
BOARD OF TRUSTEES

CLEAN WATER MANAGEMENT TRUST FUND

MINUTES OF MEETING

MONDAY, OCTOBER 15, 2012

9:30 A.M.

**ARCHDALE BUILDING
512 NORTH SALISBURY STREET,
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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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HONORABLE RONALD R. BEANE

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BETTY CHAFIN RASH

AARON THOMAS

STAN VAUGHAN

CHARLES VINES

ATTORNEY GENERAL'S OFFICE:

MARY L. LUCASSE, SPECIAL DEPUTY ATTORNEY GENERAL

CLEAN WATER MANAGEMENT TRUST FUND STAFF:

RICHARD ROGERS, EXECUTIVE DIRECTOR

BETH MCGEE, DEPUTY DIRECTOR

NANCY GUTHRIE, PROJECT MANAGER GOVERNMENT ACQUISITIONS &
DONATED MINIGRANTS

CHRISTOPHER FIPPS, BUSINESS OFFICER

PENNY ADAMS, EXECUTIVE/ACQUISITION ADMINISTRATIVE
ASSISTANT

CHERRI SMITH, PROJECT MANAGER LAND TRUST ACQUISITIONS &
STEWARDSHIP

KEVIN BOYER, RESTORATION/STORMWATER PROJECT MANAGER

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

EVERETTE MOORE, REAL PROPERTY AGENT, STATE PROPERTY
OFFICE

CLEAN WATER MANAGEMENT TRUST FUND FIELD REPRESENTATIVES:

TOM MASSIE, WESTERN REGION

BERN SCHUMAK, CENTRAL REGION

WILL SUMMER, EASTERN REGION

A G E N D A

- 9:30 a.m. A. Call to Order - Chairman McMillan
1) Welcome
2) Roll Call - Penny Adams
3) Compliance with General Statute §138A-15
4) Revisions, Additions, and Adoption of the Agenda (Action Item)
5) Please put cell phones on vibrate or off
6) Review and Approval of the transcripts of the August 2012 Meeting of the Board of Trustees (Action Item)
- 9:40 a.m. B. Public Comments (Three minutes per person) - Chairman McMillan
- 9:50 a.m. C. Attorney General's Report - Frank Crawley
- 10:00 a.m. D. Committee Assignments - Chairman McMillan
- 10:05 a.m. E. Executive Director's Report - Richard Rogers
- 10:30 a.m. F. Acquisition Committee Report - Committee Co-Chairs Hester and Wright (Action Items)
- 11:00 a.m. G. Break
- 11:15 a.m. H. Restoration/Stormwater/Greenway Committee Report - Committee Co-Chairs Brannon and Pate (Action Items)
- 11:45 a.m. I. Infrastructure/Wastewater Committee Report - Committee Co-Chairs Markham and Thomas (Action Items)
- 12:00 p.m. J. Program Committee - Committee Co-Chairs Hollan and Garrou (Action Items)
- 12:25 p.m. K. Discussion
- 12:30 p.m. L. Adjourn

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P R O C E E D I N G S

CHAIRMAN MCMILLAN: Good morning everyone.
Welcome to the October Board of Trustees meeting of
the Clean Water Management Trust Fund.

I'll ask Penny to call the role.

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. Cagnolin?

MS. CRAGNOLIN: Here.

MS. ADAMS: Mr. Garrou?

MR. GARROU: Here.

MS. ADAMS: Mr. Hester?

MR. HESTER: Here.

MS. ADAMS: Mr. Hollan?

MR. HOLLAN: Here.

MS. ADAMS: Mr. Howard?

MR. HOWARD: Here.

1 MS. ADAMS: Mr. Johnson?
2 MR. JOHNSON: Here.
3 MS. ADAMS: Ms. Kumor?
4 (No response.)
5 MS. ADAMS: Mr. Markham?
6 MR. MARKHAM: Here.
7 MS. ADAMS: Ms. Mele?
8 (No response.)
9 MS. ADAMS: Mr. Pate?
10 (No response.)
11 MS. ADAMS: Ms. Rash?
12 MS. RASH: Here.
13 MS. ADAMS: Mr. Thomas?
14 MR. THOMAS: Here.
15 MS. ADAMS: Mr. Vaughn?
16 MR. VAUGHAN: Here.
17 MS. ADAMS: Mr. Vines?
18 MR. VINES: Here.
19 MS. ADAMS: Ms. Weston?
20 (No response.)
21 MS. ADAMS: Mr. Wright?
22 (No response.)
23 CHAIRMAN MCMILLAN: Thank you. We have
24 quorum.
25 I will remind you of the provisions of

1 General Statute §138A-15. Anyone who has a conflict
2 with any matters on the agenda, or an appearance of
3 conflict, I would ask that you tell us about that at
4 this point.

5 MR. HOWARD: Mr. Chairman?

6 CHAIRMAN MCMILLAN: George?

7 MR. HOWARD: I would like to recuse
8 myself from the votes concerning the funding of the
9 applications of the Coastal Land Trust. My company
10 has a theoretical, potential small transaction with
11 them in the future, and, out of abundance of caution,
12 I'd like to recuse myself.

13 CHAIRMAN MCMILLAN: Thank you very much.
14 We'll make a note of that. Karen?

15 MS. CRAGNOLIN: Mr. Chairman, I'd like
16 to recuse myself from any discussion and/or vote for
17 2012-438, and should we get to it, 2012-719. Thank
18 you, sir.

19 CHAIRMAN MCMILLAN: Thank you very much.
20 We'll make a note of that. Kevin?

21 MR. MARKHAM: Thank you, Mr. Chair.
22 During the Program Committee discussion we'll be
23 discussing reservoirs. I wanted to bring to the
24 Board's attention that the department I my work for
25 does work on reservoirs. However, the reservoir I'm

1 currently working on in North Carolina is not a
2 drinking water supply reservoir, and the other
3 reservoirs are out of state. So I have no conflict of
4 interest on any discussions.

5 CHAIRMAN MCMILLAN: Thank you very much.
6 Are there others?

7 BOARD MEMBERS: (No response.)

8 CHAIRMAN MCMILLAN: All right. Are there
9 revisions or additions to the agenda?

10 BOARD MEMBERS: (No response.)

11 CHAIRMAN MCMILLAN: Hearing none, we will
12 adopt the agenda as submitted.

13 I will remind everyone to put their
14 electronic devices on some sort of silent position.
15 You have received transcripts of the August 2012
16 meeting of the Board of Trustees. Are there
17 corrections or additions to the minutes of that
18 meeting?

19 BOARD MEMBERS: (No response.)

20 CHAIRMAN MCMILLAN: Hearing none, is there a
21 motion that they be approved as submitted?

22 MR. BEANE: I move they be approved,
23 Mr. Chairman.

24 CHAIRMAN MCMILLAN: Thank you, Ron. Is
25 there a second?

1 MR. VINE: Second.

2 CHAIRMAN MCMILLAN: Any discussion?

3 BOARD MEMBERS: (No response.)

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

6 BOARD MEMBERS: Aye.

7 CHAIRMAN MCMILLAN: Opposed say, "No."

8 BOARD MEMBERS: (No response.)

9 CHAIRMAN MCMILLAN: The "Ayes" have it.

10 I want to thank the Board members, and particularly
11 the chairs, for the participation in the meetings that
12 went on between our Board meetings. We had a special
13 committee meeting that was very active. And the
14 chairs met. Thank you for your attendance here this
15 morning. We have good attendance. And we do a lot of
16 things between meetings, and it's important that --
17 that you be available to do that. And we appreciate
18 everyone's participation in that, as well as the staff
19 who make those meetings possible.

20 Are there public comments; anyone from the
21 public wishing to make comments to the Board?

22 (No response.)

23 CHAIRMAN MCMILLAN: Hearing none, Mary tells
24 me we have no attorney general's report.

25 You received in your --

1 MR. ROGERS: Folder.

2 CHAIRMAN MCMILLAN: -- folders, here, the
3 committee assignments. Every member of the Board
4 serves on one of the three funding committees and on
5 one of two administrative committees. If you don't
6 like your assignment, come see me about that. We have
7 an equal number on each of the committees, so if you
8 want to move from one committee to another, it would
9 be helpful if you could find somebody who would agree
10 to swap with you. If that happens, I'll be happy to
11 make those changes. But the committee assignments for
12 the coming year are in that folder. Anybody who wants
13 to change it please let me know.

14 Executive director's report, Richard?

15 MR. ROGERS: Thank you, Mr. Chairman.
16 Let's see. I've only got two full pages of single-
17 spaced items, so it shouldn't take too long here.

18 We are -- today in the executive director's
19 report we're going to go over the Clean Water --
20 review of our funding. We typically do this in the
21 Administration Committee, but there's no action on
22 this list, so we have put it into the executive
23 director's report. And, Christopher, if you'll run
24 through that for me? It should have been in your
25 board packet under Item E. And, I think, there's four

1 pages to it.

2 MR. FIPPS: Thank you, Richard. The
3 typical materials that are presented at each Board
4 meeting is in the Item E.

5 Page one is the cash report for the Trust
6 Fund as of August 31st. The cash fund is at \$67.8
7 million. Moving down the list, we have remaining
8 revenue projected for the year, which is the remaining
9 amount of the allotments toward the appropriation at
10 \$8.8 million, and the remaining interest projection to
11 receive for the year.

12 Then moving further down the list shows the
13 "Obligation of Funds" being the rest of the
14 administrative and COPs Debt Service funds for the
15 year, the grant contracts that are currently
16 encumbered, as well as the remaining grant contracts
17 that have been awarded still to encumber.

18 Moving further down the list, the funds set
19 aside for the stewardship operating side of the
20 Stewardship Program, which is the funding of the
21 stewardship monitoring contracts for the year, as well
22 as the management funds in addition to about \$67,000
23 sitting in cash reserve for the Stewardship Program.

24 Just below that, the funds that are -- have
25 been made available to the committees from the

1 original allocation and unencumbered funds over the
2 year. And we'll go over that in a little bit more
3 detail.

4 If you flip over to page two -- just an
5 update on each funding committees' money that you all
6 basically discussed yesterday -- the first part, an
7 update on Wastewater Infrastructure Committee had a
8 real -- an original allocation at the beginning of the
9 year of \$3.123 million, awarded 3.1 million in August,
10 leaving a little over \$23,000. The committee has seen
11 \$56,000-and-change come back from unencumbered
12 projects, leaving a current balance of \$79,000 in that
13 committee toward the next provisionally-funded award.

