

BOARD OF TRUSTEES
CLEAN WATER MANAGEMENT TRUST FUND

MINUTES OF MEETING

MONDAY, FEBRUARY 13, 2012
8:30 A.M.

NC RURAL ECONOMIC DEVELOPMENT CENTER
4021 CARYA DRIVE
RALEIGH, NORTH CAROLINA



Post Office Box 98475, Raleigh, North Carolina 27624-8475
Telephone (919) 676-1502 - Fax (919) 676-2277

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.

HONORABLE RONALD R. BEANE

FRANK BRAGG

DR. YEVONNE BRANNON

JOHN GARROU

C.L. "RANCE" HENDERSON

JOSEPH M. HESTER, JR.

WILLIAM HOLLAN

GEORGE HOWARD

CHARLES JOHNSON

RENEE KUMOR

KEVIN MARKHAM

CHRISTINE MELE

PRESTON PATE

BETTY CHAFIN RASH

AARON THOMAS

STAN VAUGHAN

JERRY WRIGHT

ATTORNEY GENERAL'S OFFICE:

MARY LUCASSE, ASSISTANT ATTORNEY GENERAL

CLEAN WATER MANAGEMENT TRUST FUND STAFF:

RICHARD ROGERS, EXECUTIVE DIRECTOR

BETH McGEE, DEPUTY DIRECTOR - PROGRAM IMPLEMENTATION

NANCY GUTHRIE, WATER QUALITY ADVISOR

CHRISTOPHER FIPPS, ADMINISTRATIVE OFFICER

PENNY ADAMS, EXECUTIVE ASSISTANT

CHERRI SMITH, STEWARDSHIP COORDINATOR

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

CLEAN WATER MANAGEMENT TRUST FUND FIELD REPRESENTATIVES:

TOM MASSIE

WILL SUMMER

DAMON TATEM

BERN SCHUMAK

EVERETTE MOORE

ALSO PRESENT:

REED WILSON

TOM COORS

FRED ANAND

A G E N D A

- 8:35 am A. Call to Order - Chairman McMillan
1) Roll Call - Penny Adams
2) Compliance with General Statute § 138A-15
3) Revisions, additions, and adoption of the Agenda (Action Item)
4) Please put cell phones on vibrate or off
5) Review and approval of the transcripts of the October 10, 2011 meeting of the Board of Trustees (Action Item)
- 8:42 am B. Public Comments (Three minutes per person) - Chairman McMillan
- 8:45 am C. Attorney General's Report - Mary Lucasse
- 8:47 am D. Executive Director's Report - Richard Rogers
- 8:55 am E. Follow-up on CWMTF Committee of the Whole Discussion - Chairman McMillan
- 8:58 am F. Overview of 2012 Project Applications
- 9:15 am G. Administrative Committee Report - Committee Co-Chair Vaughan (Action Item)
- 9:17 am H. Acquisition Committee Report - Committee Co-Chairs Hester and Wright (Action Items)
- 9:30 am I. Program Committee Report - Stewardship/Endowment Co-Chair Garrou (Action Items)
- 9:50 am J. Guest Legislator - Senator Neal Hunt
- 9:58 am K. Restoration/Stormwater/Greenway Committee Report - Committee Co-Chairs Brannon and Henderson (Action Items)
- 10:01 am L. Infrastructure/Wastewater Committee Report - Committee Co-Chairs Markham and Thomas (Action Items)
- 10:06 am M. Discussion
- 10:08 am N. Adjourn

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P R O C E E D I N G S

CHAIRMAN MCMILLAN: Well, the silence indicated that everybody is ready to get started, so here we go. I call the meeting of the Board of Trustees of the Clean Water Management Trust Fund to order and ask Penny Adams to call the roll.

MS. ADAMS: Chairman McMillan?

MR. MCMILLAN: Here.

MS. ADAMS: Mr. Bass?

MR. BASS: Here.

MS. ADAMS: Mr. Beane?

MR. BEANE: Here.

MS. ADAMS: Mr. Bragg?

MR. BRAGG: Here.

MS. ADAMS: Ms. Brannon?

MS. BRANNON: Here.

MS. ADAMS: Ms. Cragolin?

(No response.)

MS. ADAMS: Mr. Garrou?

MR. GARROU: Here.

MS. ADAMS: Mr. Henderson?

MR. HENDERSON: Here.

MS. ADAMS: Mr. Hester?

MR. HESTER: Here.

MS. ADAMS: Mr. Hollan?

1 MR. HOLLAN: Here.

2 MS. ADAMS: Mr. Howard?

3 MR. HOWARD: Here.

4 MS. ADAMS: Mr. Johnson?

5 MR. JOHNSON: Here.

6 MS. ADAMS: Ms. Kumor?

7 MS. KUMOR: Here.

8 MS. ADAMS: Mr. Markham?

9 MR. MARKHAM: Here.

10 MS. ADAMS: Ms. Mele?

11 (No response.)

12 MS. ADAMS: Mr. Pate?

13 MR. PATE: Here.

14 MS. ADAMS: Ms. Rash?

15 MS. RASH: Here.

16 MS. ADAMS: Mr. Thomas?

17 MR. THOMAS: Here.

18 MS. ADAMS: Mr. Vaughan?

19 MR. VAUGHAN: Here.

20 MS. ADAMS: Ms. Weston?

21 (No response.)

22 MS. ADAMS: Mr. Wright?

23 MR. WRIGHT: Here.

24 CHAIRMAN MCMILLAN: I would remind everyone

25 of General Statute 138A-15 regarding conflicts of

1 interest. Please let us know if you feel that you
2 have a conflict or the appearance of a conflict.

3 The minutes of the October 10, 2011 meeting
4 are before you. They have been amended by adding the
5 attachments, the exhibits that were included in the
6 activities of that meeting in the official copy of the
7 minutes. Those attachments are now attached. If you
8 would like copies of those, we can provide those to
9 you. Are there corrections or additions to the
10 minutes of Monday, October 10th, 2011? Ron?

11 MR. BEANE: I make a motion they be approved
12 as amended.

13 CHAIRMAN MCMILLAN: Motion they be approved.
14 Is there a second?

15 MS. BRANNON: Second.

16 CHAIRMAN MCMILLAN: Any discussion? If not,
17 all in favor say "Aye."

18 TRUSTEES: Aye.

19 CHAIRMAN MCMILLAN: Those opposed "No."

20 (No response.)

21 CHAIRMAN MCMILLAN: The ayes have it. Are
22 there any revisions, additions, or adoption of the
23 agenda?

24 (No response.)

25 CHAIRMAN MCMILLAN: If not, the agenda will

1 be approved as submitted. I would remind you to
2 silence your cell phones and other electronic devices.

3 We come to public comments. We have with us
4 the chief honcho of the Rural Center who is hosting
5 us. Billy Ray Hall, would you please come up and tell
6 this group a little something about the Rural Center.

7 MR. HALL: Did he say "honcho"? I've been
8 introduced a lot of ways in Eastern North Carolina but
9 seldom ever as honcho. I have arrived. I'll go home
10 and tell my mom I was called honcho. First of all,
11 for those of you that are new to the Rural Center,
12 welcome. We'd like to say it's your place if you pay
13 federal taxes. Anybody in here not pay federal taxes?

14 (Off the record comments.)

15 MR. HALL: If you don't pay federal taxes,
16 you're a guest. But, otherwise, you own some part of
17 this building because the Federal Economic Development
18 Administration helped pay for it. So we welcome you
19 to your building.

20 The other side, I always welcome folks with
21 the expectation in this room. Thanks to Richard
22 Rogers and you all's board and other groups often
23 times in here will come together to speak about issues
24 in rural North Carolina that you all know all too well
25 from the standpoint of our water and our environment.

1 But oftentimes people come here to talk about issues
2 that we partner with them on ranging from adjusting
3 the clean water issues in rural North Carolina, which
4 I hope we'll always stay together on talking about the
5 importance of providing clean water at a fair price
6 for the citizens who pay for it. Sometimes people
7 forget urban areas didn't have to raise all the money
8 we have to raise to provide clean water.

9 On the other side of the Rural Center is the
10 side that promotes job development. If you are in the
11 85 rural counties, which are those counties outside of
12 the I-40 corridor, then you know that we are there in
13 the case that if you have a vacant building, we have a
14 program that will come in and help put private sector
15 jobs in that building. And if you're a local
16 government we help to raise the money to get water and
17 sewer to that job site. We provide assistance in
18 those programs.

19 Our latest program is to work with
20 increasing allied healthcare in rural areas. Those of
21 you in rural North Carolina you know that we're
22 partnering with several foundations including Northern
23 Union and Cape Fear Reynolds to provide assistance to
24 rural health job promotion. And that means helping
25 with clinics or hospice centers or dentists or doctors

1 offices in rural areas.

2 And that's us. We've been here for about 25
3 years as of last month. And we hope to be here
4 another 25 years. We hope you'll come back and enjoy
5 our hospitality. I notice you all closed the shades.
6 I worked so hard to raise money to get those windows
7 there. Maybe you all will open them sometime today.
8 We may be in one of the fewer actual rural spots in
9 Wake County.

10 (Off the record discussion.)

11 MR. HALL: We turn on the heat whenever the
12 county decides to turn on the heat. I know all of us
13 work together to build partnerships. Our partnership
14 here is that we own the building. The county owns the
15 dirt, and they own all of the connections to power and
16 support. So when they decide to turn on the lights,
17 they turn on the lights. Were you all here yesterday,
18 I understand?

19 TRUSTEES: Yes.

20 MR. HALL: Did you all have any heat
21 yesterday?

22 TRUSTEES: No.

23 MR. HALL: Welcome to the crowd. Anytime I
24 come in on Sunday to work, I don't get any heat
25 either. So I apologize on behalf of the county, but

1 it's their move to be efficient, and I'm not going to
2 complain. And they don't charge me any rent for the
3 space that we're on, so I keep my mouth shut.

