CHAIRMAN MCMILLAN: The "Ayes" have it.

5 MS. BRANNON: And as a result of this

6 request from the City of Charlotte, it led the staff

7 to reconsider and to think about exactly how we are --

8 the language we are using around stormwater easements,

9 and the template that we're using. And the staff now

10 has come to us and asked us to recommend -- I mean to

11 allow them to draft revisions to our stormwater

12 easement template, eliminating language not needed or

13 not appropriate for protecting the function of

14 stormwater BMPs. After a good discussion by the

15 committee and the Board -- and the Board present, it

16 was recommended by the committee that we do ask the

17 staff to go and look at this draft proposal for our

18 consideration at our June meeting. That's the

19 recommendation of the committee.

20 CHAIRMAN MCMILLAN: You've heard the motion.

21 Is there discussion?

22 BOARD MEMBERS: (No response.)

23 CHAIRMAN MCMILLAN: If not, so many as favor

24 the motion, say "Aye."

25 BOARD MEMBERS: Aye.

1 CHAIRMAN MCMILLAN: Those opposed, say "No."

2 BOARD MEMBERS: (No response.)

3 CHAIRMAN MCMILLAN: The "Ayes" have it.

4 MR. BRANNON: Mr. Chairman, that ends
5 our committee's report.

6 CHAIRMAN MCMILLAN: Thank you very much,
7 Yevonne.

8 The next committee was a -- a meeting -- was
9 a committee meeting of the whole to discuss the
10 surface drinking water protection and restoration
11 planning proposals that the General Assembly directed
12 us to consider. As a result of that direction, in
13 June we set aside \$175,000 for the committee to
14 develop plans for the protection of drinking water
15 supplies. In August we approved an RFP for grants
16 that went out to the public, and we received nine
17 proposals. Yesterday's meeting included a discussion
18 of the eight of the nine proposals. 2012-2009 was
19 withdrawn from -- a proposal from the Western Piedmont
20 Council of Governments, so we had eight to consider.

21 The committee recommends funding at the
22 level of \$29,000 the following six applicants: 2012-
23 2001, Carolina Mountain Land Conservancy; 2012-2005,
24 Piedmont Triad Regional Council; 2012-2007, the City
25 of Rocky Mount; 2012-2008, Western Piedmont Council of

1 Governments - Lake Rhodhiss; 2012-2004, Mount Valleys
2 RCD; and 2012-2006, City of Raleigh, Public Utilities
3 Department. The committee also recommended that 2012-
4 2003, Lower Cape Fear Water & Sewer Authority be
5 allowed to be considered with the 2013 mini-grant
6 program, and to ask them to redraft their proposal to
7 be -- to be considered with -- with our 2013
8 applications. That was the recommendation of the
9 committee.

10 MR. ROGERS: The planning -- it's our
11 planning grant on that.

12 CHAIRMAN MCMILLAN: That -- that's a
13 planning grant -- sorry -- not a mini-grant; a
14 planning grant.

15 That's the recommendation of the committee.
16 Is there discussion of that recommendation?

17 Renee?

18 MS. KUMOR: Yes. Do we have to give away
19 this money today? If -- we had so much discussion
20 yesterday with regard to did it hit its mark; did --
21 was it -- did it meet our expectations. We couldn't
22 truly define what our expectations were. And I'm
23 wondering if it were necessary that it all be awarded
24 at this time, or can we either rethink what they were
25 telling us and what we were looking for, or go back to

1 the legislature and ask them what they thought. They
2 may not even have known what they were asking. And
3 that -- and I'm sorry to be rambling, but I thought
4 that's what we did yesterday, was, kind of, ramble
5 around the issue.

6 CHAIRMAN MCMILLAN: Well, it's a decision
7 for the Board to make. And -- and this was the
8 recommendation of the committee as a whole.

9 Other discussion?

10 MS. MELE: I concur. I'd like -- I
11 concur with Renee. There seemed to be a lot of
12 discussion regarding the true use of this and why.
13 And this -- there's so many questions, so we'd like --
14 I'd like to go back to the legislature and ask them
15 some questions.

16 MS. CRAGNOLIN: I agree. I wonder if
17 this isn't a real opportunity to go back to the
18 legislature and say, "You gave us this mandate. We --
19 we tried to fulfill it. The information that we got
20 back was less than inspiring to us, and we want to
21 know if this is what you were looking for," and have
22 a -- you know, create a dialogue with that.

23 And the other thought that I think several
24 of us have had is that \$29,000 isn't really enough to
25 do anything. And maybe we have -- to need to have the

1 water treatment folks as the applicant for these --
2 for these grants. If -- if you have a group of people
3 who are not in a position to actually be treating
4 water involved in the -- in the infrastructure and all
5 of it, being approached by another group of people who
6 aren't involved with the plan, how salient is that
7 going to be?

8 CHAIRMAN MCMILLAN: Well, \$29,000 is -- is
9 not a lot of money; that's true. Of course, most of
10 these projects involved matches that were, in most
11 cases, 50 percent or more, so it was basically a
12 \$60,000 project, most of them. So it's up to you.

13 The General Assembly directed us to -- to --
14 to put some of our money, not a specific amount, but
15 some of our money towards this drinking water supply
16 issue. And this is what the Board came up with in its
17 August meeting with this RFP, and we sent it out, and
18 this is what we got. Is it perfect? No, it's not
19 perfect. Is it something we can build on? Perhaps.
20 Is it something that we can use \$29,000 to six
21 different recipients and see what they come back with
22 as former -- as instructive to us as to what we want
23 to do with the next -- next shot at this? Do we want
24 to revise the scoring system? I think there are lots
25 of questions.

1 But now we're used to running this -- our
2 acquisitions program, wastewater program, stormwater
3 program, and we have a lot of programs under our belt,
4 and a lot of things that we can look at. And it runs
5 pretty smoothly. This was the first shot at this.
6 Drinking water is, as you heard Billy Ray say, a huge
7 issue. It's -- it may not be as important as
8 education, but it's -- it's up in that category as far
9 as what the state ought to be doing.

10 And is \$29,000 going to solve the problem?
11 No, it's not. But is it a start and something we can
12 use? Perhaps. But it's your decision.