14 The Restoration/Stormwater/Greenways
15 Committee had an original allocation of not quite \$2.1
16 million; has seen \$92,000-and-change come back from
17 unencumbered projects, which totals \$2,174,054 that
18 the committee took up yesterday.

19 Down to the Acquisition Committee, it had an
20 original allocation of \$5.2 million from August,
21 originally allocated \$200,000 to -- donated to the
22 Easement Minigrant Program. And, since that time, has
23 also seen \$500,000 come back in unencumbered seasonal
24 projects, which equates to the \$5.5 million that was
25 considered in yesterday's committee meeting.

1 Page three is just for your information, a
2 little more detail of actual project listing of those
3 projects that have closed and have been unencumbered
4 that make up those additional funds that went to those
5 funding committees.

6 Page -- lastly, page four is an update,
7 basically since the beginning of the fiscal year, on
8 the Stewardship Endowment Funds. Starting with this
9 fiscal -- starting with this fiscal year, the monies
10 have been moved over into the different -- the three
11 different investment types had originally been just in
12 the long-term investment fund, and have since started,
13 per the Board's decision, to move those over into
14 short-term as well as equities. At the beginning of
15 the fiscal year, it was about \$2.44 million. Funds
16 have been moved out into these short-term investment
17 funds and into equities. So as of August 31st, it
18 left a total of about 1.6 million in the long term,
19 610,0000 -- almost 611,000 in the short-term
20 investments, and about \$272,000, so far, in the
21 equities fund as of August 31st. And the treasurer's
22 office is continuing to move over monthly allotments
23 of \$132,000 each month from the long-term into the
24 equity so that, by the end of the fiscal year, that
25 full 65 percent would have been moved over to the

1 equity fund, leaving a total value of the fund at
2 August 31st of not quite -- almost \$2.5 million.

3 And if you all have any other questions?

4 BOARD MEMBERS: (No response.)

5 MR. ROGERS: Thank you, Christopher. Do
6 take a look at -- this is the first time that we've
7 really produced the Stewardship Endowment Report, so
8 if -- Chairman Garrou, if there's interest or anything
9 that needs to be added to this -- but our intention is
10 to provide this report to you all to keep you all
11 appraised of the Endowment Fund and how it's -- how
12 it's moving forward.

13 You've also, in your folder, got a proposed
14 schedule, a calendar -- a calendar with dates for next
15 year's meetings. If you all will pull that out and
16 look at that? Do they not have that?

17 MS. ADAMS: We did it on PowerPoint.

18 But I have --

19 MR. ROGERS: Do we have the PowerPoint?

20 MS. ADAMS: No.

21 MR. ROGERS: We don't because --

22 MS. ADAMS: We do not. But I do have
23 some copies of it.

24 MR. ROGERS: Yeah. If we could just get
25 those circulated, that would be great. While she's

1 getting those out, I'll move on.

2 Just an update on our 2012 projects, the
3 Wastewater Committee met last meeting in August and
4 approved grants. I had just a note that all those
5 contracts have been -- are out and being reviewed.
6 And we're -- we're moving forward with that. Also,
7 one thing to note, and we want to apprise you all
8 this, is that -- how many do you have?

9 MS. ADAMS: I only have four. I'm going
10 to go make some copies.

11 MR. ROGERS: Okay. That would be good.

12 MS. ADAMS: Okay.

13 MR. ROGERS: -- is that the provisionally-
14 funded grantees -- and this goes for also now our
15 restoration/stormwater, and also our acquisition
16 projects -- is that we will notice them in December,
17 if they have not been funded through provisional funds
18 that they will need to reapply for February. This is
19 just to keep their -- to keep it active and alive for
20 next year's cycle in case we do not get to them, and
21 that they have that option. And we'll encourage them
22 to make an application to -- for the 2013 cycle.

23 A little update on our contract status -- as
24 a whole for the Board, we currently have actively
25 encumbered 167 contracts, 15 that are out remaining to

1 be encumbered. Most of those are our wastewater
2 projects that were just approved in -- in August;
3 there's seven or eight out, or nine out for review.
4 We also have a couple of donated minigrants as well as
5 an acquisition in a restoration/stormwater project.
6 We currently have about \$65 million of encumbered
7 contracts to date.

8 MS. GUTHRIE: I can project the --

9 MR. ROGERS: You can?

10 MS. GUTHRIE: -- dates, I believe.

11 MR. ROGERS: Okay. Great.

12 MS. GUTHRIE: That's it.

13 MR. ROGERS: There we go. Isn't that
14 nice? So these are the dates that we're proposing.
15 And, I want -- I mean, I think the key date is
16 February, obviously. And that we'd like to have, Mr.
17 Chairman, the Board to take action on it accepting
18 these dates for our schedule for next year. And we'll
19 give you all a minute, if you want to, to look at
20 calendars and see if there's any concern with the
21 dates that we have up there.

22 MR. HOWARD: There's a conflict on all --
23 on the Mining and Energy Commission.

24 MR. ROGERS: Right.

25 MR. HOWARD: And there's a complex dating

1 dance going on now about our dates.

2 MR. ROGERS: Right.

3 MR. HOWARD: So I can't match these quite
4 up now.

5 MR. ROGERS: Okay.

6 MR. HOWARD: But they might not, though,
7 conflict with any of the proposals that I've got right
8 now.

9 MR. ROGERS: Okay.

10 MR. HOWARD: And you all might just lose
11 me for one or two, so --

12 MR. ROGERS: Well, we hope not.

13 MR. HOWARD: Yeah.

14 MR. ROGERS: Stan?

15 MR. VAUGHN: Mr. Chairman, we normally
16 meet on the second weekend with -- I notice February
17 is the first weekend. I will be out of the country on
18 that date.

19 MR. ROGERS: Tom, are these dates all
20 right with you?

21 MR. MASSIE: I'm fine.

22 MR. ROGERS: Okay.

23 MR. BEANE: Mr. Chairman, for the
24 record, I'll just make a motion that we adopt this
25 calendar.

1 MS. BRANNON: Second.

2 CHAIRMAN MCMILLAN: There's a motion and a
3 second to adopt the meeting schedule that's up on the
4 board. Any discussion? Any further discussion?

5 BOARD MEMBERS: (No response.)

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

8 BOARD MEMBERS: Aye.

9 CHAIRMAN MCMILLAN: Any opposed say, "No."

10 BOARD MEMBERS: (No response.)

11 MR. ROGERS: The "Ayes" have it. We
12 also have copies for you all to take with you when
13 gone -- when Penny gets back.

14 So, another administrative issue that we
15 wanted to bring to you, as everyone is well aware, the
16 budget cycle last year took Clean Water funds out of
17 recurring funds and made them nonrecurring funds.
18 Because of that we've had to take a little different
19 approach as it relates to the budget development that
20 goes on in state government annually about this time.
21 The Department of Environment and Natural Resources is
22 putting together expansion budget requests. Because
23 of our -- of us not being recurring funds, we are now
24 in the position of being an expansion budget item in
25 the budget process. John McMillan, our Chairman, has

1 written the secretary a letter. We've also filled out
2 the appropriate forms to put in an expansion request
3 to the Department of Environment and Natural
4 Resources. The expansion request is \$40 million.
5 This is unique, does not fall into the parameters that
6 they accept expansion reports. But we've asked the
7 secretary, and we've talked with the assistant
8 secretary for natural resources to accept this and
9 move this forward.

10 In the process, the department will submit
11 their budget and their proposed budget over to the
12 governor's office. We will then take the budget --
13 the budget up. My understanding, in their process, is
14 that they will look at continuation budget items
15 first, and then look at the expansion items for the
16 next fiscal year. This budget document will be the
17 main document that the new administration will receive
18 when it comes into office. I think it's important
19 that we are a part of that expansion budget so that it
20 can be on the plate when the new administration comes
21 in. So that's just an FYI. If you all have any
22 further questions, I'll be glad to take any questions
23 you have on that.

24 CHAIRMAN MCMILLAN: I've asked Richard to
25 put together a one- or two-page summary of -- of the

1 history of the Clean Water Management Trust Fund for
2 your use, what the impact of the budget cuts have had
3 on us. You saw yesterday where we limited
4 applications to one -- one application per applicant.
5 We limited the amount of the applications and
6 acquisitions to 600,000 and 400,000 for restoration/
7 stormwater. We -- we'll have information for you on
8 the total amounts requested for this cycle, what
9 impact that's had on our budget, our staffing and what
10 we have done.

11 We are going forward into this next budget
12 year without an appropriation so there has to be an
13 expansion appropriation approved by the General
14 Assembly for us to continue to exist. I would urge
15 you to -- to -- if you feel so inclined, to talk to
16 the people you know who are in that process, whether
17 that be in the new administration, whether that be in
18 the General Assembly, and -- and use this material,
19 this information that you have coming to you. We are
20 going to try to set up some -- some meetings. We
21 have, every year, met with the appropriations
22 leadership, and -- and there will be a new
23 administration in the executive office, so we will
24 need to -- to have meetings set up with -- with the
25 officials of that administration, the governor-elect,

1 hopefully, and some of his staff, key staff people,
2 and once the budget officer is appointed, that person.
3 So we will -- we will also be in contact with groups
4 like the League of Municipalities and the county
5 commissioners and the land trusts and the Nature
6 Conservancy and those organizations that rely on us
7 for funding, share with that -- with them that
8 information. Because without Clean Water, they don't
9 have any place to send their applications.

10 We've had a great record of accomplishments.
11 We've attracted hundreds of millions of dollars of
12 match that would not have, otherwise, been there. And
13 we need to tell that story if -- if we're to continue
14 to be able to provide this service to the state. They
15 keep expanding what they ask us to do, military bases,
16 water supply, and they keep cutting our funding. So
17 this is a crunch time coming up, and it's important
18 that all of us be engaged.

19 MR. ROGERS: Thank you for those words,
20 John. Other administrative issues have been going on.
21 It tends that during the election year the state
22 auditor gets on her horse and does a whole lot more
23 stuff, and it gets out there. A couple of audits that
24 are going on, and one that has been done that might
25 come back to us is the fact that the Gold [sic] LEAF

1 Foundation was audited, I think, in the spring. My
2 understanding is that the rule sent the auditors out
3 looking at the rural center as well. And John called
4 me one Sunday -- Monday morning after a Sunday article
5 on Golden LEAF, and said, "Richard, you need to look
6 at our processes and see how we're coming along as it
7 relates to what the Golden LEAF -- the audit found in
8 the Golden -- Golden LEAF program.