4 Welcome again. I hope you have a great day
5 and great expectations. Always in here are groups
6 meeting, and that you all will do some great things
7 for North Carolina, and I hope you will. Welcome
8 again.

9 CHAIRMAN MCMILLAN: Thank you, Billy Ray.
10 Thanks for your hospitality.

11 All right. Public comments. Are there any
12 other members of the public who would like to address
13 the board? Now is the time.

14 (No response.)

15 CHAIRMAN MCMILLAN: Hearing none, we'll
16 proceed to the Attorney General's Report, Mary
17 Lucasse.

18 MS. LUCASSE: Good morning everyone. I just
19 wanted to take a minute to remind you and thank you
20 for bringing conflicts of interest to my attention
21 yesterday. That's a very helpful exercise for us to
22 go through, and as it says in the Ethics Action, if
23 there's an actual potential conflict of interest with
24 regard to a public servant sitting on the board, the
25 conflict shall be reported in the minutes of the

1 applicable board and duly brought to the attention of
2 the membership by the board's chair as often as
3 necessary.

4 I think we've gone through that exercise,
5 and it works very well. And our goal is certainly not
6 to get rid of the expertise of people who are working
7 so hard with us on the committee. So if there's ever
8 an opportunity or a concern that you have about a
9 potential conflict, let's go through the exercise.
10 Bring it to my attention. And unless there is an
11 actual conflict that will prevent you from being
12 active, for the most part one can proceed and do the
13 work of the committee and of the group as a whole.

14 If it becomes more of a concern, we do have
15 a process by which I can work with you to bring a
16 perceived conflict or a concern about a conflict for a
17 resolution or an advice to the Commission of Ethics.
18 That is a way to protect yourself as a commissioner in
19 the work that you do here. We would then present the
20 issue to the commission, the Ethics Commission. We
21 would get a ruling on or advice on how to proceed.
22 And then if you followed that advice there would be no
23 claim against you personally. And that is the way to
24 protect yourself and to protect the board. And that's
25 something that's been done in the past, and it's very

1 simple. So I would just remind you that that's an
2 option if there's ever a concern about a potential
3 conflict of interest or an actual conflict of
4 interest. So thank you again. I enjoy working with
5 you.

6 CHAIRMAN MCMILLAN: Thank you, Mary. It's
7 always good when the Attorney General comes and
8 reports that we haven't been sued, no ongoing
9 litigation.

10 MS. LUCASSE: Not yet.

11 CHAIRMAN MCMILLAN: Richard Rogers.

12 MR. ROGERS: Thank you, Mr. Chairman. One
13 little housekeeping note is our court reporter has
14 asked that when you do speak, committee reports and
15 otherwise, please say your name in case she does not
16 get around, and her head doesn't spin all the way
17 around on a swivel. So she might have a little
18 difficulty catching those. Please do say your name
19 before you address the board.

20 A few things that I want to go over, and
21 some of them are just the administrative functions,
22 some of the things that we're participating in as a
23 group, update you a little bit on our contract status.
24 I'll start with some of the activities that we're
25 participating in outside of our organization.

1 John mentioned the Quad Trust Fund that met
2 last Friday. And, again, it's a real distinguished
3 group. The Executive Directors are administrators of
4 the program, and along with their board chairmans all
5 come to the meeting. And it's always a great
6 dialogue. It's interesting to hear what is going on
7 in the other programs. But most of all, I think it
8 really brings us together so that we can connect and
9 get our act together with regards to funding, the
10 status of funding and get a clear picture among the
11 acquisition programs and the conservation programs
12 through the state about how to move forward in a
13 coordinated manner.

14 One of the groups not a part of that group
15 that really helps us is the Land For Tomorrow
16 Coalition. And they have done a great job with
17 regards to promoting conservation across the state,
18 and have been an important piece to I think really
19 keeping conservation funds funded. We've all been
20 cut. We are all having our bumps in the road, but the
21 fact that this state still maintains and continues to
22 have its conservation funding to some extent, I think
23 is a great thing.

24 The initiative in what we're looking at, and
25 the Land For Tomorrow group and coalition has been

1 across the state. They're meeting with legislators
2 talking about the benefits of conservation and all
3 aspects from a clean water perspective, natural
4 heritage perspective, parks and rec as well, and also
5 the farmland preservation. So we are fortunate to
6 have this group doing really good work and supporting
7 our efforts on the conservation side. And I think
8 it's going to be a big part of the legislative agenda
9 for them is to ensure that we have more flexibility.
10 Restrictions are removed from our provision statutes
11 so that we can really enjoy the full breadth of this
12 program and the opportunities that we have through our
13 applications.

14 Another group that we had participated in,
15 and Tom Reeder mentioned it yesterday, is the Source
16 Water Protection Collaborative, which is a new group.
17 And if you recall, it's a collection of federal,
18 state, local government interests in the protection of
19 source water. Source water is the drinking water
20 supply for the most part. And I'm learning a lot
21 about this, but I really think this group in coming
22 out is really going to help us from our perspective in
23 looking at what the needs are with regard to
24 protection of drinking water supplies across the
25 state, not only today, but also in the future. We

1 will continue to meet with them and be enlightened
2 about our drinking water supply and the protection of
3 it, and hopefully that will help us bring back to you
4 a plan of action with regards to the protection of
5 drinking water.

6 Administratively, I think you all know we
7 continue to work on contracts, getting payments out
8 the door. I don't think there's anything new there.
9 Seventy percent of our contracts and awards were
10 approved. Seventy percent of those contracts have
11 been signed and in the process. If they aren't
12 currently covered, they will be soon, so we're moving
13 forward with that.

14 Staff continues to use the unencumbered
15 funds and put those directly back into contracts and
16 projects that you all have approved provisionally. We
17 continue to work down that list and we'll do so
18 through the end of the fiscal year in order to
19 maximize the dollars and get projects out on the
20 ground.

21 And, also, just a personal note to the
22 staff. The highlights you all saw, the program
23 highlights you all saw is really a great job, I
24 thought, of staff. And, really, if you can keep
25 folk's attention for 45 minutes with slides, you're

1 doing pretty good. And I appreciate the effort that
2 they put into that.

3 I want to yield the floor right now. Tom
4 Massie has asked for a little point of personal
5 privilege. So, Tom, take that away.

6 MR. MASSIE: Thank you, Richard. You know,
7 we take a lot of things for granted. You take your
8 health for granted. You take your friends for
9 granted. You take your job for granted, or at least I
10 do, and I did until last fall when I had my accident.

11 That all changed in September. And words
12 cannot express the appreciation that I feel to the
13 trustees who thought about me and prayed for me, who
14 called me, who sent me cards, sent me emails, who
15 checked up through staff to see how I was getting
16 along last fall. I had taken all that for granted.

17 And I can tell you when I was laying in the
18 hospital for five weeks, I was about as low as you
19 could get. And I'm not a person who gets very
20 depressed, but I was low. And those cards and calls
21 and letters meant more to me than I can truly express.
22 And I just wanted to thank you for doing that.

23 In addition, I think it's important that you
24 know that I truly appreciate the staff that we have at
25 Clean Water. They filled in for me in October when I

1 couldn't be here. They covered for me. They offered
2 to lend me sick leave if I needed it. They checked up
3 on me. You have a wonderful staff. I truly
4 appreciate everything that they did for me during that
5 time, and I wanted to express that personally to them
6 here and publicly to you all. And, also, to our
7 partners. I was overwhelmed from the partners out
8 there that sent me cards and letters to wish me well.

9 I'm doing great. I'm doing better than the
10 doctors expected. I'm doing better than I probably
11 deserve to be doing. And I'm going to have a little
12 hitch in my giddy up from now on, so Stan Vaughan can
13 keep up with me when we go out to look at a piece of
14 property. In the future, he may get to lead the show,
15 but I'm going to be able to get around and do just
16 fine.

17 So, truly, I do appreciate your support.
18 Thank you, so much. Thank you, Richard.

19 (Applause)

20 MR. ROGERS: Tom, we appreciate the efforts
21 you make, and you've been with this program a long
22 time. And I think all the well wishes, the cards and
23 all, are just a tribute to the job that you do for the
24 trust fund and what you do for the state of North
25 Carolina through Clean Water.

1 My last matter is dealing with a personnel
2 issue. We have this past spring and summer before the
3 fiscal year we went through a RIF and we rified four
4 employees. We are at the point now in my mind and
5 assessment after we had received our applications, new
6 applications, I believe we had -- how many did we
7 have, sixty-four or five new applications that will
8 need to be assessed, and then because of the reduction
9 in applications or new applications that need to be
10 assessed, our workload obviously goes down.

11 But we have traditionally and since the '09
12 ruling of funding really done a lot of work on
13 workload and how that workload is distributed. And it
14 is my sense, and I think it's important that we
15 maintain the appropriate staff at Clean Water. I am
16 going to be getting and preparing a RIF Plan, and it
17 will take effect April 1.

18 The reason we're not waiting until the end
19 of the year is because this is the beginning of our
20 application cycle. This is the beginning of when we
21 start our year with regards to reviewing applications,
22 distributing applications, communicating with our
23 partners around the state. And I think it's the right
24 time for us, if we're going to make changes, to go
25 ahead and make changes.

1 My purpose here is to put you on notice of
2 that. This is my responsibility, and I understand
3 that. Off line I'll be glad to answer any questions
4 that you may have with regards to this, but I just
5 wanted to make sure you understood that that's where
6 we're going and what I'm pursuing over the next couple
7 of months. Mr. Chairman, that's the end of my report.

