

Board of Trustees
Clean Water Management Trust Fund

Minutes of Called Meeting
Wednesday, March 11, 2009

CWMTF Office Conference Room

100 East Six Forks Road, Suite 304

Raleigh, North Carolina

3:30 p.m.

Garrett Reporting Service

Professional Stenomask For The Record

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B O A R D M E M B E R S P R E S E N T

Philip A. Baddour, Jr., Chairman
Norman Camp, III
Rick Coleman
Karen Cragolin
Bill Hollan
Charles Johnson
Charles Markham
Chuck McGrady
Dickson McLean, Jr.
John McMillan
Peter Rascoe
Stan Vaughan
Claudette Weston
Jerry Wright

A G E N D A

- | | |
|--|-----------|
| A. Call to Order - Chairman Baddour | 6 |
| 1. Roll Call - Richard Rogers | 6 |
| 2. Compliance with General Statute Section 138A-15 - Chairman Baddour | 7 |
| 3. Revisions, Additions, and Adoption of the Agenda - Chairman Baddour (Action Item) | 9 |
| 4. Please Put Cell Phones on Vibrate or Off
Chairman Baddour | |
| B. Program Overview - Richard Rogers | 13 |
| 1. Overview of CWMTF Budget Status | |
| 2. Overview of 2008 Awards | |
| 3. 2009 Application Project Review | |
| 4. 2008 Project Management (potential action item) | |
| C. Consideration of Funds To Make Available For Reallocation - Richard Rogers | 10 |
| <p>There are 48 projects (see project listing in Board packet) that have been withdrawn or completed and have unspent funds that can be unencumbered and made available for reallocation. The listing also includes one project staff is recommending withdrawal of award as a result of the grant recipient not having signed the grant agreement to date. A portion of these funds will be used to cover the existing shortage in the fund balance and the rest to cover 2008 awards consistent with Board priorities. Staff recommends that the Board approve making these funds available.</p> <p>In the interest of quickly freeing up unspent funds to reallocate to the Board's funding priorities, staff requests that the Board consider the following actions.</p> | |
| 1. Consideration of delegation to co-chairs and chairman approval of requests for withdrawal and action to unencumber funds. | |
| 2. Consideration of delegation to staff denial of | |

A G E N D A (Continued)

budget reallocations that are not part of the original scope of work.

D. Request Reallocation of Budgets to Use Project Cost Underruns - Larry Horton (Action Items) 42

Project No. 2005B-508 - Gaston - WW/Septic/Collection Rehabilitation and Failing Septic Tanks, Black Duck & Lees Creeks

CWMTF Award: \$409,000

Requested Allocation Amount: \$15,355

Staff Recommendation: Not Approve

Project No. 2005B-510 - Eureka, Town of - WW/I&I Rehabilitation, Nahunta Swamp

CWMTF Award: \$923,000

Requested Allocation Amount: \$31,325

Staff Recommendation: Not Approve

Project No. 2007-510 - Eastover Sanitary District - WW/Collection System Improvements, Lock's Creek

CWMTF Award: \$1,896,000

Requested Allocation Amount: \$210,000

Staff Recommendation: Not Approve

Project No. 2007-527 - Mount Gilead, Town of - WW/Collection System Rehabilitation, Clark's Creek

CWMTF Award: \$2,400,000

Requested Allocation Amount: \$447,799

Staff Recommendation: Not Approve

E. Request For Additional Funds: 2006A-508, Elizabethtown, Town of - WW/I&I Rehabilitation, Phase II, Browns Creek - Larry Horton (Action Item) 43

In a letter dated 1/21/09, the Town requested an additional \$16,000 to pay for part of a \$17,219 cost overrun. The Board awarded the Town a grant up to \$855,000 on 11/13/2006.

Staff Recommendation: Staff does not recommend Approval of the request

F. Discussion / Other 43

1. Quad Trust Fund / Lobby Day April 29, 2009

A G E N D A (Continued)

- 2. Ethics Training
- 3. 2009 Board meetings

G. Adjourn **57**

Certificate **58**

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P R O C E E D I N G S

CHAIRMAN BADDOUR: Okay. I am going to call this meeting to order and ask Penny Adams if she would call the roll. Penny?

MR. ROGERS: I'll -- I'll do it.

CHAIRMAN BADDOUR: Richard.

MR. ROGERS: Phil Baddour?

CHAIRMAN BADDOUR: Here.

MR. ROGERS: Ron Beane?

(No response)

MR. ROGERS: YeVonne Brannon?

(No response)

MR. ROGERS: Norman Camp?

MR. CAMP: Here.

MR. ROGERS: Rick Coleman?

MR. COLEMAN: Here.

MR. ROGERS: Karen Cragnolin?

MS. CRAGNOLIN: Here.

MR. ROGERS: John Crumpler?

(No response)

MR. ROGERS: Rance Henderson?

(No response)

MR. ROGERS: Joe Hester?

(No response)

MR. ROGERS: Bill Hollan?

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MR. HOLLAN: Here.

MR. ROGERS: Robert Howard?

(No response)

MR. ROGERS: Charles Johnson?

MR. JOHNSON: Here.

MR. ROGERS: Kevin Markham?

MR. MARKHAM: Here.

MR. ROGERS: Chuck McGrady?

MR. McGRADY: Here.

MR. ROGERS: Dickson McLean?

MR. McLEAN: Here.

MR. ROGERS: John McMillan?

MR. McMILLAN: Here.

MR. ROGERS: Peter Rascoe?

MR. RASCOE: Here.

MR. ROGERS: Stan Vaughan?

MR. VAUGHAN: Here.

MR. ROGERS: Claudette Weston?

MS. WESTON: Here.

MR. ROGERS: Jerry Wright?

MR. WRIGHT: Here.

CHAIRMAN BADDOUR: Okay. General Statute
138A-15 mandates that the Chair inquire as to whether
any trustee knows of any conflict of interest or the
appearance of a conflict of interest with respect to

1 matters on the agenda. If any trustee knows of a
2 conflict of interest or the appearance of a conflict of
3 interest, please so state at this time.

4 MS. CRAGNOLIN: I don't have the numbers, but
5 RiverLink does have two grants that we received. One, I
6 believe, was an encumbered amount, and the other one, no
7 contract has been signed for it.

8 CHAIRMAN BADDOUR: Okay. I --

9 COURT REPORTER: Who's speaking?

10 CHAIRMAN BADDOUR: That was Karen Cagnolin.

11 MS. CRAGNOLIN: Yeah.

12 CHAIRMAN BADDOUR: Yeah. Here's what I --
13 those of you on the phone, because the court reporter is
14 here, I'll probably recognize your voice, but it would
15 be nice if you would identify yourself before you speak.

16 MS. CRAGNOLIN: Okay.

17 CHAIRMAN BADDOUR: And I will try to figure
18 out a way to recognize you. Just kind of give me some
19 kind of a signal if you want to speak, and I'll try at
20 every appropriate time, particularly with those on the
21 phone -- I can visually see those here -- but to -- you
22 know, to let -- to let you know that you can ask a
23 question or make a comment.

24 MS. CRAGNOLIN: Well, tell me -- tell us who
25 is there in the office.

1 CHAIRMAN BADDOUR: Okay. Well --

2 MR. CAMP: Mister -- Mr. Chairman?

3 CHAIRMAN BADDOUR: Yes.

4 MR. CAMP: Please rescue me from 2008 073 in
5 case that should come up.

6 CHAIRMAN BADDOUR: All right. Okay. I'm
7 here, Karen. Norm Camp's here.

8 MS. CRAGNOLIN: The people that are in the
9 office from the Board are Phil, Dan and Bill?

10 CHAIRMAN BADDOUR: That -- you didn't -- okay.
11 No. Charles Johnson's here. Kevin Markham is here in
12 person. John McMillan, Stan Vaughan are here in person.