9 Basically, there were three areas in the
10 Golden LEAF program that the audit identified. One
11 was a lack of information to back up grant
12 expenditures within their contracts. Also, they did
13 not feel that -- that Gold [sic] LEAF assured that
14 they got the project outcomes that were written in the
15 scope of their projects and what they -- what they
16 paid for. And then, also, the fact that grantees
17 don't submit timely reports on the progress of their
18 grants while they're under contract.

19 We, the staff, are in the process of looking
20 at our procedures. We're already making some changes
21 to our procedures. And my intent is that we'll come
22 back to you all in February to give you a little more
23 detail about the changes we're making and things that
24 we're doing. As it relates to the findings that Gold
25 [sic] LEAF had, we get back-up material of all our

1 expenditures. I think we covered that issue very
2 well. We're very diligent not only to get it for the
3 expenditures we made, but also for the matching funds
4 that are applied to the grant.

5 We also are looking more in having close-out
6 site visits with the field reps going on site at the
7 end of the projects to make sure that the scopes of
8 the projects have been completed, and their
9 obligations fulfilled in that manner. The timely
10 reports, we require quarterly reports in our contract.
11 And I will tell you they are a bear to get out of
12 people, and oftentimes we have to repeatedly request
13 it. What we're doing now, and I think what will
14 resolve any audit issues, is the fact that we request
15 those via email, and we put those requests in our
16 files so that they make sure they know that we're
17 trying to get them as we move forward.

18 So, I think, we're in good shape. And --
19 but we still are looking at different ways that we
20 will continue to, through our administrative process,
21 improve it. I think one of the things that we're
22 going to put in place now is just, once we get
23 contracts under -- the new projects under contract,
24 we're actually going to talk to the grantee, go
25 through the contract, the scope on the phone with

1 their -- with the contract -- with the grantee, their
2 engineer, or whoever is managing the contract, and
3 make sure that everything is understood, the
4 expectations we have on our end are understood from
5 the get-go on the contract. And I think that will
6 help us get off to a good start as well. So we
7 continue to look at this.

8 We take the stewardship of our state funding
9 as a priority, and we work real hard to make sure we
10 fulfill our obligations.

11 Yes?

12 MS. CRAGNOLIN: You know, I think that you
13 all do such a wonderful job. Is there any benefit to
14 be gained from us asking for an audit that -- you
15 know, to say, "Listen, these are our processes. We
16 are always trying to make them better," and to be
17 proactive in that regard?

18 MR. ROGERS: I would say no.

19 MS. CRAGNOLIN: No? Okay.

20 MR. ROGERS: Don't -- don't ask for it.

21 I think -- I think if it comes, we'll be more than
22 prepared. I wouldn't ask for that kind of trouble.

23 But --

24 CHAIRMAN MCMILLAN: Do you -- do you
25 communicate regularly with IRS and say, "I did such a

1 good job with my tax return, I want you to come and
2 audit me"?

3 MS. CRAGNOLIN: No. But I'll tell you
4 there isn't a nonprofit in the state that's worth
5 their salt that doesn't get an audit every year.

6 CHAIRMAN MCMILLAN: We get an audit.
7 That's -- that's -- I mean, that's -- what we need to
8 do is to document the things that we do, because we're
9 doing the follow-up stuff that --

10 MS. CRAGNOLIN: We do it.

11 CHAIRMAN MCMILLAN: -- that needs to be
12 done. But we've got to make sure that it's
13 documented. And when -- do you have these? These
14 emails that go out, that there are copies of the
15 emails in the folder. When there's a telephone
16 conversation, that there's a notation in the folder
17 that we had this telephone conversation. I think that
18 the Golden LEAF audit was instructive to us on what
19 the auditor looks at when they do these audits, and we
20 just have to make sure that we have the documentation
21 to back up what we're doing.

22 MR. HOLLAN: John, I notice that we
23 got \$1.51 back in unencumbered funds for Project 2008-
24 40 [sic] -- 419. We got \$100 back on 2006A-529, so
25 somebody is paying attention to the -- to the money.

1 CHAIRMAN MCMILLAN: Yeah, we are.

2 MR. ROGERS: So, you know, I think
3 it's important. And we do a great job of paying
4 attention to the details. However, I think we still
5 have some room for improvement in our processes, and
6 we're going to work towards that. And we look forward
7 to reporting to you all in February.

8 I wanted to update you all a couple -- on a
9 couple past projects of some activities that are going
10 on there. One is North River Farms. And if you all
11 don't recall, it is a project that Clean Water started
12 back in 2001, I believe. Clean Water put a total of
13 \$4.8 million into this project. It is a watershed
14 restoration-type project, and it is one of the -- was,
15 and I think it probably still is one of the largest
16 restoration sites in North Carolina, if not the United
17 States. George, you know about it. Your -- your
18 group has worked down there, too.

19 When the Board approved funding in early
20 2003, there was a possibility that 2,100 of those
21 acres that was purchased would be -- would be subject
22 to the wetland restoration program, and that the
23 federal government would come in and pay Coastal Land
24 Trust for that property to be restored. That, in
25 fact, has happened.

1 What the Board did at that time to assure
2 that future funds or any funds they received from that
3 is they put in the contract that the Coastal
4 Federation would come back to the Board, reinvest
5 those funds and property close to and in proximity to
6 the project, or for another worthwhile restoration
7 project. I've talked with Todd Miller several times
8 on this matter. I believe, in October or late -- late
9 last month, the funds, they've settled. They're about
10 ready to close on it, if they have not already closed
11 on it. Our intention is, in February, to bring this
12 back to you and give you -- and let Todd present their
13 thoughts on where they want to go with these funds,
14 and what they want to do, and how they want to reapply
15 those funds.

16 So I thought it was important that we give
17 you just a brief update on the project, what's going
18 on. This North River Farms project is just a
19 fantastic project. They've leveraged about \$12
20 million for the project and the investment that Clean
21 Water has made on it. And they continue to do really
22 good work -- work there. So I, for one, look forward
23 to the proposal that Todd will bring forward to us
24 in -- in February.

25 The other project I wanted to mention is one

1 that we've discussed, pretty much, every meeting for
2 about a year and a half is the Shelby project, which
3 is a wastewater project that did not meet its
4 respective outcomes as taking discharges out of the
5 water. Its main person to hook up PPG did not hook up
6 to the project while the project was already done. At
7 your last meeting, the Board directed staff to come up
8 with a contract for repayment of the unmet scope in
9 that project. Mary has -- and staff has worked to
10 pull together a contract. We have that contract out
11 to Shelby now. The town manager, Rick Howell, has
12 received it. I talked to him Friday. And his
13 comments were that he was appreciative of what the
14 Board has done, the time that they've allowed -- that
15 you all have allowed them to repay the funds, and that
16 they are running it through their attorney. Their
17 finance person, he was meeting with his mayor on
18 Friday. So the point of all this, I think we're
19 moving forward with that, and we hope to have that
20 under contract, and then we'll have repayment starting
21 in July of 2013.

22 Now, on to other matters under my outline,
23 several things are going on. We talked a little bit
24 about one of the matters yesterday in our
25 Restoration/Stormwater/Greenway Committee as it

1 relates to the NRS's looking to put \$3 to \$5 million
2 in the 30 western counties of North Carolina for
3 stream restoration through their EQIP program. I'm
4 not going to go into too much detail about this. I
5 think we are looking for opportunities to partner.
6 We're looking for opportunities to show what our
7 program does in the legislature, and this is a great
8 opportunity. And we will -- we will keep our eye on
9 this process, monitor it, and -- and through -- as it
10 processes through the legislature, if it does. And
11 we'll be reporting back to you in February as well.

12 The other one is there is a -- dealing with
13 military projects, there's a REPI 2013 Challenge
14 Grant. This is a \$5 million grant that DOD, the
15 Department of Defense, is putting out under REPI. And
16 they are selecting a single project out of all of the
17 military bases. They've identified priority bases and
18 installations that are subject to these funds in North
19 Carolina, and that is Fort Bragg and the Dare County
20 Bombing Range. The North Carolina State, the
21 Department of Ag, we have had input, the Clean Water
22 Management Trust Fund, the Natural Heritage Trust
23 Fund, Parks and Rec. And several other folks have
24 been working on getting this draft grant proposal
25 together. And, again, they are looking for one-to-one

1 match. But we are participating as a potential match
2 candidate for them. And, again, I -- you know, as
3 I've noted to them, we've put \$40 million into
4 military projects. I think we support that effort,
5 and we'll continue to support those efforts. The
6 draft proposal goes in October 15th. They will make
7 final decisions, or either a final grouping of folks
8 that move forward in December. But I just wanted to
9 put you all on notice that that's another activity
10 that's going on related to military projects.

11 Finally, we passed out, I think, in your
12 packets a draft newsletter. This is -- this comes out
13 of our last meeting. And I don't think -- I talked to
14 Karen or somebody. I thought it was in the meeting,
15 and somebody said it was offline. But I remember the
16 request coming in that we need to do some type of
17 newsletter to communicate our programs, and to provide
18 the opportunity to educate folks in a -- in an
19 organized, systematic way. Let's see if I can find my
20 copy.

21 CHAIRMAN MCMILLAN: (Gives document to Mr.
22 Rogers.)

23 MR. ROGERS: Thank you, John. What
24 we've done -- and, again, this is a draft. And -- but
25 I did want to have some substance just to give you all

1 an idea of the type of stuff that we've envisioned
2 that we would communicate through this. Basically,
3 we're looking at a feature article. We've -- we
4 heisted an article out of the New River publication,
5 "Drinking Water Dilemma." There's a little executive
6 director's report, and then we're looking at a Clean
7 Water feature project or area. We also will have some
8 type of profile. That profile can be on an industry
9 or a person. We did not put anything in that. We
10 didn't quite have time to get that pulled together.
11 And then looking at local governments and issues in
12 local government that we can report on, related to our
13 projects, and those kinds of things.

