

**Board of Trustees  
Clean Water Management Trust Fund**

**Minutes of Regular Meeting**

**Monday, November 9, 2009**

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**2728 Capital Boulevard**

**Room 1H-120**

**Raleigh, North Carolina 27604**

**1:02 P.M.**

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**APPEARANCE OF CWMTF BOARD OF TRUSTEES**

Philip A. Baddour, Jr., Chairman  
Ron Beane  
Yevonne Brannon  
Norman Camp, III  
Karen Cragolin  
Rance Henderson  
Joseph Hester, Jr.  
William Hollan  
Charles Johnson  
Kevin Markham  
Charles McGrady  
John McMillan  
Preston Pate  
Peter Rascoe  
Betty Chaffin Rash  
Aaron Thomas  
Stan Vaughan  
Claudette Weston

**APPEARANCE OF STAFF**

Richard Rogers  
Beth McGee  
Tom Jones  
Nancy Guthrie  
Lisa Schell  
Penny Adams  
Robin Hammond  
Everette Moore  
Cheryl Johnson  
Larry Horton  
Cherri Smith  
Christopher Fipps  
Tom Massie  
Bern Schumak  
Will Summer  
Sarah King  
Damon Tatem

**ALSO PRESENT:**

Frank Crawley, Esq.

**Board of Trustees  
Clean Water Management Trust Fund  
2728 Capital Blvd  
Room 1H-120  
Raleigh, North Carolina 27604  
Monday, November 9, 2009**

*General Statute § 138A-15 mandates that the Chair inquire as to whether any Trustee knows of any conflict of interest or the appearance of a conflict of interest with respect to matters on the agenda. If any Trustee knows of a conflict of interest or the appearance of a conflict of interest, please so state at this time.*

**Philip A. Baddour, Jr., Chairman, Presiding**

- 1:15 pm      A. Call to Order – Chairman Baddour**  
1) Welcome  
2) Introduction of Trustee Pate – Chairman Baddour  
3) Roll call – Penny Adams  
4) Compliance with General Statute § 138A-15  
5) Revisions, additions, and adoption of the Agenda (**Action Item**)  
6) Please put cell phones on vibrate or off  
7) Review and approval of the transcripts of the September 2009 meeting of the Board of Trustees (**Action Item**)  
8) Recognize CWMTF Advisory Committee members
- 1:20 pm      B. Public Comments (Three Minutes per Person) – Chairman Baddour**
- 1:30 pm      C. Executive Director’s Report – Richard Rogers**
- 1:50 pm      D. Attorney General’s Report – Frank Crawley**
- 1:55 pm      E. Program Committee Report – Committee Co-Chair Crumpler  
(Action Items)**
- 2:15 pm      F. Administrative Committee Report – Committee Co-Chair Vaughan  
(Action Item)**
- 2:20 pm      G. Committee Reports (Action Items)**  
    **G-1. Infrastructure/Wastewater Committee**  
    **G-2. Restoration/Stormwater/Greenways Committee**  
    **G-3. Acquisition Committee**
- 2:50 pm      H. Allocation of General Unencumbered Funds (Potential Action  
Items)– Chairman Baddour**

The Chairman will ask for discussion on how to direct to the three funding committees monies generated for 2008 projects through unencumbrances considered in Agenda Item F-B and E-B. The total balance available to direct to the funding committees is \$1,906,700. At their September 2009 meeting, the Board approved providing up to an additional \$600,000 for the donated mini-grant program from these unencumbered funds.

**3:00 pm I. Strategy for Managing 2008 Projects, 2009 Applications, and Potential 2010 Applications (Action Items) – Chairman Baddour**

**3:30pm J. Draft 2010 Meeting Schedule – Chairman Baddour**

**3:35 pm K. Discussion of Construction Projects Not Under Contract Within One-Year- Beth McGee (Action Item)**

CWMTF wastewater, stormwater and restoration construction projects approved after January 1, 2006 are subject to § 113A-254 requiring grant recipients to enter into a construction contract for the project within one year after the approval date of the grant award. The statute states that the award is withdrawn unless the CWMTF Board of Trustees finds that the applicant has good cause for the failure to meet this requirement. The statute further states if the Trustees find good cause for failure, then they must set a date by which the recipient must take action or forfeit the grant.

At their September 2009 meeting, the Board reviewed six projects that had not met the deadline. To date, an additional eight projects have not complied with the statutory requirement. A supplemental table provides information on each project, including the reasons for noncompliance and dates expected to execute a construction contract.

**Staff Recommendation:** Staff believes that the eight grant recipients had good cause for their delay in entering into a construction contract and recommend approval of the proposed estimated dates by which they will enter into a construction contract.

In addition, a year has passed, or soon will pass, since the original award date for 2008 wastewater, restoration and stormwater construction projects. Given that the Board was not able to approve encumbering any of these projects until their September 2009 meeting, staff recommends that 2008 construction projects approved for encumbrance be directed to execute a construction contract within one year from the contract effective date rather than the original award date.

**3:40 pm      L. Discussion**

**3:50pm      M. Adjourn**

P R O C E E D I N G S

1  
2 CHAIRMAN BADDOUR: Call to order. I  
3 welcome everyone to our meeting, and officially  
4 recognize and introduce our newest Trustee, Preston  
5 Pate, who has already been sworn in and has already  
6 been introduced. But this is the Board meeting  
7 itself, and so you are certainly welcome, and we're  
8 glad to have you among us.

9 Penny, you can call roll.

10 MS. ADAMS: Mr. Baddour?

11 CHAIRMAN BADDOUR: Here.

12 MS. ADAMS: Mr. Beane?

13 MR. BEANE: Here.

14 MS. ADAMS: Ms. Brannon?

15 MS. BRANNON: Here.

16 MS. ADAMS: Mr. Camp?

17 MR. CAMP: Here.

18 MS. ADAMS: Mr. Crumpler?

19 (No response.)

