

**BOARD OF TRUSTEES**

**CLEAN WATER MANAGEMENT TRUST FUND**

---

**MINUTES OF MEETING**

**MONDAY, FEBRUARY 21, 2011**

**10:10 A.M.**

**SHERATON CHAPEL HILL**

**ONE EUROPA DRIVE**

**CHAPEL HILL, NORTH CAROLINA**

---



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

A P P E A R A N C E S

## CLEAN WATER MANAGEMENT TRUST FUND BOARD OF TRUSTEES:

PHILIP A. BADDOUR, JR., CHAIRMAN, GOLDSBORO

HONORABLE HAROLD A. BASS, SR., RUFFIN

HONORABLE RONALD R. BEANE, LENOIR

DR. YEVONNE BRANNON, RALEIGH

DR. NORMAN C. CAMP, III, RALEIGH

KAREN CRAGNOLIN, ASHEVILLE

JOHN GARROU, WINSTON-SALEM

C.L. "RANCE" HENDERSON, MORGANTON

JOSEPH M. HESTER, JR., ROCKY MOUNT

WILLIAM E. HOLLAN, JR., WINSTON-SALEM

CHARLES JOHNSON, GREENVILLE

RENEE KUMOR, HENDERSONVILLE

KEVIN MARKHAM, RALEIGH

JOHN McMILLAN, RALEIGH

PRESTON PATE, NEWPORT

PETER RASCOE, III, SOUTHERN SHORES

BETTY CHAFIN RASH, CHARLOTTE

AARON THOMAS, PEMBROKE

STAN VAUGHAN, CHARLOTTE

JERRY W. WRIGHT, JARVISBURG

## ATTORNEY GENERAL'S OFFICE:

FRANK CRAWLEY, ASSISTANT ATTORNEY GENERAL

## CLEAN WATER MANAGEMENT TRUST FUND STAFF:

RICHARD ROGERS, EXECUTIVE DIRECTOR

BETH McGEE, DEPUTY DIRECTOR - INFRASTRUCTURE

TOM JONES, DEPUTY DIRECTOR - ACQUISITIONS

NANCY GUTHRIE, WATER QUALITY ADVISOR

CHRISTOPHER FIPPS, BUSINESS OFFICER

PENNY ADAMS, EXECUTIVE ASSISTANT

ROBIN HAMMOND, REAL PROPERTY COUNSEL

CHERRI SMITH, STEWARDSHIP PROGRAM COORDINATOR

KEVIN BOYER, RESTORATION/STORMWATER PROJECT MANAGER

LARRY HORTON, WASTEWATER INFRASTRUCTURE PROJECT MANAGER

CHERYL JOHNSON, PARALEGAL

EVERETTE MOORE, STATE PROPERTY OFFICE PROPERTY AGENT

## CLEAN WATER MANAGEMENT TRUST FUND FIELD REPRESENTATIVES:

TOM MASSIE, MOUNTAINS

SARAH KING, SOUTHERN COASTAL PLAIN

WILL SUMMER, EASTERN PIEDMONT

DAMON TATEM, NORTHERN COASTAL PLAIN

BERN SCHUMAK, NORTHERN MOUNTAINS/WESTERN PIEDMONT

A G E N D A

- 10:10 a.m. A. Call to Order - Chairman Baddour
- 1) Role Call - Penny Adams
  - 2) Compliance with General Statute § 138A-15 - Chairman Baddour
  - 3) Revisions, Additions, and Adoption of the Agenda - Chairman Baddour (Action Item)
  - 4) Please Put Cell Phones on Vibrate or Off - Chairman Baddour
  - 5) Review and Approval of the Transcripts of the November 2010 Meeting of the Board of Trustees (Action Items)
- 10:20 a.m. B. Public Comments (Three Minutes per Person) - Chairman Baddour
- 10:30 a.m. C. Executive Director's Report - Richard Rogers
- 10:45 a.m. D. Overview of 2011 Project Applications - Tom Jones (Potential Action Item)
- 11:00 a.m. E. Break
- 11:15 a.m. F. Restoration/Stormwater/Greenway Committee Report - Committee Co-Chairs Brannon and Henderson (Action Items)
- 11:30 a.m. G. Infrastructure/Wastewater Committee Report - Committee Co-Chairs Camp and Rascoe (Action Items)
- 11:45 a.m. H. Follow-Up on CWMTF Committee of the Whole Discussion - Chairman Baddour
- 12:00 p.m. I. Discussion
- 12:15 p.m. J. Adjourn

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

P R O C E E D I N G S

CHAIRMAN BADDOUR: We're going to start, and we will not take any action items up until 10 after 10:00. And our court reporter has requested that, if you would state your name, and I'll try to help with that, before you speak, so she can have the name of the person who is speaking.

Penny, I'll ask you to call the role.

MS. ADAMS: Mr. Baddour?

MR. BADDOUR: Here.

MS. ADAMS: Mr. Bass?

MR. BASS: Here.

MS. ADAMS: Mr. Beane?

MR. BEANE: Here.

MS. ADAMS: Ms. Brannon?

MS. BRANNON: Here.

MS. ADAMS: Dr. Camp?

MR. CAMP: Here.

MS. ADAMS: Ms. Cragolin?

MS. CRAGNOLIN: Here.

MS. ADAMS: Mr. Garrou?

MR. GARROU: Here.

MS. ADAMS: Mr. Henderson?

(No response.)

MS. ADAMS: Mr. Hester?

1 (No response.)

2 MS. ADAMS: Mr. Hollan?

3 MR. HOLLAN: Here.

4 MS. ADAMS: Mr. Johnson?

5 MR. JOHNSON: Here.

6 MS. ADAMS: Ms. Kumor?

7 (No response.)

8 MS. ADAMS: Mr. Markham?

9 MR. MARKHAM: Here.

10 MS. ADAMS: Mr. McMillan?

11 (No response.)

12 MS. ADAMS: Mr. Pate?

13 MR. PATE: Here.

14 MS. ADAMS: Mr. Rascoe?

15 MR. RASCOE: Here.

16 MS. ADAMS: Ms. Rash?

17 MS. RASH: Here.

18 MS. ADAMS: Mr. Thomas?

19 MR. THOMAS: Here.

20 MS. ADAMS: Mr. Vaughan?

21 MR. VAUGHAN: Here.

22 MS. ADAMS: Mr. Wright?

23 MR. WRIGHT: Here.

24 CHAIRMAN BADDOUR: Okay. I know that Joe

25 Hester and John McMillan and Renee Kumor are here

1 and they will come in. They're all here right now,  
2 so let the record show, Penny, that they are all  
3 present.

4 MS. ADAMS: Okay.

5 CHAIRMAN BADDOUR: General Statute 138A-15  
6 mandates that the Chair inquire as to whether any  
7 Trustee knows of any conflict of interest or  
8 appearance of a conflict of interest with respect to  
9 matters on the agenda. If any Trustee knows of a  
10 conflict of interest or the appearance of a conflict  
11 of interest, please so state at this time.

12 (No response.)

13 CHAIRMAN BADDOUR: Are there any revisions,  
14 additions, to the agenda?

15 (No response.)

16 CHAIRMAN BADDOUR: If not, without  
17 objection, the -- the agenda will be considered  
18 adopted. I would ask you to put your cell phones on  
19 vibrate or off if you would, please. And okay,  
20 that's an action item so we'll hold off on that.

21 Public comment, and I'll revisit the public  
22 comment, too, to be sure no one who wants to make a  
23 comment comes late. But is there anyone here who  
24 would like to make a -- a comment to the Board?

25 (No response.)

1                   CHAIRMAN BADDOUR: Okay. We'll move on to  
2                   our Executive Director's Report. Richard?

3                   MR. ROGERS: Thank you, Mr. Chairman. This  
4                   will be brief, I hope. We had a good floor  
5                   discussion on our -- our legislature yesterday and  
6                   our administrative activities with the -- with the  
7                   staff, so one thing we do want to do, and it was  
8                   passed out this morning, is if you look at Agenda  
9                   Item C, and this is our -- our one-page summary of  
10                  our cash balance and activities around the cash  
11                  balance and encumbrances that we want to walk  
12                  through with you.

