

BOARD OF TRUSTEES  
CLEAN WATER MANAGEMENT TRUST FUND

MINUTES OF MEETING

MONDAY, SEPTEMBER 14, 2009

8:30 A.M.

2728 CAPITAL BOULEVARD  
ROOM 1H-120  
RALEIGH, NORTH CAROLINA

***Garrett Reporting Service***

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**A P P E A R A N C E O F B O A R D M E M B E R S**

PHILLIP BADDOUR

YEVONNE BRANNON

NORMAN CAMP

KAREN CRAGNOLIN

JOHN CRUMPLER (arrived after roll call)

RANCE HENDERSON

JOE HESTER (arrived after roll call)

BILL HOLLAN

ROBERT HOWARD

CHARLES JOHNSON

KEVIN MARKHAM

CHUCK McGRADY

JOHN McMILLAN

PETER RASCOE

BETTY RASH

AARON THOMAS

STAN VAUGHAN

CLAUDETTE WESTON

JERRY WRIGHT

**A P P E A R A N C E O F S T A F F**

RICHARD ROGERS, EXECUTIVE DIRECTOR

BETH McGEE, DEPUTY DIRECTOR - PROGRAM IMPLEMENTATION

TOM JONES, DEPUTY DIRECTOR - PROJECT ASSESSMENT

NANCY GUTHRIE, WATER QUALITY ADVISOR

LISA SCHELL, COMMUNICATIONS DIRECTOR

KEVIN BOYER, RESTORATION/STORMWATER PROJECT MANAGER

ROBIN HAMMOND, REAL PROPERTY COUNSEL

PENNY ADAMS, EXECUTIVE ASSISTANT

**A G E N D A**

- A. Call to Order - Chairman Baddour
  - 1) Welcome
  - 2) Appointment of New Trustees - Chairman Baddour & The Honorable Linda Stephens
  - 3) Recognition of Reappointments - Chairman Baddour
  - 4) Roll Call - Penny Adams
  - 5) Compliance with General Statute Section 138A-15
  - 6) Revisions, additions, adoption of Agenda (Action Item)
  - 7) Please put cell phones on vibrate or off
  - 8) Review and approval of the transcripts of the February-June 2009 meetings of the Board of Trustees (Action Item)
  - 9) Recognize CWMTR Advisory Committee Members
- B. Public Comments (Three Minutes per Person) - Baddour
- C. Executive Director's Report - Richard Rogers
- D. Attorney General's Report - Frank Crawley
- E. Committee Reports (Action Items)
  - F-1. Infrastructure/Wastewater Committee
- F. Break from 9:31 a.m. to 9:43 a.m. (Cont.'d Reports)
  - F-2. Restoration/Stormwater/Greenways Committee
  - F-3. Acquisition Committee
  - F-4. Chairman & Committee Co-Chair MeetingBreak from 10:44 a.m. to 10:55 a.m.
- G. Strategy for Encumbering 2008 Contracts (Action Item)- Chairman Baddour, Mr. McMillan
- H. Strategy for 2009 Applications - Chairman Baddour
- I. Administrative Committee Report - Mr. Vaughan
- J. 2009 Meeting Schedule - Mr. Rogers

- K. Discussion of Construction Projects Not Under Contract Within One-Year (Action Item) - Beth McGee
- L. Consent Agenda Item - Chairman Baddour
- M. Value of Land Acquisition: How Past Research Can Help Us Make Better Decisions In The Future (Information Item) - Nancy Guthrie
- N. Closed Session Discussion from 11:35 a.m. - 12:05 p.m.
- O. Final Comments and Adjournment at 12:06 p.m.

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P R O C E E D I N G S

MR. BADDOUR: Good morning. I'd like to welcome everyone here and call our meeting to order. And the first thing that we have is a very pleasant responsibility, and that is to have sworn in our two new Board Members. And I'd like to ask them if they would come up, and I'm going to introduce them and ask Judge Stephens who is here to swear them in. Go up there with Judge Stephens, Betty and Aaron.

First of all, swearing in our new Board Members is Judge Linda Stephens. Judge Stephens after a very distinguished career in private practice, particularly in the area of worker's compensation law, has been on the North Carolina Board of Appeals since 2006 being first appointed and then elected. And, Judge Stephens, we're just so pleased that you would take time out from your very busy schedule to be with us today to do the swearing in.

And I want to formally introduce to the Board our two new members. We have Betty Chavin Rash who -- And I'm going to always use her middle name because I knew her when she was Betty Chavin from many, many years ago. And she has had a long career of public service in the Mecklenburg County, Charlotte community, formerly a member of that council, the City Council there, and has

1 just done so many things. I'm not going to try to go  
2 over them, but it does include a lot of work with the  
3 conservation community and all kinds of good things.  
4 And she comes to us and brings a lot of experience.

5 Likewise, Aaron Thomas, who is from Pembroke,  
6 who is the President of Metcon, Inc. He is the  
7 President of a very successful construction company that  
8 has done construction, again, in many of the areas that  
9 we work with, all types of construction. And, also, he  
10 will bring some very special insights to our Board. So  
11 we are very glad to have you, to have you both with us.  
12 So with that, Judge Stephens, I am going to turn it over  
13 to you.

14 JUDGE STEPHENS: Good morning.

15 BOARD MEMBERS: Good morning.

16 JUDGE STEPHENS: I am honored and delighted  
17 and deeply grateful to be a part of the ceremony this  
18 morning to swear in the two new trustees of the Clean  
19 Water Management Trust Fund. You see, I was part of the  
20 first Earth Day activity to raise consciousness about  
21 environmental issues more than 30 years ago. And  
22 protecting the environment has been one of my passions  
23 for at least that long. So I thank each of you for all  
24 that you do to promote clean and healthy water on behalf  
25 of all of the inhabitants of North Carolina. And I

1 congratulate the two new trustees and thank you as well  
2 for your willingness to serve our great state in this  
3 way.

4 Because you only have two new trustees to be  
5 sworn in this morning, I'm going to swear them  
6 individually. I think that this is an important moment  
7 that they will want to remember. So I'm going to do it  
8 first for the lady. Betty, if you will step forward  
9 please. Raise your right hand and repeat after me.

10 I, Betty Chavin Rash --

11 MS. RASH: I, Betty Chavin Rash --

12 JUDGE STEPHENS: -- do solemnly affirm --

13 MS. RASH: -- do solemnly affirm --

14 JUDGE STEPHENS: -- that I will support the  
15 Constitution of the United States.

16 MS. RASH: -- that I will support the  
17 Constitution of the United States.

18 JUDGE STEPHENS: I, Betty Chavin Rash --

19 MS. RASH: I, Betty Chavin Rash --

20 JUDGE STEPHENS: -- do solemnly affirm --

21 MS. RASH: -- do solemnly affirm --

22 JUDGE STEPHENS: -- that I will be faithful--

23 MS. RASH: -- that I will be faithful --

24 JUDGE STEPHENS: -- and bear true allegiance--

25 MS. RASH: -- and bear true allegiance --

1 JUDGE STEPHENS: -- to the State of North  
2 Carolina --  
3 MS. RASH: -- to the State of North Carolina--  
4 JUDGE STEPHENS: -- through the constitutional  
5 powers --  
6 MS. RASH: -- through the constitutional  
7 powers --  
8 JUDGE STEPHENS: -- and authorities --  
9 MS. RASH: -- and authorities --  
10 MS. STEPHENS: -- which are and may be  
11 established --  
12 MS. RASH: -- which are and may be established  
13 --  
14 JUDGE STEPHENS: -- for the government  
15 thereof.  
16 MS. RASH: -- for the government thereof.  
17 JUDGE STEPHENS: And that I will endeavor --  
18 MS. RASH: And that I will endeavor --  
19 JUDGE STEPHENS: -- to support --  
20 MS. RASH: -- to support --  
21 JUDGE STEPHENS: -- maintain --  
22 MS. RASH: -- maintain --  
23 JUDGE STEPHENS: -- and defend --  
24 MS. RASH: -- and defend --  
25 JUDGE STEPHENS: -- the constitution of said



1 state --

2 MS. RASH: -- the constitution of said state--

3 JUDGE STEPHENS: -- not inconsistent --

4 MS. RASH: -- not inconsistent --

5 JUDGE STEPEHNS: -- with the Constitution of  
6 the United States.

7 MS. RASH: -- with the Constitution of the  
8 United States.

9 JUDGE STEPHENS: I, Betty Chavin Rash --

10 MS. RASH: I, Betty Chavin Rash --

11 JUDGE STEPEHS: -- do affirm --

12 MS. RASH: -- do affirm --

13 JUDGE STEPHENS: -- that I will well --

14 MS. RASH: -- that I will well --

15 JUDGE STEPHENS: -- and truly --

16 MS. RASH: -- and truly --

17 JUDGE STEPHENS: -- execute the duties --

18 MS. RASH: -- execute the duties --

19 JUDGE STEPHENS: -- of my office --

20 MS. RASH: -- of my office --

21 JUDGE STEPHENS: -- as a member of the Clean  
22 Water Management Trust Fund --

23 MS. RASH: -- as a member of the Clean Water  
24 Management Trust Fund --

25 JUDGE STEPHENS: -- Board of Trustees --

1 MS. RASH: -- Board of Trustees --

2 JUDGE STEPHENS: -- according to the best of  
3 my skill and ability --

4 MS. RASH: -- according to the best of my  
5 skill and ability --

6 JUDGE STEPHENS: -- and according to law --

7 MS. RASH: -- and according to law --

8 JUDGE STEPHENS: -- so help me God.

9 MS. RASH: -- so help me God.

10 JUDGE STEPHENS: Congratulations!

11 BOARD MEMBERS: (Applause).

12 MS. RASH: (Signs document.)

13 JUDGE STEPHENS: (Signs document.) Thank you.

14 JUDGE STEPHENS: All right, Mr. Thomas. Put  
15 your left hand on the Bible and raise your right hand  
16 and repeat after me. I, Aaron Thomas --

17 MR. THOMAS: I, Aaron Thomas -

18 JUDGE STEPHENS: -- do solemnly swear --

19 MR. THOMAS: -- do solemnly swear --

20 JUDGE STEPHENS: -- that I will support the  
21 constitution --

22 MR. THOMAS: -- that I will support the  
23 constitution --

24 JUDGE STEPHENS: -- of the United States.

25 MR. THOMAS: -- of the United States.

1 JUDGE STEPHENS: I, Aaron Thomas --  
2 MR. THOMAS: I, Aaron Thomas --  
3 JUDGE STEPHENS: -- do solemnly swear --  
4 MR. THOMAS: -- do solemnly swear --  
5 JUDGE STEPHENS: -- that I will be faithful --  
6 MR. THOMAS: -- that I will be faithful --  
7 JUDGE STEPHENS: -- and bear true allegiance--  
8 MR. THOMAS: -- and bear true allegiance --  
9 JUDGE STEPHENS: -- to the State of North  
10 Carolina.  
11 MR. THOMAS: -- to the State of North  
12 Carolina.  
13 JUDGE STEPHENS: -- to the constitution of  
14 powers --  
15 MR. THOMAS: -- to the constitution of powers  
16 --  
17 JUDGE STEPHENS: -- and authorities --  
18 MR. THOMAS: -- and authorities --  
19 JUDGE STEPHENS: -- which are or may be --  
20 MR. THOMAS: -- which are or may be --  
21 JUDGE STEPHENS: -- established for the  
22 government thereof.  
23 MR. THOMAS: -- established for the government  
24 thereof.  
25 JUDGE STEPHENS: That I will endeavor --

1 MR. THOMAS: That I will endeavor --  
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3 MR. THOMAS: -- to support --  
4 JUDGE STEPHENS: -- and to maintain --  
5 MR. THOMAS: -- and to maintain --  
6 JUDGE STEPEHNS: -- and defend --  
7 MR. THOMAS: -- and defend --  
8 JUDGE STEPHENS: -- the constitution of said  
9 state --  
10 MR. THOMAS: -- the constitution of said state  
11 --  
12 JUDGE STEPHENS: -- not inconsistent with --  
13 MR. THOMAS: -- not inconsistent with --  
14 JUDGE STEPHENS: -- the Constitution of the  
15 United States.  
16 MR. THOMAS: -- the Constitution of the United  
17 States.  
18 JUDGE STEPHENS: I, Aaron Thomas --  
19 MR. THOMAS: I, Aaron Thomas --  
20 JUDGE STEPHENS: -- do swear --  
21 MR. THOMAS: -- do swear --  
22 JUDGE STEPHENS: -- that I will well --  
23 MR. THOMAS: -- that I will well --  
24 JUDGE STEPHENS: -- and truly --  
25 MR. THOMAS: -- and truly --

1 JUDGE STEPHENS: -- execute the duties --  
2 MR. THOMAS: -- execute the duties --  
3 JUDGE STEPHENS: -- of my office --  
4 MR. THOMAS: -- of my office --  
5 JUDGE STEPHENS: -- as a member of the Clean  
6 Water Management Trust Fund Board of Trustees.  
7 MR. THOMAS: -- as a member of the Clean Water  
8 Management Trust Fund Board of Trustees.  
9 JUDGE STEPHENS: According to the best of my  
10 skill and ability --  
11 MR. THOMAS: According to the best of my skill  
12 and ability --  
13 JUDGE STEPHENS: -- and according to law --  
14 MR. THOMAS: -- and according to law --  
15 JUDGE STEPHENS: -- so help me God.  
16 MR. THOMAS: -- so help me God.  
17 JUDGE STEPHENS: Congratulations!  
18 BOARD MEMBERS: (Applause).  
19 MR. THOMAS: (Signs document.)  
20 JUDGE STEPHENS: (Signs document.)  
21 MR. BADDOUR: Judge Stephens, you're welcome  
22 to stay with us, but I know something about the workload  
23 of the Court of Appeals. How about telling these folks  
24 how many cases the Court of Appeals handle each year and  
25 particularly how many you handle. I think they'd be

1 interested to know that.

2 JUDGE STEPEHNS: Well, there are 15 judges,  
3 and we've got an equal number of cases, and we handle  
4 between 1600 and 1800 a year. That's been on average  
5 for the last few years. But so far this year our  
6 filings are up by more than 100 cases. That typically  
7 happens in bad economic times. More people go to court,  
8 hold out for more, sue more, get into more criminal  
9 activities. So we're not surprised that the filings are  
10 up. We don't expect any more judges to be appointed for  
11 the same economic reasons, so we'll just have a few more  
12 cases to handle next year, but that's okay. I love the  
13 work, and I appreciate the opportunity to serve. And I  
14 want to thank everybody in this room who may have  
15 supported me in my efforts to stay on the Court of  
16 Appeals. And, Robin, thank you so much for asking me to  
17 do this today.

18 MR. BADDOUR: Thank you.

19 BOARD MEMBERS: (Applause).

20 MR. BADDOUR: Betty and Aaron, I did give  
21 Aaron a little bit of forewarning. Betty, I didn't give  
22 you any, so I'll call on him first. Aaron, is there  
23 anything you would like to say this morning?

