

Board of Trustees
Clean Water Management Trust Fund

Minutes of Meeting
Monday, June 14, 2010

2728 Capital Boulevard

Room 1H-120

Raleigh, North Carolina

8:31 a.m



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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 Bass, Sr., Wentworth
Dr. YeVonne Brannon, Raleigh
Dr. Norman Camp, III, Raleigh
Karen Cragnolin, Asheville
Rance Henderson, Morganton
William Hollan, Winston-Salem
Kevin Markham, Cary
Charles W. McGrady, Hendersonville
John McMillan, Raleigh
Preston Pate, Newport
Peter Rascoe, III, Edenton
Claudette Weston Winston-Salem
Jerry Wright, Jarvisburg
Charles Johnson, Greenville
Joseph M. Hester, Jr., Rocky Mount

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

ALSO PRESENT:

Dick Ludington, Conservation Fund
Tom Cors, The Nature Conservatory
Lisa Riegel, NHTF
Jay Leotze, SAHC
Rusty Painter, Conservatory Trust of North Carolina
Rick Studenmund, The Nature Conservatory
Cari Jenkins, Tar River Land Conservatory
David Knight, N.C. Dept. of Environmental Natural Resources
Leah Bradshaw, TNC
Jules Weston
Jennifer Fitts, Standback Summer Intern

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A G E N D A - (Continued)

- I. Discussion of Allocation of Unencumbered Funds to Funding Committees - Chairman Baddour (Action Item) 74**
The Chairman will ask for discussion on how to direct to the three funding committees monies generated through unencumbrances of 2008 and pre-2008 projects (see Agenda Items E-B, G-B and H-3-E). If all potential funds for the unencumbrance are approved by the Board, then the total balance available to direct to the funding committees is \$5,801,728.15. At their February 2010 meeting, the Board directed staff to accumulate all reverted funds for their consideration and allocation as part of this agenda item.
- J. Discussion of 2008 Projects Remaining to be Encumbered - Chairman Baddour (Action Item)**
On Sunday, the three funding committees (acquisition, restoration/stormwater/greenways and infrastructure/wastewater) met to review the spreadsheets that summarize the responses from the remaining 2008 projects and to prepare for the Board's consideration a set of recommendations for managing the remaining 2008 projects in the coming fiscal year. The recommendations relate to:
1. Requests for grant award withdrawal
 2. Prioritization of projects to encumber with FY 2010/2011 funds
 3. Identification of projects which can wait for CWMTF funding until fiscal year 2011/2012
- The Chairman will lead the Board in a review and discussion of the committees' recommendations and potential board action.
1. Acquisition Committee (See Agenda Item H-1-B)
 2. Infrastructure/Wastewater Committee (See Agenda Item H-2-B)
 3. Restoration/Stormwater/Greenways Committee (See Agenda Item H-3-B)

A G E N D A - (Continued)

- K. Discussion of Review Process for 2010 Applications 99**
 Richard Rogers (Discussion Item)
 Staff has been working to restructure the grant application review process to assure that all applicants receive a complete evaluation of their proposed projects and to increase our efficiency in the development of scopes of work, contracts, recommendations and project presentations. This restructuring is especially important given the limited funds that the board will have to allocate to new projects. Staff will seek the Board's input on how best to present 2010 applications to the Board.
- L. Consent Agenda Item: Ratify Chairman/Co-Chair and Staff Decisions Made per the Decision Matrix 115**
 In November 2007, the Board approved a streamlined process for determining the review path for the multitude of grant recipient requests for project changes, budget reallocations and adding new line items to an approved budget. A table of requests and decisions made since the Board's last review of these type decisions in June 2009 is included in the supplemental information.
- M. Discussion 119**
- N. Adjourn 122**

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P R O C E E D I N G S

CHAIRMAN BADDOUR: We'll come to order. All of you are welcome. Glad to have you here. I would like to ask Penny Adams if she would call the roll.

MS. ADAMS: Mr. Phil Baddour?

CHAIRMAN BADDOUR: Here.

MS. ADAMS: Mr. Bass?

MR. BASS: Here.

MS. ADAMS: Mr. Beane?

(No audible response)

MS. ADAMS: Ms. Brannon?

DR. BRANNON: Here.

MS. ADAMS: Mr. Camp?

DR. CAMP: Here.

MS. ADAMS: Ms. Cragolin?

MS. CRAGOLIN: Here.

MS. ADAMS: Mr. Crumpler?

(No audible response)

MS. ADAMS: Mr. Henderson?

MR. HENDERSON: Here.

MS. ADAMS: Mr. Hester

(No audible response)

MS. ADAMS: Mr. Hollan?

MR. HOLLAN: Here.

MS. ADAMS: Mr. Johnson?

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MR. JOHNSON: Here.

MS. ADAMS: Mr. Markham?

(No audible response)

(Arrived after roll call)

MS. ADAMS: Mr. McGrady?

MR. McGRADY: Here.

MS. ADAMS: Mr. McMillan?

MR. McMILLAN: Here.

MS. ADAMS: Mr. Pate?

MR. PATE: Here.

MS. ADAMS: Mr. Rascoe?

MR. RASCOE: Here.

MS. ADAMS: Ms. Rash?

(No audible response)

MS. ADAMS: Mr. Thomas?

(No audible response)

MS. ADAMS: Mr. Vaughan?

(No audible response)

MS. ADAMS: MS. Weston?

MS. WESTON: Here.

MS. ADAMS: Mr. Wright?

MR. WRIGHT: Here.

CHAIRMAN BADDOUR: General Statue 138A
mandates that the Chair inquire as to whether any
trustee knows of any conflict of interest or the

1 appearance of a conflict of interest with respect to
2 matters on the agenda. If any trustee knows of a
3 conflict of interest or the appearance of a conflict of
4 interest, please so state at this time. Ms. Cragnolin?

5 MS. CRAGNOLIN: Mr. Chairman, thank you very
6 much. I will recuse myself from discussion and vote on
7 2008-060, 2006A-402, 2008-422 and 2005 --.

8 CHAIRMAN BADDOUR: Thank you very much. And
9 you went so fast I couldn't get them written down. Do
10 you have them? Karen, would you mind just making a
11 little --

12 MS. CRAGNOLIN: Sure.

13 CHAIRMAN BADDOUR: -- pencil it out and let
14 us have it so when we get to it, we can note that in
15 the minutes. Okay. Thank you.

16 MS. CRAGNOLIN: Thank you.

17 CHAIRMAN BADDOUR: Anyone else?

18 (No audible response)

19 CHAIRMAN BADDOUR: I think Kevin might when
20 he comes in. We'll be sure to ask him.

21 Are there any revisions, additions to
22 the agenda?

23 (No audible response)

24 CHAIRMAN BADDOUR: If not, do I hear a motion
25 that the agenda be adopted?

1 MR. McMILLAN: So move.

2 UNIDENTIFIED TRUSTEE: Second.

3 CHAIRMAN BADDOUR: Discussion?

4 (No audible response)

5 CHAIRMAN BADDOUR: Hearing none, so as many
6 in favor of the motion, say "aye."

7 BOARD MEMBERS: Aye.

8 CHAIRMAN BADDOUR: Opposed, "no."

9 (No audible response)

10 CHAIRMAN BADDOUR: The "ayes" have it. I'd
11 ask you to put your cell phones on vibrate or cut them
12 off completely. All of you have had -- been sent to
13 you the transcript from the February 2010 meeting, and
14 do I hear a motion that the minutes of that meeting be
15 approved?

16 MR. BASS: I move they be approved.

17 MR. WRIGHT: Second.

18 UNIDENTIFIED TRUSTEE: Mr. Chairman, I've
19 just got two typographical errors, which I'll give to
20 Penny, on page 7 and page 39.

21 CHAIRMAN BADDOUR: Go ahead and read them
22 into the record, if you would.

23 UNIDENTIFIED TRUSTEE: Well, the first one
24 we've got, they corrected Dr. Brannon to make her Dr.
25 Brannon, but they didn't correct Dr. Camp to make him

1 Dr. Camp on line 14. And then coming down onto line 23
2 on page 39, Reid Wilson is R-e-i-d. Believe it or not,
3 I read these minutes. I didn't catch any other
4 mistakes.

5 CHAIRMAN BADDOUR: I think that -- I think
6 that's pretty incredible, actually.

7 MR. BASS: It is indeed.

8 CHAIRMAN BADDOUR: Okay. Okay. So, the
9 motion is to approve the minutes as corrected, right,
10 Mr. Bass? And seconded. Is there any further
11 discussion?

12 (No audible response)

13 CHAIRMAN BADDOUR: So many as favor the
14 adoption of the motion to approve the minutes as
15 corrected, say "aye."

16 BOARD MEMBERS: Aye.

17 CHAIRMAN BADDOUR: Opposed, "no"?

18 (No audible response)

19 CHAIRMAN BADDOUR: The "ayes" have it. I
20 don't see any Advisory Committee members here. Is
21 there -- now is the time for public comment. Is there
22 anyone that would like to address the Board?

23 MR. ROGERS: Mr. Chairman, I would like to
24 just take a minute. And if Jennifer Fitts will come
25 up, she's our Standback intern for the summer, and

1 she'd just like to take a couple minutes to give y'all
2 a little briefing on the project that she -- she is
3 working on. We're extremely glad to have her with us.
4 She's been working diligently on her project. So,
5 Jennifer, take it away.

6 MS. FITTS: Thank you. I know I've met a few
7 of you before, but I did want to introduce myself
8 formally. As Richard said, my name is Jennifer Fitts.
9 I am graduate student at Duke right now, and I'll be
10 starting my second year at school after the summer's
11 over. I am here with Clean Water through the summer
12 Standback Internship Program, and I have two main
13 projects.

14 My first is sort of building off what the
15 Standback intern last summer did. Working on sort of
16 quantifying the economic value of conserving land
17 because, as we all know, money speaks pretty -- pretty
18 loudly and clearly to decision makers. So, Charles,
19 last year's intern did a really good job of graphing
20 all the benefits of conserving land those accrued to
21 the State individuals and all different parties. And
22 so I'm kind of focused on the cost aspect of it, and so
23 I've been looking a lot at like property taxes and
24 income taxes and maintenance costs and things along
25 those lines just to sort of bring together the whole

1 picture and put something together that can be
2 presented and hopefully help persuade decision makers
3 about the importance of conserving land.

4 And then I'm also working sort of on the side
5 on a project to -- to help coordinate funding efforts
6 for land conservation and things along those lines with
7 the Environmental Finance Center out of Boise State.

8 So, those are my two main things, and then I
9 guess however else I can be helpful and that's
10 basically what I'm doing.

11 CHAIRMAN BADDOUR: Well, we're very glad to
12 have you with us, Jennifer. And do I assume that at
13 the end of the summer that maybe we'll get a report?

14 MS. FITTS: You may assume that, yes.

15 CHAIRMAN BADDOUR: We will look forward to
16 it.

17 MS. FITTS: Thank you.

18 MR ROGERS: We'll make sure that that
19 happens.

20 CHAIRMAN BADDOUR: Okay. Richard, time for
21 your -- your report.

22 MR. ROGERS: Thank you, Mr. Chairman. Today,
23 I'll take a few minutes. I guess the main topic -- one
24 of the main topics is our legislature's in session to
25 bring y'all up to speed on the goings-on over in the

1 legislature, is my main intent, and then talk a little
2 bit from an organizational perspective about what we're
3 doing internally that y'all might find of interest as
4 it relates to the work of the Board and our program.

5 The legislature has been on -- I don't know --
6 - moving extremely quickly with regards to the budget
7 process this year, and the efforts that they have made
8 in working through the budget process has put them in
9 the situation of where they're already at conference
10 with the House and the Senate budgets.

11 As you recall, the Governor put in \$50-
12 million for Clean Water Management Trust Fund in her
13 budget. The Senate concurred with that when it passed
14 its budget just the third -- second or third week in
15 May. And the House put \$50-million in its budget as
16 well when it passed its budget a week ago, a little
17 over a week ago.

18 So in -- in -- in normal times, this is
19 extremely good news. Our expectation, and I think, was
20 to be funded at 50 million. It was in the first -- in
21 the bi-annual budget and retaining and maintaining that
22 number, I think, is a -- is a great thing. And I
23 thought that I would be jumping up and down and
24 skipping all around at this time knowing that we were
25 not in conflict with regards to the Senate and the

1 House, which I think has happened only once before in
2 the 14 years of the legislative appropriating funds to
3 Clean Water.

4 However, there does appear to be a \$500-
5 million hole potentially in the budget because of some
6 Medicaid issues and reliance on the current House and
7 Senate budget on federal funds coming in.

8 So, checking in with the leadership in -- in
9 both houses, I think we are still in good stead. They
10 have been quick to remark that there is no difference
11 between us and them -- or the Senate and the House, and
12 there tends to be support.

13 I think the question remains is as pressure
14 builds on coming up with 500 million, exactly where
15 they're going to look and pull those funds and -- and
16 fill that gap. There's a potential now that they won't
17 have to, that the feds will come through. And I think
18 the idea is in the legislature to wait this week and
19 see how the process moves at the federal level. But
20 there's also, I think, a renewed effort in both houses
21 to come up with an alternative budget that will
22 accommodate the 500 million in the state budget.

23 We will be keeping our eyes on that about how
24 that goes. The subcommittees begin today to looking at
25 the differences in their budget. They normally come

1 out with rules for the subcommittees that doesn't allow
2 those items that had been agreed upon to be discussed,
3 and we hope that stays there.

4 I think the bigger picture of the 500 million
5 is what we're going to keep our eye on, and we will be
6 reporting out on the progress there.

7 In any event, the time line on finalizing the
8 budget is to have the Conference Committee report out
9 by the end of this month prior to the first of the
10 fiscal new year. So they seem to say that they're
11 going to stay on that schedule, and we hope they do.
12 And we hope that they work that federal funding issue
13 out without any impact to us.

14 I don't know. I'll pause here if there's
15 questions with regards to the -- the budget. My sense
16 is we're in about the best place we could be and just
17 trying to better understand the process that they'll
18 use to potentially come up with \$500-million is what
19 we'll be looking at this week. And, again, through e-
20 mail, we'll keep y'all apprised of how -- how things
21 are moving forward there.

22 CHAIRMAN BADDOUR: Any questions?

23 (No audible response)

24 CHAIRMAN BADDOUR: I just want to thank
25 Richard, our legislative chair, John McMillan, all of

1 you who have talked with your legislators and the Land
2 Trust community, actually, has been extremely active
3 this year in lobbying on our behalf. Anything else,
4 Richard?

5 MR. ROGERS: There -- there are a couple of
6 substantive pieces of legislation that I want to make
7 y'all aware. We just passed those out. These -- these
8 pieces of legislation that we -- we handed out -- Lord,
9 I don't think I've got a copy of it.

10 CHAIRMAN BADDOUR: Here you go.

11 MR. ROGERS: Is -- are legislation that have
12 come out of the Water and Wastewater Infrastructure
13 Commission that was established last year by the
14 General Assembly. I am a sitting member on that --
15 that commission representing Clean Water Management
16 Trust Fund.

17 And there were several -- several pieces that
18 came out as interim report, and both bills -- or all
19 three of the bills that you have, the intent is to
20 report back to the Commission for them to make a
21 decision with regards to them. Let's start -- there --
22 there's two kind of packets of the bills.

23 One bill is House Bill 1744. It has a
24 companion bill, Senate Bill 1293, Modify Water Funding
25 Priorities. What this bill does is it takes the common

1 criteria, which is incorporated into our scoring and
2 makes some changes to that. The changes that it makes,
3 I think, are -- are fine. There is one issue that I
4 think that we need to -- need to look at and that we're
5 working on.

6 The basic changes in the recommendations that
7 are in the Bill is that they're going to add
8 requirement for asset management, and this is all
9 dealing with Wastewater for the most part. Asset
10 management in the local governments that are -- qualify
11 for grant funding. Asset management is basically
12 understanding the needs of your system over the long-
13 term, the depreciation and what you need to maintain
14 your system so that you have an idea of the rates you
15 need to charge and what it takes to maintain a system
16 in perpetuity so that it's long-term planning and --
17 and management of a system.

