

**BOARD OF TRUSTEES**  
**CLEAN WATER MANAGEMENT TRUST FUND**

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**MINUTES OF MEETING**

**MONDAY, FEBRUARY 15, 2010**  
**8:30 A.M.**

**SHERATON FOUR POINTS**  
**500 CAITBOO AVENUE**  
**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:

PHILIP A. BADDOUR, JR., CHAIRMAN, GOLDSBORO

HONORABLE HAROLD A. BASS, SR., WENTWORTH

HONORABLE RONALD R. BEANE, LENOIR

DR. YEVONNE BRANNON, RALEIGH

DR. NORMAN C. CAMP, III, RALEIGH

KAREN CRAGNOLIN, ASHEVILLE

JOHN CRUMPLER, RALEIGH

C.L. "RANCE" HENDERSON, MORGANTON

JOSEPH M. HESTER, JR., ROCKY MOUNT

WILLIAM HOLLAN, WINSTON-SALEM

CHARLES JOHNSON, GREENVILLE

KEVIN MARKHAM, CARY

CHARLES W. McGRADY, HENDERSONVILLE

JOHN McMILLAN, RALEIGH

PRESTON PATE, NEWPORT

PETER RASCOE, III, EDENTON

BETTY CHAFIN RASH, CHARLOTTE

AARON THOMAS, PEMBROKE

STAN VAUGHAN, CHARLOTTE

JERRY 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 - PROGRAM IMPLEMENTATION

TOM JONES, DEPUTY DIRECTOR - PROJECT ASSESSMENT

NANCY GUTHRIE, WATER QUALITY ADVISOR

LISA SCHELL, COMMUNICATIONS DIRECTOR

CHRISTOPHER FIPPS, ADMINISTRATIVE OFFICER

PENNY ADAMS, EXECUTIVE ASSISTANT

TERRI MURRAY, INFRASTRUCTURE ADMINISTRATIVE ASSISTANT

ROBIN HAMMOND, REAL PROPERTY COUNSEL

CHERRI SMITH, STEWARDSHIP COORDINATOR

KEVIN BOYER, RESTORATION/STORMWATER PROJECT MANAGER

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

CHERYL JOHNSON, PARALEGAL

EVERETTE MOORE, STATE PROPERTY OFFICE PROPERTY AGENT

## CLEAN WATER MANAGEMENT TRUST FUND FIELD REPRESENTATIVES:

TOM MASSIE, MOUNTAINS FIELD REPRESENTATIVE

SARAH KING, SOUTHERN COASTAL PLAIN FIELD REPRESENTATIVE

WILL SUMMER, EASTERN PIEDMONT FIELD REPRESENTATIVE

DAMON TATEM, NORTHERN COASTAL PLAIN FIELD REPRESENTATIVE

## ALSO PRESENT:

REED WILSON, EXECUTIVE DIRECTOR, CONSERVATION TRUST OF  
NORTH CAROLINA

MARY GEORGE, ASSISTANT PLANNING DIRECTOR, CATAWBA COUNTY  
PLANNING

ROXANNE SMITH, ASSOICATE DIRECTOR, CATAWBA LANDS  
CONSERVANCY

A G E N D A

- 8:30 a.m.        A.    Call to Order - Chairman Baddour
- Roll Call - Penny Adams
  - Appointment of Trustees - Chairman Baddour and The Honorable Robert Rader
  - Compliance with General Statute §138A-15 - Chairman Baddour
  - Revisions, Additions, and Adoptions of the Agenda - Chairman Baddour
  - Put Cell Phones on Vibrate - Chairman Baddour
  - Review and Approval of the Transcripts of the November 2009 Meeting of the Board of Trustees
- 8:45 a.m.        B.    Public Comments - Chairman Baddour
- 9:00 a.m.        C.    Executive Director's Report - Richard Rogers
- Review 2009 Accomplishments and Outlook for 2010
  - 2010 Legislative Session Overview
  - Update on Potential ARRA Funds for Additional Wastewater Projects
- 9:30 a.m.        D.    Continuation of Discussion of Remaining 2008 Projects to Encumber and Allocation of 2010 Funds - Chairman Baddour
- 10:00 a.m.       E.    Stewardship Program Report - Richard Rogers, Cherri Smith, Christopher Fipps
- Status of Initial Deposit of Stewardship Funds into NC Conservation Easement Endowment Fund
  - Status of Individual Stewardship Contracts with Each Land Trust
  - CWMTF Stewardship Guidelines
  - Stewardship Team Products for Administration of Management Fund of \$20,000
  - Board Discussion
- 10:30 a.m.       F.    Summary and Recommendations from Workgroup Sessions
- 11:00 a.m.       G.    Break

- 11:15 a.m. H. Consideration of Project Issues
- Request to Consider Budget Revision 2007-507, Burgaw-Wastewater Collection System to Wallace Regional WWTP, Burgaw Creek - Larry Horton
  - Request to Consider Reduced Project Scope: 2008-529, Onslow Water and Sewer Authority - Wastewater Discharge Elimination and Sewer Rehabilitation, New River - Larry Horton
  - Request to Reduce Project Scope: 2006B-608, Rocky Mount - Septic Tanks/Legget Park, Tar River - Larry Horton
  - Request to Modify Project Scope and Extend Date for Entering into a Construction Contract: 2007-715, Swansboro-Stormwater BMPs, Hawkins Creek - Kevin Boyer
  - Request to Consider New Contract for the Town of Cary, White Oak Greenway Phase III (2004A-003) - Tom Jones
  - Request for Funding to Match ARRA Funds: 2009-548, Troy - Wastewater/Reuse Land Application - Larry Horton
  - Request for Funding to Match NC Rural Center Funds: 2009-549, Moore County - Wastewater/Regionalization and Discharge Elimination, Little River - Larry Horton
- 12:00 p.m. I. Request to Make Funds Available for 2008 Grant Agreements - Christopher Fipps
- 12:05 p.m. J. Discussion
- 12:15 p.m. K. Adjourn

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

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P R O C E E D I N G S

MR. CHAIRMAN: The important hour is at hand and I'll call the meeting to order, and ask Penny if she will call the roll.

MS. ADAMS: Mr. Baddour?

MR. BADDOUR: Here.

MS. ADAMS: Mr. Bass?

MR. BASS: Here.

MS. ADAMS: Mr. Beane?

MR. BEANE: Here.

MS. ADAMS: Ms. [sic] Brannon?

DR. BRANNON: (Nods affirmatively.)

MS. ADAMS: Mr. [sic] Camp?

MR. CAMP: Here.

MS. ADAMS: Ms. Cragolin?

MS. CRAGOLIN: Here.

MS. ADAMS: Mr. Crumpler?

MR. CRUMPLER: Here.

MS. ADAMS: Mr. Henderson?

MR. HENDERSON: Here.

MS. ADAMS: Mr. Hester?

MR. HESTER: Here.

MS. ADAMS: Mr. Holland?

MR. HOLLAND: Here.

MS. ADAMS: Mr. Johnson?

1 (No response.)

2 MS. ADAMS: Mr. Markham?

3 MR. MARKHAM: Here.

4 MS. ADAMS: Mr. McGrady?

5 MR. McGRADY: Here.

6 MS. ADAMS: Mr. McMillan?

7 MR. McMILLAN: Here.

8 MS. ADAMS: Mr. Pate?

9 MR. PATE: Here.

10 MS. ADAMS: Mr. Rascoe?

11 MR. RASCOE: Here.

12 MS. ADAMS: Ms. Rash?

13 MS. RASH: Here.

14 MS. ADAMS: Mr. Thomas?

15 MR. THOMAS: Here.

16 MS. ADAMS: Mr. Vaughn?

17 MR. VAUGHN: Here.

18 MS. ADAMS: Ms. Weston?

19 (No response.)

20 MS. ADAMS: Jerry -- Mr. Wright?

21 MR. WRIGHT: Here.

22 MR. CHAIRMAN: Okay. It's my privilege to

23 inform the Board that we have a new member of our

24 Board, Harold Bass. I introduced Harold yesterday.

25 He's been appointed by the Speaker, and Harold, as I



1           said yesterday, is Chairman of the Rockingham County  
2           Board of Commissioners. He has a long history of  
3           public service in Rockingham County and is -- will  
4           make a real contribution to this Board.

5                     I'm also happy to report to you that Peter  
6           Rascoe has been reappointed to the Board, but by a  
7           different appointing authority -- by the -- by the  
8           Senate. So, we need for both Peter and -- since it's  
9           a different appointing authority, our lawyer says  
10          that Peter needs to be sworn in again, so, we'll do  
11          that.

12                    We have with us Judge Robert Rader from --  
13          District Court Judge in Wake County. Judge Rader are  
14          you here?

15                    HON. JUDGE RADER: I am here.

16                    MR. CHAIRMAN: Okay. Well, let's see.

17                    MR. ROGERS: Go up there.

18                    MR. CHAIRMAN: Yeah, go up there

19                    (indicating).

20                    MR. RASCOE: Do you want us to go up  
21          front?

22                    MR. CHAIRMAN: If you gentlemen would  
23          go up there --

24                    MR. RASCOE: (Complies.)

25                    MR. BASS: (Complies.)

1 MR. CHAIRMAN: -- and we'll ask Judge  
2 Rader -- Rance, you want to tell us about your  
3 connection with Judge Rader?

4 MR. HENDERSON: Well, I have known Judge  
5 Rader since he was a young man growing up in  
6 Morganton, and everybody recognized immediately that  
7 he would go a long way and he has gone a long way.  
8 And when I get back to Morganton this afternoon and I  
9 spread it around that I have seen Judge Rader, I'm  
10 going to be the big man in town.

11 MR. RASCOE: Mr. Chairman, I'd just  
12 like to say, too, that Judge Rader and I spent many  
13 an hour together at a certain fraternity court right  
14 down the street.

15 MR. CHAIRMAN: Harold, you got anything  
16 to say about Judge Rader?

17 MR. BASS: I heard about him before  
18 he got here.

19 HON. JUDGE RADER: I don't know about that  
20 introduction.

21 MR. CHAIRMAN: Okay, Judge.

22 HON. JUDGE RADER: Looking around this  
23 room, my whole life is flashing before me. I told  
24 him -- Peter, the boys back at the fraternity house  
25 just wouldn't believe this being done at all.

1 All right. Well, who would like to have  
2 the honor first?

3 MR. RASCOE: You go ahead, Harold.

4 MR. BASS: Okay.

5 HON. JUDGE RADER: All right. If you'll  
6 just raise your right hand?

7 MR. BASS: (Complies.)

8 HON. JUDGE RADER: Do you, Harold Bass,  
9 Sr., solemnly swear that you will support the  
10 constitution of the United States?

11 MR. BASS: I will.

12 HON. JUDGE RADER: And do you, Harold Bass,  
13 Sr., solemnly swear that you will be faithful and  
14 bear true allegiance to the State of North Carolina  
15 and to the constitutional powers and authorities  
16 which are or may be established for the government  
17 there of, and that you will endeavor to support,  
18 maintain, and defend the Constitution of the United  
19 States [sic] -- or of North Carolina not inconsistent  
20 with the united -- the Constitution of United States?

21 MR. BASS: I will.

22 HON. JUDGE RADER: And do you, Harold Bass,  
23 Sr., swear that you will well and truly execute the  
24 duties of your office as a member of the Clean Water  
25 Management Trust Fund Board of Trustees according to

1 the best of your skill and ability, according to law,  
2 so help you God?

3 MR. BASS: I do.

4 HON. JUDGE RADER: Congratulations.

5 MR. BASS: Thank you. Thank you.

6 (Applause.)

7 HON. JUDGE RADER: Do you, John Peter  
8 Rascoe, III, solemnly swear that you will support the  
9 Constitution of the United States?

10 MR. RASCOE: I do.

11 HON. JUDGE RADER: And do you, John Peter  
12 Rascoe, III, solemnly swear that you will be faithful  
13 and bear true allegiance to the State of North  
14 Carolina and to the constitutional powers and  
15 authorities which are or may be established for the  
16 government there of, and that you will endeavor to  
17 support, maintain, and defend the constitution of  
18 said state not inconsistent with the Constitution of  
19 the United States?

20 MR. RASCOE: I do.

21 HON. JUDGE RADER: And do you, John Peter  
22 Rascoe, III, swear that you will well and truly  
23 execute the duties of your office as a member of the  
24 Clean Water Management Trust Fund Board of Trustees  
25 according to your best -- the best of your skill and

1 ability, according to law, so help you God?

2 MR. RASCOE: I do.

3 HON. JUDGE RADER: Congratulations.

4 MR. RASCOE: Thank you.

5 (Applause.)

6 MR. CHAIRMAN: Thank you, Judge Rader.

7 You're welcome to stay with us but I -- my guess is  
8 you've got to get back over to that busy courthouse.

9 And members of the Board, Harold's sister is not  
10 doing well and --

11 MR. ROGERS: Sister-in-law.

12 MR. CHAIRMAN: -- sister-in-law.

13 Sister-in-law is not doing well and we understand  
14 that he's going to have to leave to go back and we  
15 have assured him that our thoughts and prayers are  
16 with his family, so Harold --

17 (Mr. Bass leaves at 8:35 a.m.)

18 MR. CHAIRMAN: General Statute §138A-15

19 mandates that the Chair inquires as to whether any  
20 Trustee knows of any conflict of interest or the  
21 appearance of a conflict of interest with respect to  
22 matters on the agenda. If any Trustee knows of a  
23 conflict of interest or the appearance of the  
24 conflict of interest, please so state at this time.

25 TRUSTEES: (No response.)

1 MR. CHAIRMAN: Are there any revisions,  
2 additions to the agenda?

3 TRUSTEES: (No response.)

4 MR. CHAIRMAN: If not, do I hear a motion  
5 that the agenda be adopted?

6 MR. WRIGHT: So moved.

7 MR. CHAIRMAN: Discussion?

8 TRUSTEES: (No response.)

9 MR. CHAIRMAN: Hearing none, so many as  
10 favor the motion, signify by saying "Aye."

11 TRUSTEES: Aye.

12 MR. CHAIRMAN: Opposed, "No"?

13 TRUSTEES: (No response.)

14 MR. CHAIRMAN: Okay. "Ayes" have it. I  
15 ask you to put your cell phones on off or vibrate,  
16 please.

17 And do I hear a motion that we approve the  
18 transcript of the minutes of the meeting of the  
19 November Board?

20 MR. McGRADY: So moved.

21 DR. CAMP: Second.

22 MR. CHAIRMAN: Moved and seconded.

23 Discussion?

24 (Discussion off the record.)

25 TRUSTEES: (No response.)

1 MR. CHAIRMAN: All in favor say, "Aye."

2 TRUSTEES: Aye.

3 MR. CHAIRMAN: Opposed, "No"?

4 TRUSTEES: (No response.)

5 MR. CHAIRMAN: The "Ayes" have it. We --  
6 now it's time for our public comment. Is there  
7 anyone that would like to make a comment? Reed, I  
8 think you wanted to? Okay. I recognize Reed Wilson.

9 MR. WILSON: Where would you like me to  
10 do that from?

11 MR. CHAIRMAN: Wherever you would like to.  
12 You can go up there if you wish, or --

13 MR. WILSON: Okay.

14 MR. ROGERS: Be careful of the cords.

15 MR. WILSON: I'll just go up here so I  
16 don't get close to the cords. I'm Reed Wilson,  
17 Executive Director of Conservation Trust for North  
18 Carolina. We represent 24 local land trusts in the  
19 state, and we're a land trust that works along with  
20 the Blue Ridge Parkway and we sponsor, sometimes,  
21 projects before you. But today I'm just speaking  
22 very briefly on behalf of all 25 land trusts.

23 We understand and appreciate the difficult  
24 decisions you all will have to make in the coming  
25 months, as you have a whole lot of projects worth a

1 whole lot of money and less money than that to spend.  
2 You've got to sort through how -- what to do with the  
3 '08s that you've already approved, plus the pending  
4 2010 -- the cycled projects. And there's going to be  
5 a great number of really strong projects in there,  
6 and you're going to somehow have to figure out which  
7 ones to fund. And we just want to say we appreciate  
8 the difficulty of those decisions.

9 A number of the land trusts asked me to  
10 reiterate to you the content of a letter that we sent  
11 to you back in November urging the Board, as you're  
12 making those decisions, to continue to honor the  
13 commitments you made to all the 2008 projects that  
14 you approved. We think that's important for the  
15 integrity of the program in terms of what we've heard  
16 from legislators, and it's certainly important for  
17 the landowners, you know, that if they have had a  
18 project approved, that it will be funded. I  
19 understand you may have to do something about timing  
20 of those projects, but we'd encourage you to honor  
21 those commitments you made back in 2008.

22 And the other thing I wanted to say is that  
23 we and our other partners in the Land for Tomorrow  
24 Coalition have been urging the governor and the  
25 legislature to release funds for you this year, and I



1 understand there's encouraging news on that front,  
2 and that's great to hear. We will continue to work  
3 with the governor's office and the legislature to  
4 make sure, as best we can, that you all receive \$50  
5 million in the next budget, as is scheduled, but you  
6 never know how the legislative process will work.  
7 We're going to be relentless down there trying to  
8 make sure you get the money you're supposed to have.  
9 If there's anything you think we should do that we're  
10 not doing to help with that cause, just let us know.  
11 Thanks.

12 MR. CHAIRMAN: Thank you, Reed. And I  
13 understand Mary George from Catawba Land Conservancy.

14 MR. ROGERS: Catawba County.

15 MS. GEORGE: Actually, Catawba County  
16 Planning.

17 MR. CHAIRMAN: Catawba County Planning.

18 MS. GEORGE: We have a project before you  
19 that was approved in 2008 of 600 acres of acquisition  
20 for Mountain Creek and Crescent Resources. We  
21 appreciate your strong support in the past for that  
22 project, for the acquisition. I just wanted to let  
23 you know that we have successfully negotiated a  
24 reduction in the purchase price for that project.  
25 Originally, it was funded for \$2.6 million. We

1           actually got a half million reduction in the purchase  
2           price based on the reduction of the appraised value.  
3           It still is higher than -- of course, than what you  
4           would fund, but that was a good thing. We also got  
5           an extension for that project with Crescent to the  
6           end of this year. Of course, they're in bankruptcy,  
7           so that was, kind of, a challenge in itself. So we  
8           appreciate your consideration of re-evaluating that  
9           project.

10                         With the change in that dollar amount --  
11           that does take, actually, our match amount from  
12           originally 40 percent to a 55 percent match. So we  
13           appreciate your consideration for re-evaluating that  
14           in your ranking. And, also, just to let you know,  
15           that there's a potential out there that we could lose  
16           some match money from Duke Energy as part of the  
17           licensing, and it's about a million dollars. So we  
18           are hoping that maybe this project could move along  
19           before we lose -- would actually lose that big match  
20           amount. So we appreciate your consideration. Thank  
21           you.

22                         MR. CHAIRMAN: Thank you very much. We'll  
23           now have our Executive Director's report. Richard?

24                         MR. ROGERS: We've got one more. One  
25           more.

1 MR. CHAIRMAN: Oh, I'm sorry.

2 MR. ROGERS: It's RoxAnne with the  
3 Catawba Lands Conservancy. I don't know her last  
4 name. I forget her last name.

5 MR. CHAIRMAN: If you could introduce  
6 yourself. And you're with the Catawba Land [sic]  
7 Conservancy.

8 MS. SMITH: Yeah. I'm RoxAnne Smith.  
9 I'm the associate director of the Catawba Lands  
10 Conservancy, and thank you for giving us the  
11 opportunity to speak this morning.