13 So you heard the recommendation of the
14 committee, and that's the motion before us.

15 Kevin?

16 MR. MARKHAM: Yes. I'd like to go
17 ahead and just speak in favor of the motion. I
18 understand the concerns other people are expressing,
19 but the Board, in August, chose to provide some seed
20 money for planning grants for existing water supply --
21 for drinking water supply as opposed to looking at
22 moving forward with a new water supply. Certainly, by
23 providing seed money to these applicants to identify
24 concerns for their existing surface water supplies, we
25 provide them -- now they can start looking at what

1 their concerns are, what those issues are. They may
2 not be quite what some folks were looking for, but,
3 certainly, the City of Raleigh looking at septic
4 system pollution within Lake Benson; Mills River,
5 looking at concerns in a system that we have provided
6 lot of funding for to try to help the folks in the
7 western part of the state. Again, it's not a lot of
8 money, but this Board has not provided a lot of
9 funding for planning grants in this considerable
10 amount of time because of our budget concerns. So I
11 think this is a very positive step in the right
12 direction that will get us thinking towards what the
13 General Assembly is now asking us to do, is look at
14 surface water in a greater picture and tying our clean
15 water actions back to water supply.

16 CHAIRMAN MCMILLAN: John?

17 MR. GARROU: I am of two minds of
18 this one, too. It does seem, to me, that the
19 responses we got to the RFP were the result of sending
20 the RFP as opposed to somebody having a pent up need
21 for most of these projects. On the other hand, we've
22 been directed to spend some money on this. And I
23 think it's difficult to, sort of, have a dialogue with
24 the General Assembly, and so, therefore, I think I
25 would favor the recommendation, because it is -- it

1 addresses a direct request of the General Assembly
2 that we do this. And I don't think we want to go back
3 and say, "We haven't done it," and "Let's talk some
4 more."

5 CHAIRMAN MCMILLAN: At this -- there are 170
6 members of the General Assembly; 120 in the House and
7 50 in the Senate. This was a directive from the 2012
8 session. Of that 170, 100 of them are no longer
9 there. We have 100 new members, and so we can't have
10 a dialogue with Joe Hackney and people like that who
11 are no longer there. It's -- this is what they told
12 us to do.

13 So for \$175,000 worth at six different
14 attempts, six different approaches to it, I think if
15 we -- if we receive -- if we enter into agreements
16 with these folks, they spend that money, and they come
17 back and we see what they have, that will give us a
18 better idea of what to talk to the members of this
19 session and the 2014 session as to whether or not this
20 is something they want to do, or do they want to
21 change the directive to us. But this was the
22 directive, and this was the RFP that we voted to
23 approve. And so it's -- it's hard for me to know how
24 to go back to them and -- and say, "Did you really
25 mean what you said?" I've seen people do that before,

1 and it's not a very pretty discussion.

2 MS. CRAGNOLIN: Well, it doesn't have to
3 be framed that way. Can't it be, "We did it, and this
4 is the result we got"? Can it be more of a discussion
5 of, "We did what you asked; this is the result we got.
6 Is this what you meant?"

7 I mean, if water is that important an issue,
8 don't we owe it to ourselves and to the state to make
9 sure that we're asking the right questions so --
10 and -- I don't know. I don't think we got great
11 answers.

12 CHAIRMAN MCMILLAN: Frank?

13 MR. BRAGG: Mr. Chairman, I think
14 we've gone too far to turn back now. Since you've
15 already made a decision; we've sent out these RFPs,
16 gotten a lot of work back. I think we need to make
17 the decision to go ahead and grant these. It's not
18 definitive. It's not like saying we're going to
19 preserve some land, and we can identify it, or put in
20 a storm drain that works. It's a more intangible
21 project, but it has good merit. So, I think we should
22 move forward.

23 CHAIRMAN MCMILLAN: Let me add one other
24 thing. One of the people who was actively involved in
25 the appropriations process on our issue is a man named

1 Mitch Gillespie, who is now in -- working in DENR as
2 the liaison with -- with the General Assembly. And so
3 Mitch is somebody we can have a dialogue with, and he
4 can have -- help us have a dialogue with the General
5 Assembly. He's a reasonable person, and has been an
6 advocate for clean water. And so, I think, we can go
7 over what we have, and this is what we've got, and,
8 "How do you want us to go forward?" And he can help
9 us get some interpretation as -- as we go forward.

10 Now it is -- it is always -- I'm not sure
11 what the right word is. When -- when a committee
12 changes in our mission -- and they've done that a
13 number of times -- and, of course, we -- we have to be
14 responsive to that. And, in many instances, it is
15 extremely well thought out; sometimes not quite as
16 much. And -- but it becomes a part of the -- our
17 direction, so that's what we've tried to do.

18 MR. MARKHAM: Mr. Chairman?

19 CHAIRMAN MCMILLAN: Kevin?

20 MR. MARKHAM: I would like to also
21 just to caution all the Trustees about how we phrase
22 the results we got. If one applicant was a little
23 confused and didn't provide us what we thought we
24 wanted, it would be one thing. But for nine -- all
25 nine recipients or applicants to provide something

1 different than what you thought we were asking for
2 means that we were not clear in our message to them.
3 I'd certainly like to work with the staff on what we
4 could learn from this, and look at what the Trustees
5 were not as satisfied with the results of the
6 applications. And let's refine that to make sure that
7 we put something else out at a future date that may be
8 more targeted to what you're looking for, if you
9 believe that the directive from the General Assembly
10 is not being met here. I'd certainly be willing to
11 work with staff and other Trustees on that issue.