20 MS. ADAMS: Ms. Cragolin?

21 MS. CRAGOLIN: Here.

22 MS. ADAMS: Mr. Henderson?

23 MR. HENDERSON: Here.

24 MS. ADAMS: Mr. Hester?

25 MR. HESTER: Here.

1 MS. ADAMS: Mr. Hollan?  
2 MR. HOLLAN: Here.  
3 MS. ADAMS: Mr. Johnson?  
4 MR. JOHNSON: Here.  
5 MS. ADAMS: Mr. Markham?  
6 MR. MARKHAM: Here.  
7 MS. ADAMS: Mr. McGrady?  
8 MR. McGRADY: Here.  
9 MS. ADAMS: Mr. McMillan?  
10 MR. McMILLAN: Here.  
11 MS. ADAMS: Mr. Pate?  
12 MR. PATE: Here.  
13 MS. ADAMS: Mr. Rascoe?  
14 MR. RASCOE: Here.  
15 MS. ADAMS: Ms. Rash?  
16 MS. RASH: Here.  
17 MS. ADAMS: Mr. Thomas?  
18 MR. THOMAS: Here.  
19 MS. ADAMS: Mr. Vaughan?  
20 MR. VAUGHAN: Here.  
21 MS. ADAMS: Ms. Weston?  
22 MS. WESTON: Here.  
23 MS. ADAMS: Mr. Wright?  
24 (No response.)  
25 CHAIRMAN BADDOUR: Okay. General Statute

1 138A-15 mandates that the Chair inquire as to whether  
2 any Trustee knows of any conflict of interest or the  
3 appearance of a conflict of interest with respect to  
4 matters on the agenda. If any Trustee knows of a  
5 conflict of interest or the appearance of a conflict  
6 of interest, please so state at this time. Mr.  
7 Hollan?

8 MR. HOLLAN: Mr. Chairman, one of the  
9 items in Agenda Item K, this is a construction  
10 project which is not under contract with a one-year  
11 period. It's a project that we own in Winston-Salem.  
12 Our company owns some property in that same  
13 (indiscernible) privately in the past.

14 CHAIRMAN BADDOUR: Okay. Thank you, Bill.  
15 Anybody else? Are there any revisions, additions to  
16 the agenda? If not, do I hear a motion that the  
17 agenda --

18 MR. McGRADY: Mr. Chairman, when are we  
19 going to take up the Dickson claim?

20 CHAIRMAN BADDOUR: We are. We will take  
21 that up in just a few minutes.

22 MR. McGRADY: It just wasn't on the  
23 agenda, I don't think.

24 CHAIRMAN BADDOUR: We will go down to the  
25 public comment, I think.



1 MR. McGRADY: Right after public comment?

2 CHAIRMAN BADDOUR: Right after public  
3 comment under the Executive Director's Report.

4 MR. CAMP: I move the adoption of the  
5 agenda.

6 CHAIRMAN BADDOUR: Moved. And is there a  
7 second?

8 UNIDENTIFIED TRUSTEE: Second.

9 CHAIRMAN BADDOUR: Discussion? Hearing  
10 none, so many as favor the adoption of the agenda as  
11 presented, signify by saying, "Aye."

12 TRUSTEES: Aye.

13 CHAIRMAN BADDOUR: I'd ask everyone to put  
14 your cell phones on vibrate or turn them off. You  
15 have been sent the transcripts of the September Board  
16 meeting. Do I hear a motion that the -- that the  
17 minutes be approved? Kevin?

18 MR. MARKHAM: I have a couple of  
19 revisions.

20 CHAIRMAN BADDOUR: All right, sir.

21 MR. MARKHAM: Page 34, line 7, instead of  
22 "straight meeting," I believe it should have been  
23 "spent or committed." And on page 35, line 12,  
24 rather than "recession provided," I think believe it  
25 should have been "revision provides." I'll try to

1 speak more clearly in the future.

2 CHAIRMAN BADDOUR: Thank you for those  
3 corrections and for your attention to that detail.  
4 Do I hear a motion that the minutes be approved as  
5 amended by the Mr. Markham?

6 MR. CAMP: So moved.

7 CHAIRMAN BADDOUR: Moved. And second?

8 UNIDENTIFIED TRUSTEE: Second.

9 CHAIRMAN BADDOUR: Discussion? Those in  
10 favor of the adoption of the motion, signify by  
11 saying, "Aye."

12 TRUSTEES: Aye.

13 CHAIRMAN BADDOUR: Opposed, "No."

14 (No response.)

15 CHAIRMAN BADDOUR: Richard, I haven't been  
16 attentive. Do we have any Advisory Committee members  
17 here today?

18 MR. ROGERS: No, sir.

19 CHAIRMAN BADDOUR: Okay. All right. Now  
20 it's time for public comment, but I'm going to skip  
21 that for a minute because since it's not 1:15 --  
22 Well, first of all, is there any member of the public  
23 who would like to address the Board that's here?  
24 Okay. Come forward, please. Identify yourself.  
25 We'll recognize you --

1                   MR. BOLTON:     My name is Brian -- Oh, I'm  
2                   sorry. My name is Brian Bolton. I'm from the Town  
3                   of Conway. I'm the Mayor there. I'd like to speak  
4                   on behalf of our town and ask you to please consider  
5                   funding of our project. We've been going at it for  
6                   about 10 to 12 years trying to get funding. Our  
7                   total grant award would actually exceed our local  
8                   budget by about 25 percent per year.

9                   We've gone through rate changes and things,  
10                  and various ways to get the funding up, or to get our  
11                  point system up. And we also had a major business  
12                  close down. And with our situation the way it is  
13                  now, for somebody to come back into that facility  
14                  would put even more of a strain on our  
15                  infrastructure. But I would just ask you to please  
16                  consider our project, and I appreciate you letting us  
17                  have a chance to talk. Thank you.

18                  CHAIRMAN BADDOUR:   Mayor, we thank you for  
19                  taking the time to be with us and for addressing the  
20                  Board.

21                  MR. BOLTON:     Thank you.

22                  CHAIRMAN BADDOUR:   Is there any other  
23                  member of the public that is here and would like to  
24                  speak?

25                  (No response.)