12 We are here in support of Catawba County on  
13 the Mountain Creek project, and just want to follow  
14 up on comments to say that the changes that we were  
15 able to negotiate with Crescent Resources are very --  
16 we put a lot of effort into that, and I'm bringing  
17 this back to you and request that you re-rank the  
18 project.

19 The additional increase in match, along  
20 with the statement about the bargain sale on the  
21 property, means that this very significant  
22 conservation project can be accomplished with much  
23 fewer Clean Water resources, so we'd appreciate your  
24 time in taking a look at that a second time. This  
25 project has been approved by you twice, and it

1 continues to be a very strong project. Thank you.

2 MR. CHAIRMAN: Thank you very much. Is  
3 there anyone else that would like to speak?

4 (No response.)

5 MR. CHAIRMAN: Okay. We'll move to Item C  
6 on the agenda, which is our "Executive Director's  
7 Report." Mr. Rogers?

8 MR. ROGERS: Thank you, Mr. Chairman.  
9 I'm sitting here writing it. What -- I'm going to  
10 try to give a little summary of what happened last  
11 year -- the year that I want to forget, quite  
12 frankly, in some terms. And -- but we do need to  
13 reflect on it a little bit and then look a little bit  
14 into this year that we've just begun, the challenges  
15 that we face and, hopefully, some light at the end of  
16 the tunnel.

17 Last year -- I can, without a doubt, say it  
18 was probably the most difficult year for this Trust  
19 Fund since its inception in 1996. About this time  
20 last year, we got the word of about \$100 million  
21 coming out of our account and leaving unfunded  
22 projects for 2008. And it's a terrible thing, and we  
23 could -- I think we could have sat on our laurels and  
24 just worried about that and gotten frustrated, but I  
25 appreciate the action that the Board has taken, and I

1 really appreciate the staff's work that they've done.  
2 I'll get into that a little bit more. There's always  
3 a silver lining, and I think we've had one with  
4 regard to some of our internal practices and our  
5 organization.

6 But other things that came through -- we've  
7 had some focus on our wastewater projects, our  
8 wastewater program -- the legislature took an  
9 interest. We had a program evaluation that was done  
10 of our wastewater and all the state wastewater  
11 programs. It was a bit frustrating at times. I  
12 think that, hopefully, some folks in the legislature  
13 got educated to the system that we have in this state  
14 and a better understanding. As a result, there was a  
15 legislative study on wastewater programs across the  
16 state, and it's, I think, going to be very  
17 productive. We're just beginning to get into the  
18 meat of that.

19 There's been three or four different  
20 subcommittees set up. Subcommittees usually mean the  
21 death of any issue in the legislature, but I don't  
22 think so in this case. They're looking at how to  
23 best prioritize wastewater efforts across the state  
24 and across the different programs. They're also  
25 looking at how to better provide funding for

1 wastewater needs across the state, and they're also  
2 looking at long-term needs with regards to finding  
3 the revenue for the long-terms needs in the  
4 wastewater infrastructure in North Carolina. So  
5 we're tracking that program and that committee very  
6 closely this session as we move towards the short  
7 session.

8 The other thing, from a wastewater -- and  
9 this is that the evaluation program also came -- we  
10 evolved a common application that was put on all of  
11 our wastewater projects this year. The common  
12 application integrates information that all  
13 wastewater programs, from our SRF program, the rural  
14 center, and also some commerce wastewater programs  
15 need. It's common information that we all use. We  
16 feel like that's going to make it easier for our  
17 applicants to fill out one set of information rather  
18 than multiple sets of information.

19 The other thing it does, it helps us in --  
20 it helps us, among the programs, have a better  
21 understanding of what's going on -- where matching  
22 funds are going, what the status is. One of the  
23 major things, I think, it does is it puts all the  
24 elements of this project that may be funded by three  
25 or four different programs into a single budget,

1           which allows us to know where the money's coming from  
2           and what the money's going to be used for, not only  
3           from our program's perspective, but seeing it from  
4           other programs' perspectives, as well.

5                       Of course, the General Assembly funded our  
6           \$50 million this year. I appreciate all the work  
7           that the Trustees did and staff did in reorganizing  
8           our priorities and making sure that we started  
9           getting to work and getting those projects out the  
10          door. We are doing very well. We've encumbered  
11          about 60, 70 percent of the funds that were  
12          allocated. Those projects are moving forward, and  
13          we're looking to get to finish those out in the near  
14          future, as well.

15                      Just a little bit about an internal  
16          structure. We -- I could tell you, personally, it  
17          was one of the most painful things, in trying to get  
18          our staff budget adjusted and our administrative  
19          budget pulled together this year. It was a constant  
20          worry, a constant issue of trying to see how we could  
21          reorganize ourselves with the few -- the less amount  
22          of money. And, again, I think that, with your help,  
23          we came up with the best solution that we could, and  
24          we've actually seen some efficiencies drawn from  
25          that.

1           One that I do want to point out is with  
2           regards to our acquisition program. If you recall,  
3           we organized the whole O-chart so that the field reps  
4           would report to me, and we allowed Tom to take over  
5           the acquisition program area. And we've also put  
6           Nancy and Cherri into that mix, trying to help manage  
7           some of the contracts.

8           This is a huge change for everybody who's  
9           operated that program, but I think we are now  
10          communicating better with our grant recipients. I  
11          think that the workload is more evenly distributed,  
12          and when we get back to moving projects -- which it  
13          sounds like we are going to be moving projects in  
14          quick order here in the next few months -- we are  
15          better prepared to get those things out the door --  
16          not only contract signing encumbered, but closed out  
17          and the money to our grant recipients. So I am  
18          excited about that, and I appreciate the staff's work  
19          on that, in making those changes and working through,  
20          and, I think, providing us a better process, and that  
21          will pay off in the future, as well.

22          I think the organization now is a -- we're  
23          more organized. We're more efficient, and I think we  
24          now can say that we have a base that we can work  
25          from. Even if we get back to our \$100 million



1 funding, we can build on it.

2 And, again, I'm -- y'all don't know how  
3 good a staff this is. They are excellent in every  
4 way. You got to see some of it yesterday in the  
5 presentations, but on a day-to-day basis, they are  
6 just totally engaged and they really make this  
7 organization work, and I just want to say thank you  
8 to them for all their effort, and I hope y'all will  
9 take the opportunity to thank them, as well.

10 Moving on into 2010, it's -- we're still  
11 climbing up the hill, you know. We are -- we have  
12 gotten some good news. We're excited about the  
13 opportunities to move some projects, and we will get  
14 on that and get that taken care of.

15 We are still uncertain of how revenues are  
16 doing. At the end of December, we were ahead in  
17 revenue collection due to the Revenue Department  
18 collecting some -- some -- they over-collected what  
19 they estimated with some revenue, so we were ahead by  
20 a bit. But, in reality, our sales tax revenue -- the  
21 increase in sales tax has not met the expectation  
22 that was cited in the budget for revenues, and we're  
23 slowly getting behind again.

24 As you know, the governor set aside about  
25 five percent of the budget, and I think that was a

1 good idea. We still don't know where we're going to  
2 be. April will be the tell-tale, I think, of where  
3 we are, and we'll go from there. My sense is that  
4 we're not going to be on budget from the state  
5 perspective. We'll be down five percent, maybe a  
6 little more -- maybe a lot more. Hopefully not, but  
7 I do think that the governor's office and everyone is  
8 a bit more prepared this time than they were last  
9 year at this time to meet the needs of the state and  
10 to make sure the budget is balanced. I don't think  
11 there's going to be a huge raid on any program. I  
12 hope not.

13 We may see our revenue dry up after April,  
14 meaning that the 5 or \$6 million that we were  
15 expected to get after that may not come. And I think  
16 that's the down side to this. But, again, we have to  
17 wait and see, and we'll keep our ears perked and make  
18 sure that we're engaged with that.

19 The legislative session -- again, we're --  
20 they're in their interim. Committee work is being  
21 done on interim committees. They're pretty active  
22 and starting to ramp up so that they can be prepared  
23 and get through the primary season and then come back  
24 into session. My sense is that, barring any huge  
25 deficits in programs -- I know there's some Medicare

1 or Medicaid issues and some problems there where some  
2 funding is going to need to be found.

3 I hope that they'll come in session, get  
4 about their business, and get out. And that's always  
5 a goal for us that are over there. I think they'll  
6 be extremely intent on doing that because of  
7 elections, for one thing, but also because there's  
8 not a whole lot of change that they can do without  
9 any money to work with. And the sooner they get out  
10 of town and get a budget in place, I think, it'll be  
11 better.

12 Again, I think the year ahead -- the next  
13 fiscal year, again, is -- they can make their best  
14 guess on what's going to happen, and things should  
15 look a little better, but we're still -- we're still  
16 in recovery and will be for some time.

17 Mr. Chairman, that's about all I've got  
18 right now. I'll be glad to take any questions if  
19 anybody wants to ask --

20 MR. CHAIRMAN: Okay. Thank you.

21 MR. ROGERS: -- or we can move on.

22 MR. CHAIRMAN: Any questions? Bill?

23 MR. HOLLAN: Richard, have we pretty well  
24 cleared up the backlog that we had in getting  
25 contracts out?

1 MR. ROGERS: Yes, sir. We've -- we have.  
2 I believe we have a total of about 11 or 12 contracts  
3 that remain unsigned in all the program areas, and we  
4 will redouble our efforts to get those folks engaged  
5 and get them back in-house so that we can be  
6 prepared.

7 The funds -- our -- we're working down our  
8 stormwater restoration and our wastewater projects  
9 and getting those funds encumbered pretty rapidly.  
10 Again, we always have issues that come up.

11 There's a couple of project changes that  
12 we'll be going over today that are holding things  
13 back from moving forward, but we're trying to keep  
14 our hands on the wheel on that and make sure we get  
15 our money encumbered and contracts signed.

16 MR. HOLLAN: So there's nobody who's  
17 waiting for us to prepare the original -- the first  
18 draft of their contract?

19 MR. ROGERS: No, sir. We have a couple  
20 in-house, but they're -- we're trying to get some  
21 COPS language worked out on things.

22 And the one thing that we have done is we  
23 tried to make sure we stay in contact with our client  
24 and the folks that are out there so that we have a  
25 dialog going and we understand where we are. So

1 we're moving forward on these, and it's a top  
2 priority to get these things -- these out.

3 And I will tell you, the -- it is going to  
4 be a challenge with regards to the opportunity on  
5 these projects that we're moving forward on  
6 acquisition. But the intent is -- and I think Robin  
7 put it, it's going to be a -- it's going to be, kind  
8 of, an end-of-year closing that we go through every  
9 December, so we're going to be in that mode to make  
10 sure that we get the things moving and get the  
11 contracts out the door and funds encumbered.

12 (Mr. Johnson enters room.)

13 MR. CHAIRMAN: Any other questions of  
14 Richard?

15 TRUSTEES: (No response.)

16 MR. CHAIRMAN: Actually, that's a pretty  
17 good transition to the next item on the agenda --

18 MR. ROGERS: Yep.

19 MR. CHAIRMAN: -- which is to talk about  
20 the remaining 2008 projects. Why don't you give us  
21 an update in terms of where we are and what the  
22 new -- are you going to talk about the new  
23 applications that we have and just, kind of, where we  
24 are with the existing projects --

25 MR. ROGERS: Yeah.

1 MR. CHAIRMAN: -- and the new applications?

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

3 We're -- we had new applications come in as of  
4 February 2nd. We gave an extra day because of  
5 inclement weather that we're having. Tom is passing  
6 out a list of all the applications that we have  
7 before us now. This list includes the 2010  
8 applications, of which we have about, I think, 30 --  
9 33, 34 applications come in that were new. Of all  
10 the applications of 2009, we had around 195 that were  
11 resubmitted, either amended or as they were presented  
12 in 2009.

13 So we've got around 230 applications before  
14 us for this cycle. You can look at the summary we  
15 have here, and you can -- you can see the numbers  
16 there. We've got 220 applications -- a total of \$271  
17 million in requests.

18 One notion here -- one reason that we  
19 wanted to do this and have a 2010 cycle is to make  
20 sure that there is a demand for the program out  
21 there. I think this -- these numbers speak for  
22 themselves, that there is a demand, and that we can  
23 use this and help ourselves and ensure that we  
24 communicate to the legislature of the demand and the  
25 need for the program.

1                   The list right now -- we have 2009  
2                   applications, and then we have 2010's integrated.  
3                   When you consider them in June, they'll all have 2010  
4                   on them, so they'll be presented as 2010 projects.

5                   As you recall, the 2009 projects that we  
6                   had in-house were not scored, so all of these will be  
7                   scored together and -- so that we have -- so we don't  
8                   have a difference between scoring or time frame with  
9                   regards to the 2009 and 2010.

10                  So, Tom, I don't know if you have anything  
11                  to say about this list, but go ahead.

12                  MR. JONES:        Just make note that, at the  
13                  top, this is "Draft." And the reason why it's draft  
14                  is because no one else has seen it to find all my  
15                  errors, for one thing. And the second thing is, is  
16                  that the amended -- the 2009 applications that were  
17                  amended, they have not been changed from their  
18                  original application on this yet. This was just done  
19                  late Friday, so I'm sure there are budget changes on  
20                  those projects from 2009 that were amended, and those  
21                  are not reflected here.

22                  MR. CHAIRMAN:   Let's just go back for a  
23                  minute because we do have some new Board members, and  
24                  just to remind ourselves. What we did was we allowed  
25                  anyone with a 2009 application -- they could leave it

1           like it was and it would be treated as a 2010, they  
2           could amend it and it would be treated as a 2010, or  
3           they could withdraw it.

4                        So I don't know. I guess you might just  
5           give us a little bit of a report. I don't  
6           necessarily need exact numbers, but --

7                        MR. JONES:        Well, on the -- on the last  
8           page, there's a little table at the bottom that talks  
9           about the responses from the 2009. Of course, we  
10          got -- thanks to Terry, especially, we got responses  
11          back from every single 2009 applicant. A hundred and  
12          forty-six (146) of those --

13                       MR. CHAIRMAN: I see.

14                       MR. JONES:        -- stayed as they were, 49  
15          were changed, 53 were withdrawn, and we had 33 new  
16          ones.

17                       MR. CHAIRMAN: Okay.

18                       MR. JONES:        So on the first page, one  
19          interesting thing -- this is a question that always  
20          comes up -- is the distribution. And the tables at  
21          the top -- I'd just like to point out you've got  
22          number of projects for the "Mountain," "Piedmont,"  
23          and "Coastal Plains," and "State," and then there's  
24          some "Regional" ones. And you've got the percent  
25          distribution -- 34, 39, and 27. But if you look at



1 the dollars requested, it's pretty much a third in  
2 all three of the regions. I mean, in looking at all  
3 three regions. And I thought that was pretty  
4 interesting that that came in that equal -- equally  
5 distributed.

6 And then you can see we've got -- the  
7 second table down -- the new "Greenway" category --  
8 that we've never even done those yet. We've got 14  
9 of those. But we didn't get any new ones for 2010.

10 And we got 51 percent of the applications  
11 are from local governments. And that's always been,  
12 kind of, interesting, how that has increased over the  
13 last few cycles.

14 MR. CHAIRMAN: Now, I'll give you my  
15 feeling, is that, at some point, this Board is going  
16 to have to decide, you know, what we do about the  
17 remaining 2008 applications, what do we do about 2010  
18 applications, and what is the relationship between  
19 those two.

20 I think my feeling is that, before we make  
21 a final decision, we should wait and see how much  
22 money the legislature appropriates, because we won't  
23 really have all of the information. But I don't  
24 think that means that we can't begin a discussion of  
25 the issues surrounding that. And I hope that we can

1           have some of those discussions today, and we can have  
2           them in June, and, you know, then we could make a  
3           final decision when we see what the legislature --  
4           what the legislature does.

5                         With regard to 2008 applications, assuming  
6           that we get to spend the money that was appropriated  
7           to us, we will still have, what, about \$40 million?

8                         MR. ROGERS:       Forty-two (42).

9                         MR. CHAIRMAN:    About \$42 million, if you'll  
10          look at F-8, in 2008 projects that have not been  
11          funded, in that.   Okay?

12                        And the -- when the legislature -- as  
13          Richard said, when they adopted the two-year budget  
14          last time, they put in \$50 million for us.   Now, we  
15          don't know what's going to happen, you know, will it  
16          be \$50 million, will it be \$100 million?   Probably  
17          unlikely -- it would be nice if it was more than  
18          that, but, you know, will we be able to hold the \$50  
19          million?

20                        So if the budget stays the way it is, then  
21          you've got \$50 million, you've got \$42 million in  
22          remaining 2008 applications that we have awarded, and  
23          you've got -- how many million in what will then be  
24          now 2010 applications?

25                        MR. ROGERS:       Two hundred and thirty

1 million (230).

2 MR. CHAIRMAN: Two hundred and thirty (230)  
3 million dollars in requests. So I -- would any Board  
4 member like to, kind of, comment on this, as -- just  
5 begin to talk about it a little bit? Peter?

6 MR. RASCOE: I just wanted to follow up  
7 on what Bill Hollan brought up yesterday for  
8 understanding purposes. The 2008 projects, no matter  
9 what we do, we are taking the position that they are  
10 to be funded with the -- whatever the 2008 money will  
11 be. Isn't that right? In other words, we're  
12 assuming that that's the money for 2008 projects, is  
13 the 2008 [sic] money, is the way I'm understanding --  
14 that we're operating.

15 MR. WRIGHT: 2009.

16 MR. HOLLAN: I don't think we had any  
17 2008.

18 MR. RASCOE: I mean the appropriated --  
19 what was appropriated and what is --

20 MR. CHAIRMAN: In 2009.

21 MR. RASCOE: Yeah. In 2009, that's what  
22 I meant.

23 MR. CHAIRMAN: Well, that's where we're  
24 working now.

25 MR. RASCOE: Right. The 2009

1           appropriation was supposed -- was -- the way we're  
2           working and operating right now is that's supposed to  
3           fund the 2008s, whatever we have approved.

4                   MR. CHAIRMAN:   About -- and it'll fund  
5           about half of them --

6                   MR. RASCOE:     Right.

7                   MR. CHAIRMAN:   -- so --

8                   MR. RASCOE:     Okay.

9                   MR. CHAIRMAN:   -- we've got a little more  
10          than half.

11                   MR. ROGERS:     Well, one thing that -- in  
12          my thinking, is there's, basically, three options  
13          that the Board has here.

14                   I mean, we can -- we can take the remaining  
15          of the 2008s and fund them next year. The fact is  
16          I'm sure there'll be a withholding of 5 percent, at  
17          least, of your budget next year. We have COP  
18          payments, we have administrative costs, so we end up  
19          with \$45 million or so to put towards our grants.  
20          And you can look at the numbers. There's \$3 million  
21          difference.

22                   The other option -- or another option is  
23          that we -- and one thing that I do think, and we've  
24          heard from the Board, is their interest is to try to  
25          do the 2008s, if possible. We've approved it, but

1           one option is we can roll the 2008s in with our new  
2           cycle and look at them all together. Personally, I  
3           don't think that's a very viable option, because  
4           they've already been scored. They were scored in a  
5           different cycle.

6                     Another option is that we get -- we look at  
7           the 2008s in 2010 with the notion that we need to  
8           have some funds for 2010. Again, we've had some  
9           discussion around this at the viability of the  
10          program. The great opportunities that are out there,  
11          we need to take advantage of them to some extent.