12 CHAIRMAN MCMILLAN: Thank you, Kevin.
13 Further discussion?

14 BOARD MEMBERS: (No response.)

15 CHAIRMAN MCMILLAN: The motion before us is
16 to adopt the committee's recommendation. Are you
17 ready to vote?

18 BOARD MEMBERS: (No response.)

19 CHAIRMAN MCMILLAN: All in favor say "Aye."

20 BOARD MEMBERS: Aye.

21 CHAIRMAN MCMILLAN: All opposed say "No."

22 MS. CRAGNOLIN: No.

23 MS. KUMOR: No.

24 CHAIRMAN MCMILLAN: The "Ayes" appear to
25 have it. The "Ayes" have it.

1 The next committee was the Acquisition
2 Committee. Joe Hester?

3 MR. HESTER: Thank you, Mr. Chairman.
4 We had two matters on our agenda yesterday. We
5 discussed -- on behalf of Jerry Wright -- I -- we
6 appreciated the comments that the Board made about
7 both issues. The first issue had to do with
8 requests -- at this time, very few requests -- to
9 modify or change our easements to staff. Together,
10 with the co-chairs, drafted a protocol that we were --
11 that could consider an action item, but after a number
12 of comments -- very good comments from the Board --
13 the committee and the staff now realize that we need
14 to go back and make some adjustments, amendments to
15 that protocol, and bring them to the Board at our next
16 meeting. And that's what we intend to do.

17 The next matter was a matter that Mr. Wright
18 and I wanted to discuss about the mini-grant program
19 and the 50-foot buffer and what the Board -- the
20 Board's idea about -- or ideas about that were, and
21 whether our recollections were correct. We
22 appreciated the comments from everybody, the committee
23 members as well as the other members of the Board.
24 After that discussion, I also met with Bern and Tom,
25 and -- and got some more input from them. We

1 appreciated -- I talked to Nancy again this morning
2 about it, and we will incorporate everybody's comments
3 and try to move forward.

4 Our -- 50-foot is basically our minimum, but
5 we will examine each mini-grant application in total
6 and make sure that the Trust Fund, first of all, gets
7 its money's worth, and, second of all, these people
8 are deserving of a mini grant. But we appreciated the
9 Board's discussion, and we'll move forward based on
10 that.

11 So we don't have any action items as a
12 result of our meeting yesterday, Mr. Chairman. And
13 that would conclude the committee report.

14 CHAIRMAN MCMILLAN: Thank you, Joe. The
15 Administrative Committee, Claudette Weston?

16 MS. WESTON: (Via telephone.) And
17 I'm on the telephone. We have two informational items
18 that we can go over if you want to, but they're in the
19 very back of your packet, being a review of the
20 current status of the overall budget, which is an
21 informational item. And the other one is the "State
22 Auditor's Financial Assessment at the Golden Leaf
23 Foundation." I'm sure Christopher will go over both
24 of them if you want -- if you so desire.

25 CHAIRMAN MCMILLAN: Thank you. We --

1 MS. WESTON: (Via telephone.) I'm dying
2 to hear Joe Hester's evolution, so --

3 MR. MARKHAM: Well, we all are.

4 MS. WESTON: (Via telephone.) I
5 know.

6 MR. ROGERS: He just left the room.

7 CHAIRMAN MCMILLAN: He just walked out of
8 the room.

9 Is -- is there any further discussion we
10 need to have about either of the items that we
11 discussed yesterday, that is the current status of the
12 overall budget and the auditor's financial assessment
13 at Golden Leaf? Anything anybody wants to add to
14 that, or seek clarification from staff?

15 BOARD MEMBERS: (No response.)

16 CHAIRMAN MCMILLAN: All right.

17 MS. WESTON: (Via telephone.) Okay.

18 CHAIRMAN MCMILLAN: We had a good discussion
19 yesterday.

20 MS. WESTON: (Via telephone.) Okay.

21 If --

22 CHAIRMAN: Thank you, Claudette.

23 MS. WESTON: (Via telephone.) Uh-huh
24 (yes). If not, we have one action item, and I don't
25 know whether -- can you hear me well enough, or should

1 I --

2 CHAIRMAN MCMILLAN: Yes, ma'am.

3 MR. ROGERS: You're good.

4 MS. WESTON: (Via telephone.) Okay.

5 We have found that there's a required cost of
6 unemployment compensation to the Clean Water for prior
7 reduction in our employees, and we need to pay that.
8 It's for the period of August 2011 through July 2012,
9 and the amount is 24,895.20. And this cost was not a
10 line item in the originally approved budget for the
11 current fiscal year, and staff wanted to keep the
12 Board informed of these items. They just found out
13 themselves. And we're requesting that the Board add
14 the line item into the budget for the current year.
15 And that would be \$24,895.20.

16 And the motion is to add a line to the
17 current administrative budget for the fiscal year to
18 cover the cost of unemployment compensation paid
19 during the fiscal year.

20 CHAIRMAN MCMILLAN: You're heard the motion
21 of the committee. Is there discussion?

22 BOARD MEMBERS: (No response.)

23 CHAIRMAN MCMILLAN: If not, so many as
24 favor -- favor the motion, say "Aye."

25 BOARD MEMBERS: Aye.

1 CHAIRMAN MCMILLAN: Any opposed say "No."
2 BOARD MEMBERS: (No response.)
3 CHAIRMAN MCMILLAN: The "Ayes" have it.
4 MS. WESTON: (Via telephone.) And
5 that would be my report, sir.
6 CHAIRMAN MCMILLIAN: Thank you. Thank you
7 very much, Claudette.
8 MS. WESTON: (Via telephone.) Thank
9 you.
10 CHAIRMAN MCMILLAN: All right. We have come
11 to what everybody's been waiting for, our -- our --
12 the first chair of the Clean Water Management Trust
13 Fund Board is Joe Hester. And -- and he is going to
14 share with us his reflections on the evolution of this
15 trust fund.
16 MR. HESTER: Well, I like the word
17 "evolution." If you don't mind, Mr. Chairman, I'll
18 stand up here. I feel like I'm standing in front of
19 the jury.
20 MR. ROGERS: While Joe goes up, I do
21 want you all to know that he did not give that title
22 to this topic. Staff provided that, so --
23 MS. WESTON: (Via telephone.) And we
24 can't hear Joe. I can't.
25 MR. HESTER: Well, what I'm going to

1 do is --

2 CHAIRMAN MCMILLAN: He -- he's --

3 MR. HESTER: -- and I thought this
4 was the appropriate time to do it. And I asked if I
5 could do this, and so I hope it's -- I hope it's all
6 right.