8 CHAIRMAN MCMILLAN: Thank you, Richard, you
9 forgot to tell them that you moved your offices.

10 MR. ROGERS: Oh, we moved our offices. If
11 you try to call us, we do have new phone numbers. We
12 have emailed those out, but we are in the Archdale
13 Building. I pointed that out to a few folks as we
14 drove into dinner last night, and we're on the 12th
15 floor. We are comfortable. We all have offices.
16 We're in a little smaller space, but that is okay.
17 And I think the bottom line of it is it saves us about
18 \$70,000 a year in lease space. So that's the tribute
19 to that. And I think all the central office employees
20 have adapted, and I appreciate their work through the
21 transition. Thank you, Mr. Chairman.

22 CHAIRMAN MCMILLAN: Thank you, Richard. And
23 let me add my words to Tom Massie. Tom, we missed
24 you. You're a big part of what we do, and we're
25 mighty glad to have you back.

1 We're a little bit ahead of schedule. Let's
2 jump down to the follow up on the Committee of the
3 Whole Discussion yesterday afternoon. We started with
4 the presentation by staff, and I wanted to know if
5 anybody had any further comments about that, anything
6 you would like to discuss. Now is the time to do
7 that. And as we said yesterday, we will get those
8 slides to you with a copy of the narrative that goes
9 with them. Hopefully they will be helpful to you as
10 you communicate with the public and with your elected
11 officials. Anything about that?

12 (No response.)

13 Okay. We then had a pretty good discussion
14 from Tom Reeder, Charles Meeker and David Kroening
15 from Mecklenburg County about the water supply
16 protection discussion. Most of you, I think, felt
17 that was helpful as we go forward with adding that to
18 our agenda. Any comments about that discussion?

19 MR. ROGERS: Bill Hollan.

20 CHAIRMAN MCMILLAN: Bill?

21 MR. HOLLAN: Yeah, I think it was
22 interesting the extent to which our projects have
23 directly benefited the major metropolitan areas in
24 this state that reported to us in Charlotte and in
25 Raleigh in protecting the waters at Lake Jordan and

1 Mountain Island Lake -- or Jordan Lake, I guess it is.
2 So to the extent that the General Assembly wants us to
3 be involved in water supply protection, I think the
4 record shows that we've already done quite a bit of
5 that and have been instrumental in helping protect
6 these critical areas.

7 CHAIRMAN MCMILLAN: Thank you, Bill. And I
8 think that was abundantly clear from those
9 presentations and their appreciation of that work.

10 Okay, Richard, do you want to get into the
11 overview of the 2012 Project Applications?

12 MR. ROGERS: That will be -- That will be
13 fine, Mr. Chairman. We're going through this agenda
14 fast. All right. Let Nancy pull it up on the screen.

15 As I mentioned, February 1st was the
16 deadline for our new application in 2012 process.
17 What we've got up here on the screen is a -- just a
18 picture of the public projects. Now, we've got two
19 groups that will merge as 2012 applications. We've
20 separated them out for you here. As you can see, the
21 triangles are the new applications. The acquisitions
22 are the round applications.

23 The 2011 applications came in as a result of
24 the board allowing 2011 applications that were not
25 funded directly, those applications that were

1 provisionally funded and those that we did not fund to
2 roll their application over as is or amended. And we
3 also had the opportunity to withdraw their
4 application.

5 John went over -- went over some of the
6 distribution of these projects, and I want to review
7 that a bit. We had a total of eighty-nine 2011
8 applications, and then 72 new 2012 applications that
9 were resubmitted -- I mean, that are initially
10 submitted. As you can see there, is a breakdown of
11 the number of projects by region, by program area,
12 also by application type, by partners, and then
13 finally by the field rep type.

14 We'll begin pursuing these applications, the
15 process of getting back with our applicants. Our
16 field reps will be in the field. They will receive
17 their applications today and get to work on them and
18 begin assessing those applications.

19 I do think the fact that we were funded \$11
20 million 250 thousand dollars and still have \$126
21 million dollars in application shows a great demand
22 across the state for funding. We continue to face the
23 same challenge as we have in the past with regards to
24 failing infrastructure, crumbling infrastructure
25 that's in many cases 50 or more years old. From a

1 wastewater perspective you can reflect on the
2 presentations yesterday related to stream restoration,
3 sediment control and all those kinds of things and we
4 corrected stream restorations that are impairing our
5 streams and also entering water supplies and
6 reservoirs.

7 And then also in acquisition, I think the
8 acquisition is a true test to the need that is out
9 there, and not only need, but opportunity.
10 Acquisitions, we have not funded two out of the last
11 years. It is a major part of our program. It's 55%
12 historically of the projects and the amount of money
13 that we send out go to acquisitions. And I think in a
14 sense, and it's not the trustees' fault, but we've
15 really left a big gap in our program, our objectives,
16 in being able to protect, restore and enhance surface
17 water quality by not implementing an acquisition
18 program. And, again, it will be a priority for us to
19 get those restrictions removed as we move forward into
20 this upcoming session. Are there any questions with
21 regards to what we have, the distribution? Yes?

22 MS. MELE: Has there been application with
23 regard to the military encroachment?

24 MR. ROGERS: Yeah. My understanding, and we
25 have not been through them specifically, from our

1 perspective on those, but I believe there's about 45
2 million dollars in applications of acquisitions that
3 are in our pool, and they are noted as acquisitions.
4 We typically don't split those out. They'll run
5 through our acquisition review. They're acquisition
6 buffers, so we usually process them through the
7 acquisition program. Any other questions?

8 (No response.)

9 Now, as you all understand and know, in any
10 process, any opportunity, there's always flaws and
11 issues with it. Our 2011 applications that we asked
12 for them to submit their form for either transferring
13 their project, amending their project keeping it in
14 the 2012 cycle, or withdrawing their project. All
15 folks did not respond. We communicated with them
16 several times. And over this past week there's been
17 extreme, an interesting flurry of emails and requests
18 to extend some of the 2011 applications into the 2012
19 cycle. If you'll put the next slide up, please.

20 These are four projects that we did not get
21 a response from by February 1. Our initial deadline
22 for 2011 applications to be sent in if they wanted a
23 transfer was by the 16th, I think, of January, and if
24 we didn't get that, we extended them another deadline
25 out to the 1st of February, and we still didn't hear

1 from some. And when we sent a final letter saying or
2 email that was going to be followed up by a letter
3 saying we understand that we haven't received any
4 information and you will not be considered in 2012,
5 the phones started ringing and emails started coming.
6 And these folks, the City of Wilson, the Town of
7 Candor, Roanoke Rapids Sanitary district and Lake Lure
8 have requested. And, again, any request they want to
9 make that's out of our purview we want to bring to the
10 board.

11 I am not saying that staff is not without
12 fault here, too, if for some reason these folks may
13 not have gotten notice. But we would like to present
14 these to the board. And the staff does recommend that
15 you do approve them and allow them into the 2012
16 cycle. Staff does not feel they have the authority
17 because it's after the deadline, and typically any
18 project that comes in after the deadline takes board
19 approval for them to be considered.

20 CHAIRMAN MCMILLAN: All right. You've heard
21 the staff's recommendation. Is there a motion to, um,
22 with respect to these four projects?

23 MR. HOWARD: I have just a little
24 clarification question. Richard, from 2009 to 2010 or
25 say 2006 to 2007, whatever you pick, were projects

1 allowed to roll over, if that's the correct term?

2 MR. ROGERS: They are not. We typically
3 start a brand-new cycle. Anybody that is not funded
4 makes a reapplication. I think one of the things that
5 we thought and considered with regards to 2011
6 applications was the fact that less than ten percent
7 of those folks that applied didn't have any
8 opportunity because we just didn't have the money. So
9 I think the board thought it appropriate for them to
10 go ahead and allow us to roll them over.

11 MR. HOWARD: Right, and I remember us making
12 that decision. And I've got a little bit of regret
13 now because just the more I think about it, the more
14 that -- If you're narrowing the field of people that
15 are able to play, you should raise the standards to
16 play, not lower them.

17 MR. ROGERS: Well, I think that part of the
18 problem was that they just did not have the
19 opportunity for real consideration because of the
20 limited funds. I mean, if you recall we were taking
21 projects that scored a hundred or 95 and above, and
22 nobody else got consideration. Projects that scored
23 lower than that are extremely good projects, and it's
24 just that they just did not have the opportunity. But
25 I understand -- I understand what you're saying, too.

1 MR. HOWARD: Sure. And I'll be aware of
2 that going into the next year, too. Thank you.

3 CHAIRMAN MCMILLAN: Anybody have any
4 thoughts about this? John Garrou?

5 MR. GARROU: I'm just curious as to how they
6 were able to receive notice that they were no longer
7 eligible and they didn't somehow receive the earlier
8 notice.

9 MR. ROGERS: I don't know that I can answer
10 that, Mr. Garrou. Again, I think, you know, lots of
11 times these things, we put it out on their plate when
12 they -- after the initial decisions were made by the
13 board through a letter that they were able to reapply
14 with good turnout. And they have -- That was in
15 October or November. They have all the way to January
16 to get it done. We sent out another notice, and
17 sometimes there's change in county administrators.
18 There's a couple of cases here that they've got new
19 managers coming in and, you know, I think that these
20 things just fall through the gaps sometimes.

21 MR. HOWARD: I think it's a sign of frank
22 unprofessionalism to not make such a date, and I know
23 that in a private sector if we miss a bid date or a
24 meeting or these pre-application or pre-bid meetings
25 they shut the door and they lock it. I mean,

1 literally at nine o'clock, and I think those same
2 standards should be adhered to by the committee. And
3 I would object to these being allowed to be
4 considered.

5 CHAIRMAN MCMILLAN: Yes, sir?

6 MR. BRAGG: Mr. Chairman, I would agree with
7 George except we sent out another letter saying, hey,
8 if you want to apply you better let us know. So we
9 kept the door open for them to do so. So it seems to
10 me we should add them to the list.

