

BOARD OF TRUSTEES
CLEAN WATER MANAGEMENT TRUST FUND

MINUTES OF MEETING

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

ARCHDALE BUILDING
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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

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YEVONNE BRANNON

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CHRISTINE MELE

BETTY CHAFIN RASH

AARON THOMAS

CHARLES VINES

CLAUDETTE WESTON

JERRY WRIGHT

ATTORNEY GENERAL'S OFFICE:

FRANK CRAWLEY, ASSISTANT ATTORNEY GENERAL

CLEAN WATER MANAGEMENT TRUST FUND STAFF:

RICHARD ROGERS

BETH MCGEE

NANCY GUTHRIE

PENNY ADAMS

TOM MASSIE

CHRISTOPHER FIPPS

CHERRI SMITH

KEVIN BOYER

LARRY HORTON

EVERETTE MOORE

WILL SUMMER

BERN SCHUMAK

A G E N D A

- 8:30 am A. Call to Order - Chairman McMillan
- 1) Welcome
 - 2) Oath of Office for New Trustees - Chairman McMillan
 - 3) Roll Call - Penny Adams
 - 4) Compliance with General Statute § 138A-15
 - 5) Revisions, additions, and adoption of the Agenda (Action Item)
 - 6) Please put cell phones on vibrate or off
 - 7) Review and approval of the transcripts of the June 2012 meeting of the Board of Trustees (Action Item)
- 8:45 am B. Public Comments (Three minutes per person) - Chairman McMillan
- 8:55 am C. Attorney General's Report - Frank Crawley
- 9:05 am D. Executive Director's Report - Richard Rogers
- 9:30 am E. Administrative Committee Report - Committee Co-Chair Vaughan (Action Items)
- 9:40 am F. Program Committee - Co-Chair Hollan (Potential Action Item)
- 10:05 am G. Chairman and Co-Chair Meeting, 2012 Allocation and Committee Funding Recommendations - Chairman McMillan (Action Items)
- 10:15 am H. Break
- 10:35 am I. Acquisition Committee Report - Committee Co-Chairs Hester and Wright
- 10:45 am J. Restoration/Stormwater/Greenway Committee Report - Committee Co-Chair Brannon (Action Items)
- 10:55 am K. Infrastructure/Wastewater Committee Report - Committee Co-Chairs Markham and Thomas (Action Items)

11:25 am L. Discussion

11:30 am M. Personnel Committee Matter: Executive Director
Evaluation - Committee Co-Chair Beane (Closed
Session)

12:30 pm N. Adjourn

T A B L E O F C O N T E N T S

Proceedings	7
Certificate of Reporter	42

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
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P R O C E E D I N G S

CHAIRMAN MCMILLAN: We'll going to go ahead and get started and do some matters that don't require votes. As soon as Judge Thigpen gets here, we'll get Charles sworn in.

Welcome to the August of Clean Water Management Trust Fund Board meeting. You are reminded of General Statute 138A-15. If there are any conflicts of interest -- conflicts or perception of conflicts, please refrain from participating in those matters and call those to our attention.

We'll ask Penny to call the role.

MS. ADAMS: Chairman McMillan?

CHAIRMAN 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. Cagnolin?

MS. CRAGNOLIN: Here.

MS. ADAMS: Mr. Garrou?

1 MR. GARROU: Here.

2 MS. ADAMS: Mr. Hester?

3 MR. HESTER: (No response.)

4 MS. ADAMS: Mr. Hollan?

5 MR. HOLLAN: Here.

6 MS. ADAMS: Mr. Howard?

7 MR. HOWARD: Here.

8 MS. ADAMS: Mr. Johnson?

9 MR. JOHNSON: Here.

10 MS. ADAMS: Ms. Kumor?

11 MS. KUMOR: Here.

12 MS. ADAMS: Mr. Markham?

13 MR. MARKHAM: Here.

14 MS. ADAMS: Ms. Mele?

15 MS. MELE: Here.

16 MS. ADAMS: Mr. Pate?

17 MR. PATE: (No response.)

18 MS. ADAMS: Ms. Rash?

19 MS. RASH: Here.

20 MS. ADAMS: Mr. Thomas?

21 MR. THOMAS: (No response.)

22 MS. ADAMS: Mr. Vaughan?

23 MR. VAUGHAN: (No response.)

24 MS. ADAMS: Mr. Vines?

25 MR. VINES: Here.

1 MS. ADAMS: Ms. Weston?

2 MS. WESTON: Here.

3 MS. ADAMS: Mr. Wright?

4 MR. WRIGHT: Here.

5 CHAIRMAN MCMILLAN: There is a quorum, and I
6 will now ask if there are any comments from the public
7 -- any member of the public who wished to make
8 comments?

9 (No response.)