13                  One comment I will make, and I want to  
14                  thank Christopher in -- in his efforts in keeping us  
15                  up to speed and providing a summary of the  
16                  activities from a fiscal perspective of our Board.  
17                  This is a page that probably saved our necks with  
18                  regards to being placed in Senate Bill 13. When we  
19                  provided this to fiscal research at the legislature,  
20                  it was very easy to explain where our money was, how  
21                  it was obligated, and it was really a great summary  
22                  that the fiscal research engaged and understood  
23                  and -- and helped make the case for our obligation  
24                  of our funds.

25                  So -- so Christopher, if you'll go through



1           this for us. Thank you.

2                   MR. FIPPS: Sure. Thank you, Richard. As  
3 Richard said, it was passed out this morning at your  
4 tables. It's actually a full three pages this time.  
5 We'll start with page 1. That is the typical  
6 summary page that the Trustees see at each Board  
7 meeting.

8                   Just to summarize, this is as of January  
9 31st, 2011. The total fund was roughly 116.6  
10 million dollars. When you account for the funds  
11 obligated to the stewardship endowment, it brings  
12 the cash, available cash balance, to 114.7 million  
13 dollars. Pulling in the projected revenue for the  
14 remainder of the year, the allotment towards the  
15 appropriation for the year, and the remaining  
16 projected interest, a cash and revenue balance of  
17 136.8 million dollars on line 16.

18                   Then removing out the obligations that the  
19 Trust Fund has against those dollars for the  
20 remainder of the year, again, the potential  
21 reversions being held to revert back to the state to  
22 help the state's budget shortfall for the year. The  
23 original one percent that has been allocated since  
24 the beginning of the year, which is \$500,000, since  
25 the last meeting, there has been -- the Governor has

1 directed agencies to hold an additional 2.5 percent  
2 of their appropriation to potentially revert back to  
3 the state's budget shortfall. So that's accounted  
4 for on line 20 as 1,250,000 dollars.

5 Again, still thinking that there's the  
6 potential for the interest that has been earned this  
7 year to revert back to the state, and then  
8 accounting for the remainder of the administrative  
9 budget, the debt service on the COPs funds.

10 Then just moving down the list, the -- the  
11 grants that are encumbered against the funds at the  
12 moment and the remaining contracts still to -- to  
13 encumber, leaving a balance on line 36 of 143,000  
14 dollars.

15 And then the note at the very bottom of the  
16 page, there -- there are still these 7.8 million  
17 dollars of grants that are -- that are still out  
18 there as 2008 projects that have not been funded  
19 yet.

20 MR. ROGERS: Chris, if I -- if I might, one  
21 thing and one reason this -- this information is  
22 typically in the Board packet. And if you go back  
23 to lines 19, 20, and 21, these are the reversion  
24 numbers. There's a rumor around that the Governor  
25 is going to take another percent and a half for

1           reversion, and we were trying to hold out to give  
2           you all the latest and most up-to-date reversion  
3           numbers that we have.

4                     The one percent and the interest are  
5           reversions that were identified in the budget last  
6           year, and the additional two -- two and a half  
7           percent is an additional reversion that the Governor  
8           has put on agencies that we're accounting for there.  
9           Our hope is that there won't be more reversions, and  
10          we hope that they're in a good place and we don't  
11          have to -- have to deal with that.

12                    And again, the balance that we have is  
13          we're working on all balances to roll into our 2008  
14          projects. And Christopher is going to give us a  
15          summary of -- of that on page 2, I think.

16                    MR. FIPPS: Thank you, Richard. We pulled  
17          out a little bit of information and sort of detailed  
18          it a little bit more for the Board at this meeting,  
19          since there has been some time since the last Board  
20          meeting was November. So this report really covers  
21          November, December, and January.

22                    So page 2 is a snapshot of funds that have  
23          become available, essentially from unencumbrances of  
24          projects that have come in under budget, and then  
25          how we've sort of allocated those funds. If the

1 Board recalls, in November of last year, the Board  
2 directed staff to go ahead and move forward with  
3 unencumbering funds as projects close out so we  
4 could more quickly put those dollars towards those  
5 remaining 2008 projects that still hadn't been  
6 funded.

7 So this is just sort of a snapshot of what  
8 that's looked like since November. There have been  
9 1.6 million dollars, basically, that have come back  
10 from these projects that have come in under budget,  
11 that were made available to -- to utilize.

12 Then if we look down the allocation and  
13 obligation of those available funds, again, though,  
14 we have this additional reversion come, as directed  
15 by the Governor, to state agencies. So that's sort  
16 of the first thing that had to be targeted with  
17 these available funds. Again, that's the 1.25  
18 million dollars.

19 With that that remained, there -- that --  
20 the remaining funds have been utilized in the  
21 following manner. Additional funds were put towards  
22 2008-025. That was directed and approved by the  
23 Board in November, 75,000 dollars as funds became  
24 available.

25 And then just below that, we have been able

1 to move forward on a few of those remaining '08's.  
2 Most of them were the smaller greenway planning  
3 grants for Troy, Walnut Cove, and Candor. So we  
4 were able to move forward and get those processed,  
5 as well as 70,000 dollars towards transaction costs  
6 on one of the Carolina Mountain Land Conservancy  
7 remaining grants, in order that they could move  
8 forward with some of the Stanback funded matching  
9 part of that grant.

10 So again, that's where we end up with the  
11 143,000 dollars that still remains, again,  
12 basically, to be applied to those remaining 2008  
13 grants that are then detailed at the bottom. And as  
14 you can see, we just don't quite have enough yet  
15 to -- to move forward encumbering any of those other  
16 grants.

17 Page 3 then, for information --

18 CHAIRMAN BADDOUR: Hold on one minute,  
19 Christopher. Any questions from the Board?

20 (No response.)

21 CHAIRMAN BADDOUR: Okay. Who -- John. I'm  
22 sorry, John?

23 MR. McMILLAN: Do you need a motion to  
24 unencumber these 1.620 million dollars in funds?

25 MR. ROGERS: I believe you all gave us

1 authority in November to unencumber those and move  
2 those forward into our 2008 projects, and that's  
3 what we're -- we're doing, with the exception of the  
4 reversion numbers that we've had to pull out.

5 MR. McMILLAN: Even -- even those that were  
6 in January of 2011?

7 MR. ROGERS: Yes, sir.

8 MR. McMILLAN: Okay.

9 MR. ROGERS: We've -- it's rolling  
10 authority for the remainder of the -- of the fiscal  
11 year, to work down the 2008 projects so that we  
12 don't have delay in getting those under contract.

13 CHAIRMAN BADDOUR: Yeah, I think that was  
14 the motion that we gave the staff the authority to  
15 do that back in November.

16 Okay. Christopher, go ahead.

17 MR. FIPPS: Thank you, Mr. Chairman.  
18 Those -- those projects are detailed, though, we did  
19 want to bring that, since staff had sort of been  
20 given that authority to go ahead and move and  
21 unencumber those funds. We did want to provide the  
22 Trustees a detailed list that you are used to seeing  
23 so, for information, that is on page 3, which is  
24 that typical detailed list of what -- of those  
25 projects that did have funds to be unencumbered and

1           which staff has processed, which equates to that 1.6  
2           million dollars. And that is the report, if there  
3           are any other questions.

4                   CHAIRMAN BADDOUR: Any other questions?

5                   MR. VAUGHAN: Mr. Chairman?

6                   CHAIRMAN BADDOUR: Stan?

7                   MR. VAUGHAN: I'd just like to point out on  
8           Exhibit C, you know, some questions came up awhile  
9           ago about whether we should share, when -- when  
10          contracts come out towards the end, that's what we  
11          do all the time. And that's proven by this list.  
12          We make a commitment. It's a partnership. And if  
13          the contract comes in under, we share in those  
14          benefits, and we've always done that.

15                  MR. HOLLAN: I guess my question was, do --  
16          in each one of these, can we say that -- that their  
17          match has stayed the same percentage at the end of  
18          the time as it was, or is this just a savings on the  
19          overall -- on the amount that we spent and we didn't  
20          look -- I'm guessing on every one of these projects,  
21          we didn't look and reduce the funding even more to  
22          the extent of their match.