18 And, oftentimes, we do run into these issues
19 where these systems don't understand and they don't
20 communicate to their commission members the value and
21 the importance of maintaining and keeping money going
22 back into the systems to -- to keep them operating as
23 efficiently and effectively as they need to and also
24 minimize their need to come to the State for grant
25 funding in order to -- in order to fix some of their

1 issues and problems.

2 Another change that they have is on page 3,
3 Item 9, and it's dealing with the high unit cost
4 threshold. And it's interesting to try to explain to a
5 legislative committee , and there's been several
6 attempts. And I -- I don't know whether they've done
7 it yet. Fortunately, the Board members here are
8 familiar with it because of our work with wastewater
9 projects and the fact that it's the threshold that we
10 use to allow folks to be eligible for funding.

11 And, basically, what they're doing is looking
12 at the high unit threshold, not removing that but
13 keeping it, and wanting priority put on those folks
14 that go over and above the high unit cost threshold.
15 And one thing that Larry already does is he already
16 gives priority points for those that go above and
17 beyond the high unit threshold, so we have a scoring
18 range that he uses to meet the minimum standard. But
19 if you start going above that minimum standard, we
20 already apply extra points for that. So that is
21 something that we're already -- already doing.

22 The regionalization piece, No. 10, again is -
23 - is a great idea. We already account for
24 regionalization. However, I do want to direct you to
25 the last sentence of No. 10. It talks about the need

1 of prioritizing regionalization above. Again, it -- it
2 says that if a project demonstrates that it is not a
3 practicable project to pursue regionalization based on
4 factors, then they should get the same priority as a
5 regionalization project.

6 My sense here is that that just basically
7 guts the whole idea of regionalization and the need to
8 regionalize. And what -- one thing we're working on
9 there is to maybe take a little different approach and
10 look at the projects in a different light and to do
11 some alterative analysis, which is a process that's
12 used, and we use it in some cases, to determine the
13 best type of approach towards each project to meet the
14 -- to take care of the problem.

15 Construction Grants and Loans uses this. The
16 Rural Center also uses this. And, basically, it goes
17 through different scenarios and puts in the scenario of
18 regionalization and other cases where they can look at
19 the most effective way to address the problem.

20 And then also, they look at a -- at a least
21 cost modeling as well, which I think gets to the point
22 of if regionalization is the best answer, then you
23 prioritize regionalization. But if regionalization is
24 not an option, then you go to the -- the other
25 alternative that is the best case scenario for

1 resolving that issue.

2 We're working with the legislature on that,
3 and any input y'all might have or thoughts y'all have
4 on that as well, I'd be glad to take that up with you,
5 and you're welcome to -- to have input. But that's one
6 of the -- one of the bills that we're -- we're working
7 on right now.

8 The other bills is (sic) a combination of
9 bills that are similar in nature, The Water
10 Infrastructure Needs Information Gap as well as the
11 Waste Infrastructure Data Base. The purpose of these
12 bills is trying to gather information on state funded
13 wastewater and water projects so that reports can be
14 put out that kind of summarize all the efforts by all
15 the State agencies on all the wastewater projects.

16 As y'all recall, in February I reported to
17 you that we were working with the Rural Center and the
18 other State funding agencies to bring a data base or a
19 spreadsheet together so that we can bring this
20 information to the legislature. We've implemented a
21 common application process for our projects.

22 This is Senate Bill 1749, is looking at a way
23 to expand a need survey that's done by the Water Supply
24 Division on a four-year basis so that it incorporates
25 needs that are out there, not only from Water Supply

1 but also Wastewater.

2 1746, as it was originally drafted, kind of
3 wanted to set up and look at a whole new data base and
4 funding of a data base for the legislature to bring
5 this information together. My sense in that is that
6 we've got the agencies agreeing and working together
7 and that we can do that and that we've -- you'll see
8 revised language in 1746 that I think better -- better
9 states the need to look at it and further assess how we
10 can better inform folks and report out to the
11 legislature as well as the trust funds with regards to
12 our efforts.

13 The idea here is that we're going to merge
14 these two bills and bring them together, and then we'll
15 study them as -- after the legislature goes home in the
16 interim at -- in the -- at the Commission.

17 So, those are the -- some of the legislation
18 that's being moved, and we're -- we're -- we're working
19 on that. Questions?

20 CHAIRMAN BADDOUR: Karen?

21 MS. CRAGNOLIN: Is this sort of laying the
22 groundwork for some kind of a statewide bond referendum
23 or something to address the issue, which is huge?

24 MR. ROGERS: Yeah. I think the -- the idea
25 and I think the concept is that we need to get a better

1 handle on what the needs are and we have with
2 wastewater. There's a Water 2030 report that was put
3 out several years ago, but there was no mechanism or it
4 was not funded so that the information could be updated
5 with regards to the needs as we go across the State.

6 We're looking for a method and -- and a way
7 to gauge the needs from a statewide perspective so that
8 it guides the legislature on the infrastructure needs
9 that are out there so that then they can look at the
10 funding opportunities and how much that -- money they
11 need to put towards these efforts in order to take care
12 of those needs.

13 CHAIRMAN BADDOUR: Any other questions or
14 comments?

15 (No audible response)

16 CHAIRMAN BADDOUR: Okay. Richard?

17 MR. ROGERS: And, quickly, the -- on my
18 outline, the topic is "Adaptation," and this is
19 basically just a little review of -- of what we've done
20 organizationally. We have -- we have streamlined
21 ourselves, reduced our administrative budget, but the
22 effort is that we still maintain and even increase some
23 of our services.

24 And some of the points that I wanted just to
25 bring out on our efforts in that is that we talked a

1 little bit about out outreaching education. Our
2 postcards have been something that we've worked on. I
3 want y'all to know that we -- we feel like it's a
4 positive way. The whole idea behind that was to bring
5 a connection to projects and the legislators in their -
6 - in their districts, and we did that through the
7 picture the postcard. We did it through a summary of
8 what the project did for the region. And then also
9 within that postcard, we worked hard at getting a quote
10 from a local that legislators and others would know
11 about the benefits of the project.

12 We plan to continue that. And I think one
13 thing that we'll do to help us continue that is
14 probably incorporate a little language in our contracts
15 that requires a brief summary of the project, the
16 benefits as well as a quote from a sitting official so
17 that we have that information and we can just roll it
18 on into postcards as our projects close. And I think
19 that'll be a great effort that we'll continue.

20 We've also talked about reorganizing those in
21 some format to produce an annual report. All the ones
22 that we have produced are up on our website. Please go
23 to that.

24 That leads me into another matter, is the
25 website itself has been updated, and we have a new

1 look. I encourage y'all to go to it, take a look at
2 it. I want to thank Will Summer for his work on it.
3 There -- we're still working out some kinks in it but
4 are looking forward to use. I think it is extremely
5 more accessible and more intuitive with regards to
6 finding the information you need that we have on that
7 website.

8 Another thing that we've been doing and
9 helped to promote the postcards is our field reps, of
10 course, have been going to site and closing out of
11 sites and monitoring and doing some site assessment on
12 projects.

13 We found that what that has done has really
14 helped us re-engage with these projects that are
15 ongoing. I think the folks in our folks -- our
16 grantees have appreciated it and given us a lot of
17 information about the process, how it's gone, and we're
18 incorporating that feedback into our -- our
19 administrative process, which brings me to grant
20 administration.

21 One of our -- we've reorganized ourselves in
22 a way that I think that we will better administer
23 grants. One of the priorities, especially noted since
24 our reduction in funding, is that we have got to be
25 good stewards of the State funds. And we see this

1 through our ability to do that through our grant
2 administration.

3 We talked a little bit about the issue
4 yesterday with regards to restoration of donated
5 easements that we've run into. Our efforts are to make
6 sure that we do steward the funds appropriately, and I
7 think the other effort is trying to make sure that we
8 communicate back with our grantees and work with them
9 on making sure we get the money back to them as quickly
10 as possible.

11 Our turnaround time on invoices is increasing
12 -- or decreasing, I should say, and we're doing a
13 better job at that and getting money out the door. And
14 we're also working diligently to make sure that we
15 monitor our contracts and get them closed out on time,
16 and we will continue that.

17 Our organizational effectiveness, I think, is
18 another priority that we're working on. And one thing
19 that we'll do, and I'll go into a little more detail
20 when we get to it, but the 2010 application review is
21 something that we have changed. And we'll go into a
22 little more detail with regards to that.

23 As always, we appreciate your feedback and
24 want your feedback. We know you're out there talking
25 to folks, and anytime you chat with our grantees and

1 have information, just let us know. If there's issues,
2 we'll be glad to address them, but we'd appreciate any
3 kind of feedback we can have from the Trustees.

4 Mr. Chairman, that ends my report.

5 CHAIRMAN BADDOUR: Any questions of Richard?

6 (No audible response)

7 CHAIRMAN BADDOUR: John McMillan?

8 MR. McMILLAN: Mr. Chairman, there are a
9 couple more bills I might mention. One is Senate Bill
10 1169 innovation transfer bill. That's a placeholder
11 to take any settlement that comes out of the North
12 Carolina - South Carolina litigation involving water
13 with respect to the Catawba River, and it -- it really
14 is almost a blank bill at this point.

15 The second bill is Senate Bill 1170 and this
16 companion House bill as well dealing with modeling of -
17 - of the river basins and requiring DENR to move
18 forward with modeling of those basins. There are some
19 issues with respect to that bill as well, but these are
20 Study Commission bills that I imagine some of them will
21 move forward, in sort of, in line with these others
22 that Richard talked about.

23 CHAIRMAN BADDOUR: Dr. Brannon?

24 DR. BRANNON: John, is that -- House Bill
25 1763, is that something different in terms of water

1 modeling? Because I was going to ask about that
2 myself.

3 MR. McMILLAN: They're a companion bill.
4 One's a House bill and one's a Senate bill.

5 DR. BRANNON: Oh, is that what it is?

6 MR. McMILLAN: They're identical bills and --
7 and neither one of them have moved yet.

8 CHAIRMAN BADDOUR: Anything else?

9 (No audible response)

10 CHAIRMAN BADDOUR: Okay. Moving along with
11 the agenda, Frank, do you have a report for us?

12 MR. CRAWLEY: The Crawford Creek conservation
13 easement litigation that was concluded in the Superior
14 Court last summer and the briefs were filed at the
15 Court of Appeals in the fall, we're still waiting to
16 hear from The Court. And maybe after I speak today
17 I'll go to the website which they put the opinions out
18 every other Tuesday, and maybe it'll be there tomorrow.
19 That's it.

20 CHAIRMAN BADDOUR: We'll see, huh? Okay.
21 We'll now move on into our committee reports, and I'll
22 call on Claudette Weston to report for the
23 Administrative Committee.

24 MS. WESTON: Thank you, Mr. Chairman. We
25 have two action items for the Administrative Committee.

1 The first is a request to make funds
2 available for the 2008 grant contracts. There are 36
3 projects and, as you can see on your supplemental
4 materials, there are funds to unencumber from a closed
5 or withdrawn projects and funds to unencumber from
6 ongoing projects.

7 And our committee has recommended that we
8 accept the staff recommendation to unencumber a total
9 of \$4,616,492.32 and use these funds to encumber
10 additional 2008 projects as specified by the Board in
11 Agenda Item 1.

12 CHAIRMAN BADDOUR: Okay. You've heard the
13 committee motion. Is there -- is there any discussion?

14 (No audible response)

15 CHAIRMAN BADDOUR: So many as favor the
16 motion of the committee as stated by Chairman Weston,
17 signify by saying "aye."

18 BOARD MEMBERS: Aye.

19 CHAIRMAN BADDOUR: Opposed, "no."

20 (No audible response)

21 CHAIRMAN BADDOUR: The "ayes" have it.

22 MS. WESTON: And our second action item is to
23 adopt the budget as presented by staff as an interim
24 budget until next year's appropriation is finalized.
25 And anybody that wasn't here, I think we went over this

1 pretty thoroughly. I personally think our staff's done
2 a great job with cutting back as much as they can
3 without cutting their retirement or their health
4 benefits, or whatever. And I told Bill this morning if
5 Stan approves it I'm pretty sure it's -- it's good.
6 So, that's our motion, Mr. Chairman.

7 CHAIRMAN BADDOUR: Okay. And that -- that
8 budget appears in -- as a summary in Agenda Item EC-2
9 and EC-3 as -- in it's complete form.

10 Are there any -- any discussion, any
11 questions, then, about the -- about the budget? We
12 talked about it, I think, yesterday. Any of those who
13 were not here, if you have any questions or comments.
14 Richard, is there any comment you want to make?

15 MR. ROGERS: There's not, but there -- there
16 is Agenda Item E -- I'm sorry -- Agenda Item C which
17 basically gives a summary of our current overall
18 financial status at the end of April 30th. Please take
19 a look at that. The one note that I want to do -- say
20 on that is it references line 25, is that basically,
21 we've got two contracts that we don't have encumbered
22 that we are intending to have encumbered, and it's
23 about, I would say, a total of \$3-million total that
24 are unencumbered right now. All other funds associated
25 with us are encumbered and otherwise allocated.

1 So, I think that is a big difference in where
2 we were in 2008 and 2009 and just wanted to -- to point
3 that out to you. Thank you.

4 CHAIRMAN BADDOUR: Further discussion?

5 (No audible response)

6 CHAIRMAN BADDOUR: So many as favor the
7 motion of the committee to adopt the budget as
8 presented, signify by saying "aye."

9 BOARD MEMBERS: Aye.

10 CHAIRMAN BADDOUR: Opposed, "no."

11 (No audible response)

12 CHAIRMAN BADDOUR: The "ayes" have it.

13 MS. WESTON: That's my report.

14 CHAIRMAN BADDOUR: That report. Okay. We
15 will then move to the committee report for
16 infrastructure and wastewater, and I think Chairman
17 Rascoe --

18 CHAIRMAN BADDOUR: Oh, I'm sorry. Excuse me.

19 MS. MCGEE: Acquisition --

20 CHAIRMAN BADDOUR: I did administration. - I
21 skipped acquisition and would never want to do that. I
22 think Chuck McGrady --

23 MR.MCGRADY: Well, we've got -- we've got
24 actually the Program Committee.

25 CHAIRMAN BADDOUR: I'm just jumping all over

1 the place, then. All right. I am --

2 MR. MCGRADY: Well --

3 CHAIRMAN BADDOUR: -- going to skip the break
4 for now, since we've only been here a half -- that's
5 okay, isn't it?

6 MR. MCGRADY: That's okay.

7 CHAIRMAN BADDOUR: All right. My apologies.

8 Let's go to the Program Committee, then, and
9 that was coach -- that was chaired yesterday by Mr.
10 Bill Hollan. Bill?

11 MR. HOLLAN: Thank you, Mr. Chairman. The
12 Program Committee met yesterday. We reviewed the
13 Agenda Item handouts GB-1 and GB-2 and got reports on
14 them from Cherri Smith and Christopher Fipps, and the
15 Board of the Committee came up with four
16 recommendations for action to be taken by the Board.

17 In the first case, Agenda Item GB-1 details
18 some funding recommendations for proposals for
19 management funds. The background on this is that in
20 February, we set aside \$20,000 and requested proposals
21 from various of our stewardship eligible entities for
22 work that would be in excess of normal monitoring. We
23 got 14 different proposals in. The staff's reviewed
24 them. And based on -- on their review, they recommend
25 that \$17,042.25 be approved for these proposals as

1 detailed on GB-1, and the committee would recommend --
2 the committee recommends to the Board that we accept
3 the staff's recommendation.

4 CHAIRMAN BADDOUR: Okay. You've heard the
5 committee recommendation, which we take as a motion
6 from the committee. Is there any -- any discussion,
7 any questions?

8 (No audible response)

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

12 BOARD MEMBERS: Aye.

13 CHAIRMAN BADDOUR: Opposed, "no."

14 CHAIRMAN BADDOUR: The "ayes" have it. Mr.
15 Hollan?

16 MR. HOLLAN: Mr. Chairman, as detailed on
17 Agenda Item GB-2, since our last meeting, 17
18 acquisition projects have closed out, and we got a
19 calculation of the stewardship budgeted amount. Some
20 amounts of interest that were earned in the interim,
21 some stewardship payments have been paid out, and there
22 was a net of \$378,334.64, which ought to go into the
23 stewardship fund.