7 CHAIRMAN MCMILLAN: There's a mic up there
8 that -- in order for Claudette to hear you, you're
9 going to have to --

10 MR. HESTER: Oh, okay.

11 CHAIRMAN MCMILLAN: -- you can't -- you
12 can't parade around the room. You're going to have to
13 stay put.

14 MR. HESTER: Well, they told me that
15 one time when I was a young lawyer. If I couldn't
16 stand behind one of those things, I couldn't be a
17 lawyer, and I -- I said, "Well, I'll look for another
18 profession."

19 I wanted to talk to you about this. And
20 just to give some of you a perspective, there are only
21 four of us left who were here to begin with. Karen,
22 Bill, Jerry, and I remain on the Board after all these
23 years, and -- I'm sorry.

24 MR. ROGERS: Let me get this set up
25 for you so you can move around.

1 (Wireless microphone attached to Mr. Hester.)

2 MR. HESTER: Anyway, here we go.

3 The first thing I want everybody to know is
4 we were bipartisan from the very beginning. When the
5 trust fund -- when the trust fund legislation was
6 passed, Governor Hunt was the governor. The Senate
7 was controlled by the Democrats, and the House was
8 controlled by the Republicans. And I think it was
9 Brubaker back then in the House and Senator Basnight
10 was in the Senate, and, of course, Governor Hunt.
11 And, I think, we've basically been bipartisan; I hope
12 we have, since then.

13 The second thing is -- and I -- why me? Why
14 was I the first chair? And the answer is: I have not
15 the foggiest. My children were 10 and 12, and I had
16 told -- I'm from Wilson County, grew up in Wilson.
17 I'd practiced law in Rocky Mount. Governor Hunt, of
18 course, was from the county, Wilson County, Rock
19 Ridge. And I had told some people who knew Governor
20 Hunt that if there was something that I could do to
21 help the people of North Carolina, I'd be happy to do
22 it. I didn't know -- had no idea that the legislation
23 was even before our legislature; had never heard the
24 word "Clean Water Management" -- words "Clean Water
25 Management Trust Fund." So, I do have -- I have an

1 economics degree.

2 (Comments off the record.)

3 MR. HESTER: I have an economics degree
4 from Carolina. I have a master's in zoology from
5 State. I have a law degree from Carolina. And maybe
6 that had something to do with it. I don't know, and
7 nobody has ever told me. Nobody's ever come up and
8 said, "Hey, this is why."

9 Anyway, so I don't -- it was certainly not a
10 situation where I, obviously from what I said,
11 solicited this. I'm on the Coastal Resources
12 Commission now, and had to send a letter and all that.
13 Not the case. Here's how this happens. I'm about to
14 go to court one morning, and I'm walking out the door.
15 And one of my secretaries says, "Mr. Hester, Senator
16 Basnight is on the phone for you." "What in -- why in
17 the" -- I had not -- well, I said, "Well, I probably
18 ought to put my stuff down, and I ought to answer this
19 one." And I did.

20 And Senator Basnight says -- I'm looking
21 here at Jerry. He probably knew all about this before
22 I did. But anyway, Senator Basnight says, "Mr.
23 Hester, this is Senator Basnight. You've just been
24 appointed the first chairman of the Clean Water
25 Management Trust Fund, and I would like to meet with

1 you." I said, "I don't -- I haven't heard anything
2 about this." "Don't worry about that. I'll take care
3 of that," Senator Basnight says. I said, "Well, yes,
4 sir. I'll be happy to do that. When -- when would
5 you like to meet with me?" He said, "How about in
6 about an hour and a half?" "Well, sir, I'd really
7 like to do that. I'm on my way to court. How about
8 this afternoon?"

9 Well, so we -- I went up there that
10 afternoon. I met with Senator Basnight. We had a
11 great conversation. Anyway -- and I got his vision,
12 or what I perceived to be his vision about the trust
13 fund and what he thought about it, and how he thought
14 we ought to proceed. And then he had me meet with
15 everybody in North Carolina who knew anything about
16 water quality, and I met lots and lots and lots of
17 folks. Secretary Howell was the secretary of DENR at
18 the time. I talked to everybody.

19 And what I tried to do, I tried to stress to
20 everybody -- to get their ideas and their comments --
21 that I wanted to establish a trust fund, or try to
22 help establish one. I can't establish it. Try to
23 help establish a trust fund dedicated to water quality
24 whose actions were above reproach; whose integrity was
25 unquestionable. And I told everybody that. I didn't

1 want this to be a political organization. I wanted
2 this to last beyond that, no matter who was the
3 governor or who controlled the House or the Senate. I
4 wanted the people of North Carolina to be proud of us,
5 and to receive the benefits that Senator Basnight and
6 others, Governor Perdue -- then Senator Perdue, is
7 certainly one. So that's where we began.

8 We had -- the letter -- by the way, I did
9 get a letter from Governor Hunt dated 11/12/96. I
10 went back and found that letter. But I don't think I
11 received that letter on the day or two after that. I
12 really think Senator Basnight called me the first week
13 in December of that year. But be that as it may.

14 So one thing that the legislation did, it
15 said we could hire an executive director. So we had a
16 meeting at the Brownstone here in Raleigh. And most
17 of you know I enjoy drinking my favorite beverage
18 occasionally. And so I get to the meeting, I knew
19 nobody; and I did not know not a single person at on
20 the Board. I had read a list of people that were
21 appointed, and everybody was appointed at that time.

22 Anyway, I go down to the bar, and I got to
23 tell a few stories. I go down to the bar, and I walk
24 in this bar, and I look over here to my right, and
25 there's this lady there. A nice looking lady sitting

1 there having a drink. Could have been iced tea, for
2 all I know. I'm thinking, "What's this lady doing in
3 this bar on a Sunday evening in the Brownstone in
4 Raleigh?" And I walked over to her and said, "Ma'am,
5 I'm Joe Hester. I'm with Clean Water Management Trust
6 Fund." She said, "Well, I'm Karen Cragolin." So she
7 is the first trustee I met. I asked her to be on the
8 personnel committee, because we had to have a
9 committee to hire a person as executive director. And
10 she had agreed, and she's been a dynamic personality
11 on our Board ever since.