1                   CHAIRMAN BADDOUR:    What I'll probably do  
2                   is, since it's not 1:15 yet, I may come back to that  
3                   just in case anyone shows up that intended to speak  
4                   and was late -- or not late, but on time and we were  
5                   early.

6                   Okay.   Richard, I'd like to call on you for  
7                   the Executive Director's Report.

8                   MR. ROGERS:       Thank you, Mr. Chairman.  We  
9                   had the misfortune of losing a Trustee very recently,  
10                  Dickson McLean.  I had the opportunity to attend his  
11                  funeral last week, and it was an appropriate funeral.  
12                  They had -- Very, very appropriate.  The thing that  
13                  really shocked -- not shocked me, but inspired me is  
14                  the pastor in his presentation.  He connected  
15                  Dickson's life with stewardship, the stewardship of  
16                  not only the conservation of (indiscernible), but  
17                  also the standing in his community.  I thought it was  
18                  extremely appropriate.  And with the help of Trustee  
19                  Hollan and some other input from other folks, we have  
20                  provided a memoriam that we would like to put before  
21                  the Board for your adoption.

22                  And I'm just going to read that into the  
23                  record.  I think it would be appropriate.  "In  
24                  Memoriam, James Dickson McLean, Jr.  Whereas, Divine  
25                  Providence has seen fit to summon from among us our

1 beloved friend and colleague, James Dickson McLean,  
2 Jr. of Lumberton, North Carolina.

3 And whereas, James -- And whereas, Dickson  
4 McLean enjoyed a distinguished career as an attorney  
5 and corporate director, and through determination and  
6 considerable entrepreneurial talent, he developed  
7 enterprises that brought both security to his family  
8 and economic growth to his community.

9 And whereas, his ethic of stewardship,  
10 which is evident in his love of nature, community,  
11 and family, and his respect for both natural, human  
12 and economic resources led to his strong desire to  
13 build a brighter future through many public and non-  
14 profit organizations.

15 And whereas, from 1981 through 1990,  
16 Dickson McLean served as a Trustee and Chairman of  
17 the Board of the North Carolina Chapter of The Nature  
18 Conservancy. And at his urging and as a direct  
19 result of his passionate interest, The Nature  
20 Conservancy identified and protected a number of rare  
21 intact Carolina Bays totaling 780 acres, which house  
22 many rare plant species found in the Southeastern  
23 United States.

24 And whereas, The Nature Conservancy in 1984  
25 presented him its Chairman's Award in recognition of

1 his extraordinary service.

2 And whereas, at the conclusion of his term  
3 of service on the Board of The Nature Conservancy, he  
4 was one of two founders of the Lumber River  
5 Conservancy in 1991. And he continued to serve on  
6 the Board of the Lumber River Conservancy as a  
7 Trustee Emeritus until his death.

8 And whereas, his individual efforts  
9 resulted in compassion through donation of more than  
10 2,500 acres of property along the Lumber River and  
11 its tributaries. And he led the campaign to have the  
12 Lumber River designated in September 1998 as a  
13 National Wild and Scenic River.

14 And whereas, he led the initiative to  
15 create the Lumber River State Park, which today  
16 encompasses more than 8,000 acres and 115 miles of  
17 frontage along the Lumber River including 81 miles  
18 that are designated Wild and Scenic.

19 And whereas, in 1996 he was appointed as  
20 one of the original Trustees of the Board of the  
21 North Carolina Clean Water Management Trust Fund upon  
22 which he served with enthusiasm, dedication, and  
23 distinction until July 2009. And provided leadership  
24 on many Clean Water Management Trust Fund committees,  
25 offering wise counsel and advice on appropriate

1 criteria, and on legal matters including the  
2 development of appropriate conservation easements.

3 And whereas, the Board of Trustees of the  
4 North Carolina Clean Water Management Trust Fund  
5 sadly mourns the passing of this friend and colleague  
6 whose legacy of good works will endure.

7 Now therefore, be it resolved that the  
8 Board of Trustees of the North Carolina Clean Water  
9 Management Trust Fund at its meeting in Raleigh,  
10 North Carolina on November 9th, 2009 does bow its  
11 head in silent prayer of thanksgiving for the life  
12 and the unselfish service of James Dickson McLean,  
13 Jr. In loving memory of this devoted friend, a copy  
14 of this resolution will be presented to his family,  
15 whose sorrow we share and to whom we send our deepest  
16 sympathy."

17 Let's bow our heads for a moment, please.  
18 Thank you.

19 CHAIRMAN BADDOUR: Do I hear a motion that  
20 the resolution be adopted?

21 MR. CAMP: So moved.

22 CHAIRMAN BADDOUR: Seconded?

23 MR. BEANE: I'll second the motion.

24 CHAIRMAN BADDOUR: Okay. Now, I know --

25 MR. BEANE: I'd like to add one thing

1           that --

2                   CHAIRMAN BADDOUR:     Please.

3                   MR. BEANE:           -- maybe as a friendly  
4           amendment.  In addition to his family, could we get  
5           that to his local newspaper also?

6                   CHAIRMAN BADDOUR:     Absolutely.

7                   MR. BEANE:           And to the Wilmington paper  
8           where he did his practice some there?

9                   CHAIRMAN BADDOUR:     Absolutely.  I know a  
10          number of members of this Board, along with Dickson,  
11          served on this Board from its inception.  And he was  
12          a loyal member who loved our work, and loved this  
13          Board, and being a part of it.  He was faithful and  
14          true to the end in that respect.  Is there any  
15          discussion on the -- on the resolution?

16                   (No response.)

17                   CHAIRMAN BADDOUR:     Hearing none, so many  
18          as favor its adoption, signify by saying, "Aye."

19                   TRUSTEES:           Aye.

20                   CHAIRMAN BADDOUR:     Opposed, "No."

21                   (No response.)