24 MR. THOMAS: Well, just briefly. I'd like to  
25 say that I appreciate the hospitality of all the Board

1 Members and all the staff in the brief time that I've  
2 been here yesterday. I've just noticed the  
3 professionalism by which this Board is run and the  
4 organization is run. And I think that that's a  
5 testament to the faithfulness of this Board. And I  
6 think that the mission of the fund is very important,  
7 and I'm just glad to be able to be a part of it.

8 MR. BADDOUR: Betty?

9 MS. RASH: I'm absolutely thrilled to be a  
10 part of this Board. The environmental -- Environmental  
11 protection is a passion of mine. I know how important  
12 clean water is to our state. I've certainly seen it in  
13 my region, the Charlotte region. After spending the  
14 afternoon with the Board yesterday I think you're a  
15 wonderful group. I love seeing a Board, a group of  
16 people, so engaged and asking so many questions, being  
17 willing to participate in dialogue and who often  
18 disagree with each other. And I look forward to being  
19 with you. Thank you.

20 MR. BADDOUR: Thank you. And I should have  
21 said that both of our new Board members were appointed  
22 by Senator Basnight.

23 Okay. Penny, I'll call on you for the roll  
24 call.

25 MS. ADAMS: Chairman Baddour?

1 MR. BADDOUR: Here.

2 MS. ADAMS: Mr. Beane?

3 MR. BEANE: (No response.)

4 MS. ADAMS: Ms. Brannon?

5 MS. BRANNON: Here.

6 MS. ADAMS: Mr. Camp?

7 MR. CAMP: Here.

8 MS. ADAMS: Mr. Coleman?

9 MR. COLEMAN: (No response.)

10 MS. ADAMS: Ms. Cragolin?

11 MS. CRAGOLIN: Here.

12 MS. ADAMS: Mr. Crumpler?

13 MR. CRUMPLER: (No response.)

14 MS. ADAMS: Mr. Henderson?

15 MR. HENDERSON: Here.

16 MS. ADAMS: Mr. Hester?

17 MR. HESTER: (No response.)

18 MS. ADAMS: Mr. Hollan?

19 MR. HOLLAN: Here.

20 MS. ADAMS: Mr. Howard?

21 MR. HOWARD: Here.

22 MS. ADAMS: Mr. Johnson?

23 MR. JOHNSON: Here.

24 MR. ADAMS: Mr. Markham?

25 MR. MARKHAM: Here.



1 MS. ADAMS: Mr. McGrady?

2 MR. McGRADY: Here.

3 MS. ADAMS: Mr. McMillan?

4 MR. McMILLAN: Here.

5 MS. ADAMS: Mr. Rascoe?

6 MR. RASCO: Here.

7 MS. ADAMS: Ms. Rash?

8 MS. RASH: Here.

9 MS. ADAMS: Mr. Thomas?

10 MR. THOMAS: Here.

11 MS. ADAMS: Mr. Vaughan?

12 MR. VAUGHAN: Here.

13 MS. ADAMS: Ms. Weston?

14 MS. WESTON: Here.

15 MS. ADAMS: Mr. Wright?

16 MR. WRIGHT: Here.

17 MR. BADDOUR: Okay. I did want to announce  
18 that John Crumpler was reappointed to the Board by the  
19 Governor. Also, the Governor asked me if I would remain  
20 as Chair of the Board. I think she asked me if I wanted  
21 to remain as Chairman of the Board. I told her that I  
22 did, and so she allowed me to do that. And I will say  
23 to you that I'm honored to continue to serve you in that  
24 capacity.

25 The General Statute 138A-15 mandates that the

1 Chair inquires whether any Trustee knows of any conflict  
2 of interest or the appearance of conflict of interest  
3 with respect to matters on the Agenda. If any Trustee  
4 knows of a conflict of interest or the appearance of a  
5 conflict of interest please so state at this time.

6 MR. MARKHAM: Mr. Chairman?

7 MR. BADDOUR: Kevin?

8 MR. MARKHAM: Yes, sir, Mr. Chairman. There  
9 are two projects where there may be an appearance of  
10 conflict of interest due to the nature of work my  
11 company has done on the tracts of land for the  
12 landowner, and those would be the 2008-040, the Coastal  
13 Land Trust Henry Tract; it's an acquisition project, and  
14 2008-042, it's the Coastal Land Trust Luken's Island  
15 timber tract. And I'm not sure where they are on the  
16 current acquisition list.

17 MR. BADDOUR: Okay, well, if you'll remind us  
18 when we come to that we'll take care of that. Dr. Camp?

19 MR. CAMP: Yes. Mr. Chair, if we discuss item  
20 2008-073, Triangle Greenways Council, Walnut Creek  
21 Greenways, I wish to be recused from any discussion on  
22 that.

23 MR. BADDOUR: What was that number, again?

24 MR. CAMP: 2008-073.

25 MR. BADDOUR: Okay.

1 MR. CAMP: And I'm asking to be recused from  
2 any discussion of the Board on that matter.

3 MR. BADDOUR: Okay. Karen?

4 MS. CRAGNOLIN: Yes, Mr. Chairman. 2008-060,  
5 conflict of interest. Thank you.

6 MR. BADDOUR: Okay, thank you. Anybody else?

7 MR. McMILLAN: Mr. Chairman?

8 MR. BADDOUR: Yes, John McMillan.

9 MR. McMILLAN: 2008-033, 2008-031, 2008-030,  
10 2008-032 and 2008-036.

11 MR. BADDOUR: Okay. Peter?

12 MR. RASCOE: Thank you, Mr. Chairman. 2008A-  
13 806 request from Chowan County. To avoid an appearance  
14 of conflict of interest I recuse myself.

15 MR. BADDOUR: Okay. Rob?

16 MR. HOWARD: Mr. Chairman, 2005B-513 and  
17 2006A-529.

18 MR. BADDOUR: Okay, anyone else? All right,  
19 thank you very much. And I know that you all when we  
20 get to those, you'll try to do that in an efficient way  
21 when we get to it.

22 Are there any revisions or additions to the  
23 Agenda? Well, obviously, the personnel matter. I will  
24 just, I guess, mention that on the Personnel Committee  
25 Report, Ron Beane is not here, but we will go into

1 closed session for the purpose of receiving that report.  
2 It will involve an evaluation of our Executive Director.

3 MR. ROGERS: I move the adoption of the  
4 Agenda.

5 MR. CAMP: Second.

6 MR. BADDOUR: Discussion?

7 BOARD MEMBERS: (No response.)

8 MR. BADDOUR: Hearing none so many as favor  
9 the motion signify by saying "Aye."

10 BOARD MEMBERS: Aye.

11 MR. BADDOUR: Opposed, "no." The ayes have  
12 it. I'd ask you if you have not already done so to put  
13 your cell phones on vibrate or off. I assume that  
14 everyone has read the transcript of the meetings that we  
15 had in February and June. Do I have a motion for  
16 approval of those minutes?

17 MR. CAMP: So moved.

18 MR. BADDOUR: Moved by Dr. Camp.

19 MR. McGRADY: Seconded.

20 MR. BADDOUR: Seconded by Mr. McGrady. Any  
21 discussion?

22 BOARD MEMBERS: (No response.)

23 MR. BADDOUR: So many as favor the motion  
24 signify by saying "Aye."

25 BOARD MEMBERS: Aye.

1 MR. BADDOUR: Opposed, "no."  
2 BOARD MEMBERS: (No response.)  
3 MR. BADDOUR: Because I didn't take notes, I'm  
4 going to ask Richard if he would recognize the members  
5 of our -- the Advisory Committee members that are here.  
6 Chuck is off with the Wildlife Commission, I know was  
7 here. Chuck, we're glad to have you. I didn't pick up  
8 on who else is here.  
9 MR. ROGERS: Rick Hardy right back here.  
10 MR. BADDOUR: We're glad to have you.  
11 MR. ROGERS: And then I think Lisa was here  
12 yesterday.  
13 MR. BADDOUR: All right, good, our faithful  
14 three. We're always glad to have you. And now is the  
15 time on our Agenda for public comments. We'll allow up  
16 to three minutes per person. Is there anyone who would  
17 like to address the Board.  
18 PUBLIC: (No response.)  
19 MR. BADDOUR: Okay, not being any, we'll move  
20 on to our Executive Director's Report. Mr. Rogers?  
21 MR. ROGERS: Thank you, Mr. Chairman. I just  
22 want to take a few moments. The things that we'll cover  
23 are basically our Legislature that was in and left town  
24 in August. And I'll just kind of bring you up to speed  
25 with regard to the action that was taken by the

1           Legislature. Most of us are aware of the major action  
2           that was taken, the appropriation of 50 million dollars  
3           in each year of the biennium. I will reference you to a  
4           handout that we had in your supplemental information. I  
5           think it was put on your desk yesterday.

6                        So we were excited to have 50 million dollars  
7           in appropriation. Of course, you all are aware of that.  
8           We've been working through that over the last 24 hours  
9           or so in detail with this year's funding as well.

10                      Also in the budget deal there was the  
11           provision that we mentioned that limits and temporarily  
12           puts a cap on our administrative cost at 2.1 million  
13           dollars. I think that this was done for a couple of  
14           reasons. One is apparently we're limited in that the  
15           administrative costs is in with our fund balance, and I  
16           think it's two percent of our fund balance. And our  
17           fund balance is dwindling due to the Governor's taking  
18           of over 100 million dollars last year and the fact that  
19           the staff this past year pushed through over 600  
20           requests for payment, 80 million dollars in requests.

21                      So I think one of the things we're doing, and  
22           I think Jerry mentioned it yesterday, is trying to  
23           expedite and reduce our fund balance as much as  
24           possible. The addition of our staff, administrative  
25           staff, with Penny in place has helped that, plus I think

1 we're just getting more efficient with regard to those  
2 requests. Most of them are getting moved and turned  
3 around within 30 days. There are exceptions, and then  
4 we work that with the grantee in order to help iron out  
5 those things. So we're working hard to get the money  
6 out the door, and I think it's important that we do  
7 that.

8 The Legislative Study Commission on wastewater  
9 infrastructure is also attached to your legislative  
10 handout, and that is on -- I think it starts on page 4  
11 or page 5. What that does is the Legislature -- and,  
12 again, we've discussed this briefly with regards to the  
13 Wastewater Committee of the joint application that we  
14 move forward. The Legislative Study is really looking  
15 at how we can more professionally, effectively and  
16 efficiently bring together the different funding sources  
17 that we have for wastewater and water infrastructure.  
18 The House and the Senate each have four appointments and  
19 the Governor two. The Secretary of DENR and Commerce  
20 are both representative on this committee. The Rural  
21 Center, the League and Association of County  
22 Commissioners will also be represented. The Executive  
23 Director of Clean Water, myself, and also the Chair of  
24 the State Water and Infrastructure Council will be  
25 represented.

1           The duties, as I mentioned, are basically  
2           looking at better and more efficient ways to manage our  
3           water and wastewater systems, also studying methods of  
4           reporting regularly on needs and high unit costs, select  
5           the method that the system needs. Review infrastructure  
6           priorities that are already set out in the statute.  
7           That just goes back to what are the priorities each of  
8           our agencies and infrastructure that fund.  
9           Infrastructures do have specific statutory authority,  
10          and they want to take a look at those statutory  
11          authorities for implementation of wastewater and water  
12          to ensure that those are still priorities.

13                 And then we wanted to make sure that they  
14                 identify steps the funding agencies can improve. One is  
15                 the common application of wastewater. They also want to  
16                 make sure that our wastewater entities are integrating  
17                 our efforts at informing our grantees during  
18                 thunderstorms and things of that nature.

19                 Are there any questions with regards to the  
20                 Legislature? John, you were over there working hard  
21                 this year. I don't know if you have any additional  
22                 information or any thoughts or comments. I will tell  
23                 you that this legislative session was unique. It was a  
24                 very difficult session, and I think everybody felt the  
25                 impacts of the economic downturn. And I do think as the



1 end result I think the Legislature by funding us at half  
2 were -- we did extremely well. It could have been a  
3 whole lot worse. The efforts of the land trust and  
4 others over there supporting our efforts with the  
5 support and help. We also got some help from other  
6 municipalities and other agencies as well, so I think it  
7 was an incredible session and effort to retain the 50  
8 million dollars that we did.

9 We mentioned yesterday some, some flexibility  
10 in that the Board had passed a resolution last year to  
11 prioritize ARRA funding as top priority with regards to  
12 funding coming up this year. And I mentioned it in the  
13 Restoration Committee and also the WasteWater Committee  
14 of our need and staff's need to have some flexibility.  
15 The fact that these projects don't identically align  
16 with all the ARRA projects that were identified. We are  
17 either a subset of some projects that expanded and that  
18 we need some flexibility in that so that we can make  
19 sure that the scope of work that we had laid out and  
20 approved can be supported in the newer projects that are  
21 split funding between ARRA funds and our support.

22 And I think the upshot is that we need a  
23 little flexibility to not just repay the loan of the 50  
24 percent of the funds but also identify and include items  
25 that were in the original scopes that were approved by

1 the Board. The intention of staff is not to go above  
2 the allocation of 50 percent but to have some  
3 flexibility within that 50 percent to ensure that the  
4 scope of the projects that we had approved are taken  
5 care of. And this does need to be an action item, and I  
6 think we're trying to get the motion on the screen here.

7 The motion that we want you to consider reads,  
8 and you can read it. Bring that up a little bit, Nancy.  
9 Thank you. A little more if you can. There it is. It  
10 reads, "For ARRA projects to allow staff to make budget  
11 adjustments that may not be related to the repayment of  
12 the loan," which was what we clarified in our  
13 resolution, "and will ensure the implementation of the  
14 original scope of work approved by the Board in 2008 and  
15 does not result in Clean Water Management Trust Fund's  
16 commitment to exceed 50 percent of the Clean Water  
17 Management Trust Fund's original award." So Chairman--

18 MR. McGRADY: So moved.

19 MR. BADDOUR: Okay, moved by Mr. McGrady.

20 MS. CRAGNOLIN: Second.

21 MR. BADDOUR: Seconded by Ms. Cragnolin. And  
22 the need for this one more time, Richard, is?

23 MR. ROGERS: What we have is we have projects  
24 that have changed in some manner that were approved by  
25 the ARRA funded stimulus funds. Sometimes the projects

1 grew in size but they included our projects. Sometimes  
2 they did not include, the funding did not include either  
3 some monitoring that we have in a innovative stormwater  
4 project, something that we think is critical with  
5 regards to the scope of work that the Board approved.  
6 And that we need flexibility. The resolution itself  
7 just addresses the repayment of 50 percent and that  
8 being justified to the loan portion of the award. So we  
9 need some flexibility to move funding of some elements  
10 of the projects wholly instead of just 50 percent. It's  
11 got to be up to us.

12 MR. BADDOUR: Essentially this is so that the  
13 project, as far as we're concerned, will remain true to  
14 its original application.