12 So the first thing we did is we hire -- and
13 I want to tell you about David McNaught. Dr. David
14 McNaught was our first executive director. Richard,
15 we had been so happy and so lucky to have great
16 executive directors. Richard is the third; Bill
17 Holman was the second. But we've been very lucky to
18 have those people work with us.

19 Anyway, David was a great guy. I had known
20 him before that. He was selected to be our first
21 executive director. He's really a visionary. I'll
22 tell you one story about him. He works 70 and 80
23 hours a week for the trust fund. I went to his
24 apartment one time, and it was about a two-room
25 apartment. One room was about this big (indicating),

1 and I had to walk this -- there were applications
2 everywhere. I had to walk across, anyway, the floor,
3 because they were all across the floor. Dave and I
4 and the whole Board used to review every single
5 application every time. And it was a lot of work.

6 As I told you, I didn't want this to be a
7 political situation. Here's what Dave and I thought.
8 And this shows you -- I told Brad yesterday how naive
9 I was when all this started. We felt like we didn't
10 want to walk the halls; we didn't want to be under the
11 thumb of the legislature. We wanted to be
12 independent. And I think Senator Basnight wanted us
13 to be independent. We were tied to DENR, but he -- he
14 wanted us to be independent to the extent that we
15 could. And so we thought it would be a good idea not
16 to be in Raleigh, to be somewhere else. We had
17 planned to have meetings across the state so that
18 everybody in North Carolina could learn who we are and
19 talk to us and meet us and participate with us in this
20 venture. So we decided Greenville was a good place to
21 have our offices. So our first offices were in
22 Greenville. And that was done on purpose to get out
23 of Raleigh so that we wouldn't be here to eliminate
24 political influence to the extent we could. At least
25 that's what we thought.

1 We didn't think we needed to walk the hall
2 to go over there and say, "Legislators, fund us." We
3 felt like that our applicants, the grantees would be
4 those -- would be our advocates. And if we did a good
5 job, and we provided funding for good products in
6 North Carolina, and we protected and restored,
7 et cetera, water quality, that those people would go
8 to the legislature for us, and so we wouldn't have to
9 do that.

10 There were people who disagreed with that,
11 obviously. And thinking back, I'm wondering --
12 because one of the things -- as I say, there are only
13 a few of us left. But one -- one of the things I
14 found out, and I've functioned appropriately ever
15 since, is that Jerry Wright was the mole for Senator
16 Basnight. But I'm just kidding. But what I heard was
17 that Senator Basnight and Jerry -- he and Jerry are
18 very good friends -- that Jerry's on the Board to make
19 sure everything's okay, to make sure that I didn't
20 mess things up too badly, so Jerry's always been there
21 to make sure the Board functions the way it should.
22 But at any rate -- and I appreciate all of that.

23 We had -- as I say, we wanted all of this to
24 be about water quality. We didn't want it to be about
25 politics. And I have to tell you two stories. One,

1 when we did our first applications -- now, Brad, I'm
2 sorry -- we got some letters from these legislators.
3 We went, "Darn, they already know about us, and
4 they're already sending us letters advocating for this
5 or that project." Well, what did Dave and I do? We
6 put them in File 13. We went to a meeting -- we
7 didn't throw them away, but we did put them in a
8 file -- and I think it was Bill Hollan. We went to a
9 meeting, and we mentioned to Bill that -- that we had
10 received letters from certain legislators. And Bill
11 went through the roof, "What? You received a letter
12 from a legislator and you're bringing that letter to
13 the Board to let the Board" -- we learned quickly that
14 every letter we get from a legislator or people of
15 that ilk, we made sure the Board knew of every one of
16 them from that day forward. Because I think Bill
17 couldn't believe that -- that we had made that
18 decision.

19 Another -- well, I guess we'll put this one
20 ahead of my next note here. I'm trying to go, at
21 least, somewhat systematically. Another thing we
22 worried about is we were worried about, I'd say,
23 political influence and not making decisions based on
24 water quality. And there -- we had our first meeting
25 at -- in Nags Head, for obvious reasons. And -- or

1 our first meeting away from Raleigh in Nags Head. And
2 there was this project that Dave and I talked about,
3 Dr. McNaught, and really shouldn't have been funded.
4 But, of course, I'm the chairman; I'm not voting on
5 any of these projects unless there's a tie. And this
6 one project comes up. And we know that a certain
7 person is behind this project, and probably
8 recommended it to this applicant that this project be
9 submitted to the Board. We know that. But water
10 quality-wise and otherwise, it really shouldn't be --
11 it should not have passed. And so this was really the
12 first test, I think -- although we didn't put it that
13 way. But for me and Dave, it was the first test of
14 where is the Board going to go? What direction are we
15 going to go?

16 And the person who spoke most eloquently
17 about that project -- and the results of his
18 discussion was that it was voted down -- was Bill
19 Hollan, who, of course, was appointed by the person
20 who may have been interested in and recommended that
21 particular project to the Board. I don't know if he
22 remembers that well. But for me and David McNaught,
23 that was a huge step in the right direction that our
24 Board had decided, based on water quality, which
25 projects to approve, and not based on something other

1 than that.

2 So you have to realize that, back then, a
3 lot of people used to say we didn't have any
4 footprints to follow. We didn't have any footprints
5 in North Carolina, nor did we have any footprints in
6 the nation to follow. The only entity similar to us
7 at the time -- and I'm not sure about today, but I
8 think even today -- was Florida. And they had a --
9 some board that was, sort of, similar, but really
10 different, and -- and went down a different road, so
11 all of this had to be done from scratch, from zero.

12 We didn't have a staff. And I talked to
13 Senator Basnight and others, and I knew Senator
14 Basnight thought we ought to be independent; we ought
15 to have our own staff; we ought to be able to function
16 as -- as a Board without relying on other people to a
17 great extent. So Dave and I came up with a staffing
18 plan. And I'm thinking, "This is going to be easy,
19 piece of cake." I was just going to call Senator
20 Basnight's office and say, "Look, here's my staffing
21 plan," and get it approved by him, have him call
22 Jerry, Bill, and the others, and then we'd roll right
23 through it when we went to Brown's Summit for our -- a
24 meeting.