23                  In other words, in the project, Division of  
24          Parks and Rec came in at 117 -- 118,000 dollars, and  
25          that was the total amount of savings on that

1 contract; is that right? We didn't -- we didn't add  
2 to it by taking away some of their credits for their  
3 match?

4 MR. FIPPS: We actually are trying to  
5 really look at this continually through all the  
6 grants. Nancy could probably speak to memory on  
7 that particular one more clearly, but if my memory  
8 services, you know, that -- that was another case  
9 where the actual project savings were more than  
10 that, and that's just our portion of those savings.  
11 So it was a proportionate sharing in -- in the cost  
12 savings.

13 So -- so, you know, most of these should  
14 be -- we're paying as close of attention as we can  
15 to that and trying to keep tabs and -- and sharing  
16 on those savings as -- as Mr. Vaughan, Trustee  
17 Vaughan, had mentioned.

18 CHAIRMAN BADDOUR: Christopher, on the --  
19 on the endowment funds, talk to us a little bit  
20 about that. Where -- tell us where the endowment  
21 funds are. I think they're in a long-term -- are  
22 they all in long-term investment with the State?  
23 And just the interest and the unrealized gain, if  
24 you could explain it in some more detail.

25 MR. FIPPS: Yes, Mr. Chairman. The



1           stewardship endowment funds are invested with the  
2           Office of State Treasurer in the long-term  
3           investment fund, and the endowment at this point is  
4           line 4, and that's 1,665,000 dollars. The interest  
5           that that has made to date as of January 31st, it's  
6           actual realized interest that the Trustees would  
7           have access to, is the 66,000, almost 67,000-dollar  
8           number.

9                     The -- the line 6, the unrealized gain and  
10            loss, is just -- is the number that is reported on  
11            this investment account. They basically report on  
12            the value of the long-term investment fund at any  
13            given time. So that shows, you know, an increase in  
14            value but it's not from the actual sale of  
15            investments, so it's not interest that you actually  
16            have access to. The interest that would -- you have  
17            access to is the 66,000 dollars at this time.

18                     All of that is in the long-term investment  
19            fund. The dollars listed on line 7 are -- are the  
20            funds that are being used at this time that the  
21            Board has set aside to actually encumber the  
22            stewardship monitoring contracts, so that is in the  
23            general short-term investment fund that the rest of  
24            the trust fund's dollars are in at this time. And  
25            the stewardship contracts are encumbered against

1           that.

2                       And I would say it's -- you know, it's  
3           doing very well. I think we've tried to sort of  
4           keep an eye on -- on what -- what it's doing. I  
5           think this was equating to roughly a six-point APR.  
6           The -- the state short-term funds right now are not  
7           even getting one percent return on an annual basis,  
8           so it's -- it's at least doing a lot better than the  
9           short-term money is right now.

10                   CHAIRMAN BADDOUR: Okay. All right. Any  
11           questions or comments? Richard?

12                   MR. ROGERS: Thank you, Mr. Chairman. Just  
13           recapping, we are in the midst of a legislative  
14           session and I hope we've given you all a list of  
15           some of the leadership committee members. Please  
16           feel free to communicate with them if you have any  
17           questions or need any information with regards to  
18           the trust fund. I am more than available to get  
19           that information to you and will be glad to do that.

20                   I do want to state, at this time, we're in  
21           a great place, and acknowledging Trustee McMillan  
22           that we've been reduced by 50 percent, which is a  
23           huge reduction, we need to carry that message to the  
24           legislature. However, funds are extremely tight and  
25           I think that there's going to be a whole lot of --

1 of different recommendations and -- and other  
2 discussion as we move through this session.

3 I don't think there's any appropriate time  
4 to communicate. I think with the new leadership in  
5 place, every time and all the time is a good time to  
6 communicate with the leadership. And we will get  
7 about meeting with the chairman of the committees  
8 and communicating to them about the program. The  
9 challenge is great and I -- you know, we're working  
10 diligently to make the best of this situation. But  
11 there is a lot of -- a lot of need out there and a  
12 lot of priority in education and other areas, and  
13 we'll continue to work it.

14 And my intention is to communicate with you  
15 all on a weekly basis, but if you have any questions  
16 in the meantime in between those communications,  
17 please feel free to give me a buzz and we will be  
18 about trying to get the Trust Fund some funds.

19 MR. VAUGHAN: Mr. Chairman?

20 CHAIRMAN BADDOUR: Stan?

21 MR. VAUGHAN: You and I have had some  
22 discussion and I'd like to put it on record to the  
23 Trustees that we're on offense and we're going to,  
24 obviously, try to keep what's in the Governor's  
25 budget and work hard at it, but also, we need to

1           have a defensive plan. And at the risk that we may  
2           get something less than the 50 million, I -- I would  
3           like to go on record -- the Board to go on record in  
4           supporting Richard to have a back-up budget plan  
5           contingency based on what may occur. I don't think  
6           he needs to necessarily share that with everybody,  
7           but to let him know that -- that we support him  
8           in -- in being foresight in what the emergencies may  
9           be, and to be prepared in the case that we don't get  
10          our 50 million dollars.

11                   CHAIRMAN BADDOUR: Did you want to make  
12           that in the form of a motion?

13                   MR. VAUGHAN: I make that in the form of a  
14           motion.

15                   MR. CAMP: Second.

16                   CHAIRMAN BADDOUR: Motion by Stan Vaughan,  
17           second by -- is that you, Dr. Camp?

18                   MR. CAMP: Yes.

19                   CHAIRMAN BADDOUR: Dr. -- Dr. Norman Camp.  
20           Is there discussion? I think what -- okay, Mr.  
21           McMillan?

22                   MR. McMILLAN: Well, we worked for years  
23           and years and years to get to the point where we're  
24           in the continuation budget for 100 million dollars a  
25           year. And the Governor proposes a budget, and her

1 proposal is to cut the budget for the next fiscal  
2 year and the year after that by 50 percent. And so  
3 her proposal is that -- that we -- that we be funded  
4 at half of what the continuation budget said.

5 As I said yesterday, there are some  
6 programs that are being eliminated by her budget,  
7 particularly non-profits. There are -- there are  
8 those out there who have proposed, and the Governor  
9 rejected, merging all of these trust funds into  
10 one -- one -- one fund. One proposal was to put  
11 Heritage, Parks and Rec, and everything under the  
12 Clean Water Management Trust Fund Board and expand  
13 our duties. And the thinking -- those were well-  
14 intentioned people who thought that that would give  
15 us more clout. We'd have more allies.

16 I really -- I really don't think we ought  
17 to be developing alternative budgets unknown as to  
18 what contingency or what might happen, because  
19 anything might happen. We -- we might get 100  
20 million dollars. They might not cut us. They --  
21 they might decide that we're -- we -- we have 167  
22 million dollars in requests and we've done good  
23 work, and convince them that this is a -- a good  
24 thing, as we've been able to do in -- in past years.  
25 The odds of that are not great, but it's a

1 possibility.

2 So I would not come up with any alternative  
3 budget. Let's wait and see what happens. We're not  
4 going to spend any money until -- until they adopt a  
5 budget, and we won't be issuing any grants until  
6 they appropriate money to us. So I would steer the  
7 course straight ahead as opposed to adopting  
8 something that we don't know what it's going to be,  
9 whether it's going to be 50 or whether it's going to  
10 be 60, or whether it's going to be 40 or whether  
11 it's going to be 25, or whether -- you know, what  
12 it's going to be.

13 I don't know -- I don't know what kind of  
14 budget you would -- you would put together when you  
15 don't know what the -- the number is going to be.

16 CHAIRMAN BADDOUR: I think Stan was talking  
17 about asking Richard to take a look at our  
18 administrative budget just to begin thinking about  
19 it, in case it -- it was felt that that needed to be  
20 trimmed. Is that what you were talking about, Stan?

21 MR. VAUGHAN: Yes. And I -- I'm not saying  
22 that -- I think it's just supporting Richard and  
23 telling him, in his own mind, that he's got to have  
24 a contingency plan and it's not -- he doesn't share  
25 it. It's not public. But just to help him be

1 prepared to deal with whatever situation -- whatever  
2 deck of cards is dealt to him.