13 MS. CRAGNOLIN: Okay.

14 CHAIRMAN BADDOUR: You want -- you want to
15 know who's on the phone, or did you hear that?

16 MS. CRAGNOLIN: Yeah. No, I heard the rest of
17 them.

18 CHAIRMAN BADDOUR: Bill Hollan is here.

19 MS. CRAGNOLIN: Yeah.

20 CHAIRMAN BADDOUR: Okay. All right. And I've
21 asked everybody -- oh, first of all, are there
22 revisions/additions to the agenda? Stan?

23 MR. VAUGHAN: Mr. Chairman, I'm going to
24 recommend that we do not take up Item No. C on the
25 agenda today.

1 CHAIRMAN BADDOUR: Okay. Stan has -- has
2 moved that we remove Item C, which is consideration of
3 funds to make available for reallocation. He did that
4 at my request because I really think it'd be better for
5 us to delay that until the -- probably until we meet
6 again in June. There's no real reason to do it right
7 now. Is there any objection to Stan's motion? Do I
8 have a second?

9 MR. MCMILLAN: Second.

10 MR. CAMP: Second.

11 CHAIRMAN BADDOUR: Second. Any discussion?
12 Hearing none, so many as favor that -- what will we call
13 it -- revision to the addition to the agenda signify by
14 saying "aye."

15 BOARD MEMBERS: Aye.

16 CHAIRMAN BADDOUR: All right. With that
17 revision, is there any other? And without objection, as
18 amended the agenda is before us. Let me say one thing
19 that I -- just as chair. We don't have on the agenda
20 recognition for public comment, but we have a number of
21 guests here today. We appreciate you taking your time
22 to be here. And at the end of the - at the end of the
23 agenda, we will give each of you, if you would like, or
24 anyone that would like to speak, up to three minutes to
25 make any public comment that you would like to make.

1 Okay. I just want to tell the Board that we've learned
2 that Ron Beane's mother had a very serious stroke and,
3 of course, he is taking care of that very important
4 business. And we know that Ron and his family are in
5 all of our prayers.

6 MS. WESTON: Did you say his brother?

7 CHAIRMAN BADDOUR: His mother.

8 MS. WESTON: Mother.

9 CHAIRMAN BADDOUR: His mother, yes, Claudette.
10 Okay. We -- you know, the State of North Carolina is --
11 is facing very tough economic times, very difficult
12 times for everyone. Our Governor and the members of the
13 General Assembly are facing some very -- very important
14 decisions. I think everybody here is aware of the
15 decision that the Governor made a couple of weeks ago.
16 I think it's been that long now. It seems like, a very
17 long time ago -- but that of the reserves that we have
18 in the Clean Water Management Trust Fund that -- that
19 she would remove \$100-million and put them in a special
20 reserve in order to have it available to take care of
21 any State government out fall. So I did get a phone
22 call from the Governor just a day or two prior to the
23 time that that decision was announced publically.

24 Just so all of you will know, the process that
25 we use is when we're working with grant applications,

1 our staff negotiates those contracts with the grantee,
2 and then the contracts are mailed to the grantee for
3 their signature. The grantee sends those documents to
4 me at my office in Goldsboro. I then sign the documents
5 on behalf of Clean Water and mail them back to Raleigh.
6 And we've been doing that at my office -- I mean, I
7 don't think contracts stay in my office more than a day,
8 more than 48 hours anyhow. I mean, I do it -- we -- I
9 keep up with that.

10 Then those contracts -- when they're received
11 here, they are then taken over to DENR or sent to DENR
12 and -- with the request that the funds be encumbered.
13 And once those funds have been encumbered, then the
14 grant recipient, the contract -- the signed -- fully
15 signed contract is mailed back to the grant recipient.

16 So when I received that phone call from
17 Governor Perdue, I did not sign another contract, of
18 course. I stopped signing contracts. I called Richard.
19 I told our Executive Director that I was not signing any
20 more contracts, that there - that the contracts that I
21 had signed already and sent to them but where those
22 funds had not been encumbered and the contract had not
23 been returned that he was to hold those and not do
24 anything with them anymore, to put everything on hold
25 immediately. And that was done, actually, I'd say as

1 soon as I received that phone call and before the public
2 announcement was made.

3 So I'm just kind of setting the stage for you
4 here. Richard, I didn't mean to intrude on --

5 MR. ROGERS: No, no.

6 CHAIRMAN BADDOUR: -- but to let you know the
7 little role that I had played in it. And with that, I'm
8 going to call our -- on our Executive Director to give
9 us a program overview and kind of explain to us where we
10 are now.

11 MR. ROGERS: Thank you, Mr. Chairman. Can
12 everybody hear me okay.

13 MS. CRAGNOLIN: Yes.

14 CHAIRMAN BADDOUR: Everybody's wincing in the
15 room here.

16 MR. ROGERS: What I want to do is try to give
17 you all a little bit of overview and kind of pick up
18 where Phil left off on how we're responding, what we're
19 doing right now and what kind of our plan of action is
20 with regards to our current status.

21 If you will, I want to refer you to agenda
22 Item B, which is entitled "Clean Water Management Trust
23 Fund as of February 28." This, I think, very well puts
24 the status of Clean Water Management Trust Fund until
25 the end of the fiscal year.

1 It clearly states -- and I'm not going to go
2 through this line by line unless there are some
3 questions from the Trustees with regards to this. But
4 it kind of lays out where our dollars are right now and
5 where they -- where they are allocated, providing
6 numbers on the encumbered funds, providing the
7 information with regards to our reductions that the
8 Board has so appropriately taken collecting the over \$9-
9 million.

10 But the bottom line of this page basically
11 tells us that we don't have any funds to award any
12 grants at this point, and I think that's the message to
13 take away from this. We are idle with regards to
14 encumbering any new contracts and any -- and getting in
15 place any new projects or the awarded projects that are
16 not currently under contract and encumbered.

17 So just -- if there's any questions, I'll be
18 glad to answer those questions, but I do think
19 Christopher and Beth did a great job of really
20 communicating our budget status right now through this -
21 - through this little spreadsheet. Are there any
22 questions on this?

23 MR. MCMILLAN: Richard, the question is do we
24 have any idea about whether or not we're going to have -

1 - we will be receiving our allocations for the remaining
2 months in the fiscal year?

3 MR. ROGERS: The allocations will be received.
4 However, they already -- they're already taken with
5 regards to the \$100-million that was appropriated
6 earlier on. So those -- those will come in, but they
7 have already been -- been accounted for with regards to
8 the \$100-million reduction.

9 CHAIRMAN BADDOUR: However -- and this is to
10 the credit of this Board, and you should be proud of it,
11 is they will come in, but they will come in minus 9%.
12 Okay. And that is in these figures.

13 Now, we had actually had anticipated that, so
14 that money had not been -- had not been awarded,
15 actually. So -- okay. Stan?

16 MR. VAUGHAN: Phil, I think you make a valid
17 comment that everybody should understand, that in
18 addition to the \$100-million, we are also 9% short. So
19 we're 109% short from where we were --

20 MS. CRAGNOLIN: We can't hear you.

21 MR. MCLEAN : We can't hear you.

22 MR. VAUGHAN: I said --

23 MR. MCLEAN: Could you speak up, please?

1 MR. VAUGHAN: I said we are at 109% because of
2 the 100 million plus the 9% hold back. So we have, in
3 effect, doubled up a little bit on that 9%.