10 CHAIRMAN MCMILLAN: Hearing none, we'll
11 proceed with the Attorney General's report. Frank, do
12 you have anything to report?

13 MR. CRAWLEY: Just it's a pleasure to come
14 back and attend the meetings in the absence of Mary.
15 And she and my oldest son and family went to UNC-
16 Asheville where he is enrolled as a freshman. So
17 that's where she's been this weekend.

18 CHAIRMAN MCMILLAN: Okay. Judge Thigpen has
19 joined us, and we'll call on him to administer the
20 oath of office to Charles Vines. Judge Cressie H.
21 Thigpen, Jr., is a member of the North Carolina Court
22 of Appeals. He's a former Superior Court judge, a
23 former practicing attorney in Wake County. He held
24 court in 39 different counties as a Superior Court
25 judge, so he's traveled the state. He's a personal

1 friend of mine and a terrific judge and a great lawyer
2 and a wonderful person. He's former president of the
3 North Carolina State Bar and has a great and
4 distinguished career.

5 So, Judge Thigpen, if you're all robed
6 up, if you will come forward and -- and we'll ask
7 Charles Vines to join you up at the front and ask you
8 to administer the oath of office.

9 JUDGE THIGPEN: All right, Mr. McMillan,
10 thank you very much. I should have taken more lessons
11 on how to put your robe together.

12 (Whereupon, Charles Vines was administered
13 the oath of office by Judge Cressie Thigpen.)

14 CHAIRMAN MCMILLAN: Now, Cressie, you have an
15 opportunity to make a campaign speech if you like.

16 JUDGE THIGPEN: I'll pass on that.
17 Thank you so much for the opportunity. But I am
18 running. I'm going to be on the November ballot, and
19 I really would appreciate any support that you can
20 give me. Thank you so much for having me.

21 CHAIRMAN MCMILLAN: Thanks, Cressie.

22 All right. The adoption of the agenda is
23 before us. Are there any corrections or additions to
24 revisions to the agenda?

25 (No response.)

1 If not, it will be -- yes, Jerry?

2 MR. WRIGHT: Mr. Chairman, we would like
3 to add one item to the acquisitions agenda, which is
4 the donated conservation easement mini grant program,
5 please.

6 CHAIRMAN MCMILLAN: Without objection, that
7 will be added. Are there any others?

8 (No response.)

9 All right. Hearing none, the agenda as
10 submitted and amended is adopted.

11 Charles, we welcome you to the Board, and
12 would like to hereby appoint you as a member of the
13 Administrative Committee and the Infrastructure
14 Wastewater Committee. As you can see from yesterday's
15 meetings, the committees are an integral part of what
16 we do. We invite all Board members to come to
17 committee meetings. But members of the committee are
18 the ones who participate and vote on matters. Others
19 are welcome to participate in the discussion and do so
20 frequently.

21 The transcript of the June 2012 meeting of
22 the Board of Trustees was submitted in your Board
23 packet. Are there any corrections or additions to
24 those minutes?

25 (No response.)

1 Hearing none, by common consent they will be
2 approved as submitted.

3 Executive Director's report, Richard?

4 MR. ROGERS: Thank you, Mr. Chairman. I
5 just want to take a few minutes to update you on a few
6 areas in the operations of the program.

7 I just wanted to provide -- we typically
8 provide a contract status and an update. Currently,
9 our cash balance, not including the stewardship fund
10 of the program is \$68 million -- \$68,500,000.
11 Currently, we have a total of 176 contracts we have
12 encumbered operating, and then we have about 10
13 contracts that are in the process of being encumbered,
14 all of those are out. There are several mini grants
15 there. There are several of the provisional awards
16 for 2012 to be funded and approved at the very end of
17 the fiscal year. So we are moving along with that.

18 And, again, kudos to the staff for their
19 administration of the contracts, and also especially
20 to Christopher Fipps for keeping track of all of them.

21 A couple other issues -- and I'm going to
22 forewarn you, October is going to be an exciting
23 meeting as there are several contract issues that we
24 will bring to you all that we are working through in
25 several different -- in several different arenas. But

1 we look forward to that meeting and have things sorted
2 out on some issues that we're through regarding the
3 contracts.

4 One of the issues and matters that we've
5 been bringing to you pretty much every week is the
6 Shelby situation. We are in the process -- in our
7 communication with Shelby at the last meeting, you all
8 had directed staff to work with Shelby to develop a
9 contract for repayment. We are in the process of
10 doing that. From all indications, Shelby is ready to
11 receive it and willing to work with us on that, and
12 we'll be getting a contract to them for consideration
13 in the very near future.

14 Another matter that we have been
15 working through over the past several months, a year
16 or so, is just setting up the endowment fund. I want
17 to make you all aware that the endowment fund is set
18 up now. Things are moving well. We're getting the
19 funds transitioned into the fund that need to
20 diversify. The funding has been put into our short-
21 term funds, and then a long-term firm account -- long-
22 term fund account is being debited on a monthly basis
23 to go into the equities.