11 CHAIRMAN MCMILLAN: Is that a motion?

12 MR. HESTER: I would move that we add them
13 to the list. Actually, these haven't been assigned
14 yet or they will be assigned today, all the projects.
15 No work has begun yet; is that correct?

16 MR. ROGERS: Only the work that we had done
17 in 2011 on the projects in the field rep visit. The
18 score on these have not been done.

19 MR. HESTER: I move that we consider these
20 projects to go with the rest.

21 MR. PATE: Second.

22 CHAIRMAN MCMILLAN: I have a motion and a
23 second. Is there further discussion?

24 (No response.)

25 CHAIRMAN MCMILLAN: If not, all in favor of

1 the motion say "Aye."

2 TRUSTEES: Aye.

3 CHAIRMAN MCMILLAN: All opposed "No."

4 TRUSTEES: No.

5 CHAIRMAN MCMILLAN: Let's have a show of
6 hands. All in favor of allowing these four
7 applicants, please raise your hand.

8 TRUSTEES: (13 vote in favor.)

9 CHAIRMAN MCMILLAN: All opposed?

10 TRUSTEES: (4 vote against.)

11 CHAIRMAN MCMILLAN: 13 to 4 in favor, and
12 they will be added. Okay, for the record, these
13 project numbers are 2011-055 City of Wilson, 2011-201
14 Town of Candor, 2011-423 Roanoke Rapids Sanitary
15 District, and 2011-801 Town of Lake Lure. And those
16 applicants will be allowed to be considered in this
17 current cycle.

18 Anything further, Richard, on the 2012
19 project applications?

20 MR. ROGERS: That concludes the overview
21 unless the Trustees have questions.

22 (No response.)

23 CHAIRMAN MCMILLAN: All right. Stan
24 Vaughan, are you ready with the Administrative
25 Committee Report?

1 MR. VAUGHAN: Yes, Mr. Chairman. We met
2 yesterday at noon, and we have one action to bring
3 before the board. The committee recommends
4 unencumbering a total \$442,960.62 from previous
5 unencumbered funds to be reallocated I think by the
6 Acquisition Committee.

7 CHAIRMAN MCMILLAN: You've heard the
8 recommendation of the committee. Is there discussion?

9 (No response.)

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

12 TRUSTEES: Aye.

13 CHAIRMAN MCMILLAN: Any opposed "No."

14 (No response.)

15 CHAIRMAN MCMILLAN: The ayes have it.

16 MR. VAUGHAN: That's all.

17 CHAIRMAN MCMILLAN: We move on to the
18 Acquisition Committee report. Joe Hester?

19 MR. HESTER: Thank you, Mr. Chairman. We
20 considered a couple of matters yesterday afternoon and
21 had some discussion about 2008 projects. It's my
22 understanding that the committee has \$1,172,775 it is
23 now able to allocate to projects. The first
24 recommendation that we made was in project number
25 2008-082. The committee recommends approval of

1 transfer of that 2008-082 from Wake County to Triangle
2 Land Conservancy and the approval of requested scope
3 of work change for the project to become the purchase
4 of a conservation easement, and the approval of
5 funding up to \$745,000. The committee was able to see
6 the revised application which seemed to be actually a
7 better application than the original one. That's our
8 recommendation to the board.

9 CHAIRMAN MCMILLAN: The committee recommends
10 the approval of the transfer of 2008-082 from Wake
11 County to Triangle Land Conservancy. Approval of the
12 requested scope of work change for the project to
13 become the purchase of a conservation easement and for
14 the approval of up to \$745,000 subject to the
15 availability of funds. Is there a discussion on that
16 motion?

17 (No response.)

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

20 TRUSTEES: Aye.

21 CHAIRMAN MCMILLAN: Any opposed "No."

22 MS. KUMOR: No.

23 CHAIRMAN MCMILLAN: They ayes have it.

24 MR. HESTER: Next we considered two projects
25 that remained to be funded: 2007-058 and 2008-080.

1 There was quite a bit of discussion about our prior
2 policy of trying to fund the 2008 projects that had
3 been approved back in 2008 before we lost our funding.
4 There is a recommendation that we made to the board.
5 However, there were two matters I think that were
6 assumed that were not included in the recommendation.
7 The first is that the applicants submit revised plans
8 to make these conservation easement acquisitions and
9 not simple acquisitions. And the second, if they
10 chose not to accept the funding that the
11 recommendation offers that they be able to compete in
12 the 2012 application process.

13 So I would ask for a motion basically as
14 follows that projects 2007-058 and 2008-080 that a
15 motion to offer 2008-080 Wake County \$67,000 for
16 easement acquisition, and offering 2007-058 City of
17 Raleigh \$370,000 for easement acquisition provided
18 each applicant submits a request for the projects to
19 become said conservation easement acquisitions. If
20 either applicant does not accept the offer of award,
21 they may compete in the 2012 applications for funding.

22 CHAIRMAN MCMILLAN: You've heard the motion
23 of the committee. Is there discussion? Mr. Hollan?

24 MR. HOLLAN: Mr. Chairman, I made the motion
25 and Beth, as it often happens, determined that I made

1 a calculation error in the numbers. Instead of
2 \$67,000 it should be \$64,000, and instead of \$370,000
3 it should be \$363,000. The remaining funds were
4 \$427,000 rather than the \$437,000 that I had
5 erroneously calculated. So thank you, Beth. And I
6 would like to amend the motion to or the committee
7 recommendation to include those corrected numbers.

8 MR. WRIGHT: Second.

9 CHAIRMAN MCMILLAN: All right. There's a
10 motion to amend the committee recommendation. It's
11 been seconded. Is there discussion? Stan?

12 MR. VAUGHAN: Should it be added to the
13 motion that if these amounts are accepted that
14 completes our obligation to them under these
15 contracts?

16 CHAIRMAN MCMILLAN: Yeah, let's deal with
17 the correction portion on the numbers first, and then
18 we'll talk about the main motion. Is there further
19 discussion on correcting the numbers for the
20 mathematical error of \$10,000?

21 (No response.)

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

24 TRUSTEES: Aye.

25 CHAIRMAN MCMILLAN: Any opposed "No."

1 (No response.)

2 CHAIRMAN MCMILLAN: The ayes have it. Now,
3 the main motion is before us. And, Stan, you're
4 suggesting to amend the motion to clarify that this is
5 the end of 2008?

6 MR. VAUGHAN: Well, I think we could say
7 that since these amounts are less than originally
8 requested, that if they accept these amounts that is
9 in full settlement for those applications.

10 CHAIRMAN MCMILLAN: Well, I think the motion
11 states that it is contingent upon them submitting a
12 revised application in those amounts. Does that take
13 care of that?

14 (No response.)

15 CHAIRMAN MCMILLAN: Okay.

16 MR. WRIGHT: Mr. Chairman, I have a
17 question.

18 CHAIRMAN MCMILLAN: Jerry?

19 MR. WRIGHT: These -- The motion includes
20 language having to do with being able to reapply or
21 either accept funding. And that language is not in
22 our motion that we approved yesterday. And I just
23 want to make sure that language is included in one of
24 these motions. We said it was about funding, but it
25 also includes the language about being able to

1 reapply, and I just want to make sure that language is
2 included in the motion.

3 CHAIRMAN MCMILLAN: Jerry, as I heard the
4 motion part of it is that if either applicant does not
5 accept the offer of award that they may compete with
6 2012 applications for funding as originally applied
7 for.

8 MR. WRIGHT: Okay. Thank you.

9 CHAIRMAN MCMILLAN: Is that correct, Mr.
10 Hester?

11 MR. HESTER: I think so.

12 CHAIRMAN MCMILLAN: All right. Is there
13 further discussion on the motion as amended by Mr.
14 Hollan?

15 MR. WRIGHT: Mr. Chairman --

16 CHAIRMAN MCMILLAN: Yes.

17 MR. WRIGHT: -- Reed Wilson is here today,
18 and I would like to say to everybody one of the things
19 that we didn't go over yesterday is that shortly after
20 the 2008 approval of our applicants and projects the
21 Governor came and pulled our money, and we went
22 through a long period of trying to figure out how
23 exactly to adjust this. His group basically sent us a
24 letter many months ago asking that we consider going
25 ahead and fulfilling our obligation of those

1 approvals. And that has been a long and torturous
2 task at times to kind of get to where we are today.
3 And with Stan's comments, hopefully we are through
4 that process and can move on toward new applications
5 and new projects. And it has taken a lot of
6 commitment to get along this far. And it has not been
7 easy, and we have not all agreed with it over the
8 months. But I think we did what we felt like was fair
9 and equitable to the people that are applying, and I'm
10 glad to see it come to a close.

11 CHAIRMAN MCMILLAN: Further discussion?

12 (No response.)

13 CHAIRMAN MCMILLAN: If not, so many as favor
14 the motion as amended, please say "Aye."

15 TRUSTEES: Aye.

16 CHAIRMAN MCMILLAN: Any opposed, "No."

17 MS. KUMOR: No.

18 CHAIRMAN MCMILLAN: The ayes have it. And
19 this does end a long chapter in the 2008 applications.
20 Not only is Reed Wilson here, but Tom Coors is here in
21 the back, and Fred Anand is here. They've all been a
22 part of this. Tom and Reed -- Tom Coors and Reed
23 Wilson are very active in the Land for Tomorrow
24 Advocacy for funding for Clean Water. We talked about
25 that a little bit yesterday at their presentation of

1 the Quad Trust meetings. And they're faithful
2 attendees at our board meetings, and we're glad to
3 have them. So thank you, fellows.