15 MR. ROGERS: So we can retain and maintain the  
16 scope as approved by the Board.

17 MR. BADDOUR: Okay. Any discussion?

18 MR. HOLLAN: Mr. Chairman --

19 MR. BADDOUR: Mr. Hollan?

20 MR. HOLLAN: -- I don't know if this is the  
21 exact time for this, but we, in the committee meeting  
22 yesterday there was some discussion about when these  
23 loans would be repaid. And I think the staff's  
24 intention was that they be repaid as soon as the  
25 projects were completed. We talked a little after the

1 meeting about the terms of these loans. They're 20  
2 years zero interest loans. We've got five or six  
3 million dollars, and it seems to me we ought to look at  
4 whether there is some mechanism by which we can have the  
5 use of that money over that period since we are so short  
6 on money, have the use of that money and pay it back  
7 over time. Or else whether we can find a mechanism to  
8 buy that stream of payments at a discount and have them  
9 guaranteed over a period of time. But clearly a zero  
10 interest loan has significant value in the present  
11 value, and just to pay it off doesn't seem to me to  
12 represent the most efficient use of that money from our  
13 perspective, if we can.

14 MR. BADDOUR: Okay, well, how about if we have  
15 -- I think you've talked with staff, but have staff look  
16 into that and report back to us in November on that.

17 MR. HOLLAN: That will be fine.

18 MR. BADDOUR: Will that be okay?

19 MR. HOLLAN: Yes, sir.

20 MR. BADDOUR: Now, the motion is before you.  
21 Is there any discussion on the motion?

22 BOARD MEMBERS: (No response.)

23 MR. BADDOUR: Hearing none, so many as favor  
24 the adoption of the motion signify by saying "Aye."

25 BOARD MEMBERS: Aye.

1 MR. BADDOUR: Opposed, "no."

2 BOARD MEMBERS: (No response.)

3 MR. BADDOUR: The ayes have it. Thank you for  
4 that suggestion, Bill.

5 MR. HOLLAN: Thank you.

6 MR. ROGERS: That concludes my report, Mr.  
7 Chairman.

8 MR. BADDOUR: Okay. The next thing on the  
9 Agenda is our Attorney General's Report, Mr. Crawley?

10 MR. CRAWLEY: Thank you, Mr. Chairman. As you  
11 recall back in the spring the Board and the Department  
12 of Administration on behalf of the state intervened in  
13 the lawsuit in Haywood County against an adjacent  
14 landowner who were invading and making improper use of a  
15 conservation easement paid for by Clean Water Management  
16 Trust Fund's monies.

17 The jury in that case returned its verdict in  
18 favor of the plaintiffs and the state. And I just want  
19 to announce to you that the losing defendants have now  
20 appealed to the North Carolina Court of Appeals, and  
21 we're in the process of briefing that case. And that's  
22 my report.

23 MR. BADDOUR: Okay, thank you, Frank. We're  
24 running ahead of schedule, so with your permission, we  
25 will not take a break now. I'd like to do a break after

1 we do the committee reports and prior to the time that  
2 we consider the encumbering of the projects so we'll  
3 have some time to on that vote to get the conflict of  
4 interest stuff and all that straight. Well, actually,  
5 we will probably have to do that with each committee  
6 report, also. So, okay, let's just move onto our  
7 committee reports. Infrastructure and Wastewater  
8 Committee, Mr. Rascoe.

9 MR. RASCOE: Thank you, Mr. Chairman. The  
10 committee met yesterday, and all were present. The  
11 first item that was taken up was a review of the  
12 projects that were moved to be encumbered, and the  
13 committee did make a recommendation to the full Board as  
14 to prioritization, and if I can call on Larry to present  
15 the prioritization that was recommended by the committee  
16 yesterday.

17 MR. HORTON: Thank you, Mr. Chairman. We have  
18 revised the worksheet, and we have passed those out to  
19 you. So you should have with you at your place a  
20 revised worksheet that follows the recommendations that  
21 the committee adopted yesterday. And what that includes  
22 is the main and major change that was made is all the  
23 projects that had been signed by both the grant  
24 recipient and the chairman were pulled -- those were ten  
25 projects -- those were pulled out from the larger group

1 and set into a new group at the beginning to be the  
2 first priority. And that is the category 1 projects on  
3 your sheet.

4 We kept the dark line that indicates where the  
5 breaking point is between the 25th percentile projects,  
6 and other than that, the sheet is pretty much like the  
7 sheet that we brought here in the first place. So you  
8 have your Category 1 projects, which are the signed  
9 projects that are signed by both the grant recipient and  
10 the chairman. And then the Category 2 projects are all  
11 the other ARRA funded projects that weren't signed by  
12 the chairman. And the reason it's done that way is  
13 because two of the stimulus funded projects were signed  
14 by the chairman, so they were in group 1.

15 Category 3 is the wastewater construction  
16 projects that were not awarded ARRA funds. And then the  
17 committee had decided to include the remainder of the  
18 projects in a Category 4. And then that was amended to  
19 include those to make those Category 4A, 4B and 4C,  
20 which really in effect set that back to where it had  
21 been when, um, as it was said in the first place when it  
22 was brought to the committee.

23 Category 4A is the (inaudible word) projects.  
24 Category 4B is the wastewater design and permitting  
25 projects. Those were the projects that were only funded

1 for design and permitting last year in October. And  
2 then Category 4C projects are the planning only projects  
3 that there's no construction at all involved in those  
4 including no design or permitting projects.

5 MR. RASCOE: Thank you, Larry. Mr. Chairman,  
6 that's the recommendation, and I believe Trustee Markham  
7 has some observations from the committee if it's okay.

8 MR. BADDOUR: All right, sure.

9 MR. MARKHAM: Yes, thank you. Going through  
10 this last night based on our committee recommendations  
11 as you'll see based on the funding that the Board  
12 tentatively distributed yesterday afternoon. We would  
13 be able to get through line item 41 before we would not  
14 be able to fund the next project in our priority list.  
15 One of the recommendations I would make to the Board is  
16 when we consider this is if we were to come down to the  
17 list in the design and permitting projects, with the  
18 exception of line item 58 for Hillsborough, we would be  
19 able to fund those five projects as well as the three  
20 wastewater planning projects, which would reduce --  
21 actually, it would take us to within about \$120,000 of  
22 our limit at which point that would be available for  
23 other committees.

24 MR. BADDOUR: Kevin --

25 MR. MARKHAM: Yes.



1 MR. BADDOUR: -- if I could just expand on  
2 that. The figures the staff has given me, we understand  
3 this is tentative until you act on it finally, but the  
4 percent that was attributable to wastewater was, I  
5 think, the 17 percent -- I'm sorry, 26 percent and would  
6 come to \$11,803,423.00. So through 41 is, if you'll  
7 look at that, is \$10,692,500.00, and Kevin is proposing  
8 adding in terms of priority, adding to that the numbers  
9 57, 58 --

10 MR. MARKHAM: Not 58.

11 MR. BADDOUR: I'm sorry. 57 and what else?

12 MR. MARKHAM: 59.

13 MR. BADDOUR: 59.

14 MR. MARKHAM: 60.

15 MR. BADDOUR: 60.

16 MR. MARKHAM: 61.

17 MR. BADDOUR: 61.

18 MR. MARKHAM: 63.

19 MR. BADDOUR: 63.

20 MR. MARKHAM: 67.

21 MR. BADDOUR: 67.

22 MR. MARKHAM: 68.

23 MR. BADDOUR: 68.

24 MR. MARKHAM: And 69.

25 MR. BADDOUR: And what would that bring the

1 total to?

2 MR. MARKHAM: I apologize. That would, I  
3 believe, bring us to the total to \$11,536,500. Staff  
4 you can check that. And the other thing, and I  
5 apologize, I would also recommend the committee consider  
6 funding those portions of projects where the applicants  
7 had straight committee resources. I believe that comes  
8 to about \$147,000 for us to consider.

9 MR. BADDOUR: Okay. I'm going to take this as  
10 one amendment so we can discuss it, but which one, which  
11 project numbers would those be?

12 MR. MARKHAM: That would be line item 44, 46,  
13 and 47 and 53.

14 MR. RASCOE: Can we get -- Do you want to  
15 confirm the totals on that and it still comes within the  
16 total?

17 MR. MARKHAM: Yeah, I think that will take us  
18 to that figure.

19 MR. BADDOUR: Okay. While they're looking at  
20 that total, the motion to approve the priority was a  
21 committee recommendation, which does not need a second.  
22 And what I'm going to do is take Mr. Markham's comments  
23 as a motion to amend the committee recommendation to  
24 move up items -- and put them immediately below 41 --  
25 items 57, 58, 60, 61, 63, 67, 68, 69, 44, 46, 47 and 53.

1 MR. MARKHAM: I'm sorry, it should be 59  
2 instead of 58.

3 MR. BADDOUR: Okay, 59 rather than 58. Does  
4 everybody understand the motion and what they're doing?  
5 They're basically -- because these projects are less  
6 monetary amount and there was some money leftover in the  
7 initial -- where the initial line would be drawn and  
8 move them up so they could also be funded.

9 MR. MARKHAM: Correct, and then just for the  
10 Board's consideration this would fund 29 of the 38  
11 projects, and if we picked up the money we spent on four  
12 of these projects to date the recession provided funding  
13 for most of our projects in some capacity.

14 MR. BADDOUR: Okay, is there any discussion?

15 MR. VAUGHAN: So moved.

16 MR. BADDOUR: Yeah, I need a second to the  
17 motion.

18 MR. JOHNSON: Second.

19 MR. BADDOUR: Okay, second from Mr. Johnson.  
20 Any discussion? Karen?

21 MS. CRAGNOLIN: I apologize I missed  
22 yesterday, but was there no discussion about where these  
23 projects came in in terms of score?

24 MR. BADDOUR: That's all on there.

25 MS. CRAGNOLIN: I know, but I mean it sounds

1 like that wasn't one of the criteria you used.

2 MR. RASCOE: We spent -- Mr. Chairman, we  
3 spent two and a half hours in this committee, and it was  
4 discussed. I would submit that all aspects of every one  
5 of these projects was discussed in committee yesterday.

6 MR. McGRADY: Mr. Chairman?

7 MR. BADDOUR: Mr. McGrady?

8 MR. McGRADY: I guess I'm wondering what our  
9 procedure is going to be here in terms of the three  
10 committees. Is it your intention to take up the  
11 prioritization with respect to each of the three  
12 committees and then come back at the end and encumber?  
13 Because we obviously had a bit of a philosophical  
14 difference in terms of whether we ought to give priority  
15 to two signature contracts versus, you know, other  
16 criteria that were used. And acquisitions, for example,  
17 I think followed the precedent set by restoration and  
18 stormwater as opposed to the precedent set here. And  
19 I'm not pushing for anything other than to wonder  
20 whether is there a need to be consistent in the way that  
21 we have prioritized here because clearly the three  
22 committees took two different directions yesterday.

23 MR. BADDOUR: I think this Board has the  
24 discretion to do whatever it wants to do. And I think  
25 you can argue however you would like to argue it. So

1 the -- Here's what I was planning to do. Just as we  
2 have done trying to follow the way we've done it in the  
3 past is we'll get the committee reports and get the  
4 priorities of the committees. And once we get all those  
5 priorities then the next item after that, after we  
6 finish the committee reports, will be to go back and  
7 encumber the total amount of money.

8 Typically in the past we have -- we have  
9 followed the committee recommendations once we got to  
10 that point. But I guess theoretically any kind of a  
11 motion could be available to you either at this stage or  
12 at a later stage if you would like to make it, but I  
13 would hope not both.

14 MR. McGRADY: And following up on that, I  
15 mean, that gets to the question I have. I mean, I  
16 generally, you know, want us to follow the committee  
17 recommendations but if we vote on these and we approve  
18 this set of priorities now before sort of hearing from  
19 the three committees then we're going to probably  
20 presumably come up with inconsistent criteria in terms  
21 of how these things were prioritized.

22 I would add, though, that I wonder whether it  
23 makes any difference given how Kevin has characterized  
24 how the numbers work out in this area. I'm not sure,  
25 and I don't know if anybody can speak to it, whether if

1 we didn't use the sort of two signatures on a contract  
2 priority whether those things still would get generally  
3 funded. And if it doesn't make any difference then it's  
4 not worth spending time on it.

5 MR. BADDOUR: Well, I'll tell you what you can  
6 do if you wish is, and it's up to you. We're going to  
7 take a break after we finish all the committee reports.  
8 And I will allow ample time once we have done that. You  
9 can make a motion at that time or choose not to make a  
10 motion at that time. The fact that you cannot make a  
11 motion to change the order now will not prevent you from  
12 making one later after you look at that issue, if that's  
13 what you'd like to do. Mr. McMillan?

14 MR. McMILLAN: Mr. Chairman, I'm one of those  
15 who thinks we should not follow the prioritization of a  
16 document signed by both parties. The effect of doing  
17 that with respect to wastewater is that we're funding  
18 projects with a priority with a score of 71, 60 and 52.  
19 And when we get to stormwater and the funds allocated we  
20 will cut off and not fund projects with scores of 115,  
21 111, 110, 108, 101, 100 and several at 99, stormwater  
22 restoration. And our allocation of funds is going to be  
23 \$7,650,000.00 based on the percentages. And I just  
24 don't think we can in good conscious fund wastewater  
25 projects with scores of 60 and 52.

1 MR. BADDOUR: Well, Mr. McMillan, let me --  
2 let me make a -- I may be wrong about this, so I'm going  
3 to stand corrected, but I thought when we redid our  
4 scoring system one of the things that, as I understood  
5 it, the scoring is relevant when you consider projects  
6 within the same category but not as relevant at all when  
7 you try to compare the score for a wastewater project  
8 with a stormwater project. And I'd like for somebody to  
9 comment on that. I don't know that that's a valid thing  
10 when we redid the scoring system.

11 MR. McMILLAN: Well, I think that there are --  
12 And Tom needs to correct me. We're certainly not  
13 comparing apples to rutabagas but we're comparing apples  
14 and oranges and things in the category of fruits versus  
15 vegetables. And I really think that a score of 115 in  
16 one category is going to be better than a score of 50 in  
17 another category.

18 MR. BADDOUR: All right. Tom, maybe you can  
19 comment on that?

20 MR. JONES: Well, just some history. We've  
21 had the criteria changed. It used to be we had extreme  
22 differences and you couldn't compare them at all, but  
23 there's one category zero to 45 points where the  
24 criteria committee and the Board adopted to try to get  
25 it to be more of an apples to apples. So they're not

1 the same for sure. I think Mr. McMillan characterized  
2 it as it's not vegetables and fruits. But they are all  
3 fruits, and they're much more similar than this.

4 MR. BADDOUR: Okay. I thank you for that  
5 clarification. Mr. Crumpler?

6 MR. CRUMPLER: I'm a member of this committee,  
7 and I love all our work, and I want to get as much money  
8 going to our projects as best we can. But I see some  
9 real desire to be consistent with our other committees,  
10 at least as it relates to the water quality score. I'd  
11 love to talk around that maybe a little bit more. I  
12 thought -- My first reaction is why? I thought we had  
13 drawn the line at the 25<sup>th</sup> percentile in water quality  
14 score as being an important place to consider. So I may  
15 have some trouble supporting that. Even if we end up  
16 having money left over, there may be projects in some  
17 other committees that are above the line that it could  
18 be used.