22                   CHAIRMAN BADDOUR:     The "ayes" have it.  
23          Okay.  Richard?

24                   MR. ROGERS:           One other thing in  
25          association with this.  I did get a chance to speak



1 to his wife after the service and, you know, told her  
2 who I was. I had met her once, and she said, you  
3 know, one of the few things that Dickson would do in  
4 the last few days was he made sure he'd get clean  
5 water. So it really made me feel good about it, his  
6 commitment and the work that he achieved and that he  
7 was extremely proud of as well.

8 We're also -- They are also taking  
9 donations to the Lumber -- Lumber River Conservancy.  
10 We want to take up a collection for folks that want  
11 to donate to that through Clean Water. You can  
12 definitely do it on your own as well, or we thought  
13 we would take it up with staff, and we'll get that  
14 down to them. So if you want to participate, in  
15 that --

16 CHAIRMAN BADDOUR: Thank you, Richard.  
17 You're still up.

18 MR. ROGERS: I'm still up. I'm just  
19 getting myself organized here. See, I only have,  
20 like, seven pages of notes, so it won't take but an  
21 hour. So --

22 The first thing in the Board packet, Stan  
23 has referenced this up already, Agenda Item C, which  
24 is our cash balance. And just to report on where our  
25 funds are and where we are basically as of September

1 30th. There is not too much to note of interest.  
2 But we've got a cash balance of a \$168,815,000. And  
3 we've got the remaining year allotment that is coming  
4 to us is about 32 million.

5 The next line is of a little bit of  
6 interest. That is a 2.5 million on 5 percent of our  
7 funding that we have set aside for the Governor to  
8 recoup as of yet on our monthly allegations. We  
9 haven't seen that taken, so we're still holding that  
10 as well. If you look down on line 10, you will see  
11 the encumbered funds that we have, equaling  
12 \$119,570,000. And then if you will look at line 17,  
13 our funds to be unencumbered. And we'll come back to  
14 that in just a minute. Below that is \$385,000 that  
15 was uncovered by the Stewardship Committee this  
16 morning earlier. And we'll incorporate that into the  
17 unencumbered or into the reallocation fees.

18 The next lines are -- is September of 2009,  
19 funded projects to encumber. That's what we funded  
20 in September. And then the donated mini-grants we've  
21 discussed is the 200,000 there. The remaining  
22 administrative budget for the year (indiscernible)  
23 service, which leaves us a balance of \$3.9 million.  
24 And if you -- The next section, lines 31 through 38,  
25 are kind of separate, but they address the \$3.9

1 million. Most -- About \$2 million is in committee.  
2 We discussed those in committee. The 1.9 is the one  
3 that we'll look at for reallocation, that's available  
4 to the Board for reallocation.

5 CHAIRMAN BADDOUR: Any questions about  
6 this?

7 (No response.)

8 CHAIRMAN BADDOUR: All right. Richard?

9 MR. ROGERS: The next item I want to  
10 discuss briefly with you is basically the status of  
11 the contracts that y'all approved -- the projects  
12 that you approved back in September. It was our  
13 intention to get on those and get those to the  
14 Governor's Office as quickly as possible. We did get  
15 the contracts and the addendum that went with all of  
16 those contracts out to our grantees in about a ten-  
17 day or two-week period.

18 To date, we have 60 of the 84 contracts are  
19 encumbered or they are at DENR. The other contracts  
20 are in various stages. There's a few in-house that  
21 we're working on amendments. There's about 17 or so  
22 that are still out that we have sent, and we have not  
23 received back in signed. Our intention is to get  
24 back with those folks and make sure they understand  
25 we need to get these -- those contracts in.

1                   But I did want to give y'all an update on  
2                   how we're moving. About 70 percent of the contracts  
3                   that were approved are now either encumbered or  
4                   they're sitting at DENR waiting to be encumbered.  
5                   I'd be happy to take any questions y'all have with  
6                   regards to that as well.

7                   CHAIRMAN BADDOUR: Any questions?

8                   (No response.)

9                   MR. ROGERS: Next, we want to do a little  
10                  communications report, and Lisa is going to help me  
11                  with it. There's a couple of items in -- under this  
12                  that we want to look at. One is the annual report,  
13                  which I'm going to make a few statements about that.  
14                  And then also, we've talked about media and  
15                  getting -- getting our message out. And I think we  
16                  can talk to Karen's point a little bit with regards  
17                  to different ways that we're trying to get our  
18                  message out. Or maybe talk a little bit more about  
19                  Karen's suggestion, too, and come up with a game plan  
20                  on that.

21                  The annual report, as you know, statutorily  
22                  requires it. It basically requires us to report on  
23                  the expenditure of our funds. As you know, we're re-  
24                  spending funds this year. Most of the information  
25                  has already been recorded in (indiscernible), so

1 we've kind of come up with another idea and approach  
2 to add value to this annual report.

3 Quite frankly, we don't have a whole bunch  
4 of new projects to talk about. What we've done is  
5 we've asked our field reps to go out and look at  
6 projects that have already been completed. And they  
7 have presented us with some projects that were, in  
8 their minds, a great success. The idea is that we're  
9 going to divide the state up in our usual regions --  
10 the East, the Piedmont, and the West -- and present  
11 projects that have provided benefit not only for  
12 water quality but to communities, and give a little  
13 write-up and talk about the successes that we've had.

14 We've talked about this before about not  
15 really taking time to go back and look at the  
16 successes and see what we've put on the ground. I  
17 think it's a great opportunity for us to do this and  
18 provide the public kind of a different perspective on  
19 what Clean Water has done, and in retrospect the  
20 benefits that we've provided to the waters of the  
21 state. Not only to the waters, we're also looking to  
22 incorporate ideas and thoughts from the actual  
23 communities and the people that participated in the  
24 projects so that we can better make the connection  
25 with those folks as well.

1 Lisa, you've got a good example of what  
2 this -- One other thing just to note is that last  
3 year we went online with our report instead of  
4 printing 5,000 copies that were difficult to get  
5 distributed. And again, we're looking at doing an  
6 online report that will be printable, but we're not  
7 going to do this with a large printing as we've done  
8 in the past. And we can certainly do a lot better at  
9 getting the message out.