14 What I would like -- and if you don't have
15 specific thoughts right now, please get us feedback.
16 My interest is to try to do this, probably, on a
17 quarterly basis. And I would -- we would like to get
18 one out in December, if at all possible, before the
19 end of the year just to begin and kick -- kick this
20 thing off. The idea is that we'll distribute this
21 electronically. We have list serves for all our --
22 all of our grantees. We have -- we have the
23 legislative -- we -- legislature we can push this out
24 to, as well as others. So that's our plan for
25 circulating this. It also gives us a vehicle for

1 communicating the program and the value of the program
2 as it relates to the state and our natural resources.

3 I would greatly appreciate any comments,
4 thoughts that folks have with regards to organization,
5 highlighted topics that we need to cover in this.
6 This is a pretty basic format that we've -- that we
7 pull down. But I'd also like to thank Cherri for
8 pulling this together. She's been working on this.
9 And then Will, I think you had a little something --

10 MR. SUMMER: Right.

11 MR. ROGERS: -- to do with it, too. But
12 what -- I think this is a good way for us, again, to
13 look at another way to push information out and
14 communicate the program. So welcome any thoughts,
15 comments on that.

16 MR. HOWARD: Richard, I'd like for the
17 staff to investigate -- it's a social media tool for
18 sharing documents called SCRIBD --

19 MR. ROGERS: All right.

20 MR. HOWARD: -- S-C-R-I-B-D. Is this a
21 good time to talk about this?

22 MR. ROGERS: Yeah.

23 MR. HOWARD: Yeah. Yeah, yeah.

24 MR. ROGERS: I'm -- they're writing it
25 down. I'm not. I'm the --

1 MR. HOWARD: Yeah. S-C-R-I-B-D. They
2 skip the "E" to be cool.

3 MR. ROGERS: Okay.

4 MR. HOWARD: But SCRIBD, when you put it
5 up there, makes any PDF. It organizes it nicely. You
6 can see all past PDFs. You can put it into
7 subfolders. It's all searchable, and it makes it a
8 good way to present documents to the public with --
9 with -- you could see the document --

10 MR. ROGERS: Right.

11 MR. HOWARD: -- originally, instead of
12 just having a link within a website, which sometimes
13 it's hard for the search engines to find.

14 MR. ROGERS: Sure.

15 MR. HOWARD: So just a quick note on
16 SCRIBD --

17 MR. ROGERS: Great. That's --

18 MR. HOWARD: -- since that puts it in
19 action.

20 MR. ROGERS: -- that's great. Karen?

21 MS. CRAGNOLIN: Richard, I hope, too, that
22 it will be in a format that will be easy to forward.
23 And, you know, several of us -- I have a newsletter
24 that goes out to, like, 12,000 people every month, and
25 it -- we can easily forward that to our whole list if

1 it's easy in the document itself.

2 MR. ROGERS: Right. Okay.

3 MS. CRAGNOLIN: And lots of pictures. I
4 think people really like to see photos of -- from
5 across the state. Thanks.

6 MR. ROGERS: Less substance, more
7 pictures.

8 MS. CRAGNOLIN: That's true.

9 MR. VAUGHAN: Richard, is -- is this the
10 exact form at it's going out in?

11 MR. ROGERS: Right. Yeah, this is what
12 we're presenting. It doesn't have to be in this
13 format. That's the whole point, I think, is if
14 there's something you don't like or you like, then we
15 can -- we can try to adjust it.

16 MR. VAUGHAN: My comment is --

17 MR. ROGERS: The template we're using
18 is -- is just a basic template.

19 MR. VAUGHAN: But the comment I would make
20 to you is that the first two pages, that the print is
21 awful small compared to --

22 MR. ROGERS: Right.

23 MR. VAUGHAN: -- but then it goes up in the
24 back page. If we can get it all, at least, in the
25 print size on page three.

1 MR. ROGERS: Sure.

2 MR. VAUGHAN: And I think that if you're
3 going to use the pictures, you can increase that
4 picture on the front page --

5 MR. ROGERS: Right.

6 MR. VAUGHAN: -- somewhat --

7 MR. ROGERS: Yeah.

8 MR. VAUGHAN: -- that would be a help, too.

9 MR. ROGERS: Well, yeah. A lot of that
10 has to do with this article that we -- we just cut and
11 pasted out. It was a longer article than really the
12 space that we had. And then my little ditty was -- I
13 brought [sic] -- wrote too much, too. So we can just
14 shorten the articles and make sure that the content
15 is -- is so that we can keep that font. No problem.

16 MR. BEANE: Richard, I would offer that
17 probably in your first newsletter possibly include in
18 some kind of a short history --

19 MR. ROGERS: All right.

20 MR. BEANE: -- about how many projects
21 have been done and how many counties that have gotten
22 projects, and how much money has been leveraged or
23 matched.

24 MR. ROGERS: Right. And we can actually
25 have a box of that where it's, kind of, a standard

1 piece --

2 MS. CRAGNOLIN: Yes.

3 MR. ROGERS: -- that we can put in, and
4 be glad to do that. That's a good -- good -- very
5 good point.

6 MS. BRANNON: Perfect.

7 MR. ROGERS: I would -- I don't know
8 the -- there's a little line underneath the "Clean
9 Water Management Trust Fund, a non-regulatory approach
10 for protection and restoration of this critical
11 resource." We're trying to get something that will
12 capture folks' attention. And if anybody has any
13 thoughts on that statement, or -- or a line we could
14 have there, it would be helpful as well. So we'll
15 continue to take feedback on that. Just give me an
16 email or -- or get with me, and we'll be glad to do
17 that.

18 Just a couple other things, I did want to
19 update you all on Claudette Weston. As you all are
20 aware, she was in the hospital. She's now out of the
21 hospital doing well, recovering fine. I think she
22 didn't make this meeting, just tried to keep that
23 recovery on the upswing. But she is doing okay and
24 out of the hospital. And, Bern, I guess she's heading
25 back and getting back into the routine of things from

1 what I could -- from what I know.

2 MR. SCHUMAK: Yeah. I stopped by her
3 office, so I could talk to her secretary, and she said
4 she was doing fine at home, and was basically trying
5 not to get exposed to all the germs and stuff going
6 around until her immune system got back 100 percent.
7 And Nancy said to tell you that she was doing good and
8 wouldn't be able to make this meeting. So she sends
9 her best. Thanks.

10 MR. ROGERS: Mr. Chairman, one last thing.
11 Last night at dinner we did celebrate a birthday.
12 Stan Vaughan's birthday was yesterday. I don't think
13 we need to sing again, Stan. But --

14 MR. VAUGHAN: Thank you.

15 MR. ROGERS: -- we do wish you a
16 happy birthday. That's my report.

17 CHAIRMAN MCMILLAN: Thank you very much.
18 Happy birthday, Stan.

19 MR. VAUGHAN: I'm glad to have one.

20 CHAIRMAN MCMILLAN: Yes. Always a good
21 thing.

22 We'll move into the Acquisition Committee
23 Report. Joe?

24 MR. HESTER: Thank you, Mr. Chairman.
25 The Acquisition Committee met yesterday at 12:30 for

1 at least an hour. And we had an interesting meeting,
2 and we had a number of recommendations for the Board.
3 First, I'd like to bring up -- well, I'd like to make
4 sure that all the Trustees have the copy that was
5 handed out with our application for acquisition that
6 was handed out today. It says at the top "2012
7 Application for Acquisition Committee Recommendations,
8 October 14, 2012." I'll be referring to that.

9 The first matter, Mr. Chairman, was the
10 committee recommended to the Board that we approve
11 \$150,000 for our donated easement minigrant program.

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

14 BOARD MEMBERS: (No response.)

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

17 BOARD MEMBERS: Aye.

18 CHAIRMAN MCMILLAN: Opposed say, "No."

19 BOARD MEMBERS: (No response.)

20 CHAIRMAN MCMILLAN: The "Ayes" have it.

21 MR. HESTER: Okay. The second matter
22 that we took up was to review the applications for
23 this year. As the chairman indicated earlier, we have
24 limited the total amount to \$600,000 because of our
25 limited funds that are available, and that amount is

1 \$5,512,227, as you can see at the bottom of the first
2 page. We considered military projects, and we gave
3 them priority. So when you look on this front page,
4 you will see that the full score is not in order of
5 score. If you look on that column, and the four
6 military projects that we approved are at the top.
7 Thereafter, the score is in order. But our committee
8 recommended to the Board that we fund -- well, I guess
9 I should read them into the record, Mr. Chairman.

10 CHAIRMAN MCMILLAN: Yes.

11 MR. HESTER: That we fund the
12 following projects: 2012-063, 2012-068, 2012-062,
13 2012-067, 2012-077, 2012-078, 2012-016, 2012-010,
14 2012-075, 2012-028. Those in full. And, lastly,
15 2012-008 to be funded at this time in the amount
16 \$482,367 with the further stipulation that the first
17 funds that are reverted to the Acquisition Committee
18 will be applied to 2012-008 until their \$600,000
19 request is met. And that is our recommendation.

20 CHAIRMAN MCMILLAN: Okay. With -- with your
21 consent, we'll separate out the two that George Howard
22 has a conflict on, one and three. So, we'll vote
23 on -- on 2012-063 and 2012-062 first, with George
24 Howard recusing himself from consideration. And the
25 motion is to approve funding for those two projects in

1 the amount of \$600,000 each subject to the
2 availability of funds. Is there --

3 MR. HESTER: That's correct.

4 CHAIRMAN MCMILLAN: -- is there discussion
5 on the motion?

6 BOARD MEMBERS: (No response.)

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

9 BOARD MEMBERS: Aye.

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

11 BOARD MEMBERS: (No response.)

12 CHAIRMAN MCMILLAN: And the "Ayes" have it.

13 Now, the remaining projects that you read out, and I
14 think that there were a couple of amounts that were a
15 little bit different. So 2012-068 in the amount of
16 \$80,355; 2012-067 in the amount of \$600,000; 2012-077
17 in the amount of \$600,000; 2012-078 in the amount of
18 \$599,905; 2012-016 in the amount of \$400,000; 2012-010
19 in the amount of \$600,000; 2012-075 in the amount of
20 \$199,600; 2012-028 in the amount of \$600,000; and
21 2012-008 in the amount of \$482,367 subject to the
22 availability of funds. Is there discussion of that
23 motion?

24 BOARD MEMBERS: (No response.)

25 CHAIRMAN MCMILLAN: If not, so many as favor

1 the motion, say, "Aye."