3 MR. CAMP: That was my understanding.

4 MR. WRIGHT: Mr. Chairman?

5 CHAIRMAN BADDOUR: All right.

6 MR. WRIGHT: I'd like to say this, if I  
7 may. I guess what I would like to hear is from  
8 Richard and from you, Mr. Baddour, is whether you  
9 all think that, from a timing standpoint for us,  
10 whether Richard can accomplish this task in a -- in  
11 a shorter timeframe and maybe delay that process  
12 further back, or whether really he needs this amount  
13 of time to even be looking at that. I -- I agree  
14 with John about, from a timing standpoint, at least  
15 from our legislative goals, that I'm not sure we  
16 need to be putting all of our cards down on the  
17 table and that we might be better off waiting and  
18 seeing how our fate unfolds.

19 CHAIRMAN BADDOUR: All right. Other  
20 Trustee comments? Bill? Bill Hollan?

21 MR. HOLLAN: Based on my experience with  
22 Richard, he's got these things in his mind, and  
23 he's -- it's probably at the top of his mind, and  
24 there's nothing else that he's worried about. He  
25 doesn't need any encouragement from us to be

1           worrying about what may happen. He's a good  
2           manager, and he's already had to worry about these  
3           things, so I wouldn't want to go on record as doing  
4           anything other than saying we recognize what he's  
5           having to think about in this case.

6                   CHAIRMAN BADDOUR: Stan, do you think the  
7           discussion we've had today satisfies what you wanted  
8           to accomplish without having to have a formal motion  
9           on it?

10                   MR. VAUGHAN: I'm fine with that. My whole  
11           intention is -- is to just go on record to Richard  
12           that we know these are tough times, you may have  
13           hard decisions, and the Board is behind you.

14                   CHAIRMAN BADDOUR: Do I take that as a  
15           withdrawal of the formal motion?

16                   MR. VAUGHAN: Sure.

17                   CHAIRMAN BADDOUR: Well, and let me say,  
18           does any other Trustee want to comment on this issue  
19           at this time? You're certainly welcome to do so and  
20           it would be appropriate for you to do so.

21                   (No response.)

22                   CHAIRMAN BADDOUR: Okay. Well, hearing  
23           that and with what Bill Hollan had to say, we know  
24           that it's -- it's like I tell my friends who want me  
25           to tell my brother to tell Roy Williams how to



1 coach. And I say to them, "How much time in the day  
2 do you think about Carolina basketball?" And they  
3 say, "Well, 15, 20 minutes." And I say, "Well,  
4 Coach Williams thinks about it every waking hour, so  
5 I'm sure he's thought about that." So, Richard, I'm  
6 sure you think about all of these things all of the  
7 time, so --

8 MR. ROGERS: Right.

9 CHAIRMAN BADDOUR: -- anyhow.

10 MR. ROGERS: Mr. Chairman, that ends my  
11 report.

12 CHAIRMAN BADDOUR: All right. Anything  
13 further on that?

14 (No response.)

15 CHAIRMAN BADDOUR: Okay. Let me do this.  
16 Let's go back to the approval of minutes of the  
17 November meeting. Do I have a motion that they be  
18 approved as presented?

19 MR. BEANE: So moved.

20 MR. JOHNSON: Second.

21 CHAIRMAN BADDOUR: Okay. Moved by Trustee  
22 Beane and seconded by Trustee Johnson. All in  
23 favor, signify by saying "aye."

24 TRUSTEES: Aye.

25 CHAIRMAN BADDOUR: Okay. Opposed, "no."

1 (No response.)

2 CHAIRMAN BADDOUR: The "ayes" have it.  
3 I'll come back to you, Richard.

4 Is there anybody in -- in the audience who  
5 would like to address the Board? It's past 10:10,  
6 which I want to be sure that anybody had an  
7 opportunity for public comment.

8 (No response.)

9 CHAIRMAN BADDOUR: Okay. Richard, you had  
10 something else?

11 MR. ROGERS: Karen.

12 CHAIRMAN BADDOUR: Karen?

13 MS. CRAGNOLIN: I have a recusal item that  
14 I'd like to get on the record.

15 CHAIRMAN BADDOUR: Okay.

16 MS. CRAGNOLIN: I will not be voting or  
17 discussing Item 1007-419. Thank you.

18 CHAIRMAN BADDOUR: Okay.

19 MR. ROGERS: This -- this is a follow-up  
20 item on the discussion we had yesterday with regards  
21 to our Board meetings. We didn't have a place on  
22 the agenda, but we're going to bring it up under the  
23 Executive Director's Report so that we can take  
24 action on that.

25 I believe yesterday, we talked about

1           eliminating the April meeting and the September  
2           meeting, given the -- the course of action that we  
3           took last year. And what that will do will put the  
4           staff on a -- on a pace for reviewing applications  
5           and getting those done. And the idea is that we  
6           will bring wastewater to the Trustees first in  
7           August, and then we will do restoration in October  
8           and acquisition in November. And that's kind of the  
9           summary of the discussion and the -- and the end  
10          result and the impact it'll have with regards to our  
11          process for reviewing applications next year.

12                   CHAIRMAN BADDOUR: Okay. Do I have a  
13                   motion that we approve or revise the schedule for  
14                   our meetings for the year as Richard has outlined?

15                   MR. THOMAS: So moved.

16                   MR. CAMP: Second.

17                   CHAIRMAN BADDOUR: Moved and seconded.

18                   MR. ROGERS: By Aaron Thomas.

19                   CHAIRMAN BADDOUR: Aaron Thomas, seconded  
20                   by Dr. Camp. Thank you for helping me.

21                   Discussion?

22                   MR. ROGERS: Ron.

23                   CHAIRMAN BADDOUR: Ron. Oh, yeah, Ron?

24                   MR. BEANE: I have asked Chairman Baddour  
25                   if it would be possible with this Board to change

1           our June meeting from June 12-13 to June 5-6.

2                   CHAIRMAN BADDOUR: You had asked me that,  
3           and I -- and it slipped my mind. What I think I'd  
4           like to do is I know we're here and maybe you don't  
5           have your calendars, and that's a request that two  
6           of our Trustees have made that would allow them to  
7           be here. I don't want to change it if it's going to  
8           mean two others can't be here, but I wonder if you  
9           would look at your calendars as soon as you get back  
10          home, and I'll have Richard send out an email  
11          immediately.

12                   MR. ROGERS: Please respond.

13                   CHAIRMAN BADDOUR: Does anybody know that  
14          they have a conflict, by the way? We can just ask  
15          now, for that June 1st weekend? What -- what day is  
16          that in June?

17                   MR. BEANE: 5 and 6.

18                   MR. ROGERS: The 5th and 6th.

19                   CHAIRMAN BADDOUR: If -- I don't even know  
20          my own calendar, but if that works out, is there any  
21          objection to switching it to the first weekend,  
22          unless we hear from some Trustees that that's a  
23          problem for them?

24                   (No response.)

25                   CHAIRMAN BADDOUR: We'll take that as part

1 of the motion then, Ron, and confirm that by email  
2 within the next day or two.

3 Okay. You've heard the motion and the  
4 second. Further discussion?

5 (No response.)

6 CHAIRMAN BADDOUR: All those in favor,  
7 signify by saying "aye."

8 TRUSTEES: Aye.

9 CHAIRMAN BADDOUR: Opposed, "no."

10 (No response.)

11 CHAIRMAN BADDOUR: Okay. The "ayes" have  
12 it.

13 All right. We -- we now go to Item D,  
14 which is overview of the 2011 project applications.  
15 Tom Jones?

16 MR. JONES: You all were given a handout  
17 this morning, among many, that's a single sheet. It  
18 just has a -- has three groups of -- of tables at  
19 the top, and it is labeled "Agenda Item D: 2011  
20 CWMTF Cycle Applications: Draft 2-1-11." And in  
21 the agenda, it's a potential action item, and I'll  
22 save that till the end. Let's first do an overview  
23 of the applications that we've gotten in so far.

24 We have 158 applications for a total of  
25 156,802,321 dollars. And you'll see, that's the --

1           that's the total for all three of these tables. The  
2           first table you'll see is the regional distribution  
3           number of applications, as well as dollars,  
4           requested dollars, and their relative percentage and  
5           distribution across the state. And you've got 37  
6           percent from the coastal plain, 27 percent in the  
7           mountains, and 34 percent of requests coming from  
8           the piedmont area.