4 All right. Does that conclude the
5 Acquisition Committee report?

6 MR. HESTER: No, we have one other thing,
7 Mr. Chairman, and that has to do with a variance being
8 requested by Haywood County. And if I may, Tom would
9 you in 60 seconds tell the board what this is about
10 quickly?

11 MR. MASSIE: Yes, Mr. Chairman. Haywood
12 County has a buffer protection program that used two
13 different sources or state funds, including Clean
14 Water Management Trust funds after flooding along the
15 Pigeon River some years ago back in 2006.

16 They have 56 matching parcels of which only
17 a small majority of those were actually Clean Water
18 acquisitions. They had asked for a variance on five
19 properties to allow commercial activities on those
20 properties on leases they have signed with private
21 property owners. None of those five parcels have any
22 Clean Water money in there whatsoever. They were all
23 funded through another program.

24 I have visually inspected all five
25 properties and have determined that the activities

1 that have been proposed, the commercial activities,
2 most of which are agriculture, will not impact water
3 quality. And Haywood County has promised to put a
4 minimum 50-foot buffer on all five parcels, including
5 the two that aren't even adjacent to the stream that
6 have no water whatsoever touching their boundaries.

7 That's the long and the short of it. It
8 shouldn't impact water qualities. It seems a
9 reasonable request to staff, and therefore we have
10 recommended it to the committee.

11 MR. HESTER: Thank you, Tom. And based on
12 Tom's review and our discussion yesterday, the
13 committee recommends approval of a variance on five
14 parcels as requested by Haywood County to allow
15 agriculture and commercial activities continue so long
16 as the current footprint and use remains the same.
17 That is our recommendation.

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

20 (No response.)

21 CHAIRMAN MCMILLAN: Hearing none, so many as
22 favor the motion say "Aye."

23 TRUSTEES: Aye.

24 CHAIRMAN MCMILLAN: Any opposed say "No."

25 (No response.)

1 CHAIRMAN MCMILLAN: The ayes have it. The
2 motion carries.

3 MR. HESTER: That concludes our report, Mr.
4 Chairman.

5 CHAIRMAN MCMILLAN: Thank you, Mr. Hester.
6 The Program Committee report - Stewardship/Endowment
7 Co-Chair John Garrou.

8 MR. GARROU: Thank you, Mr. Chairman. We
9 have a four-part recommendation, and we had an
10 extensive discussion of this yesterday, but I'll go
11 over briefly what these recommendations are intended
12 to do. The first issue being addressed is the fact
13 that the statute creating the stewardship endowment,
14 if you recall that the endowment is intended to
15 generate income to monitor conservation easements,
16 that the statute permitting the creation of the
17 endowment prohibits the invasion of principal to do
18 the work of the endowment. That provision we think is
19 unduly restricted, but it is what it is, and we
20 propose to see if we can get that either interpreted
21 in a different way or changed by legislation, but we
22 have what we have.

23 So the first recommendation of the committee
24 is that we transfer by bookkeeping entry \$146,676 -- a
25 hundred and forty-six thousand, six hundred and

1 seventy-six dollars in investment income, accrued
2 investment income, from the endowment fund to the
3 operating cash fund of the trust and that that sum be
4 encumbered for future stewardship activities as long
5 as it lasts and that that fund be invested as our
6 other funds are in a short-term interest account. So
7 that's our first recommendation. Mr. Chairman, do you
8 want to take these in order and vote on them in order?

9 CHAIRMAN MCMILLAN: Yeah, I think that's the
10 best thing to do.

11 MR. GARROU: Okay.

12 CHAIRMAN MCMILLAN: Let's deal with that
13 motion first -- that recommendation first. There's a
14 motion of the committee to transfer \$146,676 in
15 accrued interest from the endowment fund to our
16 operating fund and that it be encumbered for
17 stewardship purposes. Is there a discussion on that
18 motion?

19 (No response.)

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

22 TRUSTEES: Aye.

23 CHAIRMAN MCMILLAN: Opposed say "No."

24 (No response.)

25 CHAIRMAN MCMILLAN: The ayes have it.

1 MR. GARROU: The second recommendation, Mr.
2 Chairman, is that we adopt a resolution which is, I
3 think, in everybody's packet that would declare the
4 official intent of the trust fund to invest funds of
5 the Conservation Easement Endowment Fund with the
6 State Treasurer pursuant to North Carolina General
7 Statute Section 147-69.2 as presented to the committee
8 on February 12th. The intent of that resolution is to
9 permit the investment of endowment funds in securities
10 other than the long-term fixed interest securities
11 that we now are 100% invested. And the third
12 resolution will tell you exactly what that mix is that
13 we intend to -- what we believe should be invested in
14 it, so this resolution drafted by counsel would give
15 us the ability to invest these funds as I will
16 describe later.

17 CHAIRMAN MCMILLAN: All right. You've heard
18 the motion of the committee to adopt a resolution to
19 allow diversification of our funds in the endowment
20 account. Is there a discussion of the motion?

21 (No response.)

22 CHAIRMAN MCMILLAN: If not, so many as favor
23 the adoption of the motion and the resolution please
24 say "Aye."

25 TRUSTEES: Aye.

1 CHAIRMAN MCMILLAN: Opposed "No."

2 (No response.)

3 CHAIRMAN MCMILLAN: The ayes have it.

4 MR. GARROU: The third recommendation of the
5 committee, Mr. Chairman, is to allocate the funds in
6 our endowment account as follows: 60% in an equity
7 fund maintained by the State Treasurer, 20% in the
8 long-term fixed income fund which is where 100% of our
9 current funds are invested, and 20% in the short-term
10 investment fund. And that last 20% from the short-
11 term fund would take into account the \$146,676 that we
12 have previously agreed should be removed from the
13 endowment fund and put into the operating fund. So
14 20% will be less, will be netted -- of this \$146,000
15 will be netted against that 20%. That is the
16 recommendation of the committee.

17 CHAIRMAN MCMILLAN: You've heard the
18 recommendation of the committee. Is there discussion?

19 (No response.)

20 CHAIRMAN MCMILLAN: If not, so many as favor
21 the recommendation of the committee say "Aye."

22 TRUSTEES: Aye.

23 CHAIRMAN MCMILLAN: Those opposed "No."

24 (No response.)

25 CHAIRMAN MCMILLAN: The ayes have it.

1 MR. GARROU: The next recommendation, Mr.
2 Chairman, is that we transition these investments of
3 the transfer from the long-term fund in the
4 proportions previously described, that we transition
5 this investment over at 12-month period through dollar
6 cost average, and specifically this is something that
7 Bill raised yesterday after our meeting, specifically
8 that dollar cost averaging be accomplished as a
9 percentage of the funds so that it, for example, if we
10 will be at 60% in the equity fund, and that will be
11 done, 5% of the fund per month as opposed to a dollar.

12 CHAIRMAN MCMILLAN: You've heard the
13 recommendation of the committee. Is there further
14 discussion?

15 MR. HOLLAN: John --

16 CHAIRMAN MCMILLAN: Bill Hollan.

17 MR. HOLLAN: -- I was talking to Christopher
18 about it this morning. I think, John, what we'd like
19 to do is cumulatively at the end of the first month
20 you'd have 5% in the equity fund. At the end of the
21 second month you'd end up with a total of 10% in the
22 equity fund so that if the equity fund had gone down a
23 little bit you'd buy more of it to automatically
24 rebalance. So rather than doing 5% each month, you'd
25 do 5% on the cumulative balance so at the end of the

1 12-month period you'd be at 60% and you would have
2 averaged -- kept the fund balanced and averaged your
3 investments along the way, and then the same thing
4 going into the short-term fund if that's --

5 MR. GARROU: So I understand the difference
6 between what you're saying and what I said is that it
7 wouldn't necessarily be 5% of the fund that then
8 exists each month. It would be an amount that would
9 achieve a proportion, a ratable proportion where
10 you're trying to go.

11 MR. HOLLAN: Right. At the end of the first
12 month we want to be at 5%. At the end of the second
13 month we want to be at 10%. At the end of the twelfth
14 month we want to be at 60%. And if the equity goes
15 down you're therefore buying more of it in the next
16 month, which gives you an average cost of the equity
17 fund below the current cost.

18 MR. GARROU: That makes sense to me. Does
19 it make sense to the rest of the trustees, and can we
20 -- can we -- can we modify our recommendation to take
21 that into account?

22 CHAIRMAN MCMILLAN: I think what we need to
23 do is take that as an amendment to the committee
24 recommendation, so --

25 MR. GARROU: So you have the committee

1 recommendation.

2 CHAIRMAN MCMILLAN: You have the committee
3 recommendation. Mr. Hollan makes a motion to amend
4 the committee recommendation to adjust the investment
5 so that it achieves 5% after the first month, 10%
6 after the second month, etcetera, until you achieve
7 60% in the equity's fund, and the same with the long-
8 term and short-term funds. Now, is there a second to
9 Mr. Hollan's motion?

10 MS. KUMOR: Second, Renee Kumor.

11 CHAIRMAN MCMILLAN: We've got a second. Is
12 there a discussion of that motion to amend?

13 (No response.)

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

16 TRUSTEES: Aye.

17 CHAIRMAN MCMILLAN: Any opposed say "No."

18 (No response.)

19 CHAIRMAN MCMILLAN: The ayes have it, and
20 the committee motion is amended as stated by Mr.
21 Hollan. Now, the matter before you is the motion of
22 the committee as amended by Mr. Hollan's motion. Is
23 there discussion, further discussion of that motion?

24 (No response.)

25 CHAIRMAN MCMILLAN: If not, so many as favor

1 the motion say "Aye."

2 TRUSTEES: Aye.

3 CHAIRMAN MCMILLAN: Any opposed say "No."

4 (No response.)