12                    I think there's a lot of variables out  
13          there. Phil mentioned the money. Are we going to  
14          get to spend all of our 2008 money? What are we  
15          getting appropriated for 2010?

16                    Another thing that we need to look at is  
17          what is the status of these 2008 projects? Some of  
18          them have been in line for two years now, waiting.  
19          When they get their application in -- from the time  
20          they got their application in, until the time they  
21          were approved, to the time they were approved again,  
22          it's been two years. I really think staff needs to  
23          go back on these projects, take a look at them, get  
24          some updated information to make sure, one, they're  
25          still viable, make sure the budgets are the same, and

1           then look at the time frame for what they have for  
2           implementing those projects in acquisition, in  
3           wastewater, and, also, in our restoration stormwater.  
4           Because of these factors, I think it's important that  
5           we move forward with the notion that, yes, we can --  
6           we're going to prioritize 2008s; however, we should  
7           be able to make some room for allocating money and  
8           having money for 2010 projects.

9                        The other issue at hand is also revenue  
10           coming back in with closed contracts, as well as cost  
11           under-runs with regards to our construction projects,  
12           which we've realized -- and you'll get to -- get to  
13           unencumber almost \$2 million in a few minutes, which  
14           is an exciting thing for me these days, because we  
15           get to put them back on 2008 projects.

16                      So that's, kind of, the way I'm thinking,  
17           and it -- maybe it'll help frame some of the  
18           discussion here for how we want to move forward. I  
19           think Phil's right. It's early to say, "This is the  
20           path we're taking. This is what we're doing." And  
21           because we've got a lot of variables out there that  
22           may impact what our notions are today.

23                      MR. CHAIRMAN: Is there any Board member  
24           who'd like to comment on this issue? Mr. McMillan?

25                      MR. McMILLAN: I have a question. What are

1           you going to do with these applications -- about  
2           scoring and evaluating them?

3                   MR. ROGERS:        The 2010?

4                   MR. McMILLAN:    Well, the 29s [sic] --

5                   MR. ROGERS:        The 2009s?

6                   MR. McMILLAN:    -- the 2009s?

7                   MR. ROGERS:        Yeah.  We're -- well, we're  
8           incorporating them with the 2010 cycle, and they're  
9           going to be evaluated and scored, is --

10                  MR. McMILLAN:    So you're --

11                  MR. ROGERS:        -- is our plan.  We're in  
12           the process of processing these projects.  We're at a  
13           little bit of an advantage because a lot of the site  
14           visits have been done on the 2009s.  We've got to get  
15           out and do the site visits on the 2010 projects.  But  
16           the scoring and that process has -- is going to move  
17           forward, is the intent.

18                  MR. CHAIRMAN:    Bill?  Bill?

19                  MR. HOLLAN:     Mr. Chairman, I would  
20           strongly favor the course of action that Richard has  
21           suggested here, that we have to get back in business;  
22           that we have to look at 2009 and 2010 applications.  
23           Whenever I get a letter from Reed Wilson and --  
24           representing 24 land trusts, I read it and pay  
25           attention to it, and want to agree with it, but in

1           this case I don't. I don't think that we can carry  
2           these 2008 projects over indefinitely. I think this  
3           Board has done what it could to be as fair as it can.  
4           We've reimbursed anyone who made expenditures -- or  
5           we attempted to reimburse anyone who made  
6           expenditures in reliance on the actions that we took  
7           in 2008. The governor took the money away. The  
8           money's gone. We're not going to get it back. And I  
9           think we've got to move on for several reasons.

10                       I had talked yesterday a little bit about  
11           these 2008 acquisition projects are based on  
12           appraisals that were done in 2007. The market for  
13           real estate has changed dramatically since 2007. I  
14           wouldn't guess that any of these appraisals would be  
15           any good today. Just what I see is that the market  
16           value of real estate has declined by 20, 30, 40, 50  
17           percent or more in some of these areas, and so -- and  
18           I think that the expectations of owners are much  
19           reduced in this environment, and there are bargains  
20           out there. As Joe said yesterday, everybody's  
21           talking about this is a great time to be buying  
22           property -- an opportunity of a lifetime -- and if we  
23           simply attempt to stick with a list of projects that  
24           are based on 2007 prices, we're going to fail to take  
25           advantage of that opportunity. So I -- I'm in



1 agreement with the -- using what funds we have this  
2 year, in 2009, to fund as many of those 2008 projects  
3 as we can, but I think we've got to move on at the  
4 end of this year and be in a position to consider the  
5 opportunities that are out there. So I support  
6 strongly the position that Richard has articulated  
7 here as option two.

8 MR. CHAIRMAN: Any other comments? Karen?

9 MS. CRAGNOLIN: I have to agree with Mr.  
10 Hollan. Yesterday I met with a property owner. It's  
11 not a project that we'll be looking at, but a project  
12 that my organization had been looking at, and it was  
13 an \$8 million acquisition. And I met with the owner  
14 yesterday, who said he would gladly take two. I have  
15 to agree that the real estate market has changed  
16 dramatically and -- as hard as that is to say -- and  
17 I don't like going back on what we've committed. I  
18 just think the reality has changed so much that we  
19 really can't afford, in the best interest of the  
20 state, to be buying things on old appraisals in a  
21 different world. It was a different world then,  
22 so --

23 MR. CHAIRMAN: Let's talk about that,  
24 though, just a little bit. Let's just say we go  
25 forward with a 2008 project. How does the appraisal

1 process work?

2 MR. ROGERS: Currently, what will  
3 happen -- we talked a little bit about this. And one  
4 thing, I think, we ought to do when we send out a  
5 request for information on these projects is we'll  
6 put the question about the reduced value and is the  
7 cut -- is the owner willing to take less. I think  
8 that's the best approach. The process that we follow  
9 with acquisitions, if the appraisal does get stale --  
10 and, Everette, what is that, a year or so?

11 MR. MOORE: It doesn't take long in this  
12 market.

13 MR. ROGERS: Yeah. -- is that we can  
14 request an updated or a new appraisal, and the  
15 property office will take that and review it. And  
16 then the property office determines the appropriate  
17 value of that particular project with information  
18 from that revised, updated, or new appraisal. And  
19 then, of course, we can't pay above appraised value,  
20 so automatically, if the appraisal comes in less and  
21 the state property office agrees with that, then we  
22 pay that appraised value.

23 MR. CHAIRMAN: Let me -- I'm just going to  
24 say something, because you -- I want to be sure that  
25 y'all understood what Richard, I think, was saying.

1                   Although he wasn't putting a percentage to  
2                   it -- I know this from conversations that he and I  
3                   have had before -- that, I think, what he meant by  
4                   option two was that this Board decide a certain  
5                   percentage of the -- let's just say we get \$50  
6                   million, and we decide that a certain percentage  
7                   we're going to allocate to the 2008 commitments that  
8                   we had and that the remainder would go to 2010. I  
9                   think that was -- without putting a pencil to it, was  
10                  the idea.

11                  The other option would be -- I mean, we  
12                  can't just disregard the 2008s. You'd, at least,  
13                  have to give them the opportunity to compete with the  
14                  two thousand -- and, John, we'll now call them all  
15                  2010. They came in in 2009, but they'll be 2010.  
16                  The other option would be to just fold them in and  
17                  let them compete --

18                  MR. McMILLAN: Right.

19                  MR. CHAIRMAN: -- with the 2010  
20                  applications. So --

21                  MR. HOLLAN: Now that you've clarified  
22                  what Richard was saying, I favor option three. I  
23                  think we've got to move on, Mr. Chairman -- and I  
24                  have no problem with reconsidering each of these --  
25                  but the other thing, on this appraisal, the governor

1 has taken the position that, in the state's -- in the  
2 economic environment that we find ourselves, the  
3 state ought not to be spending money on land when it  
4 can't find money for schools and public services and  
5 other high priority needs.

6 We cannot -- you know, I mean -- and our  
7 people have done a good job persuading the governor  
8 to bend a little bit in our direction. But we  
9 certainly cannot afford to pay more to have any  
10 project where it can be argued that we paid more than  
11 fair market value. That would just be, to me,  
12 politically untenable. So I think we've got to be  
13 extremely careful and make certain that every project  
14 that we fund -- of acquisition -- can be justified as  
15 a good deal for the state, or else we -- I think we  
16 put our whole program here at risk.

17 MR. CHAIRMAN: Well, I mean, I just want us  
18 to frame the question correctly. I mean, I do think  
19 that y'all are absolutely right about the appraisals  
20 and about not paying any more. But I do think that  
21 we can do that with the 2008 projects, so I don't  
22 want us to confuse the --

23 MR. HOLLAN: I agree.

24 MR. CHAIRMAN: -- that as an issue. But --  
25 so I think the real question becomes, is, you know,

1 do we take these 2008 projects and fold them in and  
2 make them compete with the new, or do we, kind of,  
3 assign a percentage that we're going to go one way or  
4 the other. I mean, that's the way I, kind of, think  
5 we are with it, really.

6 MR. HOLLAN: Do you want a motion  
7 today --

8 MR. CHAIRMAN: No. I do -- I do not. I  
9 really think we should -- I wanted to begin  
10 discussion today. I want us to talk with our  
11 partners in the land trusts who have some ideas about  
12 it, I want us to talk about it again in June, and  
13 then I don't want us to make a final decision, Bill,  
14 until we know what the legislature does. And so, I  
15 mean, it doesn't seem to me that we have all of the  
16 information to make that decision --

17 MR. ROGERS: To really know.

18 MR. CHAIRMAN: -- until -- till then. If  
19 y'all disagree, let's -- you know, we can --

20 MR. HOLLAN: Well, the only thing I --  
21 we've got people hanging out there with 2008 projects  
22 wondering whether they're going to be in or out or  
23 exactly what the deal is and, I mean, there's  
24 argument that we ought to put people out of their  
25 misery and do away with this anticipation. But I

1 take your point, and I will not make a motion today.

2 MR. CHAIRMAN: Okay. Stan?

3 MR. VAUGHAN: Just looking at numbers, for  
4 the lack of -- a different way, if we've made a  
5 decision, say, on the \$42 million, that we were going  
6 to put 20 percent of whatever we get in 2010 toward  
7 2008 and putting the 80 percent toward 2000 [sic] --  
8 no, these applications of \$271 million, then we've  
9 got -- that means, maybe, we've got \$40 million to go  
10 against \$271 million in applications.

11 I just question how far we should go on  
12 evaluating all these \$271 million. Is there a  
13 shortcut we can go to cull out the best projects?  
14 And being realistic, just not go through the process  
15 of making work to -- on something to do when we know  
16 we're not going to have the funds for it. So I'm  
17 just wondering if there's a shortcut process on this  
18 \$271 million that we can come up with that -- Tom, 20  
19 percent of the projects on each classification and go  
20 through the full process there and then just defer  
21 anything else.

22 MR. CHAIRMAN: Richard?

23 MR. ROGERS: I believe -- I think I came  
24 in on the tail end of an attempt to start screening  
25 projects. And what we found with that is that

1 screening just does not give a full evaluation of the  
2 projects so that we know the value of the project  
3 completely. And, you know, the process is designed  
4 to get a water quality score, and I think we've  
5 attempted to shorten that process, and we hadn't done  
6 it to the satisfaction of staff or the Trustees, to  
7 my knowledge.

8 I think we need -- if we're going to  
9 consider 2010 projects, we need to make sure we score  
10 them and that they are evaluated just to ensure that  
11 we get the best quality projects that -- the issue  
12 here with less money is that we need to make sure  
13 we've got the best projects and that we don't need to  
14 be able to have an applicant come back and say,  
15 "Well, you didn't look at this," or "You didn't look  
16 at that."

17 Again, we -- we're prepared to do that, and  
18 I would hope that, if we do take into consideration  
19 2010 projects, that we would fully score them.

20 MR. CHAIRMAN: Now, also, remember what  
21 Richard said, is that we only have -- I shouldn't say  
22 "we only" -- but there are 30 new -- actually new  
23 applications, so the site visits to most of those  
24 projects have already been done, because they were  
25 2009 projects originally.

1 Peter?

2 MR. RASCOE: One more question for  
3 clarification, Mr. Chairman. I want to make sure I  
4 understood when y'all were discussing the other  
5 option. Are we talking about rolling the 2008  
6 projects that are -- that will end up not being  
7 funded by 2009 in, or are we talking about rolling  
8 all of them in?

9 MR. ROGERS: My sense is there's a couple  
10 of options here. If you don't -- and, again, this is  
11 all predicated on getting more information --

12 MR. RASCOE: Yeah.

13 MR. ROGERS: -- on the projects -- and my  
14 sense is that some projects can wait another year;  
15 some projects, you know, can move forward and will be  
16 ready to move forward.

17 I mean, there is an option of looking at  
18 delaying a certain number of the 2008s yet another  
19 year and taking them out of 2011 funding and honoring  
20 the commitment that we've made, and then, you know,  
21 being able to have a substantially more appropriation  
22 go to newer projects.

23 And, you know, I understand Bill Hollan's  
24 argument with regards to getting to the newer  
25 projects, but that -- that's an option that could be



1 considered.

2 But one thing that I do think we need to do  
3 is find out, again, what is the latest status, are we  
4 going to be able to get more value for our  
5 investment, saving money, and understanding the  
6 projects better.

7 The other issue is that we need to talk  
8 about is if you're talking about taking 2008s off the  
9 table that have not been funded yet, are you also  
10 talking about restoration stormwater projects and  
11 wastewater projects, along with acquisition projects.  
12 Because we've got \$7 million in restoration --

13 MR. RASCOE: Uh-huh (yes).

14 MR. ROGERS: -- stormwater projects  
15 remaining and \$8.5 million in wastewater projects  
16 remaining.

17 MR. RASCOE: That was my point.  
18 Although, I mean, we went through this -- we went  
19 through the process yesterday of confirming the list  
20 and all that.

21 MR. ROGERS: Right.

22 MR. RASCOE: My thought was -- I thought  
23 where we left yesterday -- thinking that those that  
24 were at the top of the list would somehow be  
25 processed as fundable with the 2009 money,

1 eventually.

2 MR. CHAIRMAN: Yeah, but, now, that's  
3 rumor, now. We were just talking about the ones that  
4 we actually --

5 MR. ROGERS: Reapproved.

6 MR. CHAIRMAN: -- well, that we  
7 reapproved.

8 MR. RASCOE: I understand that we've  
9 got --

10 MR. CHAIRMAN: There's still a whole other  
11 group.

12 MR. RASCOE: -- a whole another group --

13 MR. CHAIRMAN: Yeah.

14 MR. RASCOE: -- that was at the bottom  
15 of the list.

16 MR. CHAIRMAN: Right.

17 MR. RASCOE: That's what I'm getting at.

18 MR. CHAIRMAN: Right.

19 MR. RASCOE: Are those are the ones  
20 we're talking about rolling?

21 MS. CRAGNOLIN: Yes.

22 MR. RASCOE: Not the whole list, but  
23 just those at the bottom?

24 MR. CHAIRMAN: Right.

25 MS. CRAGNOLIN: Yeah. Uh-huh (yes).

1 MR. RASCOE: Okay. That's -- that's  
2 what I wanted to try to clarify.

3 MR. CHAIRMAN: Well, those that are not  
4 funded --

5 MR. RASCOE: Correct.

6 MR. CHAIRMAN: -- whatever it is --

7 MR. ROGERS: Yes.

8 MR. CHAIRMAN: -- right.

9 MR. RASCOE: Uh-huh (yes).

10 MR. CHAIRMAN: Okay. John?

11 MR. McMILLAN: We keep referring to the  
12 fact that we made a commitment. The motion in every  
13 instance was that these were funded subject to the  
14 availability of funds.

15 MR. CHAIRMAN: Uh-huh (yes).

16 MR. McMILLAN: And when the funds are  
17 taken away from us -- not by us, but by external  
18 forces -- then that's not -- that's no longer our  
19 commitment, to fund those projects. And so when we  
20 keep saying that, I don't believe that's correct.

21 MR. CHAIRMAN: Karen?

22 MS. CRAGNOLIN: Yesterday, I talked to  
23 Everette a little bit and one of the problems with  
24 appraisals is because so few things have sold, you  
25 don't really have new sale prices or new comparables

1 for new appraisals. I mean, the market's --

2 DR. BRANNON: It's remained fixed.

3 MS. CRAGNOLIN: -- kind of, flat.

4 MR. CHAIRMAN: I mean, that's a problem.

5 But that's also a problem with the 2010 projects.

6 MS. CRAGNOLIN: Uh-huh (yes).

7 MR. VAUGHAN: Mr. Chairman?

8 MR. CHAIRMAN: Okay. Stan?

9 MR. VAUGHAN: One other comment -- and I  
10 know this is not easy to accomplish, but if we can  
11 get any information from the governor's office on  
12 what her attitude's going to be going forward on  
13 acquisitions -- I mean, \$132 million -- over half of  
14 this \$271 million is acquisitions, and if she's going  
15 to delay acquisitions for another year or two or  
16 three, then that's -- right off, a factor in our  
17 decision, also.

18 MR. CHAIRMAN: Well, you know, another  
19 interesting thing that we'll have in terms of new  
20 information is, by the time we get around to August,  
21 we will have rescored [sic] -- well, not rescored --  
22 we will have scored the 2010 projects. So, you know,  
23 you can look and see what the scores were on the 2008  
24 projects. I mean, some of those projects will  
25 probably compete very well and, you know, some may

1 not, but we'll have more information.

2 Mr. McMillan?

3 MR. McMILLAN: One of the points Lisa made  
4 yesterday -- and Tom, of course, and I talked about  
5 it some yesterday -- is the effort to really put a  
6 focus on the economic benefit of acquisitions, that I  
7 think we've, sort of, alleged that there is. But we  
8 need to convince the people in the state  
9 government -- the executive branch and the  
10 legislative branch -- about the true economic value  
11 of acquiring land and protecting and preserving land.  
12 Tom has some numbers to indicate that the return on  
13 that investment is higher than most any other dollars  
14 that you can spend, and so we need to focus on that.  
15 And, Lisa, I think that's a good -- a good point that  
16 we need to follow up on and spend some time on it.

17 MR. CHAIRMAN: I agree. And, Karen, I  
18 wanted to follow -- we talked about this yesterday a  
19 little bit -- about how you get a hold on that. And  
20 maybe one of the things we do is -- you know, even  
21 though the appraisal isn't exactly right, is that we  
22 just give a higher priority to the more of a bargain  
23 sale it is. I mean -- you know, I mean, if you've  
24 got somebody who's coming in and part of this project  
25 is they're showing it's a 50 percent of value, that

1 we just -- in our point process, we do give some  
2 value to that already.

3 MS. CRAGNOLIN: Uh-huh (yes).

4 MR. CHAIRMAN: -- but one of the things we  
5 could do is actually put it in a different category  
6 or give more emphasis to the discount that we get.

7 Stan? And, you know, I mean, that's  
8 something that we could challenge the 2008 -- and I'm  
9 doing this publicly -- to do, is that, you know,  
10 maybe you need to go back, 2008 projects, to these  
11 people and tell them that this is one thing this  
12 Board is going to be looking at, is what kind of a  
13 bargain sale are you getting out of it and see if  
14 they're willing to renegotiate the price. I mean --  
15 you know, I mean, you say it's out there.