19 MR. BADDOUR: Let me get to Stan first. Stan?

20 MR. VAUGHAN: That pretty much is my comment.  
21 I just think that you have relative to the committees,  
22 as I've said many times, there's something to everything  
23 you do. And in college it was in most cases 70 out of  
24 100. I just think we've got to be careful on funding  
25 some of these low -- not bad projects, but they are



1 weaker projects. I think we've got to be consistent  
2 between the three committees in that respect and try to  
3 spend our money on the best water quality projects and  
4 not be hung up too much by the other committees.

5 MR. BADDOUR: Kevin? I'm sorry, Dr. Camp?

6 MR. CAMP: One last question. Are we  
7 considering the tier that these comments are classified  
8 at? And isn't that one of our priorities to do as much  
9 as we can for the Tier 1 counties, those that are in  
10 dire need, dire straights, which would, I think,  
11 reiterate the position that some of you want to take.

12 MR. BADDOUR: Kevin?

13 MR. MARKHAM: Yes, and I appreciate the  
14 comments that my colleagues have with regards to the  
15 Restoration/Stormwater Committee. However, I want to  
16 encourage the Stormwater/Restoration Committee to  
17 possibly consider deferring the projects that have been  
18 identified as viable in 2010, viable for funding in 2010  
19 on the spreadsheet, which would allow that committee to  
20 get further down its list of priorities and get into  
21 those scores in the low 90s.

22 MR. BADDOUR: All right, Karen?

23 MS. CRAGNOLIN: Mr. Chairman, I wonder if it  
24 would be possible to read back the criteria that was  
25 used, the criteria used yesterday to describe this?

1 And, again, I apologize I wasn't here. I didn't hear  
2 anything about Tier 1. I didn't hear anything about the  
3 scores. I'm looking at the sheet, and it looks like  
4 we're going to fund a project that doesn't even have a  
5 score, No. 2000B-505 in Chatham County. I mean, I'm  
6 somewhat confused.

7 MR. ROGERS: The reason for that is it was  
8 scored in 2000. It's an amendment to a project, and the  
9 score is not relevant and consistent with the other 2008  
10 projects is why we don't have it scored.

11 MR. McMILLAN: Mr. Chairman?

12 MR. BADDOUR: Yes, Mr. McMillan?

13 MR. McMILLAN: I want to speak to Dr. Camp's  
14 point about the Tier 1 counties. I think it is  
15 important that we take that into consideration. And,  
16 Tom, correct me if I'm wrong, but that is incorporated  
17 into the scoring system already, and if we do it again  
18 then it's like saying we don't have a scoring system  
19 other than tiered counties. And if you're a Tier 1  
20 county then all those projects get funded first. So we  
21 take it into account already, and I think that that  
22 ought to be where it falls after that consideration.

23 MR. CAMP: Specifically, which counties are  
24 you concerned with, which ones?

25 MR. McMILLAN: The ones below the 25<sup>th</sup>

1 percentile that scored 71 and 60 and 52, or whatever it  
2 was.

3 MR. CAMP: Are you referring to number 23, 24?

4 MR. McMILLAN: I'm referring to number 22, 23  
5 and 24.

6 MR. ROGERS: Can I make a comment with regards  
7 to 22. That is an ARRA funded project. The Board has  
8 already made a resolution supporting those projects as  
9 top priority for funding.

10 MR. BADDOUR: Let me -- Let me -- Here's what  
11 we're going to do. Here's what we're going to do. You  
12 have a committee motion. You have an amendment by  
13 Kevin, which we have not voted on. What I'm going to  
14 ask you to suggest that you do is first you can vote on  
15 the amendment by Kevin. And perhaps that's not so  
16 controversial. I would suggest you might think about  
17 his amendment passing; okay?

18 Then you will have before you the committee  
19 recommendation which puts the projects that were signed  
20 by both grant participant and the chairman at a high  
21 priority, which I think is the issue. If you disagree  
22 with what the committee did then you can vote against  
23 that motion. I will tell you that the staff in  
24 anticipation of this today has another sheet which  
25 doesn't put that into priority. And if you want to do

1           what the committee did, then you can pass this. If you  
2           do not want to do what the committee did then we will  
3           pass out the other sheet, and then we can proceed to  
4           debate that and have another motion; okay? Is that  
5           procedure okay with you?

6                   MR. CRUMPLER: Maybe I'm not getting this, but  
7           if one of the principals is the water quality scored in  
8           the 25<sup>th</sup> percentile --

9                   MR. BADDOUR: You'll be able to see that on  
10          the new sheet. I think the question will be really is  
11          whether or not you agree with the committee  
12          recommendation to give priority to those projects that  
13          were signed by both the grant recipient and the chair.  
14          And in concordance with what Richard said, the other  
15          committees did give priority to the ARRA projects. So  
16          we'll see what that other sheet looks like. So the  
17          first thing we're going to do is Kevin's amendment.

18                   MR. HOLLAN: And I'd like to speak to his  
19          amendment, Mr. Chairman.

20                   MR. BADDOUR: All right.

21                   MR. HOLLAN: And I support Kevin's amendment,  
22          and I think it's a good idea. The other committees came  
23          later in the day than Kevin's, and there was some  
24          discussion that evolved about the desirability of doing  
25          design permitting and planning and how important that is

1 in a time when we need to be ready to go when the  
2 economy comes back, that these do create jobs that  
3 planners and engineers and designers need jobs in the  
4 same way that construction workers do, and that most of  
5 the money goes into personnel costs so that it is  
6 stimulative.

7 I think part of the reason they were placed so  
8 low on the list of projects was that they were deemed  
9 not to be stimulative in the sense of being construction  
10 projects. So I strongly support Kevin's idea of  
11 bringing these up in priority and let's get some  
12 planning and design going so we'll be ready to go.

13 MR. BADDOUR: Any discussion on the amendment,  
14 further discussion on Kevin's amendment? Stan?

15 MR. VAUGHAN: I would support Kevin's  
16 amendment if he would pull project 63.

17 MR. BADDOUR: Kevin, Stan's asking for a  
18 friendly amendment.

19 MR. MARKHAM: Stan, I guess it's really just a  
20 prioritization, so it would still be, um -- well, it's  
21 sort of in the middle of the prioritization, and I don't  
22 think I can accept that at this point.

23 MR. BADDOUR: All right, any further  
24 discussion?

25 BOARD MEMBERS: (No response.)

1 MR. BADDOUR: Hearing none, so many as favor  
2 the amendment as proposed by Mr. Markham signify by  
3 saying "aye."

4 BOARD MEMBERS: Aye.

5 MR. BADDOUR: Opposed, "no."

6 BOARD MEMBER: No.

7 MR. BADDOUR: Okay, the ayes have it. All  
8 right, now we're going to the main motion of the  
9 committee recommendation for the priority. Any further  
10 discussion? So if you favor the committee  
11 recommendation which includes a priority for the  
12 projects that were signed by both the grant recipient  
13 and the chair, you should vote in favor of this motion.  
14 If you're opposed, you should vote no. Further  
15 discussion?

16 BOARD MEMBERS: (No response.)

17 MR. BADDOUR: So many as favor the motion  
18 signify by saying "aye."

19 BOARD MEMBERS: Aye.

20 MR. BADDOUR: Opposed, "no."

21 BOARD MEMBERS: No.

22 MR. BADDOUR: Okay, the chair cannot tell. So  
23 many as favor the motion, please raise your hand.

24 BOARD MEMBERS: (Raise hand.)

25 MR. BADDOUR: Okay, eight. So many as

1           opposed, please raise your hand.

2                     BOARD MEMBERS: (Raise hand.)

3                     MR. BADDOUR: All right, ten. The motion  
4 fails. Okay, here's what we're going to do. Staff, I  
5 understand you have another sheet; is that right?

6                     MS. MCGEE: Well, we can give you the total.

7                     MR. BADDOUR: I thought you had another sheet;  
8 is that right?

9                     MS. MCGEE: Well, it's your old -- It's really  
10 the old one, the revised one from the --

11                    MR. BADDOUR: Here's what we're going to do.  
12 We're going to take about a ten-minute recess. We'll  
13 take our break now right on time. And we will see what  
14 we can do to get this so you can have it before you.

15                    MR. HOLLAN: Mr. Chairman, I wonder if we  
16 could get maybe a consensus on this one that has the  
17 ARRA funding. I'd put that in a different category from  
18 the others below the 25<sup>th</sup> percentile. We're getting  
19 half the money from the government. Maybe we could have  
20 the staff determine where to put that one, and then we  
21 can deal with the others in a different category.

22                    MR. BADDOUR: We'll work on that during the  
23 break, and we'll see if we can get it so we can present  
24 it to you. And I'd like to ask the co-chairs of the  
25 wastewater to come and meet with us here and let's see

1 if we can get something we can present. So let's take a  
2 recess for 15 minutes.

3 (Brief recess was taken from  
4 9:31 a.m. to 9:43 a.m.)

5 MR. BADDOUR: Can we come to order? I think I  
6 was mistaken. What you should look at -- And I'm going  
7 to recognize Chairman Rascoe for a motion. If you would  
8 get your flow sheet from yesterday on the wastewater  
9 committee. This is as was originally presented by the  
10 staff. It has at the top a little -- what do you call  
11 that like in the cartoons when you do that, a bubble?  
12 F-1-B revised, does everybody have that? This has as  
13 category 1 the wastewater projects funded by Federal  
14 ARRA. They're all first there, Bill.

15 MR. HOLLAN: Yeah.

16 MR. BADDOUR: Okay. Mr. Rascoe, I'll  
17 recognize you for a motion.

18 MR. RASCOE: Thank you, Mr. Chairman. For  
19 purposes of today's meeting I would make a motion then  
20 for the full board to fund off of this revised sheet all  
21 the projects that are in category 1 down through project  
22 number 31, which is the Town of Maysville. And then to  
23 add to that after project 31, add to that project 33,  
24 the Town of Candor. That should take all the projects  
25 that received ARRA funding commitments.



1 MR. BADDOUR: Okay, and what we're going to do  
2 is adopt this whole thing as a priority; right? And  
3 what Chairman Rascoe is telling the Board, if I  
4 understand the motion, you're adopting the entire list  
5 as a priority, but what he's informing you is that if  
6 you will take -- He's asking that number 33 be moved up  
7 to 31. Number 33 is \$54,000.

8 MR. RASCOE: That's correct, Mr. Chairman.  
9 The whole list would be the actual priority as the  
10 motion, and then we would just switch 33 in place behind  
11 31.

12 MR. BADDOUR: And if you want to do the math,  
13 if you do that then when you get down below the Candor  
14 project that would be \$11,207,372.00 which is within the  
15 percentage of the wastewater allocation attempted. So  
16 in a sense by this motion you're using the same  
17 procedures as the other committees did yesterday. First  
18 of all -- I'm sorry, it doesn't do that. Do you want to  
19 go ahead and include Kevin's amendment?

20 MR. RASCOE: We can.

21 MR. BADDOUR: The figure I gave you assumed  
22 Kevin's amendment, Peter, if you want to include that in  
23 your --

24 MR. RASCOE: I'm sorry, I'm confused now.

25 MR. McGRADY: Mr. Chairman, I think it's --

1 Peter, it's those last planning projects. It totals it  
2 out.

3 MS. MCGEE: If you look at the dollar amount  
4 including Maysville, down through Maysville, plus  
5 Candor, plus those handful of projects that Mr. Markham  
6 wanted to add, the total now is \$11,261,372 and so you  
7 have \$542,000 and some change left.

8 MR. RASCOE: Mr. Chairman, without the second  
9 if I could revise the motion as stated, the motion is to  
10 adopt this as the prioritization but move up the  
11 projects that Trustee Markham previously had cited to be  
12 funded along with project through 31 and then 33 and  
13 then the design, permitting projects.

14 MR. BADDOUR: Okay. Let me -- I'm going to  
15 restate the motion for the record, then. This is to  
16 adopt as priority Agenda Item 5-1-B revised with number  
17 33 being brought up and put below 31, and then the  
18 following projects being put below that item. And these  
19 are the following projects. They're going to have  
20 different numbers. I don't have the numbers now because  
21 they're a different number. If you could read off the  
22 numbers that we're going to add, Richard?

23 MR. ROGERS: I believe they are 50, 52, 53,  
24 54, 56, 60, 61, 62 and 63. We left Hillsborough out.

25 MR. BADDOUR: Okay, there's a motion by Mr.

1 Rascoe, seconded by Mr. Markham. Is there any  
2 discussion? Ms. Cagnolin?

3 MS. CRAGNOLIN: Mr. Chairman, I'd just like to  
4 repeat that in the very beginning of the trust fund we  
5 would score the projects, and we did not have  
6 allocations by category, and we picked the very best  
7 water quality projects for the State of North Carolina.  
8 This arbitrary allocation between the different  
9 categories of projects is not necessarily bringing the  
10 state, in my opinion, the best water quality projects on  
11 behalf of the State of North Carolina. This is just  
12 like a class action. We've got X number of dollars and  
13 we want to rule out the numbers until we come up with  
14 something. I'm not in favor of it.

15 MR. BADDOUR: Mr. Markham?

16 MR. MARKHAM: I appreciate Karen's concerns.  
17 And that is very true in the long term, I think, is the  
18 score we're looking at in many cases is the long-term  
19 water quality score. The benefits gained from these  
20 acquisition projects are, again, long term. There's no  
21 immediate threat. The state doesn't gain much other  
22 than protecting something against a threat that may  
23 occur in the future.

24 A lot of these wastewater projects have an  
25 immediate benefit when they're constructed. I think

1 that's one of the things we should be looking at is in  
2 these difficult economic times it's also time for us to  
3 act in the interest of the state now and we can realize  
4 water quality gains that may not be as significant in  
5 the long term over two to three years time span, but  
6 these projects do have water quality value here and now.

7 MR. BADDOUR: Mr. McGrady?

8 MR. McGRADY: I support the motion that's been  
9 made. I think we do -- Yesterday we had a longer  
10 discussion about it, and we understand what the  
11 Governor's Office's concerns are regarding jobs, and I  
12 really think we need to put forward a strong set of  
13 wastewater and stormwater projects. And we had, you  
14 know, a bit of a philosophical differences in terms of  
15 priorities, but I would hope we don't have any  
16 philosophical difference in terms of the value of these  
17 projects. And so I would support the motion.

18 MR. BADDOUR: Any further discussion? Mr.  
19 Vaughan?

20 MR. VAUGHAN: I would just like to highlight  
21 in the motion that Item No. 16 is under the percentile.  
22 However, it is receiving stimulus money, and I would  
23 like to support that. I would continue to not support  
24 Item No. 56 because there's no stimulus money and it's  
25 significantly below the 25th percentile.