24 So everything is moving along there, and as
25 a Board, we should -- and we appreciate your all's

1 concerted effort on that. And, again, thanks to
2 Christopher and his hard work to make sure that that's
3 being done appropriately.

4 Just a few words: The legislature has
5 adjourned. There will be a new legislature coming in
6 in 2013. But I don't really want to reflect too much
7 on this past legislature, but, obviously, I think that
8 we have some work to do as it relates to the
9 legislature. And I think our efforts have done some
10 good, but I think we still have a long ways to go.

11 And what I'd really like to do -- and look
12 forward to engaging the Trustees on your thoughts and
13 ideas on how we move forward. There's a big election
14 coming up. I don't think there's a whole lot that we
15 can do between now and then. But I think that we do
16 need to be prepared and poised as an organization to
17 hit the ground running after that Tuesday in November
18 because it will be critical, with administration
19 coming in, to get into that administration, get an
20 understanding of our program to the administration for
21 them to support us in their efforts. Their budget
22 will come out initially in 2013, and we need to be a
23 part of that -- we need to be a big part of that
24 budget and our funds need to be increased.

25 Again, I've got some thoughts and will bring

1 more of those thoughts to you in October about how we
2 need to move forward, but I do hope that you all have
3 given some thought and will provide some feedback as
4 to how we move forward with the incoming legislature
5 and the new administration that will be coming in.

6 Mr. Chairman, that's my executive report.

7 CHAIRMAN MCMILLAN: Thank you very much.

8 Are there questions for Richard?

9 (No response.)

10 All right. We'll proceed with the committee
11 reports. The Administrative Committee met yesterday.
12 The Chairs were not present. The committee took
13 action on two matters that were recommended -- that
14 have been recommended to the full Board. The first is
15 a recommendation to unencumber \$69,000 in an
16 acquisition project to make that available for
17 projects for the Board. The committee voted to
18 recommend that those funds be unencumbered. That is
19 the recommendation of the committee.

20 Is there discussion?

21 (No response.)

22 If not, so many as in favor of that the
23 recommendation of the committee say aye.

24 TRUSTEES: Aye.

25 CHAIRMAN MCMILLAN: Opposed say no.

1 (No response.)

2 The ayes have it.

3 CHAIRMAN MCMILLAN: The committee also
4 recommended to approve a change in the administration
5 -- in the administrative budget. And perhaps we ought
6 to have an explanation of that. Chris, do you want to
7 give us that, please?

8 MR. FIPPS: Yes, sir, Mr. Chairman. In
9 June the Board approved an administrative operating
10 budget of \$1,354,691. After that time, the final
11 budget bill of the General Assembly came out, which
12 included a 1.2 percent increase for all state
13 employees. Yesterday we went over those lines
14 increasing the salary and the fringe benefits
15 associated with salary, which brought a \$12,711
16 increase, the bottom line of the administrative budget
17 up to \$1,367,402. That added with the COPs Debt
18 Service still puts the total administrative and COPs
19 Debt Service under the \$3 million cap for the fiscal
20 year 2012/2013. I wanted to bring that revised
21 administrative budget back to the Board for
22 consideration.

23 CHAIRMAN MCMILLAN: That represents an
24 increase in the administrative budget of \$12,711 as
25 explained in E-B-4 that was in your Board packet.

1 That is the recommendation of the committee, to
2 approve that increase. Is there discussion on that
3 matter?

4 (No response.)

5 If not, so many as in favor of the motion to
6 increase the administration budget by \$12,711 say aye.

7 THE TRUSTEES: Aye.

8 CHAIRMAN MCMILLAN: Opposed say no.

9 (No response.)

10 The ayes have it.

11 The next committee was the Program
12 Committee, Bill Hollan.

13 MR. HOLLAN: Mr. Chairman, the Program
14 Committee met yesterday, and there were three major
15 items on our agenda. The first time item was to
16 review a PowerPoint presentation on how our existing
17 scoring criteria relate to surface water drinking
18 water sources, and this was prepared and presented by
19 Beth McGee.

20 Back in 2011 the General Assembly added to
21 the purposes for which we could expend funds, quote,
22 to "preserve lands that could be used for water supply
23 reservoirs." And that was something that we had --
24 had not thought was in -- under our purview
25 previously. We had done an awful lot of work

1 preserving the upstream areas leading into reservoirs
2 and the buffers around reservoirs. And, in fact, our
3 criteria having to do with sensitivity of the water
4 and -- even targeted areas has taken into account the
5 various water supply watershed classifications for a
6 number of years, and also show that, typically, these
7 projects score high, but they do give them extra
8 points. And she sort of showed a slide that
9 demonstrated the extent to which the projects will be
10 funded and have been in these critical watershed
11 areas. So I think we're already doing quite a bit,
12 but we have not funded the land under reservoirs.