16 MS. CRAGNOLIN: Right.

17 MR. CHAIRMAN: So the issue's out there.  
18 Okay. Charles?

19 MR. JOHNSON: You took the -- my thoughts  
20 and put them in a different way here, because, in my  
21 opinion, if we go back to the 2008 funding, if we  
22 don't know what potential bargain is there and what  
23 we can save there, then we are fooling ourselves.

24 And my question would be do we have enough  
25 time for staff to communicate with these people and

1           get this information back to us so that we could  
2           compare the 2008s with the 2010s so we'll know  
3           whether we -- that 2008 had -- it would be a good  
4           bargain, and we would need to prioritize that because  
5           of, basically, what we said we would do as opposed to  
6           looking at what's out there in the 2010.

7                       MR. CHAIRMAN: Richard, do you want to  
8           respond to that?

9                       MR. ROGERS: Yeah. I think -- I think  
10          that we -- you know, there's multiple ways to do  
11          this, and I think the one that we're suggesting is  
12          have -- developing some kind of brief questionnaire  
13          for the 2008 applicants that poses the questions  
14          about the readiness to close a project.

15                      But we can also ask if there's opportunity  
16          for a reduction in purchase price, as well. And, I  
17          mean, we can go out and ask for revised appraisals or  
18          updated appraisals on it as well, if that's something  
19          that the Board wants to do.

20                      Again, that goes into a cost issue that we  
21          would want to reimburse the applicant and the awardee  
22          for that. But it is something that we most  
23          definitely can do. The intent was that we query, we  
24          get it back, and we integrate it with the projects  
25          and that we can present that back in June to you. So

1 we can -- we can get that done, I think.

2 MR. CHAIRMAN: Norman?

3 DR. CAMP: Mr. Chairman, those projects  
4 that we graded in 2009, they are folded into the 2010  
5 category --

6 MR. CHAIRMAN: They weren't graded --

7 DR. CAMP: -- is that what --

8 MR. CHAIRMAN: -- in 2009.

9 MR. ROGERS: We did not score those.

10 DR. CAMP: You didn't score those?

11 Okay. That was my question, that they would be  
12 rescored. So they're not scored?

13 MR. CHAIRMAN: They're not scored. Joe?

14 MR. HESTER: I think John's comment is  
15 interesting. And I've always thought that an  
16 acquisition is not an acquisition is not an  
17 acquisition. There are various factors that affect  
18 the value to the people of North Carolina on an  
19 acquisition project.

20 An easement on private land, not used by  
21 the public, solely for water quality benefits, is one  
22 thing. But then we buy a lot of land that has a lot  
23 of other benefits to the state. And I would like to  
24 see, if we're in that mode, an analysis of our  
25 various acquisition projects in some sort of way to



1 value. I'm a water quality man, as all of you know,  
2 but to look at the other values to the state of North  
3 Carolina for our acquisition projects and rank them  
4 somehow that way.

5 And maybe, if we did that, we could go to  
6 the governor and suggest to her the economic benefits  
7 according to some sort of ranking of the projects.  
8 And it might -- might throw another -- I'm thinking  
9 the criteria might have to be changed and all sorts  
10 of things --

11 MR. CHAIRMAN: Well --

12 MR. HESTER: -- but I would like to see  
13 how they look with regard to each other, in  
14 comparison with each other. I always have wanted to  
15 see that.

16 MR. CHAIRMAN: Well, I think that's a good  
17 suggestion, and it seems to me that our Criterion  
18 Committee is going to meet for other purposes, and  
19 that might be really something in the next couple of  
20 months that should be looked at in light of this  
21 conversation, either -- yeah, there are a couple of  
22 ways to do it. You can do it with points, or you can  
23 just do it by somehow a separate category or -- or I  
24 don't know. But I think we'll ask our Criterion  
25 Committee to take a look at it. Half of you are on

1           that committee. Stan?

2                   MR. VAUGHAN: I'm just playing with  
3 numbers again, but we're talking about, at the best,  
4 \$50 million to put against, maybe, \$320 million when  
5 you add the 42 million to 271? One of the goals may  
6 be to try to make our dollars go as far as they can  
7 on as many projects as possible, which means, maybe,  
8 we give a greater credit to the increased match so we  
9 can get -- you know, get more projects done.

10                  MR. CHAIRMAN: Another good topic for our  
11 criterion committee to look at.

12                  MR. MARKHAM: Phil?

13                  MR. CHAIRMAN: Oh, I'm sorry. Kevin?

14                  MR. MARKHAM: Thank you, Phil. I  
15 appreciate all the comments that the Trustees have  
16 made, but I wanted to make sure that our guests in  
17 the audience also understand that some Trustees -- me  
18 included -- will be looking at honoring the awards  
19 that we made in 2008. I know there are  
20 technicalities about whether they're commitments or  
21 not, but I think, for the integrity of the program, I  
22 firmly and strongly believe that we awarded these  
23 projects and that we need to go ahead and honor the  
24 commitment to fund them.

25                  MR. CHAIRMAN: Okay. This is a good

1 discussion. Let's keep it up. There's really not a  
2 more important discussion that we can have, right  
3 now, I tell you. Any other ideas, comments? Jerry?

4 MR. WRIGHT: Mr. Chairman, I'd like to  
5 say something. You know, for the last four or five  
6 years, we've had people come and talk to us. Billy  
7 Ray Hoss (phonetically) started that process,  
8 probably, four or five years ago about the loss of  
9 jobs in rural North Carolina and while urban North  
10 Carolina was still clicking along, rural North  
11 Carolina was having a tough time. And we had a lady  
12 shortly after that talk about where job growth in  
13 North Carolina was coming.

14 And, basically, the biggest segment that we  
15 had in growth in North Carolina was in tourism. And  
16 I know that in recent weeks, in little old Currituck,  
17 we have, probably, one of the lower unemployment  
18 rates in North Carolina. And we have a terrible  
19 situation in our building trades there now.

20 But I've talked to several people in the  
21 last few months, and they are saying to me that our  
22 rental reservations for this summer for our tourism  
23 is at record numbers -- that people have put off  
24 vacations, they've gotten scared to get on a plane,  
25 and that people are coming to North Carolina this

1 summer for tourism.

2 And, generally, tourism in North Carolina  
3 means connections with our land and park resources in  
4 North Carolina. And we have worked very diligently  
5 in the last 13 years to try and, basically, protect  
6 those resources and enhance those through our  
7 acquisitions programs. And we have got to continue  
8 to educate and convince our leaders --

9 MS. CRAGNOLIN: That's right.

10 MR. WRIGHT: -- that we are a part of  
11 that program and that jobs are directly related to  
12 the land resources that we preserve and protect in  
13 North Carolina for all time.

14 I think the other thing I'd like to say to  
15 people is that, although the land thing has -- to me,  
16 our policy, nationally, has caused things to, kind  
17 of, trickle along in terms of values going down. I  
18 see, kind of, the tip of the iceberg coming out now  
19 about things that are going down in value are  
20 starting to come out. They are in my community. I  
21 see them happening in other communities that this  
22 bubble that we had that many of these applications in  
23 2008 might have been involved in, that bubble has a  
24 serious hole in it, and it's directly going down.  
25 And that's going to continue to happen.

1                   I think state law -- I think everybody  
2                   says, well, you know, "We need to go ahead and close  
3                   these things." I think state law is going to prevent  
4                   us, in many cases, unless we have very good data of  
5                   closing many of the contracts we have, especially  
6                   when that information is stale and back 24 to 36  
7                   months. And we're going to have to have new  
8                   information, and that's going to slow down the  
9                   process some and, in some cases, prevent things from  
10                  closing unless the property owner and the people we  
11                  have contracts with are willing to work that stuff  
12                  down. So, I think, we have a commitment to look at  
13                  2008 things.

14                  I think we also have a commitment by state  
15                  law to make sure that the information is viable and  
16                  we can make the case -- not just in front of a court,  
17                  but in front of the court of public opinion in North  
18                  Carolina -- that we are watching their money and  
19                  doing a good job and still trying to enhance the  
20                  resources we have out there and actually protect more  
21                  to create more jobs, long-term, in our tourism  
22                  segment. Thank you.

23                  MR. CHAIRMAN: Thank you. Any other  
24                  comments?

25                  TRUSTEES:               (No response.)

1                   MR. CHAIRMAN: Okay. Well, thank you very  
2 much for that discussion. And, as I said, it's one  
3 we'll continue.

4                   Okay, the next item on the agenda is a  
5 report with regard to our Stewardship Program. I  
6 know John Crumpler has worked on that some. Who's  
7 going to make that report?

8                   MR. ROGERS: We've got several of us.  
9 Again, what we're going to do today is update you  
10 with regards to the status of our Endowment Fund, and  
11 then looking -- in November, you allocated a couple  
12 of years worth of stewardship dollars, which you  
13 also -- in monitoring the funds, which you also  
14 allocated some monies towards management of these  
15 properties.

16                   We wanted to present to you a little bit of  
17 our notion of how we're going to manage those funds  
18 for -- to provide our stewards out there some funds  
19 for managing the properties that they have on issues  
20 that come up on the properties that do cost some  
21 funds to correct.

22                   So, Cherri, if you'll take it away. Thank  
23 you.

24                   MS. SMITH: I guess I'll just go  
25 ahead -- okay, there we go. (Slide presentation

1 ongoing for Trustees on a screen via PowerPoint.)

2 Just to reiterate what Richard said, this  
3 report will summarize the current status of the  
4 Stewardship Program and the work of the stewardship  
5 team regarding the administration of the management  
6 fund of \$20,000 that was -- that was established at  
7 the November 2009 Board meeting.

8 These are the stewardship team members. We  
9 had a great diversity of perspectives on this team,  
10 and so that was really helpful working through some  
11 of these issues and questions. I'll be presenting  
12 information regarding these topics, along with  
13 Christopher, Richard, and Will.

14 The topics to be covered include the North  
15 Carolina Conservation Easement Endowment Fund -- the  
16 status of that fund, the status of individual  
17 stewardship contracts with each land trust, the Clean  
18 Water Management Trust Fund's Stewardship Guidelines  
19 that have been developed, and the administration of  
20 the management fund.

21 Christopher will now go over the status of  
22 that endowment fund and the contracts.

23 MR. FIPPS: Thank you, Cherri. The  
24 endowment itself is currently being established with  
25 the Office of the State Treasurer. Staff has been

1 working very diligently with the Treasurer's office,  
2 the Controller's office, as well as the Office of  
3 State Budget and Management. These are the three  
4 agencies in state government that have to get  
5 involved behind the scenes to actually set up the  
6 processes and the functions within the state  
7 accounting system to actually allow for a transfer to  
8 be made into the long-term investment fund.

9 Staff has been staying on top of this  
10 process and helping -- you know, working to pull  
11 these agencies together to actually make this happen,  
12 and we've been told that it should be on target for a  
13 March 1st transfer into the long-term investment  
14 fund.

15 With regard to the contracting process for  
16 the program itself, we are working now to close out  
17 55 grant agreement contracts. These are the ones  
18 where, as you know, the acquisitions have already  
19 closed. These grant agreement contracts have been  
20 held open in order to allow payment of annual  
21 monitoring while the Stewardship Program itself and  
22 the endowment is being established. And we've held  
23 these contracts open just to allow for annual  
24 monitoring during the development of the Stewardship  
25 Program and the endowment.



1                   We're also working to now establish the new  
2                   stewardship contracts. What that will be is one  
3                   contract per stewardship provider -- *i.e.*, land  
4                   trusts. One contract that is covering all of their  
5                   projects, where they've got closed acquisitions that  
6                   are ready to move forward with the monitoring and  
7                   getting reimbursed for those stewardship monitoring  
8                   activities. So this is greatly being, you know,  
9                   streamlined here, pulling down 55 -- closing out 55  
10                  contracts and establishing what is, currently, 14 to  
11                  cover all those projects.

12                  All that paperwork is out the door and in  
13                  their hands, and as of, I believe, yesterday, we've  
14                  actually gotten 12 of the 14 actually already  
15                  returned, signed by the land trusts. And this has  
16                  just been a great effort by both Cherri and Penny in  
17                  our office to get this paperwork drawn up and out the  
18                  door. And it's already being returned in quick  
19                  fashion.

20                  Moving forward, the intent is that as these  
21                  acquisitions -- future acquisitions close, at that  
22                  time, those grant agreement contracts can just be  
23                  closed out, as well, and the stewardship funds go  
24                  ahead and get transferred over to the treasurer to  
25                  make new and additional deposits into the endowment.

1           So it would be done in a much more timely manner in  
2           the future.

3                   MS. SMITH:        So, as you all know, the  
4           stewardship of conservation easements is a huge  
5           responsibility for the land trusts and covers a  
6           diverse array of activities, and there's always  
7           issues and questions coming up.

8                   The land trusts are currently stewarding,  
9           approximately, 200 easements purchased by the Trust  
10          Fund. And in order to address the -- you know, the  
11          questions and issues that continually come up, the  
12          Trust Fund now has written Stewardship Guidelines  
13          that cover a number of topics related to the work  
14          that the land trusts do with these easements and  
15          provides for standards for our baseline documentation  
16          reports, as well as our monitoring reports.

17                   So just to go over a couple of components  
18          of these guidelines, the baseline documentation  
19          involves collecting detailed information depicting  
20          the condition of the easement at the time of -- that  
21          the conservation easement becomes effective. This  
22          information then serves as a basis for changes with  
23          the property and easement violations. The monitoring  
24          reports are completed annually by the land trust to  
25          document the condition of the property over time as

1 compared to this baseline information.

2 In addition, another topic covered by these  
3 guidelines, the Clean Water conservation easement  
4 template contains a standard list of reserved rights  
5 to the grantor, and they -- these guidelines cover  
6 the process for when a landowner wishes to exercise  
7 one of these reserved rights, because there's all  
8 different kinds of scenarios with that.

9 So I just wanted to let you know that these  
10 exist. They've been distributed to the land trusts,  
11 and they're -- the document is available on our -- on  
12 the Clean Water website under "Other Documents and  
13 Tools for Grantees."

14 The guidelines also highlight the  
15 availability of a Clean Water sign design for marking  
16 the boundaries of state easements purchased by the  
17 Trust Fund, and I just wanted to make you aware of  
18 what the sign looks like and the design.

19 Richard is now going to go over some  
20 specifics regarding the management fund.

21 MR. ROGERS: Thank you, Cherri. As y'all  
22 recall, our Stewardship Program has three basic  
23 elements to it. The monitoring effort that is done  
24 on an annual basis by the land trusts and the  
25 stewards of the projects; the management of that,

1           which we're going to talk about here; and then  
2           enforcement -- those are the three major components.

3                        To date, with regards to that, management  
4           has been a void. And this is a very new thing for  
5           us. It's a new thing for any state entity, much less  
6           just providing stewardship funds through a state  
7           agency. It's -- I get excited about this, so watch  
8           out. We're really on the cutting edge as a program  
9           here -- and I keep saying this -- I said it in  
10          restoration of wetlands; I said it in restorations of  
11          streams -- but we are. And we're making this up as  
12          we go. And we think it's an important part and an  
13          important component of the program, and I think our  
14          stewards think it is, as well.

15                       These projects are -- these properties are  
16          supposed to be held in perpetuity. Issues are going  
17          to come up -- issues that may have an impact on the  
18          water quality on that property, that need to be  
19          addressed. However, we want to take a very  
20          conservative approach to this, and I think what we'll  
21          outline for y'all today is basically an introductory  
22          attempt at providing management funds. This is not  
23          the end all to be all. We will continue to work on  
24          it, and we can, kind of, consider this a pilot of  
25          getting it out there, seeing what kind of response we

1           have, what types of issues come up. It's the first  
2           opportunity, besides our monitoring, of course, that  
3           we've had people -- allow people to report on  
4           problems that they're having and issues that are  
5           impacting our water quality.

6                        So the idea behind this is to take an  
7           amount of money and offer an opportunity for  
8           management and corrections on properties. Give me  
9           the next slide, please.

10                      Basically, the program is going to be  
11           structured this way. We're going to cap the cost of  
12           any management activity at \$2,500. There's several  
13           reasons for this. One is we don't want to get into  
14           major issues that are dealing with the project that,  
15           in reality, needs to have an application put in to  
16           us.

17                      Other issues is [sic] that we can  
18           administrate \$2,500 much easier with regards to being  
19           able to process it ourselves without having to go  
20           through the contracting process.

21                      And the other thing is we don't know what's  
22           out there, so we wanted to make sure we were  
23           conservative with the amount of money that we  
24           provided for these activities and recourses on the  
25           easements.

1                   We're making sure that we get input from  
2                   the land trusts of the problem. We'll document it,  
3                   we will review it, and then we'll make sure that it  
4                   is a management issue worthy of funding.

5                   So these are the basic components of the  
6                   program. We're capping at a low number so that we  
7                   can see what is out there, and it's, basically, our  
8                   pilot effort that we will build on. We'll gather  
9                   information, and I'm sure we'll come back with some  
10                  changes and some improvements to the program as we  
11                  move forward. Next slide.

12                  MS. SMITH:        So based on the feedback  
13                  we've received from the land trusts and also team  
14                  discussions regarding the mission of the Trust Fund,  
15                  we're proposing that activities for management fall  
16                  into two major categories, with the highest priority  
17                  being management activities that protect the  
18                  integrity of the conservation easement and/or protect  
19                  water quality, with a lower tier -- a lower priority  
20                  for funding those activities that enhance the  
21                  conservation values of the easement.

22                  And to, kind of, give you some examples of  
23                  what we're talking about here, Will is going to  
24                  discuss some real-life management issues and ways  
25                  that things can be resolved.

1                   MR. SUMMER:     Thank you, Cherri. We've  
2                   collected a few examples of situations that might  
3                   warrant this kind of funding, as well as a few  
4                   examples of solutions we might fund to fix those.  
5                   And, roughly, I've ranked them in order of highest  
6                   priority to lowest priority based on the information  
7                   that Cherri just mentioned.

8                   This is an example of one of your highest  
9                   priority threats. It's -- this is an ATV trespass  
10                  issue. As you can see, the trail they've made  
11                  actually has a visible plume of sediment in the  
12                  stream.

13                  And maybe this is just me, but whenever I'm  
14                  walking on old dirt roads or trails like that, I,  
15                  kind of, connect the dots with my head across from  
16                  one bank to the other to see what -- where the soil  
17                  used to be. And you can envision there's a dump-  
18                  truck size piece of soil missing there where that  
19                  trail is, and it's all -- it's all in the stream.  
20                  And that certainly is a high priority for a water  
21                  quality threat. Next slide.

22                  Here's another example of what results from  
23                  a lack of access. You can see that folks are dumping  
24                  in the stream -- obviously, a direct impact to water  
25                  quality. Next slide, Nancy.

1           Here's another access issue. This one's  
2           not a direct threat to water quality, but most likely  
3           it's an emerging threat to water quality, and it's  
4           certain -- certainly negatively impacting the  
5           conservation values of this part of the property.  
6           Next slide, Nancy.

7           And here's an example of a solution we  
8           might fund. For a little less than \$1,000, we can  
9           buy these life-like landowner mannequins. They have  
10          been shown to deter trespassing. With the remaining  
11          \$1,500, you can actually buy a gate --

12           MR. CHAIRMAN: That's pretty good.

13           MR. SUMMER:     -- to prop him against,  
14          further increasing the illusion.

15           Another example of something that, kind of,  
16          falls in the middle in the line of priority is  
17          riparian buffer plantings. By the nature of our  
18          easement, when we do put an easement on a property,  
19          if it is not in a riparian buffer by the fact that  
20          folks can no longer maintain it, it will eventually  
21          come back through succession, and you will get a  
22          riparian buffer, long-term. But by allowing folks to  
23          get in there and actively manage the vegetation, you  
24          can much accelerate that process, as well as have a  
25          better control over what sort of riparian species you



1 want to further enhance the conservation value. Next  
2 slide.