4 MR. MCMILLAN: Well, the holdback didn't start
5 at the beginning of the year. It -- still, it's only 9%
6 of those allocations as they've been coming in, isn't
7 it, Ricky? Did they go back to the beginning of the
8 year?

9 MR. ROGERS: Yeah, they -- they doubled up on
10 us the last half of the year.

11 CHAIRMAN BADDOUR: The -- I think the good
12 news is that we do have sufficient funds in reserve to
13 cover -- well, let's just say -- all of the projects
14 that were encumbered. So that is good. That is very
15 good.

16 Okay. Is there any member of the Board on the
17 telephone that would like to comment or have a question?
18 Okay, Richard.

19 MR. HOLLAN: Mr. Chairman?

20 CHAIRMAN BADDOUR: Bill?

21 MR. HOLLAN: When -- when I read the
22 Governor's action, it sounded to me as if the Governor
23 said, "I am borrowing these funds from your account,"
24 and these are reserves that are not going to be spent

1 anytime soon and that the Governor intended to repay
2 those.

3 So I guess the question is, has -- is there a
4 way to read this to say that the Governor has borrowed
5 funds that we were not going to spend this year but were
6 encumbered and that she intends to pay them back?

7 These are funds on projects that will -- will
8 extend over two, three, four years. And from a cash
9 management point of view, it would make sense to use
10 those funds to pay tax refunds and payroll taxes in a
11 cash crunch. But we have, in effect, a virtual IOU from
12 the Governor to cover those future needs, and we still
13 have funds from this year's budget.

14 I mean, is that an impossible way to read this
15 action? Because, otherwise, what is her -- otherwise,
16 she hasn't borrowed the money. She's just taken the
17 money, which seems to me is contrary to what she said
18 she intended to do.

19 CHAIRMAN BADDOUR: Well, the Governor has a
20 constitutional duty to balance the budget. And, I mean,
21 it's been interpreted over many years that with that
22 authority that she can sweep State government to -- to
23 attach whatever funds are necessary to balance the
24 budget.

1 And I -- the way I read her -- her Executive
2 Order is that with our 100 million and with the other
3 funds that she, in effect, has -- has transferred those
4 to a reserve for her to have available to meet her
5 constitutional duty.

6 And I think that -- I don't think the word
7 "borrow" is correct, and I don't think the word "take"
8 is correct. I think that those funds are there for her
9 to use to balance the budget if needed. And I don't
10 think you're going to know exactly what will happen
11 until the end of the fiscal year.

12 Now, I will tell you this, is that I am not
13 going to sign any contract for funds that we don't have.
14 Okay. I'm not putting my name on -- and I think that
15 the legal advice that I would get -- you can ask our
16 attorney -- would be that it would not be responsible
17 for me to sign a contract for funds that we did not have
18 in our account or did not know whether we would get in
19 our account. So -- okay. Any other questions or
20 comments? Richard.

21 MR. ROGERS: So one thing I wanted to do is
22 point your attention to the spreadsheet that was in your
23 Board packet, agenda Item B, the current status of Clean
24 Water 2008 awards. We have, over the course of the last
25 week or so -- is compiled information and created this

1 worksheet, and this worksheet is basically the working
2 document that we're using for all our 2008 projects.

3 I want just to go over a little bit of the
4 organization of this, how it's organized and the reason
5 it is organized this way, and then kind of talk to you
6 about some of the other things that we're pursuing with
7 regards to our 2008 grant awards and give you a little
8 more information on how we're -- we're managing the 2009
9 applications and then come back around to this -- our
10 2008 project list and kind of get some input from you
11 guys, the Board members, about how we might need some
12 more information to help make us -- make decisions later
13 on in this process.

14 The spreadsheet, if you'll notice, is
15 sectioned off into groupings of signed contacts by the
16 Chairman and grant recipient. Now, what this means is,
17 as Phil stated earlier, these are contracts that have
18 been and signed, but they have not been encumbered and
19 the signed copy has not been sent back to the grantee.

20 The next grouping is unsigned contracts with
21 projects that are ready to go. The purpose of this
22 grouping is the fact that with regards to stimulus and
23 things that are moving forward are projects that are
24 ready to go. So we have grouped them in this category.

1 And then the final is the remainder of the
2 contracts or the grant awards that do not have contracts
3 out or we have not received signed contracts back in.

4 So this is the way we have grouped this. This
5 has evolved during our conversation with the Governor's
6 Office in trying to present it in a manner of how
7 they're looking at it from a legal perspective and also
8 from getting our projects that are ready to move before
9 them.

10 Other information that we have on this
11 spreadsheet which we think is important, of course, is
12 the -- the matching funds and also those funds that are
13 spent. If you'll notice in the columns of funds that
14 are spent, you'll see that already on these contracts
15 that are unencumbered there has been \$10-million of
16 Clean Water Management Funds spent on the contracts on -
17 - on these projects.

18 So this is summarizing these different areas.
19 We also have a project status which were used with
20 regards to looking at -- looking at potential stimulus
21 projects.

22 So we -- we gathered this information, and
23 we're intending to use this, basically, as our working
24 document for this time where we're trying to identify
25 potential projects for stimulus funding but also

1 identify projects and organization of projects of how
2 the Board will take them up and consider these at a
3 later date.

4 With regards to the stimulus package, there is
5 a whole lot of money coming into this State, and we have
6 been working very diligently in identifying some of
7 those funds that could -- potentially could be used for
8 Clean Water projects.

9 Some areas where we're working is Waste Water
10 Funds, the SRF Funds of approximately \$70-million that
11 are coming to the State. We have been working with DENR
12 and the Governor's Office of Recovery with Dempsey
13 Benton to make sure that our 2008 projects, Waste Water
14 projects, that are ready to go, that have been
15 identified as ready to go are on the list for
16 consideration. They are coming out. They put out their
17 notice of a public hearing for next Tuesday. Some of
18 the characteristics of that notice is that they're going
19 to have 50% grant and 50% loan or they're going to have
20 50% for given loan and then 50% zero-interest loan on
21 all their projects, which does provide us with a -- with
22 a difficult situation since our projects are all grant.

23 However, I still think it's important that
24 these projects are on the list. We will be
25 communicating with these grantees and talking to them to

1 make sure they understand where we are and the
2 opportunity that this might provide them.

3 There's also a green project in this grouping
4 that they allow for stormwater projects to be added to
5 the list. We are developing that. And at the public
6 meeting on next Tuesday, we'll submit that list of
7 projects to be added to those that are already on the
8 list.

9 During this process on Waste Water, they're
10 going to have two lettings, basically, of approvals of
11 grants. The first will be coming by, I think, around
12 June 15th is our anticipated date where they'll let all
13 of unless, probably close to half of the funds, and then
14 a second date will come in and we'll look to get our
15 2009 projects submitted on that list. So that's what
16 we're dealing with the Waste Water.

17 There's also enhancement funds out there that
18 are going to DOT for greenway projects. We have
19 submitted several projects to that list. They have
20 about \$11-million that's available, and we're working
21 with them.

22 NOAA is another area where they're doing a lot
23 of restoration projects on the coast and looking -- got
24 an RFP out for that. There's about \$170-million
25 available there nationwide. We're actually going to be

1 on the phone with some - some land trusts and TNC and
2 some other folks to discuss this possibility of looking
3 at some of our projects to add to that potential
4 application as well.

5 We're also, next week, going to talk with the
6 Department of Agriculture, who have some funds
7 forthcoming with regards to Waste Water projects.
8 They're going to get more detail on that Monday, and we
9 plan to meet with them on Wednesday the 18th.

10 So we are pursuing, as much as possible,
11 options for taking some of the load off of our 2000
12 grant list, given the situation we're in. And I think
13 that we need to keep these options open, and we will
14 pursue them as much as possible.