13 Next we had a lengthy discussion about
14 proposed new criteria to enable us to evaluate
15 requests for water supply reservoirs. We had -- there
16 was a lot of discussion -- a lot of concern about how
17 we might incorporate this into our criteria. By the
18 very nature, reservoirs are somewhat antithetical to
19 the way in which water quality is being used for
20 purposes other than drinking water. They impact
21 drinking water streams. They impact wetlands. They
22 impact the kinds of aquatic critters that are
23 important in evaluation of the water. So it's a
24 difficult area to get into.

25 We also learned how difficult it is to get

1 them permitted. They've got to go through the EPA.
2 They've got to go through the Corps of Engineers. And
3 there are evolving standards that make it very hard to
4 predict when and whether reservoirs are likely to be
5 approved, so we need to proceed cautiously as we
6 develop this criteria. We want to comply with the
7 direction from the General Assembly, but we want to
8 make sure we understand kind of what all we're getting
9 into.

10 There were also some discussions about the
11 ways in which this water is not in balance across the
12 state and that the availability of water doesn't
13 necessarily correspond with the areas where the
14 greatest growth -- greatest populations are occurring,
15 and so we've got to take that into account as well.

16 The conclusion was that we probably need to
17 set up a subcommittee to further review and analyze
18 and discuss with staff some of the recommendations for
19 new criteria and try to get back to the Board at the
20 October meeting. We would like to develop these
21 criteria in time to have them available to -- for the
22 May submissions by our grant requesters.

23 So in any event, I've spoken since then --
24 we asked for volunteers -- I've spoken with three
25 people who had submitted a request yesterday and who

1 expressed a willingness to serve, being Renee Kumor,
2 Christine Mele and Kevin Markham. Mr. Chairman, I
3 don't know whether -- Mr. McMillan, I don't know
4 whether I'm in a position to appoint them to that
5 subcommittee or whether you need to, but --

6 CHAIRMAN MCMILLAN: What don't we do it
7 together? Why don't we add you to it as well? How
8 would that be?

9 MR. HOLLAN: That would be fine.

10 CHAIRMAN MCMILLAN: Consider that done.

11 MR. HOLLAN: All right. Thank you very
12 much.

13 And we would welcome input from anybody else
14 as well. We're not trying to close out the committee,
15 but we do need to get it organized and begin moving.

16 Finally, the staff believes -- and this --
17 we had made it very clear that this did not relate to
18 the reservoirs, even though it followed it on the
19 agenda. This was an effort to look at the other
20 aspects of surface drinking water protection and
21 restoration, not necessarily the reservoir portion,
22 but just to, again, make it clear to the members of
23 the General Assembly who have expressed an interest in
24 drinking water protection that we are being proactive.

25 And the staff has drafted -- which was in

1 your materials that were sent to you -- a request for
2 proposals for surface water drinking protection and
3 restoration planning grants, and we had a brief review
4 of those.

5 The idea is that we would set aside up to
6 \$175,000 for the purpose of making these grants. The
7 maximum amount of any grant would be \$35,000, so the
8 maximum -- well, it's anticipated we might have as
9 many as five grants at \$35,000 each. If we have more,
10 the grant request amounts would be fewer.

11 But these will not be -- these grants will
12 not be awarded at the staff level. They will come
13 back to the Board for final approval. It's clear in
14 the RFP that the Board may decide to make some grants
15 or no grants, but we did want to get out ahead of this
16 and go ahead and get the request out so we'd have an
17 opportunity to review them sort of out of cycle.

18 And after all of that discussion, the
19 committee recommends to the Board that it approve
20 setting aside up \$175,000 to fund these requests for
21 proposals for the surface water protection and
22 restoration planning grants.

23 CHAIRMAN MCMILLAN: You've heard the
24 recommendation of the committee on a motion of the
25 Chair. We will open that up for discussion. Is there

1 any discussion on that motion to set aside \$175,000
2 for RFP for surface drinking water protection and
3 restoration planning grants?

4 (No response.)

5 If not, so many as in favor of the motion
6 say aye.

7 THE TRUSTEES: Aye.

8 CHAIRMAN MCMILLAN: Opposed say no.

9 (No response.)

10 The ayes have it.

11 MR. HOLLAN: Mr. Chairman, that concludes
12 the business that was transacted by the committee
13 yesterday.

14 CHAIRMAN MCMILLAN: Thank you very much.
15 The next committee is the Committee of the Chair and
16 the Co-Chairs. And we met yesterday to recommend
17 allocation of grant funds for the current year. There
18 was some discussion about that for a historical
19 allocation of funds. And after a discussion, the
20 committee recommends that 50 percent of the funds be
21 allocated to Acquisition, which includes military
22 bases -- protection of military bases; 20 percent of
23 the funds to Restoration/Stormwater/Greenways and 30
24 percent of the funds to Wastewater. And that is the
25 recommendation of the committee.