3 This slide shows two examples of invasives.  
4 The bigger slide in the background is, of course,  
5 kudzu from western North Carolina. And the lower  
6 slide, on the left-hand side is an example of an  
7 English Ivy removal. And invasives, from a --  
8 certainly, from a conservation standpoint, definitely  
9 impact the conservation enhancement. At the very  
10 least, invasives can choke out the native ground  
11 cover, negatively impacting conservation. At the  
12 worst, as in the case of the kudzu, eventually this  
13 kudzu is going to kill this overstory. You know,  
14 there'll be standing snags for 25 or 30 years, and  
15 then you'll lose your overstory species. And that  
16 certainly has a negative impact to a -- to the -- any  
17 buffer that this might be a part of or any water body  
18 this might be protecting. So while it's not an  
19 immediate threat, it certainly is an emerging threat  
20 and something we would want to consider.

21 And these are a few of the examples that  
22 we've come up with, but I'm certain that, when we put  
23 this out there, we're going -- we're going to come  
24 across more than we could have imagined. So thank  
25 you.

1 MS. SMITH: So we're recommending  
2 looking at four major criteria when evaluating  
3 proposals for management funds.

4 The first I've already mentioned -- just  
5 the difference between protecting the integrity of  
6 the conservation easement area and water quality  
7 versus the enhancement of the conservation values.

8 Second, whether there's an imminent threat  
9 to the conservation values of the easement or water  
10 quality. Examples could include threats to a unique  
11 natural area, rare habitat, rare species, waters of a  
12 particularly high quality.

13 Third, how much of this -- the easement is  
14 impacted by the management issue.

15 And fourth is the steward contributing  
16 additional resources to the project, such as their  
17 own staff time, other funding sources, supplies,  
18 tools, things like that.

19 So Richard is now going to sum up with the  
20 proposed schedule for these activities.

21 MR. ROGERS: Thanks, Cherri, I think.  
22 The timeline we're looking at here is that we want to  
23 get this information out to the land trusts so they  
24 know that they have the opportunity for this. And  
25 we'll ask them to get their requests in in the first

1 part of May.

2 And the intention is we'll come back to  
3 y'all in June and, kind of, review the projects that  
4 we had and give you an update on it, and then move  
5 forward with the allocation of the \$20,000 or  
6 whatever we have in hand for the next physical [sic]  
7 year.

8 As we go through their cycles, I think what  
9 we'll do on, an annual basis, is we'll come to you.  
10 We'll have to assess our Endowment Fund to see if we  
11 have enough funding coming out of that off the  
12 interest to have this type of program or whether we  
13 need to allocate other funds towards these management  
14 issues. But the idea is to come back to the  
15 committee and the Board with these projects, take a  
16 look at them, and get your feedback on our efforts,  
17 as well, as we, kind of, evolve this program into  
18 something we feel is important to the Stewardship  
19 Program.

20 Questions?

21 MR. CHAIRMAN: Questions? Comments?

22 TRUSTEES: (No response.)

23 MR. CHAIRMAN: Well, I have a couple of --  
24 well, first of all, comments.

25 Steward -- the whole stewardship issue, the

1 monitoring of these easements, is something that I've  
2 been interested in since I first came on this Board,  
3 and I just want to -- I mean, we've just moved light  
4 years, I think, in the last six or seven years  
5 dealing with this issue, and I congratulate Cherri,  
6 the staff, Richard -- I mean, all of you, for what  
7 you're doing, and I think it's great.

8 With John McMillan's help, we did finally  
9 get something through the legislature last time that  
10 allowed us to -- it was a time -- to put our money --  
11 invest it with the State Treasurer, so it will now be  
12 in the long-term investment account rather than the  
13 short-term, which should yield a better rate of  
14 interest. Maybe sometime in the future, we have the  
15 authority to put it into a stock-type account. Maybe  
16 it's good that we don't have it in that, John, right  
17 now --

18 MR. McMILLAN: Uh-huh (yes).

19 MR. CHAIRMAN: -- but I just -- I think  
20 it's terrific.

21 Do you expect that a lot of these  
22 projects -- when the land trust does their annual  
23 monitoring of these easements, is this when these  
24 kinds of things will probably come to their  
25 attention?

1                   MR. ROGERS:     Yeah.  We had a -- we had  
2                   discussion around that in trying to connect it with  
3                   the annual monitoring, and I think that the -- most  
4                   of the requests will come out of when they go on-site  
5                   and they find issues.  The question there, though, is  
6                   if there's something that happens in between that is  
7                   major and will be impacting water quality, we don't  
8                   want them to have to wait until their next annual  
9                   report or anything of that nature, so we'll allow  
10                  them to submit a request.

11                  However, I think you're right in the notion  
12                  that when they get on-site, the annual monitoring  
13                  will probably produce a lot of these management  
14                  issues for us to review.

15                  MR. CHAIRMAN:  Any other questions or  
16                  comments?

17                  MR. ROGERS:     Bill.

18                  MR. CHAIRMAN:  Bill?

19                  MR. HOLLAN:    Mr. Chairman, I agree.  This  
20                  was your idea.  From day one, you pushed it.  And  
21                  every once in awhile, you have a great idea, and this  
22                  was one.  And I just wanted to thank you for doing  
23                  that.

24                  MR. CHAIRMAN:  You're too kind.

25                  MR. ROGERS:     I was worried there, for a

1 minute.

2 MR. HOLLAN: I know. You've done a very  
3 good job of this --

4 MR. CHAIRMAN: After eight years.

5 MR. HOLLAN: -- and I know Mr. Crumpler  
6 and the staff, I think -- I think you've identified a  
7 situation that needed addressing and have come up  
8 with a very creative way to address it. And so I  
9 commend you and the whole -- everybody involved in  
10 this. This is a wonderful thing we're doing, so  
11 thank you.

12 MR. CHAIRMAN: You're very kind. Thank  
13 you.

14 MR. CRUMPLER: You make it look easy.

15 MR. HOLLAN: Uh-huh (yes).

16 MR. CRUMPLER: All of you.

17 MR. CHAIRMAN: Well, it's really a daunting  
18 task --

19 MR. CRUMPLER: We know it is.

20 MR. CHAIRMAN: -- because you think that --  
21 that we have -- we've paid for these conservation  
22 easements, and this is -- the state has these in  
23 perpetuity -- forever.

24 So, you know, we have these endowment  
25 accounts now, and, hopefully -- for the new Board

1 members, when we fund these, we're funding them -- I  
2 think, the land trust come in with -- comes in with  
3 a -- they go through a form and a procedure, but how  
4 much it's going to cost each year, and we're actually  
5 funding, I think, at 25 times the annual amount. So  
6 that's a very conservative amount to put in. I mean,  
7 it's a lot to put in -- we should be able to earn  
8 enough interest to pay for that in perpetuity, and it  
9 is set aside for that purpose, so -- and I'm glad the  
10 land trusts seem to be -- it was a big issue in the  
11 beginning about how we were going to do it, because  
12 the land trusts actually were given that money and  
13 were investing it themselves, and so they have been a  
14 partner in this, and I thank them -- Reed and your  
15 group -- for working very closely with our staff and  
16 getting us to where we are now.

17 Okay. I'll tell you what. It's ten  
18 o'clock, and we weren't supposed to take a break, but  
19 I'm ready to take a break. So let's take a break for  
20 about 10 minutes, and we'll come back.

21 (A break was taken from  
22 10:00 a.m. to 10:15 a.m.)

23 MR. CHAIRMAN: Let's come to order. All  
24 right. If you'll come to order, the next item,  
25 really, it says "Recommendations from Workgroup," but

1 I don't think anything really came out of that. We  
2 did have our committee meetings, and so we'll really  
3 just get the motions that came out of those committee  
4 meetings or a report from the Chair. So we'll start  
5 with acquisitions. Chuck McGrady?

6 MR. McGRADY: Mr. Chairman and members and  
7 guests, we, in our Acquisitions Committee meeting, we  
8 reviewed the various projects that are on our list,  
9 and a motion was made and seconded to adopt the  
10 acquisition list as presented, with discretion, for  
11 the chairman and the co-chairs to reprioritize for  
12 encumbrance any projects, lines 39 to 49, if the  
13 opportunity presents itself.

14 And, again, for those that weren't at the  
15 committee meeting or our guests, the intention here  
16 is to -- all of these projects, down to number 49,  
17 have been approved for funding, but because of the  
18 restrictions in terms of actually getting them  
19 funded, we wanted to be opportunistic here and  
20 allow -- rather than simply going down the priority  
21 list, allow the opportunity to skip down if we needed  
22 to, either because the project might be lost if it  
23 wasn't currently funded or for another reason that --  
24 so this basically affirms the decision to go forward  
25 with the projects that we've already agreed to fund,



1 but allows a little bit of flexibility to meet the  
2 needs. And, I guess, we'll take up that motion.

3 The only other thing I would add is that we  
4 have asked staff to go back and look at the 2008  
5 projects and get updated status on those projects.  
6 Regardless of the options that we were discussing  
7 just prior to our break, I think it's going to be  
8 important that we know what the status are on the  
9 pending 2008 projects, and staff has said we'll get  
10 those updates.

11 Thank you, Mr. Chairman.

12 MR. CHAIRMAN: Thank you. You've heard the  
13 motion. It's up on the board. A recommendation as a  
14 committee needs no second. Is there any discussion  
15 on the motion?

16 MR. HOLLAN: Mr. Chairman, I -- just to  
17 clarify. I think that the motion is to cover the  
18 period of time between now and the time when we meet  
19 in June and to give flexibility so that action can be  
20 taken on these particular projects while we're not  
21 meeting. Is that correct, Chuck?

22 MR. McGRADY: That -- that is right.  
23 We're just -- we're just talking between now and our  
24 June meeting, at which point the assumption is that  
25 we will come back and look at all of the 2008

1 projects that are then pending.

2 MR. CHAIRMAN: Well, should it be June or  
3 August when we --

4 MR. ROGERS: June. We're meeting in  
5 June, so we'll --

6 MR. CHAIRMAN: Okay.

7 MR. ROGERS: -- take another look at what  
8 we have and get an update on the whole list.

9 MR. CHAIRMAN: All right. Okay. All  
10 right. With that clarification --

11 MR. HOLLAN: On -- we had some sidebar, I  
12 guess, prior to this, but in the other committees, I  
13 think there was action taken that -- to give the  
14 staff the authority to tell these grantees -- once  
15 we've sent them a contract, if they don't get it back  
16 in a timely manner, that that would be part of the  
17 opportunity to move down the list and -- so as to  
18 create an incentive for people to get their contracts  
19 back to us. And I'm wondering if we wouldn't want to  
20 have the acquisitions' position conform to the other  
21 committees -- just an addition -- a suggested  
22 addition to the motion.

23 MR. McGRADY: Richard, I don't know which  
24 contracts are out there that --

25 MR. ROGERS: They -- I think --

1 MR. McGRADY: Are they acquisition  
2 contracts?

3 MR. ROGERS: We've got several -- I mean,  
4 a total of 11. There's some throughout all the  
5 program areas. I think that it's -- we'll be  
6 consistent with regards to taking action on all those  
7 and requiring that. And then we'll report back to  
8 y'all in June the status.

9 MR. CHAIRMAN: Okay, let's do this.  
10 Does -- you have the recommendation of the committee.  
11 Bill Hollan has made a motion to amend that motion to  
12 add the same language that we have in the -- you have  
13 it before you, actually, I think. Does everybody  
14 have --

15 MR. BEANE: May 15th --

16 MR. CHAIRMAN: -- or only I have that?

17 MR. BEANE: -- May 15th is what the  
18 other two said.

19 MR. CHAIRMAN: Yeah. What it said was that  
20 if contracts are not signed by May 15, the Board may  
21 consider options in June, including reallocating  
22 funds to other priority 2008 projects. So I'll take  
23 that as an amendment to this. Is there a second to  
24 that amendment?

25 MR. BEANE: Second.

1 MR. CHAIRMAN: Second? That's the same  
2 language the other committees had. Okay, now, at --  
3 all those in favor -- is there discussion on the  
4 amendment?

5 TRUSTEES: (No response.)

6 MR. CHAIRMAN: All in favor of the  
7 amendment signify by saying "Aye."

8 TRUSTEES: Aye.

9 MR. CHAIRMAN: Opposed, "No"?

10 TRUSTEES: (No response.)

11 MR. CHAIRMAN: Okay, now. On the motion as  
12 amended, is there any discussion?

13 TRUSTEES: (No response.)

14 MR. CHAIRMAN: Hearing none, so many as  
15 favor the motion as amended, signify by saying "Aye."

16 TRUSTEES: Aye.

17 MR. CHAIRMAN: Opposed, "No"?

18 TRUSTEES: (No response.)

19 MR. CHAIRMAN: The "Ayes" have it.  
20 Anything else, Chuck?

21 MR. McGRADY: That's it, Mr. Chairman.

22 MR. CHAIRMAN: Okay. Then we'll move on to  
23 the Wastewater Committee, and I think that was --  
24 Peter, I believe you chaired that.

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

1 Dr. Camp and I served as co-chairs to that committee.  
2 Yesterday we had a discussion on the 2008 Wastewater  
3 Project prioritization, and staff informed the  
4 committee that due to four projects being -- grantees  
5 being notified that they were not to be in receipt --  
6 in receipt of stimulus money, that those four  
7 projects were reprioritized and that we were  
8 presented with that new prioritization.

9 So, at least, regarding the use of 2009  
10 appropriation for the 2008 projects, the Wastewater  
11 Committee recommends that the wastewater priority  
12 list that was presented yesterday, February 14th, be  
13 reconfirmed by the Board.

14 MR. CHAIRMAN: Okay. You heard -- that's  
15 the first motion up top there. You see it? Is there  
16 any discussion?

17 TRUSTEES: (No response.)

18 MR. CHAIRMAN: Okay. Hearing none, so many  
19 as favor the adoption of the motion by the  
20 committee -- recommendation of the committee, signify  
21 by saying "Aye."

22 TRUSTEES: Aye.

23 MR. CHAIRMAN: Opposed, "No"?

24 TRUSTEES: (No response.)

25 MR. CHAIRMAN: The "Ayes" have it. Peter?

1 MR. RASCOE: The committee also  
2 recommends to the Board that -- a recommendation that  
3 if contracts are not signed by grantee by May 15th  
4 that the Board may consider options in its June  
5 meeting, including reallocation of funds to other  
6 priority 2008 projects.

7 MR. CHAIRMAN: You're heard the motion of  
8 the committee. Is there any discussion?

9 TRUSTEES: (No response.)

10 MR. CHAIRMAN: So many as favor the  
11 adoption of the recommendation of the committee,  
12 signify by saying "Aye."

13 TRUSTEES: Aye.

14 MR. CHAIRMAN: Opposed, "No"?

15 TRUSTEES: (No response.)

16 MR. CHAIRMAN: The "Ayes" have it.

17 MR. RASCOE: And, Mr. Chairman, I would  
18 like to ask that any member of the committee would  
19 like to say anything about yesterday's discussion  
20 again.

21 TRUSTEES: (No response.)

22 MR. RASCOE: That would be the committee  
23 report, then.

24 MR. CHAIRMAN: Thank you very much, Mr.  
25 Rascoe. Okay. The Restoration/Stormwater committee,

1 and I think, Dr. Brannon, you chaired that committee  
2 yesterday.

3 DR. BRANNON: Yes, Mr. Chairman, myself  
4 and Rance Henderson are co-chairing this committee.  
5 And there were no changes in the assessment of our  
6 projects since our last meeting.

7 We did, however, have a motion. The  
8 committee does recommend that on any contracts that  
9 are not signed by May 15th, that the Board may  
10 consider the options in June regarding considering  
11 reallocating these funds to other priority 2008  
12 projects. And that would be the recommendation of  
13 the committee.

14 MR. CHAIRMAN: You've heard the  
15 recommendation of the committee, any discussion?

16 TRUSTEES: (No response.)

17 MR. CHAIRMAN: So many as favor the  
18 adoption [*sic*] of the committee, signify by saying  
19 "Aye."

20 TRUSTEES: Aye.

21 MR. CHAIRMAN: Opposed, "No"?

22 TRUSTEES: (No response.)

23 MR. CHAIRMAN: The "Ayes" have it.

24 Anything else, Yevonne?

25 DR. BRANNON: No, sir.

1 MR. CHAIRMAN: Okay. All right. Mr.  
2 Executive Director, we now go to the consideration of  
3 issues that require some consideration and action of  
4 the Board.

5 MR. ROGERS: Thank you, Mr. Chairman. As  
6 I mentioned before, activities and contracts continue  
7 to move forward, and progress makes -- continues even  
8 when we're not meeting, and things back up on us, so  
9 there's about seven issues here today that we want to  
10 bring you. Most of them are contract-related. The  
11 last two issues are, kind of, a new phenomenon with  
12 us, a new request of the Board that we want to have  
13 before you for a decision to be made, as well.

14 But what we'll do is we'll just move  
15 through those. Program managers will take the lead.  
16 We have reviewed each one of these issues with our  
17 corresponding committee Chairs and had briefed them  
18 on the -- on these changes to projects and also the  
19 staff recommendations.

20 So, Larry, if you'll take Item H-1, please?

21 MR. HORTON: Thank you. The first item  
22 is for the town of Burgaw Project, and it is a  
23 request to consider a budget revision. On December  
24 the 3rd, 2009, the town's consultant submitted, on  
25 behalf of the town, a proposed revised budget for the



1 project. The proposed revised budget is based on  
2 bids that had been received.

3 And a little bit of background before I go  
4 any further. What the initiative was for this is way  
5 back last spring, the town came to staff and noted  
6 that they wanted to upsize the pump station and force  
7 main that was going to take their wastewater to the  
8 Town of Wallace Regionalization Treatment Plant in  
9 order to take their full allocation of wastewater to  
10 Wallace and also to include enough capacity for  
11 Pender County.

12 So after some discussion with the town, it  
13 was noted that the Trust Fund allowed that sort of  
14 thing, but that we would only participate in the part  
15 of the project that was of the size of scope that was  
16 approved when our grant was approved. So they  
17 were -- they were instructed that we'd need a way to  
18 determine what that cost was, and they needed to  
19 factor that in when they -- when they asked for their  
20 bids. So they did that. And after they had done  
21 that, they presented us with a revised budget, and  
22 that is what has brought us to this point.

23 The approved project -- the one that the  
24 Board approved -- was basically a 12-inch force main  
25 and pumping facilities that were -- would meet the

1 town's current need for transfer -- transferring  
2 their wastewater to the Wallace Treatment Plant,  
3 which was going to be a regionalization facility, and  
4 to close the Burgaw Treatment Plant.

5 As I noted before, the town is actually  
6 constructing a 24-inch force main in order to  
7 accommodate their whole treatment allocation of 1.25  
8 MGD and to provide additional capacity for 75  
9 [sic] -- for .75 MGD to accommodate Pender County's  
10 allocation. The town obtained bids to construct the  
11 24-inch pipe project, but they also included some  
12 alternates in that bid so they could get some bid  
13 prices on what it would take to build a 12-inch pipe.