15 With regards to the 2009 applications, we are
16 in the process of reviewing those applications. We are
17 doing our -- our normal process to some extent with
18 regards to those reviews. I think the one main
19 difference is that we are being very -- we are looking
20 at them very closely.

21 I think it's important that with regards to
22 2009 applications that we bring to the Board for
23 consideration later -- is that we're going to make sure
24 that we bring the best of the best projects. And the
25 way we're going to go about doing that is we're going to

1 communicate back with the grantees to make sure that it
2 is their best project, it is a must have with regards to
3 this. Funds are going to be limited. So I feel like we
4 need to bring a project list to you that represents the
5 most important projects that the State has to offer.

6 Again, we're -- we're working extremely hard
7 to try to find alternative funding to support the 2009
8 grant awards, and we will give you all more information
9 as we learn more with regards to that. And we are
10 working diligently to look at the 2009 and really take a
11 critical view on those to make sure that we will present
12 you all the best of the best of the applications.

13 Now, one thing that we plan to do, and I think
14 in the end game of what we're looking at here is
15 providing the Board the information that they need in
16 order to make decisions with regards to the 2008 and
17 2009 project list that -- with the funding that you do
18 have.

19 My sense is from the legislature, from the
20 Governor's office, we will have some money to work with.
21 My sense is also, is we're not going to have \$100-
22 million plus another \$100-million to work with. So
23 we're going to be in tough times and tight times, and
24 what we need to do is make sure that we get input from
25 the trustees about how we pursue and start prioritizing

1 the - reprioritizing, I think, the 2008 grant
2 applications as well as the 2009.

3 So, if we can, I guess we can use the
4 spreadsheet as kind of a starting point of the
5 information we do have with regards to the 2008
6 projects. And if there's any thought from the trustees
7 of other information that we need in order to make a
8 fully informed decision with regards to these projects
9 or other information that might help us clarify this
10 list and help us over time present it as a prioritized
11 list of funding for the Board, I'd appreciate that input
12 now.

13 CHAIRMAN BADDOUR: Okay. Any -- any trustee
14 want to make -- have a question or want to make --

15 MS. CRAGNOLIN: Are you saying that we --

16 CHAIRMAN BADDOUR: Wait a minute.

17 MS. CRAGNOLIN: -- in 2008 must

18 CHAIRMAN BADDOUR: Hold - Karen --

19 MS. CRAGNOLIN: -- have

20 CHAIRMAN BADDOUR: -- Karen? Karen? Karen?
21 Karen, wait a minute. You need to -- this is -- we've
22 got to get your name in the record. Okay.

23 MS. CRAGNOLIN: Sure. This is Cragnolin.

24 CHAIRMAN BADDOUR: All right. All right.

25 Karen Cragnolin. Go ahead, Karen.

1 MS. CRAGNOLIN: Well, are you saying that the
2 - for the grants that we have approved that have not
3 been encumbered and/or signed by the Chairman or
4 encumbered by DENR --

5 CHAIRMAN BADDOUR: Right.

6 MS. CRAGNOLIN: That we may go back to some of
7 those folks now and say, "Oops, we changed our mind"?

8 MR. ROGERS: I think that's a decision that
9 the Board needs to make, and -- and I don't think we're
10 at a point where we need to do that right now. But I do
11 think we need to gather information so if we do come to
12 the decision-making process like that, we have -- we
13 fully inform with regards to the projects.

14 So, you know, I think that we need to be
15 prepared for all alternatives with regards to 2008 and
16 2009. My sense is that we're going to need to look at
17 both of these cycles in a single -- in a single blush,
18 basically, of when we -- when we go to the funding
19 portion of our -- of our year cycle towards August and
20 September.

21 MR. MCLEAN: Dick McLean here. I don't think
22 it's a question of our having changed our mind about the
23 award of any grant. Our -- the Governor has acted under
24 the Constitution of the State of North Carolina, and I
25 think that puts us in the clear.

1 MS. CRAGNOLIN: Well, we would have changed
2 our mind if we go back --

3 CHAIRMAN BADDOUR: Karen?

4 MS. CRAGNOLIN: -- and tell if -- if we tell
5 somebody, "Yeah, you've got a grant. We sent you a
6 letter. Oops, we didn't encumber it. We didn't sign
7 the thing," and, "Oh, now we've changed our mind. We're
8 -- we're looking at another grant that we got in
9 February, and we like that one better. So you're out.
10 They're in."

11 CHAIRMAN BADDOUR: Well, Karen, again, we're
12 not going to make any decision about this today, of
13 course. But I think the idea is just for us to begin
14 thinking about it.

15 I mean, the ideal situation would be we get to
16 the end of the fiscal year and there's the \$100-million
17 that the Governor put in reserve she gives back to us,
18 okay, and the legislature meets this year and also
19 appropriates another \$100-million. I mean, that would
20 be wonderful if that happened.

21 It's not likely that's going to happen. But
22 there all different gradations of what could happen. I
23 mean, it's possible that some of the money, or a good
24 portion of it -- some portion of the money, small or
25 large, that was removed to be put in reserve comes back,

1 okay, and that we get an appropriation of a substantial
2 amount of money.

3 I don't know. I mean, I think what the Board
4 is going to have to do when we see what the situation
5 is, is -- is make up our mind about how we're going to
6 do it. I mean, I -- I don't know. If -- I'll just give
7 you a -- let's -- let's just take one hypothetical, and
8 that is you get to the end of the year and none of the
9 \$100-million comes back. Okay. But the legislature
10 somehow finds a way to appropriate \$100-million to us to
11 get next year.

12 So that means you've got \$100-million. One
13 thing you could do was just apply it all to the projects
14 that you had already funded and then -- and then all of
15 the projects that have been applied for this year,
16 nobody would get anything. I mean, that would be a
17 decision that you could make, which would mean -- and,
18 you know, there are -- there are a lot of consequences
19 to that, by the way.

20 So -- but, I mean, that would be a decision
21 that you could make. We're -- we're going to have to --
22 I'd like for everybody to think about it, to talk about
23 it, to talk to whoever you want to about it, and then
24 let -- let's give this some thought. Then when we get
25 the facts, we'll have to make a decision about it.

1 What Richard is asking for us is what -- in
2 order to grapple with these decisions that we're going
3 to have to make this summer, what other kinds of
4 information do you want him to gather for you. Stan?

5 MR. VAUGHAN: I think one thing that -- we're
6 -- we're in a new environment that we didn't create, and
7 we've got to deal with it. I would be careful about
8 using words like, "We're going back on our word." We're
9 not going back on our word at all. We're -- we're
10 dealing with the current facts and circumstances.

11 Personally, I think we're going to have to
12 probably take the two years and combine and see how much
13 money we have. And I would be in favor of using
14 Richard's terms "funding the best of the best." I mean,
15 whether they're '08 projects or '09 projects, I still
16 think we ought to fund the best of the best.

17 If you'll go back and look at the scores on
18 some of these 2008, some of them got pretty low. And
19 I'd hate to fund a 75% 2008 -- 2008 project and turn
20 down a 110.209 project.

21 So I just think we are forced into the
22 situation where we're going to -- whatever fund we have,
23 we're going to have to look at the two years together.