5 CHAIRMAN MCMILLAN: The ayes have it.

6 MR. GARROU: And finally, Mr. Chairman, the
7 committee acknowledges that there will be some cost
8 associated with establishing the legal agreement for
9 these investments estimated at about \$5000 which will
10 be funded through the administrative within the
11 current fund of the administrative budget. So the
12 recommendation is that the staff have authority to
13 spend the funds for the transfer of the investments
14 with the approval of the chairman of the
15 Administrative Committee and the chairman of the
16 board.

17 CHAIRMAN MCMILLAN: You've heard the motion.
18 Is there discussion on that motion?

19 (No response.)

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

22 TRUSTEES: Aye.

23 CHAIRMAN MCMILLAN: Those opposed say "No."

24 (No response.)

25 CHAIRMAN MCMILLAN: The ayes have it.

1 MR. GARROU: That is our committee report,
2 Mr. Chairman.

3 CHAIRMAN MCMILLAN: Thank you, Mr. Garrou.
4 And thanks to Frank Bragg and Bill Hollan and
5 Christopher and Beth and Richard and all the folks on
6 the staff who have worked diligently on putting this
7 together for us over the last several months. There
8 have been lots of meetings and conference calls and
9 communications with the Treasurer's Office. It's a
10 job well done.

11 All right. That completes the work of that
12 committee. And, I believe, Senator Hunt is here.
13 Where did he go? Neal, come on up. Come on up here
14 with me.

15 SENATOR HUNT: (Mr. Hunt enters the room.)

16 CHAIRMAN MCMILLAN: We've been joined by
17 Senator Neal Hunt from Wake County. Neal's an old
18 friend and a dear friend and grew up in Raleigh. Neal
19 has been in the State Senate now for four terms. He
20 is -- He worked in his private life. Well, first, he
21 graduated from Hampden-Sydney College with a bachelor
22 of science degree.

23 MR. ROGERS: Yeah!

24 CHAIRMAN MCMILLAN: He then received a
25 master's degree in business from the Wharton School of

1 Finance at the University of Pennsylvania. He went to
2 work for Wachovia Bank. He was the head of the
3 commercial mortgage loan department in both Raleigh
4 and Winston-Salem. He was in the downtown Raleigh
5 Wachovia Bank when I came as a young lawyer with
6 Manning Fulton & Skinner in 1967. I should say part
7 of that time you were in Raleigh. He worked with
8 Wachovia until 1972, and then for a long time he built
9 houses and apartments and residences all over the
10 southeast.

11 He has a long history of public service. He
12 was on the Raleigh Planning Commission from 1995 to
13 2000. He was on the Raleigh City Council from 2001 to
14 2004. He's been in the State Senate. He's now in his
15 fourth term, so this is his eighth year. He is Co-
16 Chair of the Senate Appropriation's Committee along
17 with Senator Pete Brunstetter from Winston-Salem and
18 Richard Stevens, also from Raleigh.

19 And he's a friend of the environmental
20 community, and we're glad to have you here. And we're
21 going to tell you a little bit about Clean Water. You
22 know a lot about Clean Water, but Richard is going to
23 give you a little summary of what we're about. We
24 have been here -- This is the full board that's come
25 from all over the state. Our staff is behind us back

1 here.

2 We came yesterday and convened at noon in
3 this room, and we met from noon until 5:15 with no
4 breaks hearing committee meetings and discussions and
5 doing the good work of the state and have been here
6 since 8:30 this morning. And we do this about four or
7 five times a year. We used to do it every month, but
8 we've shortened our meeting dates. So, Richard, tell
9 us a little bit about Clean Water.

10 MR. ROGERS: Thank you, Mr. Chairman.
11 Welcome, Senator Hunt. I just want to give you a
12 brief overview of the history of the fund, and also
13 some of the things that we are undertaking, kind of
14 our program areas, those sorts of things.

15 The fund was established in 1996 after a
16 terrible water quality issue in the Neuse River with
17 fish kills and things of that nature. The legislature
18 decided that there needed to be a fund established to
19 protect surface water across North Carolina. The
20 initial initiative was to protect and restore and
21 enhance surface water quality across North Carolina.

22 The legislature also made it abundantly
23 clear that it would be a non-regulatory program.
24 Efforts along this should be voluntary, and that we
25 work with local governments, conservation nonprofits,

1 state organizations, and the like.

2 Initially the fund, and we still have some
3 members that came up from these different program
4 areas: Joe Hester, Jerry Wright, Bill Hollan, and the
5 like, Ron Beane and others decided that there's three
6 or four different categories in which we can go about
7 protecting surface water in North Carolina:
8 wastewater infrastructure, restoration stormwater and
9 greenway program, and then our land acquisition
10 program.

11 These are just a few fast facts with regard
12 to the program. Since 1997, which was the first year
13 grants were awarded, we got over 1500 grants. The
14 legislature has provided more than \$968 million
15 dollars for the fund. With those funds we leveraged
16 \$1.4 billion dollars. Eight percent of that \$1.4
17 billion are non-state funds.

18 We've also done projects in all 100 counties
19 across the state. The results from those projects is
20 5100 miles of buffers that have been preserved. I
21 always like to kind of put it in a different context.
22 That's 10 trips from Manteo to Murphy. And there's
23 over 473,000 acres we have partnered with other folks
24 in protecting across the state, 358,000 football
25 fields.

1 The breakdown of our traditional allocation
2 of that \$968 million dollars: Acquisition provides
3 about 55% of the projects in front of you.
4 Restoration/stormwater is at 19%, and wastewater at
5 26%. Now, just to go through some of the projects and
6 get some pictures. And trustees, you all saw some of
7 these pictures yesterday. I pulled them from the
8 other presentation you have, so they'll be coming up.

9 Here's just a map of the projects that we
10 have funded across the state. And you can see the
11 trust fund has been very deliberate in making sure
12 that the projects are distributed across the state.
13 The acquisition program is in green, restoration is in
14 blue, stormwater is red -- orange, wastewater is red.
15 And tan is the planning grants that we have done.

16 The acquisition program, the main purpose
17 here is to buffer surface waters and to protect
18 pristine waters. We also have done a great deal of
19 work with regard to protecting water supplies. Here
20 are a couple of examples. Falls Lake Reservoir of
21 Wake County, you can see the projects that we
22 participated in. And, again, you can see Mountain
23 Island Lake, which you heard about yesterday, another
24 major water supply for Mecklenburg and Charlotte area.
25 And you can see the need for buffering in that area.

1 We've also partnered a lot with our state
2 parks as well in the development of Lake James State
3 Park and also Chimney Rock State Park where we had
4 partnered with the state parks to provide riparian
5 areas in the upper areas purchased with those folks
6 state parks and other funds as well. This goes a lot
7 to park access. We also partner a lot with our
8 Wildlife Resource agencies, also.

9 Restoration projects I think are some of the
10 most unique projects that we do. Benefits that we get
11 out of our restoration projects are keeping sediment
12 out of streams and other pollutants and basically
13 bringing the stream back to its natural state so that
14 it can provide flood plain areas for when springs
15 overrun their banks without carrying sediment down to
16 the water supplies and filling streams, of that
17 nature. Here's another example of some stream
18 restoration that we have done. You can see where the
19 banks have been or were eroding extremely bad at Boone
20 Creek and Ararat River, the before and after pictures.

21 Our stormwater program, the main point here
22 is efforts to keep pollutants out of surface waters,
23 some BMPs. There's about 12 BMPs that run septic
24 across the state and that work well. We're also
25 looking to keep the flow of water manageable so that

1 it does not tear out and disturb streams as well. The
2 bioretention area occurs as more of a rain garden area
3 that provides a place for water to go on a proverbial
4 surface. There's a couple of constructed wetlands
5 examples up there. One in Raleigh down on Glenwood at
6 Fletcher Park and also in Boone, and then the Grassed
7 Swale in Raleigh would be another example of managing
8 our stormwater flow.

9 Our wastewater program, there's about four
10 different types of projects that we fund. The Dover
11 and Cove City are examples of where we have eliminated
12 outhouses, straight pipes and failing wastewater
13 systems. This is important, and we actually developed
14 a collection system of all the wastewater treatment
15 systems and took these failing systems off line as
16 well.

17 I think one interesting note that we do in
18 the criteria that we provide is all the wastewater
19 projects that we fund, they have to have a direct
20 impact on surface water with raw sewage. So in other
21 words, that's a bar we have to face. In those cases
22 we think those are in critical need and need to be
23 dealt with. Here are some examples of sewer
24 overflows, you can see the untreated waste going into
25 the water and also a sprayfield that is not

1 functioning properly. The over spray is getting into
2 the surface water.

3 This is an example of a regionalization
4 project that we did with the Town of Elkin and three
5 other systems: Jonesville, Chatham Manufacturing,
6 also Wilkes County High School. We went over this
7 project in a little bit more detail, but I think the
8 take away from this is the fact that local governments
9 overcame their political issues in joining together.
10 And you can see the cost savings there. The
11 investment of about \$6.4 million invested in combining
12 these systems, and it would save at least six, seven
13 to eight million dollars if they each tried to repair
14 their individual systems. Again, another project that
15 we partnered with the Rural Center, the outcome was
16 great. We take three failing septic systems and a
17 couple of discharges out of a stream.

18 Just a little bit about our program
19 administration. We averaged about 300 contracts this
20 past year that we managed from closing and starting
21 and the process of managing invoices and payments of
22 the contracts. There's about \$100 million dollars in
23 our fund now that we manage.

24 Since 2008 -- In 2009 our budget was pulled
25 back when the Governor came in and took 112 -- 15

1 million dollars out of our budget, and since that time
2 we have been in the process of reducing the
3 administration to stay in line with what we need to
4 administer as it relates to contracts and
5 applications. We've had a 38% reduction within our
6 administrative budget from about \$2.5 to \$1.5 over the
7 same period a 38% reduction in staff as well.