14 So based on the bids received and  
15 information submitted by the town, staff worked with  
16 the town to determine a cost for the project that  
17 Clean Water Management Trust Fund approved for  
18 funding. The revised budget indicates that a portion  
19 of the \$3 million, which is currently encumbered, is  
20 not required for funding the Trust Fund's project  
21 scope.

22 The town submitted a letter -- also, the  
23 town submitted a letter on February 1st requesting  
24 that the grant amount not be reduced -- and that  
25 letter is -- was in your Board packet.

1           The Board of Trustees approved a grant of  
2           up to \$3 million on this project on its meeting -- at  
3           its meeting on October 8th, 2007. Staff recommends  
4           adoption of the revised budget that was submitted by  
5           the town, and staff furthermore recommends reducing  
6           the award amount to \$1,818,761 to match the revised  
7           budget and unencumbering \$1,181,239. And that's all  
8           I have on that.

9           MR. CHAIRMAN:     Okay. You've had -- heard  
10          the staff recommendation. Discussion or a motion is  
11          appropriate. Okay.

12          MS. CRAGNOLIN:    I have a question.

13          MR. CHAIRMAN:     Question? Sure. Karen?

14          MS. CRAGNOLIN:    When you go from a 12-inch  
15          line to a 24-inch line, are you increasing capacity  
16          and therefore growth?

17          DR. CAMP:           Yes.

18          MS. CRAGNOLIN:    Does that not violate our  
19          statute?

20          DR. BRANNON:       Yes, it does. Yes.

21          MR. ROGERS:         We calculate the amount of  
22          the original project that we approved and did not pay  
23          for any of the growth or capacity enhancement that  
24          was in the 24-inch line.

25          MR. HORTON:         This --

1                   MR. ROGERS:        We've done that -- that's  
2                   been a -- been how we've managed those types of  
3                   projects in the past.

4                   MS. CRAGNOLIN:    But I don't like it.

5                   MR. CHAIRMAN:     Dr. Camp?

6                   MR. ROGERS:        I understand that.

7                   DR. CAMP:          Mr. Chairman, I move the  
8                   staff recommendation on this project.

9                   MR. CHAIRMAN:     Is there a second?

10                  MR. RASCOE:        Second.

11                  MR. CHAIRMAN:     Second by Mr. Rascoe.

12                  Okay. You've heard the motion that the staff  
13                  recommendation be adopted. Is there further  
14                  discussion?

15                  MR. HOLLAN:       Where is the money going to  
16                  come from -- the differential money? I mean, do they  
17                  have the money? Is it coming from Pender County or  
18                  Rural? I mean, they've asked us not to reduce the  
19                  award. Do they have the ability do this project if  
20                  we reduce it?

21                  MR. ROGERS:        Larry?

22                  MR. HORTON:        They're getting their match  
23                  from Rural Center and from SRO funds and USDA, I  
24                  believe. They have several areas where they're  
25                  getting funding.

1           If we were to hold our grant amount at \$3  
2 million, their match amount would be drastically  
3 reduced, actually. And the -- our participation  
4 would go up on a percentage basis, and their  
5 percentage would drop considerably. I have those  
6 numbers if you're interested in it, but that would --  
7 that's what the case would be.

8           MR. HOLLAN:       My only question: Is this  
9 now going to kill the deal?

10          MR. HORTON:       No.

11          MR. CHAIRMAN:     Further discussion?

12          TRUSTEES:         (No response.)

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

15          TRUSTEES:         Aye.

16          MR. CHAIRMAN:     Opposed, "No"?

17          MS. CRAGNOLIN:    No.

18          MR. CHAIRMAN:     The "Ayes" have it.

19          Richard?

20          MR. ROGERS:       Thank you, Mr. Chairman.  
21 The next project is another wastewater project, and  
22 Larry, if you'll explain that one to us?

23          MR. HORTON:       Okay. The next project is  
24 on -- for ONWASA. That's the Onslow Water and Sewer  
25 Authority. And they are requesting to -- us to

1 consider a reduced project scope. They've requested  
2 that the project be revised to remove the engineering  
3 and land acquisition for the Kenwood Estates  
4 Treatment Plant portion in the amount of \$93,925.

5 When the -- ONWASA came to us, they  
6 requested funding for design and construction to  
7 eliminate treatment plants at two subdivisions and  
8 transport their wastewater to the City of  
9 Jacksonville's treatment plant, and the Board  
10 approved a grant of \$188,000 for design and  
11 permitting and land and/or acquisition at its meeting  
12 on October the 13th, 2008.

13 But since that time, they have decided that  
14 what they'd like to do is just to do the engineering  
15 for one of those treatment plants. So they want to  
16 continue the engineering to remove the Springdale  
17 Acres Treatment Plant, but they don't want to do the  
18 Kenwood Estates Wastewater Treatment Plant.

19 The total project cost would be reduced  
20 from \$249,730 to \$155,805, and our portion would be  
21 reduced from a hundred -- would be -- our portion  
22 would now be \$116,854, and their match would be  
23 \$38,951. The relative percentages of our part and  
24 ONWASA's part would stay the same.

25 Staff recommends adoption of the revised

1 budget that's submitted by -- that was submitted by  
2 ONWASA and recommends reducing the award amount to  
3 160 [sic] -- \$116,854 and that we unencumber \$71,146.

4 MR. CHAIRMAN: You've heard the staff  
5 recommendation. Is there discussion or a motion?

6 MR. JOHNSON: I move to accept the staff  
7 recommendation.

8 MR. CHAIRMAN: Okay. Second?

9 DR. CAMP: Second.

10 MR. CHAIRMAN: Okay. Motion by Mr.  
11 Johnson, seconded by Dr. Camp, to approve the staff  
12 recommendation. Is there further discussion?

13 TRUSTEES: (No response.)

14 MR. CHAIRMAN: So many as favor the  
15 adoption of the motion, signify by saying "Aye."

16 TRUSTEES: Aye.

17 MR. CHAIRMAN: Opposed, "No"?

18 TRUSTEES: (No response.)

19 MR. CHAIRMAN: The "Ayes" have it.

20 MR. ROGERS: Larry, continue on, please?

21 MR. HORTON: Okay. The third one is for  
22 the city of Rocky Mount, and it's also a request to  
23 reduce the project scope. This was a project to take  
24 some failing septic systems offline.

25 The city prepared a revised estimate of the

1 project construction cost and determined that they  
2 would not be able to serve the whole area that was  
3 originally intended when the project received Board  
4 approval. And this is mainly because the length of  
5 the sewers required to serve the homes was very  
6 underestimated when the project was presented to the  
7 Trust Fund and when it was approved by the Board for  
8 funding. And, also, the amount of rock excavation is  
9 anticipated to be more than was originally estimated.

10 The -- just to give you some idea of the  
11 scope -- the difference in the scope -- when the  
12 project was approved, it was thought that about 4,000  
13 linear feet of gravity sewers would serve this area.  
14 As it turns out, it's going to take 10,000 linear  
15 feet to serve the area.

16 So the city is proposing to increase its  
17 match by \$106,315, and their percentage is going --  
18 their match percentage is actually going to increase  
19 from 47 percent to 53 percent.

20 The project as approved by the Board when  
21 it -- initially, would have connected 74 homes with  
22 failing septic systems.

23 Bids were opened on this past Tuesday,  
24 February the 9th, and the city anticipates that it  
25 will be able to only construct the sewers to serve 57



1 of those homes with failing systems. The city did  
2 target the worst systems for removal.

3 And so the staff recommendation is that  
4 the -- that because they're increasing their match  
5 amount and a -- and, actually, the scope of the  
6 project -- the gravity sewer portion of the project  
7 has been increased by 159 percent -- and also because  
8 the city has moved the project forward -- they've  
9 already installed the pump station and force main  
10 part, so they are moving forward -- staff recommends  
11 that the Board allow this reduction in the number of  
12 homes served.

13 MR. CHAIRMAN: Okay. You've heard the  
14 staff recommendation. Is there discussion or motion?  
15 Karen?

16 MS. CRAGNOLIN: Larry, what does that bring  
17 the cost per home to?

18 MR. HORTON: You'll have to bear with me  
19 for a minute. I can tell you, generally, it -- the  
20 cost -- I believe that when it was originally  
21 approved, the cost per home was about \$14,000, and  
22 now it's a little over \$20,000.

23 I've -- as a part of preparing for this  
24 meeting, I applied the formula that we had come up  
25 with -- I think it was two years ago -- or either a

1           year ago or two years ago -- for this sort of  
2           situation to see what our participation would be  
3           limited to, and that came out at a little over  
4           600,000, and we're actually -- our participation in  
5           this project is a little over 500,000. So it's -- if  
6           that's not enough information, I've got more but --

7                   MR. HOLLAN:       In paragraph five of your  
8           letter --

9                   MR. CHAIRMAN:   Well --

10                  MR. HOLLAN:       -- it's \$22,418 per  
11           residence.

12                  MR. CHAIRMAN:   Peter?

13                  MR. RASCOE:     Thank you, Mr. Chairman.  
14           The staff did brief Dr. Camp and myself on these  
15           projects, this one in particular. I wanted Larry, if  
16           you could, on the map in the agenda, clarify for the  
17           Board -- I just want to get something on the record  
18           that 57 -- the 57 homes were, in fact, the worst, and  
19           that was the only criteria used in picking those 57  
20           homes to be covered by the city of Rocky Mount.

21                  MR. HORTON:     That is -- that is the  
22           criteria that they used. If you've got your map that  
23           was in the -- that was in your Board packet --

24                  MR. CHAIRMAN:   It's Agenda Item H-3-B, if  
25           anybody wants to look at it.

1 MR. HORTON: Yes, that is -- it's H-3-B.  
2 And if you'll look at the big blob-type circle that's  
3 in the lower left-hand corner of the map, those are  
4 the homes that have the worst septic problems, and  
5 those are the ones that are going to be mostly  
6 served. The homes that will not be served, that's on  
7 that map, are the ones in the upper-right area that  
8 have small circles around the individual homes.  
9 There should be 17 of those.

10 MR. RASCOE: Okay. Thank you.

11 MR. CHAIRMAN: Do I hear a motion?

12 MR. RASCOE: I move that we accept  
13 staff's recommendation, Mr. Chairman.

14 DR. CAMP: Second that motion.

15 MR. CHAIRMAN: Okay. Motion by Mr. Rascoe,  
16 seconded by Dr. Camp. Is there further discussion?  
17 Stan?

18 MR. VAUGHAN: I will note -- I just  
19 noticed this is a 2006 contract, so they've been  
20 sitting on it for four years. They're just going to  
21 contract now and had they gotten a contract yet, and  
22 what was -- how did the bids come out?

23 MR. HORTON: I'm sorry, say that -- ask  
24 your question one more time, please?

25 MR. VAUGHAN: Have they -- have they

1 opened bids -- contract bids on this process at this  
2 point in time?

3 MR. HORTON: Yes, sir. As a matter of  
4 fact, when they initiated discussions with me about  
5 this problem in this past fall, I encouraged them to  
6 go ahead and go to bid so that we would -- that they  
7 could show that they were being proactive, and also  
8 that we'd have some real prices to bring to the  
9 Board. So they opened bids on this past Tuesday,  
10 February 9th, and it appears that, from those -- from  
11 that, they will be able to actually serve these 57  
12 homes.

13 I also want to note that it is an old -- as  
14 you say, it is a very old project. But they -- the  
15 match portion of this project has already been done.  
16 They've built a pump station and put in a force main  
17 in the ground, so they have already done that part.  
18 The gravity sewers contract is the one that they'd --  
19 that has been the last part of it, and they've  
20 just -- they just opened bids on that.

21 MR. CHAIRMAN: Stan, did that answer your  
22 question?

23 MR. VAUGHAN: Yes, I guess.

24 MR. CHAIRMAN: I guess what Stan was trying  
25 to ask is when the bid came in -- at least on that

1 part -- was it lower than what had been anticipated?

2 MR. HORTON: Actually, the two low  
3 bidders were very close to what they had hoped they  
4 would be, and it was about what they had anticipated.

5 MR. VAUGHAN: And, I know, of course,  
6 they've already done all this other work, but my  
7 reaction would be they could probably put individual  
8 septic tanks in and use septic tanks in all those  
9 properties for a lot less than \$22,000 a home.

10 MR. CHAIRMAN: Did somebody say they would  
11 not be allowed?

12 MR. BEANE: They still would have a  
13 problem.

14 MR. CHAIRMAN: Kevin?

15 MR. MARKHAM: Yes. I was just wondering,  
16 is there any way to find out why they underestimated  
17 the length of the sewer line by 150 percent?

18 MR. HORTON: Not that I know of. I've  
19 had several discussions with the town's engineer, and  
20 he was not able to give me that information, so it --  
21 that was -- the estimate was made a very long time  
22 ago, and he knew -- he knows the individual that did  
23 it, but he's not -- they were not able to tell me why  
24 that occurred.

25 MR. CHAIRMAN: Kevin?

1 MR. MARKHAM: Yes. And I will say, I  
2 mean, that it's certainly disappointing that these  
3 things happen, but they do happen. I think the  
4 important thing for us as a Board to remember is that  
5 these are failing septic systems. It looks like  
6 they're taking care of all but one of the straight  
7 pipes, as well, so I'm certainly going to support  
8 staff's recommendation on this, as it is, certainly,  
9 a water quality benefit to see this one through.

10 MR. CHAIRMAN: Okay. Is there further  
11 discussion?

12 TRUSTEES: (No response.)

13 MR. CHAIRMAN: Hearing none, so many as  
14 favor the adoption of the motion to adopt staff  
15 recommendation, signify by saying "Aye."

16 TRUSTEES: Aye.

17 MR. CHAIRMAN: Opposed, "No"?

18 MS. CRAGNOLIN: No.

19 MR. CHAIRMAN: The "Ayes" have it.

20 MR. ROGERS: We're going to switch gears  
21 here and go to restoration/stormwater. Kevin, if  
22 you'll take it away, please?

23 MR. BOYER: Thank you. In your  
24 original Board packet, there should be a letter from  
25 the town of Swansboro dated January 14th. Also, in

1 the folder at your table, there should be additional  
2 information related to Agenda Item H, Number 4. That  
3 includes a revised agenda item, a budget sheet, and a  
4 map of the project area.

5 This is a request from the town of  
6 Swansboro to do two things. One is to redefine the  
7 project scope of work. The second is to extend the  
8 date for entering into a construction contract.

9 The Board awarded the town of Swansboro a  
10 grant of up to \$335,000 in 2007 for design,  
11 permitting, and construction of three stormwater  
12 BMPs. At the September 2009 meeting, the Board  
13 extended the date to enter into a construction  
14 contract to November 30th, 2009. The town has  
15 requested a second extension to April 14th, 2010.  
16 The town also requested approval to reduce the size  
17 of one approved BMP, which is a bioretention area,  
18 and to install eight prefabricated Filterra BMPs  
19 instead of the other two original BMPs.

20 Staff has evaluated the information  
21 provided by the town, including estimated  
22 construction costs for each proposed BMP. The town  
23 has proposed a redistributed project budget, which  
24 you have, and staff recommends retaining funding for  
25 the following: design and permitting, which has been

1 completed; constructing a smaller version of one of  
2 the bioretention areas the Board previously approved;  
3 and installing two of the proposed eight Filterra  
4 BMPs, which were not previously proposed. But the  
5 reason for recommending the smaller project than  
6 proposed by the town is the substantial reduction in  
7 water quality benefit that the proposed project would  
8 provide relative to the original project.

9 Staff recommends that the Board not approve  
10 specific locations for the two -- these two Filterra  
11 devices. Instead, staff will select the locations,  
12 in consultation with the town and its engineer, and  
13 will specify those locations in an amended scope of  
14 work.

15 Staff recommends revising the grant amount.  
16 You see the breakout in your handout revising the  
17 grant amount to \$143,000, which would be a reduction  
18 in the grant amount of \$192,000, for a 50 percent  
19 reduction in the grant amount.

20 Staff also recommends approving an  
21 extension of the date to enter into a construction  
22 contract, as requested, to April 14th, 2010.

23 Since we prepared this recommendation, we  
24 have heard from the town manager, letting us know  
25 that they are ready to go to bid with the full



1 proposed revised project, that the proposed -- in the  
2 town's opinion, the proposed project has significant  
3 water quality benefit, and the town is also concerned  
4 about the adequacy of the construction observation  
5 and administration and the construction contingency  
6 line item budgets in staff's recommendation.

7 MR. CHAIRMAN: If you -- I was following my  
8 agenda, but really you need to look at -- it was in  
9 the handout, Agenda Item H-4.

10 MR. ROGERS: It's in your folder.

11 MR. CHAIRMAN: It's in your folder. So  
12 this is the staff recommendation, which you'll see  
13 written out. It's, kind of, lengthy. I won't try  
14 to -- do I -- first of all, to get things going, do I  
15 hear a motion that we adopt the staff recommendation  
16 as set forth in Agenda Item H, Number 4?

17 MR. MARKHAM: So moved.

18 DR. BRANNON: Second.

19 MR. CHAIRMAN: Moved by Mr. Markham,  
20 seconded by Dr. Brannon. Now, any discussion?

21 TRUSTEES: (No response.)

22 MR. CHAIRMAN: Okay. Pres?

23 MR. PATE: Thank you, Mr. Chairman.

24 The town has made some substantial changes in their  
25 design in the sense that they've gone from a proposal

1           that incorporates some mismanagement practices that  
2           we're familiar with and have a lot of information to  
3           substantiate the effectiveness of to using one that  
4           is not as well known as some proprietary engineering  
5           design that we don't have a whole lot of experience  
6           with.

7                        I've looked at some more detailed  
8           information that the staff has about the  
9           effectiveness of those proprietary designs and see  
10          that there's quite a bit of reduction in, at least,  
11          the amount of nutrients that are being removed in --  
12          when the Filterras are compared to the wetland  
13          retention areas.

14                      So there's a significant deviation in that  
15          sense from what the town originally proposed and was  
16          funding, but I think that this project does offer us  
17          the opportunity to learn more about the Filterras to  
18          determine whether or not it has an application in  
19          some heavily urban areas that, because of neighbor  
20          conflicts or other spatial issues, we don't have the  
21          opportunity to go with the traditional wetland  
22          construction -- which were some of the problems  
23          associated with the town of Swansboro not making --  
24          not being able to implement what they originally  
25          proposed.

1           So if the Board is in favor of going  
2           forward with this project at a reduced level, I would  
3           say that we would want to take the opportunity to do  
4           some analysis of the Filterra design and do that in  
5           a -- in a way that is going to be somewhat more  
6           scientifically valid and replicate the measurements  
7           that will be taken at the proposed sites by including  
8           more than two in what is approved by the Board. I  
9           would say that we would want to have, at least, four  
10          sites that are selected by the staff, in consultation  
11          with the applicant, to maximize the benefits that  
12          we're getting from that new technology and increase  
13          our opportunity to do a valid assessment of how  
14          effective it is.

15                 So with that thought and explanation in  
16          mind, then I would propose an amendment to the  
17          original motion to adopt the staff's recommendation,  
18          but increasing the number of projects that they have  
19          recommended to be approved from two to four.

20                 MR. CHAIRMAN: Okay.

21                 MR. PATE:           It would increase the cost,  
22          of course, and I don't know if that cost needs to be  
23          included in the motion. But if you look at the  
24          average cost of the Filterra sites, that's going to  
25          increase the amount of the grant from what was

1 proposed by the staff by a total of \$57,000, which  
2 would be two.