9                        The second table are the -- the categories,  
10           acquisition, greenway, restoration/stormwater, and  
11           wastewater. And you'll see that 30 percent -- 30  
12           and 30 percent are infrastructure projects,  
13           restoration/stormwater and wastewater. Interesting  
14           to note that the -- that the -- the total requested  
15           for wastewater, almost 67 million dollars, and about  
16           60 million dollars for acquisition, and the rest --  
17           the rest towards restoration/stormwater.

18                      Another interesting table is the third one,  
19           is the applicant type. And you'll see that 53  
20           percent of our applications come from local  
21           governments, and that also represents 52 of the  
22           requested amount.

23                      Excuse me. I just -- I just lost power.  
24           Anyway -- somebody -- do you have power at yours,  
25           Richard?

1 MR. ROGERS: I do.

2 MR. JONES: Okay. It's just the -- just  
3 the connection between the two. All right. Thank  
4 you, Richard.

5 So you've got 81 million dollars being  
6 requested from local governments, which is 52  
7 percent of the total requested amounts.

8 In any event, I don't know -- it was really  
9 neat. The -- the staff is -- in terms of processing  
10 these applications, is a well-oiled machine.  
11 It's -- it's really neat. Just about got these  
12 things ready to go to the printer now and, in fact,  
13 we have a -- okay.

14 Got it. Got it. Thank you.

15 And I think Terry and I are going over to  
16 the printers Wednesday morning, are ready to get  
17 them -- get them started on -- on this job. And the  
18 project managers are -- are making sure all of the  
19 applications are ready to go into the notebook. And  
20 then we'll be asking everyone what -- what they  
21 want. Certainly, everyone will be getting a CD of  
22 these notebooks and -- and trying to keep costs  
23 down. If the Trustees want a hard copy -- a lot of  
24 people like hard copies. They can make notes on it.  
25 And you don't have to have a hard copy of the entire

1 notebook, because we're talking at least 10 or 11  
2 binders. And you may even have some old binders  
3 that you want to recycle, so we could just send the  
4 notebook without the binders themselves.

5 But that's the status. A little kink in --  
6 in this is that, for the first time in a long time,  
7 we had two -- two applications that we received  
8 late, actually three, but one is withdrawn. Two of  
9 them were received late was -- was one was from  
10 Mecklenburg, the Soil and Water Conservation  
11 District. And they sent their application to the  
12 wrong address, basically, and it got sent back to  
13 them.

14 And the North Carolina Coastal Federation  
15 sent one in, and it was received a day late. It was  
16 postmarked the -- the right date, but they didn't  
17 get it to us within the close of business, and we  
18 just -- we don't have those in the totals, but they  
19 would be easy enough to insert if you all wished.  
20 Just wanted to let you know that we had two late  
21 applications and that's you all's call as far as  
22 what you want to do with those.

23 Richard, I don't know if you have any  
24 comment you'd like to add.

25 MR. ROGERS: Yeah. Typically, the close of



1 business on the 1st of February, staff stops taking  
2 these applications. Tom explained a couple of  
3 situations where there was confusion with where it  
4 was mailed. The intent was to get the application  
5 in. And we felt like we need to brief you, to  
6 accept those applications. We don't want to start  
7 allowing those types of applications, because then  
8 we start allowing the deadline to slip and slip, and  
9 we think bringing it to the Board -- and we're more  
10 than willing to -- to take on these applications and  
11 process them and would want to, but felt like that  
12 we needed to get the Board's approval in a motion to  
13 accept those applications outside the -- the date of  
14 application.

15 CHAIRMAN BADDOUR: Let's talk about them  
16 one at a time because they could be factually  
17 different.

18 MR. ROGERS: Yeah, they are. But in  
19 general terms, they are applications, people that  
20 were requesting application for -- but we can --

21 MR. HOLLAN: Well, just for the purpose of  
22 a motion, I'll move that we accept both Mecklenburg  
23 County and the Coastal Federation applications  
24 that -- that you have --

25 CHAIRMAN BADDOUR: Okay. Motion from Bill

1 Hollan. Second --

2 MR. McMILLAN: Second.

3 CHAIRMAN BADDOUR: -- by John McMillan.

4 Peter, did you want to speak on the motion?

5 MR. RASCOE: Yes. I -- I -- I just have a  
6 query. Have any of these applicants formally  
7 requested that we reconsider this themselves?

8 MR. JONES: I don't know. In fact, when we  
9 talked to them, their biggest -- the biggest issue  
10 was thorough embarrassment and not really wanting  
11 to -- to ask any special favors.

12 MR. RASCOE: For that reason, just a  
13 comment. I'm wondering if there's a reason why --  
14 another reason or the fact that they just don't want  
15 any special favors and have a problem --

16 MR. JONES: No, we -- we spoke to them and  
17 they said they would love, you know, this to work  
18 and they would love to have their applications  
19 accepted, and -- and -- but they -- they weren't --  
20 they weren't willing to ask for special  
21 consideration from you all, just basically throwing  
22 themselves on your mercy.

23 MR. ROGERS: I do think that's a good point  
24 in the future. We did have communication and, in  
25 fact, with Conover, who ended up not applying. They

1           were working on it, but then said that they were not  
2           interested in -- in bringing their application  
3           forward. So we probably do need a formal process  
4           for this exception.

5                       CHAIRMAN BADDOUR: My question -- were both  
6           of these an issue of the mail? I mean, one was put  
7           in the mail by the deadline and the other was mailed  
8           to the wrong place?

9                       MR. ROGERS: Yes, sir.

10                      MR. HENDERSON: These are applicants that  
11           have we're used to dealing with --

12                      MR. ROGERS: Yeah.

13                      MR. HENDERSON: -- and I think we have a  
14           great history with both Mecklenburg County and with  
15           the Coastal Federation.

16                      CHAIRMAN BADDOUR: Yeah. Kevin?

17                      MR. MARKHAM: Yes. Could you refresh the  
18           Board on exactly what the terms are for that  
19           deadline?

20                      MR. ROGERS: Yeah. I'm sorry. The  
21           deadline is -- is that all applications must be in  
22           the Raleigh office by the close of business on  
23           February 1 or the first business day thereafter. It  
24           used to be -- about four years ago, it used to be  
25           that it had to be postmarked by February 1, and --

1 and so -- but that was changed about -- I think this  
2 is our fourth year of close of business.

3 CHAIRMAN BADDOUR: All right. You've heard  
4 the motion. Is there further discussion?

5 (No response.)

6 CHAIRMAN BADDOUR: So many as favor the  
7 motion to accept both of these applications, signify  
8 by saying "aye."

9 TRUSTEES: Aye.

10 CHAIRMAN BADDOUR: Opposed, "no."

11 TRUSTEES: No.

12 CHAIRMAN BADDOUR: The "ayes" have it.

13 MR. ROGERS: Now I'm done with my report,  
14 Mr. Chairman. I'm backing up on you.

15 CHAIRMAN BADDOUR: It was part of the  
16 same -- part of the same D.

17 I'm just kind of curious. It looks like  
18 the wastewater and restoration/stormwater  
19 applications are up a little bit. Is there --  
20 what's your feeling about the reason for that? Are  
21 we now about the only game in town on the  
22 wastewater -- our fund in the Rule Center? Is  
23 everything else dried up?

24 MR. ROGERS: I think that part of it is  
25 just, over the past two years, we hadn't gotten our

1           100 million dollars. We've got -- the need is still  
2           out there with regards to the wastewater projects,  
3           and we're seeing some -- some repeat -- repeat  
4           applicants. I think that there's a strong showing  
5           in acquisition as well and, you know, it's a -- I  
6           think it's a good -- a good case, and we're going to  
7           use this information to make sure folks understand  
8           that there's a -- a large demand for our funding,  
9           and that we need to be -- you know, we need to get  
10          as much money out of legislature as we can.

11                   MR. CAMP: Richard, are most of these in  
12           wastewater from the eastern part of the state or  
13           what section, do you know?