10 Okay, Lisa.

11 MS. SCHELL: This is a mock-up, so you'll  
12 see placeholder words and paragraphs that make  
13 absolutely no sense at all unless, of course, you  
14 read them backwards while listening to a Beatles  
15 record or something. I think Richard has pretty much  
16 said everything. But what I really wanted to show  
17 you is just kind of to compare and contrast some of  
18 the projects that we have data on where we can go  
19 back and look at before and after pictures.

20 And one of them is the Ararat River  
21 restoration, the other is one that Tom Massie  
22 suggested, and that's the Lake Fontana pump out  
23 project. And that's kind of an overview shot of it.  
24 But we do have, you know, where we can kind of come  
25 in and highlight what it looked like and what was

1           happening before this particular project, and what's  
2           been done because of our grant monies. And I just --  
3           Again, this is just a rough mock-up working around,  
4           playing around with layout right now.

5                        So these are actually before and after  
6           photos of the Ararat River restoration. On the far  
7           left there, you can see the stream bank and how it  
8           was really in bad shape. And another side of the  
9           stream bank, and then the photo there on the end is  
10          what it looks like now, and that's actually a  
11          beautiful canoe or kayak launch.

12                       So this is the sort of thing that we want  
13          to highlight with the annual report this year.  
14          Talking about the positive things that we did  
15          positively not only this year, but historically. And  
16          Restoration and Stormwater is a good place to start  
17          with that because we have great photographic graphic  
18          examples of what these projects looked like before  
19          and after and how improvement has been made.

20                       So most of the field reps, if not all, at  
21          this point have submitted to me their ideas. And  
22          we'll be plugging them into a PDF format that will be  
23          downloadable on our website, and also printable and  
24          burnable on any other kind of medium that you might  
25          want.

1                   We will, I think, of course, talk a little  
2                   bit about what indeed did happen with our funding,  
3                   the elephant in the room, or on the page as it were.  
4                   But what we want to do again is highlight the  
5                   positives, and the reasons why this program works,  
6                   and why it should continue, and the tie-in that the  
7                   communities have.

8                   We've got community officials ranging from  
9                   mayors to county commissioners to community leaders  
10                  who have already agreed to write a few paragraphs  
11                  about why these projects are important to them on the  
12                  ground and in the field so that it's not just us  
13                  talking about how wonderful we are. And I think  
14                  Richard covered everything else in that regard.

15                  MR. ROGERS:       Any questions?

16                  MR. CAMP:           One question.

17                  MR. ROGERS:       Yes, sir.

18                  MR. CAMP:           Lisa, you will include  
19                  projects and results from every section of the  
20                  state --

21                  MS. SCHELL:       Yes.

22                  MR. CAMP:           -- so that we don't have  
23                  that --

24                  MS. SCHELL:       Right.

25                  MR. CAMP:           -- have that (unintelligible).



1 MS. CRAGNOLIN: Lisa, is there an Acquisition  
2 project there and a Greenway project that we're  
3 highlighting?

4 MS. SCHELL: The Ararat project is also a  
5 Greenway project as well. Richard? The direction I  
6 was given was to focus on the Restoration projects.  
7 And Karen's question speaks to highlighting Greenway  
8 projects as well.

9 MS. CRAGNOLIN: And Acquisition.

10 MR. ROGERS: Yeah. The -- One of the  
11 things is the visual perspective on acquisitions is  
12 there, and we can talk about what it prevented. I  
13 think one of the things that we wanted to do was show  
14 the actual change in the quality. That was kind of  
15 our focus with regards to these projects. The other  
16 issues, there's some Stormwater projects, too, that  
17 have done a great deal to improve water quality, and  
18 those are the kinds of things that we wanted to  
19 highlight at this time.

20 The great thing about this, though, is it  
21 is an online document. We can expand it, and we can  
22 bring out examples as we want. You know, anytime we  
23 can -- we can promote those.

24 MS. CRAGNOLIN: Is this a great opportunity  
25 to take out one of the big acquisitions that we did

1           and talk about job creation, economic impact, tourism  
2           development, green space? You know, some of the  
3           things that were talked about even with the Stanback  
4           Intern today, some of those items. I think, perhaps,  
5           there is not an understanding of the importance of  
6           acquisitions and what they contribute to the state's  
7           not only economy, but to its attractiveness and job  
8           base. And, you know, I would think this was a real  
9           opportunity to do that.

10                       MR. ROGERS:       We can work to incorporate  
11           that as well. One of the other things, and this gets  
12           back to a comment that Karen made earlier, is new  
13           media outreach. You know, today's media is changing  
14           fantastically quick. You know, we've got Facebook;  
15           we've Twitter; we've got texting. All these things  
16           are the things that are coming to the forefront as a  
17           way to communicate.

18                       The traditional idea of getting an article  
19           in the paper is different now. The media is covering  
20           the stories differently now. And Lisa is going to  
21           speak to some of the things that we're looking to do  
22           trying to tap these -- these new -- I call them  
23           innovative, but they're not so innovative -- but the  
24           new types of media that are out there. And so, Lisa,  
25           if you will, update us on our efforts in that arena.

1 MS. SCHELL: Right. As most of you know,  
2 and probably know from just what's happening in your  
3 own hometowns with your own newspapers, the  
4 traditional way of getting stories placed and covered  
5 is pretty much gone, if not completely gone, because  
6 of downsizing and the way that newspapers have  
7 changed really in the last two or three years.

8 For instance, the Raleigh News & Observer  
9 does really not have its own environmental beat  
10 reporter anymore. Getting stories placed in the  
11 newspaper, getting reporters to actually come and  
12 cover an event is near to impossible anymore. That's  
13 the bad news.

14 The good news is that outlets like Facebook  
15 and Twitter, as funny as they may sound to say, are  
16 becoming the way that not only are the reporters who  
17 are left in the newsroom are getting the news, but  
18 it's a way for agencies like ours to get our own  
19 message out there directly to the public. It's a way  
20 to funnel the stories that have been in the newspaper  
21 in the last eight months about projects that have  
22 been put on hold because of our budget situation out  
23 to the people who are following us.