3 MR. CHAIRMAN: All right. I want to just  
4 be sure I've got the amendment correct. I'm looking  
5 at -- you want to change, oh, maybe 40 percent way  
6 down, where it says "Staff recommends" from two to  
7 four; is that right?

8 MR. PATE: Correct.

9 MR. CHAIRMAN: And what -- Kevin -- and  
10 maybe you can help with this.

11 MR. ROGERS: Can I make a suggestion?

12 MR. CHAIRMAN: Yeah.

13 MR. ROGERS: I guess we need to -- if  
14 y'all want the details of what it's going to increase  
15 the cost to, we can work on that while we take up  
16 some other topics and then bring it back to you, or  
17 we can move forward -- however you would like it.  
18 It's going to take us a little bit, because it  
19 adjusts the admin [sic] -- the construction costs and  
20 all.

21 MR. CHAIRMAN: All right. Well, with --

22 MR. BOYER: Richard, I believe it was  
23 done during --

24 MR. ROGERS: Okay.

25 MR. CHAIRMAN: Good.

1 MR. BOYER: -- the break and we have  
2 those numbers.

3 MR. CHAIRMAN: All right. Go ahead and  
4 give us those numbers, then.

5 MS. CRAGNOLIN: My God, they're good.

6 MR. CHAIRMAN: Well, that was -- and thank  
7 you for talking with staff during the break. That  
8 helps a lot. Okay, Kevin, give us the change, then.

9 MR. BOYER: The -- for four Filterras  
10 and the modified BMP -- number seven -- and  
11 increasing the amount of construction, admin, and  
12 observation to go with that increase of scope and  
13 construction contingency, that brings the total  
14 amount retained in the grant to \$214,000.

15 MR. CHAIRMAN: All right. You've heard  
16 the motion to amend. Do I hear a second to the  
17 motion to amend?

18 MR. HOLLAN: I'll second, and then I'd  
19 like to just ask a question --

20 MR. CHAIRMAN: All right, sure.

21 MR. HOLLAN: -- about -- for the  
22 purposes of getting it on the table. We're talking  
23 about seeing whether these things work or not, and  
24 I -- the question is do we have baseline information  
25 as to what's happening now. And I don't see any

1 provision in here for any monitoring after the fact.  
2 So, I mean, it seems to me that two would do better  
3 than four and that -- and just if they're any good at  
4 all, that they would be good. But I'm not certain  
5 that we'll be able to get any kind of reliable  
6 information, because we don't do monitoring, and I'm  
7 not certain we'd have the opportunity.

8 But, I mean, I think this is a stream  
9 that's got problems, and clearly Swansboro is  
10 contributing to them, and this ought to do some good  
11 in alleviating those problems. But I just don't -- I  
12 don't have much hope that we'd be able to learn much  
13 from this, and I wonder if you have a suggestion  
14 about that.

15 MR. PATE: Well, I guess, Bill, it's a  
16 question of whether or not we want to accept the  
17 staff proposal and rely on trying to get the most  
18 benefit out of the two projects that will be selected  
19 in the future or go with the town's proposal and get  
20 as much as they possibly can out of an untested  
21 design.

22 My motion gets us in between those two and  
23 gives us an increased opportunity to consider more  
24 aspects of the physical conditions at the eight  
25 proposed sites and pick the ones that we think will

1           have the most benefit and, hopefully, with the town.  
2           And this is no guarantee because there are no  
3           monitoring requirements associated with the project,  
4           I understand. But, hopefully, work with the town and  
5           their consultants to test whether or not the levels  
6           of removal that are projected by the designer of this  
7           project are anywhere near what they are expecting  
8           them to be. Because there are some vast differences  
9           between the levels of removal by this technology when  
10          compared with the BMPs, and I don't want us to get  
11          down the road in assuming that the design which is  
12          proprietary information is accurate and find  
13          ourselves trapped into a precedent of using this  
14          information [sic] -- or using this approach when it's  
15          not being effective at all. But it's establishing a  
16          middle ground between what the staff recommends and  
17          what the town -- what the town needs.

18                   I'm somewhat familiar with this area and,  
19           you know, it is a highly urbanized location, which  
20           has led to the problems that the town is  
21           experiencing, and -- but there are some significant  
22           differences in the areas that these Filterra --  
23           Filterras will be installed that, I think, would  
24           benefit from some on-site flexibility that could be  
25           exercised by the town and the consultant.

1 MR. CHAIRMAN: Okay. What we have before  
2 us is the amendment by Mr. Pate. Was there a second  
3 to the amendment? Yes, there was. Bill seconded it.  
4 Is there further discussion on the amendment?

5 DR. BRANNON: Mr. Chairman?

6 MR. CHAIRMAN: The proposed amendment?

7 MR. HENDERSON: I have a question.

8 MR. CHAIRMAN: All right. Rance? And  
9 then --

10 MR. HENDERSON: Go ahead.

11 DR. BRANNON: I'm really a little  
12 concerned about changing the scope of what we've --  
13 the staff have been talking to the town manager and  
14 the staff about so far. I'm, kind of, concerned  
15 about has any of this been discussed with the town  
16 manager or the folks? Is this something that they're  
17 likely to be able to do or agree to do or they have  
18 agreed to do, or they will agree to do?

19 MS. KING: Yevonne, are you referring  
20 to --

21 MR. CHAIRMAN: Could you respond to that,  
22 Richard or Kevin?

23 MR. ROGERS: Sarah can. Sarah can.

24 MR. CHAIRMAN: Sarah?

25 MS. KING: Could you clarify -- are



1           you referring to the downsize scope of two Filterras  
2           or the amended --

3                   MR. CHAIRMAN: We're talking about the  
4           amendment now.

5                   DR. BRANNON: The amendment.

6                   MS. KING: The town has expressed their  
7           desire to do the full scope, but I think that they  
8           would be pleased to do four Filterras in place of  
9           two.

10                   MR. CHAIRMAN: Okay. So you understand  
11           where we are. The town wanted eight this -- right?  
12           Eight?

13                   MR. ROGERS: Right. Right.

14                   MR. CHAIRMAN: The staff recommend two, and  
15           Pres is taking it back to four -- kind of, an in  
16           between.

17                   DR. BRANNON: Four, with a -- with the  
18           specification that there's baseline data and  
19           monitoring that goes on and a research report that  
20           comes from that and so forth, right? Have they also  
21           agreed to do that?

22                   MR. CHAIRMAN: I don't --

23                   DR. BRANNON: I guess I'm just a little --  
24           I -- really taken aback a little bit, because I  
25           hadn't had a chance to ever hear this proposal or

1 think about it, and I know that Rance and I  
2 haven't -- and it might be a really great idea. I'm  
3 just not quite sure how to absorb all this  
4 information.

5 MR. CHAIRMAN: Okay. Rance, did you --

6 MS. CRAGNOLIN: Go ahead.

7 MR. CHAIRMAN: -- had your hand up first,  
8 and then I'll go to Karen.

9 MR. HENDERSON: Well, a question perhaps  
10 somebody could answer -- when this was being  
11 discussed by telephone, what I saw as the bottom line  
12 question was -- had to do with water quality. And my  
13 specific question was with these two installations,  
14 are we able to achieve the protection of water  
15 quality that we -- that the Board and I wanted. And  
16 as I recall, the answer to that was yes. So is that  
17 still the answer?

18 MR. BOYER: The system -- or the  
19 project that the town proposed did substantially  
20 reduce reduction of the drainage area flowing --  
21 draining to the BMPs and nitrogen removal. And, of  
22 course, staff's recommendation to reduce the number  
23 of Filterras further would reduce that. The drainage  
24 area would be reduced around 90 percent under the  
25 town's proposal, and so -- and the nitrogen removal

1 would be reduced about 74 percent with the full  
2 town's proposal, relative to the original project.  
3 This is based on information provided by the town's  
4 consultant. So it's a matter of what baseline you  
5 want to compare.

6 We -- Trustee Pate talks about -- has  
7 talked about finding the middle ground. We looked  
8 for a middle ground. Mr. Pate has found a different  
9 middle ground.

10 On one extreme, it would be to terminate  
11 the project. It's a very different project from what  
12 was originally approved. The other extreme is to go  
13 with what the town has proposed. We looked for one  
14 in-between point and Mr. Pate has proposed a  
15 different one. But as far as water quality, it's  
16 substantially below what was originally proposed.

17 MS. CRAGNOLIN: Right.

18 MR. CHAIRMAN: Okay. Okay, let's see.

19 Stan, and then Jerry?

20 MR. ROGERS: Karen then Stan.

21 MR. CHAIRMAN: I'm sorry. Stan?

22 MR. VAUGHAN: My question is -- and I'm  
23 not an engineer -- but from what I'm hearing -- I'm  
24 hearing -- I wonder if this is enough of a change to  
25 basically restart the process. We're starting over

1 with -- we're talking about a 2007 grant, so this is,  
2 again, four years later. And we're still dealing  
3 with it, and they've already asked for one extension.  
4 And I'm just questioning does the score and decision  
5 we made originally still apply based on the changes  
6 that they've made, and would -- if we were going  
7 through the big process again, would the score  
8 drastically change --

9 MS. CRAGNOLIN: Yes.

10 MR. VAUGHAN: -- particularly on a water-  
11 quality basis?

12 MR. BOYER: I do not have the score  
13 with me, but I can -- I can say with confidence that  
14 the score probably would not change, because the  
15 match remains the same. In fact, if we counted the  
16 match that they've -- they have overrun and already  
17 spent, it would probably go up. And the water  
18 quality criteria that applies to stormwater BMPs are  
19 based on proposed percent removal for what reaches  
20 the BMP as opposed to pounds per year. We've done  
21 our analysis here on pounds per year.

22 We don't ask for that, right now, in our  
23 applications. We are talking about adding that in  
24 the future in another -- an another item for the  
25 Criterion Committee to consider.

1 MR. CHAIRMAN: Karen?

2 MS. CRAGNOLIN: There was some technology  
3 that was, kind of, new and the company came to the  
4 City of Asheville and RiverLink and asked us if we  
5 would, you know, use it in a project. And what we  
6 said, "We'd buy one if you gave us one." And maybe,  
7 you know, to consider this, they'd give us two if  
8 we're going to pay for two. I mean, this is, kind  
9 of, new technology, isn't it? I would think that  
10 they would be thrilled to have that opportunity to  
11 test this in a -- in a very public way if they hope  
12 it's, you know, really working.

13 MR. CHAIRMAN: Is there further  
14 discussion? Rance?

15 MR. HENDERSON: Well, going back to Stan's  
16 question, I was curious about the same matter, as to  
17 why this is still with us after this number of years.  
18 And I gather, Stan, that, I guess in an ideal world,  
19 all these small towns would have the staff that they  
20 would need to take care of these things quickly and  
21 smoothly, but, apparently, that is not the case with  
22 Swansboro. That's my understanding.

23 MR. CHAIRMAN: Kevin?

24 MR. MARKHAM: Yes. And maybe staff can  
25 help clarify, but with staff's original

1 recommendation, I was assuming that the Filterra --  
2 two Filterra devices would have been installed in  
3 place of the original BMP number two --

4 DR. CRAGNOLIN: Uh-huh (yes).

5 MR. MARKHAM: -- because that's close to  
6 the same area and covers that drainage area. With  
7 the addition of the two additional Filterras, the  
8 other Filterra devices do not appear to be filtering  
9 any of the drainage areas that were originally  
10 approved in the 2007 grant. Is that what I'm reading  
11 on these maps?

12 MR. BOYER: They might or might not,  
13 depending on which of the eight are selected to be  
14 those four. But, in any event, although the drainage  
15 area might be different from what was in the original  
16 project, it all drains to the same creek and it all  
17 drains right there, as you can see it on your map, to  
18 the White Oak River anyway.

19 MR. MARKHAM: Okay.

20 MS. KING: I would just add to that,  
21 if I -- if I may. The original staff recommendation  
22 was for two Filterras in an unspecified location to  
23 be worked out with the consultant and the town. And  
24 all of these are within, I'd say, a mile radius, so  
25 they're all very close together and drain to the same

1 creek.

2 MR. CHAIRMAN: Okay. We have before us  
3 the amendment presented by Mr. Pate. Is there any  
4 further discussion on the amendment?

5 TRUSTEES: (No response.)

6 MR. CHAIRMAN: Hearing none, so many as  
7 favor the adoption of the amendment presented by Mr.  
8 Pate, signify by saying "Aye."

9 TRUSTEES: Aye.

10 MR. CHAIRMAN: All opposed, "No"?

11 DR. BRANNON: No.

12 MS. CRAGNOLIN: No.

13 MS. RASH: No.

14 MR. CHAIRMAN: The "Ayes" appear to have  
15 it. The "Ayes" have it. We now go to the main  
16 motion. Is there further discussion?

17 TRUSTEES: (No response.)

18 MR. CHAIRMAN: So many as favor the  
19 adoption of the motion -- the staff recommendation as  
20 amended -- signify by saying "Aye."

21 TRUSTEES: Aye.

22 MR. CHAIRMAN: Opposed, "No"?

23 TRUSTEES: (No response.)

24 MR. CHAIRMAN: The "Ayes" have it.

25 Richard?

1                   MR. ROGERS:        Yes, sir.  Item 5 -- Tom,  
2                   if you'll take this one away, please?

3                   MR. JONES:        This is from the town of  
4                   Cary.  It's a 2004-A project.  It was awarded  
5                   \$600,000 in November of 2004.  I won't go through the  
6                   whole thing, but it -- this took a little while, and,  
7                   actually, Cary moved ahead, and they have closed --  
8                   it was five tracts.  Cary was going to purchase three  
9                   in fee and easements on two, and all five easements  
10                  would be state easements for a greenway in Cary on  
11                  the White Oak Creek.

12                  They closed all these well over a year ago,  
13                  so these projects have been closed.  They just -- we  
14                  just haven't heard from Cary and had -- we had --  
15                  sent notices out, also, to many that we needed to  
16                  hear from them.  And they've -- they had extensions  
17                  at -- I'm sorry -- I believe there's -- two  
18                  extensions have been given.  And they, finally, on --  
19                  their expiration date was July 31st of this past  
20                  year.  And they got a package request for payment  
21                  in -- on July 31st of this year, but it was  
22                  incomplete, and there were documents -- closing  
23                  documents -- that were missing, as well as -- as well  
24                  as documentation for their matches that went toward  
25                  the project.



1           There's some grace period after an  
2           expiration date where we can get checks processed.  
3           But, at that time -- this was right about when the  
4           staff was restructured, and there was also a number  
5           of closings that the legal staff was having to deal  
6           with because people were coming up on closing dates  
7           and had to have the checks ready for when they went  
8           to closing. And Cary's stuff came in -- excuse me --  
9           in a flurry of closings and, at the last minute, with  
10          materials missing, and we just, sort of, made a  
11          decision that based on -- we didn't even know at that  
12          point how much was missing, but they were substantial  
13          for each of the tracts.

14                 Well, over the next 30 days, they did get  
15          most everything turned in except for documentations  
16          for match, and we just had too many other emergencies  
17          to deal with such a late presentation of documents  
18          from Cary. In any event, everything went past the  
19          grace period -- past the expiration date -- and so  
20          the contract has expired, and no payment can now be  
21          made.

22                 In order to finish this up -- excuse me --  
23          to process a pay request -- we would now need a new  
24          contract to be developed and entered into with Cary  
25          to be able to process that. And that wouldn't be

1           that difficult a thing to do, but it just couldn't be  
2           done in time. We just -- we just couldn't let this  
3           constitute an emergency on our part.

4                       And so that's where we are, and there is no  
5           staff recommendation. And I'll try and answer  
6           questions.

7                       MR. HOLLAN:        Could we just amend the old  
8           contract to extend it?

9                       MR. CHAIRMAN:    It seems to me we could.

10                      MR. HOLLAN:        I move that we amend the  
11           contract to extend it through July 31, 2010.

12                      MR. CHAIRMAN:    Okay. You got --

13                      MR. HOLLAN:        Or enter into a new  
14           contract, if required.

15                      MR. CHAIRMAN:    If required. Okay. You've  
16           heard the motion. Is there a second?

17                      MR. MARKHAM:     Second.

18                      MR. CHAIRMAN:    Moved and seconded. Is  
19           there any discussion? Stan?

20                      MR. VAUGHAN:     I assume, if we agree to  
21           extend this contract or a new contract, they will  
22           provide all information we need before we'll make any  
23           payment?

24                      MR. ROGERS:        Yes.

25                      MR. JONES:        Absolutely. And I believe

1 everything's in except for the documentation for  
2 match requirements. And when they get that in, we'll  
3 turn it over to the contract manager for that  
4 project, which will be Nancy Guthrie.

5 MR. CHAIRMAN: Okay. You've heard the  
6 motion and second. So many as favor the motion,  
7 signify by saying "Aye."

8 TRUSTEES: Aye.

9 MR. CHAIRMAN: Opposed, "No"?

10 TRUSTEES: (No response.)

11 MR. CHAIRMAN: The "Ayes" have it.  
12 Richard?

13 MR. ROGERS: Thank you, Mr. Chairman.  
14 The last two items on the agenda for action by you  
15 are a bit unique in nature. We'll go through them  
16 separately, but they are similar, and just in  
17 general, the request here is for the Board to make a  
18 commitment with regards to projects that have not  
19 come under review as of yet to funding because of  
20 substantial matching funds that have already either  
21 been -- are with the project or planning, and the  
22 expectation is that there will be funds.

23 So we'll go through them, but I just wanted  
24 to give you that little bit of a briefing. And,  
25 Larry, if you'll take over and run through Item

1           Number 6, please?

2                   MR. HORTON:       Thank you.   The first  
3           project is -- or the first request is from the town  
4           of Troy, and they are -- they're making a request for  
5           funding to match ARRA funds.   The town submitted a  
6           letter January 27th requesting funding for the  
7           payback portion of an ARRA loan, plus funding for  
8           another portion of the project, for a total of  
9           \$775,000.

10                   The town has applied for the ARRA loan, but  
11           has not received that loan.   The project consists of  
12           three components:   construction of a force main pump  
13           station and distribution system for the discharge of  
14           gray water on land that the town owns; purchase of a  
15           centrifuge system to allow the town to treat sludge  
16           resulting from the treatment of an additional one  
17           million gallons of water and the ability to move away  
18           from land application sludge; and the third part is  
19           constructing a two-mile bypass line related to the  
20           Handy Sanitary District project.

21                   The town is bringing this request forward  
22           now to obtain funds for the payback portion of the  
23           ARRA loan, because projects have to move forward  
24           immediately.   They have to be shovel-ready in order  
25           to obtain ARRA funding.

1           The gist of their letter is that they're  
2           not looking for a -- for us to fund or encumber those  
3           funds immediately, but would be looking for some sort  
4           of commitment that we -- that the Trust Fund would  
5           make a commitment to funding that at some point --  
6           say, two to three years from now.

7           So we're bringing this forward for the  
8           Board to discuss, and that's all I have for it right  
9           now.

10           MR. ROGERS:       Just -- I've met with the  
11           mayor of Troy, and they're just in the process of  
12           trying to figure out budgets for next year and what  
13           they want to do with this project, and they wanted us  
14           to consider this. They've been a great customer of  
15           ours over the years and done some great work.

16           And the issue is just paying off the loan  
17           on an ARRA fund project -- funded project. And the  
18           interest is for us to pay off the loan of the project  
19           over a matter of time. And they said they would take  
20           up payment until we made a decision and appropriated  
21           funds for that. So that was the feedback I got when  
22           we -- when I met with the mayor of Troy.