24 In addition, one of the applicants had an
25 error in its calculation, that being 2007 code 21

1 Mineral Springs, and they put in only one year of
2 monitoring, and so that's been grossed up to reflect
3 the stewardship award to which they're entitled.

4 The total of the 378 and the 25,000 is
5 \$403,894.64, which the staff recommends be transferred
6 to the endowment fund, and the committee recommends
7 that we accept that staff recommendation and that
8 \$403,894.64 be transferred to the stewardship endowment
9 fund.

10 CHAIRMAN BADDOUR: Okay. Okay. You've heard
11 the committee's motion. Is there any discussion or any
12 -- any questions?

13 (No audible response)

14 CHAIRMAN BADDOUR: Hearing none, so many as
15 favor the adoption of the motion by the committee to
16 transfer the \$403,894.64 into the endowment, signify by
17 saying "aye," the endowment fund.

18 BOARD MEMBERS: Aye.

19 CHAIRMAN BADDOUR: Opposed, "no."

20 (No audible response)

21 CHAIRMAN BADDOUR: The "ayes" have it.

22 MR. HOLLAN: Thank you, Mr. Chairman. As
23 further outlined on this Exhibit, GB-2, the staff
24 recommended that \$11,000 of -- of these -- of remaining
25 unencumbered funds be set aside for management of some

1 of these projects for one year to enable interest to
2 start to build up on the account and that we continue
3 the management funds program by allocating another
4 \$20,000 this year.

5 That would leave a total of \$485,235.83 in
6 funds which represents the net savings on these
7 projects and -- and that those funds be unencumbered
8 and made available for other acquisition purposes.

9 CHAIRMAN BADDOUR: Okay. You've heard the
10 motion to unencumber the remaining amount of
11 \$485,235.83 and to retain those funds for acquisition
12 projects, I think is the way it read. So, is there any
13 discussion on that motion?

14 (No audible response)

15 CHAIRMAN BADDOUR: Hearing none, so many as
16 favor the adoption of the motion from the committee,
17 signify by saying "aye."

18 BOARD MEMBERS: Aye.

19 CHAIRMAN BADDOUR: Opposed, "no."

20 (No audible response)

21 CHAIRMAN BADDOUR: The "ayes" clearly have
22 it. Mr. Hollan.

23 MR. HOLLAN: Finally, Mr. Chairman, the
24 committee would recommend that the Board give the
25 authority to the staff to automatically transfer

1 stewardship funds into the stewardship endowment when
2 acquisition projects with stewardship funds attached to
3 them to close out.

4 CHAIRMAN BADDOUR: Okay. You've heard the
5 motion. Is there any discussion?

6 (No audible response)

7 CHAIRMAN BADDOUR: Hearing none, so many as
8 favor the adoption of the motion, signify by saying
9 "aye."

10 BOARD MEMBERS: Aye.

11 CHAIRMAN BADDOUR: Opposed, "no."

12 (No audible response)

13 CHAIRMAN BADDOUR: The "ayes" have it.

14 MR. HOLLAN: Mr. Chairman, that concludes the
15 action. There was a little bit of discussion about the
16 low interest rates and the extent to which they may or
17 may not be earning enough to cause the amounts expended
18 to -- to be there in perpetuity, but I think we need to
19 review that at a future time. So, that concludes the
20 report.

21 CHAIRMAN BADDOUR: Well, thank you very much
22 for that report. And, as I did yesterday, I think it
23 is really -- it's almost a momentous occasion today
24 because there has been a lot of work over -- with a lot
25 of people really. Our staff has done a lot of work

1 finally bringing to fruition our ideas and the concepts
2 that we adopted with regard to handling the stewardship
3 funds that involved legislation that Mr. McMillan was
4 instrumental in getting passed, and I -- I -- I think --
5 -- I think it's a really good thing that we have done.
6 We've made some good decisions as a Board, and I -- I
7 thank the staff for the -- for the implementation of
8 this. And it seems to me that going forward, we're on
9 the right track and it ought to be pretty easy to
10 implement. So -- not as easy as I think it's going to
11 be. I know when I say that, staff says, "Well, it's
12 not that easy." Okay.

13 Without controversy. Let's put it that way.
14 Maybe that's a better way to say it.

15 MR. HOLLAN: Thank you, Mr. Chairman. And as
16 I did yesterday, I -- I want to remind those in this
17 room who weren't here when this came up and -- and --
18 or who were here to tell those who were not that the
19 idea for this came directly from you and it was through
20 your efforts that much of this was accomplished. And I
21 was a skeptic early on, and I've -- you've convinced
22 me. So, thank you very much.

23 CHAIRMAN BADDOUR: Well, thank you for those
24 kind remarks. Okay.

25 Now, with that, we now can move on to the

1 Funding Committees, right, Richard?

2 MR. ROGERS: Yes, sir.

3 CHAIRMAN BADDOUR: Am I right now?

4 MR. ROGERS: Yes, sir.

5 CHAIRMAN BADDOUR: Okay. So, we go to the
6 Acquisition Committee, and I'm going to call him
7 Representative in Waiting and Already Elected McGrady.

8 MR. McGRADY: I think I thank you, Mr.
9 Chairman. Staff has just handed out a green sheet,
10 which I understand reflects the recommendations that my
11 Committee sitting as a Committee as whole made
12 yesterday, and I'll -- I'll run through it quickly and
13 then Tom or Richard will correct me if I made any
14 mistakes.

15 You'll see, and I'm on line 15 and 16, the
16 two projects that -- that we've moved up and are
17 subject to a motion that was made.

18 Then, on the very back on the bottom, one of
19 our first actions was to accept several withdrawals,
20 and they're lines 63 through 70 there.

21 Next, there were a number of projects
22 following a questionnaire that was -- was put out by
23 staff over the Chairman's signature to the various land
24 trusts regarding all of these projects, and a number of
25 -- of land trusts indicated and agencies indicated that

1 they could delay the closings on their projects until
2 2011, thus giving us a little more flexibility with --
3 with our money, and that's reflected in lines 53
4 through 61 with the committee recommending that we
5 accept those offers to delay closing on those projects.

6 And then, otherwise, beginning at line 17 and
7 continuing to line 51, you have all the remaining
8 projects in their order within their categories that
9 was reflected on our acquisition status sheet just
10 prior to this.

11 My understanding here is that, again,
12 assuming that we adopt all the recommendations of all
13 the committees coming forward and -- we would be able
14 to fund all of the remaining projects through line --
15 up through line 51, leaving simply the delayed projects
16 for the next financing cycle, if, again, all of the
17 recommendations here are being followed.

18 I -- I think I should add Mr. Trustee Hollan,
19 you know, expressed a concern regarding specifically, I
20 guess, project 17. That's a multi --

21 MR. HOLLAN: Line 17.

22 MR. McGRADY: It's -- it's the greenway,
23 isn't it? Carolina Thread Trail --

24 MR. HOLLAN: Yeah, it -- line 17, not project
25 17.

1 MR. McGRADY: Not project 17, line 17.

2 This is one where -- where there are a myriad
3 of different land transactions occurring, and my
4 understanding from Richard and Tom are (sic) that the
5 expectation is not that we're immediately going to put
6 a million five or anything like that into that -- those
7 projects, but they will be -- they -- they're
8 authorized to be funded. And as they become available
9 in a piecemeal fashion, they will, in fact, get funded.

10 So, if you're trying to figure out how this
11 in real life is going to work, the projects listed on
12 15 and 16 are first. You'll come down to line 18 and
13 then sort of proceed down, and -- and projects in line
14 17 will be done incrementally as opportunities present
15 themselves through the course of the year.

16 Richard, is that fair?

17 MR. ROGERS: I -- I think that's right, and -
18 - and we will come back in August and have an update
19 with regards to needs for the coming year with regards
20 to the Catawba Land -- , and we'll -- the -- the
21 commitment was for the Board to fund the remainder of
22 the three million, and we'll -- we'll provide y'all an
23 update before we take action with regard to those in --
24 in August. So, we'll update you on that.

25 MR. McGRADY: So, Mr. Chairman, there were

1 several motions offered. The -- the first one was to
2 reprioritize the two projects on lines 15 and 16.
3 Those projects were otherwise funded and only required
4 some payment of transaction costs, and the thought was
5 that the projects ought to move to the top to be
6 completed as a high priority, and the committee's
7 motion was to move those two projects to the top of our
8 priority list.

9 CHAIRMAN BADDOUR: Okay. You've heard the
10 committee motion. Is there any discussion?

11 (No audible response)

12 CHAIRMAN BADDOUR: Hearing none, so many as
13 favor the adoption of the motion, signify by saying
14 "aye."

15 BOARD MEMBERS: Aye.

16 CHAIRMAN BADDOUR: Opposed, "no."

17 (No audible response)

18 CHAIRMAN BADDOUR: The "ayes" have it.

19 MR. MCGRADY: The second motion offered was
20 to accept the grant award withdrawal request reflected
21 on lines 63 through 70.

22 CHAIRMAN BADDOUR: Okay. Now, Karen, on this
23 motion, you are recusing yourself?

24 MS. CRAGNOLIN: (No audible response)

25 CHAIRMAN BADDOUR: Okay. Now, restate that

1 motion for me again.

2 MR. McGRADY: The -- the --

3 CHAIRMAN BADDOUR: Yeah, you -- these are the
4 ones that will be withdrawn, right?

5 MR. McGRADY: That's right.

6 CHAIRMAN BADDOUR: Okay. Is there any -- any
7 discussion?

8 (No audible response)

9 CHAIRMAN BADDOUR: Let the record show that
10 Trustee Karen Cragolin has recused herself. All in
11 favor, signify by saying "aye."

12 BOARD MEMBERS: Aye.

13 CHAIRMAN BADDOUR: Opposed, "no."

14 (No audible response)

15 CHAIRMAN BADDOUR: The "ayes" clearly have
16 it. Mr. McGrady.

17 MR. McGRADY: Another motion offered was to
18 accept the offers of the various applicants with
19 respect to those projects listed on lines 53 through 61
20 to delay funding of those projects until the next
21 funding cycle.

22 CHAIRMAN BADDOUR: All right, any discussion?

23 MR. HOLLAN: Yes, sir, I have some -- some
24 questions.

25 CHAIRMAN BADDOUR: Mr. Hollan?

1 MR. HOLLAN: It -- it seems to me that we're
2 -- that we are implicitly making a decision that we
3 have said we were going to talk about and -- and
4 consider explicitly with respect to whether or not we
5 fund all of the 2008 projects before we look at all the
6 applications that we have and weigh the merits and so
7 on. And I've argued in the past and continue to
8 believe that these -- these projects were conceived in
9 2007, a totally different environment from a land value
10 point of view in the mountains and the coast where most
11 of these properties are waterfront properties come
12 from.

13 If I understand this -- this sheet, we're
14 here three -- two and a half years later, and we've got
15 projects from 23 -- line 23 down to line 25 where there
16 is not even an option or a contract with the landowner,
17 and so I don't know how anyone can -- can see that
18 there are any vested rights there. We've had no
19 discussion about the fact that we -- we awarded the
20 grants on the condition that we have State funding in
21 good faith. We did not have State funding. We've
22 attempted to deal with all of the hardships of people
23 who had taken action based on the award to put
24 themselves at some risk or jeopardy and have corrected
25 those.

1 But we are now -- and -- and we had some
2 discussion about this yesterday. I think by accepting
3 someone's offer to put off funding until 2011, we're,
4 in effect, saying, "We're committing to fund you in
5 2011," or else I think they probably would not have
6 wanted to -- agreed to those ground rules.

7 And as I hear what's happening with this
8 prioritization, we are -- we are implicitly saying,
9 "We're just going to keep going down this list and
10 funding these things with the money that we have and
11 the money that we may get, and we can do that and only
12 have 28 -- we'll have 28 million left for 2010
13 projects. That would be maybe 14 million for
14 acquisitions with \$240-million of new applications
15 coming in, some of which may be much better than these,
16 some of much -- which may be much better bargains than
17 these." And so I am -- I think we've already decided
18 that the -- what money is reverted through today would
19 -- would go to these 2008 projects. I thought we had
20 agreed that we were going to, at some point, consider
21 what to do about the remaining 2008 projects, and I --
22 I'm just reluctant to -- to vote for taking actions
23 which implicitly say, "We're going to fund these 2008
24 projects without talking about it."

25 And -- I -- and I know that I got a letter

1 from the Land Trust Community, and I think all of us
2 did, which suggested they would recommend that we do as
3 is outlined here and fund all these projects in order,
4 but -- but I -- I think we ought to consider it before
5 we take these actions.

6 And if we can do these as tentative action --
7 I'm not necessarily opposed to ordering these, although
8 I don't have enough information really to even want to
9 order these. My -- my objection to Catawba was not so
10 much the project itself. It scored 111 points. It's,
11 you know, one of the highest ranking we've got. It was
12 have they spent that money, can they spend that money
13 or going to take that money and -- and set it aside so
14 nobody else can get it.

15 We've got a military project that's got
16 matching funds from the Navy that's kind of a critical
17 deal. We've got other projects where the applicants
18 have moved ahead and expended money, and they knew they
19 don't qualify for the -- for the hardship in that they
20 expended the money before they heard that we weren't
21 going to be able to fund them. But they have expended
22 money because their options expired or something else.
23 So, there's several of those that I would want us to
24 consider giving priority to people who are out of
25 pocket money before we -- we go with projects that

1 don't even have an option on them.

2 So that -- that -- that's my concern about
3 this, is that we're -- we're going to take some action
4 today based on not having information that we maybe
5 should have before we take that information or not
6 having made a consideration that we may wish we had
7 made, or I will certainly wish we had made. Thank you.

8 CHAIRMAN BADDOUR: Okay. Chuck?

9 MR. MCGRADY: I want to -- I think Bill makes
10 the right point, and that is that by implicit in moving
11 these projects to 2011, I think any of these applicants
12 reasonably would believe that we, while moving them to
13 2011, are -- are also affirming that we're going to
14 proceed on. I mean, it -- it's just not fair to think
15 that they would have said to us, "Oh, yeah, move it to
16 2011 and, by the way, we're -- we're fine with taking a
17 risk that we're now not going to be funded."

18 So, I -- I really think that Trustee Hollan's
19 point there is -- is well stated and that -- that, you
20 know, we -- we're at a point where we've got to make a
21 decision on this sort of principle because once we're --
22 - we're moving these projects out of their priority
23 order, we're -- are we putting them at risk because
24 we're, you know, potentially next year not going to
25 proceed and -- and fund these projects?

1 So I think that's -- that's the critical
2 point, and by -- if -- if you vote for the motion that
3 the committee has put forward, I think you're really
4 saying, "We're going to proceed and fund these 2011
5 projects next time." Albeit, we're not saying that
6 explicitly yet, but that's really implicit in the
7 motion that -- that's moving forward here.

8 I -- I disagree with my colleague, though, on
9 the -- what we ought to do. I'm really sympathetic. I
10 mean, I'm sitting there looking at the 2010 projects
11 that are there, and there -- there's some really great
12 projects, one or two of which I expect to be a strong
13 advocate for and probably value higher than -- than
14 some in 2008.

15 But there are two things that -- that draw me
16 to support of -- of the committee's position here, and
17 that is that we're going to continue to fund the 2008
18 projects, both the ones that are expected to be funded
19 this year if both of these motions are accepted and
20 those put off until 2011.

21 The first is the Land Trust Community itself
22 is speaking with one voice, and they have told us
23 consistently -- and I -- I've made calls to some of the
24 executive directors to see if there's any, you know,
25 queasiness on that point. And I've -- I've heard the

1 same thing over and over again. The Land Trust
2 Community has said, "Fund the 2008 projects." We are
3 dependent upon that. We -- you know, they -- we relied
4 on that, and -- and these are still our priorities.