25 Well, I called Senator Basnight's office,

1 and here's, basically, what his office said: "Do what
2 you've got to do." Well, I realized, at that point,
3 that Senator Basnight was out of it. He had started
4 the ball rolling down the hill, but he was not going
5 to be a hands-on person from that point forward, and
6 Joe Hester was going to have to do it or it wasn't
7 going to get done. So anyway, I had to convince Mr.
8 Hollan and others at that meeting that we needed to
9 have a staff. And I think -- I mentioned that to Bill
10 the other day, and Bill says, "I'm still not sure we
11 need a staff. I still think we could probably rely on
12 DENR to do a lot of things that we do." But at any
13 rate, he was kind enough to go along with -- with me.
14 And you see, we also have had -- been fortunate enough
15 to have a great staff.

16 We had got a lot of issues. I mentioned one
17 to Frank this morning when we first started. We had a
18 lot of informational meetings where we brought in
19 scientists and others to talk to us about buffers and
20 the like. And the 300-foot buffer, how wide should
21 the buffer be? The 300-foot buffer came out of that.
22 We had issues about easements, Frank. And the Land
23 Trust -- and this is -- we had a little of this early
24 on, because the Land Trust wanted to include in our
25 easements other things. And we had a bit meeting, Dr.

1 McNaught and I, in Raleigh. And, of course, the first
2 thing that came up with the Red-cockaded Woodpecker
3 down around Moore County, and its environs. And we
4 just tried to explain what we really -- that's not
5 what the legislature told us to do. We're about water
6 quality. We love the Red-cockaded Woodpeckers, but we
7 really -- we really can't go there. And we had this
8 ongoing debate about easements. We finally developed
9 our own, and that's where we are today.

10 The second big thing was rules, whether or
11 not to adopt rules and -- or not. Well, I felt
12 like -- although Senator Basnight never said this --
13 that he was not in favor of rules. He was in favor of
14 a board that could take action when they saw a need
15 and solve the problem. And as I say, "When do you
16 want to meet with me?" "How about an hour and a
17 half?" That's the way Senator Basnight was. He
18 wanted it done yesterday.

19 And so we had -- the Board had lots of
20 debates back then about whether or not to be a rule-
21 making board or not. And we chose not to. And I --
22 we got legal counsel to advise us how we should
23 proceed without rules. And I -- and I -- listening to
24 Bill Hunt yesterday, it makes my heart soar. I think
25 had Senator Basnight been sitting here yesterday, he

1 would have said, "Man, right on. That's great stuff."
2 I think he would have been -- been proud of that.

3 But Senator Basnight is not the only person.
4 We had a -- I think it was a project around New Bern
5 that we may not have funded. After that we had an
6 invitation sent to us to meet behind then Senator
7 Perdue's office for a little meeting, which, of
8 course, is the sort of an invitation that you don't
9 refuse. And so we went to that lovely lady's office,
10 and she reminded us, in no uncertain terms -- she's a
11 tough lady -- that Senator Basnight is not the only
12 author of this legislation. And then Senator Perdue
13 was a significant person that -- who was involved in
14 that as well. And we got -- we got the message. And
15 we enjoyed being with her. And then she became our
16 governor, and, anyway, that was a fun -- fun time.

17 I tried -- some of the policies, you
18 wondered where they came from, like the policy that
19 one -- one person on the Board can ask that a project
20 be kept alive, and that's all it takes. And then the
21 staff will scope it and review it, et cetera. Because
22 we tried, early on, to be unanimous in most everything
23 we did. And if there was one person who objected or
24 who wanted to go in a different direction, we gave
25 that person great deference, and we tried to

1 accommodate the thoughts of everybody.

2 I remember -- I hope -- I guess I'm where
3 they can hear. I remember David McNaught met with one
4 of the new trustees after that trustee had been on the
5 Board a couple of meetings. And he came back and he
6 said, "Joe, there's been some criticism about the way
7 we introduce new trustees to the Board, that they
8 feel -- or this particular trustee doesn't feel like
9 there's been enough integration into the Board, and
10 didn't feel like we were able to talk to each other
11 enough and communicate and learn from each other." So
12 we had this great big party at the Biltmore House --
13 the Biltmore Estates, probably the biggest thing like
14 that we've had. And it was great. We all got to
15 socialize, and it was fun, except that person wasn't
16 there. And that person is listening to us today. And
17 I don't -- I don't remember whether she even knows
18 about that or not.

19 I would like to tell you two or three
20 stories about the Personnel Committee, about some of
21 our current staff. I told them, but I didn't tell
22 them what I was going to say. One of the things we
23 did early on -- of course, once we adopted our
24 staffing plan, we had to hire field reps, and they had
25 a personnel meeting up in the mountains to interview

1 clients [sic] -- applicants. And I remember David
2 McNaught coming back to me, and we talked about a lot
3 every week. And he comes in, he says, "Joe, Karen and
4 Bunny and the others" -- Bunny Johns, who was one of
5 our first Board members, who was an Olympic kayaker --
6 he said, "we have -- had some great athletes. But, "I
7 don't know what the attraction is, but there's this
8 one guy. I don't know. They really like him, so I
9 think that's where we -- we ought to hire this guy."
10 "Who is it?" He says, "His name is Tom Massie." And
11 that was how Massie got hired, because he was able
12 to -- I don't know -- convince the ladies on the
13 committee, at any rate, that he was the man for the
14 job.

15 And the second time, I remember Dave came in
16 one day and he looked at me. He walked down the hall,
17 and walked in my office, and said, "Joe, we're in
18 trouble with DENR." He said, "Yeah. They -- they may
19 not like us anymore." I said, "Why?" He said, "I've
20 just got an agreement with Beth McGee to leave DENR
21 and work for us." So that's how Beth get -- gets
22 here.