1 MR. ROGERS: Can you give us the name of the  
2 project, please?

3 MR. VAUGHAN: Farmville, the Town of  
4 Farmville.

5 MR. BADDOUR: Further discussion?

6 BOARD MEMBERS: (No response.)

7 MR. BADDOUR: Hearing none, so many as favor  
8 the motion, signify by saying "aye."

9 BOARD MEMBERS: Aye.

10 MR. BADDOUR: Opposed, "no."

11 MS. CRAGNOLIN: No.

12 MR. BADDOUR: All right, the ayes have it.  
13 Okay, Mr. Chairman?

14 MR. RASCOE: Thank you, Mr. Chairman. The  
15 next item the committee considered was Agenda Item F-1-  
16 C, two project issues dealing with the Town of  
17 Southport. The first matter was Southport's request for  
18 a repayment schedule in Grant 2006A-529. The committee  
19 recommends that the full Board accept the City of  
20 Southport's proposed repayment schedule.

21 MR. BADDOUR: Okay, you've heard the motion  
22 from the committee. Further discussion?

23 BOARD MEMBERS: (No response.)

24 MR. BADDOUR: So many as favor the motion  
25 signify by saying "aye."

1 BOARD MEMBERS: Aye.

2 MR. BADDOUR: Opposed, "no."

3 BOARD MEMBERS: (No response.)

4 MR. BADDOUR: The ayes have it.

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

6 MR. BADDOUR: Let the record show that Mr.

7 Howard did not vote on that motion. Thank you.

8 MR. RASCOE: The next item that we considered

9 was to a vote of support of staff's notice of a

10 violation to the City of Southport in Grant 2005B-513,

11 and the wastewater infrastructure committee recommends

12 to the full Board that it acknowledge support of staff's

13 notice of said violation.

14 MR. BADDOUR: You've heard the motion, and

15 we'll make note to let the record show that Mr. Howard

16 is not participating in voting on this motion. Further

17 discussion?

18 BOARD MEMBERS: (No response.)

19 MR. BADDOUR: So many as favor the motion of

20 the committee signify by saying "Aye."

21 BOARD MEMBERS: Aye.

22 MR. BADDOUR: Opposed, "no."

23 BOARD MEMBERS: (No response.)

24 MR. BADDOUR: The ayes have it. Mr. Chairman?

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

1 next item that was considered by the committee was  
2 Agenda Item F-1-D, a request by the Town of Eureka to  
3 reallocate funds for a pump. After much discussion, the  
4 committee recommends funding for that pump, that the  
5 Board approve that.

6 MR. BADDOUR: Any discussion?

7 BOARD MEMBERS: (No response.)

8 MR. BADDOUR: You've heard the motion. So  
9 many as favor the adoption of the motion signify by  
10 saying "Aye."

11 BOARD MEMBERS: Aye.

12 MR. BADDOUR: Opposed, "no."

13 MS. CRAGNOLIN: No.

14 MR. BADDOUR: The ayes have it.

15 MR. RASCOE: Thank you, Mr. Chairman. The  
16 last item that was considered by the committee was a  
17 discussion by our Director and staff on the Common  
18 Wastewater Application, and an in depth discussion  
19 occurred on that, and we appreciate that. I don't  
20 believe any action was taken. That is the committee's  
21 report.

22 MR. BADDOUR: Okay, thank you very much. We  
23 will move to the report of the  
24 Restoration/Stormwater/Greenways Committee.

25 MS. BRANNON: Mr. Chairman and staff, with

1 regard to prioritizing the 2008 greenways, restoration  
2 and stormwater projects that were eligible to be  
3 encumbered. The committee worksheet that you originally  
4 received that was produced by the staff -- does  
5 everybody have that? This worksheet recommends  
6 prioritized categories of project listing by the score  
7 within each category and the grant amount. The  
8 committee voted to accept the worksheet as our basis for  
9 recommending the projects to be funded from the  
10 allocation, which was determined later in the afternoon  
11 by the whole full committee.

12 When we applied the proposed allocation to the  
13 stormwater committee it takes us through line 23. If  
14 you'll look at your worksheet, that number being through  
15 projects 2008-1025. So the committee recommended  
16 approving through line 23, which would be a total of  
17 \$7,886,500. And, of course, if you'll notice it does  
18 put the ARRA stimulus funded projects first and then the  
19 projects that are waiting for construction or containing  
20 construction through line 23. And it does omit the  
21 projects that have design only or planning mini grant  
22 projects. It does include 70 percent of our innovative  
23 stormwater projects, which is still less than half of  
24 the original allocation to this fund that we had set  
25 aside.



1 MR. BADDOUR: Now, we're adopting -- To make  
2 it clear, the committee adopted the entire priority.  
3 You're just informing us as to where that line would be?

4 MS. BRANNON: Right, the committee adopted the  
5 entire priority as shown in the corner of the  
6 restoration stormwater worksheet in the order that it  
7 was presented. The proposed -- we accepted this as  
8 presented and as the staff approved it. For your  
9 information, it does take you through line 23 if we use  
10 the allocations that were proposed yesterday.

11 MR. BADDOUR: All right. You've heard the  
12 motion of the committee. Mr. McMillan?

13 MR. McMILLAN: There was a couple of  
14 corrections that the staff pointed out on lines 36 and  
15 line 80. That ought to be part of the motion.

16 MR. BADDOUR: Do you want to read those into  
17 the record?

18 MR. McMILLAN: I can. Line 36 should be  
19 \$23,639.00, and line 80 should be \$596,518.

20 MR. HOLLAN: And those are in Column N.

21 MR. McMILLAN: And those are in Column N,  
22 correct.

23 MR. BADDOUR: What I'd like to do is ask the  
24 staff if you would get a corrected copy to the court  
25 reporter so that the correct -- when the minutes come

1 out, that that would be attached as correct.

2 MR. McMILLAN: Yes.

3 MR. BADDOUR: Mr. Markham?

4 MR. MARKHAM: Before we vote on this, I'm  
5 going to vote against these recommendations. Something  
6 that didn't get discussed yesterday is that there are a  
7 significant number of projects, it appears, that the  
8 applicant has indicated they can hold till 2010. If  
9 we've got projects where the applicant has indicated  
10 they can hold off till 2010 in this funding cycle, I  
11 believe we need to give consideration to those projects  
12 so that we can fund other projects that the Board would  
13 find sensitive.

14 MR. BADDOUR: Staff, have you got a response  
15 to that?

16 MR. ROGERS: What that column represents is in  
17 talking back to the applicant and inquiring with them is  
18 there a way to let this project hang until next year so  
19 that we can fund it next year. And what we did was we  
20 put the response back on the applicant to make that  
21 call.

22 MR. HOLLAN: Mr. Chairman --

23 MR. BADDOUR: Okay, Mr. Hollan?

24 MR. HOLLAN: I think we ought to -- I  
25 understand the argument that Kevin makes there. I think

1 we ought to fund the best projects. It's not -- I'm not  
2 sure that it's clear that all these projects are going  
3 to ultimately be funded. We've got to make some  
4 decisions about whether we're going to have any new  
5 applications coming in and whether we'll have any  
6 opportunity to vote on potential better projects that  
7 may come in. And I hate to fund a project that's  
8 inferior and then determine that we're -- I think our --  
9 We said that for this 2009 cycle we'd give priority to  
10 the 2008 projects that we'd already approved. And we've  
11 made no such determination for 2010. And I'd be opposed  
12 to making a blanket statement that we would fund all the  
13 2008 projects.

14 So I'd prefer to fund these -- to adopt this  
15 in the order of the quality of the projects as shown  
16 here and then at some point the staff may have the  
17 opportunity if some project isn't ready to be funded  
18 that maybe it could move further down the list as we  
19 proceed through this year. This is going to be a tough  
20 year. We don't know how much money we're really going  
21 to have. So I'd prefer to put the better projects where  
22 they belong, up in the top category.

23 MR. McGRADY: Mr. Chairman?

24 MR. BADDOUR: Okay, Mr. McGrady?

25 MR. McGRADY: I guess -- I think Kevin has

1 raised a really good point, and that is consistent with  
2 what we've done in acquisitions, if you remember. We  
3 kept projects that were of a high priority but were not  
4 necessary to be funded in 2009-2010, and we zeroed them  
5 out, I believe, in an effort to get more projects funded  
6 in this year. And I wonder whether that might ought to  
7 be the approach here, that is that we give them the same  
8 priority they've got, but in running our numbers we zero  
9 them out in terms of funding for this year, and that  
10 would likely allow us to encumber more funds in this --  
11 in this area of projects than we're presently funding.  
12 That would address Mr. Markham's concern, I believe, and  
13 it would be consistent with what we're going to see when  
14 we get to acquisitions where we consciously decided to  
15 zero out some funds, but you keep their priority. I'm  
16 not prepared to make -- I mean, I can make a motion in  
17 that regard, but I'd like to hear that it's worth making  
18 as opposed to just voting on something like that.

19 MR. BADDOUR: Mr. McMillan?

20 MR. McMILLAN: I agree with Mr. Hollan that I  
21 think we ought to fund these projects in the order that  
22 they are water quality scored and as the committee  
23 recommended. If you go down and look at the chart, most  
24 of it could be voted in 2010, but it wouldn't protect  
25 the streams until it's actually done. And I think we

1 ought to stay with the committee and with the staff  
2 recommendations and fund them in the order that the  
3 committee recommends.

4 MR. BADDOUR: Okay, you've heard the committee  
5 recommendation. Is there any further discussion?

6 BOARD MEMBERS: (No response.)

7 MR. BADDOUR: Hearing none, so many as favor  
8 the motion to adopt the committee recommendation,  
9 signify by saying "aye."

10 BOARD MEMBERS: Aye.

11 MR. BADDOUR: Opposed, "no."

12 MR. MARKHAM: No.

13 MR. BADDOUR: The ayes have it. Madam Chair?

14 MS. BRANNON: We have two other items to bring  
15 to the Board for petition. One is the request to modify  
16 scope of work for 2006A-806, Chowan County Stormwater  
17 Drainage Study. They request your approval in a change  
18 of the scope of work to allow a portion of the funds  
19 that the Board previously approved for stormwater drains  
20 to be used to install a stormwater BMP at a local high  
21 school. The county is not requesting changing the grant  
22 amount or the matching fund. The committee voted that  
23 the Board approve the county's request. Mr. Markham  
24 asked that additional information about the grant be  
25 provided to the trustees today before the Board votes.

1 And I think that Mr. Boyer has some information to  
2 share.

3 MR. BOYER: Thank you, yes, I do. We have  
4 obtained additional information from the grant recipient  
5 specifically about the proposed BMP. Some of this we  
6 did have already, but they have elaborated. It is  
7 called a Filterra system, which is a proprietary  
8 preconstructed, largely preconstructed, stormwater  
9 designated apparatus that is intended to capture  
10 stormwater from impervious surfaces. In this case it  
11 will be run off from a high school parking lot. It is  
12 all subsurface except for some surface plants that could  
13 be shrubs or trees or grasses. The runoff is collected  
14 in a box in the sump subsurface and flows through a  
15 mixture of soil and mulch and also the root systems of  
16 the plants above. And sediment is removed from the  
17 runoff as well as pollutants such as grease and  
18 nutrients, and largely, um, the pollutants largely are  
19 broken down and recycled to the atmosphere as nitrogen  
20 gas, carbon dioxide and water. They do require  
21 maintenance, cleaning out, especially the sediment.

22 The staff feels like this is a good use of the  
23 funds. It's substituting funds that would have been  
24 used for planning that are not needed for this planning  
25 project to implement a project on the ground. I believe

1 it would have been recommended for approval had it come  
2 in as a new application. The grant recipient is  
3 requesting reallocating \$20,000 from the planning  
4 activities to the installation of the BMP.

5 MR. BADDOUR: Madam Chair, Chairman Brannon?

6 MS. BRANNON: Our committee did recommend we  
7 approve this request from them.

8 MR. BADDOUR: Okay, you've heard the committee  
9 motion. Is there any discussion? Karen?

10 MS. CRAGNOLIN: Yes. Has the applicant  
11 indicated that they would include this BMP in the  
12 curriculum for the school?

13 MR. BOYER: They are interested in doing it  
14 now as part of this project. None of that activity  
15 would be included in the scope of this project.

16 MS. CRAGNOLIN: I know, but I mean if we were  
17 to approve this grant would they use that as a part of  
18 their curriculum?

19 MR. BOYER: Yes. That is part of the reason  
20 for installing it on the high school property.

21 MS. CRAGNOLIN: Okay, I like that. And I love  
22 the idea that it's on school -- We've done some BMPs and  
23 we put them in some really public places and, you know,  
24 people said, oh, that's not quite as scary as I thought  
25 it might be. So I think I like that.

1 MR. BADDOUR: Further discussion?

2 MR. RASCOE: Chairman, just a reminder that I  
3 want to recuse myself from this matter.

4 MR. BADDOUR: Further discussion?

5 BOARD MEMBERS: (No response.)

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

8 BOARD MEMBERS: Aye.

9 MR. BADDOUR: Opposed, "no."

10 BOARD MEMBERS: (No response.)

11 MR. BADDOUR: The ayes have it, and Mr. Rascoe  
12 had recused himself. Okay.

13 MS. BRANNON: Okay, our last item, the request  
14 to approve the change in the grant contract condition,  
15 which is 2008-424 Watauga County restoration. This is  
16 where the property owner who had previously committed to  
17 providing repairing conservation easements for this  
18 project no longer is willing to do so but is willing to  
19 allow restoration construction on the property. As a  
20 consequence, the county will not be able to comply with  
21 the grant contract requirements to protect the full  
22 project repairing of it with permanent easements.

23 By a letter dated -- I think it was in your  
24 packet -- September 11, 2009 the County is requesting a  
25 waiver of our policy to protect the full length of the



1 project to repairing with permanent conservation  
2 easements. The committee recommends approval of this  
3 request to amend the grant contract condition for a  
4 portion of the project site provided that no restoration  
5 structures are constructed on the property.

6 MR. BADDOUR: Okay. You've heard the motion  
7 of the committee or recommendation of the committee. Is  
8 there any discussion?

9 BOARD MEMBERS: (No response.)

10 MR. BADDOUR: Hearing none, so many as favor  
11 the committee -- adopting the committee recommendation,  
12 signify by saying "aye."

13 BOARD MEMBERS: Aye.

14 MR. BADDOUR: Opposed, "no."

15 BOARD MEMBERS: The ayes have it.

16 MS. BRANNON: And, Mr. Chairman, that ends our  
17 committee report.

18 MR. BADDOUR: Okay, thank you very much. Now  
19 we'll move on to the Acquisition Committee.

20 MR. McGRADY: Mr. Chairman, the majority of  
21 our meeting was spent reviewing projects eligible to be  
22 encumbered. In front of the Trustees there should be a  
23 revised priority list consistent with the decisions that  
24 we made yesterday. I'll turn to Tom in a minute in case  
25 I make any mistake on this, but our first priority of

1 projects were donated mini grants.

2 Our second priority of projects were projects  
3 that had been closed. Our third set of priorities were  
4 projects under construction -- under contract -- excuse  
5 me -- or where we had an option with the landowner. And  
6 then the final set of projects dealt with additional  
7 projects that didn't meet any of those criteria,  
8 including projects that there had been some reimbursable  
9 funds spent by the grantee.

10 We heard from the land trusts that were here  
11 yesterday in terms of their prioritization. And we made  
12 a number of minor changes in order reflective of the  
13 land trusts -- prioritization of their own projects.  
14 Similarly one set of those actually were related to a  
15 set of military projects that are reflected here.