24 CHAIRMAN BADDOUR : John McMillan.

1 MR. MCMILLAN: I would -- I would say that
2 with one caveat to that, and that is that if, in
3 reliance upon a grant, that one of our grantees has
4 taken some -- some action and spent their money that we
5 need to recognize that and be mindful of that and -- and
6 not let people be prejudiced -

7 MS. CRAGNOLIN: Yeah, I can't -- Karen
8 Cragnolin. I can't hear you.

9 MR. MCMILLAN: What I said, Karen, was that --
10 that we need to be mindful of any grantees who have
11 acted in reliance on a Board decision to fund a project
12 and then gone on and done something, whether it's used
13 borrowed money or used their own money, in furtherance
14 of -- of that particular project, that we need to be
15 mindful of that and -- and make sure that they aren't
16 harmed by that action.

17 CHAIRMAN BADDOUR: And, John, I think the
18 staff has -- is gathering that information so that that
19 information will be available to us when it's time to
20 make that decision. Okay.

21 MR. RASCOE: Mr. Chairman, this is Peter
22 Rascoe. Following up on those same questions, I may
23 have missed this, but what communication has officially
24 gone out on those, if any, such as a letter, etc.?

1 MR ROGERS: There was a letter that was e-
2 mailed to all the applicants that did not have a
3 contract in hand stating that we were -- we were putting
4 all of these projects on hold --

5 MR. RASCOE: I realize that, but, I mean, back
6 after we -- have any of them gotten a letter -- so they
7 got the original, official letter from the Trust Fund
8 saying, "You've been awarded the grant," or not?

9 CHAIRMAN BADDOUR: Yes. Yes, they have.

10 MR. RASCOE: So that's -- that's the heartburn
11 right there for me.

12 CHAIRMAN BADDOUR: Stan?

13 MS. CRAGNOLIN: I -- I wonder what kind of a -
14 -

15 CHAIRMAN BADDOUR: Wait a minute. Wait a
16 minute, Karen.

17 MS. CRAGNOLIN: -- that would be.

18 CHAIRMAN BADDOUR: Karen, hang on a minute.
19 I'll recognize you in just a second. Stan?

20 MR. VAUGHAN: I would just remind us that,
21 yes, we -- we are all aware that some of the grantees
22 may have spent some funds, but they always do that with
23 the risk that we'll never get the contract. And we are
24 not going to extend any funds until we get a contract.
25 If they -- we've had times in the past where grantees

1 wouldn't agree to certain terms that we wanted to put in
2 the contract, so we didn't have a contract.

3 So I -- I agree with what John has said, but I
4 think there are other factors, too, that -- that if
5 anybody's gone out and spent funds, they've done it at
6 some risk of their own.

7 CHAIRMAN BADDOUR: Karen?

8 MS. CRAGNOLIN: Yes?

9 CHAIRMAN BADDOUR: You wanted to comment.

10 MS. CRAGNOLIN: Oh, I -- oh, I guess, I --
11 what I was saying -- Karen Cragnolin -- is I wonder, you
12 know -- I would like somebody to sort of analyze what
13 the public relations low back on telling somebody, "You
14 got a letter saying you got these funds," and all the
15 people they may have told, organizations, municipal
16 governments, whatever, funds and now, you know, not
17 having them.

18 I don't know. I'm -- I'm asking the question.

19 MR. VAUGHAN: I'm not sure I understand the
20 question.

21 CHAIRMAN BADDOUR: Karen, I --

22 MR. MCLEAN: Yes, I think there will be --

23 CHAIRMAN BADDOUR: Wait a minute. Dickson --

24 MR. MCLEAN: -- but that is our Board and our
25 Chairman Executive Director didn't cause that heartburn

1 it was caused by -- by the economy and action of the
2 Governor.

3 MR. ROGERS: Karen, this is Richard. I -- I
4 agree with you 100%. It's -- it's going to be a
5 difficult time for everybody. And I think what we need
6 to do is make sure that we keep our -- our lines of
7 communication open with our grantees to make sure they
8 know how we're pursuing this, how we're looking at this.
9 And I think it's going to take discussion on each one of
10 these projects with the grantees and talking with them
11 about it before we can even make any decisions on this.

12 So I understand, you know, that commitments
13 have been made and -- but, again, I think it's just a
14 matter of continuing the open communication and trying
15 to make as transparent as possible our process given the
16 situation and the circumstances that we're currently in.

17 MR. HOLLAN: Mr. Chairman?

18 CHAIRMAN BADDOUR: Bill?

19 MR. HOLLAN: Mr. Chairman, I, I guess, concur
20 with John McMillan about people who have, in good faith,
21 taken actions relying on us. And I just look at the
22 first grouping that -- that Richard has on this Schedule
23 B.

24 You've got the Catawba Lands Conservancy.
25 They signed -- there was no dispute about the contract.

1 They signed it. The Chairman signed it. The deal was
2 done. You've got a signed agreement. The State,
3 evidently, didn't encumber it, but these people have
4 spent -- didn't argue about it. They spent \$250,000, of
5 which \$210,000 they anticipate getting back from us.

6 I would think that as we're prioritizing this,
7 that people like that ought to -- ought to come -- and,
8 of course, it was 111, so it would probably meet Stan's
9 list(phonetic), too.

10 But you go down that list, there are others.
11 Triangle Land Conservancy with a 90. I don't know
12 whether 90 would meet the list or not. They've -- the
13 same situation. They've signed their contract.

14 You go down further, you know, we've never had
15 a situation before where people assume that risk. I
16 understand there's always a risk, but I think we've got
17 to give priority to people who have taken actions based
18 on our having awarded grants to them, and I would
19 certainly vote for that.

20 The -- the second thing I -- I'd like to talk
21 about is notwithstanding the fact that we don't have the
22 money now, I think we should bear down and get these
23 contracts done and tell these -- with the provision that
24 we don't know whether we're going to have the funds to
25 do this, but the contracts need to be done.

1 I mean, part of the reason we're in this bind
2 is we've got \$100-million that -- of contracts that we
3 haven't -- that we haven't gotten out to people. So I
4 think we -- we ought not get further behind on those
5 while we wait to figure out what's happening. I mean,
6 we've got to keep our staff working on those, but I -- I
7 don't see any reason not to proceed to have the
8 contracts ready to go when we have funds. So --

9 CHAIRMAN BADDOUR: All right. Any other --
10 anybody on the telephone got a question or comment?
11 These are all good comments, and I think it's a good
12 beginning to the discussion.

13 Well, let -- let me make one comment -- is,
14 you know, we, as a Board and the people in this room who
15 are visiting, I think most of them are from the
16 Conservation Trust Community, believe deeply in our
17 mission and -- and what we're about and what we do.

18 The Governor is going to come out with her
19 budget, I understand, next Tuesday. The budget will be
20 acted on by the Senate, and it will be acted on by the
21 House.

22 These are extremely tough times, and advocates
23 for everything that State government does is going to be
24 at the Legislative Building advocating for what they
25 believe in and making their case.

1 So, it is incumbent on all of those who care
2 about our work and care about what we do to let our
3 elected representatives know how important this work is
4 so that, as they make their very tough decisions, they
5 can understand, you know, the real importance of the
6 work that we do for the future of this State.

7 So, anyhow, I wanted to say that, and I hope
8 that you will all take that to heart.

9 Okay. Any other comments before we move on to
10 the next agenda item?

11 MS. CRAGNOLIN: Well, is there -- this is
12 Karen Cragnolin. Is there a need to -- whatever we
13 decide -- to communicate that -- another communication
14 to any grant awardees? You know, if we decide something
15 today that --

16 MR. ROGERS: Well, the -- I think the point of
17 today's meeting is to gather information. We didn't
18 really want to take any action with regards to 2008 or
19 2009 applications or awards.

20 Basically, because we don't know exactly what
21 the situation is fully, meaning we don't know what the
22 end of the year's going to bring with regards to the
23 2008-2009 fiscal year, and we - we don't know what the -
24 - what the budget situation's going to be with the
25 ensuing budget for next year.