5 The second reason for that is -- is just that
6 we did make a commitment, and I just really feel badly
7 that we made a commitment to both these land trusts, a
8 range of landowners, and other third parties, and we
9 ought to honor that commitment, even if it's done over
10 a two- or three-year period, even if at some point we -
11 - we might have made a different decision if we had
12 known different facts. I just don't feel comfortable
13 backing off that.

14 And -- and I'm not worried about one of the
15 points that -- that Bill raised about, you know, being
16 able to buy better bargains now. I mean, each of these
17 projects is going to move forward after there are
18 another appraisal done on it. If the prices have --
19 have gone down, we're not going to be able to pay, you
20 know, the 2007 price.

21 And so I -- I'm not real concerned about the
22 -- the cost issue because I think that's going to work
23 out. We're going to see some of these prices -- prices
24 go down. Those monies will come back in. We'll
25 unencumber them and use them for other projects.

1 So I -- I would urge the Committee to first
2 support the acceptance of the 2011 delay projects
3 delayed until the next cycle and then subsequently in
4 the next motion to -- to support proceeding through the
5 other projects in their priority order.

6 CHAIRMAN BADDOUR: Did you want to make any
7 other motion, Bill, or anything, or an amendment,
8 propose an amendment?

9 MR. HOLLAN: Well, I mean, I think everybody
10 understands the issue. If -- I'm going to vote no, and
11 then I -- you know, if the nos prevail, we'll talk
12 about another motion. But I'm not -- I don't want to -
13 -

14 CHAIRMAN BADDOUR: Okay.

15 MR. HOLLAN: -- delay this process. I -- I
16 think -- I would favor spending the funds that we have
17 now and not committing the funds that we haven't even
18 gotten yet from the legislature. To commit \$8-million
19 for two years from now when we hadn't even -- hadn't
20 even started that budget, and we're taking \$8-million
21 two years from now and then taking \$20-million, or
22 whatever it is, out of the -- the forthcoming year's
23 budget. That would be --

24 CHAIRMAN BADDOUR: Yeah, let me at least say
25 this in my mind. Maybe we are implicitly doing some

1 things and maybe we are sending a signal as to what our
2 intent is about the 2008 projects. That can be in your
3 own mind. We're -- we're not going to take any action
4 today which actually spends money that we do not have
5 which has not yet been appropriated to us.

6 But in terms of the Board sending signals and
7 what its intent, then what -- whatever is the Board's
8 pleasure. So you've heard the motion of the committee,
9 which right now before us is to accept the offer of the
10 various entities to delay those projects that are from
11 53 through 61 until 2011.

12 Is there any further discussion on that
13 motion?

14 (No audible response)

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

17 BOARD MEMBERS: Aye.

18 CHAIRMAN BADDOUR: Opposed, "no."

19 MR. HOLLAN: No.

20 UNIDENTIFIED TRUSTEE: No.

21 CHAIRMAN BADDOUR: The "ayes" have it, unless
22 somebody wants to call for a division.

23 (No audible response)

24 CHAIRMAN BADDOUR: Okay. All right. Mr.
25 McGrady?

1 MR. McGRADY: The last part of the
2 committee's recommendation was to then prioritize the
3 remaining projects in their original order, and those
4 projects run from project 17 to project 51. And that -
5 - that is the motion. But, if I could, Mr. Chairman,
6 ask Mr. Rogers just to talk on the record with respect
7 to how we'll deal with projects 17 and 18 because those
8 were the -- the two on the top of the list and had
9 partial funding from last year and how we -- how do we
10 proceed with those two projects.

11 MR. ROGERS: Thank you, Mr. Chairman. A
12 couple notes here. I think, as has been mentioned, the
13 Catawba Thread Trail is a project that's in progress.
14 Our interest is to bring y'all an update in August
15 about how they're moving forward so that we can get the
16 appropriate funding put towards that project for the
17 next year.

18 I think it is -- as Mr. Hollan mentioned, it
19 is a good project. It scored well, and the commitment
20 is there. And I think the idea is that we just need to
21 have the appropriate funding as to what they'll be
22 spending over the course of the next year, and we'll
23 bring that information to you. They have plenty of
24 funding there now, so my intention is what -- whatever
25 funds that become unencumbered and put towards the

1 Acquisition Committee we can move forward with other
2 projects that can use those funds in their entirety.

3 So, my sense is that we would -- we would not
4 be putting unencumbered funds that y'all encumber today
5 towards that project.

6 Another note is that we do want to look at
7 the Creedmoor project, and I think there was a motion
8 passed that y'all will look at in a few moments that
9 we'll be continuing to look at that, and that is shaded
10 in gray on line 31.

11 That's all the comments I have with --
12 related to this list.

13 MR. MCGRADY: And, Mr. Chairman, the motion
14 simply is to affirm the prioritization of the projects
15 as between lines 17 and line 51.

16 CHAIRMAN BADDOUR: You've heard the
17 committee motion. Is there any discussion?

18 (No audible response)

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

22 BOARD MEMBERS: Aye.

23 CHAIRMAN BADDOUR: Opposed, "no."

24 MR. HOLLAN: NO.

25 CHAIRMAN BADDOUR: The "ayes" have -- no?

1 I'm sorry. The "ayes" have it.

2 Okay. Mr. McGrady?

3 MR. McGRADY: Yeah. I'm trying to get to the
4 Creedmoor one.

5 MR. ROGERS: I don't think it's in the
6 agenda.

7 MR MCGRADY : I don't recall any discussion
8 about it.

9 MR. JONES: No, it's on the agenda.

10 MS. GUTHERIE: It was in the discussion
11 before we got to the list.

12 MR. JONES: The issue with -- with the
13 Creedmoor project is that it originally came in as a I
14 think Creedmoor or the Town of Creedmoor, and then they
15 were -- they decided they couldn't do it, and Granville
16 County was interested in it, and so the Board
17 transferred the application to the County of Granville.
18 And Granville has backed out of it, and there was some
19 suggestion that Wildlife Resources might have been
20 interested in becoming the applicant, and now they have
21 backed out of it.

22 So, basically, it's a project without an
23 applicant at this time.

24 MR. McGRADY: I remember. I'm sorry. I had
25 one of those moments. Yeah, the committee moved that

1 we put a deadline of August 2010 -- of our August 2010
2 meeting to determine the applicant and the match on the
3 Creedmoor project, project 2008-012.

4 CHAIRMAN BADDOUR: Okay. You've heard the
5 motion of the committee. Is there any discussion?

6 (No audible response)

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

9 BOARD MEMBERS: Aye.

10 CHAIRMAN BADDOUR: Opposed, "no."

11 (No audible response)

12 CHAIRMAN BADDOUR: The "ayes" have it.

13 MR. McGRADY: That completes the report from
14 the committee, Mr. Chairman.

15 CHAIRMAN BADDOUR: And thank you, Mr.
16 McGrady. Okay. We'll move to the report of the
17 Infrastructure/Wastewater Committee, and Peter Rascoe,
18 I believe you are going to report.

19 MR. RASCOE: Thank you, Mr. Chairman.
20 Reporting on the behalf of myself and Dr. Camp as
21 Committee Co-Chairs, the committee did meet yesterday
22 with a quorum. And the first item of business that was
23 taken up was Agenda Item H-2-B, which was the -- a
24 consideration of -- again, of prioritization of the
25 wastewater and infrastructure projects. And the --

1 again, the prioritizations were summarized by staff,
2 and the committee did recommend -- does recommend to
3 the Board that these prioritizations as established on
4 Agenda Item H-2-B be again confirmed. That is the
5 report of the committee -- the recommendation of the
6 committee.

7 CHAIRMAN BADDOUR: You've heard the
8 recommendation of the committee. Is there -- is there
9 any discussion?

10 (No audible response)

11 CHAIRMAN BADDOUR: Hearing none, so many as
12 favor the adoption of the motion of the committee to
13 reaffirm the -- or to affirm the priority as set forth
14 on the exhibit, signify by saying "aye".

15 BOARD MEMBERS: Aye.

16 CHAIRMAN BADDOUR: Opposed, "no."

17 (No audible response)

18 CHAIRMAN BADDOUR: The "ayes" have it. Mr.
19 Rascoe?

20 MR. RASCOE: Thank you, Mr. Chairman. The
21 committee next took up Item H-2-C on the agenda, which
22 was a request from the Town of Surf City --

23 CHAIRMAN BADDOUR: And let me interrupt you
24 to --

25 MR. RASCOE: I'm sorry.

1 CHAIRMAN BADDOUR: -- to say that Mr. Markham
2 has -- is recusing himself from discussion or voting on
3 that item.

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

5 CHAIRMAN BADDOUR: Okay. Excuse me.

6 MR. RASCOE: This was a request from the Town
7 of Surf City to exchange one tract of land in that
8 acquisition in the project cited there in H-2-C with
9 another tract within the same project, and the -- after
10 discussion, the committee does recommend the Board
11 accept staff recommendation to approve this request.

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

14 (No audible response)

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

18 BOARD MEMBERS: Aye.

19 CHAIRMAN BADDOUR: Opposed, "no."

20 (No audible response)

21 CHAIRMAN BADDOUR: The "ayes" have it. Mr.
22 Rascoe?

23 MR. RASCOE: Thank you, Mr. Chairman. The
24 committee next took up Agenda Item H-2-D, which was the
25 -- excuse me -- the Hertford Renewal Energy Project,

1 which was a request by the Town of Ahoskie to be able
2 to send reused -- proposed reused to HRE, which is
3 Hertford Renewal Energy instead of Nucor. The
4 specific staff recommendation in this was that the
5 project be extended -- expiration date be extended to
6 May 31st, 2011, and approve the Town of Ahoskie's
7 request to send their effluent to HRE instead of Nucor
8 Steel.

9 The staff also recommended approval of a
10 revised budget and a condition for the construction
11 contracts which would allow the fund to recover any
12 funds based on lower construction bids rather than
13 waiting -- now rather than waiting until the project is
14 completed, and the committee did discuss this and does
15 recommend the Board accept staff recommendation in this
16 matter.

17 CHAIRMAN BADDOUR: Okay. The recommendation
18 of the motion of the committee is before you. Is there
19 any discussion?

20 (No audible response)

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

24 BOARD MEMBERS: Aye.

25 CHAIRMAN BADDOUR: Opposed, "no."

1 (No audible response)

2 CHAIRMAN BADDOUR: The "ayes" have it. Mr.
3 Rascoe?

4 MR. RASCOE: Thank you, Mr. Chairman. The
5 next item the committee took up was item H-2-E on the
6 Agenda. This was a request for the Town of Kenly for
7 revision. It was not a request for additional funding.
8 It was a request for revision in the proposed budget to
9 reallocate funds for a new line for engineering design
10 for some facilities which were originally funded by the
11 Rural Center. After discussion, the committee does
12 recommend to the Board that it accept staff
13 recommendation in this matter.

14 CHAIRMAN BADDOUR: Okay. You've heard the
15 motion of the committee. Is there any discussion?

16 (No audible response)

17 CHAIRMAN BADDOUR: Hearing none, so many as
18 favor the adoption of the committee motion, signify by
19 saying "aye."

20 BOARD MEMBERS: Aye.

21 CHAIRMAN BADDOUR: Opposed, "no."

22 (No audible response)

23 CHAIRMAN BADDOUR: The "ayes" have it.

24 MR. RASCOE: The last item that the Committee
25 discussed was Item H-2-F on the Agenda, and this was

1 the Department's Discharge Elimination System
2 discussion about, I believe, a FT -- a full-time
3 employee and a part-time employee being funded. And,
4 Nancy, could you help me with the wording of the motion
5 in that after discussion because I think there was a
6 little bit of confusion, on my part at least.

7 CHAIRMAN BADDOUR: I have the motion.

8 MR. RASCOE: Okay. I'm sorry, Mr. Chairman.
9 The committee did make a recommendation in this matter.

10 CHAIRMAN BADDOUR: This is the motion that
11 Nancy gave me, by the way. It was a motion by Norm
12 Camp, seconded by Harold Bass, to move staff recommend
13 -- to approve staff recommendation to approve the
14 revised budget including reallocation of funds within
15 the budget to a new line item for Clean Water
16 Management Trust Fund to fund the additional
17 engineering design for facilities that were funded by
18 the Rural Center.

19 MR. RASCOE: And that was the committee
20 recommendation to the Board.

21 CHAIRMAN BADDOUR: Okay. To adopt staff
22 recommendation. You've -- pardon?

23 MS. GUTHERIE: Larry is saying no.

24 MR. RASCOE: That was the Kenly project.

25 MR. BADDOUR: Did I read the wrong one?

1 MR. RASCOE: Yes, sir.

2 MS. GUTHRIE: On the Wade project, the motion
3 from the committee was to support the one-and-a-half
4 positions from the grant contract if those positions
5 are not funded through the House Bill, and Richard
6 actually gave the information on that yesterday.

7 CHAIRMAN BADDOUR: I'm sorry. I read the
8 wrong -- it sounded like it, but it was the wrong one.

9 MR. RASCOE: Yes, that was the committee
10 recommendation to the Board.

11 CHAIRMAN BADDOUR: Okay. All right. Is
12 everybody clear on this now? I apologize.

13 MR. ROGERS: Just -- just to -- and I think
14 there will probably be some discussion here, but the
15 idea is that there's a difference between the budgets
16 in the Senate and the House with regards to the
17 administrative end of a Wade contract that we have that
18 has remaining \$500,000 in it.

19 The difference is that the legislature and
20 the proposed budget coming out of the Senate eliminates
21 the one-and-a-half position funding, State funding,
22 that supports the contract that we have with the Wade
23 Program. The Senate -- the House budget does not
24 eliminate those. There is a difference.

25 The concern is that between now and the time

1 the Board meets again, there will be action by the
2 legislature regarding the budget. The resolution of
3 the differences is not known at this time, and we just
4 would -- wanted to bring this to the Board and suggest
5 and recommend that we do if the legislature were to
6 eliminate the positions, that we be in a position to
7 put those positions or take up those positions in our
8 contract so that we can continue the contract for the
9 remainder of its -- of its life.

10 CHAIRMAN BADDOUR: And the committee did vote
11 on that yesterday to recommend --

12 MR. ROGERS: Yes.

13 CHAIRMAN BADDOUR: -- that that -- that the
14 Board approve that change if necessary?

15 MR. ROGERS: Yes, sir.

16 CHAIRMAN BADDOUR: Okay. Does everyone
17 understand the motion now, in spite of my confusing the
18 issue?

19 (No audible response)

20 CHAIRMAN BADDOUR: Kevin?

21 MR. MARKHAM: Yes. Just to clarify, that
22 would be just for the existing contract, correct?

23 MR. ROGERS: That -- that's correct. And the
24 idea here is that the program has done good work, and
25 we need to complete our obligation with regards to the

1 contract. Positions are required in order for us to
2 complete that obligation, and that's just through the
3 duration of the contract. The contract will most
4 likely -- it expires in July. In talking with the Wade
5 Program, we will extend it for another year in order to
6 get the contract complete. And at that time, we'll be
7 -- we'll be done with that.

8 CHAIRMAN BADDOUR: Okay. Mr. Pate?

9 MR. PATE: That's the same question I had.

10 CHAIRMAN BADDOUR: Okay. Now, any other
11 questions, discussion? Kevin?

12 MR. MARKHAM: Yes. Do we need to go ahead
13 and extend the contract at this point as well for the
14 extra year?

15 MR. ROGERS: We -- we can do that. I don't
16 think so. We can -- we can do that at -- at the --
17 staff level

18 MR. MARKHAM: All right.

19 CHAIRMAN BADDOUR: All right. Is -- Karen?

20 MS. CRAGNOLIN: I'm assuming that the Wade
21 Program that -- even though that's not funded, that the
22 supervisory capacity is there, I mean, the -- the rest
23 of the infrastructure is there for the staff to --

24 MR. ROGERS: Yeah, the -- what -- what the --
25 how the program operates, the administrative end, and

1 then they also subcontract to get the projects done on
2 the ground, and that capacity still remains. It's just
3 the administrative in understanding and prioritizing of
4 the projects that is done with regards to those one-
5 and-a-half staff that are on the ground or that are in
6 the Environmental Health Program and currently state
7 funded. Bill Hollan's got --

8 CHAIRMAN BADDOUR: Bill?

9 MR. HOLLAN: I don't recall when I was
10 appointed a member of this committee, but I'm not a
11 normal member of this committee. And I did mention
12 yesterday, this is a State program that's supplied us
13 for funding, and they were going to administer it. And
14 we made a grant to them to administer it, and now
15 they're saying, "We're not going to hold up our end.
16 We're not going to fund the positions that are
17 necessary. And what the House -- I thought yesterday
18 was -- we were in the Senate -- it was in the Senate
19 Bill but not the House. You're saying today it's in
20 the House but not the Senate?