2 BOARD MEMBERS: Aye.

3 CHAIRMAN MCMILLAN: Opposed say, "No."

4 BOARD MEMBERS: (No response.)

5 CHAIRMAN MCMILLAN: And the "Ayes" have it.

6 MR. HESTER: Next, Mr. Chairman, we
7 recommend to the Board a list of provisional projects
8 that shall be considered should the committee
9 receive -- or to be received for acquisitions -- any
10 additional monies. That list I would like to point
11 out to the Board is in order of the full score.
12 However, should we receive additional funds, the
13 recommendation to the Board is that the staff and the
14 co-chairs of the Acquisition Committee consider the
15 amount of funds and the various projects on this list,
16 giving military projects priority as we did yesterday,
17 and determine the appropriate amount to award to each
18 one of those projects. So that is our recommendation,
19 that this provisional list be approved by the Board to
20 be funded after discussion between the staff and the
21 co-chairs as appropriate.

22 CHAIRMAN MCMILLAN: All right. You've heard
23 the motion. I think one of the -- one of the
24 considerations is that there are some projects where
25 the amount requested -- for example, 2012-002 is only

1 for \$35,0000, and so if all of that -- is the third
2 project on the list by way of score. If there are
3 limited funds available, the chairs and the staff may
4 decide to fund that project just because of the amount
5 and that it would be -- could be an accomplished
6 project. Is that the idea?

7 MR. HESTER: That's part of the idea,
8 yes. And we also considered the military projects,
9 give them priority and look at each one individually
10 and decide where we go as we get -- as the funds are
11 reverted to the committee.

12 CHAIRMAN MCMILLAN: And we'll provide the
13 court reporter with a list of those projects with the
14 numbers.

15 MR. ROGERS: She's got it.

16 CHAIRMAN MCMILLAN: Well, she has it. All
17 righty. Thank you.

18 MR. GARROU: Just a point of
19 clarification, Mr. Chairman?

20 CHAIRMAN MCMILLAN: John?

21 MR. GARROU: When -- Joe, when you
22 say give military projects priority, you do not mean
23 that they would necessarily all go to the top of
24 the -- top of the list?

25 MR. HESTER: That's correct. The

1 statute says we give them priority, and we should do
2 that, but not -- not automatically putting them at the
3 top of the list. We will consider them together with
4 the other projects, and have to give them priority of
5 some sort.

6 CHAIRMAN MCMILLAN: Stan?

7 MR. VAUGHN: Mr. Chairman, I'm
8 assuming also that this -- this carried forward is
9 provisional only for this budget year?

10 MR. ROGERS: Yes, sir. To June 30th.

11 MR. VAUGHN: That's my understanding.

12 CHAIRMAN MCMILLAN: All right. We've got
13 the same issue with George Howard, so we'll -- the two
14 projects for the Coastal Land Trust, 2012-060 and
15 2012-061, we'll vote on separately. Those two
16 projects would be a part of the list to be considered.
17 All in favor of that motion, say, "Aye."

18 BOARD MEMBERS: Aye.

19 CHAIRMAN MCMILLAN: Any opposed say, "No."

20 BOARD MEMBERS: (No response.)

21 CHAIRMAN MCMILLAN: And the "Ayes" have it.

22 Now, the remainder of the list, as submitted to the
23 court reporter, and as you have in front of you for
24 funding, if funds are available, subject to the
25 chair's and staff's placing an appropriate order. All

1 in favor of that motion, say, "Aye."

2 BOARD MEMBERS: Aye.

3 CHAIRMAN MCMILLAN: Any opposed say, "No."

4 BOARD MEMBERS: (No response.)

5 CHAIRMAN MCMILLAN: And the "Ayes" have it.

6 MR. HESTER: Finally, Mr. Chairman,
7 on the handout there are two other matters. One is
8 the committee recommended to the Board that we not
9 fund, basically, projects for the -- the enumerated
10 Projects 24 through 46. And I think the court
11 reporter has those, or the reporter has those rather.
12 And so we recommended that those projects not be
13 funded.

14 CHAIRMAN MCMILLAN: You've heard the motion.
15 Is there discussion?

16 BOARD MEMBERS: (No response.)

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

19 BOARD MEMBERS: Aye.

20 CHAIRMAN MCMILLAN: Opposed say, "No."

21 BOARD MEMBERS: (No response.)

22 CHAIRMAN MCMILLAN: The "Ayes" have it.

23 MR. HESTER: The last thing on this
24 document, enumerated Numbers 47 through 55, there were
25 a number of withdrawals and requests for withdrawal,

1 and we recommend to the Board that they accept those
2 withdrawal requests.

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

5 BOARD MEMBERS: (No response.)

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

8 BOARD MEMBERS: Aye.

9 CHAIRMAN MCMILLAN: Opposed say, "No."

10 BOARD MEMBERS: (No response.)

11 CHAIRMAN MCMILLAN: And the "Ayes" have it.

12 MR. HESTER: Next, we considered a
13 number of -- I don't see Nancy's handout here. I have
14 it here. We considered a number of projects where
15 modifications -- modifications were requested from
16 various projects. The first one, F-D, is a request of
17 modify project scope and budget for the Town of
18 Sparta, 2008-069. The committee recommends to the
19 Board approving the Town's request to fund an
20 alternative section of greenway, and modify a project
21 budget.

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

24 BOARD MEMBERS: (No response.)

25 CHAIRMAN MCMILLAN: If not, so many as favor

1 the motion, say, "Aye."

2 BOARD MEMBERS: Aye.

3 CHAIRMAN MCMILLAN: Opposed say, "No."

4 BOARD MEMBERS: (No response.)

5 CHAIRMAN MCMILLAN: The "Ayes" have it.

6 MR. HESTER: Next matter, F-E is a
7 request for reduction in match and project scope for
8 Blue Ridge Conservancy, 2010-004. The committee
9 recommends to the Board approving the request to
10 reduce the scope match and Clean Water Management
11 requested funds to \$804,600.

12 CHAIRMAN MCMILLAN: You've heard the motion.
13 Is there discussion?

14 BOARD MEMBERS: (No response.)

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

17 BOARD MEMBERS: Aye.

18 CHAIRMAN MCMILLAN: Opposed say, "No."

19 BOARD MEMBERS: (No response.)

20 CHAIRMAN MCMILLAN: The "Ayes" have it.

21 MR. HESTER: Next is F-F. It's a
22 request for exchange of acres, City of Kinston, Neuse
23 River Floodplain, zero [sic] -- 2005A-006A. The
24 committee recommendation to the Board is to accept
25 Kinston's request of the exchange of acres along the

1 Neuse River for the residential parcels of greater
2 acreage and water quality protection.

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

5 BOARD MEMBERS: (No response.)

6 CHAIRMAN MCMILLAN: If not, so many as favoe
7 the motion, say, "Aye."

8 BOARD MEMBERS: Aye.

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

10 BOARD MEMBERS: (No response.)

11 CHAIRMAN MCMILLAN: The "Ayes" have it.

12 MR. HESTER: The last matter, Your
13 Honor [*sic*] -- Your Honor [*sic*] -- Mr. Chairman, Your
14 Honor [*sic*], we would -- never mind. We had a
15 discussion about the need to develop some sort of
16 protocol having to do with requests to change in
17 various ways our Clean Water Management Trust Fund
18 conservation of easements, and that we do not have a
19 procedure or a policy at this time to do that. The
20 committee agreed to meet with the staff sometime
21 before our February meeting to discuss this. And the
22 agreement is that the resident staff will work with
23 the co-chairs to finalize a date. As always, all
24 Trustees would be invited to that meeting so that we
25 can discuss those matters and try to come up with some

1 recommendation for the Board. And I think -- I think
2 that would conclude our committee's recommendations.

3 CHAIRMAN MCMILLAN: Thank you very much.
4 Restoration/Stormwater/Greenway Committee report,
5 Yevonne?

6 MS. BRANNON: Mr. Chair, in August the
7 Restoration/Stormwater/Greenway Committee discussed
8 whether to develop a fully scoped -- for the greenway
9 projects -- and decided that we would not do that this
10 year. The Greenway project proposals were not
11 considered urgent. And given the limited funds and
12 the high quality of the restoration and stormwater
13 proposals, the committee, at this time, recommends not
14 funding any greenway projects this year.

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

17 BOARD MEMBERS: (No response.)

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

20 BOARD MEMBERS: Aye.

21 CHAIRMAN MCMILLAN: As opposed say, "No."

22 BOARD MEMBERS: (No response.)

23 CHAIRMAN MCMILLAN: And the "Ayes" have it.

24 MS. BRANNON: Also, you will find at
25 your place today the new list based on the committee's

1 work yesterday of the projects that were recommended
2 for funding and those not to be funded. If you would
3 look at those, you'll see that we considered 55
4 applications for the restoration and stormwater
5 projects. We are approving for funding those projects
6 listed on lines 1, 2, 3, 4, 5, and 17. These are
7 projects 2012-722, 2012-721, 2012-437, 2012-433, 2012-
8 434, and 2012-438. We're recommending that these
9 projects receive the funding as allocated on the
10 handout and given to the court reporter. Those are
11 the committee's recommendations.

12 CHAIRMAN MCMILLAN: All right. Because --

13 MS. BRANNON: Oh, wait one second. We
14 have a recusal on this.

15 CHAIRMAN MCMILLAN: Yeah. Because of
16 Karen's conflict, we will vote on Project Number 2012-
17 438 separately.

18 MS. BRANNON: Yes, sir.

19 CHAIRMAN MCMILLAN: So the first motion will
20 be for the other five projects, Numbers 1 through 5 on
21 the list. And the motion is to approve funding for
22 those projects in the amounts: 2012-722, \$200,000;
23 2012-721, \$200,000; 2012-437, \$400,000; 2012-433,
24 \$399,995; and 2012-434 in the amount of \$400,000
25 subject to the availability of funds. Is there any

1 discussion on that motion?