1 Is there any discussion? Richard's reaching
2 for his microphone.

3 MR. ROGERS: Just to put a number to that,
4 the Acquisition Committee will receive \$5,210,092;
5 Restoration/Stormwater will receive \$2,084,037; and
6 then the Wastewater Committee will receive \$3,126,086.

7 CHAIRMAN MCMILLAN: Okay. Any discussion on
8 the allocation motion?

9 (No response.)

10 If no, so many as in favor of the motion say
11 aye.

12 THE TRUSTEES: Aye.

13 CHAIRMAN MCMILLAN: Opposed say no.

14 (No response.)

15 The ayes have it.

16 The next committee meeting was the
17 Acquisitions --

18 Richard reminded me that there was a
19 discussion about what happens to unencumbered funds
20 that occur during the year. In the past we have
21 allowed those funds to remain with the committee so
22 that they could be put to immediate use and fund
23 projects that have been approved but are waiting
24 dollars to make them work.

25 So the recommendation of the committee is

1 that, for this fiscal year, that we continue that
2 practice of allowing funds that are unencumbered from
3 projects within the committee to remain in that
4 committee and be applied to the next projects in line
5 that have been approved by the Board.

6 Is there discussion of that proposal?

7 (No response.)

8 If not, so many as in favor of that say aye.

9 THE TRUSTEES: Aye.

10 CHAIRMAN MCMILLAN: Opposed say no.

11 (No response.)

12 The ayes have it.

13 Now the Acquisitions Committee.

14 MR. WRIGHT: Mr. Chairman, the

15 Acquisitions Committee met yesterday with primarily
16 three topics that we took up. The first -- in all of
17 your packets are manila folders, you have a list that
18 was prepared by Nancy and the staff on our acquisition
19 projects. If you'll go into that, we have a military
20 listing in Group 1, and then we have a Group 2 that
21 have not been scoped. We will ask all of you to look
22 at these, and if there are any in Group 2 that any
23 Board member would like to have pulled out and scoped
24 and considered in our meeting in October, we would ask
25 that you get up with Richard and the staff and ask

1 them to do that prior to the end of August so we can
2 get prepared to do that. So that basically takes care
3 of the acquisitions projects in terms of our meeting
4 in October.

5 The second items that we took up was
6 consideration of a cap on our projects for this cycle.
7 The committee talked about that. There was some talk
8 about using a percentage, which I think we should talk
9 over some more. I plan to talk to Joe Hester and
10 we're going get up with Richard and talk a little bit
11 about that, and maybe the staff can consider putting
12 out a proposal to consider whether we can do that in
13 future considerations.

14 Anyway, the committee moves that we
15 recommend a \$600,000 cap for acquisition projects for
16 the 2012 projects, and we so move.

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

19 (No response.)

20 If not, so many as in favor of the motion to
21 adopt a \$600,000 cap on acquisition projects for this
22 cycle please say aye.

23 THE TRUSTEES: Aye.

24 CHAIRMAN MCMILLAN: Opposed say no.

25 (No response.)

1 The ayes have it.

2 MR. WRIGHT: Mr. Chairman, we added to our
3 agenda an item on donated conservations easement mini-
4 grant program. We have some grants -- applications
5 that have come in for that program. And at this point
6 we have no appropriations for doing those. We have
7 found, over the years, that the mini-grant easement
8 program is probably the best investment that we make
9 in terms of land preservation and in terms of cost
10 over the years. And so we find that the more time
11 they have, the better chance they have of putting
12 these together prior to the end of the fiscal year.

13 And we are asking that we approve a
14 \$200,000 -- last year we have \$750,000 package for the
15 mini-grant program. We didn't utilize all of that and
16 some of it had reverted back into the program. But we
17 ask that we -- we recommend at this point a \$200,000
18 allocation so we can start that program at this point,
19 and that we would consider the total program in our
20 October meeting, but we can get these three or four
21 applications started a little bit quicker and work
22 through that. So the committee so moves to approve
23 \$200,000 for the mini-grant program for easements.

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

1 (No response.)

2 If not, so many as in favor of the motion
3 say aye.

4 THE TRUSTEES: Aye.

5 CHAIRMAN MCMILLAN: Opposed say no.

6 (No response.)