21 MR. ROGERS: That -- that's correct.

22 MR. HOLLAN: So we're saying, "Well, if you
23 take those one-and-a-half positions out, we'll fund
24 them." And, I guess, if I were a conferee going to the
25 conference, I'd say, "Well, why in the world should we

1 fund these things? Clean Water's got enough money to
2 do it. They're going to do it." So I -- and, plus, I
3 mean, it'd be like if -- well, if a land trust came to
4 us and said, "Well, we're not going to administer this
5 thing anymore. We were supposed to -- we're going to
6 fire our executive director. We can't close out these
7 projects unless you hire our executive director for a
8 year so we can close out these other projects you've
9 got." I mean, that was -- that was sort of the deal.

10 I know it's a good program, but I -- I just
11 don't understand us picking up State employees to do a
12 -- a function that they asked us to give them a grant
13 to assist with, so --

14 CHAIRMAN BADDOUR: Richard?

15 MR. ROGERS: I understand Mr. Hollan's
16 concern, and we have looked at this program, and I -- I
17 think the -- the notion is for us, in order to get the
18 contract administered that these -- these positions are
19 required. I understand that, yes, they did. They are
20 State funded, and in order for us to fulfill the
21 obligation, the contract, I know that they're
22 potentially not going to have those positions filled.

23 I think, from a legislative perspective, they
24 look at this program, not just in the context of our
25 contract but in the context of the Wade Program and are

1 not going to go one way or the other with regards to
2 our funding the positions for a year or so. But
3 they're looking at the program in the context of more
4 than one year and looking out to the future about the
5 other -- other responsibilities and obligations of the
6 programs and what they're doing out in the field as
7 well.

8 CHAIRMAN BADDOUR: Okay. You've heard --

9 MR. HOLLAN: Does that mean we're going to
10 pick these people up permanently, then --

11 MR. ROGERS: No --

12 MR. HOLLAN: -- and if we extend this thing -
13 -

14 MR. ROGERS: -- what --

15 MR. HOLLAN: -- we're going to have two and a
16 half -- one-and-a-half employees working for us?

17 MR. ROGERS: Yeah. I think that -- I mean, I
18 understand that they have another application into us
19 in 2010, and that will be an object of discussion that
20 we will have when we have the application before us and
21 understanding whether the project -- the funds will be
22 -- the positions will be funded or not, will have a
23 great implication with regards to their current
24 application in for the 2010 cycle and will be another
25 discussion that we -- that we'll have at that time.

1 This is just trying to fill the gap, the
2 obligation of the contract that the Board has already
3 approved to get it done and continue the good work that
4 the program is doing.

5 CHAIRMAN BADDOUR: Okay. You've heard the
6 committee recommendation. Is there any further
7 discussion?

8 (No audible response)

9 CHAIRMAN BADDOUR: Hearing none, so many as
10 favor the -- the motion of the committee, signify by
11 saying "aye."

12 BOARD MEMBERS: Aye.

13 CHAIRMAN BADDOUR: Opposed, "no."

14 MR. HOLLAN: No.

15 UNIDENTIFIED TRUSTEE: No.

16 CHAIRMAN BADDOUR: Okay. The "ayes" have it.

17 MR. RASCOE: That was the report of the
18 committee, Mr. Chairman.

19 CHAIRMAN BADDOUR: Okay. Thank you, very
20 much.

21 We'll now move to the Restoration, Stormwater
22 and Greenways Committee. Chairman Brannon?

23 DR. BRANNON: Thank you, Mr. Chairman. And
24 today, I'm reporting on behalf of myself and my co-
25 chair, Mr. Henderson and our committee did have a

1 quorum. We, likewise, reviewed remaining projects for
2 2008. The staff reported that we had a \$421,736
3 reduction coming from a combination of withdrawals,
4 various scopes of reductions, alternate funding sources
5 and voluntary cost reductions. None of these
6 reductions appeared to be attributable to the lower
7 market rates for costs for construction.

8 But based on staff's experience, the 2008
9 construction grants already put out to bid, they expect
10 some reduction in grant amounts as projects move
11 through the bids to construction to continue.

12 The Committee voted to reaffirm its
13 acceptance as listing of the 2008 restoration and
14 stormwater projects in order of priority for future
15 approval as funds become available.

16 The committee recommends to the Board that we
17 also re-approve the priority listing as shown in our
18 handouts for 2008 Restoration and Stormwater Projects
19 and that we accept the two withdrawals on the
20 spreadsheet, as indicated. That's the recommendation
21 of the committee.

22 CHAIRMAN BADDOUR: All right. And I want the
23 record to show that Trustee Karen Cagnolin was not
24 present during the discussion of that motion, did not
25 participate or vote.

1 DR. BRANNON: Yes, sir.

2 CHAIRMAN BADDOUR: She recused herself.

3 Okay. You've heard the committee
4 recommendation. Is there any discussion?

5 (No audible response)

6 CHAIRMAN BADDOUR: Hearing none, so many as
7 favor the adoption of the committee recommendation,
8 signify by saying "aye."

9 BOARD MEMBERS: Aye.

10 CHAIRMAN BADDOUR: Opposed, "no."

11 (No audible response)

12 CHAIRMAN BADDOUR: The "ayes" have it.

13 MS. BRANNON: The second item we had was H-3-
14 C, which is looking at the matching funds associated
15 with the donated easement values. Staff provided an
16 overview of the current practices and policy that were
17 using unintentionally is causing some of our grant
18 recipients to fall short on their obligations to expend
19 the matching funds on stream restoration projects.
20 Staff monitors grant recipients' spending for both the
21 Clean Water funds and for matching funds and requires
22 the relative amounts to be consistent with the budgets
23 approved by the Board that is the same percent match as
24 approved by the Board.

25 Yesterday, the staff reported that budgets

1 for many of our restoration projects include matching
2 funds as the value of conservation easements to be
3 donated by riparian property owners and that the basis
4 for these budget amounts largely has been left to
5 applicants.

6 The staff is asking the Board to review staff
7 procedures for establishing donated easement values for
8 stream restoration projects and to develop and adopt a
9 policy. The committee, therefore, recommends to the
10 Board that we refer this policy matter to the Program
11 Committee, possibly for consideration for the August
12 2010 meeting.

13 CHAIRMAN BADDOUR: Okay. You've heard the
14 committee recommendations, the committee motion. Any
15 discussion?

16 (No audible response)

17 CHAIRMAN BADDOUR: Hearing none, so many as
18 favor the adoption of the motion of the committee,
19 signify by saying "aye."

20 BOARD MEMBERS: Aye.

21 CHAIRMAN BADDOUR: Opposed, "no."

22 (No audible response)

23 CHAIRMAN BADDOUR: The "ayes" have it. Dr.
24 Brannon?

25 DR. BRANNON: Mr. Chairman, you know, we had

1 five projects. Would you like me to read all these
2 details into the record, or can we refer to this
3 document?

4 CHAIRMAN BADDOUR: You -- you can refer to
5 the document, and we'll ask the court reporter to
6 attach the -- the document that you're referring to to
7 the minutes.

8 DR. BRANNON: Okay. If that's okay with the
9 rest of the Board. We did review five projects for
10 grant applicants, recipients who were requesting to
11 reduce the matching funds associated with the value of
12 the donated easements, and that was based on the
13 discussion and the recommendation we just had with
14 these five projects. I will just read the number,
15 2006-A-402, 2007-419, 2008-417, 2008-422 and 2005-B-
16 408, and these were the -- the Committee did recommend
17 that we reduce these values as indicated in the
18 handout.

19 CHAIRMAN BADDOUR: Okay. And let the record
20 show that -- that Trustee Karen Cagnolin has recused
21 herself on the voting on this particular motion.
22 You've heard the motion of the committee. Is there any
23 discussion?

24 MR. MARKHAM: Mr. Chairman.

25 CHAIRMAN BADDOUR: Mr. Markham?

1 MR. MARKHAM: I believe, for the record,
2 there was a change in Item 5-B. I believe instead of
3 the 30,230, I believe --

4 CHAIRMAN BADDOUR: You're correct.

5 MR. MARKHAM: -- 65,718.

6 CHAIRMAN BADDOUR: That is correct, according
7 to Frank's notes, and he takes good notes. So, if the
8 record will show that even though she's going to attach
9 the -- that report that -- in Item No. -- Roman Numeral
10 V, the correct figure is 65,218. Is that right?

11 MR. MARKHAM: 718.

12 CHAIRMAN BADDOUR: 718. All right. Is there
13 any -- any discussion?

14 (No audible response)

15 CHAIRMAN BADDOUR: Hearing none, so many as
16 favor the adoption of the motion, signify by saying,
17 "aye."

18 BOARD MEMBERS: Aye.

19 CHAIRMAN BADDOUR: Opposed, "no."

20 (No audible response)

21 CHAIRMAN BADDOUR: The "ayes" have it. Thank
22 you, Kevin and Frank.

23 DR. BRANNON: The next item we discussed is
24 H-3-D, which is a discussion of construction projects
25 not under construction within -- contract within one

1 year. The staff reported on two projects that were not
2 able to meet construction contract deadlines. The City
3 of New Bern, which is project No. 207-711, and
4 Southwest North Carolina RC&D, which is project No.
5 2007-423.

6 The staff does believe that these grant
7 recipients have good cause for their delay in entering
8 into their construction contracts. The committee,
9 therefore, recommends to the Board to approve the
10 following revised dates by which the grant recipients
11 must enter into a construction contract.

12 The City of New Bern would be required to
13 have their contract in place by July 15th of this year,
14 and Southwest North Carolina RC&D will be required to
15 have their contract in place by September the 30th of
16 2010. This is the recommendation of the committee.

17 CHAIRMAN BADDOUR: You've heard the motion of
18 the committee. Is there any discussion?

19 (No audible response)

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

23 BOARD MEMBERS: Aye.

24 CHAIRMAN BADDOUR: Opposed, "no."

25 (No audible response)

1 CHAIRMAN BADDOUR: The "ayes" have it. Dr.
2 Brannon?

3 DR. BRANNON: Our last item for your
4 consideration today is H-3-E. This is a request to
5 modify the scope of the budget and extend the deadlines
6 for entering into a construction contract with the City
7 of Goldsboro Stoney Creek Restoration Project, which is
8 No. 2006A-403.

9 The staff reported that the City of
10 Goldsboro, in the process of designing and applying for
11 permits for this project, received extensive comments
12 from the Corps of Engineers about relocating the stream
13 and disruption of the proposed construction would cause
14 to the stream.

15 In response, the City revised its plan to one
16 that would save mature trees, would leave the stream
17 channel in its present location, would connect the
18 channel with a now inaccessible floodplain and would
19 monitor the stream immediately after construction and
20 one year after construction.

21 This is really the best case scenario when
22 you hope for a project to be revised with these kinds
23 of consequences would happen. The revised plan
24 provides for enhancing the stream corridor in place,
25 rather than relocating and reconstructing the stream.

1 It provides for reducing the length of the construction
2 by 3,000 feet, not preparing the final design for the
3 remaining 13,000 feet and finalizing conservation
4 easements for 5,000 rather than 18,400 feet.

5 The City will not need to -- the full grant
6 amount to complete the revised scope of work and has
7 offered to reduce the grant amount. The committee,
8 therefore, recommends the following to the Board: That
9 we approve the proposed revised scope of work, that we
10 reduce the grant amount from 2,083,000 to 1,383,000 and
11 we unencumber the \$700,000 as a -- at a future Board
12 meeting, after the City has received construction bids,
13 that we consider additional reduction of the grant
14 amount, that we approve reducing the amount of matching
15 funds from 604,700 to 44,068, all as value of
16 conservation easements to be donated, and that we
17 approve October the 29th, 2010, as the revised date by
18 which the City must enter into a construction contract
19 for the project.

20 CHAIRMAN BADDOUR: You've heard the committee
21 motion. Is there any discussion?

22 (No audible response)

23 CHAIRMAN BADDOUR: So many as favor the
24 adoption of the motion, signify by saying "aye."

25 BOARD MEMBERS: Aye.

1 CHAIRMAN BADDOUR: Opposed, "no."

2 (No audible response)

3 CHAIRMAN BADDOUR: The "ayes" have it.

4 DR. BRANNON: Mr. Chairman, that concludes
5 our report.

6 MR. ROGERS: Take a break.

7 CHAIRMAN BADDOUR: Yeah. We are going to
8 take a break, but I do want to recognize a couple of
9 people that are here with us.

10 First of all, our assistant secretary of
11 DENR, David Knight, who is a long-time friend. David,
12 we're always glad to have you here. And we're going to
13 take a break right now in a minute so everybody can
14 talk with you and Lisa Riegel. Lisa, you're a faithful
15 friend, the Director of the Natural Heritage Trust Fund
16 and our partner. So, we're glad to have you.

17 And with that, it is time for a break at
18 10:00. We'll take a -- about a 10- or 15-minute break,
19 and we'll resume at 10:15.

20 (15-minute break)

21 CHAIRMAN BADDOUR: Okay. Let's come to
22 order. Okay. We'll go to Agenda Item I. If you would
23 look at the chart on the -- on your Agenda on basically
24 page 2. And, Richard, let's ask you if you would
25 explain this chart and what it -- what we're being

1 asked to do today.

2 MR. ROGERS: Thank you, Mr. Chairman. What
3 this is, is a summary table. Through our committee
4 work, we've unencumbered active funds, and this
5 basically summarizes all the areas where we've
6 recovered unencumbered funds through end of contracts
7 and -- and those kinds of things.

8 Now, one thing that the Board did earlier on
9 with regards to actions, and unencumbrances of funds is
10 that for all the unencumbrances out of our 2008
11 projects, we restore those back into the committee
12 where they -- where they got unencumbered from.

13 So an example of that is in potential amount
14 to unencumber from 2008 awards. There's 668,000 in
15 acquisitions. We put that in the Acquisition
16 Committee. And the Board, in the past, has looked at
17 those funds and kept those in the committee.

18 The column prior to that are unencumbered
19 funds prior to 2008. We have separated those out
20 according to committee because that's the way that they
21 -- they are, and they total \$5.1-million.

22 And we wanted to provide this table just to
23 let you know where the funds have come from. But what
24 we need to do now is to get direction. Staff needs
25 direction on how we want to apply those funds to the --

1 to the projects that we have in 2008 and how you want
2 to divide them up among the -- among the programs.

3 CHAIRMAN BADDOUR: Let's do this, let's --
4 we'll have a discussion, and then I'll take a motion
5 after we've had a little bit of discussion. You
6 understand what Richard is presenting to you. We've
7 got a total of \$5.8-million that have been
8 unencumbered. By your previous decisions, you have
9 allocated 674,526.11 of that money, 668 plus to
10 Acquisition and 6,500,926 to Restoration/Stormwater and
11 Greenway, representing reallocation from 2008 awards.

12 You have not made a decision about how to
13 reallocate money from the previous years. If you
14 allocated them from the -- to the committees where they
15 were appropriated in the beginning, or funded in the
16 beginning, you see -- you see how it would go, but you
17 don't have to do that. We, as a Board, can do what we
18 want to do, and we've already established the
19 priorities as to how far we will go down with -- with
20 these funds. So --

21 MR. ROGERS: One note that might be of help
22 is in your folder, Item -- Agenda Item I. There's a
23 breakdown of -- the table we have in the Agenda's
24 rolled up. There's a breakdown of basically individual
25 items that you've moved.