14                   MR. ROGERS: I don't know if we've  
15           calculated -- Larry or Tom?

16                   MR. JONES: We haven't -- we haven't looked  
17           within category what the distribution is across the  
18           state.

19                   MR. CAMP: I just wondered if we have more  
20           from our rural areas where the problem does become  
21           more acute.

22                   MR. ROGERS: Yeah. On wastewater,  
23           typically, our -- our -- the majority of ours does  
24           come from rural communities and those -- those types  
25           of applicants.

1 CHAIRMAN BADDOUR: Mr. Rascoe?

2 MR. RASCOE: Thank you, Mr. Chairman. I  
3 just want to make an observation. Tom mentioned  
4 under the last bullet under "Applicant Type," he  
5 mentioned local government. But also under "Non-  
6 Profit," the bill that Richard described yesterday  
7 that's pending, if passed in its current form, would  
8 it not have an inherent effect on that -- those  
9 numbers?

10 MR. ROGERS: Well, we'll have to --

11 MR. RASCOE: The non-profits.

12 MR. ROGERS: Yeah, we'll have to see how  
13 the non-profits respond because I don't think it --  
14 I think that the criteria will be met by some non-  
15 profits and not met by others. And, hopefully,  
16 that -- we won't have to be concerned with that.  
17 But we may, if that -- that's just going to throw an  
18 interesting ripple into our -- our review of the  
19 applicants.

20 CHAIRMAN BADDOUR: All right. Any -- any  
21 other questions?

22 (No response.)

23 CHAIRMAN BADDOUR: What -- can you tell,  
24 with regard to acquisitions, one of the -- one of  
25 the arguments that we have been making is that, with

1 real estate prices down, that -- that we hope  
2 that -- expected that there would be a lot of  
3 bargains out there. Is that -- can we tell? Is  
4 that proving to be true? What are you hearing from  
5 the land trust? Do we have any way of knowing that  
6 in the application process?

7 MR. ROGERS: We will -- we will ferret that  
8 out as we go through the process. I think that  
9 there are a lot of opportunities out there with  
10 regards to acquisition projects. And in talking  
11 with Everette, and he can comment on this if he  
12 likes, is that part of the problem is acquisitions  
13 and transactions are moving at a very slow pace, so  
14 there's not a whole lot of comps out there to really  
15 verify a reduction in value and -- and potential  
16 savings. But we're -- we'll be -- we'll be going  
17 through that, getting our -- our cost per acre and  
18 evaluating that as we move forward.

19 I would like just to welcome Tom Jones  
20 back. If you all don't know, Tom has had an  
21 operation just a little over a week -- two weeks ago  
22 today.

23 MR. JONES: My IQ is no better.

24 MR. ROGERS: Yeah. And -- and he had --  
25 had some surgery on both his arm and leg, to help

1           those start healing. And we're extremely happy to  
2           have him back, and his recovery seems to be going  
3           extremely well. So welcome back, Tom.

4           MR. JONES: Thank you.

5           CHAIRMAN BADDOUR: Next on the item is  
6           reported by our Restoration/Stormwater Committee.  
7           It's my understanding that Mr. Markham is going to  
8           make that. Is that right? No?

9           MS. CRAGNOLIN: I was thinking --

10          CHAIRMAN BADDOUR: Who?

11          MS. CRAGNOLIN: -- Kevin.

12          CHAIRMAN BADDOUR: All right. Kevin, do  
13          you want to --

14          MR. BOYER: I'd be happy to do that in Dr.  
15          Brannon's absence.

16          CHAIRMAN BADDOUR: All right.

17          MR. BOYER: The first item that the  
18          committee considered was a request from Pilot View  
19          RC&D to make a substitution in their budget and  
20          scope of work, to replace easements for six BMP's  
21          with stormwater BMP O&M plans. The -- the committee  
22          recommends to the Board that the staff  
23          recommendation be approved subject to the additional  
24          condition that the grant recipient provide  
25          sufficient matching funds such that the -- the total



1 matching funds on the project will be the same  
2 percent match as original, and that's 22 percent.

3 I could read the entire staff  
4 recommendation into the record, if you like.

5 CHAIRMAN BADDOUR: I think that's  
6 sufficient. You've heard the committee  
7 recommendation. It does not require a motion. I'm  
8 going to assume this is coming from your committee,  
9 Mr. -- Mr. Markham and Ms. Cragolin. I think most  
10 of the Board members were there for that discussion  
11 yesterday, but is there further discussion on the  
12 committee recommendation?

13 (No response.)

14 CHAIRMAN BADDOUR: So many as favor the  
15 adoption of the committee recommendation, signify by  
16 saying "aye."

17 TRUSTEES: Aye.

18 CHAIRMAN BADDOUR: Opposed, "no."

19 (No response.)

20 CHAIRMAN BADDOUR: The "ayes" have it.

21 MR. BOYER: The second agenda item for the  
22 committee, the committee voted to defer that to a  
23 later meeting. That was a request from the National  
24 Committee for the New River, Agenda Item F-C.

25 The next item, Agenda Item F-D, the request

1 to clarify action taken by the Board in October  
2 2010. The Board then approved staff using tax card  
3 value as a basis for determining the value of  
4 donated easements on stormwater and restoration  
5 projects. The staff also intended for the Board and  
6 requested that the Board approve delegation of  
7 authority for reducing matching funds budgets for  
8 easement value, to delegate that authority to the  
9 Chairman and the co-chairs of the committee.

10 The wording of the motion approved by the  
11 Board in October was not clear enough for our  
12 comfort, so it is requested that the Board clarify,  
13 make clear the delegation of authority to the  
14 Chairman and the co-chairs of the committee, to  
15 reduce matching funds budgets for easement value on  
16 stormwater and restoration projects.

17 CHAIRMAN BADDOUR: All right. Further  
18 committee recommendation. Is there any discussion?

19 (No response.)

20 CHAIRMAN BADDOUR: So many as favor the  
21 adoption of the committee recommendation, signify by  
22 saying "aye."

23 TRUSTEES: Aye.

24 CHAIRMAN BADDOUR: Opposed, "no."

25 (No response.)

1 CHAIRMAN BADDOUR: The "ayes" have it. Mr.  
2 Boyer?

3 MR. BOYER: The next is Agenda Item F-E.  
4 Beth, would you like to do that or should we come  
5 back?

6 MS. MCGEE: No, it was just -- it was just  
7 two projects that requested an extension for the  
8 construction -- their construction contract  
9 execution date, and the committee recommended  
10 approval of both of those requests for an extension.

11 CHAIRMAN BADDOUR: And that was Kure Beach  
12 and North Carolina State University?

13 MS. MCGEE: Yes.

14 CHAIRMAN BADDOUR: You've heard the  
15 committee recommendation that those deadlines be  
16 extended as indicated in the committee report, or in  
17 the -- in the agenda item itself.

18 Do you need that in the record, when they  
19 were extended to?

20 (No response.)

21 CHAIRMAN BADDOUR: Anyhow, the deadline for  
22 Kure Beach be extended to April 30, 2011, and for  
23 State to 6-30-2011.

24 So many as favor the adoption of the  
25 committee recommendation, signify by saying "aye."

1 TRUSTEES: Aye.

2 CHAIRMAN BADDOUR: Opposed, "no."

3 (No response.)

4 CHAIRMAN BADDOUR: The "ayes" have it.

5 Mr. -- Mr. Boyer?

6 MR. BOYER: The next and last item is  
7 Agenda Item F-F, a request from Ellerbe Creek  
8 Watershed Association to remove from the matching  
9 funds budget and scope of work design work being  
10 done by the City of Durham parallel to the stream  
11 restoration project because the work will not be  
12 completed within the time period of the grant.  
13 The -- the committee does not recommend going along  
14 with the staff recommendation and, instead, would  
15 like for the staff to extend the grant contract  
16 to -- to a sufficient time for the matching funds  
17 work to be completed.

18 So I believe this really just needs to be  
19 an information item, because the contract -- grant  
20 contract can be extended by staff decision.

21 CHAIRMAN BADDOUR: All right. Well, we'll  
22 accept that as an information item. Is that the  
23 last item?

24 MR. BOYER: Yes, sir.

25 CHAIRMAN BADDOUR: Okay. We'll move on to

1 the Infrastructure/Wastewater Committee report.  
2 Chairman Rascoe?