1 So, basically, what -- what we we're trying to
2 do is -- is bring the Board members up to speed, let you
3 all understand what our activities are and -- and get
4 feedback from you on what information we need to be
5 gathering so that when we do reconvene and when we do
6 decide to make decisions with regards to these projects
7 -- because, regardless of what we do, there are
8 decisions that have to be made -- that we have as much
9 and the most information and the best information for
10 you all to make the -- make the most appropriate
11 decisions.

12 So that was -- that's where we are.

13 MR. MARKHAM: Mr. Chairman?

14 MS. CRAGNOLIN: Can -- can we ask our grantees
15 to communicate with the General Assembly about their
16 needs and their needs for the Creedmoor Trust Fund
17 money, or can we not do that?

18 MR. ROGERS: That is being done very actively.
19 One notion -- and I think Bill Hollan brought up the
20 point with regards to folks that have spent money.

21 The Land Trust Community, along with TNC, have
22 met with the Governor's office to bring those projects
23 to their attention, that they have expended money, that
24 they have already closed on projects, and that has --

1 that has been brought to their attention over in the
2 Governor's office.

3 So I think that that is one area of specific
4 information that's been passed on to the Governor about
5 the concern with regards to taking our funds, and I
6 think it's very appropriate and appropriately done.

7 So I think there are folks out advocating and
8 -- and really understanding the impact of this. We've
9 had -- and we can get you some articles that have run in
10 the paper, too. We've been getting calls from the
11 BUSINSS JOURNAL and other folks with regards to these
12 issues.

13 So it is coming up, and folks are getting
14 their ear to the ground on this and understanding more
15 and more the impact that it's going to have as well.

16 CHAIRMAN BADDOUR: Karen?

17 MS. CRAGNOLIN: So -- so, Richard, you feel
18 like that's been taken care of?

19 MR. ROGERS: I think everybody is aware. And
20 the reason they're aware is that we - that, you know,
21 the Chairman and -- and we have put things on hold
22 because we don't have money to move forward. And I
23 think that has piqued everybody's interest, and -- and
24 everybody is engaged that -- from what I can tell.

1 MR. MCLEAN: Richard, Dick McLean here. Has
2 that information actually been communicated to the
3 applicants to whom we've sent a letter saying, "The
4 award has been made to you"? Have we now sent a further
5 letter saying that we are unable to, you know --

6 MR. ROGERS: Yes. Yes, sir. All the -- all
7 the folks that are in a position where they do not have
8 a contract are aware that we are not moving forward with
9 encumbering any more funds at this time.

10 MR. MCLEAN: You sent each applicant in that
11 situation?

12 MR. ROGERS: Yes, sir.

13 MR. MCLEAN: -- a letter?

14 MR. ROGERS: Yes, sir.

15 CHAIRMAN BADDOUR : Yes.

16 MR. ROGERS: Yes, sir.

17 CHAIRMAN BADDOUR: Emphatically, yes.

18 MR. MARKHAM: MR. Chairman?

19 CHAIRMAN BADDOUR: Kevin?

20 MR. MARKHAM: Yes, Mr. Chair. For those on
21 the phone, this is Kevin.

22 I would certainly hope that we, as a Board,
23 take into consideration as we move forward and -- and
24 additional funds are available, which I assume you were
25 saying could happen with the next fiscal year --

1 MS. CRAGNOLIN: We can't hear whoever's
2 speaking.

3 MR. MARKHAM: I'm sorry. Let me get closer to
4 the mic here.

5 MR. JONES: Here.

6 MR. MARKHAM: Yeah, I've got it here.

7 MR. JONES: You can move that very close to
8 you, if you wish. Maybe not.

9 MR. MARKHAM: How about that? Can you hear me
10 now?

11 MR. JONES: Come on a little bit closer.

12 MR. MARKHAM: I would certainly hope that we,
13 as a Board, take into consideration that as additional
14 funding becomes available is to either return to our
15 coffers or as appropriate at the next session, that we
16 do honor the contracts that have been signed by the
17 Chairman and the grant recipient as a first priority,
18 regardless of the score. I think it's a contractual
19 obligation that we have made with these people. We have
20 signed. They have signed. And I certainly will be
21 pushing that in June.

22 But I think that the contracts that have not
23 been signed certainly can be taken into consideration
24 for -- with the 2009 cycle. But I'll certainly be

1 pushing that the projects that have been signed by us
2 and then certainly do need to be prioritized.

3 CHAIRMAN BADDOUR: Okay. Any other -- and
4 we're -- we're in the process of getting, you know,
5 legal advice about that also, which we're -- at -- at
6 the time that that is finalized, we'll share with the
7 Board. Okay.

8 Any other -- any other questions or comments
9 before we move to the next item on the agenda? Okay.

10 Bill -- Bill, did you have another comment?

11 MR. HOLLAN: Well, looking -- looking back at
12 this agenda Item B, we -- we're not taking action today
13 to unencumber a million six or something like that, that
14 we were going to do in Item C.

15 If we don't do that, we're projecting that
16 we're a million seven overdrawn. Is there a -- does
17 that not create a concern?

18 CHAIRMAN BADDOUR: It -- it does not because
19 it's not a cash-flow issue for us.

20 MR. HOLLAN: But, I mean, haven't -- haven't --
21 -- aren't we, in effect --

22 CHAIRMAN BADDOUR: Well, we can't --

23 MR. HOLLAN: -- encumbered funds that we don't
24 have?

1 CHAIRMAN BADDOUR: No. No, because we haven't
2 encumbered any more funds. We haven't done anything
3 else. We haven't added to the problem.

4 MR. HOLLAN: All right.

5 MR. ROGERS: Well, this is also projecting to
6 the end -- very end of the fiscal year, so we have to be
7 right by the end of the fiscal year in order to -- to
8 make our -- make our budget ends meet.

9 CHAIRMAN BADDOUR: I can assure you we've done
10 nothing to make it worse.

11 Okay. We'll move now to Item No. D. Richard?
12 Or --

13 MR. ROGERS: Larry is here. But since I have
14 a mic, I'll -- I'll take this one.

15 What you have on your agenda are -- are five
16 projects that have come in under budget, and there has
17 been formal request made to the Board to reallocate
18 those funds into an expanded scope -- scope of work.
19 And staff has reviewed these projects.

20 Given the -- our -- our current circumstances,
21 we are not recommending approval on any of these
22 projects and are bringing this to the Board.

23 MR. MCGRADY: This is Chuck McGrady. I move
24 that we not approve.

25 MR. HOLLAN: Bill Hollan, second.

1 CHAIRMAN BADDOUR: Okay. You've heard the
2 motion. Any discussion? Hearing none, so as many of
3 those who favor the motion to accept the recommendation
4 of staff and not to approve the requested reallocation,
5 signify by saying "aye."

6 BOARD MEMBERS: Aye.

7 CHAIRMAN BADDOUR: Opposed, "no." The "ayes"
8 have it.

9 Richard?

10 MR. ROGERS: Mr. Chairman, agenda Item E is a
11 request from Elizabethtown for additional funding of
12 16,000. And given, again, our situation, staff has
13 recommended that we do not approve this request.

14 MR. MCGRADY: McGrady again. Move to not
15 approve.

16 MR. HOLLAN: Second, Norman.

17 CHAIRMAN BADDOUR: Move is seconded. Is there
18 any discussion? Hearing none, so many as favor the
19 motion, signify by saying "aye."