7 The ayes have it.

8 MR. WRIGHT: And that wraps up our
9 committee yesterday. Thank you.

10 CHAIRMAN MCMILLAN: Thank you, Jerry.

11 Infrastructure/Wastewater Committee --
12 Restoration/Stormwater.

13 MS. BRANNON: Thank you, Mr. Chairman.

14 We have three items on our agenda that we'd
15 like to have the Board vote on today. One was a
16 request from Mecklenburg SWCD, Project 2008-707, the
17 Urban Cost Share Program. They've asked to have their
18 grant that they receive reduced by \$10,000, also to
19 reduce the matching fund proportionally by \$6,429.
20 The committee recommends to the Board to accept this
21 proposed reduction in the grant amount.

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

24 (No response.)

25 If not, so many as in favor of the motion

1 say aye.

2 THE TRUSTEES: Aye.

3 CHAIRMAN MCMILLAN: Opposed say no.

4 (No response.)

5 The ayes have it.

6 MS. BRANNON: The second item is the North
7 Carolina Division of Soil and Water Conservation, the
8 2006B-404 Program. The Division had a letter in the
9 packet, which I hope you all have had a chance to look
10 over. And they are proposing to reduce their grant
11 amount by \$748,007.91. And they would like to revert
12 that money back, to not be able to use it during this
13 current contract.

14 The committee not only recommends that the
15 Board of Trustees accept this proposed reduction, but
16 somewhat different than we had done our other
17 projects, we are recommending that this money revert
18 back and be proportionally assigned to the committees
19 by the 15/20/30 percentage. Even though it says it
20 was under the Restoration/Stormwater project, this is
21 a large amount of money and it was decided yesterday
22 in discussion that we would try to share this money
23 proportionally among the three committees. So that's
24 the recommendation of the committee.

25 CHAIRMAN MCMILLAN: You've heard the

1 recommendation of the committee. Is there discussion?

2 (No response.)

3 If not, so many as in favor of the
4 recommendation say aye.

5 THE TRUSTEES: Aye.

6 CHAIRMAN MCMILLAN: Opposed say no.

7 (No response.)

8 The ayes have it.

9 MS. BRANNON: The last thing is that we
10 also reviewed yesterday preliminary application scores
11 for the applications for the Restoration/Stormwater
12 Committee. The staff provided and described a list of
13 57 2012 applications, and they were in the agenda item
14 package J-C. The funding request for all the projects
15 was over \$27 million. The preliminary scores are
16 based on the applications as they were received by
17 February 1st.

18 Some of the applications probably will be
19 revised throughout the next month or so before we
20 consider them in October, so some of the scores may
21 change slightly with our staff working with these
22 applicants to have a final packet ready for us in
23 October.

24 The applications were divided into two
25 groups, those that scored 100 or higher in Group 1 and

1 the those that scored below 100 in Group 2. We have
2 -- the committee is recommending that -- in October,
3 that we prepare application summary scopes, if you
4 would, only for the Group 1 applications.

5 As in acquisitions, if there's something in
6 Group 2 that we feel needs to be scored and reviewed,
7 the staff is asking that that be brought to their
8 attention no later than the end of this month so they
9 can have that work done.

10 The committee also, looking at the number of
11 projects we have and the limited amount of funding,
12 recommends the following: that the projects should
13 include in full or part construction; that they should
14 be ready to start construction within a year of the
15 grant award; and that the maximum amount that we would
16 allow for each project is \$400,000; and the maximum
17 sum of per grant amount to any grant application would
18 be \$400,000. That's the recommendation of the
19 committee.

20 CHAIRMAN MCMILLAN: You've heard the
21 recommendation of the committee. There was a lot of
22 discussion about this yesterday. Is there any further
23 discussion?

24 (No response.)

25 If not, so many as in favor of the motion,

1 say aye.

2 THE TRUSTEES: AYE.

3 CHAIRMAN MCMILLAN: Opposed say no.

4 (No response.)

5 The ayes have it.

6 MS. BRANNON: That concludes our report.

7 CHAIRMAN MCMILLAN: Thank you, Yevonne. Now
8 the Infrastructure/Wastewater Committee, Kevin.

9 MR. MARKHAM: Thank you, Mr. Chairman. I
10 see we're about an hour and 45 minutes ahead of
11 schedule. And I will try to get this committee report
12 by 11:30 as scheduled.

13 We did have a quorum yesterday, and we went
14 through the grant cycle. So there were two major
15 items for consideration.

16 The first was our discussion of construction
17 projects that are not under construction contract
18 within one year. Under North Carolina General Statute
19 113A-254, any Clean Water Management Trust Fund
20 wastewater, stormwater and restoration construction
21 projects approved after January 1st, 2006, must be
22 under construction contract within one year after
23 grant award unless we find good cause for extending
24 it.