8 We're also looking at other things that we
9 are improving including operating costs of about 65%
10 reduction in our operating costs. This includes our
11 board meeting facilities where we met. It also
12 includes like our recent move that we made from leased
13 space into state space where we don't have to pay any
14 lease anymore. The savings on that is about \$70,000 a
15 year. I think that our board expects us to manage
16 ourselves in a way that is appropriate and not --
17 well, just manage ourselves appropriately, I guess is
18 the way we should say that.

19 The implementation of the 2011 budget,
20 you're very familiar with this. We had \$11.25 million
21 dollars appropriated. This is the breakdown of the
22 money. We have spent all that money on grants.
23 Seventy percent of those contracts are encumbered or
24 in the process of being encumbered. The others we've
25 got out the door and are waiting to hear back from the

1 local government and our project administrators on
2 that to be signed. And we'll move forward with that.

3 Our acquisitions for military has spent over
4 \$2 million dollars related to that, and we think the
5 board can keep that on as a priority. And I think the
6 other thing to know is that the board has been very
7 persistent about making sure that we comply with the
8 restrictions in the statute.

9 This is a little bit of the overview of what
10 we've done. We had \$157 million dollars in
11 applications last year. We funded less than 10% of
12 that. Forty-six awards were made. These included the
13 awards that were funded and also some provisional
14 awards that were made by the trust fund.

15 As we go throughout the year we have funds
16 that unencumber, and it is the intent of the board to
17 put that directly back. And what we do is we
18 unencumber those funds and fund the provisionally
19 funded projects we can afford to make.

20 Sixty-five percent -- we leveraged our money
21 with a 65% match. And 76% of the wastewater were made
22 in economically distressed areas. And then I think
23 another thing is the legislature took a priority on
24 just looking after the water supply and watersheds and
25 made 17 awards to help protect downstream water

1 supplies.

2 This is just kind of a summary of what we're
3 looking at coming into the session. And we can
4 continue to administer effectively and efficiently the
5 program. The board is always interested in that. Of
6 course, we want to increase funding and, you know, I
7 think that's a no brainer. Our efforts, we've got
8 \$126 million dollars in applications this year. We'd
9 like to fund as many as we can. They are excellent
10 applications, and we look forward to getting more
11 money.

12 I think another priority is we are
13 restricted in regards to our acquisition program and
14 easements. I think it's important that we expand and
15 allow us to participate in these purchases. Over the
16 last two out of the last three years we have not
17 funded any acquisition projects, and I think there's a
18 high demand for that. I think if the prices are right
19 and if real estate is down it's a great opportunity
20 for us to continue our efforts in acquisition for
21 protection of our water quality.

22 Another focus that the board has taken on is
23 dealing with source water protection as illustrated in
24 609, our ability to protect source water has
25 broadened. We were also given the responsibility of

1 considering applications in the development of
2 reservoirs, which we will do. That's it. I'll be
3 glad to take questions and look forward to your
4 comments as well, Senator.

5 CHAIRMAN MCMILLAN: Thank you, Richard.
6 Senator, we heard yesterday from Colonel Tom Reeder
7 with the North Carolina Department of Environment and
8 Natural Resources who's the head of the division of
9 Water Resources. We heard from Mayor Meeker, former
10 Mayor Meeker. We heard from David Kroening, the
11 watershed manager for Charlotte/Mecklenburg stormwater
12 services.

13 The Mayor of Raleigh and the watershed
14 manager from Mecklenburg talked about the impact of
15 the clean water grants that have protected the streams
16 that lead into the big watersheds, the water supply
17 systems. As you know Raleigh gets its water from
18 Falls Lake, which is the Neuse River. And Charlotte
19 gets its water from Mountain Island Lake which is the
20 Catawba River. We have funded dozens and dozens of
21 projects upstream of those lakes to protect those
22 watersheds.

23 Colonel Reeder told us that two thirds of
24 the citizens of North Carolina depend on surface water
25 for their water use. And protecting our surface

1 waters is what we do. So the pendulum of funding for
2 us has swung from \$100 million dollars a year down to
3 \$11 million 250 thousand. And we hope it will swing
4 back the other way and know that you are committed to
5 do what you can to help us with that. It's important.

6 And acquisitions, as Richard said, have been
7 55 to 60 percent of what we've done. And we've been
8 colluded from engaging in those activities. I think
9 that we've gotten some good response from legislative
10 leadership on adjusting that and enabling us in the
11 future to do acquisition projects. We think it's
12 short-sighted not to do that. With that, would you
13 like to say a few words to this group?

14 SENATOR HUNT: Yes, I will. Thank you all
15 for this presentation, very informative. As John
16 mentioned, I have been an advocate of protecting the
17 environment and water quality. And I know some of you
18 all and have been involved with you all in some of
19 these discussions and environmental protection
20 efforts.

21 You all know, of course, that we've got this
22 huge budget problem, and we're struggling to make ends
23 meet, and we've been doing that. We are a little
24 encouraged. Revenues are up it seems to be in terms
25 of projections. I think we're about \$140 million

1 dollars ahead of our projections, but don't get too
2 excited about that because we've spent it about 50
3 times.

4 But I do acknowledge and respect the fact
5 that environmental protection, the quality of our
6 environment is as important, I think, as other factors
7 for businesses when they're determining where they're
8 going to come. It's up there with the educational
9 system, transportation system, low tax rates, and
10 employee base.

11 You know, it's hard to kind of track how
12 important it is, but if you ask a CEO when he's making
13 a decision what he's looking at, not only for his
14 business but where he's going to live and where he's
15 going to raise his family, I guarantee you that
16 environmental protection, the quality of the
17 environment is up there on the priority list.

18 When you all are advocating increasing the
19 appropriation for the Clean Water Management Trust
20 Fund I think you really need to focus on that because
21 this particular legislature, as you all know, is real
22 interested in jobs. And that's a good way to present
23 it, I think, to them is to say, "Look, what CEO is
24 going to want to come to a place that doesn't have
25 pristine water?" And, again, it's hard to track that,

1 but I guarantee you that's a fact. It's hard to
2 quantify it in terms of how many jobs it creates. So
3 whenever I see those numbers, you know, I kind of
4 think, "How can that be? How can you track that?"
5 But just the instinctive subjective consideration that
6 a CEO is going to want to go into an environment that
7 is as good as it can be is critical.

8 I think the purchase of conservation
9 easements is a great way to go about this. And, you
10 know, certainly it's much less expensive than actually
11 acquiring the land. I'm for acquiring the land if
12 we've got the money. But if we don't, a conservation
13 easement is a great way to go.

14 Richard Stevens, as you know, is stepping
15 off. He's not going to run again next time, so we
16 could use -- Richard was an advocate of -- we were
17 sort of the guys pushing for greater environmental
18 spending. So we could use somebody else that will
19 help us with that. But I think if you use that
20 argument I just articulated to talk about how
21 important it is to businesses and the CEOs about
22 living in a great environmentally clean place, I think
23 that's important.

24 But I am an advocate. I'm also a
25 conservative, so I think that's the argument that we

1 should be using. I've always -- I think instinctively
2 I'm an environmental person. If you go around and
3 look in my apartment projects I used to build, I mean
4 I had trees all over the place. I didn't grade
5 anything.

6 Also, I'm really pleased to say -- Let me
7 say that I'm pleased that we are having more private
8 businesses involved in the stream restoration projects
9 and the wetland projects because when something goes
10 wrong when the government does it, we as taxpayers get
11 to go pay for it. But if a private contractor does it
12 you've got a resource to go back and get it fixed at
13 no expense to the taxpayers. So I'm really happy
14 we're doing that. But I'll be happy to try to answer
15 any questions if you want to ask me anything.

16 CHAIRMAN MCMILLAN: On his webpage he says
17 that all of the properties developed and/or
18 constructed are excellent examples of how to maintain
19 the environment while providing housing, and that's
20 what he puts out to everybody, not just to us. So he
21 does do that. Questions of Senator Hunt?

22 (No response.)

23 CHAIRMAN MCMILLAN: Okay. Thank you very
24 much for coming.

25 SENATOR HUNT: You're welcome. Happy to do

1 it. (Senator Hunt exits the room.)

2 TRUSTEES: Applause.

3 CHAIRMAN MCMILLAN: Okay, moving right
4 along. The Restoration/Stormwater/Greenway Committee
5 Report.

6 MS. BRANNON: Yes, sir. I have a
7 recommendation to make to the full board. One of the
8 requests we talked about yesterday is to make an
9 exception to the Clean Water Management Trust
10 Appraisal Policy for the Town of Colerain, which is
11 2010-709, Stormwater Wetland Construction. The
12 committee recommended by exception to the appraisal
13 policy the approval of our participation in the
14 acquisition and provides up to \$23,967, the appraised
15 value of the property, for acquisition. This is the
16 recommendation of the committee.

17 CHAIRMAN MCMILLAN: You've heard the
18 recommendation of the committee. Is there discussion?

19 (No response.)

20 CHAIRMAN MCMILLAN: If not, so many as favor
21 the recommendation of the committee say "Aye."

22 TRUSTEES: Aye.

23 CHAIRMAN MCMILLAN: Opposed say "No."

24 (No response.)

25 CHAIRMAN MCMILLAN: The ayes have it.

1 MS. BRANNON: The next item for your
2 consideration is the request to revise the project
3 scope and reduce the grant award amount for 2011-714
4 project RiverLink, Inc., the Ross Creek Stormwater
5 BMPs, the buffer protection and community education
6 and assistance project. The committee recommends
7 approval of the request to remove the project scope of
8 work the one-acre stormwater wetland to reduce our
9 grant amount by \$176,0000 and to reduce the matching
10 funds amount by \$12,043. The revised project scope of
11 work would retain the remaining work the board
12 previously approved; the other previously approved
13 stormwater BMPs, the easement negotiation and
14 recordation and the education and community
15 assistance. The revised grant amount would be up to
16 \$189,000 and the matching funds amount would be
17 \$535,658. This is the recommendation of the
18 committee.