24 One of the things I do every morning and  
25 usually every night before I go to bed is take a look

1 at all the stories that are coming out in all the  
2 papers in the state. And most of them are small  
3 community papers, small community papers that a lot  
4 of folks in this room might not have ever even heard  
5 of, but who are writing about their city council  
6 having to deal with what's going to happen because we  
7 don't get our Clean Water Grant for this project.

8 And then I can put that directly on our  
9 Facebook page, and everybody who sees our Facebook  
10 page sees that, and they get an alert in their in-box  
11 saying that there's a new story about the Clean Water  
12 Management Trust Fund. There's almost a story every  
13 week to that effect. And it goes on Facebook, and  
14 then I can actually take it and put it in -- and  
15 please don't laugh when I say this -- in our Twitter  
16 feed and get it pushed out to a whole different set  
17 of people who see it.

18 One of the coolest things recently that  
19 happened, we were on a Mount Ararat River tour with  
20 Bern and the folks from Mount Airy, and unfortunately  
21 Mr. Hollan and Claudette were not able to join us for  
22 that. But as we did the tour, I was able to take  
23 pictures and post those pictures to our Twitter  
24 account all day long with little snippets about, you  
25 know, what had happened here at this particular part

1 of the restoration project.

2 Well, the Office of Environmental Education  
3 and DENR saw those because they follow us. And they  
4 started reposting those. And the people who follow  
5 them, who don't necessarily follow the Clean Water  
6 feed, started reposting them. And by the end of the  
7 day, we probably had 15 or 20 reposts of the  
8 information that I had put out just on this Twitter  
9 feed that hundreds of people were seeing and reading  
10 about. And as a result of that, in the last two  
11 weeks since that event, we've had about 30, maybe  
12 more, people actually sign up to follow Clean Water  
13 directly on the Twitter page.

14 So that's the way communication is going.  
15 I will be meeting on Friday with the Governor's new  
16 media director to talk about these various issues and  
17 how we can better use them. And that's -- that's  
18 something that we can do with anything that we  
19 generate, whether it's an op-ed that a Trustee wants  
20 to write, whether it's snippets from our annual  
21 report once it's done, whether it's snippets from  
22 things that happened at this meeting. I've already  
23 Twittered twice about Pres Pate being sworn in this  
24 morning. Twitter, tweeted -- it gets dangerous after  
25 that.

1                   But -- So those are -- those are new  
2                   communication avenues that we have got to take  
3                   advantage of and not forget, and actually kind of  
4                   sort of focus on. Because the old traditional ways  
5                   of doing it just aren't there anymore.

6                   CHAIRMAN BADDOUR: Well, let me just say  
7                   that during the break, Betty Chaffin offered to write  
8                   an op-ed piece and see if you can get the Charlotte  
9                   Observer to do it. Maybe with Stan. Betty, do you  
10                  want to speak to that? I thought that was a good  
11                  idea.

12                 MS. RASH: Well, I think that's a way to  
13                 control the message. You know, go to the editors and  
14                 say, "I'd like to do an op-ed piece on Clean Water  
15                 Management Trust Fund emphasizing the positives,  
16                 emphasizing the impact on our region, grants that  
17                 we've made." Understandably, at this point, there  
18                 may be some push-back, Karen, on talking about what  
19                 we can't do. And I know you're going to talk more  
20                 about that, Phil, and Richard, and the sensitivity of  
21                 that. But I think of no reason at this point why we  
22                 can't get out our positive message.

23                 CHAIRMAN BADDOUR: And, of course, Lisa  
24                 and our staff is willing to help any Trustee who  
25                 would be interested in writing an op-ed piece and

1 going to their newspaper with it. And I will  
2 volunteer to do that for my Goldsboro News-Argus, so  
3 y'all can help me with that. So that's two  
4 newspapers. And so if anybody else wants to raise  
5 their hand or say after the meeting, we'll work with  
6 you. Karen?

7 MS. CRAGNOLIN: Lisa, I think this is great.  
8 We -- We've hired an AmeriCorp volunteer, and this is  
9 exactly the kind of stuff we have doing -- have  
10 doing. We're Tweeting and doing all the rest. Part  
11 of what I've learned is that's great, but you've got  
12 to get on a zillion different web pages to actually  
13 increase your friendship and your readers. How many  
14 friends does the Clean Water Trust Fund have on its  
15 Facebook?

16 MS. SCHELL: On Twitter we have  
17 approximately 80, and on Facebook it's near 50 --  
18 between 50 and 60.

19 MS. CRAGNOLIN: Okay. And have we sent out  
20 media to the effect that the Clean Water Trust Fund  
21 enters the electronic age with media?

22 MS. SCHELL: Yes. And it's on every news  
23 release that we send out in the standard format that  
24 we can be found on Twitter and Facebook.

25 MS. CRAGNOLIN: Okay. And do we have any

1 ideas that the Governor and the Legislature use these  
2 as their --

3 MS. SCHELL: Governor Perdue has mandated  
4 that all State agencies start using these.

5 MS. CRAGNOLIN: Does she follow them?

6 MS. SCHELL: Yes, she does.

7 MS. CRAGNOLIN: Really?

8 MS. SCHELL: And what I'm doing -- Forty  
9 percent of my time these days is working to create  
10 the new media policy for the department.

11 MS. CRAGNOLIN: Okay. And have you -- Have  
12 we asked our grantees to have a link on their page to  
13 our Facebook?

14 MS. SCHELL: It doesn't quite work that  
15 way. It's -- There's a little bit of a different --

16 MS. BRANNON: You can invite them.

17 MS. SCHELL: -- process. You can invite  
18 -- Yeah.

19 MS. CRAGNOLIN: Can we invite them?

20 MS. SCHELL: Yeah. And it's already  
21 built in on the -- on the -- in the Facebook  
22 structure platform to do that.

23 MS. BRANNON: I'm just looking. You guys  
24 are not friends.

25 MS. SCHELL: But Rusty is, if he's still



1           here.

2                   MS. CRAGNOLIN: To me, that's one point of a  
3           media strategy. I don't think that's the whole ball  
4           of wax.