23 And I've got to tell you one other story
24 about this one other staff member. I'm riding in
25 Cycle North Carolina. I told Brad I rode across the

1 state one time, and I'd never done that before in my
2 life. Basically, I ride across the state. We'd been
3 riding for about an hour and a half, and I needed to
4 make a stop. Well, we pulled into this parking area
5 where there were certain Port-A-Johns here, and lines
6 from here (indicating) to -- anyway, a long line. I'm
7 going, "You know, this is a tough situation here."
8 And I look way across this parking lot, and I saw
9 somebody wearing a red cycle jersey on the other side
10 of the parking lot. I said, "That person is smart.
11 They're not going to stand in this line. They're
12 going to go over there in the woods." Well, I said,
13 "I'm going to do the same thing." So I ride across
14 this parking lot. Who is it? Bern Schumak. I didn't
15 know he was there. Bern Schumak. And was he doing
16 what I thought he was doing? No. He was on the phone
17 talking to, probably, Richard about trust fund
18 business. Anyway, that's the kind of staff you have.
19 They're great. I love them all. They know I do.

20 So -- oh, I've already told the story about
21 Bill Hollan, about water quality. It's not been a
22 straight line. And I want to say a couple things
23 about things that we've done in the past. When I say
24 it's not a straight line -- for instance, when David
25 McNaught was no longer our executive director, we were

1 looking -- we were looking for other applicants. And,
2 in the paper, I had read where Senator Basnight said
3 something about Bill Holman. Well, Bill Holman had
4 been the secretary of DENR. And I didn't know Bill
5 Holman. I'd met him and talked to him, but I didn't
6 know him. And he was unavailable to us for a 30-
7 minute [sic] -- 30-day period. In other words, he
8 couldn't apply. Our -- our cut off was going to be
9 "X," and he couldn't apply until "X" plus 30.

10 So I went to the Personnel Committee, and I
11 said, "I don't know this guy, but we need to extend
12 our application period at least 30 days just to put
13 him in the pool, and see if he's qualified" --
14 obviously, we knew he was qualified -- but to see if
15 a -- if the Board wanted to select him over about ten
16 other applicants.

17 Well, I had -- there was opposition to that
18 in the committee and on the Board. And so had that
19 gone -- vote gone the other way, Bill Holman, of
20 course, never would have been here.

21 One thing about Dupont Forest -- and I want
22 to tell you how I looked at, and David McNaught looked
23 at, these applications when we knew that a particular
24 legislator might support a project. What we did was
25 we'd go back to our field reps and say, "Here's the

1 project." If it was a great project, great. If it
2 was not a great project, then we'd say, "How about
3 looking at this and seeing if we can make changes so
4 that we can make this a great project?" If we could,
5 great; if we couldn't, then it just didn't pass
6 muster. But that's the way we handled it.

7 So Dupont Forest, which I think is one of
8 the best things we've ever done -- lot of controversy
9 about Dupont Forest, but I remember talking to Tom,
10 and if he's -- if I'm wrong, Tom, just interrupt me
11 like you have many times in the past -- but that
12 day -- because I want to make a comment about it later
13 in just a minute -- that day we knew Governor Hunt was
14 behind it. The secretary of DENR, Bill Holman, was in
15 the room. And remember, back then, every Board member
16 was reviewing every project. I go up to my cabin, and
17 I'd sit there on weekends and go through all of these
18 projects; it was an unbelievable number. And I can't
19 tell Karen and Bill and Jerry how much I appreciate
20 all the effort, and the current Board, all the effort
21 that you put into this Board. It's really a working
22 Board.

23 But at any rate, I remember talking to Tom.
24 It was his project. As you guys know, *Last of the*
25 *Mohicans* was filmed there, et cetera. It's a

1 beautiful forest. It's maybe the best on the planet.
2 And I just said to Tom, "Let's just put our best foot
3 forward." That would -- those were my instructions,
4 as I remember, to Tom when he started his presentation
5 about Dupont Forest. And we put our best foot
6 forward. It was not unanimous. There were a few
7 trustees who voted against that project. But it
8 carried, and I think it's one of the jewels. And am I
9 happy today that it happens to be near Brevard, and
10 there are other people in the room who might be
11 associated with Brevard? Hey, what goes around comes
12 around sometimes.

13 However, later -- and this is what I -- I
14 would like to bring up one concern that I had. And I
15 think we're beyond that now, but it really concerned
16 me at the time. A person on the Board said at a
17 meeting one time when it was apparent, or some
18 believed Governor Easley was behind the project, and
19 the statement was made, "We did it for Governor Hunt.
20 Let's do it for Governor Easley." That person did not
21 understand the history of the trust fund. We never
22 did it for Governor Hunt, not once. We never did it
23 for Senator Basnight. We never did it for Speaker
24 Brubaker. We never did it for anybody for that
25 reason, not if I had anything to do with it. We did

1 it because of water quality. That's why we did it.
2 We did it for the people of North Carolina, and we did
3 it for water quality. And that's one of the things
4 that I was the most worried about when we started
5 this. And I didn't want to go to that -- to go down
6 that road. And so I want you folks to know that --
7 well, what I just said.

8 We got in trouble -- and I went back and
9 pulled this -- when some people perceived that we
10 weren't making decisions based on water quality. We
11 were making decisions based on -- well, some said on
12 other things. And I was not the chairman. But this
13 statement was made, I think, in the *Charlotte*
14 *Observer*. The conflict included charges of hometown
15 favoritism by some trustees in awarding grants. The
16 four of us remember this. Now, it hurt my heart that
17 somebody would be saying that about this trust fund.

18 And here's another statement that was in the
19 paper: "If it's going to be a straight political
20 process, we need to know that. Then we'll play
21 politics," Senator Rand, about the Trust Fund. Those
22 were not happy times for me. We got through it. I'd
23 like to thank Phil Baddour; I'd like to thank Richard
24 for righting the ship if it needed righting at that
25 time, and focusing on the reason that we should be

1 here to start with. I'd also like to thank the
2 applicants. And I -- I'm about through. That's about
3 what I wanted to say.

4 But there are certain -- there's been a
5 number of applicants that -- that I really appreciate
6 them coming forward. They're taking advantage of our
7 funds. While our Resources' Commission won early on.
8 The City of Charlotte is another. Even in spite of
9 what Stan says about Charlotte being ignored, the City
10 of Charlotte has been great. And we've spent a lot of
11 money on their reservoir and in -- in the City of
12 Charlotte and then in Winston-Salem and Greensboro,
13 and all the rest of them. The non-profits, like
14 Coastal Federation, I really appreciate them. We all
15 respect Todd Miller and the things that he's done for
16 water quality with our grant money.