3 MR. RASCOE: Thank you, Mr. Chairman. And  
4 on behalf of Co-Chair Dr. Camp and myself, I will  
5 make this report. We met earlier today with all  
6 members present. The first matter taken up on the  
7 agenda was a Town of La Grange request, grant number  
8 2008-522. The Town of LaGrange requested that a new  
9 line item be added to their project budget, a new  
10 lift station generator. Staff found that the  
11 generator would improve reliability in the  
12 collection system and would mitigate overflows, and  
13 staff recommended approval of the request, and the  
14 committee did so.

15 CHAIRMAN BADDOUR: Okay. You've heard the  
16 committee recommendation. Is there any discussion?

17 MR. MARKHAM: Mr. Chair?

18 CHAIRMAN BADDOUR: Mr. Markham?

19 MR. MARKHAM: Yes. I -- I would like just  
20 to make sure it's in the record that I -- I did vote  
21 in the negative on this issue. My -- my concern is  
22 that, while it's, understandably, a good project and  
23 it's a good addition to the project, it was not run  
24 through proper channels. The Town of La Grange did  
25 not get the proper approvals for a contract

1 modification, and I think it sets a dangerous  
2 precedent for the Board to allow grantees to  
3 substantially change the terms of the contract and  
4 then invoice us for that. I just want to make sure  
5 that gets in the record.

6 CHAIRMAN BADDOUR: Okay. You've heard the  
7 motion. Is there further discussion?

8 (No response.)

9 CHAIRMAN BADDOUR: So many as favor the  
10 adoption of the committee recommendation, signify by  
11 saying "aye."

12 TRUSTEES: Aye.

13 CHAIRMAN BADDOUR: Opposed, "no."

14 TRUSTEES: No.

15 CHAIRMAN BADDOUR: The "ayes" have it.  
16 Okay. Next item?

17 MR. RASCOE: The next item, Mr. Chairman,  
18 pertains to grant 2006A-529, City of Southport. The  
19 City of Southport has made two requests. The first  
20 request that was taken up was the city's request for  
21 a reduction in matching funds in conjunction with  
22 the reduction in the total project cost. Staff  
23 recommended a denial of the city's request for a  
24 reduction in matched funding percentages and,  
25 instead, recommended following the proportionate --

1 a proportionate reduction in funds and matching --  
2 Clean Water funds and matching funds as monies are  
3 paid out of the grant. This recommendation would  
4 retain Southport's matching percentage of 41 percent  
5 of the total project cost.

6 The committee did accept that  
7 recommendation, and that is deferred to the full  
8 Board.

9 CHAIRMAN BADDOUR: Okay. You've heard  
10 the -- you've heard the committee recommendation.  
11 Is there any discussion?

12 (No response.)

13 CHAIRMAN BADDOUR: So many as favor the  
14 adoption of the committee recommendation, signify by  
15 saying "aye."

16 TRUSTEES: Aye.

17 CHAIRMAN BADDOUR: Opposed, "no."

18 TRUSTEES: No.

19 CHAIRMAN BADDOUR: Okay. The "ayes" have  
20 it.

21 MR. RASCOE: The second request by the City  
22 of Southport in conjunction with this same grant,  
23 the city requested that its grant agreement be  
24 amended such that Clean Water Management Trust Fund  
25 would not withhold grant funds until the

1 reimbursement for the land acquisition occurred, and  
2 staff recommends modifying condition number one in  
3 the current Exhibit A of the grant contract to  
4 reflect that request.

5 And the committee accepted staff's  
6 recommendation, and that is proffered here.

7 CHAIRMAN BADDOUR: Further committee  
8 recommendations. Is there any further discussion?

9 MR. VAUGHAN: Question.

10 CHAIRMAN BADDOUR: Question, Mr. Vaughan?

11 MR. VAUGHAN: Was that actually a request  
12 from the -- from the city or is it a staff  
13 recommendation?

14 MR. RASCOE: That -- to my understanding,  
15 that was an actual request by the City of Southport.  
16 I'm sorry.

17 MR. HORTON: Actually, Mr. Chairman, I  
18 don't believe -- I don't believe that was a request  
19 by the city. It is something that is proposed by  
20 staff in order that we could continue to process the  
21 city's payment request and to mitigate their cash  
22 flow issues with regard to paying the contractor.

23 MR. RASCOE: Mr. Chairman, if I could,  
24 though, state for the record, this issue arose by  
25 staff in the City of Southport talking about the



1 issue, and it came up that way. And this was the  
2 staff's recommended resolution of the issue. Is  
3 that correct? Is it fair to say it that way?

4 MR. HORTON: Yeah.

5 CHAIRMAN BADDOUR: Okay. You've heard the  
6 committee recommendation, which is to approve the  
7 staff's recommendation. Any further discussion?

8 (No response.)

9 CHAIRMAN BADDOUR: So many as favor the  
10 motion, signify by saying "aye."

11 TRUSTEES: Aye.

12 CHAIRMAN BADDOUR: Opposed, "no."

13 (No response.)

14 CHAIRMAN BADDOUR: The "ayes" have it.

15 MR. RASCOE: The next item on the -- the  
16 committee's agenda pertains to grant number 2008-  
17 514, which was a discussion of this construction  
18 project not yet under construction within one year.  
19 It was a request by the Town of Enfield to establish  
20 a new construction contract deadline due to permit  
21 delays of March 31, 2011, and staff recommended  
22 approval of the proposed date by which they will  
23 enter into a new -- excuse me -- into a construction  
24 contract.

25 The committee did accept that staff

1 recommendation and proffers that to the Board.

2 CHAIRMAN BADDOUR: Okay. Further committee  
3 recommendation. Is there any further discussion?

4 (No response.)

5 CHAIRMAN BADDOUR: All those in favor of  
6 adoption of the committee recommendation, signify by  
7 saying "aye."

8 TRUSTEES: Aye.

9 CHAIRMAN BADDOUR: Opposed, "no."

10 (No response.)

11 CHAIRMAN BADDOUR: The "ayes" have it.

12 MR. RASCOE: Thank you, Mr. Chairman.

13 Also, the -- there was a staff report for an  
14 informational item on grant number 2007-537 and the  
15 Town of Shelby. We were given a staff report on  
16 that matter. And also, the director did brief us on  
17 the current status of a most recent request by  
18 Tyrrell County and project number 2002B-608, and  
19 staff will be keeping us up to date as that matter  
20 progresses.

21 And that was the report of the committee.

22 CHAIRMAN BADDOUR: Okay. That's not an  
23 action item, right?

24 MR. RASCOE: That is not an action item.

25 That was just a briefing by staff.

1                   CHAIRMAN BADDOUR: All right. Anything  
2 further from the committee?

3                   MR. RASCOE: No, sir, Mr. Chairman.

4                   CHAIRMAN BADDOUR: Thank you very much.  
5 The next item on the agenda -- I lost my agenda  
6 here. Where's my agenda? I'm sorry. I've got it.  
7 I've got so many papers here I can't find it.

8                   Okay. Follow-up -- that's right -- follow-  
9 up on -- from yesterday. I guess what happened was  
10 yesterday, we didn't allow quite enough time for all  
11 of the items we wanted to discuss, and maybe we've  
12 had a little bit more time today. But just to kind  
13 of review those and what we did -- and I don't think  
14 there are any action items that are necessary. The  
15 only action item was the one that was already taken  
16 with regard to the meeting.

17                   But we had a good discussion about signage,  
18 and I think staff has gotten our input and is going  
19 to come back to us perhaps with a refined  
20 recommendation; is that right, Richard? You all  
21 are --

22                   MR. ROGERS: Yes, sir. And just to  
23 summarize where we're heading with this with regards  
24 to the signage, I think we've got some good  
25 feedback. The signs that we have seem to be

1           adequate, and that we'll continue that.

2                   I think we got some good feedback about  
3           putting it in the contract. I think one thing that  
4           we will look to do is try to put together some  
5           requirements in the contract if they want to  
6           incorporate our information in coordination with  
7           project description and other partners, that we need  
8           to identify what we require with regards to that  
9           type of signage. I do think that that is a value.  
10          It identifies the total project and also provides  
11          description, whereas our common signs do not.