25 Six grant recipients submitted information

1 requesting extensions. The committee agreed with the
2 justifications and new construction contract
3 deadlines, and we bring to the full Board the
4 recommendation that the Town of Cramerton for project
5 2010-512 be extended to May 15, 2013; the City of
6 Oxford, 2010-536, be extended to November 1st, 2012;
7 Camden County, 2010-613, be extended to October 10th,
8 2012; the City of Gastonia for 2011-508 be extended to
9 August 15th, 2013; the Town of Green Level, 2011-511,
10 be extended to June 14th, 2013; and the City of
11 Salisbury, 2011-526, be extended to January 15th,
12 2013.

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

15 (No response.)

16 If not, so many as in favor of the motion
17 say aye.

18 THE TRUSTEES: Aye.

19 CHAIRMAN MCMILLAN: Opposed say no.

20 (No response.)

21 The ayes have it.

22 MR. MARKHAM: Next the committee took up
23 our funding recommendations for this cycle. And there
24 will be a four-part -- four separate motions we'll
25 bring to the Board.

1 First, the committee recommended funding of
2 the follow projects in this order of priority: 2012-
3 540, the Town of Stanley, \$600,000; 2012-610, Cherokee
4 County Health Department, \$175,000; 2012-522, Onslow
5 Water and Sewer Authority, \$600,000; 2012-539, the
6 City of Henderson, \$600,000; 2012-813, the Town of
7 Ansonville, \$25,000; 2012-612, Edgecombe Water & Sewer
8 District No. 5, \$600,000; and 2012-548, the City of
9 Eden, \$500,000.

10 CHAIRMAN MCMILLAN: The motion of the
11 committee is to fund those programs listed subject to
12 the availability of funds.

13 MR. MARKHAM: Correct.

14 CHAIRMAN MCMILLAN: Is there discussion?

15 (No response.)

16 If not, so many as in favor of the motion
17 say aye.

18 THE TRUSTEES: Aye.

19 CHAIRMAN MCMILLAN: Opposed say no.

20 (No response.)

21 The ayes have it.

22 MR. MARKHAM: Thank you, Mr. Chairman. And
23 subject to the availability of funding that would
24 equal the total of approximately \$3,100,000, which
25 would be most of our allocation we're expecting this

1 cycle.

2 The committee further recommended
3 provisionally approving the following projects to be
4 funded with reversions from other wastewater projects
5 that may not have been subject to those funds becoming
6 available between now and June 30th, the end of the
7 fiscal year.

8 And, again, these would be in the following
9 order of priority: 2012-542, Yadkin Valley Sewer
10 Authority in the amount of \$600,000; 2012-509, the
11 Town of Elm City, \$90,000; 2012-502, the Town of
12 Bailey, \$600,000; 2012-549, the Town of Biscoe,
13 \$584,000; 2012-607, the City of Northwest, \$383,000;
14 and 2012-536, the Town of Wingate, \$600,000.

15 CHAIRMAN MCMILLAN: You've heard the motion
16 of the committee. Is there discussion?

17 MR. HOLLAN: There was considerable
18 discussion yesterday in the committee meeting about
19 the City of Northwest. This is project number 16
20 shown on this sheet, 2012-607. This is a follow up to
21 a project that we funded before to eliminate failing
22 septic tanks in the town. They had 22 that they
23 eliminated from the first round because they were too
24 expensive. And they're coming back in now and
25 requesting money to serve these 22 homes. The cost --

1 the total cost is over \$60,000 per home. We have
2 reduced our funding consistently. The maximum that
3 we've been willing to pay was twenty thousand and some
4 odd dollars.

5 But this is still a project that needs time.
6 Number one, we've already help them get everything
7 acceptable to, you know, resolve the septic tanks.
8 And in these times and with the need and the more --
9 an efficient to use of our money, I would suggest that
10 we ought not to fund this. I don't think we're going
11 to get to it anyway with the funds, but I think we
12 ought to let them know that that's too much money to
13 be spent on that project. So I would amend it and
14 make a recommendation to remove 2012-607, the City of
15 Northwest.

16 MR. WRIGHT: Second.

17 CHAIRMAN MCMILLAN: There's a motion and a
18 second to amend the committee's motion to delete 2012-
19 607, the City of Northwest. Is there further
20 discussion of that motion?

21 (No response.)

22 If not, so many as in favor of the motion to
23 amend the committee motion say aye.

24 THE TRUSTEES: Aye.

25 CHAIRMAN MCMILLAN: Any opposed say no.

1 (No response.)

2 The ayes have it.

3 Now the motion of the committee as amended
4 is before us. Is there discussion -- further
5 discussion of that motion?

6 (No response.)

7 If not, so many as in favor of the motion
8 say aye.

9 THE TRUSTEES: Aye.

10 CHAIRMAN MCMILLAN: Any opposed say no.

11 (No response.)