1 Beth reminded me that the Stewardship
2 Committee did make a recommendation that the
3 Stewardship funds that they unencumbered be put into
4 the Acquisition area. But that's a note that came from
5 --

6 CHAIRMAN BADDOUR: Where are they now?

7 MR. ROGERS: -- from the committee.

8 CHAIRMAN BADDOUR: Are they -- they now
9 showing up in Acquisition?

10 MR. ROGERS: They are in Acquisition now.

11 CHAIRMAN BADDOUR: Yeah. You might want to
12 look at that chart, Agenda Item I. It gives you more
13 detail about where those funds came from.

14 MR. ROGERS: Should be in your -- in your
15 folder with your supplemental information in it.

16 CHAIRMAN BADDOUR: So do I have -- I'd like
17 to hear some Board discussion about what your wish is
18 in this regard.

19 MR. HOLLAN: Mr. Chairman?

20 CHAIRMAN BADDOUR: Mr. Hollan?

21 MR. HOLLAN: I want to talk a little bit more
22 about the -- the priority sheets and what they mean
23 because in the past when we've had prioritization it
24 was in order to draw a line somewhere so we can fund so
25 far and fund them no further because we don't have any

1 money.

2 It seems to me that we -- we've had the
3 discussion. We've implicitly said we're not going to
4 draw any lines, that these projects are all going to
5 get funded if we get money -- the money that's coming
6 in the budget this year.

7 So, for -- for -- so the -- I guess I'm
8 looking at we've got an Acquisition; we would have a
9 million-six. I'm looking at the green sheet saying we
10 said we'll do 200,000 to Conservation Trust on the
11 Arrington Tract, we'll do 55,000 -- or 238,000. We'll
12 do 55,000 to Carolina Mountains Land Conservancy, and
13 that's 280,000.

14 So, we've got left a million-four. What are
15 we going to do with that? That's where this
16 discussion, I think, about the Catawba Lands
17 Conservancy came in. I mean, are we just going to give
18 a million-four to Catawba Lands Conservancy right now
19 without respect to whether they've got the projects or
20 not? Do we go down to Pond Mountain and do that right
21 now, or do we go to Luken's Island, which is a military
22 deal with a high priority for the Governor and
23 everybody else? Or do we go to Nature Conservancy,
24 which has already bought the property and wants it?

25 I mean, we're going to do all of these, and I

1 guess my -- I don't understand the prioritization. If
2 we've said we're going to do all of them, if somebody's
3 not ready and we've got the money, do we go to the next
4 one on the list or are we directing the staff, "Don't
5 go to line 21 until you've done line 20"?

6 I -- I -- I would propose that -- that we go
7 to whoever's ready because we -- I think we've said
8 we're going to do all of these.

9 CHAIRMAN BADDOUR: Richard, you want to
10 respond to that?

11 MR. ROGERS: I -- I appreciate the comment
12 and -- and the thought because we -- we do need to --
13 to talk through this. You know, I think there --
14 there's a couple ways that you can look at this, and
15 one, I think, Bill, if you look at the specific
16 projects as you've got them prioritized, you can kind
17 of look down. One of the issues is -- is half funding
18 a project is not -- not really a good idea because we
19 have to write a contract, and then we have to put money
20 into it. And it's better to make sure we fully fund
21 these -- these contracts as we go through.

22 I mean, we can look at the -- at the total
23 amount of money and look at the three lists compositely
24 and kind of work down the list about how you want to
25 go, how far you want to go down each list with these

1 specifically, might be one way.

2 I mean, the other way is to look at the
3 allocation you want to put into each category, which
4 might be a little bit more difficult to kind of figure
5 out how much you want to put in there because then
6 you'd have to go back and apply the projects to it.

7 So, I think either way is fine. Or, you can
8 simply divide the money up and tell staff to go to work
9 down the priority list. So --

10 CHAIRMAN BADDOUR: I mean, in many ways, what
11 we're really doing is saying -- giving staff -- well,
12 if you assume that we're going to get \$50-million and
13 we're going to come back in August, then, you know,
14 we're really giving them direction to move ahead with
15 money we know we have now for the next two months,
16 month and a half. So, I mean, I --

17 MR. HOLLAN: I agree, but wouldn't it make
18 sense for us, then, to prioritize that? "We've got a
19 million-six, which ones of these do we want to do?"

20 CHAIRMAN BADDOUR: Well, the committees --
21 Bill, I mean, I -- I hear what you're saying, but we
22 just had a committee meeting, and they all met and they
23 set those priorities, and the Board has set the policy.
24 I mean -- I mean, I guess the staff has to apply some
25 type of common sense. If something's not ready, I

1 mean, they can just move to the next one.

2 But the -- I mean, for the last six months,
3 they've been operating under this idea of, you know,
4 working down the priority as the money became
5 available. I don't -- I mean, any motion that anybody
6 wants to make, I guess we could always go back and undo
7 what -- or, you know, to fine tune what we've done with
8 regard to the priorities, but that's just what we were
9 doing earlier. I thought that's what we were doing
10 anyhow, in anticipation, by the way, of -- of this
11 step. Chuck?

12 MR. McGRADY: You know, I think both of you
13 have framed this the right way, and I guess my
14 assumption was that we were going to follow the
15 practice we followed over the last year or so in
16 dealing with the 2008 projects. And what that's
17 involved is staff has continued to try to winnow these
18 things down, get better numbers, figure out which ones
19 are ready to move, and we've been -- and I -- I think
20 to the credit of -- of Richard and the staff have been
21 -- been fairly nimble from my perspective in -- in
22 moving through the projects. And when staff has sort
23 of gotten to the point where they've got "x" amount of
24 money that now has come available, Richard has come
25 back at Jerry and I with respect to acquisitions and

1 put before us a list among that list of total projects
2 that we hoped we had expect to fund saying, "We're
3 going to move down to project 2 and 4 because we can do
4 them in whole right now. Project 1 and 3 and 5 and 6
5 aren't ready to go."

6 And I would hope -- and I don't -- Mr.
7 Chairman, I don't know what sort of motion is needed
8 here, but I would hope that the process we've used up
9 to this point is the process we continue to use, and
10 that's staff will continue to be nimble and
11 opportunistic. And we will -- Bill is right. I mean,
12 we are committed, assuming monies move forward, to --
13 to fund this entire set of projects, and that we would
14 honor the priority list to the extent that we -- we're
15 starting at the top and going down. But we also are
16 using funds, for example, these unencumbered funds, to,
17 you know, "Let's see if we can knock out two of the
18 higher priority projects, even if they happen not to be
19 the -- the number one priority."

20 And -- and as long as that consultation is
21 going along with the chairman of the respective
22 committees in terms of going through the project work,
23 and I guess most of this is in the Acquisitions area,
24 but, you know, I'm quite comfortable with it.

25 CHAIRMAN BADDOUR: The reason it came up in

1 the Acquisition area was because early on, the budget
2 office member -- just go back to February, had told us
3 that they -- they were not going to encumber but so
4 much of the acquisition money. So that -- it really
5 kind of came into play for a little bit of a different
6 reason, but the -- the process was the same.

7 Unless I hear a different motion, what I'm
8 assuming that I need -- we need to do today is -- is
9 not to revisit the priorities unless someone moves to
10 do that, but to -- but to decide how you want to
11 allocate the unencumbered money among the various
12 areas.

13 MR. BASS: Mr. Chairman?

14 CHAIRMAN BADDOUR: Yes, Mr. Bass.

15 MR. BASS: Before -- before we move forward,
16 may I ask -- and, again, for point of information.
17 Once we prioritize a project, do we have -- am I
18 understanding correctly, each year that we look --
19 revisit that project and it hasn't been completed, are
20 we -- do we have the right or do we have the
21 responsibility to reprioritize it?

22 CHAIRMAN BADDOUR: You know, Harold, we're in
23 just un -- a little bit of uncharted waters. This --
24 the kind of exercise we're going through now, we didn't
25 -- we've never gone through before because, you see,

1 what happened was a couple years ago when everything
2 went sour, we had \$100-million removed from our -- from
3 our fund. And so, we were left with the 2008 projects
4 that were -- basically were not funded.

5 MR. BASS: Yes.

6 CHAIRMAN BADDOUR: And then we got an
7 appropriation of \$50-million, and so we had -- that's
8 when we went back in. Typically, we do not go back in.
9 Typically, once it's funded and it goes through the
10 contract process and it becomes encumbered, if the
11 project is moving along and continues to be a viable
12 project, then we don't -- we don't go back and mess
13 with it.

14 Now, you know, if something happened and the
15 project got -- had to be withdrawn or the people didn't
16 fulfill their contract, then we'd look at it again.

17 But we're only going through this now because
18 of this very unusual situation we're in. Chuck?

19 MR. McGRADY: Mr. Chairman, I -- I don't
20 know. I -- Trustee Markham yesterday made a -- a
21 motion related to -- to this at one point to reallocate
22 some unencumbered funds from, I guess it was,
23 Wastewater to Acquisitions.

24 I've just got a question. I mean, if we were
25 to -- to allocate -- unencumber these funds by project

1 type and just reallocate them back to the respective
2 Acquisitions, Restorations, Stormwater or Wastewater
3 areas, are there projects in the Restorations,
4 Stormwater, Greenway, Wastewater areas that are still
5 needing these funds in this cycle?

6 CHAIRMAN BADDOUR: There are.

7 MR. McGRADY: There are?

8 UNIDENTIFIED TRUSTEE : Absolutely.

9 CHAIRMAN BADDOUR: -- six and seven million.

10 MR. McGRADY: I was assuming there were.

11 CHAIRMAN BADDOUR: Oh, yeah.

12 MR. McGRADY: And so the -- the simple way to
13 deal with this would be to simply re-authorize these
14 funds to their respective category, is that right?

15 CHAIRMAN BADDOUR: That would be the
16 simplest.

17 MR. McGRADY: And I'll move -- I'll move the
18 simple way.

19 DR BRANNON: Second.

20 CHAIRMAN BADDOUR: Okay. Okay. Whoever --
21 we have a motion and a second that we allocate the
22 projects in accordance with the chart as you have seen
23 to the far right. Okay? Further discussion? Kevin?

24 MR. MARKHAM: Yes. Just so that I'm clear,
25 is -- so, for instance, under the Wastewater Projects,

1 our number one priority would be 2008-518 for
2 \$1,003,600, so the remaining portion of our allocation
3 would sit until additional monies became available for
4 unencumbering or from the State budget before we go to
5 the next priority for Wastewater?

6 CHAIRMAN BADDOUR: I haven't looked at the
7 list, but I assume that would be true unless there was
8 some project that perhaps would fit that little remnant
9 that was left.

10 MR. MCGRADY: In which case, per process, I'm
11 assuming, that we've used most recently the staff would
12 come back --

13 CHAIRMAN BADDOUR: Right.

14 MR. MCGRADY: -- to the chairs of those
15 respective committees and say, "Look, we can completely
16 fund this project that's No. 2 on your list. Let's use
17 the monies and go ahead and do that"?

18 MR. MARKHAM: And I just wanted to make sure
19 to ensure that we were getting the -- the monies that
20 are unencumbered encumbered again as quickly as
21 possible for contracts. So, I'm pleased to hear that
22 there will be some mechanism to ensure that we're
23 moving forward on as many projects as possible.

24 CHAIRMAN BADDOUR: Okay. Karen?

25 MS. CRAGNOLIN: Kevin, didn't you also make

1 the point yesterday that -- that some projects appeared
2 to be more worthy than other projects based on scores
3 and that perhaps we ought to be funding the best
4 projects?

5 MR. MARKHAM: I believe the clarification
6 was that if you looked at where those -- all projects
7 are good projects. We've put in to award monies to all
8 these projects in the last -- I guess in 2008, and we
9 have reaffirmed our commitment to funding these
10 projects. However, when you look at the overall
11 relative scores of these projects, in some cases in
12 some committees, we are now funding projects that are
13 in perhaps a lower percentile maximum score for that
14 cycle as opposed to Acquisitions are still some very
15 high scoring projects. But, as Chairman Baddour has
16 pointed out, we had some concerns from the State about
17 moving forward with acquisitions during the recent
18 financial situation with the State.

19 I -- I had hoped that we might be able to
20 take some of the remaining funds and roll those into
21 projects that are ready to go but after consideration I
22 understand that the monies will be used to all the
23 projects are going to be given implicit understanding
24 that we are continuing to honor our commitment to fund
25 these projects. It's just a matter of when.

1 CHAIRMAN BADDOUR: Okay. Is there further
2 discussion?

3 (No audible response)

4 CHAIRMAN BADDOUR: Okay. The motion is to
5 allocate the funds to the -- to the various areas as
6 set forth in the -- the charts on page 2 of the Agenda.
7 Hearing no further discussion, all in favor of the
8 motion, signify by saying "aye."

9 BOARD MEMBERS: Aye.

10 CHAIRMAN BADDOUR: Opposed, "no."

11 (No audible response)

12 CHAIRMAN BADDOUR: The "ayes" have it.

13 We'll go to the discussion of 2008 projects
14 remaining to be encumbered. And what I'd like to ask
15 the staff to do -- and this -- I do not see this next
16 item as a -- as an action item, but to -- to really
17 give us the opportunity to have the discussion that
18 Bill Hollan has already engaged us in to some extent,
19 and with the action that we have now taken to -- to put
20 up on the board once again, like we did yesterday -- do
21 you have that?

22 MR. ROGERS: Yeah.

23 CHAIRMAN BADDOUR: Because a few people
24 weren't here. And this -- this is -- this is kind of a
25 recap of -- of where we are now and -- and what the

1 potential is with regard to an appropriation.

2 Richard, you want to go over that chart one
3 more time and --

4 MR. ROGERS: We'll run through it real
5 quickly.

6 Basically, again, the assumption is that
7 we'll have \$50-million, the unencumbered funds which
8 y'all just approved, \$5.8-million, potential interest
9 at 1.9, some other revenue coming in from Southport,
10 and then the 23.5-million. And these are the projects
11 and the list of projects that were just approved 2008
12 for priority in total for our Acquisition, Restoration,
13 Stormwater, Greenway as well as the Wastewater
14 projects.

15 Being extremely conservative with the budget,
16 we are looking at a 5% reduction in our hold-back just
17 in case. That may come back to us, depending on how
18 things work out in the legislature and the economy
19 bears up.

20 Our administrative budget that's tentatively
21 approved, and then the in the contents that we have and
22 when -- when this is all tolled, the remainder out of
23 the \$50-million is 28.5, almost \$28.6-million that
24 provides us at least some understanding of what we're
25 looking at to spend for 2010 projects.

1 CHAIRMAN BADDOUR: The way I see it, I want
2 to take you back up to that less amount remaining from
3 2008 projects. That 23,532,875 includes taking into
4 account the decision of those people who agreed to
5 delay their projects to 2012. So that is a -- a
6 reduced amount, taking that into account. And what I
7 see that we need to do in August is if -- if you, for
8 instance, did not want to fund the rest of those -- all
9 of those 2008 projects, you know, that would be --
10 that's 23,532,000 that you could use to fund 2010
11 projects or whatever.

12 I mean, you could take some portion of it for
13 2008 and more for 2010, or perhaps there's some other
14 way to do that. But that is a discussion that we're
15 going to need to have once we get our appropriation.

16 And it's certainly appropriate for -- for us
17 today to take some time and to share with each other
18 what our thoughts are in that regard. Bill?

19 MR. HOLLAN: I may be confused. I thought
20 that the discussion we had and the action that we took
21 earlier today pretty much preempted that discussion. I
22 was hoping that we would be able to have that
23 discussion about whether we are going to encumber
24 these.

25 But as I understood what we did today, it was

1 to say to the staff, "When we get our appropriation in
2 July, you're authorized to go out -- down this priority
3 list and fund as many of these as you can because we've
4 got the \$50-million appropriation, and this is what
5 our" --

6 CHAIRMAN BADDOUR: We -- we -- we did not do
7 that today, though. We did not do that today. We set
8 the priority. We -- we're not going to --

9 MR. HOLLAN: Well, why -- why are we setting
10 the priority, then? We've got a million-six. Why
11 don't we just say we're going to fund these as a
12 million-six?

13 CHAIRMAN BADDOUR: Well --

14 MR. HOLLAN: What is the purpose of this
15 whole priority list if it isn't to give them direction
16 about what to do with the money?