12                   So that is something that we'll work --  
13          work towards and present back to you all in June.  
14          And if there's any other things that we need to  
15          focus our efforts on with regards to signage, just  
16          please speak up.

17                   CHAIRMAN BADDOUR: Okay. And Richard, the  
18          next item that we talked about yesterday, and I'm  
19          not exactly sure where we left it. As you said, we  
20          kind of got down to the weeds a little bit. We  
21          talked about this restoration/stormwater issues with  
22          regard to easement versus BMP, which -- and exactly  
23          how to -- to deal with requests. Do you want to  
24          comment on that, where you feel like we are with  
25          that and where we're going to go?

1                   MR. ROGERS: I think staff is going to step  
2 back and, again, look at this and provide maybe a  
3 little more comprehensive overview for you in June  
4 and -- and take a look at this issue.

5                   With item number two on the stewardship  
6 with regards to our restoration projects, again, I  
7 think we need to kind of take another look at this  
8 and see what kind of can of worms we're opening up  
9 for ourselves if we do allow for -- with regards to  
10 future projects as well as projects that we have  
11 already done and successfully completed. So we  
12 will -- we will line this one back up for you and  
13 provide a little more background and context to the  
14 situation and the possible ramifications about  
15 action from the Board on this.

16                   CHAIRMAN BADDOUR: Okay. And the next  
17 item, and I -- I think, parliamentary-wise,  
18 yesterday, we were meeting as -- as the Committee of  
19 the Whole. And there was an action item with regard  
20 to minimum score, and I believe the motion -- was  
21 there a motion or not? Did we just say we'd leave  
22 it for today? I can't remember if we actually had a  
23 motion.

24                   Let's -- let's say that we didn't have a  
25 motion yesterday, now that I think about it. I

1 don't think we did.

2 Do I have a -- but I think the consensus  
3 was yesterday, that we would, with regard to the  
4 whole business of minimum score, that we would  
5 approach it in the same manner that we did in 2010.  
6 Can I have a motion to that effect?

7 MR. JOHNSON: So moved.

8 MR. RASCOE: So moved.

9 CHAIRMAN BADDOUR: Okay. Moved by Mr.  
10 Johnson, seconded by Mr. Rascoe. Any further  
11 discussion on that issue?

12 (No response.)

13 CHAIRMAN BADDOUR: So many as favor the  
14 motion, signify by saying "aye."

15 TRUSTEES: Aye.

16 CHAIRMAN BADDOUR: Opposed, "no."

17 (No response.)

18 CHAIRMAN BADDOUR: And we, of course, did  
19 not get to the land acquisition program issues and,  
20 hopefully, we'll be able to revisit that -- revisit  
21 that issue in June.

22 I would just comment -- maybe you all --  
23 you know, the fieldtrip out to the -- to the tracts  
24 of lands that we saw yesterday was -- was just  
25 delightful. We appreciate Triangle Land Trust for

1           arranging that. Beautiful tracts of land. It makes  
2           you realize and appreciate the work that we're able  
3           to do with the funds the legislature gives us.

4                    Any comments anybody has about that?

5                    MR. WRIGHT: I'd like to say this. For us  
6           older members that have been here a while, I think a  
7           really good thing and reassuring thing about where  
8           we're going is going out and seeing this projects  
9           after they've been on the ground eight or 10 years,  
10          and the impact they have on the communities where  
11          they're being done. I think it really motivates us  
12          to try and continue to push our purpose and try to  
13          do a good job.

14                   And yesterday was a really good example,  
15          especially that first -- that first project we went  
16          to see was actually approved in 1997, one of the  
17          first projects that this Board ever did. And it  
18          made me feel yesterday, just walking around that  
19          property, that, you know, this thing does work and  
20          does do good things.

21                   CHAIRMAN BADDOUR: Well, one of the things  
22          that -- that we -- thank you, Jerry, and I could not  
23          agree with you more, and I'm disappointed that we  
24          were not able to make that April trip to the  
25          mountains, but we will ask staff to look and see if

1           it's possible for us perhaps to hold one of our fall  
2           meetings in conjunction with our business meeting  
3           perhaps in the mountain area, to give us a chance  
4           not to do it as we had planned to with a tour, but  
5           perhaps in a shortened version like we did  
6           yesterday, see a couple of projects and kind of  
7           crunch the numbers on what that would cost.

8                     Maybe come in a day early like we used to  
9           on that, and -- and see if it works. It might be  
10          time to -- to look at that format, maybe for one  
11          year anyhow. So they will look at that, and  
12          that's -- that -- that's a possibility.

13                    Ron?

14                    MR. BEANE: I would like to recommend that  
15          we consider probably October for such a meeting.  
16          That's the best time to be there in the mountains.

17                    CHAIRMAN BADDOUR: That would be great.

18                    MR. RASCOE: If we can get a state rate,  
19          we'll be there.

20                    CHAIRMAN BADDOUR: It's always a beautiful  
21          time to be in the mountains in -- actually, October  
22          is best and November is -- is not bad. No time bad  
23          in the mountains, right?

24                    MS. KUMOR: That's correct.

25                    CHAIRMAN BADDOUR: Okay. Well, Renee, I --



1 with -- with -- you know, at the beginning of the  
2 meeting, we welcomed you yesterday when you were  
3 sworn in, and I think all of the Board members were  
4 here. But since this is the -- the Board meeting  
5 itself, I want to officially welcome you to the  
6 Board. I should have done that at the beginning of  
7 the meeting. We're just delighted to have you. You  
8 come with a great background. You bring a lot to  
9 the table.

10 So we'd be glad for you to make any remarks  
11 you'd like to make. You've been here now for -- for  
12 two days. Is it what you expected?

13 MR. ROGERS: Have you got it all figured  
14 out?

15 MS. KUMOR: Kevin told me it would be an  
16 adventure. Thank you, Mr. Chairman.

17 CHAIRMAN BADDOUR: All right. Is there  
18 anything else -- anything else to come before the  
19 Board? Mr. Executive Director?

20 MR. ROGERS: We've got an hour.

21 CHAIRMAN BADDOUR: Don't want to rush you.

22 MR. ROGERS: I'm just joking.

23 MR. JOHNSON: I move we adjourn.

24 CHAIRMAN BADDOUR: Make a motion to  
25 adjourn.

1 MR. JOHNSON: Mr. Chairman, Howard, is he  
2 still here?

3 CHAIRMAN BADDOUR: It's not -- it's not  
4 debatable, so all in favor of -- I want to -- you  
5 didn't get to speak, but I do want to recognize that  
6 Chairman Bob Howard here who preceded me as Chair  
7 and brought me along, for which I'm very  
8 appreciative, is here.

9 Bob, anything you want to say to this  
10 group? We're glad to have you back visiting us.

11 MR. HOWARD: Nothing except I had it better  
12 than you did because I followed Jerry. He had  
13 everything in good shape. And you had to follow me.  
14 But anyway, I appreciate -- I appreciate all the  
15 work that this Board continues to do. Thank you.

16 CHAIRMAN BADDOUR: Thank you. The Mayor of  
17 Southport. Okay. We stand adjourned.

18 *(Meeting adjourned at 11:05 a.m.)*  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE OF NOTARY - COURT REPORTER

STATE OF NORTH CAROLINA )  
 )  
COUNTY OF ROCKINGHAM )

I, Brenda J. Thissen, Notary Public in and for the above county and state, do hereby certify that foregoing CLEAN WATER MANAGEMENT TRUST FUND BOARD OF TRUSTEES MEETING was taken before me at the time and place hereinbefore and was duly recorded by me by means of stenomask and speech recognition; which is reduced to written form under my direction and supervision, and that this is, to the best of my knowledge and belief, a true and correct transcript of the meeting of the Board of Trustees of the Clean Water Management Trust Fund held at the Sheraton Chapel Hill, One Europa Drive, Chapel Hill, North Carolina, on the 21st day of February, 2011.

I further certify that I am neither of counsel to either party or interested in the event of this case.

This 7th day of March, 2011.

\_\_\_\_\_  
Brenda J. Thissen  
Notary Public, Rockingham County,  
North Carolina  
Notary Number: 19982640138