2 MR. HOWARD: Yes, there is. Mr.
3 Chairman, excuse my absence.

4 CHAIRMAN MCMILLAN: George?

5 MR. HOWARD: Well, I brought it up
6 yesterday in the informal group, and I'll just repeat
7 what I said then. I think that the staff has done a
8 fine job ranking the proposals. They're supposed to
9 look at environmental metrics only, I would think. I
10 haven't seen anything in their charge that would bring
11 up what I think is an important consideration for the
12 larger Board, which is the likelihood of the project
13 getting done without our money. Okay. And Duke
14 University, I went and looked it up last night. I
15 think I gave you two incorrect numbers. I said that
16 the endowment was \$2 billion, and mentioned something
17 about a basketball coach making 15 million, which I
18 don't think is terribly relevant. But it was just
19 trying to show that these are -- it's a fairly flush
20 institution. I looked it back up last night. The
21 endowment is actually \$5.2 billion, and it earned \$54
22 million in interest last year.

23 So to fund this project will be one percent
24 of one percent of their endowment, or one percent of
25 their interest this year. Okay. I just don't find,

1 in these difficult times with the average North
2 Carolina taxpaying household paying \$4,000 -- that's
3 100 households -- I think you'd have a tough time
4 gathering 100 households that wanted to pitch in
5 \$4,000 each to pay for Duke restoring a stream. I'm
6 not terribly impressed with the project. From what I
7 understand, the stream restoration, it's generally
8 preferred, not at all times, but preferred to be in
9 places that have a lack of vegetation. It's a
10 completely forested system. It looks to me like a
11 demonstration project. There are plenty of stream
12 work projects in the ground out there that can already
13 serve as demonstration projects. There are ones that
14 are going in that they could be designated so, that
15 are being done for -- as toward mitigation or
16 otherwise.

17 I just don't think it's compelling to assist
18 Duke University in cleaning up their campus. They
19 have a capital projects program that I'm sure this
20 would be a grounding area. So I ask for the
21 committee's support to, with all due respect, take
22 that off the agenda and ask them to come back,
23 perhaps, with a better match.

24 This 38 percent, I'm a little bit
25 disappointed that the next one down that will

1 presumably move up, was just around there. It was
2 30 -- I think it was 36, and Duke was 38. But I got a
3 feeling that the resource institutes squeaks nothing
4 than probably -- didn't have the -- the resources at
5 hand to step up with any more money, whereas I'm sure
6 Duke did. So I'd like to take it off the approval
7 list and ask them to come back with a better match.

8 CHAIRMAN MCMILLAN: Is a part of your motion
9 to move 2012-441 up to take its place?

10 MR. HOWARD: That -- that's what I
11 was thinking. But, of course, that's subject -- I'd
12 be interested in, you know, more senior members and
13 how you all have dealt with this before. It looks
14 like a fine project, and I have some knowledge of the
15 group.

16 CHAIRMAN MCMILLAN: But -- so your motion is
17 just to delete Project 2012-433 from funding?

18 MR. HOWARD: Yes, sir.

19 CHAIRMAN MCMILLAN: All right. Is there a
20 second to that motion?

21 MR. GARROU: Second.

22 CHAIRMAN MCMILLAN: There is a second. Is
23 there a discussion?

24 MS. CRAGNOLIN: Well, the way I
25 understand the motion, it's not that we would delete

1 it. It's that we would go back to Duke and say, "We
2 need more match"; is that correct?

3 MR. HOWARD: Yes. Yes.

4 MS. CRAGNOLIN: You know, if they come
5 up with some more money, we would still fund it; is
6 that --

7 MR. HOWARD: Well, it's not a
8 permanent rejection by any means.

9 MS. CRAGNOLIN: Okay. That's what I
10 understood. Thank you.

11 CHAIRMAN MCMILLAN: Well, is your motion to
12 just not fund it at this time and put it on a -- the
13 provisional list?

14 MR. HOWARD: On a provisional list,
15 yes.

16 CHAIRMAN MCMILLAN: All right. Okay. All
17 right. To clarify, is that agreeable with you, Mr.
18 Garrou?

19 MR. GARROU: It is.

20 CHAIRMAN MCMILLAN: All right. Stan?

21 MR. VAUGHN: Mr. Chairman, while I
22 know where the improvement would be made happens to be
23 on the Duke campus, Duke University is not the
24 applicant. It's the Durham Soil & Water Conservation
25 District. So I'm assuming they went through the --

1 their process, and this was the project they thought
2 needed to be done. I think -- I understand your
3 argument, but I think it's -- it's a precedent
4 that'd -- will be an argument -- and I'm not sure
5 we've ever made in the past. If not, that doesn't
6 mean we can't make it today.

7 MR. HOWARD: No, no, no. That's
8 fine. It's an excellent point. It is Durham County
9 Soil & Water. But I would question their process if
10 they can't find something better in Durham County to
11 do than this project at this time.

12 MS. BRANNON: And that's another
13 issue.

14 CHAIRMAN MCMILLAN: Joe?

15 MR. HESTER: I'd just like to
16 reflect, sort of, the same thoughts as Stan. This is
17 the first time we've ever considered it this way. And
18 so I don't think the applicants -- well, I know the
19 applicant certainly wasn't aware that there was --
20 that we might take a different approach because of it
21 being on the Duke campus. And, to be honest, this is
22 the first time I've thought about it, and I appreciate
23 George bringing it up. But as per this cycle, I would
24 support the committee's recommendation from yesterday.

25 CHAIRMAN MCMILLAN: Further discussion? The

1 motion is to amend the committee report by removing
2 2012-433 from the approved list and placing it on the
3 provisional list. Those in favor of the motion, say,
4 "Aye."

5 BOARD MEMBERS: Aye.

6 CHAIRMAN MCMILLAN: Opposed say, "No."

7 BOARD MEMBERS: No.

8 CHAIRMAN MCMILLAN: The "Nos" appear to have
9 it. The "Nos" have it.

10 MR. HOWARD: Can I get a recorded
11 vote on it, please?

12 CHAIRMAN MCMILLAN: We can ask for a show of
13 hands. Everybody in favor of the motion, raise your
14 hand. Three? Four. Of those opposed, raise your
15 hands. Nine. So the motion fails nine to four.

16 Now the motion before you is the
17 recommendation of the committee. Those in favor of
18 that motion, say, "Aye."

19 BOARD MEMBERS: Aye.

20 CHAIRMAN MCMILLAN: Any opposed say, "No."

21 MR. HOWARD: No.

22 CHAIRMAN MCMILLAN: The "Ayes" have it.

23 MS. BRANNON: Now, we -- now, we need
24 to vote on --

25 CHAIRMAN MCMILLAN: Now we need to vote on

1 2012-438 --

2 MS. BRANNON: Yes.

3 CHAIRMAN MCMILLAN: -- RiverLink. The
4 committee's recommendation is to fund that project at
5 the amount of \$400,000. Karen Cragolin abstains from
6 that vote. Those in favor of the motion, say, "Aye."

7 BOARD MEMBERS: Aye.

8 CHAIRMAN MCMILLAN: Any opposed say, "No."

9 BOARD MEMBERS: (No response.)

10 CHAIRMAN MCMILLAN: The "Ayes" have it.

11 MS. BRANNON: Mr. Chairman, we also
12 yesterday discussed keeping projects active for
13 consideration if there's any funds converting to
14 restoration stormwater. And we have those listed also
15 on the handout in front of you. Those projects are
16 listed in the order in -- as which we would recommend
17 them for funding if funds become available. And they
18 are Projects 6, 2012-441, 2012-435, 2012-444, 2012-
19 445, 2012-440, 2012-431, 2012-718, 2012-719 [sic],
20 -- no, that's it. I'm sorry. Could you -- I would
21 like to end that at 2012-714 [sic] -- line 14; 718,
22 line 14. Those projects were recommended for
23 provisional approval if reverted funds become
24 available.

25 CHAIRMAN MCMILLAN: You've heard the motion.

1 Is there discussion?

2 BOARD MEMBERS: (No response.)

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

5 BOARD MEMBERS: Aye.

6 CHAIRMAN MCMILLAN: Any opposed say, "No."

7 BOARD MEMBERS: (No response.)

8 CHAIRMAN MCMILLAN: The "Ayes" have it.

9 MS. BRANNON: If you'll turn over to
10 page two of your handout, we have here projects that
11 are not recommended for approval in the 2012 funding
12 cycle: Projects 2012-719, 2012-436, 2012-406, 2012-
13 705. And I believe that we have a recusal on 2012-
14 719.

15 CHAIRMAN MCMILLAN: All right. You've heard
16 the motion. We'll vote first on 2012-719, and Karen
17 Cragolin will recuse herself from consideration. Is
18 there discussion of that motion with respect to that
19 project 2012-719?

20 BOARD MEMBERS: (No response.)

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

23 BOARD MEMBERS: Aye.

24 CHAIRMAN MCMILLAN: Any opposed say, "No."

25 BOARD MEMBERS: (No response.)

1 CHAIRMAN MCMILLAN: The "Ayes" have it.
2 Now, the motion is before you for -- with respect to
3 2012-436, 2012-406, 2012-705. Is there discussion on
4 that motion?

5 BOARD MEMBERS: (No response.)

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

8 BOARD MEMBERS: Aye.

9 CHAIRMAN MCMILLAN: Opposed say, "No."

10 BOARD MEMBERS: (No response.)

11 CHAIRMAN MCMILLAN: The "Ayes" have it.

12 MS. BRANNON: Also, you'll note --
13 notice in your handout we have Group 2. This is --
14 these are projects that scopes were not prepared on.
15 But the committee would like to also recommend, for
16 the record, not approving these projects in the 2012
17 funding cycle. And these are listed on the handout
18 that we've provided to the court reporter. And this
19 is our recommendation.

20 CHAIRMAN MCMILLAN: You've heard the
21 recommendation. Is there discussion?

22 BOARD MEMBERS: (No response.)

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

25 BOARD MEMBERS: Aye.

1 CHAIRMAN MCMILLAN: Opposed say, "No."

2 BOARD MEMBERS: (No response.)

3 CHAIRMAN MCMILLAN: The "Ayes" have it.

4 MS. BRANNON: Mr. Chairman, we also
5 had a few projects that had asked to be withdrawn and
6 not considered for this cycle of funding. Those are
7 projects 2012-442, the Resource Institute; 2012-443,
8 Polk SWCD; 2012-408, the North Carolina Division of
9 Soil & Water Conservation. These three projects we
10 are recommending to accept their request to withdraw.