5                   MS. SCHELL:       But it needs to be a very  
6           big -- big part of the ball of wax, in my opinion.

7                   MS. CRAGNOLIN: Well, I'll go along with  
8           that. I'll write an editorial, too. I still would  
9           like to have more discussion about what is our media  
10          approach. And, you know, if there is push-back about  
11          the things we can't do, then, you know, I'd like to  
12          hear what that is.

13                   CHAIRMAN BADDOUR:   Kevin?

14                   MR. MARKHAM:    Yes. I appreciate the  
15          efforts you're making to go electronic, but do please  
16          keep in mind that 80 or 90 percent of the people out  
17          there don't Tweet, Twit, or get on the Internet in a  
18          lot of these small communities. It's nice that 80  
19          people or 100 people may be following what we're  
20          doing electronically. But the thousands of folks who  
21          read their local papers are the ones we need to  
22          reach.

23                   MR. HOLLAN:     Mr. Chairman?

24                   CHAIRMAN BADDOUR:   Bill?

25                   MR. HOLLAN:     One -- We were talking

1 earlier today in the committee meeting about these  
2 AARA Funds and how they're the only projects that are  
3 eligible to receive these so-called "shovel ready."  
4 In fact, we had a project that got lost because it  
5 didn't -- it lost its funding because it didn't have  
6 all the permits.

7 And I think we could talk about the extent  
8 to which North Carolina has benefited from the  
9 programs that we can get people permitted and ready  
10 to go. I would suspect that without Clean Water,  
11 many, many of these projects would not have been  
12 permitted, would not be ready to go, and would not be  
13 eligible to receive those Federal funds and the  
14 stimulus money. And I think we're going to get more  
15 than our fair share just because of the things that  
16 our staff has done in getting these projects.

17 We wanted them shovel ready before we  
18 funded them. And the fact that our staff forced  
19 these people to put in applications and get them  
20 shovel ready has put us in a position to take full  
21 advantage of the stimulus funds in a way that many  
22 others may not have. And I think that that's a spin  
23 on these things that could be very interesting on a  
24 news perspective as opposed to just tooting our own  
25 horn.

1                   CHAIRMAN BADDOUR:   Any other Trustee want  
2                   to comment on this very important issue?   Okay.  
3                   Richard?

4                   MR. ROGERS:       Well, I think the strategy  
5                   that we have developed with regards to our current  
6                   projects, and then this is in coordination with the  
7                   Land Trust and others, is that there needs to be  
8                   internal pressure, making sure that the Governor's  
9                   Office and Policy Office understands the situation.  
10                  There has been a hesitancy that, I think, was a  
11                  discussed path as non-confrontational at this point  
12                  with regards to dealing with the projects that remain  
13                  unfunded and were unencumbered over at DENR and the  
14                  projects we approved.   So that's been our strategy  
15                  with regards to those particular projects.

16                  I do think on a more proactive end we can  
17                  talk about what we've done, the good things we've  
18                  done.   I think the challenge there is getting it  
19                  picked up.   The op-ed idea, I think, is an excellent  
20                  idea.   We can pursue that.   So, I mean, we'll  
21                  continue to think about it, and I want y'all's input,  
22                  and we'll work on it.

23                  So that's where we are right now.   Not that  
24                  we can't -- we can't move forward, not that we can't  
25                  change our direction.   But I think given the

1 situation of the economy, given the communication  
2 from the Governor with regards to these projects, I  
3 think we need to step careful with regards to coming  
4 out and putting on a heavy media press with regards  
5 to unencumbered funds and projects. So we'll  
6 continue -- we'll continue that discussion.

7 CHAIRMAN BADDOUR: Pres?

8 MR. PATE: Richard, it would be ideal  
9 if there were some follow up in these op-eds by  
10 agencies, groups, or organizations that have  
11 benefited from our program in the past, and may  
12 benefit in the future, will step up and take the  
13 position of explaining the downside of not being able  
14 to get the funding available. So assess the impacts  
15 to the community by the council of government, for  
16 example, coming out and speaking to how the loss of  
17 funding has affected the members of their  
18 organization.

19 But I agree with you about the strategy.  
20 That's a minefield that we wouldn't typically go into  
21 at all.

22 CHAIRMAN BADDOUR: Okay. Richard? Just a  
23 few -- All good comments, and very much appreciated.  
24 You go ahead.

25 MR. ROGERS: We've also included in

1           our -- in your Board packet the general fund revenue  
2           report, and economic outlook. I thought this was an  
3           extremely interesting document that's being put out  
4           jointly by the Governor's Office and also just for  
5           research at the Legislature. I guess the bottom line  
6           of this is that revenues for the first quarter were  
7           down 1 percent, about \$45 million. Typically, the  
8           expectation of the first quarter is low. They  
9           usually do run under. Other states across the nation  
10          are seeing 8 to 10 percent -- 8 to 10 percent revenue  
11          shortfalls in their budgets. So that gives us  
12          something -- something to be happy about, I guess,  
13          that we're not as bad off as some of these other  
14          states.

15                   The other issue that's coming on line are,  
16                   of course, the sales tax increases as well will take  
17                   effect in October. They aren't accounted for in  
18                   September. So most folks are in agreement the  
19                   recession is over, and we are on a long path towards  
20                   recovery. It's not going to be as quick as it was in  
21                   2001, and we're looking forward to it recovering.  
22                   Recovery -- The signs of recovery look like they  
23                   won't happen until the spring -- the spring of 2010.  
24                   Unemployment is a huge factor in this. And the  
25                   numbers still seem to be heading up with regards to

1           employment. Withholding taxes are also down as well.  
2           I think the overall perspective on this and what  
3           we're looking for is we're holding our own now.

4                       The second quarter is going to need to tell  
5           a tale with regards to the rest of the fiscal year on  
6           how we're going to come through on the budget. I  
7           have a lot more comfort than it's -- We're in better  
8           shape than we were last year. And so, I guess,  
9           that's to say something. Again, I think we're  
10          still -- we're in unknown territory. I haven't  
11          experienced anything like this since the 1930s. And  
12          we will have to kind of wait and see. How things  
13          happen in the second quarter will be, of course, a  
14          factor.