23           MR. CHAIRMAN:   Well, okay. I'll start with  
24           Mr. McMillan.

25           MR. McMILLAN:   This is Item 212 on the list

1 of \$271 million, and they're asking us to jump that  
2 ahead of -- it's for 1,436,000, and they're asking us  
3 to jump that 1,436,000 ahead of \$271 million and put  
4 it first in line -- I don't see it -- before we've  
5 reviewed it, before we've scored it, before we've  
6 done anything. I don't see how in the world we can  
7 do this.

8 MR. CHAIRMAN: Kevin?

9 MR. MARKHAM: Yes. If I understand  
10 correctly, Richard, they're not looking for us to  
11 fund it or to do anything other than give our word,  
12 and that we commit to considering this at the  
13 appropriate time.

14 MR. ROGERS: They would like for us to  
15 commit to funding it at the time that it's  
16 appropriate it for us --

17 MR. MARKHAM: Okay.

18 MR. ROGERS: -- I would -- is what I  
19 would say. Even a year or two years out is the way  
20 they put it to me -- that they just need to -- need  
21 to be relieved of that burden of payment of the loan  
22 at some time in the future.

23 MR. MARKHAM: Thank you. If I could just  
24 follow up with that, I think that also illustrates  
25 the reputation that the Clean Water Management Trust

1 Fund has in the community, that our word is good.  
2 That, I mean, they're probably willing to take us at  
3 our word -- if we commit to doing this at the  
4 appropriate time that we will see through that  
5 commitment.

6 MR. CHAIRMAN: Stan?

7 MR. VAUGHAN: Mr. Chairman, I just think  
8 this is so out of order for our normal process, and,  
9 plus, we don't even know if we'll have the money to  
10 pay it, and I don't see how we can even consider it.

11 MR. HOLLAN: Second.

12 MS. RASH: Moving right along.

13 MR. CHAIRMAN: Well, was that a motion,  
14 Stan?

15 MR. VAUGHAN: I'll make it a motion.

16 MR. CHAIRMAN: Okay. Motion by Stan that  
17 the request from the town of Troy as set forth in  
18 Paragraph 6 be denied; seconded by Bill Hollan. Is  
19 there further discussion?

20 TRUSTEES: (No response.)

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

23 TRUSTEES: Aye.

24 MR. CHAIRMAN: Opposed, "No"?

25 TRUSTEES: (No response.)

1 MR. CHAIRMAN: The "Ayes" have it. Number  
2 7.

3 MR. ROGERS: Larry?

4 MR. HORTON: Thank you. The next request  
5 came from Moore County. It's similar. It's a little  
6 different. It's a request for funding to match Rural  
7 Center funds. This is -- was also a 2009 project  
8 application for wastewater regionalization and  
9 discharge elimination.

10 It's actually a continuation of a project  
11 that was funded in 2008 for permitting and  
12 engineering for the town of Vass. The applicant, at  
13 this point, is going to be Moore County. And for  
14 the -- for this new project, which would be the  
15 construction phase of the project that we already  
16 funded -- design and permitting.

17 They submitted a letter December 14th  
18 requesting funding for the 2009 project. The county  
19 expects the design work -- which we have already  
20 funded -- to be completed by June 30th.

21 The county applied to Rural Center and  
22 obtained a \$1 million grant for the construction  
23 work. The Rural Center originally requested  
24 construction to begin on -- by September 2009, and  
25 they've allowed an extension through June 30th, 2010.



1 According to the letter from Moore County, Rural  
2 Center has denied an extension beyond June 30th, and  
3 the county is bringing this project request forward  
4 now to try to obtain funding for the project work  
5 with a -- within the Rural Center's required  
6 schedule.

7 The county believes if they wait all the  
8 way through our 2010 cycle -- which would be to  
9 October or November, I guess -- they risk losing the  
10 million dollar grant from Rural Center.

11 I had -- I actually have talked with Rural  
12 Center last week, and they opted to see how hard and  
13 fast that line was. They do have the option to  
14 cancel that grant. They may not do that. They  
15 indicated that there was a -- that there may be some  
16 give on that. They were a little frustrated. They  
17 wanted the county and the town to try to find some  
18 other -- to do some other homework as far as finding  
19 other funds goes, and they hadn't -- they had not  
20 seemed to do much of that, so they seemed to be  
21 completely relying on Clean Water Trust Management  
22 Trust Fund.

23 So they are meeting with Rural -- with USDA  
24 Rural Development this month to discuss some other  
25 funding for the project. So I don't know how hard

1 and fast that line is of June the 30th. It may end  
2 up that they do lose the million dollar grant, but I  
3 thought that I would share that little bit of  
4 information from my discussion with Rural Center.

5 MR. CHAIRMAN: Peter?

6 MR. RASCOE: Mr. Chairman, I move that no  
7 action be taken on this -- this item.

8 DR. CAMP: Second.

9 MR. CHAIRMAN: You've heard the motion;  
10 motion seconded -- no action be taken on this item.  
11 Any discussion?

12 TRUSTEES: (No response.)

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

15 TRUSTEES: Aye.

16 MR. CHAIRMAN: Opposed, "No"?

17 TRUSTEES: (No response.)

18 MR. CHAIRMAN: The "Ayes" have it. Okay,  
19 Richard? Item I.

20 MR. ROGERS: Thank you, Mr. Chairman.  
21 Christopher's going to review unencumbrances of  
22 funds, and what we'll need to do is look at an  
23 allocation of these unencumbered funds towards  
24 committees, as we did in November. And I would also  
25 like the Board to consider giving staff the leeway

1           for any funds that would come unencumbered from  
2           projects prior to 2008, that we set forth a formula  
3           by which we can go ahead and apply them to projects  
4           and get them under contract and get them moving out  
5           the door. So that's, kind of, the discussion that  
6           we'll have after Christopher reports.

7                       Christopher, go ahead, please.

8                       MR. CHAIRMAN: Where is the supplemental --

9                       MR. ROGERS: The supplemental information  
10           is in Item I. And it gives you a list of the  
11           projects that we're looking to unencumber.

12                      MR. FIPPS: Thank you, Richard. The  
13           information is summarized under Item I in the agenda  
14           and in the supplemental attachment in the Board  
15           materials, which provides the detailed list of  
16           projects with available funds to unencumber. The  
17           first part of the sheet are a listing of 14 projects  
18           where the contracts have actually closed, and the  
19           leftover funds out of those grants total \$405,541.34.  
20           The second part is a total of projects that are  
21           current and ongoing contracts, two of which were  
22           detailed further today with the Board -- Burgaw and  
23           Onslow Water and Sewer Authority. With those  
24           actions, there are now available funds totaling  
25           \$1,502,385, for a grand total of leftover available

1 funds out of these 17 projects at \$1,907,926.34.

2 Staff does recommend unencumbering that  
3 total and using those funds to encumber additional  
4 2008 projects as specified by the Board.

5 MR. CHAIRMAN: Okay. Let --

6 MR. HOLLAN: I move we approve  
7 unencumbering funds in the amount of \$1,907,926.34.

8 MS. RASH: Second.

9 MR. CHAIRMAN: You've heard the motion. Is  
10 there a second?

11 MS. RASH: Second.

12 MR. CHAIRMAN: It's moved and seconded. Is  
13 there any discussion?

14 TRUSTEES: (No response.)

15 MR. CHAIRMAN: Hearing none, so many as  
16 favor the motion, signify by saying "Aye."

17 TRUSTEES: Aye.

18 MR. CHAIRMAN: Opposed, "No"?

19 TRUSTEES: (No response.)

20 MR. CHAIRMAN: The "Ayes" have it. And now  
21 the question of what do you do with the money?

22 MR. JONES: You spend it.

23 MR. ROGERS: That's correct. And  
24 Christopher has a little more -- an addendum to that  
25 conversation that you don't need to vote on these

1 funds, but just a recognition of some other funds  
2 that we've -- we scraped together here.

3 MR. FIPPS: If you'd also move to Agenda  
4 Item -- what was labeled as Agenda Item C, there's a  
5 supplemental attachment in the Board materials as  
6 Item C, which is the standard cash balance report of  
7 the fund. This is as of the end of the calendar  
8 year, December 31st, 2009. It shows the cash  
9 disposition of the fund, remaining revenue for the  
10 fiscal year, and the encumbrances against that.

11 What the Board just took action on as  
12 Agenda Item I shows up on Line 17 as dollars  
13 available to unencumber at the \$1,907,926.

14 The actual by total balance at the bottom  
15 of the sheet -- Line 30 -- is a little bit higher  
16 than that at \$1,000,962 [sic] -- \$1,962,865. There's  
17 a little bit of additional money there available from  
18 realization of a little bit higher interest than the  
19 original fiscal year projection on that, to date, at  
20 \$36,929, and a small refund that came back on a  
21 project at a little over \$18,000.

22 So the total actual cash available today to  
23 award -- or to fund towards 2008 projects is  
24 \$1,962,865.

25 MR. CHAIRMAN: Okay. So the question

1           before the Board is how are these funds to be  
2           allocated? We have the list -- we adopted the list.  
3           And, Richard, remind us what we did last time when we  
4           unencumbered funds.

5                       MR. ROGERS:       In November, I believe the  
6           Board determined that these funds -- we made a  
7           decision that projects on 2008s that were cost under-  
8           runs would roll right back into the 2008 projects.

9                       We have the issue, when we close out  
10          contracts that are prior to 2008, or if we unencumber  
11          funds for other reasons out of prior contracts of  
12          2008 -- which this is the -- these funds are -- how  
13          do we allocate those?

14                      Last time, the Board took that balance and  
15          allocated it 60 percent to the wastewater projects  
16          and 40 percent restoration/stormwater. And the  
17          notion there was understanding that acquisitions were  
18          not moving and that we're moving at a different pace,  
19          that we could expedite the funds to get them out the  
20          door and under contract. That was our last November  
21          action taken.

22                      MR. CHAIRMAN:   Okay. What's the pleasure  
23          of the Board?

24                      MR. HOLLAN:     Mr. Chairman, consistent  
25          with what we did last year, I would move that we

1 allocate 60 percent of the available funds to  
2 wastewater projects and 40 percent to stormwater  
3 projects.

4 MR. CHAIRMAN: Okay. You've heard the  
5 motion. Is there a second?

6 MR. McMILLAN: Second.

7 MR. CHAIRMAN: Second by Mr. McMillan. Is  
8 there further discussion -- or discussion. Karen?

9 MS. CRAGNOLIN: It does seem to me that,  
10 when we look at what's been lost in the last couple  
11 of years, it's disproportionate to the acquisition  
12 field, and I would -- I would really like to put some  
13 money towards that. I think that's important. I --

14 MR. CHAIRMAN: Okay. Is there further  
15 discussion?

16 TRUSTEES: (No response.)

17 MR. CHAIRMAN: Hearing none, so many as  
18 favor the motion, signify by saying "Aye."

19 TRUSTEES: Aye.

20 MR. CHAIRMAN: Opposed, "No"?

21 MS. CRAGNOLIN: No.

22 MR. CHAIRMAN: The "Ayes" have it. Okay,  
23 ladies and gentlemen, this brings us to -- Richard,  
24 have you got anything else?

25 MR. ROGERS: The one issue of when we

1 unencumber over the next four months, whether you  
2 want us just to collect it -- we'll go through this  
3 same process in June -- or whether we could have the  
4 opportunity to go ahead and take those funds and  
5 apply them to projects that are in waiting.

6 Again, this is just a timing issue, and I  
7 don't know whether the Board would like to consider  
8 that. They may not. Y'all might prefer having it  
9 being brought to you and taking it up in June. But I  
10 just wanted to bring that to your attention that we  
11 could -- we could do that if you're interested.

12 MR. CHAIRMAN: Okay. What's the pleasure  
13 of the Board?

14 MR. HOLLAN: Just for me, it appears to  
15 me that most of these reverted funds we had this time  
16 came from wastewater --

17 MS. CRAGNOLIN: Right.

18 MR. HOLLAN: -- and restoration, and so  
19 I thought it was appropriate to make the motion that  
20 they go back to that, particularly in light of the  
21 fact that we were having trouble getting acquisition  
22 projects approved. By June, we may have -- be in a  
23 different position with respect to acquisitions, and  
24 I would like to consider this in June if we -- should  
25 there be -- and maybe even make up some for



1 acquisitions at that time.

2 MR. CHAIRMAN: Okay. Does anybody have a  
3 different feel -- feeling about that?

4 TRUSTEES: (No response.)

5 MR. CHAIRMAN: Thank you for that  
6 suggestion, Bill. That seems to be the consensus.  
7 Richard, anything else?

8 MR. ROGERS: Yes, sir. Things are ever-  
9 changing, folks. I want to make an announcement that  
10 I -- I'm going to make an announcement that I don't  
11 really want to make, but we have had a staff person  
12 that has made a decision to make a move, and I just  
13 want to thank Lisa Schell for all that she's done for  
14 this organization over the past eight years.

15 Lisa's had a job offer from DOT. She will  
16 be the new meteor [sic] -- media coordinator over  
17 there and supervisor for that program that they're  
18 launching. I've talked with Lisa some about this.  
19 It sounds like an extremely --

20 MS. RASH: Challenging.

21 MR. ROGERS: -- exceptional program --

22 MS. RASH: Challenging.

23 MR. ROGERS: -- and --

24 MS. CRAGNOLIN: Go, Lisa.

25 MR. ROGERS: -- interesting --

1 MR. ROGERS: -- and, you know --

2 MR. HENDERSON: You're leaving?

3 MS. SCHELL: I intend to.

4 MR. ROGERS: -- Lisa has done a  
5 phenomenal job for this organization, and I think, by  
6 her presentation yesterday, it shows how important  
7 the work is that she has done. I'm feeling a little  
8 weight on my shoulders now, but, you know, I'm  
9 confident that we'll move forward with that program  
10 that she's helped us develop in a way.

11 Lisa will be going on to her new job on  
12 March 1, and I hope that each of you will take the  
13 time to wish her well. And, Lisa, if you've got a  
14 few words to say; go right ahead.

15 MS. SCHELL: Well, I hadn't thought about  
16 that.

17 MR. ROGERS: Ah, surprise.

18 MS. SCHELL: No, not really. Just thank  
19 you for the opportunity. When I came to the Trust  
20 Fund eight years ago, I left, what I considered to  
21 be, my dream job at the North Carolina Aquariums.  
22 But this was a -- too big of an opportunity -- too  
23 good of an opportunity -- to pass up from any number  
24 of levels, not the least of which was to be able to  
25 walk out of the office every day realizing that I was

1 part of a program that was actually making a  
2 difference in state government and in this state.  
3 And I'm very proud of the part that I have played in  
4 making places like Hammocks Beach, Bird Island,  
5 Chimney Rock, Grandfather Mountain, and so many  
6 others -- Lake James, Linville Gorge -- places that  
7 generations are going to be able to enjoy in  
8 perpetuity. So, thank you for the opportunity, and  
9 that's really all I have to say.

10 (Applause.)

11 MR. CHAIRMAN: Lisa, I think that applause  
12 says more than I could say, but on behalf of the  
13 Board, I just want to thank you for your good work,  
14 your dedication to our cause. And you didn't tell me  
15 this, but I am sure that you will be glad for all  
16 members of this Board to both Facebook and Tweet you  
17 over at -- at that DOT.

18 MS. SCHELL: As long as you don't do it  
19 while you're driving.

20 MR. ROGERS: Just one other thing. And I  
21 certainly appreciate the participation of all the  
22 Trustees this week and sitting through these  
23 presentations. I hope they were both educational and  
24 got you a little bit more engaged in the processes  
25 and programs we do.

1           A general theme that we were trying to  
2           state here is our efforts to ensure that we steward  
3           our state dollars and that we get the product that  
4           the expectation of the Trustees have when they  
5           approve projects. We're working very hard at that.  
6           We're also working with our clients and our  
7           constituents like we never have before, keeping  
8           communication -- processing payments. And just to  
9           let you know, we processed 613 payments this year,  
10          which is about 100 -- 200 more than we normally do,  
11          to the tune of \$74 million. That we're still working  
12          diligently in making this the best program it can be,  
13          and we thank you for your support. And if you get a  
14          chance, talk to staff and thank them for their  
15          efforts, too.

16                 MR. CHAIRMAN: Well, and, publicly, I want  
17                 to thank the staff for their efforts in putting  
18                 together all of the presentations. I don't know --  
19                 for me, I think this retreat -- I look forward to it  
20                 each year, and it's an opportunity for us to look at  
21                 some issues in-depth that we don't seem to have time  
22                 to do during the year, so -- Karen?

23                 MR. CRAGNOLIN: I'd just like to comment  
24                 that when Lisa talked about the things that she was  
25                 proud of and the things that are memorable, each one

1 of those was an acquisition project. And I think  
2 that -- I think that the --

3 MR. HESTER: Well, the one --

4 MS. CRAGNOLIN: Well? I think, in the  
5 history books, acquisition will be remembered for  
6 generations and for perpetuity, and I'm not sure that  
7 we're going to be saying the same thing about some of  
8 the other projects we fund.

9 DR. BRANNON: I approve.

10 MR. CHAIRMAN: It is true that we --

11 MS. RASH: Go, Karen,

12 MR. HOLLAN: Go, Karen, go.

13 MR. CHAIRMAN: -- it is true that we tend  
14 to take flushing that commode for granted.

15 MR. HESTER: I don't know about that.

16 MR. CHAIRMAN: No, I mean that seriously.  
17 It's -- some of the things that are so basic, though,  
18 Karen, I'd say that are so important, and we just do  
19 take them for granted, but they're nonetheless  
20 important, also. Okay. Kevin?

21 MR. MARKHAM: Thank you, Phil. I'd like  
22 to circle back around to the 2008 projects. I think  
23 that we as a Board lost an opportunity to come up  
24 with solutions for those grantees. These were grants  
25 that we awarded. These folks have been sitting on

1 pins and needles for two years now. I think we've  
2 missed an opportunity to send a clear message that  
3 we're going to work with them to find solutions. I  
4 would certainly encourage Richard and the staff to go  
5 back to these applicants and let them know that the  
6 Board is obviously divided on this issue. And the  
7 things that they need to do to help their position  
8 would be to look at new appraisals, to look at new  
9 construction costs that may be more in line with 2010  
10 numbers. And I'd encourage Richard and the staff to  
11 assist them through scoring to show us that we are  
12 getting a better value than we were two years ago.  
13 Thanks.

14 MR. CHAIRMAN: Again, thank you for those  
15 comments. Karen, I was just kidding with you. It  
16 is --

17 MS. CRAGNOLIN: I know.

18 MR. CHAIRMAN: -- okay.

19 MS. RASH: Note that, John.

20 MR. CHAIRMAN: Further comments? Ron?

21 MR. BEANE: No. I make a motion we  
22 adjourn.

23 DR. BRANNON: Second.

24 (Comment off the record.)

25 MR. CHAIRMAN: All kidding aside. Motion

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seconded. So many as favor the motion, signify by saying "Aye."

TRUSTEES: Aye.

MR. CHAIRMAN: Opposed, "No"?

TRUSTEES: (No response.)

MR. CHAIRMAN: All right.

*(Meeting adjourned at 12:36 p.m.)*

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 the
Sheraton Four Points, 500 Caitboo Avenue, Cary, North
Carolina, on the 15th day of February, 2010.

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 February, 2010.

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