11 CHAIRMAN MCMILLAN: You've heard the motion.
12 Is there discussion?

13 BOARD MEMBERS: (No response.)

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

16 BOARD MEMBERS: Aye.

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

18 BOARD MEMBERS: (No response.)

19 CHAIRMAN MCMILLAN: The "Ayes" have it.

20 MS. BRANNON: Also, Mr. Chairman, we
21 had several other items to come before the committee.
22 We had H-C, which is 2008-405 project, the Macon Soil
23 & Water Conservation District. The Macon requested
24 the transfer of \$412,269.20 balance in this \$420,000
25 grant to Macon County for completing the scope of

1 work. The committee recommends transferring the grant
2 as requested.

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

5 BOARD MEMBERS: (No response.)

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

8 BOARD MEMBERS: Aye.

9 CHAIRMAN MCMILLAN: Any opposed say, "No."

10 BOARD MEMBERS: (No response.)

11 CHAIRMAN MCMILLAN: The "Ayes" have it.

12 MS. BRANNON: Also, if you will look
13 at H-D, these are projects that were not under
14 construction contract within a year. These projects
15 have current contract dates of 10/10/2012. Both of
16 these recipients request the extension of their
17 contract to April the 10th, 2013. This is Pilot View
18 Project Number 2011-012; and the Resource Institute
19 Project 2011-416. The staff believes that these grant
20 recipients have good cause for delaying their
21 construction contract dates. The committee recommends
22 extending these construction contract dates as
23 requested.

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

1 BOARD MEMBERS: (No response.)

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

4 BOARD MEMBERS: Aye.

5 CHAIRMAN MCMILLAN: Any opposed say, "No."

6 BOARD MEMBERS: (No response.)

7 CHAIRMAN MCMILLAN: The "Ayes" have it.

8 MS. BRANNON: If the Board would
9 please turn its attention now to Item H-E, 2011-407,
10 the National Committee for the New River. As a result
11 of a miscommunication with the U.S. Corps -- Army
12 Corps of Engineers about the amount of the matching
13 funds, followed by the withdrawal of their entire
14 match, the National Committee for the New River
15 requests the following changes to their grant
16 contract. Their original grant amount was for
17 \$250,000. They were requesting to revise the scope of
18 the work, which is adding -- to add updated the stream
19 enhancement design, obtaining permits, and soliciting
20 construction bids, to remove the enhancement of three
21 acres of wetlands, and to reduce the stream
22 enhancement from 3,730 feet to 3,428 feet.

23 In addition, they would like to reduce the
24 matching funds from \$1,706,100 to \$573,000, the
25 percent of match from 87 percent down to 70 percent.

1 And last, they would like to extend the construction
2 contract date from 10/10/2012 to April the 10th, 2013.
3 Staff believes that the new National Committee for the
4 New River has good cause for delay in the construction
5 contract date. The staff has spent a considerable
6 amount of time reviewing this project. And based on
7 their recommendation, the committee concurred that we
8 recommend revising the scope of work, reducing the
9 amount of matching funds in the budget, and extending
10 the construction contract date as requested.

11 CHAIRMAN MCMILLAN: You've heard the motion.
12 Is there discussion?

13 BOARD MEMBERS: (No response.)

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

16 BOARD MEMBERS: Aye.

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

18 BOARD MEMBERS: (No response.)

19 CHAIRMAN MCMILLAN: The "Ayes" have it.

20 MS. BRANNON: The next item is H-F.

21 This is the 2010-709 Project for the Town of Colerain.
22 This town has completed the land acquisition and
23 construction of the wetlands using their grant of
24 \$204,000. The budgeted amount is NCDOT's cost of
25 replacing a culvert near the wetlands. The North

1 Carolina Department of Transportation found ways to
2 reduce the cost of the culvert, and spent just
3 \$22,708.58, much less than 60,000 in the project
4 budget. The town requests reducing the match in this
5 budget from 66,000 to 29,305.58. The percent of the
6 match would be -- go from 25 percent to 13 percent.
7 The committee recommends reducing the amount of
8 matching funds in the budget as requested.

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

11 BOARD MEMBERS: (No response.)

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

14 BOARD MEMBERS: Aye.

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

16 BOARD MEMBERS: (No response.)

17 CHAIRMAN MCMILLAN: The "Ayes" have it.

18 MS. BRANNON: H-G, the 2010-431
19 Project, the Surry Soil & Water Conservation District.
20 This project completed its design for restoring a
21 stretch of Horn Creek in Pilot Mountain State Park.
22 This original grant amount was listed for \$125,000.
23 The match listed had been the \$10,000 cost of
24 relocating the park facilities in the flood lane, but
25 this funding has been delayed repeatedly. The

1 applicant, now recipient actually, requests
2 substituting the cost of comparable work the park has
3 completed near the stream breach as a match in the
4 budget. The committee recommends substituting the
5 cost of the comparable work as matched in the budget.

6 CHAIRMAN MCMILLAN: You've heard the motion.
7 Is there discussion?

8 BOARD MEMBERS: (No response.)

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

11 BOARD MEMBERS: Aye.

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

13 BOARD MEMBERS: (No response.)

14 CHAIRMAN MCMILLAN: The "Ayes" have it.

15 MS. BRANNON: Finally, if you will
16 look at H-H, this is a 2008-1030 Town of Wake Forest.
17 The town requests closing out this grant contract
18 without having completed the full grant contract scope
19 of work. The project was to have evaluated the
20 effectiveness of flooding the vegetated islands or
21 removing nutrients for constructed wetlands by placing
22 the islands in one or two similar parallel wetlands
23 constructed primarily for this purpose. The two
24 wetlands have not performed similarly, and have not
25 been suitable for the intended evaluation. And the

1 town has not been able to correct the problem. Clean
2 Water has reimbursed them for \$257,392.84 of the
3 project's final cost of \$508,157.26. The Town is
4 prepared to absorb most of the project's monitoring
5 costs that was budgeted, and to contribute 49 percent
6 of the final project cost, 42 percent match in the
7 total project budget. The committee recommends
8 approving the town's request to close out the grant,
9 and making no further reimbursements.

10 CHAIRMAN MCMILLAN: You've heard the
11 motion. Is there discussion?

12 BOARD MEMBERS: (No response.)

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

15 BOARD MEMBERS: Aye.

16 CHAIRMAN MCMILLAN: Karen?

17 MS. CRAGNOLIN: Joe, I'm sorry. I
18 thought we had a discussion about asking them for some
19 final reports so that we could -- this was an
20 innovative stormwater, and we wanted some more
21 information from them as a -- sort of, a benchmark,
22 correct? Or did we?

23 MR. ROGERS: Well, I think what -- what
24 staff proposed was to come back in February and take
25 the whole slate of projects that were funded in 2008

1 as innovative stormwater, and report back on those
2 projects about the projects, how they've gone and the
3 outcomes we've had on those that are completed, and an
4 update on those that are still in progress.

5 I don't -- and we can also give you any
6 information on this. The point of this project is it
7 just never got to a point where they could do any --
8 any comparison or monitoring as it relates to the
9 different -- they couldn't establish a control on a
10 stormwater holding pond, so it never held water. So
11 it just doesn't really have any data that I know of.

12 I know, Kevin, if I'm not correct there, you
13 can correct me.

14 MR. BOYER: There are some data, but no
15 conclusions that are -- that are of practical benefit.
16 We can report on that along with the other innovative
17 stormwater projects.

18 MS. CRAGNOLIN: No. I think do it all as a
19 group. That's fine.

20 MR. ROGERS: We will. We will.

21 CHAIRMAN MCMILLAN: Further discussions?

22 MR. HOLLAN: I think Karen's point
23 was that we knew that some of these are not going to
24 work.

25 MS. CRAGNOLIN: Right.

1 MR. HOLLAN: They were innovative by
2 definition. Some of them were not going to work. But
3 from a -- I mean, we have a duty to the state to say
4 why they didn't work, and what happened, and this one
5 didn't work, and get it in the files, and then we'll
6 know better than to do it again.

7 CHAIRMAN MCMILLAN: Further discussion?

8 MR. BOYER: Well, it never got
9 started.

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

12 BOARD MEMBERS: Aye.

13 CHAIRMAN MCMILLAN: Any opposed say, "No."

14 BOARD MEMBERS: (No response.)

15 CHAIRMAN MCMILLAN: The "Ayes" have it.

16 MS. BRANNON: Mr. Chairman, that
17 completes the committee report.

18 CHAIRMAN MCMILLAN: Thank you very much.
19 We'll go next to infrastructure and wastewater.
20 Aaron?

21 MR. THOMAS: Thank you, Mr. Chairman.
22 The Infrastructure and Wastewater Committee met
23 yesterday, and took action on two items. Our first
24 item was Item I-B, discussion of construction projects
25 not under construction contract within one year. The

1 committee recommends approval of the proposed dates by
2 which grant recipients will enter into a construction
3 contract. The agenda has proposed dates for each
4 contract.

5 CHAIRMAN MCMILLAN: You've heard the motion.
6 Is there discussion?

7 BOARD MEMBERS: (No response.)

8 CHAIRMAN MCMILLAN: And, Amy, you have a
9 copy of that with the numbers and so on?

10 COURT REPORTER: I think so. I'll find
11 it.

12 CHAIRMAN MCMILLAN: Okay.

13 COURT REPORTER: It's here.

14 CHAIRMAN MCMILLAN: If not, we can read them
15 into the record.

16 MR. ROGERS: She's got it. She's got
17 it.

18 CHAIRMAN MCMILLAN: You've got it.

19 COURT REPORTER: I'm sure it's here.

20 MR. ROGERS: Okay. She's got it.

21 CHAIRMAN MCMILLAN: Any discussion?

22 BOARD MEMBERS: (No response.)

23 CHAIRMAN MCMILLAN: If not, all in favor of
24 the motion say, "Aye."

25 BOARD MEMBERS: Aye.

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

2 BOARD MEMBERS: (No response.)

3 CHAIRMAN MCMILLAN: The "Ayes" have it.

4 MR. THOMAS: Okay. The second item,
5 Agenda Item I-C was a request to revise the project
6 scope of work for the town of Trenton, a wastewater
7 project, 2004A-511. The committee recommends
8 approving the town's request to proceed with the phase
9 approach of identifying any construction needs of
10 sewer system collection improvements to reduce
11 excessive infiltration inflow followed by land
12 application to eliminate the discharge.