20 BOARD MEMBERS: Aye.

21 CHAIRMAN BADDOUR: Opposed, "no." The "ayes"
22 have it.

23 Richard?

24 MR. ROGERS: Mr. Chairman, just with regards
25 to agenda Item F, I just want to make you all aware of a

1 few things, the Quad Trust Fund and, I think more
2 importantly, Land and Water Conservation Day will be on
3 April 29th. We will get you all more detailed
4 information. I think it will be an opportune time to
5 get to the legislature and -- and lobby them for Clean
6 Water Funds and -- and for conservation across the
7 State.

8 Also rolled into this, there is an ethics
9 training required for our -- our Board. Every two
10 years, there is an update -- we'll let the horn go --
11 there is -- there is an update required in your ethics
12 training. This will take place, I think, from 1:00 to
13 3:00 on the 29th.

14 We will get you an updated list of Ethic
15 Trainings that are happening across the State. They do
16 that on a quarterly basis, and I think the next quarter
17 should be out by now. So if you want to attend one a
18 little closer to home -- but, again, we're trying to
19 roll this in. It's also an opportunity for us to look
20 at the -- get together with some of the other trustees
21 from other trust funds as well just to get up to speed
22 and -- and discuss, I guess, our -- our current
23 situation.

24 I believe we put you on notice with regards to
25 our 2009 Board meetings. We have changed those

1 meetings' locations. They will -- and also where you
2 will stay. And, Penny, if -- if you hadn't already got
3 notice on that, we'll get more details out to you with
4 regards -- with regards to that.

5 CHAIRMAN BADDOUR: Richard, let me go back a
6 minute to this ethics training because I want everybody
7 -- be sure I understand and we all understand what our
8 responsibility -- as I understand it, you have to have
9 the initial training, and then you have to have a
10 refresher.

11 MR. ROGERS: Right.

12 CHAIRMAN BADDOUR: Now, as -- I think -- I'm
13 not asking you to say this, but I'm assuming that
14 everybody on the Board has had the initial training. Is
15 that right?

16 MR. ROGERS: Yes, sir.

17 CHAIRMAN BADDOUR: Okay. So we all have to do
18 refresher training every two years?

19 MR. ROGERS: Yes, sir.

20 CHAIRMAN BADDOUR: Isn't that right?

21 MR. ROGERS: Yes, sir.

22 CHAIRMAN BADDOUR: So I guess you all know
23 when you had your original training. If you don't, you
24 might want to check with Richard -- or, Richard, maybe

1 you could let each trustee know -- somebody could let us
2 know individually what our deadline is.

3 MR. ROGERS: Yeah.

4 CHAIRMAN BADDOUR: Again, this is -- it's just
5 something we've got to do, folks. All the boards in the
6 State are struggling with it and trying to find a -- a
7 place -- I know, from just some others, that -- I mean,
8 they won't come do it for you. You've got to go to
9 where they're doing that ethics training.

10 So when -- is there one on April 29th? Is that
11 what you're saying?

12 MR. ROGERS: They are actually doing -- making
13 an exception to their normal protocol with regards to
14 setting them up across the State and -- and having one
15 because we do have four different boards in place at a
16 single location and providing this for you.

17 It's about an hour and a half, I believe, and
18 so it -- it's not too painful.

19 CHAIRMAN BADDOUR: As painful as it is, it's
20 better to do it sooner than later. I don't want anybody
21 on this Board to get in trouble. Besides, I think I'm
22 the person on the Board that's responsible -- or
23 somebody is. I don't know. Maybe it's John McMillan.
24 As many -- as the Chairman. So please take this
25 seriously. Okay.

1 MR. CAMP: Let me ask a question. This is
2 Camp.

3 I got a card in the mail requesting that we
4 update our status, current status. What are we going to
5 do about that?

6 CHAIRMAN BADDOUR: What do you mean as to --
7 oh, you -- you --

8 MR. ROGERS: He's talking about the --

9 CHAIRMAN BADDOUR: -- in the financial report?

10 MR. ROGERS: Yeah, financial report.

11 MR. CAMP: Yeah.

12 CHAIRMAN BADDOUR: You just got to do it.

13 MR. VAUGHAN: You've got to do it every year.

14 CHAIRMAN BADDOUR: Every year.

15 MR. ROGERS: Yeah.

16 CHAIRMAN BADDOUR: Yeah. I mean, there's not
17 a way around it.

18 MR. VAUGHAN: I just did mine the other day,
19 and it's -- if you're just updating and have had --

20 MR. CAMP: Right.

21 MR. VAUGHAN: -- no changes, you just sign a
22 form and have it notarized, and you're done.

23 MR. CAMP: Right.

24 CHAIRMAN BADDOUR: Okay, Richard.

1 MR. ROGERS: That's all we have on the agenda
2 today. I appreciate everybody's attention. Again,
3 we'll be - we'll be -- this is -- this is a primary
4 focus for us, and we'll be keeping folks up to speed and
5 communicating to you on a regular basis.

6 CHAIRMAN BADDOUR: Okay. We'll now open the
7 floor for public comment, and here's what I'm going to
8 do. We'll go around the room starting here. If you'd
9 like to be heard, if you'd stand up and -- I'm sorry, we
10 don't have a podium. We don't have a -- but we will let
11 you come.

12 Stan, can you --

13 MR. ROGERS: Take a mic.

14 MR. ROGERS: -- can you take a mic there? If
15 you'd like -- just raise your hand if you'd like to --
16 to be recognized. Anybody? Anybody? Reid? Reid
17 Wilson. Come over and take that mic, Reid. Tell us who
18 you are and who you represent.

19 MR. WILSON: Will do. Thank you, Mr.
20 Chairman. This is Reid Wilson, Executive Director of
21 the Conservation Trust for North Carolina.

22 Really, on behalf of the State's 25 land
23 trusts, I just want to say, rather sincerely, that we
24 feel your pain and we know this is not a good time and
25 you have to make a lot of tough decisions. We

1 appreciate you trying to do whatever you can to make
2 this situation better, and we look forward to working
3 with you, not only trying to figure out how to work
4 through these projects that are almost encumbered, but
5 there is another group where there may be not a
6 signature between Clean Water and the grantee. But some
7 of those projects have actually closed already, and
8 that's another group of projects where our groups are
9 very interested in.

10 So, you know, we want to work with you and the
11 Governor's people and the legislature, if necessary, on
12 that one to figure out how we can get as many of those
13 funded as possible. I appreciate some of the comments
14 today about how to prioritize these projects, especially
15 the ones that are so close to being encumbered.

16 We also see the stimulus as an opportunity to
17 relieve some of the pressure. You know, conservation
18 projects are not going to be funded, really, very much
19 through the stimulus but if some of your Waste Water
20 projects can be that makes it easier to get the
21 acquisition projects done.

22 Then in terms of the - the next budget down at
23 the legislature, we're going to be very active. The
24 landfill partners are going to spend a lot of time down
25 there activating their people around the State to send a

1 message that Clean Water needs as much money as it
2 possibly can get.

3 It's great, I think, that the four trust funds
4 are going to be in Raleigh for ethics training and Lobby
5 Day and you're meeting on the same day. That's not a
6 coincidence, and we appreciate your willingness to be
7 there and to help with Lobby Day. I think that can make
8 a huge difference.

9 So, we look forward to working with you to get
10 the best possible result in terms of these projects that
11 are kind in limbo, in terms of moving some -- some of
12 your projects over to the stimulus side and working
13 through how to get the most money in the budget for
14 Clean Water in the next session.

15 So, thank you very much.

16 CHAIRMAN BADDOUR: Thank you. Thank you.
17 Anyone -- yes, sir?

18 MR. LEUTZE: Thank you, Mr. Chairman. I'm Jay
19 Leutze.

20 CHAIRMAN BADDOUR: Get the - get the mic --

21 MR. JONES: Here you are.

22 MR. LEUTZE: Thank you, Mr. Chairman. I'm Jay
23 Leutze. I'm a trustee with Southern Appalachian
24 Highlands Conservancy, and I would echo what Reid said.