12 The ayes have it.

13 MR. MARKHAM: Thank you, Mr. Chairman.

14 The committee is also bringing forth the
15 recommendation to not fund the following projects this
16 cycle: 2012-541, the City of Gastonia; 2012-523, the
17 Town of Parkton; 2012-606, the Town of Hoffman; 2012-
18 547, the City of Wilson; 2012-516, the City of
19 Kinston. I guess we'll now add number 2012-607, the
20 City of Northwest, as well as 2012-507, the City of
21 Claremont; 2012-810, the Town of Vanceboro; 2012-517,
22 the City of Kinston; 2012-551, the Town of
23 Robersonville; 2012-611, the Town of Midland; 2012-
24 555, Resource Institute, Inc.; 2012-613, Duplin
25 County; 2012-529, Town of Selma; 2012-552, Town of

1 Parkton; 2012-545, Town of Columbia; 2012-537, Town of
2 Walnut Cove; 2012-531, Town of St. Pauls; 2012-554,
3 Town of Boonville; 2012-544, Town of Farmville; 2012-
4 614, Resource Institute, Inc.; 2012-538, Town of
5 Mooresville; 2012-543, Town of Farmville; 2012-556,
6 Town of Grifton; 2012-602, Candlewick Area Sanitary
7 District; 2012-553, Town of Fremont; 2012-505, Town of
8 Bladenboro; and 2012-515, Town of Kill Devil Hills.

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

11 (No response.)

12 If not, so many as in favor of the motion
13 say aye.

14 THE TRUSTEES: Aye.

15 CHAIRMAN MCMILLAN: All opposed say no.

16 (No response.)

17 The ayes have it.

18 MR. MARKHAM: Thank you, Mr. Chairman.

19 And we have also one project withdrawal
20 request from the Town of Scotland Neck, 2012-550. The
21 committee recommends the withdrawal.

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

24 (No response.)

25 If not, so many as in favor say of the

1 motion to accept the withdrawal of 2012-550, the Town
2 of Scotland Neck, say aye.

3 THE TRUSTEES: Aye.

4 CHAIRMAN MCMILLAN: Opposed say no.

5 (No response.)

6 The ayes have it.

7 MR. MARKHAM: Thank you, Mr. Chairman.

8 And we certainly encourage staff to work
9 with these municipalities that were not accepted for
10 funding this cycle to reapply next cycle. There were
11 certainly very wonderful projects. There's quite a
12 need in the state. It's very unfortunate that, at
13 this economic time, that the funding is not available
14 to the Board or this committee to help serve the
15 citizens of the state. And we hope that the General
16 Assembly is able to find additional funding to help us
17 help the citizens deal with their wastewater projects.
18 That is the committee recommendations.

19 CHAIRMAN MCMILLAN: Thank you very much.

20 That completes the committee reports and
21 brings us to discussion items. Are there any items
22 that we need to discuss before we go into closed
23 session to consider a personnel matter?

24 MR. HOLLAN: Mr. Chairman, I think it was
25 during the Administrative Committee meeting yesterday,

1 we reviewed kind of the results of last year -- the
2 financial results of last year. And I just thought it
3 was important to get it in the minutes the fact that
4 we came in under budget by \$318,437, and part of that
5 was savings on the administrative end. And we also
6 realized a little bit more interest than we had
7 expected and paid a little bit less on the COPs Debt
8 Service.

9 But I think our staff is doing a good job
10 of, number one, projecting what our funding needs are
11 on a conservative basis. And last year they had a
12 good year in achieving results that were better than
13 anticipated. So if we could just insert that into the
14 record.

15 CHAIRMAN MCMILLAN: Thank you. The record
16 will so reflect.

17 Anything else?

18 (No response.)

19 The next Board meeting is October 14th and
20 15th in Raleigh.

21 All right. Chairman Beane, do you have a
22 motion for closed session?

23 MR. BEANE: I do. Mr. Chairman, I would
24 make a motion that we go into closed session pursuant
25 to GS -- General Statute 143-318.116 for the purpose

1 allowed by the statute to consider the evaluation of
2 our executive director.

3 CHAIRMAN MCMILLAN: You've heard the motion.
4 Is there a discussion?

5 (No response.)

6 If not, so many as in favor of the motion
7 say aye.

8 THE TRUSTEES: Aye.

9 CHAIRMAN MCMILLAN: Those opposed say no.

10 (No response.)

11 The ayes have it. And we will go into
12 closed session, and we'll start that in about ten
13 minutes.

14 (Closed session from 9:40 a.m.
15 to 10:27 a.m.)

16 CHAIRMAN MCMILLAN: Okay. We're back in
17 open session. And is there any other matter to come
18 before the Board? Richard?

19 MR. ROGERS: Make sure you pick up your
20 parking pass from Penny so you can get out without any
21 kind of charge. They'll run you on out.

22 CHAIRMAN MCMILLAN: See you in October.

23

24 *(Meeting adjourned at 10:27 a.m.)*

25