17 CHAIRMAN BADDOUR: Well, really, the priority
18 list has been in place now for -- for six months. I
19 mean, it was just tinkering a little bit with the
20 priority list that we already had, Bill, really.

21 MR. HOLLAN: But what is the purpose of the
22 priority list at this point? It was to fund down to a
23 certain line, and is that what it is now, is to fund
24 down to the line where we have spent a million-six in
25 Acquisitions and -- and no further and then we'll come

1 back and do this priority thing again?

2 CHAIRMAN BADDOUR: I don't -- I don't -- I
3 don't doubt that this Board, by -- particularly by
4 approving the withdrawal of those projects was perhaps
5 sending a signal. But I said in the beginning, we --
6 we have not take -- if you'll go back and look at the
7 motions, we can't spend money that we don't have, and
8 we don't have that \$50-million yet.

9 So, I mean, we are going to have to make the
10 decision in August how to allocate it. And I think
11 what the staff has done here, as they showed yesterday,
12 is if that is your intent, then that's the way it comes
13 out. But I don't think a final decision has been made
14 because we can't make the final decision until we have
15 the money. John?

16 MR. McMILLAN: I thought what we were doing
17 was giving the staff some direction as to which
18 contracts to work on so that between now and August,
19 they could be working on those things and once the
20 money comes that we would -- they would be prepared to
21 enter into those contracts. I thought that's -- that
22 we were giving them some direction reaffirming
23 priorities to say in the -- in the -- "As we get funds,
24 these are the -- the things that we want go forth."

25 CHAIRMAN BADDOUR: And I think that's true,

1 and I don't think those two things are in conflict, by
2 the way. But that doesn't make a final decision as to
3 how you appropriate the money that you get. I mean,
4 the more that you allocate -- if you want to allocate
5 the 23 million to 2008 projects, you're going to go all
6 the way down the list.

7 We are giving staff that direction. We
8 definitely are giving them that direction, but I don't
9 -- we haven't made the --

10 MR. HALLON: I mean, why are we -- why are
11 going to wait until August to talk about it. It sounds
12 like we're make -- we've made the decision, we don't
13 need to talk about it anymore, we're going to fund all
14 these projects. The staff is directed -- if -- if
15 between now and August, staff were to go out and start
16 at the top of the list and get contracts on every one
17 of these and bring them to us in August to say we've
18 got contracts on all these, then we've got to approve
19 them subject -- and they've gotten them subject to
20 funding in August, the funding is there, we say, "Fund
21 them, and then let's move on to --"

22 CHAIRMAN BADDOUR: Well, if --

23 MR. HALLON: Isn't that what we're --

24 CHAIRMAN BADDOUR: -- I -- I -- I guess I did
25 not want us to appropriate money that we did not have.

1 That -- that was my only feeling. If some -- if some
2 member of this Board wants to make a motion that if we
3 get an appropriation of \$50-million that this is what
4 we want to do, then I'll certainly entertain that
5 motion. But we've never done it that way before.
6 We've always waited until we got the appropriation
7 before we actually allocated it.

8 But whatever the Board's pleasure is.

9 DR. BRANNON: Mr. Chairman?

10 CHAIRMAN BADDOUR: YeVonne?

11 DR. BRANNON: It does seem like making that
12 kind of a motion would allow the staff to do a lot of
13 constructive work to be better prepared. Is that true,
14 Richard, or does it not really matter?

15 MR. ROGERS: I think we can get about the
16 work. I mean, we can't encumber funds until we have
17 them, and that's what this is all about. We can start
18 getting contracts out. We have an amendment that we
19 have to do. And until we have funds available, we
20 can't -- we can't complete the contract and get the
21 funds encumbered.

22 So our efforts and priority, I think we can
23 start working down the list. One of the things that we
24 were trying to do as staff is not -- not only review
25 the 2008s but look at the potential funding that we had

1 to work with for 2010 because there's a whole lot of
2 stuff that has to be done with this \$240-million in
3 applications.

4 And what we wanted to do, and it's the next
5 item, but kind of set up the discussion and have a
6 perspective from the Trustees on how much money may be
7 available if you, from our perspective, maximized your
8 opportunities with regards to the 2008 projects.

9 And, you know, or, you know, maybe it's not
10 maximized, but taking what the feedback is that we have
11 and given that information what we potentially have to
12 spend in 2010 because August comes, appropriations, if
13 it goes according to the way this -- we formulated it,
14 we'll have to get busy about approving projects,
15 reviewing projects. Staff has to be prepared for
16 presentation scoping projects.

17 So in the next item on the agenda, we are
18 going to talk a little bit more about that. But part
19 of the reason for this exercise here is to kind of set
20 ourselves up for the next discussion of what are we
21 going to have available and with regards to full review
22 of projects, how do -- how do we go about that?
23 Because we have changed our scoring process, our whole
24 review process of applications in order to try to be a
25 little bit more effective and efficient about our --

1 our review of applications in 2010.

2 CHAIRMAN BADDOUR: And I -- really, I mean
3 it, if someone -- if someone would like to make a
4 motion to instruct staff that this is the intent, I
5 think that's -- I think that's appropriate, if that's
6 what y'all want to do, really.

7 MR. HALLON: Mr. Chairman, I'm going to make
8 a motion that I will vote against, but I think it
9 encompasses what we've done here. I move that it is
10 the intent of this Board to fund all 2008 projects as
11 funds become available before we consider funding any
12 other projects.

13 DR. BRANNON: Second.

14 CHAIRMAN BADDOUR: Okay. I assume that you
15 don't include those that have been delayed, they agreed
16 to delay? Is that right?

17 MR. HALLON: Well, I think we're intending to
18 fund those as well.

19 DR. BRANNON: Exactly.

20 CHAIRMAN BADDOUR: Well --

21 MR. HALLON: On the schedule that they --
22 that we proposed.

23 CHAIRMAN BADDOUR: Okay. Now, you understand
24 that Bill's motion is different than what you have on
25 the Board because --

1 MR.HALLON: Now, it's just an intention.
2 We're not -- I'm not doing anything other than saying
3 what our intention is.

4 CHAIRMAN BADDOUR: Well -- well, I understand
5 that, but -- but your motion is counter to what the
6 committee did earlier in -- in allowing the withdrawal
7 of -- of how many millions in projects --

8 MR. HALLON: Deferral. deferral

9 CHAIRMAN BADDOUR: Deferral. Deferral. I'm
10 sorry.

11 MR. HALLON: I'm including the deferred
12 projects.

13 MR. HALLON: Including all the 2008 projects
14 to be funded.

15 MR. MCGRADY: He's not saying when they'll be
16 funded. He's just saying they will be funded.

17 MR. HALLON: It's the intention of the Board
18 --

19 CHAIRMAN BADDOUR: I see.

20 MR. HALLON: Well, I did say as funds become
21 available or as funds are -- funding is -- has been
22 agreed to through these withdrawals.

23 CHAIRMAN BADDOUR: Okay. I understand that
24 motion. Is there a second to the motion?

25 UNIDENTIFIED TRUSTEE: Second

1 MR. RASCOE: Discussion, Mr. Chairman?

2 CHAIRMAN BADDOUR: Yes, discussion.

3 MR. RASCOE: I -- I just want to make sure
4 for myself that I've understood. Out of the
5 23,532,875, is it -- does this motion encompass now for
6 Wastewater to get 5,511,750 and Restoration/Stormwater
7 5,765,873, Acquisition 12,255,252?

8 CHAIRMAN BADDOUR: That's correct.

9 MR. RASCOE: And if all those funds came in
10 and the motion passed, then all the 2008 projects would
11 be accounted for?

12 CHAIRMAN BADDOUR: That's correct.

13 MR. RASCOE: Okay.

14 CHAIRMAN BADDOUR: That --

15 MR. RASCOE: Plus --

16 CHAIRMAN BADDOUR: -- that weren't deferred.

17 MR. RASCOE: -- 10,007,700 in deferred
18 Acquisition projects to be funded in -- intend to fund
19 those in 2011?

20 CHAIRMAN BADDOUR: In 2011.

21 DR. BRANNON: Right.

22 CHAIRMAN BADDOUR: Right.

23 MR. RASCOE: And that's included in the
24 computations?

25 CHAIRMAN BADDOUR: That's correct. All

1 right. Is there any discussion?

2 (No audible response)

3 CHAIRMAN BADDOUR: Hearing none, so many as
4 favor the adoption of the motion as presented by Mr.
5 Hollan, signify by saying "aye."

6 BOARD MEMBERS: Aye.

7 CHAIRMAN BADDOUR: Opposed, "no."

8 MR. HALLON: No.

9 UNIDENTIFIED TRUSTEE: No.

10 UNIDENTIFIED TRUSTEE: No.

11 CHAIRMAN BADDOUR: We have three nos and most
12 in favor, so the motion carries. Okay. All right.

13 Then, Richard, we -- we now come to the next
14 Agenda Item K with regard to discussion of review of
15 the 2010 applications.

16 MR. ROGERS: Thank you, Mr. Chairman. One of
17 the things that we've been working on is -- is kind of
18 changing our application review process. In the past,
19 we've understood that funds are going to be short. And
20 what we have done is understanding that there is no way
21 we're going to work through \$90-million of Acquisition
22 projects and be able to fund near that many, the
23 Trustees, and I know Stan Vaughan has made it a point
24 to remind us that -- that given the staffing and the
25 time it takes to fully score, to fully scope, to

1 provide full review of these projects, it might not be
2 the best use of our time.

3 Taking that into account, this year on the
4 2010 applications, we have turned our review process a
5 little bit on its ear and changed our methodology for
6 how we're reviewing projects. The concern we have with
7 not scoring all the projects is we have tried in the
8 past to -- to use a -- what kind of --

9 MR. JONES: Screening.

10 MR. ROGERS: -- screening process, and we
11 found that that was not very effective, very -- very
12 appropriate. So what we did was initially we have --
13 we are going to be scoring all the projects up front,
14 and then coming back and identifying kind of a line in
15 those projects where we want to do to fully scope --
16 now, the scope is the one-page summary that y'all
17 receive in your Board packets on the projects.

18 The scope is also the basis from which we
19 write our contracts, and it's critical with regards to
20 writing contracts. The challenge is finding the line
21 that we want to draw with regards to fully scoping all
22 the projects.

23 Now, what we've handed out is a preliminary
24 scoring -- scored list of projects. This is a draft
25 score.

1 MR. JONES: Acquisition.

2 MR. ROGERS: I'm sorry, acquisitions. Tom
3 has gone through, scored the projects. They have not
4 been reviewed by staff, which we always do before we
5 post the score. What we have done is provided
6 groupings of this, and y'all can see the reference
7 points with regards to the scores and the groupings.
8 They're in alphabetical order. They are not in score
9 order from best to worst by any means.

10 There's two groups, and this is kind of the start.

11 One of the concerns we have about doing this,
12 the time frame that we have to work, is that we need to
13 make sure that y'all have an opportunity to review the
14 scores, look at the projects. And also, our intention
15 is to not go down and scope all the projects.

16 So the fact is, when we come to August, we
17 won't have every project ready to be heard. They will
18 have been scored, but they will not be ready to be
19 presented and fully scoped.

20 So, what we're attempting to do here is bring
21 these projects to you for you to review. The idea is
22 to work down by this list, which may change a little
23 bit after staff reviews and has final say on it. But
24 look down to the first grouping, fully scope those
25 projects, and then any recommendations that y'all have

1 from the list that y'all feel that we need to scope,
2 we'll be glad to hear.

3 The idea here is that we are going to need
4 another week or ten days to get final scores. We will
5 produce that list to you in that time frame and then
6 request feedback from you with regards to the list on
7 projects that y'all want to be heard in August so that
8 we can get those fully scoped and incorporated in the
9 Board packet that will be going out towards the end of
10 July.

11 MR. McGRADY: Mr. Chairman?

12 CHAIRMAN BADDOUR: Chuck?

13 MR. McGRADY: So, you're asking us to look at
14 this and if there are -- well, I'll just jump in. The
15 second project on page 2, 2010-096, I would like to see
16 that project scoped, even though it's inconsistent. I
17 guess Tom told me yesterday that the draft score was --
18 on that project was 99, it's now showing in the list
19 below 94. But that's a -- that's a very significant
20 project for Western North Carolina.

21 MR. JONES: I'm sorry. Would you repeat the
22 number, please?

23 MS. CRAGNOLIN: What number?

24 MR. McGRADY: Two -- the second page, second
25 number.

1 MR. JONES: Okay.

2 MR. McGRADY: French Broad Head Waters
3 project.

4 MR. JONES: Mr. Chairman?

5 CHAIRMAN BADDOUR: Yes, Tom.

6 MR. JONES: Chuck. I just -- I wonder if I
7 could share a few things which might help --

8 CHAIRMAN BADDOUR: Yeah.

9 MR. JONES: -- where you're going with this.
10 As the -- typically, the scores and the scopes and
11 everything are all kind of meshed together and
12 developed as one, and they come together just before
13 the August Board meeting, and we've written all these
14 scopes for projects that aren't going to have a chance.
15 And y'all have so many projects with full scopes in
16 front of you that you can't look at them all, you can't
17 review them like we used to. Used to go through every
18 single project and field reps would do Power Points,
19 and that's -- because of sheer numbers, we haven't been
20 able to do that. And that really takes away some of
21 the quality.

22 And as Richard said, we had some concerns
23 that applicants would be able to feel like they got a
24 full evaluation. And so the -- the heavy work, really,
25 has been in the development of the scope and

1 presentations at the Board and Power Points from the
2 field reps.

3 Now, what -- what typically happens is I come
4 up with scores, and then they go out to everybody. And
5 we all know that Tom's spreadsheets often have major
6 errors in them, so this one's probably no exception.
7 But the field reps and the full staff will go through
8 these and -- and we'll know.

9 So, some of these may not even belong in the
10 top group. Some of them might score well, but they're
11 not going to happen, and so there's no point, and we
12 may have some withdrawals and things like that.

13 So, it's important we didn't show that the --
14 the score right now because we don't really know what
15 the final scores are. But -- but the effort is to --
16 is to -- let's say you get 15 million for the
17 Acquisition Committee allocation for this year out of
18 the 28 million that's available.

19 We'd like to go down and show you the best,
20 well into -- well below what y'all's limit might be, to
21 25, \$30-million, perhaps. And, secondly, that, of
22 course, as it's always been the -- the way, there are
23 projects down below like Chuck just started doing where
24 -- where trustees want a full scope and presentation.
25 And there may be some on that list the field reps think

1 need to go up and go that direction as well.

2 And so this is just -- so we would spend time
3 with developing the scopes on -- on only those that --
4 that had -- that were competitive, and also give the
5 Trustees a chance to get back into the -- the good,
6 old-fashioned project review before funding decisions
7 are made. That's all.

8 CHAIRMAN BADDOUR: Okay. But the point, I
9 think --

10 MR. MCGRADY: I -- I -- I appreciate what Tom
11 is saying there. I was just playing off of what --

12 CHAIRMAN BADDOUR: Right.

13 MR. MCGRADY: -- Richard said and wanted to
14 very clearly signal that no matter where that project
15 ends up on this list --

16 MR. ROGERS: Absolutely.

17 MR. MCGRADY: -- I'm going to want a full
18 scoping of it. It's -- I mean, it's front-page news on
19 every paper in -- in the counties near me.

20 CHAIRMAN BADDOUR: And, of course, that will
21 be honored, I think, and that's been the intent, I
22 think, of this Board in the past when we did that, as
23 Tom just said.

24 Now, if I could ask staff, since we won't
25 meet again until August, you're going to continue to

1 update the Board when you get the scores, right?

2 MR. JONES: Yes.

3 CHAIRMAN BADDOUR: Can we like -- when would
4 you need to hear from a Board member if they would like
5 to have a full scope on a project that -- that falls
6 below that list in order to have it ready for the
7 August meeting?

8 MR. JONES: Well, we need to have all scopes
9 done by a certain date. I don't have my calendar with
10 me. Cherri or Nancy might be able to help us with
11 that, but there's a point at which we need all scopes
12 done and ready to go into the Board packet prior to the
13 August meeting so we could develop that. Nancy or
14 Cherri, can you help me out with that? But it's going
15 to be sometime in -- in early July.