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

21 (No response.)

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

24 TRUSTEES: Aye.

25 CHAIRMAN MCMILLAN: Those opposed say "No."

1 (No response.)

2 CHAIRMAN MCMILLAN: The ayes have it.

3 MS. BRANNON: The next item for your
4 consideration is L-D 2011, which is the Greenway
5 Application Final Funding Decision. The committee
6 recommends accepting the withdrawal of 2011-204
7 Watauga County application. And the committee
8 recommends not funding the 2011-210 City of Randleman
9 project, but we should consider it in the 2012 cycle.
10 This is the recommendation of the committee for our
11 greenway application process.

12 CHAIRMAN MCMILLAN: You've heard the
13 recommendation of the committee. Is there discussion?

14 (No response.)

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

17 TRUSTEES: Aye.

18 CHAIRMAN MCMILLAN: Those opposed say "No."

19 (No response.)

20 CHAIRMAN MCMILLAN: The ayes have it.

21 MS. BRANNON: Finally, the committee has a
22 recommendation for the construction projecting group
23 that have not been under a construction contract
24 within the one-year requirement. The committee
25 recommends that we use 6/30/2012 as the new date by

1 which Cabarrus SWCD will enter into construction for
2 the 2010-703 Cox Mill School Stormwater BMPs, and that
3 we also recommend a new contract date of 3/31/2012 for
4 the Centralina COG which will enter into a
5 construction contract for the project 2010-728 Concord
6 Stormwater Demonstration Project. This is the
7 recommendation of the committee.

8 CHAIRMAN MCMILLAN: You've heard the
9 recommendation of the committee. Is there discussion?

10 (No response.)

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

13 TRUSTEES: Aye.

14 CHAIRMAN MCMILLAN: Those opposed say "No."

15 (No response.)

16 CHAIRMAN MCMILLAN: The ayes have it.

17 MS. BRANNON: This concludes the Stormwater
18 Restoration Committee report.

19 CHAIRMAN MCMILLAN: Thank you very much.
20 Infrastructure/Wastewater Committee, Chairman Markham?

21 MR. MARKHAM: Thank you, Mr. Chairman. Our
22 first action was an additional item presented by staff
23 on the Update of the City of Shelby's Wastewater
24 Elimination project which is Project 2007-537. In
25 June the staff intends to have a resolution for the

1 committee to consider that would include a repayment
2 amount and a time schedule for repayment. Next, the
3 committee took up an action item for Walnut Island
4 Sanitary District Sewer Rehabilitation and Wastewater
5 Treatment Plant Upgrade project 2008-538. The
6 committee recommended concurrence with the transfer of
7 the contract from Walnut Island Sanitary District to
8 Currituck County.

9 CHAIRMAN MCMILLAN: You heard the
10 recommendation of the committee. Is there discussion?

11 (No response.)

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

14 TRUSTEES: Aye.

15 CHAIRMAN MCMILLAN: Those opposed say "No."

16 (No response.)

17 CHAIRMAN MCMILLAN: The ayes have it.

18 MR. MARKHAM: Thank you. Next, the
19 committee took out the Town of Powellsville's request
20 to use underrun funds on project 2007-616 for the
21 sanitary sewer collection system. The committee
22 recommended not approving the request to transfer the
23 remaining funds to a new contract and not approving
24 the request for an expanded scope of work. This
25 recommendation is consistent with previous decisions

1 on similar requests for use of underrun funds.

2 CHAIRMAN MCMILLAN: You've heard the
3 recommendation of the committee. Is there discussion?

4 (No response.)

5 CHAIRMAN MCMILAN: If not, so many as favor
6 the recommendation of the committee say "Aye."

7 TRUSTEES: Aye.

8 CHAIRMAN MCMILLAN: Those opposed say "No."

9 (No response.)

10 CHAIRMAN MCMILLAN: The ayes have it.

11 MR. MARKHAM: Thank you. Next, the staff
12 brought to our attention five projects for which
13 construction contracts were not entered into within
14 one year or projected not to be entered within one
15 year. The -- I'll go through all five together. The
16 committee recommends a May 15th, 2012 as the new date
17 by which Cramerton will enter into construction
18 contract for project 2010-512 Kings Grant
19 Regionalization. The committee recommends April 18th,
20 2012 as the new date by which Eden will enter into
21 construction contract for project 2010-515 sewer
22 rehabilitation. The committee recommends May 1st,
23 2012 as the new date by which Hyde County will enter
24 into construction contract for project 2010-523
25 wastewater treatment plant upgrades. The committee

1 recommends June 30th, 2012 as the new date by which
2 Oxford will enter into construction contract for
3 project 2010-536 sewer rehabilitation. And the
4 committee recommends July 10th, 2012 as the new date
5 by which South Camden Water and sewer district will
6 enter into construction contract for project 2010-613
7 South Mills Connection. And I apologize, that's
8 actually six projects. I miscounted.

9 And we also need to bring to the attention
10 for the record that Trustee Bass brought to our
11 attention the potential appearance of a conflict of
12 interest due to his roll as a County Commissioner in
13 the county in which one of these cities is a grant
14 recipient here. We found there was no actual conflict
15 of interest. So you have the recommendation of the
16 committee.

17 CHAIRMAN MCMILLAN: You've heard the
18 recommendation of the committee. Is there discussion?

19 (No response.)

20 CHAIRMAN MCMILLAN: If not, so many as favor
21 the motion to approve the recommendation of the
22 committee say "Aye."

23 TRUSTEES: Aye.

24 CHAIRMAN MCMILLAN: Those opposed say "No."

25 (No response.)

1 CHAIRMAN MCMILLAN: The ayes have it.

2 MR. MARKHAM: Okay. And we have one
3 additional agenda item that was added yesterday. And
4 this is for the Town of Maysville for the wastewater
5 treatment system upgrades which was project 2011-520.
6 The Town of Maysville has decided not to proceed with
7 the contract because they cannot provide the matching
8 funds. So the committee has recommended acceptance of
9 the request not to proceed with the project and to use
10 the \$440,000 for other provisionally approved
11 projects.

12 CHAIRMAN MCMILLAN: You've heard the
13 recommendation of the committee. Is there discussion?

14 (No response.)

15 CHAIRMAN MCMILLAN: If not, so many as favor
16 the motion to approve the recommendation of the
17 committee, say "Aye."

18 TRUSTEES: Aye.

19 CHAIRMAN MCMILLAN: Those opposed say "No."

20 (No response.)

21 CHAIRMAN MCMILLAN: The ayes have it.

22 MR. MARKHAM: Thank you, Mr. Chairman. That
23 concludes our committee report.

24 CHAIRMAN MCMILLAN: Thank you very much.

25 Richard Rogers has a matter to discuss.

1 MR. ROGERS: Well, we've got two and a half
2 hours, so I figured -- No. One thing related to the
3 2012, we have announced we're developing our packets
4 that we'll mail you with regards to the applications.
5 The options we have are CDs and also notebooks. I
6 think there will be probably four or five notebooks
7 about this thick (indicating) if you want them that
8 way. But if you do, let Penny know if you can before
9 you leave today. If you prefer them to be on disk and
10 you can just tell her you want the same. We have a
11 record from last year of how you received them. And
12 we'll take that information from you so we can go
13 ahead and get these out to you as soon as possible.
14 Does that cover it, Penny?

15 MS. ADAMS: Yes.

16 MR. ROGERS: All right.

17 CHAIRMAN MCMILLAN: The next board meeting
18 dates are June 10 and 11 here in Raleigh. Is there
19 other business to come before us?

20 MS. BRANNON: Move to be adjourned.

21 MS. RASH: Mr. Chairman?

22 CHAIRMAN MCMILLAN: Yes, ma'am.

23 MS. RASH: I have a request. Richard, can
24 we all get a report, a copy of the report that you
25 gave to the Senator?

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MR. ROGERS: Yes, ma'am.

MS. RASH: It was excellent.

MR. ROGERS: We can do that as well.

MS. RASH: Great.

MR. ROGERS: We'll get it to you via email.

CHAIRMAN MCMILLAN: Mary wanted to make sure, Penny, that the minutes reflected that Christine came in after you called the roll.

MS. ADAMS: I have that.

CHAIRMAN MCMILLAN: You got that. Anything else to come before the board?

(No response.)

CHAIRMAN MCMILLAN: Thank you all for your attendance and participation, and we'll see you in June. The legislature comes May 16th. The Lobby Day is May 30th, so if you want to come to Raleigh for Lobby Day, it's May 30th. Thank you.

(Meeting adjourned at 10:08 a.m.)

CERTIFICATE OF NOTARY - COURT REPORTER

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

I, Rhonda G. Houchens, Court Reporter, Notary Public in and for the above county and state, do hereby certify that foregoing CLEAN WATER MANAGEMENT TRUST FUND BOARD OF TRUSTEES MEETING was taken before me at the time and place hereinbefore and was duly recorded by me by means of stenomask and speech recognition; which is reduced to written form under my direction and supervision, and that this is, to the best of my knowledge and belief, a true and correct transcript of the meeting of the Board of Trustees of the Clean Water Management Trust Fund held at the NC Rural Economic Development Center, 4021 Carya Drive, Raleigh, North Carolina, on the 13th day of February, 2012.

I further certify that I am neither of counsel to this agency or interested in the event of this agency on this 18th day of February, 2012.

Rhonda G. Houchens, Court Reporter
Notary Public, Wake County,
North Carolina
Notary Number: 19951360105