16 Just for your information, and I understand  
17 we're not taking this up right now, but given the  
18 decision that was made in another committee regarding  
19 the allocations, if this priority list were approved in  
20 its current form, the expectation would be that we would  
21 fund down to and through project 59, Catawba County  
22 Crescent Resources tract.

23 There is one change, project -- line 55. That  
24 is a project that does not need to be funded this year,  
25 is my understanding. And so the committee

1 recommendation -- The staff recommendation to us there  
2 is to zero that out consistent with the decisions we  
3 made with respect to other projects that were not needed  
4 to be funded in this year. And that would create  
5 sufficient funds to allow us to go all the way through  
6 59. Tom, what have I missed?

7 MR. JONES: That's pretty much it. The  
8 tentative allocations you all had yesterday would be the  
9 \$25,664,430.

10 MR. McGRADY: Mr. Chairman, we do have a  
11 related allocation of funds issue related to the mini  
12 grant program. My thought would be to take that up next  
13 once we get this action taken on this piece of it.

14 MR. BADDOUR: All right. You've heard the  
15 motion of the committee. Mr. McMillan?

16 MR. McMILLAN: Mr. Chairman, was there not a  
17 change on line number 16, \$719,000, was that not moved  
18 to remaining in the fund instead of a recommended fund?

19 MR. McGRADY: This is the old one.

20 MR. McMILLAN: Oh, have you got a new one?

21 MR. McGRADY: Yes.

22 MR. McGEE: Do you know the project number?

23 MR. McGRADY: Yes, 044, remove 044.

24 MR. ROGERS: It's been changed on the  
25 spreadsheet.

1 MR. BADDOUR: Okay. You've heard the  
2 committee; it's been changed. The running total would  
3 be changed to reflect the zoo project coming out as you  
4 go down.

5 MR. McGRADY: That's correct.

6 MR. BADDOUR: But is there any discussion?  
7 You've heard the committee motion. I think he's going  
8 to take up that mini grant thing in a minute. So any  
9 discussion?

10 BOARD MEMBERS: (No response.)

11 MR. BADDOUR: Hearing none, so many as favor  
12 the adoption of the committee's recommendation signify  
13 by saying "aye."

14 BOARD MEMBERS: Aye.

15 MR. BADDOUR: Opposed, "no."

16 BOARD MEMBERS: (No response.)

17 MR. BADDOUR: The ayes have it. Mr. McGrady?

18 MR. McGrady: Mr. Chairman, this is out of  
19 order from the Agenda yesterday, but it really relates  
20 back to this list. There was a discussion regarding the  
21 mini grant program, and specifically the concern was  
22 that we have, as I understand it, 12 mini grants  
23 outstanding that we haven't been able to fund. And the  
24 committee's view was this program is really valuable.  
25 And so on Mr. Wright's motion we have recommended that

1 we obligate \$200,000 for the mini grant program now and  
2 then take a further \$600,000 out of any funds that may  
3 become unencumbered and put in the mini grant program.

4 Again, for those who weren't a part of the  
5 discussion, in the normal course of things some number  
6 of projects come in under the number that we have  
7 allocated to them to be encumbered. And the thought  
8 that we take some of those monies that are coming back  
9 and set them aside and make them available to the mini  
10 grant program. So that was the committee's motion. I'm  
11 sorry, that's donated mini grants.

12 MR. CRUMPLER: I have a question. It seems to  
13 me if there's -- I think there are 12 pending, and I  
14 think it's \$25,000 average per. That already gets you  
15 to \$300,000, and if you were going to do a few extra, it  
16 would seem to me you would need a little bit more. So  
17 I'm thinking more like \$400,000.

18 MR. ROGERS: Well, I think the thought was to  
19 allocate \$200,000, and then we will look at unencumbered  
20 funds in November to see how much we want to increase it  
21 by or allocate towards that. I mean, the Board can make  
22 a cap on it and we can put those funds in as we  
23 unencumber them. But, again, that's up to the Board how  
24 you want to present that.

25 MR. WRIGHT: I make a motion that we just felt

1 like we needed to get the best eight of those projects  
2 going. And in November we would come back and readdress  
3 the unencumbered funds to allow them to go into up to  
4 \$800,000 a year on those mini grants so that we can have  
5 the best bang for our bucks in terms of value.

6 MR. BADDOUR: Okay, Claudette?

7 MS. WESTON: Does that include the greenway  
8 mini grant?

9 MR. ROGERS: No, ma'am.

10 MR. BADDOUR: Okay, Mr. McGrady?

11 MR. McGRADY: Mr. Chairman, I'm supportive of  
12 Mr. Crumpler's thoughts here in terms of trying to move  
13 forward. It's a practical matter, and since we're  
14 coming back in November and addressing these things, we  
15 can come back and address it at that time. I mean, and  
16 if we feel like we need to put more money as John has  
17 suggested to it at that time, I guess we've got the  
18 ability to do that. So I'm not -- I guess, John, I'm  
19 not sure we have to move forward on this but, you know,  
20 I think it's something we need to keep on our Agenda and  
21 specifically take it up when we next meet in November.

22 MR. ROGERS: Mr. Chairman, we have -- When we  
23 went back and looked there was eight on hold, and they  
24 don't all add up to the max, so the ones we have in  
25 there now are covered with the \$200,000. And it might

1 be appropriate to wait till November and let you all  
2 have an update and give you an idea of what's coming in.

3 MR. CRUMPLER: May I ask another question?

4 MR. BADDOUR: Yes.

5 MR. CRUMPLER: I also understand that there  
6 are going to be some projects that we can't fund that  
7 might be able to close if there were transaction costs  
8 out there. Have we got enough flexibility to keep those  
9 moving?

10 MR. ROGERS: I think it would be good to  
11 address it in November when we have a little clearer lay  
12 of the land.

13 MR. CRUMPLER: Okay.

14 MR. ROGERS: And the critical things on a lot  
15 of these is the end of the year. I think that we will  
16 have a better defined notion of what projects those are,  
17 and then we can address that specifically in November.

18 MR. McGRADY: Mr. Chairman?

19 MR. BADDOUR: Mr. McGrady?

20 MR. McGRADY: Again, I think this one I am a  
21 little concerned about because if we wait till November  
22 can we actually really get a project closed if we  
23 haven't told them in September that we're willing to  
24 fund some transaction costs.

25 From my understanding, and I know of one

1 project, it's the Camp Rockbrook project which is down  
2 our list, and it's in Transylvania County. I understand  
3 that that landowner has to do that deal this year. The  
4 land trust is saying if you wait until November we're  
5 not sure we can do it. We really need to do it now.  
6 We're willing to do it if you can cover our transaction  
7 costs.

8 And how the deal would work, as I understand  
9 it is, they would close the deal and we would reimburse  
10 the transaction costs. The land trust would sign a note  
11 with no or low interest with the landowner. They  
12 capture the tax benefits in this year, and then this  
13 project gets, you know, moved forward. Obviously, we'd  
14 be then have an investment of some amount of money in  
15 this project because we presumably are saying like we've  
16 sometimes said with other projects that we're going to  
17 go ahead and move this thing. But I would hate to have  
18 some projects fall out because we are, you know, late in  
19 November in taking action to set something aside. So my  
20 recommendation, and this is just from me -- we didn't  
21 bring this up in the committee -- would be to support a  
22 motion to add, you know, \$100,000 in funding for  
23 transaction costs on projects that are already on our  
24 lists but that we're not going to be able to fund.

25 MR. BADDOUR: Well, Mr. McGrady, I'm going to



1 let you -- Well, first of all, Richard, go ahead.

2 MR. ROGERS: I just wondered if maybe we could  
3 frame that up a little bit because I have a feeling we  
4 might have projects coming out of the woodwork with  
5 regard to that opportunity. And I think staff will be  
6 glad to accommodate what you want to do if we could get  
7 some guidance that will work down prioritizing through  
8 water quality score on projects. And I think there is a  
9 remainder of about \$545,000 to use those funds for that  
10 purpose.

11 MR. McGRADY: All right.

12 MR. ROGERS: Well, we'll work on that.

13 MR. BADDOUR: Well, let's do this. Let's take  
14 the committee recommendation first, and then that can be  
15 a separate motion, which I'll be glad to entertain at  
16 any point. Would you state the committee  
17 recommendation, restate it?

18 MR. McGRADY: The committee recommendation is  
19 to obligate \$200,000 for the donated mini grant program,  
20 and then make a further \$600,000 available to the  
21 donated mini grant program from un-encumbered funds as  
22 we un-encumber them.

23 MR. BADDOUR: Okay, you've heard the committee  
24 recommendation. Is there any further discussion?

25 MR. WRIGHT: Mr. Chairman, I'd like to make a

1 comment. Last year we approved \$500,000 for mini grant  
2 applications, and we've increased that substantially in  
3 an amount over 50 percent this year trying to handle  
4 these mini grants which is a real good investment on our  
5 part in terms of cost per acre for lands that we're  
6 looking at. My concern about the transactional cost is  
7 several projects could come in and basically use up far  
8 in excess of the \$25,000 cap we have on mini grants for  
9 this purpose, and I have concerns about that without us  
10 even looking at those projects.

11 MR. ROGERS: I think that would be a separate  
12 motion that would be coming before the Board once we get  
13 through this and the allocation.

14 MR. BADDOUR: Let me see if I understand this  
15 particular motion before us. It's \$200,000 for mini  
16 grants. Is that it, or is there something else that the  
17 committee recommends?

18 MR. McGRADY: There are \$200,000 from our  
19 allocation and up to \$600,000 more --

20 MR. BADDOUR: For donated --

21 MR. McGRADY: -- for donated mini grants.

22 MR. BADDOUR: -- mini grants.

23 MR. McGRADY: That's all we're talking about.

24 MR. BADDOUR: All right, so any further  
25 discussion on that?

1 BOARD MEMBERS: (No response.)

2 MR. BADDOUR: Hearing none, so many as favor  
3 the motion signify by saying "aye."

4 BOARD MEMBERS: Aye.

5 MR. BADDOUR: Opposed, "no."

6 BOARD MEMBERS: (No response.)

7 MR. BADDOUR: The ayes have it. Now, is there  
8 any other motion that anybody wants to make at this  
9 time?

10 MR. McGRADY: Richard, can you help me here?

11 MR. ROGERS: I don't know if I'm helping or  
12 hurting.

13 MR. McGRADY: No, your response at the end  
14 there, I think, was helpful. We're going to -- After --  
15 Assuming we get the allocation that is expected here and  
16 we run through project whatever, the Catawba project,  
17 and we factor in the \$200,000 we have now allocated to  
18 mini grants, we still got a bit of additional money.  
19 And my concern is is there a way to give staff  
20 discretion to fund transactional costs on projects that  
21 are, you know, in the sequence of our priorities. I  
22 don't want to go jumping out of sequence at all. But to  
23 give you the discretion to put some money in  
24 transactional costs to keep these projects alive.

25 MR. ROGERS: I will just describe the process

1 that we would use if folks would like to get  
2 transactional costs. There's already a budget developed  
3 for these projects. They have to stay within that  
4 budget. I think it would be appropriate to at least get  
5 the consent of the co-chairs of the committee and that  
6 we would work under that scenario in that way. And we  
7 will vet the rest of the process out over the next few  
8 days and consult with the co-chairs on how we would  
9 manage it.

10 MR. McGRADY: So if I understand you, you're  
11 saying that you think you have the discretion subject to  
12 getting back to the co-chairs?

13 MR. ROGERS: I think you all need to pass a  
14 motion that gives us that discretion.

15 MR. McGRADY: Okay, and I would like to make  
16 that motion or let John make that motion. But I want to  
17 make sure it's worded in a way that's consistent with  
18 our priorities, most importantly, meaning we're not  
19 jumping around and going to the lowest priority because  
20 they raised their hand --

21 (Technical difficulty - lost 18 minutes)

22 (Brief recess was taken from  
23 10:44 a.m. to 10:55 a.m.)

24 MR. BADDOUR: Can we come back to order,  
25 please? Okay, first of all, a couple of people have

1 asked me if we actually voted on the motion, the  
2 recommendation of the committee, the Acquisition  
3 Committee, with regard to the priority list. And I  
4 thought we did, but there's enough of a question that I  
5 didn't want to bother our poor court reporter to go back  
6 and have to try to find it.

7 So, anyhow, Chuck, I'm going to recognize you  
8 again to tell us what the committee recommendation is  
9 and we'll vote on it again.

10 MR. McGRADY: Mr. Chairman, the committee  
11 recommendation is reflected in a new chart that has been  
12 handed out reflecting the awards eligible to be  
13 encumbered with respect to the acquisition projects.  
14 The first priority is donated mini grants. The second  
15 priority is projects that have already been closed.

16 Moving down to projects under contract or  
17 where we've got an option with the landowner. And they  
18 are what they are. We did make a number of changes  
19 reflective of requests and priorities set by the land  
20 trusts themselves that were putting forward the -- have  
21 made the grant applications.

22 And with respect to this new cycle awards  
23 list, the only change on it is in line 55 with the  
24 committee recommendation, based on an understanding we  
25 don't need to fund this right now, is zero. And then

1 the numbers subsequent to that in terms of the  
2 committee's running total would change. And for  
3 informational purposes, again, based on our  
4 understanding of the allocation of these funds, this  
5 would lead to the funding of the projects from beginning  
6 to line 59, which is the Catawba County project.

7 MR. BADDOUR: And with that, any discussion?

8 MR. McMILLAN: (Raises hand.)

9 MR. BADDOUR: Mr. McMillan?

10 MR. McMILLAN: Mr. Chairman, I'm going to  
11 recuse myself from voting on that motion.

12 MR. BADDOUR: And, Karen, did you also recuse  
13 yourself from one of those?

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

15 MR. BADDOUR: Okay.

16 MR. MARKHAM: And I'm going to recuse myself  
17 from voting.

18 MR. BADDOUR: And Kevin is also going to  
19 recuse himself from voting on this motion, Kevin  
20 Markham. All right. Hearing no further discussion, all  
21 in favor signify by saying "aye."

22 BOARD MEMBERS: Aye.

23 MR. BADDOUR: Opposed, "no."

24 BOARD MEMBERS: (No response.)

25 MR. BADDOUR: The ayes have it. And, Chuck, I

1 believe you also have another motion.

2 MR. McGRADY: If we could put that one up on  
3 the screen. This motion addresses the discussion we --  
4 John's not here -- John precipitated by asking about  
5 whether we had the ability to fund transactional costs  
6 associated with projects that are on our list but  
7 probably won't be funded this year.

8 In talking with Richard, this is the motion  
9 that I will make. I move that the remaining acquisition  
10 projects may be considered in priority order to be  
11 provided transactional costs associated with projects  
12 that have donated property as a match portion to the  
13 project according to the contract budget in an amount  
14 not to exceed \$500,000 in total. And what I'm trying to  
15 do here is provide discretion to the staff to fund some  
16 transactional costs on projects that we otherwise would  
17 have funded if we had in our whole allocation of funds.  
18 But I want to keep the priority order as provided.