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

15 BOARD MEMBERS: (No response.)

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

18 BOARD MEMBERS: Aye.

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

20 BOARD MEMBERS: (No response.)

21 CHAIRMAN MCMILLAN: The "Ayes" have it.

22 MR. THOMAS: Mr. Chairman, the final
23 item, as information only, the staff gave an update on
24 the status of the Handy District, failing on-site
25 systems and wastewater treatment plant decommissioning

1 project. And the staff will also have more
2 information as to the status of close-out at the
3 February meeting. That concludes our report.

4 CHAIRMAN MCMILLAN: Thank you very much.
5 Program Committee, Bill Hollan and John Garrou?

6 MR. HOLLAN: Mr. Chairman, the
7 program committee met this morning at 8:30 and
8 reviewed several materials that were in the package
9 that was mailed out. The first would be Item J-B,
10 agenda item "Future Drinking Water Supply Reservoir
11 Criteria." The General Assembly in 2011 added some
12 language to our statute which required us to consider
13 enhancement or development of drinking water supplies,
14 and that the money be used to preserve lands. It
15 could be used for water supply reservoirs and the
16 preservation of property for establishing clean water
17 supplies.

18 The staff has done a good did [sic] -- a
19 good deal of work on this. And, in our last Board
20 meeting, we reviewed the extent to which our current
21 criteria already had been involved in the preservation
22 of buffers around drinking water supplies,
23 particularly in -- around Charlotte and the Raleigh
24 area, Lake Jordan. And so we're doing a pretty good
25 job with that already, but we wanted to focus some

1 special attention on it.

2 We -- you appointed a work group, Mr.
3 Chairman, at the last meeting who met on September the
4 10th, and had some subsequent follow-up calls. The
5 group was Renee Kumor, Christine Mele, Kevin Markham,
6 and I. And we met with members of the staff. And we
7 make the recommendations that are shown on J-B. In
8 effect, we want to add two points to the possibility
9 evaluation criteria for any proposed reservoir that
10 has concurrence from DENR Division of Water Resources.
11 At the current time, there is only one in the state,
12 and that would be the Deep River project that would be
13 proposed to serve Raleigh. And then we would add five
14 points to the potential number of points in the
15 evaluation criteria for any project that has received
16 a statement or record of decision for the development
17 of a reservoir. The handout includes the language
18 statement of "Reasonable Assurance" or "Record of
19 Decision." The committee is going to recommend that
20 we strike that "statement of Reasonable Assurance."
21 So, for the court reporter, if you could strike that
22 in the second bullet point?

23 COURT REPORTER: (Complies.)

24 MR. HOLLAN: And any -- any proposed
25 reservoir that has a record of decision would be

1 eligible for five additional points. This would --
2 the criteria would also apply to a new intake in a
3 river rather than a created reservoir.

4 We also determined that our existing
5 conservation easement is inconsistent with the
6 development of a reservoir. And so to the extent that
7 we are directed to preserve lands that could be used
8 for water supply reservoirs, we need to address that
9 concern. The -- we've asked the attorney general
10 representative to attempt to come up with a mechanism
11 by which our current [sic] -- our future conservation
12 easements can either be self-extinguishing or have
13 some mechanism under which they can be made consistent
14 with the potential for a reservoir. And we also asked
15 her to look into the question of whether or not this
16 might impact on -- potentially impact on donated
17 conservation easements and with respect to the state
18 credit for that, and with the federal tax deduction.
19 So we don't want to do anything that would impact
20 that, to the extent that that's possible.

21 We wanted to clarify that the reservoirs
22 have to be for public drinking water supplies only,
23 and these are not agricultural or industrial types of
24 reservoirs, and that we'll work closely with DENR,
25 because they'd be the ones who would be permitting

1 these Department of Water resources.

2 We -- the other recommendation is that these
3 be handled through the Acquisition Committee. There
4 was some discussion about whether a reservoir is more
5 of a utility project and it would more naturally fall
6 within the Wastewater Committee. But the thought is
7 since these are buffers and in advance of a reservoir,
8 that it should stay in the Acquisition Committee.

9 Finally, we recommend that after the final
10 location has been permitted, and this is when -- when
11 we get the five points, that our funds would not be
12 used to acquire lands that would end up being
13 inundated under water, but they would be for buffers,
14 that the funds would be used only for the purchase of
15 the buffers or the land, and not for construction of a
16 new reservoir. The match would have to be in cash.
17 We would not permit matching from design, permitting,
18 construction, pumps down, anything else. The buffers
19 would need to be permanently protected with an
20 easement or deed restrictions. We would not reimburse
21 funds for lands that had already been purchased by an
22 applicant. These are for existing reservoirs. And
23 consistent with our current policy, our funds would
24 not -- could not be used to acquire properties that
25 have been acquired through condemnation.

1 And then further we give guidance to the
2 staff that acquisition of lands to buffer upstream
3 tributaries would be preferred over acquisition of
4 lands in the area anticipated to be inundated. So
5 that's the committee recommendation with respect to
6 this Item J-B.

7 CHAIRMAN MCMILLAN: Okay. You've heard the
8 committee recommendation. It will require an
9 attachment to the -- to the minutes with the documents
10 that we reviewed as amended. Is there discussion?

11 BOARD MEMBERS: (No response.)

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

14 BOARD MEMBERS: Aye.

15 CHAIRMAN MCMILLAN: Any opposed say, "No."

16 BOARD MEMBERS: (No response.)

17 CHAIRMAN MCMILLAN: The "Ayes" have it.

18 MR. HOLLAN: Mr. Chairman, next we've
19 got a RFP update from Richard and Nancy. Richard, do
20 you want to summarize that?

21 MR. ROGERS: Yes, sir. Per the Board
22 action in August where the Board allocated up to
23 \$175,000 to look at proposed water -- drinking water
24 supply, watershed planning efforts, we have, since
25 that time on September 10th, posted the RFP requesting

1 proposals for these projects. The posting will be up
2 through -- or up to December 15th, at which time the
3 deadline is for those submittals to be in.

4 We are getting some interest. I have talked
5 with the Council of Government directors down in New
6 Bern. I presented to them the RFP. There's interest
7 there.

8 We've also -- I've also gone and talked with
9 the Catawba-Wateree Group of all the surface water or
10 drinking -- drinking water systems in the Catawba
11 River Basin. And, again, I have interest. And I
12 think opportunity for collaboration between land trust
13 and water supply units in that area, and look forward
14 to applications coming in. Staff will review those,
15 score those, and then present those to the Trustees at
16 our February Board meeting.

17 MR. HOLLAN: Thank you. Are there any
18 questions for Richard?

19 BOARD MEMBERS: (No response.)

20 MR. HOLLAN: All right. If not, we'll
21 move on to Item J-D. And you also had a handout -- or
22 not a handout, but in your Board package that was
23 mailed to you, there was an agenda Item J-D-1 relating
24 to the funding recommendations for proposals for what
25 we're calling "Management Funds."

1 Our stewardship funds are designed to
2 reimburse the land trusts for actions in monitoring
3 the easements. They go out periodically and make sure
4 that there are no violations in the easements, take
5 photographs, send back reports to us. But from time
6 to time, they find a need for additional, sort of,
7 special projects that would enhance their ability to
8 protect these properties under the easement. We -- at
9 the June meeting of Trustees, we allocated up to
10 \$20,000 to be used to make grants to these individuals
11 for special projects that would enhance their
12 abilities. The ones that have been approved are
13 detailed on J-D-1, and you can see its 8,800 [sic] --
14 I'm sorry -- \$8,640 as recommended by the staff. And
15 you have matching resources of 15,782. These are for
16 items such as a fence, a gate, some restoration of a
17 native plant community, and some reforestation. And
18 the committee recommends that we approve the
19 allocation of these funds as shown on agenda item
20 J-D-1.

21 CHAIRMAN MCMILLAN: You've heard the motion.
22 Is there discussion?

23 BOARD MEMBERS: (No response.)

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

1 BOARD MEMBERS: Aye.

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

3 BOARD MEMBERS: (No response.)

4 CHAIRMAN MCMILLAN: The "Ayes" have it.

5 MR. HOLLAN: Mr. Chairman, that

6 concludes the report of the Program Committee.

7 CHAIRMAN MCMILLAN: Thank you very much.

8 That concludes the agenda, other than discussion. Is

9 there any -- any items of discussion any members of

10 the Board would like to bring forward?

11 BOARD MEMBERS: (No response.)

12 CHAIRMAN MCMILLAN: If not, thank you for --

13 Karen?

14 MS. CRAGNOLIN: Yeah. I just want to

15 say I'm really excited that we're going to start doing

16 a newsletter. I think it's a wonderful outreach, and

17 even if -- and Yevonne just said, even if you don't --

18 "Somebody doesn't read the whole thing, getting that

19 headline is a reminder." And if we can feature

20 projects across the state with testimonials from key

21 people, that makes a difference. And not to be too

22 frivolous, but people love pictures. They do. And we

23 can highlight a lot of folks and great stuff that this

24 group has accomplished across the state. So I'm real

25 excited about that. If I can help in any way, I'd

1 love to.

2 CHAIRMAN MCMILLAN: Thank you, Karen.
3 Again, thanks to all of you for your participation and
4 meetings between Board meetings -- sessions. Amy,
5 thank you for being with us this morning; Mary, thank
6 you for being with us.

7 MS. LUCASSE: Uh-huh (yes).

8 CHAIRMAN MCMILLAN: Staff, we appreciate all
9 of your work. You make these meetings run smoothly.
10 Chairs, great job. Anything further?

11 MR. ROGERS: One thing. Don't forget
12 to pick your parking pass up. I was reminded, like,
13 six times to say that, so I finally got it. But make
14 sure you pick parking passes up, and you'll --

15 CHAIRMAN MCMILLAN: And return your folders
16 to Penny.

17 See you in February. Have a great
18 Halloween, Thanksgiving, and Christmas.

19 MR. ROGERS: And New Year's.

20 *(Meeting adjourned at 11:01 a.m.)*

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CERTIFICATE OF NOTARY - COURT REPORTER

STATE OF NORTH CAROLINA)
COUNTY OF WAKE)

I, Amelia W. Mount, 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 512 North Salisbury Street, Ground Floor Hearing Room, Raleigh, North Carolina, on the 15th day of October, 2012.

I further certify that I am neither of counsel to this agency or interested in the event of this agency on this 23rd day of October, 2012.

Amelia W. Mount, Court Reporter
Notary Public, Wake County,
North Carolina
Notary Number: 20021680310