16 MR. ROGERS: What -- what -- what we'll --
17 what we'll do -- this is the schedule -- is by June,
18 June 1, we'll -- we'll have things --

19 MR. JONES: July 1.

20 MR. ROGERS: July 1, I'm sorry -- fully
21 scoped -- I mean fully scored with the score and listed
22 in -- in that, and that will made -- be made available
23 to the Trustees. And then we would like, I would say
24 by the -- I don't know, the 11th of -- I'm on the wrong
25 month. Hold on -- the 9th of June -- July, if we can

1 have feedback on those scores. I will be proactive in
2 trying to touch base with you to make sure that you had
3 the opportunity to look at it, and that should give us
4 time to get our -- any additional scopes pulled
5 together over the next couple of weeks because the
6 Board packet will go out around the, what --

7 MR. JONES: End of July.

8 MR. ROGERS: -- end of July.

9 MR. JONES: If there's any projects that the
10 Trustees would like to pull forward they can certainly
11 let us know earlier that would be great. They can --

12 CHAIRMAN BADDOUR: We're going to meet the
13 third week in August rather than --

14 MR. ROGERS: Yeah, that's true. It'll --
15 it'll go out the first of August. So, let's -- let's
16 back up, and we'll -- we'll look at the 14th of July
17 Board input.

18 CHAIRMAN BADDOUR: Is the Board comfortable
19 with the proposal, based on the action that you just
20 took, it looks like if things go well, we'll have about
21 \$28-million total. If you follow the typical pattern
22 we have, about half of that would be available for
23 Acquisition. And they're proposing, basically, to
24 double -- to do scopes that would be double that
25 amount. Is the Board comfortable with that as a --

1 plus whatever Chuck and others want to add to it. Is
2 that a comfortable cutoff for scoping?

3 MR. HALLON: Okay. What do we do with the
4 rest of them, just tell them, "You're out as of -- as
5 of August 1, you're out. You didn't make the first
6 cut"?

7 MR. ROGERS: You know, that -- again, it
8 depends with regards to -- I mean, there's usually a
9 November cycle, but I don't know that we have the
10 opportunity to work down below that list. So, for all
11 intents and purposes, it seems to me that that would --
12 that would be kind of the -- the option.

13 The Board usually doesn't take action about
14 not funding or eliminating those projects until
15 November. We usually take a course of action --

16 MR. HALLON: Well, we usually review all of
17 them. We're saying we're not even going to review --

18 MR. ROGERS: We -- we --

19 MR. HALLON: -- 75% of the projects that came
20 in --

21 MR. ROGERS: If they're fully evaluated

22 MR. HALLON: We do away with them.

23 MR. ROGERS: The Board -- we --

24 MR. HALLON: We can't review them if they
25 aren't evaluated.

1 MR. ROGERS: Well, we have. I mean, we've
2 fully scored them, and -- and --

3 MR. HALLON: The staff has. The Board's not
4 going to look at 75% of these projects, so -- is that
5 correct?

6 CHAIRMAN BADDOUR: Well, I think -- I think
7 that's correct. And if this Board feels differently
8 about it, you need to -- you need to talk about it. I
9 mean, what the staff is trying to go for here is
10 quality at some level. And, I mean, it's a legitimate
11 debate, though. It's a legitimate discussion. Kevin?

12 MR. MARKHAM: Yes, but I -- I think what I'm
13 hearing is that the Board, since we have a -- a --
14 notebooks or disks, we have until the 14th of July to
15 let Richard know that there are additional projects,
16 based on our review of the scopes that they've provided
17 to us, or the applications, and we'd like to see those
18 brought forth for fuller evaluation in August, correct?

19 MR. JONES: Mr. Chairman?

20 CHAIRMAN BADDOUR: Tom?

21 MR. JONES: Yes. The -- the point I do want
22 to make is that, as opposed to the screening process,
23 staff has gone all the way through the evaluation
24 process. You have all the applications before you in
25 the notebooks, and staff's doing a complete review of

1 all the applications and will provide the scoring and
2 the ranking of all the applications.

3 And the entire -- the entire staff will be
4 showing you what, at least their impression of, the
5 ranking and the viability these projects are. I just
6 got cut.

7 CHAIRMAN BADDOUR: I'm sorry. I probably did
8 that.

9 MR. JONES: No. And so the Trustees will
10 have a full evaluation of all the applications.
11 There's a notebook and then staff rank, as usual, going
12 into the full Board meeting. The only thing we're not
13 doing is spending time developing Power Points and
14 summaries and staff recommendations for those that are
15 at the bottom -- you know, that -- that are not in the
16 -- in the top 30 million of the projects.

17 And so that's -- that's -- that's the
18 difference, and we wouldn't be -- the whole Board
19 wouldn't be going through every single project to
20 review them thoroughly. It would be right back to the
21 way we've been doing in the last two years, is looking
22 at groupings -- groupings.

23 So it -- it really doesn't subtract -- it
24 just subtracts time spent during Board meetings on
25 this.

1 MS. MCGEE: Tom, stop for a second. She's
2 cut off.

3 CHAIRMAN BADDOUR: We lost electricity.

4 MS. MCGEE: The reporter cannot hear you.

5 CHAIRMAN BADDOUR: Her machine -- it's not
6 just here -- is your machine working?

7 COURT REPORTER: Yes. Well, my machine is
8 working, but --

9 CHAIRMAN BADDOUR: So, if we talk loud, can
10 you hear us?

11 COURT REPORTER: Yes.

12 MR. JONES: Okay. Okay. The only thing
13 we're talking about changing is not the full review of
14 applications, but the full review of all applications
15 at Board meeting. But we've still got the full
16 evaluation and the application itself to review prior
17 to that, and we'll only be spending time parsing
18 through the top 30 million out of 90 million
19 applications.

20 And, certainly, the ranking -- the ranking
21 that staff puts the projects in is always -- is always
22 up for discussion at the Board meetings, and changing
23 that ranking as the Board trustees see fit.

24 CHAIRMAN BADDOUR: All right. Is there
25 further discussion on this?

1 MR. HALLON: My question is still in August,
2 we would just dispense with anybody who's not in the
3 reviewed category and say these projects have been
4 denied, which is what we used to do with projects that
5 failed to meet a certain criteria. We said, "The
6 project has been denied, go back and redesign it. Go
7 back and come back next" --

8 MR. JONES: Right.

9 MR. HALLON: -- "year, or we're not going to
10 do it." Is that -- are we --

11 CHAIRMAN BADDOUR: Well, not -- not to put a
12 fine point on it, that may actually, as I understand
13 it, be the practical implication. But if you want to
14 go back to the way we have been operating in the last
15 couple of years, what we've done in August is we've
16 allocated money between the committees. We've held
17 back a certain percent to November. So, we really
18 haven't made that final decision until the November
19 meeting.

20 As a practical matter, Bill, I think you're
21 right. But as a technical matter, if we follow the
22 procedure we have in the past, that decision would not
23 be made until November.

24 MR. HALLON: But we go down a priority list.
25 If we've got \$30-million's worth of projects that are

1 going to make our priority list and we've only -- we
2 don't even have 30 million total dollars to expend,
3 then some of these people ought to be put out of their
4 misery, and we should, too.

5 CHAIRMAN BADDOUR: We -- we can do that if
6 this Board wants to. If that's what you want to do,
7 you can do it. You're the Board. You can do whatever
8 you want to do.

9 MR. JONES: The staff's really just looking
10 for -- for -- for guidance for moving forward in terms
11 of the workload, and scope development is a tremendous,
12 tremendous workload. And it's also exasperating when
13 you're writing -- working on a scope and staff
14 recommendations and the whole staff reviews the scope
15 on a project that you know is -- you know, that you're
16 wasting your time on, basically, in terms of Board
17 final decisions, generally.

18 MR. ROGERS: One -- one other note is that
19 our -- our interest is to get y'all informed on this
20 earlier. So, in your Board packet for August, you'll
21 receive the scores for our wastewater projects. Is
22 that next or restoration?

23 Larry's looking at me -- the restoration
24 projects. And then in the September packet for our
25 October meeting, you'll receive it for wastewater so

1 that you get a preview, and then we can comment. You
2 have a chance to look at it so that we can pull up
3 projects that need to be -- need to be fully scoped by
4 the -- by the staff.

5 CHAIRMAN BADDOUR: Pres?

6 MR. PATE: Thank you, Mr. Chairman. I'm
7 comfortable with the strategy that Richard laid out.
8 It's not ideal, but under the circumstances, I think
9 it's a practical approach, and it's -- it's the staff's
10 misery we need to be concerned about as well as our
11 own. I don't think the quality of the reviews are going
12 to suffer as a result of this approach, and our final
13 decisions will not be adversely affected either.

14 MR. ROGERS: One other point, and I think it
15 will help us focus on what we need to focus on, and I
16 think in committee it would actually give us more time
17 to review the projects rather than trying to run down
18 the entire list, we'll be focused on enough projects.
19 We'll have time to fully -- have more discussion on
20 them and get -- get into the detail on them. So, thank
21 you.

22 CHAIRMAN BADDOUR: All right. Is there
23 further discussion? Mr. McMillan?

24 MR. McMILLAN: Well, I -- I just feel
25 compelled to say that one thing we can tell these folks

1 is that our legislation -- our appropriation was cut by
2 -- by 50%.

3 CHAIRMAN BADDOUR: Yeah.

4 MR. McMILLAN: And we can refer them to their
5 legislators to restore it back to the \$100-million, and
6 we will be able to fund --

7 MR. ROGERS: Further --

8 MR. McMILLAN: -- twice as many projects.

9 MR. ROGERS: That's correct.

10 CHAIRMAN BADDOUR: All right. Further
11 discussion?

12 (No audible response)

13 CHAIRMAN BADDOUR: Okay. Do we need any
14 action on that, or do you think you're comfortable with
15 the direction that the Board wants you to go in?

16 MR. ROGERS: Yeah, we're good.

17 CHAIRMAN BADDOUR: Okay. The next item is a
18 Consent Agenda Item. Richard, would you present this
19 to us? "Ratify Chairman/Co-Chairman and Staff
20 Decisions Made per the Decision Matrix."

21 MR. ROGERS: Yeah. Item L is in your packet,
22 and these are basically the list of all the changes
23 we've had to our projects since the last time we met.
24 And, of course, you understand the decision making
25 process that we go into, and this is just a list of the

1 decision matrix that we have done over the course since
2 February, or probably since January.

3 And it's just the trustees, the chairs of the
4 committee and the chairman have reviewed most of these.
5 Some of them are staff decisions, but they're all
6 within the frame work of -- of what the -- y'all have -
7 - the criteria y'all have set up for us.

8 There is one exception on the list that we do
9 want to make note of, and I'm going to let Beth run
10 through that one for you. Beth?

11 MS. MCGEE: Thank you. If you look on line
12 20 on page 2 of your table, it's a Lumber River
13 Conservancy Singleton's Bay Project. This project had
14 -- the main issue was the timber value was inaccurately
15 appraised or reflected in the first appraisal, and the
16 landowner worked with us, and we worked with the State
17 Property Office, and they re-examined the appraisal
18 with the timber value.

19 And it -- it -- what it did is -- and -- and
20 the State Property Office agreed with that higher
21 amount. It did increase the unit cost a great deal,
22 but also the landowner donated much more of the
23 acreage. So, it's one of those situations where we had
24 the criteria one, one made it look worse. The other
25 one was -- balanced it out. It really was a lot

1 better.

2 So the net -- the net change was -- was to
3 the positive. Normally, we would take this to the
4 Board because one of the criteria, even though they
5 balanced out, one of the criteria was significant --
6 had a significant change. However, there was a time
7 constraint. The landowner wanted some feedback and a
8 decision, so we -- we talked with the chairman and the
9 co-chairs to see if they thought that this was -- that
10 they felt comfortable approving it with the knowledge
11 that we would come back with -- to y'all as a -- with
12 it on the -- as an agenda item.

13 So, normally, we -- we do follow the process.
14 Every once in awhile, we end up with a -- something odd
15 or a time constraint, and we work with the chairman and
16 co-chairs. So, this is just that -- this one case on
17 this list.

18 MR. McGRADY: Mr. Chairman, I'll move the
19 adoption of the Consent Agenda Item, specifically,
20 ratifying the decisions made per the safety -- the
21 decision matrix under tab L.

22 CHAIRMAN BADDOUR: I might just mention that
23 some of our new Board members in -- in years past, all
24 of these items, when there was a change, or at least
25 most of them would actually come back to the Board for

1 Board action, and it was just taking a lot of time.

2 And so we adopted a matrix that the staff
3 could go by and, with consultation of the appropriate
4 chairs, make that decision. But then I think the --
5 the idea was to bring all of this back to the Board and
6 inform the Board what had been done. So that's --
7 that's really what we're about here.

8 Okay. You've heard the motion. Is there a
9 second to that motion?

10 DR. BRANNON: Second.

11 CHAIRMAN BADDOUR: The motion is seconded.
12 Any discussion?

13 MR. RASCOE: Mr. Chairman?

14 CHAIRMAN BADDOUR: Yes?

15 MR. RASCOE: I know this is a consent item
16 agenda, but I -- I was just -- not to hold up
17 everything --

18 CHAIRMAN BADDOUR: No, go ahead.

19 MR. RASCOE: I recuse myself from No. 28,
20 2006A-806. I worked directly on that grant, so I would
21 have a conflict. I just want to recuse myself from
22 voting on the entire item.

23 CHAIRMAN BADDOUR: On any of them, is that
24 right?

25 MR. RASCOE: Yes.

1 CHAIRMAN BADDOUR: Okay. Peter Rascoe has
2 recused himself on -- on this motion. Is there any
3 further discussion?

4 (No audible response)

5 CHAIRMAN BADDOUR: So many as favor the
6 adoption of the motion, signify by saying "aye."

7 BOARD MEMBERS: Aye.

8 CHAIRMAN BADDOUR: Opposed, "no."

9 (No audible response)

10 CHAIRMAN BADDOUR: Is there any other item
11 that a member of the Board would like to -- to bring
12 forth for discussion today? Dr. Brannon?

13 DR. BRANNON: I just want to make two quick
14 comments. One is that the N&O has not been very good
15 about printing some of the press that we'd like them to
16 talk about in terms of our accomplishments and today
17 there was an editorial supporting the Taylor purchase
18 and pointing out that specifically that it needs money
19 from Clean Water to make it happen.

20 CHAIRMAN BADDOUR: All right.

21 DR. BRANNON: So I was really glad to see
22 them acknowledge what a -- a gift that would be to the
23 State of North Carolina.

24 The second thing is that I -- I do want to
25 say that I just absolutely love the postcard and the

1 website, and I did go in and review the website at
2 length and gave some feedback to Richard and Will.
3 And, you know, I was -- I couldn't believe that like
4 two days later, they -- they -- they made all the
5 tweaks and just made it even better. It's very clean
6 and fresh. It's easy to -- to get around in. And the
7 postcards, I'm so tickled with them. I love forwarding
8 them to my friends and to family members even and to
9 people I know in the General Assembly. And it's --
10 it's really made it come alive, so to speak, in terms
11 of listing here are the projects and the money, bla,
12 bla, bla. Some of the photographs are -- are gorgeous,
13 and I really appreciate that. I think it's really
14 great PR.

15 CHAIRMAN BADDOUR: Thank you. Thank you for
16 that. Any -- any other --

17 MR. ROGERS: One administrative note, if you
18 haven't signed your travel -- what is it?

19 MS. MCGEE: Travel reimbursement.

20 MR. ROGERS: -- travel reimbursement, that
21 should be in your folder, please do that so we -- and
22 you can hand them to Penny on the way out. Thank you.

23 CHAIRMAN BADDOUR: The -- the Board meeting
24 in August is going to be August the -- it's a week
25 later than usual. I just wanted to point that out to

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CHAIRMAN BADDOUR: Well, I want to thank all of you for your attendance, for your discussion. That's what I love about this Board, is that we have an opportunity to share our feelings about things. And I appreciate your love for what we do.

So, with that, we will stand adjourned.

(Meeting concluded at 11:28 a.m.)