19 And how this would work, I've talked with  
20 staff during the break, and the thought would be that  
21 the potential of funding these transactional costs would  
22 be communicated to all of those projects that are more  
23 than likely not to be funded under our current formula  
24 and they would be given some date to get back to staff  
25 to indicate whether they are interested in seeking these

1 transactional costs.

2 The concern was raised that, well, you know,  
3 project E comes forward on Monday, and the staff looks  
4 at it and goes, okay, we'll fund this thing. And then  
5 on Thursday a higher ranking priority would come in and,  
6 gee, we've already used up our funds. And so we wanted  
7 to create an even playing field for all of the projects  
8 that we, you know, previously approved as part of our  
9 2008 grant cycle, but just provide the staff with some  
10 discretion. But I felt it's important that we stop this  
11 at half a million dollars. I just don't want to go  
12 willy-nilly spending money on transactional costs.

13 MR. ROGERS: I think the other \$500,000 is  
14 what's remaining in the allocation, a little over  
15 \$500,000 so we're kind of, it's still within the budget  
16 of the allocation for acquisition.

17 MR. McGRADY: That's why we picked that  
18 figure, is it's still within the acquisition's  
19 allocation.

20 MR. BADDOUR: Okay, do I have a second to the  
21 motion?

22 MR. VAUGHAN: Second.

23 MR. BADDOUR: Motion made and seconded. Is  
24 there any discussion?

25 MR. HOLLAN: Chuck, would you object to adding



1 to that that these should be approved by the chairman of  
2 the committee and, I guess, the chairman of the Board?

3 MR. McGRADY: No, that's friendly in terms of  
4 the process.

5 MR. BADDOUR: Mr. Markham?

6 MR. MARKHAM: Does it also set a limit per  
7 project?

8 MR. McGRADY: Richard, do you want to speak to  
9 that? The idea was to set a limit per project. The  
10 thought I think was, Kevin, was that transactional costs  
11 are all over the place and we would just stick within  
12 the budget, a contract budget, that we've already  
13 approved up to this point.

14 MR. ROGERS: Technically, the Board has  
15 already approved that budget, and we want to make sure  
16 we keep it in line with the budget because sometimes the  
17 transactional cost is not part of the match and we don't  
18 want folks coming in trying to, you know, switch the  
19 match to our funding. So we want to maintain what was  
20 approved by the Board and do that and then, again, as  
21 Chuck mentioned, the amounts varied immensely. So per  
22 project costs may be a bit difficult and we may run  
23 quickly into situations where we wouldn't be able to  
24 accommodate those.

25 MR. BADDOUR: Okay, is there further

1 discussion?

2 BOARD MEMBERS: (No response.)

3 MR. BADDOUR: Okay, hearing none, so many as  
4 favor the motion signify by saying "aye."

5 BOARD MEMBERS: Aye.

6 MR. BADDOUR: Opposed, "no."

7 BOARD MEMBERS: (No response.)

8 MR. BADDOUR: The ayes have it. The next item  
9 is the strategy for encumbering the 2008 contracts, and  
10 we've really done all of the pieces to this puzzle.  
11 It's just a matter of putting them together, and I'm  
12 going to call on John McMillan for a motion.

13 MR. McMILLAN: Mr. Chairman, this is not  
14 complicated. I move that projects be submitted to be  
15 encumbered in the amount of up to \$45,547,547.00 in the  
16 priority approved by the Board of Trustees in the  
17 following categories: acquisition, 57%; restoration  
18 stormwater, 17%; and wastewater, 26%.

19 MR. BADDOUR: You've heard the motion. Is  
20 there a second?

21 BOARD MEMBERS: Second.

22 MR. BADDOUR: Discussion?

23 BOARD MEMBERS: (No response.)

24 MR. BADDOUR: Hearing none, so many as favor  
25 the adoption of the motion signify by saying "aye."

1 BOARD MEMBERS: Aye.

2 MR. BADDOUR: Opposed, "no."

3 BOARD MEMBERS: (No response.)

4 MR. BADDOUR: The ayes have it. The next is

5 the strategy for 2009 applications. And I mentioned

6 this yesterday, and I'll mention it again. What I would

7 like -- I'd be glad to hear any discussion the Trustees

8 would like to have today on it, but I would like for us

9 to postpone until November a decision about what we're

10 going to do or what we're going to do about the 2009

11 applications. And the same thing, what about the 2010

12 applications? And perhaps there are a number of

13 different approaches we can take. I would say you have

14 to add to that and what about the 2008 applications that

15 we have not funded. Are we going to accept applications

16 for a 2010 cycle, or are we going to give any priority

17 to projects we've already funded -- I mean, we've

18 already approved with regard to the 2009? Are we going

19 to require them to submit again? Or are we just going

20 to consider them as a part of 2010? I mean, it's a very

21 important discussion, and we have to resolve it in

22 November because the grant application typically will

23 need to be deadlined sometime in when?

24 MR. ROGERS: We like to get the application

25 posted and any revisions that we have to it by the

1 middle of November so we can accept those in February.

2 MR. BADDOUR: So there are different kinds of  
3 approaches in terms of dealing with points or priorities  
4 or not giving any priority and basically just kind of  
5 starting over again and make everybody make  
6 applications. So I don't know. If any trustee would  
7 like to make any comments about that or about the  
8 process in which we make that decision, it certainly  
9 would be appropriate to do that; although, I do want us  
10 to wait until November to decide. Peter?

11 MR. RASCOE: Yes, thank you, Mr. Chairman. I  
12 appreciate this opportunity for discussion, especially  
13 as far as wastewater applications. We talked at length  
14 about the -- the contracts that had already been signed  
15 by both parties. And I guess my comment is  
16 notwithstanding the process, you know, those people or  
17 applicants at least somehow in my mind deserve some sort  
18 of deference to either us recognizing the 2008  
19 application in the next cycle or us encouraging them to  
20 reapply under the same set of circumstances. And I'm  
21 not sure which is going to be easier process wise, but I  
22 certainly don't want to think that we give the message  
23 that, hey, you're done. You can just come in with  
24 everybody else when you want to type thing. I just  
25 think they need to have some sort of deference.

1 MR. BADDOUR: Mr. McGrady?

2 MR. McGRADY: With respect to the 2008  
3 applications I would hope that we would continue our  
4 policy of giving them a preference here. We have, in  
5 fact, communicated with them in the past that they've  
6 gotten this grant and we feel like we are under some  
7 moral obligation if not a legal obligation to proceed  
8 with some of those.

9 With respect to the 2009 applications my hope  
10 would be that if the grantees in those cases, the  
11 potential grantees in those cases, want to have those  
12 applications considered that we would administratively  
13 make it very easy for them to just simply update their  
14 application and not go through an entire process of  
15 reapplying; just redo the budget and reflect the better  
16 numbers, any change in circumstance and then proceed  
17 into a 2010 application process.

18 I think it's critically important that we have  
19 some grant process in 2010 and begin to attempt again.  
20 Those would be my preferences with respect to the three  
21 classes of potential applications.

22 MR. BADDOUR: Any further comment?

23 MR. RASCOE: One more, Mr. Chairman.

24 MR. BADDOUR: Yes, sir.

25 MR. RASCOE: Is the larger question --

1 Following up with Chuck's comments, is the larger  
2 question how do you compare, score, grade the 2008s with  
3 the 2009s and the 2010s? That seems to me to be what  
4 the challenge will be.

5 MR. BADDOUR: Mr. Hollan?

6 MR. HOLLAN: Well, I think today we've done  
7 our best to fund the best half of the projects that we  
8 reviewed in 2008 so that we got the highest quality  
9 within the limits of what we know and what we can do  
10 adjusted a little bit by the reliance that people have  
11 placed on us. And I think we've made a fair allocation.

12 Clearly the projects that are left there are  
13 some good projects, but they are -- have been determined  
14 to have less water quality benefit than the ones that  
15 we've already funded, and there are bound to be some new  
16 projects coming along that are going to be better than  
17 the ones we are now looking at here. Either better  
18 pricing, better opportunities, new information, new  
19 failures of critically important sewer plants.

20 So I think we've got to be open to taking new  
21 applications. We've got a whole staff that's putting  
22 bushes out there. We've got to put them to work and  
23 take some new applications in. I don't disagree with  
24 Peter that anybody who's in should have an easy process  
25 or whoever said that they should have an easy process to

1 stay in the mix. But to give priority to the projects  
2 that are in the lower 50<sup>th</sup> percentile that we know are  
3 not as good as some of the projects we've funded today  
4 or we don't know but our best judgment was that they are  
5 not as good would be a mistake, I think. We've got to  
6 adapt to the reality that we've got \$50,000,000 coming  
7 up and let's do the best water quality projects we can.

8 MR. BADDOUR: Any other comments?

9 MR. BADDOUR: Mr. McMillan?

10 MR. McMILLAN: Mr. Chairman, I think it's  
11 important that we demonstrate to the General Assembly  
12 that there are a host of projects out there that are  
13 waiting funding and need it. Our partners are out there  
14 anxious to put applications together and our staff is  
15 here ready to deal with them, and I think we ought to  
16 accept applications and proceed and be able to show the  
17 members of the General Assembly that these are projects  
18 that unless they fund us are not going to get funded.  
19 And our partners are ready and willing to advocate for  
20 us. They have done that for the whole time I've been  
21 here. We need to enlist the County Commissioners and  
22 the legal municipalities to get more actively involved  
23 because we get letters from them pushing the projects  
24 that they have before us. But unless we get funding at  
25 the adequate level, then those things won't receive any

1 money.

2 MR. HOWARD: Mr. Chairman?

3 MR. CAMP: (Raises hand.)

4 MR. BADDOUR: Mr. Howard and then Dr. Camp.

5 MR. HOWARD: It seems to me that we have a  
6 moral obligation and a legal obligation to fund the 2008  
7 projects that we've awarded because they have perhaps  
8 made decisions based on our award of those projects.  
9 And if they could have gotten it in, I think it is of no  
10 circumstances that we've caused or they have caused.  
11 But we have got that obligation. We awarded the  
12 contract and they perhaps have made decisions, and it  
13 could be devastating for some of these guys. So just  
14 from my vote, I would oppose any effort to try to un-  
15 approve or try to disapprove any of the ones we've  
16 encumbered regardless of where they fall in the mix.

17 MR. BADDOUR: Any further discussion, Dr.  
18 Camp?

19 MR. CAMP: As an old teacher I'm wondering if  
20 the staff can look at some of these projects from 2008  
21 that may show promise and assist them in ways to bring  
22 those clean water scores up for 2009 funding or 2010  
23 depending on if we get some money. But it always occurs  
24 to me that we have a moral responsibility to help those  
25 projects or counties or cities or municipalities that



1 don't have the kind of expertise that Charlotte or  
2 Raleigh has or Durham to assist them in getting these  
3 scores up to where they ought to be.

4 MR. BADDOUR: Anyone else? I appreciate your  
5 comments. Stan?

6 MR. VAUGHAN: I'm just reminding you we  
7 haven't approved the budget for next year yet.

8 MR. BADDOUR: I skipped your report. Thank  
9 you, Stan. I didn't mean to do that. Okay, enough of  
10 that, but please keep thinking about it and talking  
11 about it with our partners in this process, and we'll  
12 make a decision in November. All right, now we have the  
13 Administrative Committee Report, and I'd like to call on  
14 Chairman Vaughan.

15 MR. VAUGHAN: This will be brief unless we  
16 have a lot of discussion, but I think most of the  
17 members were around yesterday when we had the committee  
18 meeting. The first item is the un-encumbered funds, and  
19 we've got three lists that were provided to you; 5.4  
20 million dollars funds to un-encumber from closed or  
21 withdrawn grant contracts, \$588,000 for reductions to  
22 current contracts, and \$1,125,000 for net decrease on  
23 remaining 2008 grants not yet encumbered. The committee  
24 recommends that we un-encumber these funds.

25 MR. BADDOUR: I'm sorry.

1 MR. VAUGHAN: There's a motion to un-encumber  
2 these funds.

3 MR. BADDOUR: Okay, you've heard the motion  
4 and the recommendation of the committee. Is there any  
5 discussion?

6 BOARD MEMBERS: (No response.)

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

9 BOARD MEMBERS: Aye.

10 MR. BADDOUR: Opposed, "no."

11 BOARD MEMBERS: (No response.)

12 MR. BADDOUR: The ayes have it. Mr. Vaughan.

13 MR. VAUGHAN: All right. The next item we  
14 will present it with the proposed budget for the 2009-  
15 2010 which is significantly reduced from the 2008 budget  
16 and it's also reduced from the 2009 expenditures. The  
17 details were provided to you, and it was discussed  
18 yesterday. And the committee recommends approval of the  
19 proposed budget.

20 MR. BADDOUR: Okay, you've heard the motion.  
21 Is there any discussion?

22 BOARD MEMBERS: (No response.)

23 MR. BADDOUR: Hearing none, so many as favor  
24 the adoption of the recommendation of the committee to  
25 approve the proposed budget, signify by saying "aye."

1 BOARD MEMBERS: Aye.

2 MR. BADDOUR; Opposed, "no."

3 BOARD MEMBERS: (No response.)

4 MR. BADDOUR: The ayes have it.

5 MR. VAUGHAN: And, finally, Richard presented  
6 to us a new organization chart that he's proposed that  
7 deals with the 2009-2010 budget. I don't know if you  
8 want to talk about that any, Richard, or not.

9 MR. ROGERS: We've been over it pretty well,  
10 and I think that we take on challenging times, and I  
11 think the staff has done a great job of looking at  
12 opportunities and what we can do to improve ourselves  
13 even in difficult times. And I think reorganizing  
14 ourselves and bringing our functions all together is an  
15 attempt to do that. And the idea is to continue to  
16 improve our process in our efficiency and effectiveness  
17 in delivering the program. And even with reductions in  
18 the budget I think we can achieve these and look forward  
19 to reporting back to you on the progress we make.

20 MR. VAUGHAN: Mr. Chairman, I heard that when  
21 the committee approved the budget we also approved the  
22 staff restructuring, and I did not state that.

23 MR. BADDOUR: Yeah, and I'm not sure we really  
24 need actually to vote on that since I think that's  
25 probably within our Executive Director's authority to do

1 that. Okay. Thank you very much. Is that your report  
2 then, Mr. Vaughan?

3 MR. VAUGHAN: Yes.

4 MR. BADDOUR: Thank you for your work. I know  
5 Chairman Vaughan worked a lot. You know, when you get  
6 down to the committee lots of times you get down to the  
7 presentation, and we all have to remember there's a lot  
8 of work that goes into that. And while I'm saying that,  
9 I just want to thank the staff for the work that they  
10 did in staffing all of these committees with the reports  
11 that they did and have before us. It's just been a  
12 tremendous amount of information that was presented to  
13 us in a very readable and understandable way, and I  
14 thank you for that. Peter?

15 MR. RASCOE: Mr. Chairman, I do have one  
16 matter I want to seek clarification from staff. On the  
17 wastewater priority approvals, as the projects that were  
18 in the approved component, as you work through those I  
19 understand that possibly, or hopefully probably, we'll  
20 be achieving some savings in the bidding out of those  
21 projects. Do we need to take some directive action to  
22 direct staff as that savings comes in to apply those to  
23 the lower priority 2008 projects?