17 Having said all that, I can't thank the
18 three original members enough. As I say, Jerry's been
19 watching me ever since the -- and has been here to
20 take care of us through all this time. Bill Hollan, I
21 used to call him on numerous occasions for his advice.
22 I don't know why he wasn't the chair, or Jerry wasn't
23 the chair, or Karen wasn't the chair instead of me.
24 And, of course, I can remember many times talking to
25 Karen during some trying times. I remember sitting

1 down with her, down in Columbia for one, and having a
2 long conversation about us and where we're headed and
3 what we're doing.

4 At any rate, I'm hoping that our trust fund
5 continues on. I'm hoping that we are at a position
6 where nobody can question our decision-making or our
7 integrity. That's what I've worked so hard for. I'd
8 like to thank the staff. We have the best staff to a
9 man/woman I've ever seen. They are fantastic. I've
10 had so much fun in so many areas. I've had a great
11 time, why, with the innovative stormwater. I'm a
12 rainwater-harvesting-kind-of-guy. I think it ought to
13 be used more often. But I'd like to thank everybody.
14 But I was hoping that those words would, well, give a
15 little perspective on our history and where we've
16 been. So I appreciate it very much.

17 (Applause.)

18 CHAIRMAN MCMILLAN: Thank you, Joe. Are
19 there any corrections or additions?

20 MR. HESTER: I promised Richard I
21 would be nice.

22 CHAIRMAN MCMILLAN: Let me -- let me --
23 yeah, Karen?

24 MS. CRAGNOLIN: You know, one thing that
25 Joe said, that, you know, we have the best staff in

1 the world, and we do. And, at one point, we made a
2 commitment to our staff, and I feel somewhat
3 responsible, because I was the temporary or the
4 interim personnel manager. We asked our staff to
5 become exempt from the state employee system with the
6 idea that we would not work -- we would work on a
7 merit system, and we would -- we would award raises
8 based on -- on merit and performance. And we have
9 never been able to fulfill that commitment. And now
10 with having laid people off, et cetera, I -- I'm still
11 a little bit unclear. Have we -- would -- or are our
12 rift folks still getting some benefits from the state
13 personnel? In other words, do they get a priority for
14 other jobs that are available? I mean, how much have
15 we damaged them with asking them to exempt themselves?
16 And then really we never followed through the merit --

17 MR. ROGERS: The -- the rift process
18 does not prioritize past employees that are exempt
19 related to applications in other state jobs.

20 Just to report, you know, all the folks that
21 we have rifted are now gainfully employed with the
22 exception of one, to my knowledge. So folks have
23 found their way. It has been a challenge, in some
24 instances, to get the foot in the door, especially if
25 it would be coming back into the state. But that

1 inflexibility of exempt employees on the one hand is
2 good, and as it relates to being rifted, it's not so
3 good getting priority for employment in the state
4 government. So that's -- that's where we are. It
5 does -- it does -- in fact, trying to get back into
6 the system when you -- when you are rifted.

7 CHAIRMAN MCMILLAN: Since we're -- since
8 we're here in this building and talking about the
9 history of Clean Water, let me add my perspective to
10 this. From -- from 1985 -- going back 25 years --
11 from 1985 to 1989, Bob Jordan was the lieutenant
12 governor of the state. It was the time when the
13 lieutenant governor had ran the Senate. And then had
14 not only presided, but was in charge of appointing
15 committees and referring bills, and -- and was the
16 leader of the Senate. And two of the things that Bob
17 Jordan did while he was lieutenant governor was to
18 create the Natural Heritage Trust Fund with
19 legislation, or proposed legislation that created the
20 National Heritage Trust Fund, our predecessor, and
21 also created the Rural Center. And Billy Ray Hall was
22 the original director of the Rural Center, and has
23 been for its entire 26-year history. And his office
24 was in the lieutenant governor's office. And so those
25 are two things that happened.

1 In -- in 19 -- I guess -- I guess, Joe, it
2 was '96, Norma Mills called Katherine Skinner, who was
3 executive director of the Nature Conservancy, and I
4 was the chair -- the chairman of the Board of the
5 Nature Conservancy, and said she wanted to talk to us,
6 and so we went over to the legislative building and
7 met with Norma Mills. And Norma said Senator Basnight
8 wanted to create a Clean Water Trust Fund modeled on
9 the Natural Heritage Trust Fund, and would we help her
10 put that together. So we used the National Heritage
11 Trust Fund legislation to -- to create the statute
12 that became the statute that -- that established the
13 Clean Water Management Trust Fund. Senator -- this
14 was Senator Basnight's brain child. And I think
15 everybody recognizes that. It was a good brain child.
16 He's -- he had several of them.

17 I'll never forget another time I was called
18 to his office, and he said, "We want -- I want to
19 create a fund at UNC for cancer research, and I want
20 to fund it on a continuing basis with \$50 million, so
21 it is -- they can use that for operations to attract
22 the brightest and the best cancer physicians and
23 researchers in the country." And he has done that.
24 And that funding has continued despite the fact that
25 he is no longer there. They see the wisdom of that.

1 He established a \$100 million recurring
2 funding for Clean Water, and put that in the statute
3 when he was President *pro tem*. But those dollars have
4 not dwindled. So it is -- it is our duty, with the
5 help of -- of our applicants who have supported our
6 funding -- and Joe is right. They're the natural ones
7 to be our advocates. But we have to also explain what
8 it is we do and why it's important, and why clean
9 water and protection of our surface waters is so
10 important. So just those -- those little addendums to
11 Joe's thoughts.

12 I remember when Senator Perdue -- then
13 Senator Perdue came to me about that parking lot in
14 New Bern that she wanted to fund. And I had to
15 explain to her, you know, "That's really not in the
16 mission. You were involved in the statute. That's
17 not what we do." And that was a hard conversation.
18 But I think she ultimately understood.

19 Anything else to come before the Board here
20 this morning?

21 BOARD MEMBERS: (No response.)

22 CHAIRMAN MCMILLAN: Okay. Well, we will
23 stand adjourned. And what -- do what you can with
24 your legislative representatives in -- as we go
25 through this funding cycle.

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(Meeting adjourned at 10:17 a.m.)