1 I would also thank you for the opportunity to speak very
2 briefly.

3 I appreciate the position the trustees find
4 themselves in because I'm a trustee with a land trust,
5 and we're a land trust who -- we'd just like to stress
6 that the partnership with the Clean Water Management
7 Trust Fund starts early, long before we bring a project
8 before you. We use Riparian Corridor studies that this
9 Board funds, and that helps establish our priorities.
10 Then we work very long and hard to build land-owner
11 relationships. Sometimes this takes three or four
12 years.

13 Two of the projects that we have gotten
14 funding for from this Board this year are identifying
15 Clean Water Riparian Corridor Studies, and they came up
16 in foreclosure. We bought them for less than appraised
17 value, great value for the taxpayer and for the fund.

18 We understand the difficult decisions ahead.
19 We want to just stress that we're here to continue to
20 work in partnership. We see you guys as our best
21 allies, and we appreciate the work you're doing. We
22 appreciate, very much, the work that Richard Rogers is
23 doing. We will stay tuned, and please continue to
24 communicate with us as well as you've done in the recent
25 past.

1 CHAIRMAN BADDOUR: Thank you. Anyone else?

2 Yes, sir.

3 MR. CROOK: Just hit the talk button?

4 MR. HOLLAN: Yeah. There it is.

5 MR. CROOK: All right. Rob Crook with
6 Floating Island Southeast.

7 I'm kind of in a unique position here where
8 we're a private company, and we are producing green
9 technology, which we hope will become an innovative part
10 of cleaning up the water of North Carolina.

11 We also want to be out there and partnering
12 with Clean Water Trust Fund in cleaning up the waters of
13 North Carolina and providing jobs to the citizens of
14 North Carolina.

15 So, you know, we really want to focus on jobs
16 and the environment. So -- and I don't envy your
17 choices that you guys have to make, and I'm -- I'm sure
18 there's a lot of pain involved in a lot of the decisions
19 that you're going to have to make.

20 But, you know, I -- I do want to let you know
21 that it's -- we're out there to try to partner with you.
22 Hopefully, we can work through this period of time and
23 come out on the other end stronger than ever and working
24 on keeping North Carolina's waters clean and keeping
25 people working. Thank you.

1 CHAIRMAN BADDOUR: Thank you. Thank you.

2 Yes, sir.

3 MR. MUNN: Thank you, Mr. Chairman and Board.

4 My name is Mike Munn, and I'm here today representing
5 the John R. McAdams Company. We're a privately-held
6 consulting firm that provides stormwater management
7 design as well as stream restoration in addition to
8 other surveying and land development design services.

9 I appreciate the opportunity to -- to attend
10 and to speak at this meeting. I understand the tough
11 decisions that you all face and the tough decisions the
12 State faces.

13 In fact, our industry has been faced with
14 these very difficult decisions for well over a year now.
15 We've seen the credit crisis go through the private
16 sector to the public sector. We've seen projects stop
17 throughout the year to the tune of us and our peers
18 reducing our staffs by probably 50% on average. We
19 certainly understand the difficult times.

20 But I want to speak to you to ask for some
21 special consideration to the design professional and the
22 design profession in our industry as it relates to your
23 projects and your prioritization.

24 Not only did the projects before you have
25 great merit for -- for their significant improvements to

1 -- to the clean water of North Carolina, but they also
2 provide the stimulating effect and the stimulating
3 stability in job preservation. One -- and it's all in
4 concert with what the President and the federal
5 administration has pushed down with their stimulus
6 package.

7 But I just want to make clear to you that
8 these projects -- in particular two that we're
9 associated with. One would be grant application 2008-
10 402 by the Durham Soil and Water Conservation. This
11 project not only provides \$136,000 for us in design
12 fees, this provides a stream restoration project which
13 is necessary for an individual permit for a -- a
14 wetlands permit. These things are required to be the
15 catalyst for a much larger project to happen behind
16 this. This is infrastructure related. It's job
17 preservation related.

18 There are also, let's see, several other green
19 initiatives here that provide immediate improvements. I
20 would bring your attention -- Piedmont Conservation
21 Counsel project. Unfortunately, I don't have the grant
22 number, but it's for the Alamance Community College
23 Innovative Stormwater Grant.

24 This is to do innovative stormwater treatment,
25 harvesting and reuse, and it will provide immediate

1 improvement to -- to the water bodies near this -- near
2 this project.

3 So, I guess I would just come to you
4 requesting that as you go through your prioritization
5 list -- obviously a large part of your fund goes to land
6 acquisitions and other projects. We would just simply
7 request that you consider the stormwater and restoration
8 and perhaps the wastewater projects that have true job-
9 stabilizing facets to them and also stimulating those
10 facets.

11 Thank you for your time.

12 CHAIRMAN BADDOUR: Yes?

13 MS. SPRING: Hi, everyone. My name is Holly
14 Spring. I'm actually with the Town of Wake Forest
15 Engineering Department. I wanted to thank you all for
16 letting us come here today and listen in on your
17 meeting.

18 We actually had some grant funding that hadn't
19 been signed off for the innovative stormwater BMP, and
20 we're -- we are pretty excited about it and a little
21 upset that it got cut. But I just want to let you know
22 that your communication between Clean Water and us was -
23 - was great, and the -- the lines were open there.
24 Hopefully, we will continue to have a great relationship

1 with you all in the future and this project will get
2 funded. So, we're pretty excited about that.

3 We actually just finished up a stream
4 restoration in Wake Forest as well from previous funding
5 from Clean Water. So we're looking to -- to do some
6 stuff in the future with you, and I just wanted to thank
7 you all and -- be patient. We'll get it all taken care
8 of. So, thanks.

9 CHAIRMAN BADDOUR: Is -- is there anybody on
10 the -- from the public on the telephone that has called
11 in and would like to speak?

12 (No response)

13 CHAIRMAN BADDOUR: All right. Well, again, is
14 there any other business to come before the - before the
15 Board?

16 I appreciate all of the -- the comments that
17 are made. You know, as I hear people from the land
18 trust community and people who are involved Clean Water
19 projects, it -- it always strikes me -- it's wonderful
20 to -- to be doing work that you really believe in and
21 that you really enjoy, and that always comes across when
22 you guys speak. It really does.

23 So I would just encourage you, just do not
24 lose heart. What you do is - is terribly important.

1 We're going through something that we will work through,
2 and we're going to come out of this thing okay.

3 So, any -- anybody else got anything? If not,
4 do I hear a motion we adjourn.

5 MR. CAMP: So move.

6 MR. HOLLAN: Move.

7 CHAIRMAN BADDOUR: All in favor, say "aye."

8 BOARD MEMBERS: Aye.

9 CHAIRMAN BADDOUR: Opposed, "no."

10 (No response)

11 CHAIRMAN BADDOUR: The "ayes" have it. We'll
12 stand adjourned.

13 (Meeting adjourned at 4:51 p.m.)

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C E R T I F I C A T E

STATE OF NORTH CAROLINA)
COUNTY OF WAKE)

I, Donna R. Cuddy, Court Reporter, do hereby certify that the above proceedings constitute a true and correct transcript of the meeting of the Board of Trustees of the Clean Water Management Trust Fund held in Raleigh, North Carolina on March 11, 2009.

IN WITNESS WHEREOF, I have hereto set my hand this 24th day of March, 2009.

Donna R. Cuddy, Court Reporter
Notary Public, Wake County,
North Carolina
Notary No. 19961310137