24 MR. ROGERS: What we're looking to do is  
25 waiting to finalize the contract and the amount of the

1 contract until after the bids, the project bids have  
2 gone out. Typically they're coming in 20 to 40 percent  
3 below, and we're trying to adjust our contract on the  
4 front end. In the past we worked diligently to recoup  
5 the funds at the end of the process.

6 Given our financial times and the need to get  
7 money out the door and to recoup it as quickly as  
8 possible, we'd like to attempt to do that on the front  
9 end. And there is a process in place, construction  
10 grants and such, and we'd like to emulate that process  
11 and do that so that we won't have to allocate or recover  
12 those funds but go ahead and make those funds available  
13 for projects that are down, on down the list.

14 MR. BADDOUR: If it's okay with the Board I  
15 think the motion that Mr. McMillan made is broad enough  
16 to actually empower that because it does up to the  
17 amount of money that we said we would have available, it  
18 authorizes the staff to submit for encumbrance in those  
19 various categories. So if a project came in at less  
20 they could go down in the priority order. They could  
21 not change the priority order that the Board set, but  
22 within that priority order I think they have that  
23 authority unless the Board feels differently about it.

24 MR. ROGERS: We'll be glad to move forward  
25 with that, and we just want to make sure you're informed

1 that there will be a change in the process with regard  
2 to ways we're moving on contracting these projects.

3 MR. RASCOE: I think that clearly was our, the  
4 committee's final intent or the motion's intent of our  
5 committee and I think from John's motion, too, and  
6 hopefully that's clear as to what we've done on the  
7 list.

8 MS. CRAGNOLIN: Mr. Chairman?

9 MR. BADDOUR: Karen?

10 MS. CRAGNOLIN: So then in November what kinds  
11 of things will we be looking at in terms of what we  
12 allocate in November?

13 MR. ROGERS: I think there are some projects  
14 that are different stages and some projects that are  
15 awaiting funding and have already gone out to bid. We  
16 know what we'll recoup out of that. And my  
17 understanding of the motion that was passed is what we  
18 do is we proceed with those funds to work down the  
19 wastewater list on projects that did not get funded this  
20 time. We're still working within the percent that was  
21 allocated to the committee.

22 MR. McMILLAN: Mr. Chairman?

23 MR. BADDOUR: Mr. McMillan?

24 MR. McMILLAN: Shouldn't that also apply to  
25 stormwater restoration because you've got the same, the

1 same potential contracts --

2 MR. ROGERS: Yes, sir, it will.

3 MR. McMILLAN: -- and in acquisition if you  
4 have proposals that come in -- It ought to apply to all  
5 three.

6 MR. ROGERS: Right. And, Ms. Cragolin, we'll  
7 also un-encumber funds for proposed contracts between  
8 now and November, and we'll bring that back to the Board  
9 for you all's consideration.

10 MR. BADDOUR: Okay, the next item is our  
11 meeting schedule. And Mr. Rogers, you have my name  
12 beside that, but I don't know that you and I have talked  
13 about it, so I'm going to defer to you.

14 MR. ROGERS: Typically, we have six meetings a  
15 year, and this is not a typical year as we all know. We  
16 have a meeting scheduled in October and then one in  
17 November. We talked from this framework of not having a  
18 meeting in October but coming back and reconvening in  
19 November. I feel like we need to have a meeting in  
20 November at least because we're in a very dynamic time,  
21 and I feel like it will allow us to get moving on these  
22 projects, and we'll have a lot of information to provide  
23 to you all. Plus it will give us an opportunity to talk  
24 about how we manage the '09 applications and how we're  
25 looking to manage the 2010 cycle as well.

1 MR. BADDOUR: And, of course, we had talked  
2 about it, and I was thinking 2010. But, actually, I  
3 think the question is, is it okay with you folks if we  
4 do not meet in October? Is there a consensus that we  
5 not meet in October? Does anybody have any objection to  
6 that?

7 BOARD MEMBERS: (No response.)

8 MR. BADDOUR: Then we will just cancel the  
9 October meeting and the November meeting will stay in  
10 place. Okay, Mr. Vaughan?

11 MR. VAUGHAN: When we look at our November  
12 meeting can we check to see if we will need committee  
13 meetings? Is there a possibility that we'll just come  
14 in on Sunday night and meet on Monday?

15 MR. ROGERS: Yeah, I mean, we'll see what we  
16 have on our plate. And of course, you know, again, by  
17 the end of the week we'll start working on the Agenda  
18 for the next meeting. So I think we'll understand  
19 better and give you all plenty of notice with regards to  
20 that as well.

21 MR. BADDOUR: That's a good point, Stan. We  
22 will not have you here any longer than you need to be.  
23 Okay, we'll move on to Item J, Mr. Rogers or Beth?

24 MS. MCGEE: Okay, Richard had mentioned to you  
25 in June that we were reviewing construction projects to



1 see if they had met the statutory requirement to get  
2 under construction within a year. And we've been going  
3 through that process. Today we have the first set of  
4 those projects for you all to consider. In November  
5 we'll have another batch that is just meeting that 12-  
6 month limitation, and then we'll bring those to you in  
7 November.

8 For the projects that you've just approved  
9 today to encumber the 2008s we're going to improve our  
10 process a little bit so that we have better information  
11 coming in on those projects and we can actually know  
12 when they are getting under construction. Right now we  
13 have to look at our files and then contact the grant  
14 recipients. So what we're going to be doing is amending  
15 our progress reports so there is a line where they can  
16 put the date that they are getting under a construction  
17 contract.

18 We're also trying to elevate the importance of  
19 this requirement and the information that we send out to  
20 the grant recipients so when they get their contract we  
21 have a cover page that goes out with their contract. It  
22 used to be a letter, and now it's sort of a bulleted  
23 list. It's on a different colored piece of paper and it  
24 really lists the important things that they need to know  
25 about implementing their project, how to get paid, what

1 their expiration date is and this deadline for getting  
2 them under a construction contract will be listed on  
3 that as well.

4 And we're also going to be sending them email  
5 reminders. We currently send email reminders to grant  
6 recipients before their expiration date just to remind  
7 them when they're going to expire so they can try to go  
8 ahead and finish their project. And we're going to do a  
9 similar type process to remind them of when this one-  
10 year deadline is coming up.

11 So the projects before you today, in July  
12 there were 93 construction projects that have been  
13 effective over a year. Most of those had already gotten  
14 under a construction contract. There were six that had  
15 not gotten a construction contract and these are listed  
16 on the table that's in your Board packet.

17 And the statute requires for you to consider  
18 the reasons for not being under a construction contract.  
19 And if you agree that there is good cause for not  
20 getting under a construction contract, then the statute  
21 requires you to approve a deadline by which they will do  
22 so. So the two right-hand columns on this table have  
23 summarized from their letters, which were also in your  
24 packet, the reasons why they had not gotten under a  
25 construction contract. And mainly those were generally

1           permitting delays and issues with landowners. And then  
2           the far right-hand column is the estimated construction  
3           date. So we are recommending approval of these dates in  
4           the far right-hand column.

5                       I will make a note that there is no date for  
6           Goldsboro. They, in their letter, explain their  
7           situation -- and Sarah can answer any questions -- but  
8           they had originally applied, as I understand it, for a  
9           Nationwide permit. They thought that was going to be  
10          approved. They were recently denied that permit, and  
11          they are currently preparing their individual permit  
12          application for their project. So on that one we're  
13          proposing that staff monitor their progress and just  
14          come back to you in November with their progress and let  
15          you know how they're doing. Thank you.

16                      MR. BADDOUR: Okay, you've heard the staff  
17          recommendation. Do I have a motion for approval of  
18          staff recommendation?

19                      MR. HOWARD: So moved.

20                      MR. CAMP: Seconded.

21                      MR. BADDOUR: Moved by Mr. Howard and seconded  
22          by Dr. Camp. Any discussion?

23                      BOARD MEMBERS: (No response.)

24                      MR. BADDOUR: Hearing none, so many as favor  
25          the adoption of staff's recommendation, signify by

1 saying "Aye."

2 BOARD MEMBERS: Aye.

3 MR. BADDOUR: Opposed, "no."

4 BOARD MEMBERS: (No response.)

5 MR. BADDOUR: The ayes have it. The next item  
6 is a Consent Agenda that you have before you. Is there  
7 anyone that wants to take anything off of the Consent  
8 Agenda?

9 MR. McGRADY: Move the adoption of the Consent  
10 Agenda.

11 MR. BADDOUR: You've heard the motion. Is  
12 there any discussion?

13 BOARD MEMBERS: (No response.)

14 MR. McMILLAN: Second.

15 MR. BADDOUR: Mr. McMillan?

16 MR. McMILLAN: Second.

17 MR. BADDOUR: Seconded. All in favor signify  
18 by saying "aye."

19 BOARD MEMBERS: Aye.

20 MR. BADDOUR: Opposed, "no."

21 BOARD MEMBERS: (No response.)

22 MR. BADDOUR: Okay. Item M, Mr. Rogers?

23 MR. ROGERS: Yes, sir. This past summer we  
24 had a Stanback intern. Charles Adair. Unfortunately,  
25 he is not here right now. What we're going to do is let

1 Nancy give you just kind of a brief summary of what he  
2 did. He did some good work, and I will tell you that  
3 he's a very self-motivated person, did a heck of a lot  
4 of work for us. And Nancy can just summarize for the  
5 Board his activities.

6 MS. GUTHRIE: I think I'll start with saying  
7 Charles was extremely dependable. We're surprised he's  
8 not here this morning for the presentation. When he  
9 came to Clean Water this summer he worked with a  
10 Stanback Fellowship out of Duke University, and we asked  
11 him to help put some thoughts, some framework around the  
12 value of acquisition in the State of North Carolina and  
13 what that adds economically to the state as a whole.  
14 This was a pretty big task that we gave him.

15 And he came up with looking at almost a weight  
16 of evidence of a lot of different factors. In a land  
17 acquisition it often increases the value of property  
18 around the acquisition thereby increasing some of the  
19 tax values to the local area. He went through a number  
20 of different categories. Of course we focused on the  
21 water quality aspect of land acquisition.

22 Charles also looked at how does the water  
23 quantity of acquisition in creating those buffers, how  
24 does that help municipalities reduce stormwater costs  
25 and the infrastructure that they have to deal with just

1 with the volume of water as well as, of course, the  
2 recreational values and improvements to this state.

3 He put this together, and he used very  
4 conservative values in thinking that when you have just  
5 a list after list after list of different topics showing  
6 some improvements to the state then it does show, you  
7 know, a great increase to the state's wealth overall  
8 from the acquisition program. And, unfortunately, I  
9 don't have his presentation with me. So I don't know if  
10 -- Tom and Beth also worked with Charles. Do you have  
11 any comments?

12 MR. JONES: Just briefly, he looked into all  
13 the research from all over the country. He looked at  
14 things like improvement in health costs, living space,  
15 people doing moderate activity. He used some forestry  
16 studies that looked at improvements to air quality and  
17 some dollar figures that that figured into. It was just  
18 phenomenal, and he came up with a program to where we  
19 could either look at it in terms of applications and  
20 perhaps some recommendations to land trusts for being  
21 able to look at doing some forecasting of the economic  
22 value of their acquisitions. And it just blew my mind  
23 the stuff that he came up with. It was really great.  
24 I'm very sorry he isn't here this morning.

25 MS. CRAGNOLIN: Can we get copies of that?

1 MR. JONES: I think we can.

2 MR. ROGERS: Yeah, yeah, sure. We'll provide  
3 copies to you. And if you all have an interest we can,  
4 of course, try to bring him back in November and let him  
5 do the presentation. It is good stuff.

6 MR. BADDOUR: All right. Okay, is that it?  
7 Is there any other item that any member would like to  
8 bring to the Board before we go to our final item?

9 BOARD MEMBERS: (No response.)

10 MR. BADDOUR: Okay, hearing none, John, do you  
11 want to make a motion?

12 MR. CRUMPLER: Yeah. I move that we go into  
13 Executive Session for the purpose of discussing a  
14 personnel matter.

15 BOARD MEMBER: Seconded.

16 MR. BADDOUR: We have a motion and a second  
17 that we go into closed session for the purpose of  
18 discussing a personnel matter. Any discussion about  
19 that?

20 BOARD MEMBERS: (No response.)

21 MR. BADDOUR: Hearing none, all in favor  
22 signify by saying "aye."

23 BOARD MEMBERS: Aye.

24 MR. BADDOUR: Opposed, "no."

25 BOARD MEMBERS: (No response.)

1 MR. BADDOUR: The eyes have it. And I'll tell  
2 our visitors that they're welcome to stay, of course,  
3 but I don't anticipate that we will have any action by  
4 the Board when we come back.

5 (Board goes into executive closed session  
6 from 11:35 a.m. to 12:05 p.m.)

7 MR. BADDOUR: Okay, we'll come back to order.  
8 I did not realize this but I want to thank our staff.  
9 The refreshments that we've had today were not only  
10 arranged for and picked up by the staff, but were paid  
11 for by the staff. And I just want to thank them. I  
12 want to thank them for that.

13 MR. ROGERS: It's not that we didn't try. In  
14 our travel authorization they're not allowing any  
15 refreshments and that kind of thing at meetings, and  
16 we're still processing through the DENR at this point,  
17 so.

18 MR. BADDOUR: Well, I'll tell you we really do  
19 appreciate the staff doing that, but I don't want that  
20 to become a habit. So probably next time if that's not  
21 approved then we'll pass the kitty around to us, and  
22 we'll reimburse for that next time. But we do thank you  
23 for doing that this time, and we're very appreciative.

24 MR. ROGERS: It benefits us, too. We like to  
25 keep blood sugars up and people happy as we go through



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these things.

MR. BADDOUR: Is there anything further to  
come before the Board?

BOARD MEMBERS: (No response.)

MR. BADDOUR: If not, do I hear a motion?

BOARD MEMBER: I move we adjourn.

BOARD MEMBER: Second.

MR. BADDOUR: So moved. All in favor, "aye."

BOARD MEMBERS: Aye.

MR. BADDOUR: Opposed, "no."

BOARD MEMBERS: (No response.)

(Meeting Adjourned at 12:06 p.m.)

**CERTIFICATE OF NOTARY - COURT REPORTER**

I, Rhonda G. Houchens, Court Reporter, Notary Public in and for the above county and state, do hereby certify that the foregoing was taken before me at the time and place hereinbefore and was duly recorded by me by means of Stenomask, and that this is, to the best of my knowledge and belief, a true and correct transcript of the meeting of the Board of Trustees of the Clean Water Management Trust Fund held at 2728 Capital Boulevard, Room 1H-120, Raleigh, North Carolina, on the 14<sup>th</sup> day of September, 2009.

GIVEN UNDER MY HAND THIS 21st DAY OF SEPTEMBER, 2009.

---

RHONDA G. HOUCHENS, NOTARY PUBLIC FOR  
THE STATE OF NORTH CAROLINA

MY COMMISSION EXPIRES

MAY 17, 2010