15                      But the report is very thorough. I think  
16          it provides a great summary of where we are, how we  
17          compare with some other states, and also kind of both  
18          sides of the issue of trying to be tentatively  
19          optimistic. We're coming out, but at the same time  
20          understanding that we're not going to be back to  
21          normal for several years.

22                      I don't know whether anybody has looked at  
23          or have any comments or questions. I'll be glad to  
24          take any of those at this time.

25                      CHAIRMAN BADDOUR:   Any questions?

1 (No response.)

2 CHAIRMAN BADDOUR: Okay, Richard.

3 MR. ROGERS: I've given y'all the update  
4 with regards to the Governor's Office for the most  
5 part. One thing that has happened is Executive Order  
6 24, which basically presents a gift ban for all State  
7 employees. I want y'all to know that we have  
8 certainly got that to all the staff. We're taking it  
9 very seriously. And our December staff meeting is  
10 going to be dedicated, basically, to kind of  
11 developing a policy and guidelines for us to  
12 handle -- Not that any of us will go afoul, but I  
13 think it's important that we all have a common  
14 understanding of the policy, and that we implement  
15 the policy and respond to the policy as a single unit  
16 rather than having different perspectives on it. So  
17 we are all working on that, and we'll put in place  
18 some guidelines for us to follow for the staff as  
19 well.

20 Finally, or almost finally, the  
21 Legislature, they are in recess as we all know. They  
22 are starting to work on some interim committees. And  
23 one committee, the Joint Legislative Committee on  
24 Water and Wastewater Infrastructure, will meet  
25 tomorrow for the first time. I am appointed to that,

1 and will be reporting about our efforts with regard  
2 to wastewater, our needs and needs of the state, and  
3 also our priorities with regards to the -- how the  
4 statutes lay it -- lay it out.

5 The objective of this committee is to look  
6 at the resources that we have as opposed to the needs  
7 that are out there. There will also be presented the  
8 Water 23 Report from the Rule Center, and also needs  
9 assessment and surveys done by construction grants  
10 and loans in the wastewater program, and also the  
11 water supply program. And I will keep y'all apprised  
12 of how things proceed in there.

13 Also, there's been a change -- soon to be  
14 coming a change with regards to Senate leadership,  
15 which most of you know. Senator Tony Rand will  
16 resign his seat before the end of the year. He's the  
17 Majority Leader in the Senate, a very influential  
18 role and important role. And we will keep y'all  
19 posted on how that moves forward.

20 A new Majority Leader will be appointed and  
21 elected out of the Democratic Caucus coming up with  
22 the short session. The two main folks shown on line  
23 right now appear to be Dan Clodfelter and Mark  
24 Nesbitt. Dan Clodfelter is out of Charlotte, and  
25 also Mark Nesbitt out of Asheville. So we'll keep



1 y'all apprised of any -- any movement in that area as  
2 well.

3 CHAIRMAN BADDOUR: Well, there is movement.  
4 Well, I think Senator Basnight has announced his  
5 support for Senator Nesbitt. I would think that's  
6 movement.

7 MR. ROGERS: Finally, we're -- we're  
8 moving in -- our normal February meeting is an  
9 opportunity for us to take up topics that we don't  
10 have time to deal with, and topics that are kind of  
11 off line from our normal -- normal funding cycle. I  
12 did want to present y'all kind of a draft, a list of  
13 thoughts that we've come up with with staff that we  
14 want to address at this meeting. I will formally get  
15 this list out to y'all later in the week so that we  
16 can get some input from you.

17 Basically, there are about three specific  
18 topics, and another general topic that you're looking  
19 at. One of the topics is dealing with regards to a  
20 new policy we've put in place on our contracts of  
21 getting bids in so that we can recoup money if bids  
22 come in lower than our awards. And as you can see in  
23 our Wastewater Committee, we've recouped \$1.3 million  
24 in a matter of a couple months. I think that's  
25 working well.

1                   In our Stormwater Restoration Group, some  
2                   of the differences between those two programs is a  
3                   lot of our projects are just not bid -- bid build --  
4                   I'm sorry. Let me get this straight -- are not  
5                   designed bid build, but actually design build. They  
6                   are lump sum contracts. And I think it's appropriate  
7                   for us to bring this issue to the Board and let's  
8                   talk about it. There's pros and cons to both of  
9                   these, but we kind of wanted to get direction from  
10                  the Board on how we need to handle it, if we just  
11                  continue as we're going or whether we need to make  
12                  some changes to our processes.

13                  Also, we wanted to bring back to you, as I  
14                  mentioned earlier, the Stewardship Program. We're  
15                  developing that, and we'll bring you up to speed, and  
16                  have some discussions around this maintenance of how  
17                  we want to define a little better, and look at the  
18                  different opportunities and where and when we should  
19                  be allowed to put money into maintenance of projects.  
20                  So we'll -- We want to develop a program around that  
21                  as well.

22                  We also -- As evident in our annual report,  
23                  we also want to have the field reps present some of  
24                  the projects that they've been to and seen and  
25                  assessed over the past few months where they've gone

1 to projects, they've looked at them, and looking at  
2 the success of those projects. It's really been a  
3 great opportunity for us to get back out in the  
4 field, look at and assess the projects. But also  
5 look at some of the things where projects may not  
6 have worked out so well that we can -- we can get  
7 ourselves prepared in either our review of the  
8 projects and understand them better, and also allow  
9 us to assess these projects in our applications a  
10 little better, too. So we want to present that.  
11 We'll do that from all areas -- areas of the state.

12 Other topics that we wanted to bring y'all  
13 to speed on is our CREP program. I think we want to  
14 bring those folks in and just give you an update with  
15 regards to that. And then also there's a few areas  
16 of criteria change that we may be looking at, usually  
17 in February. This is when we get into the process of  
18 identifying any changes we want to put in place for  
19 criteria and then development of immediate work  
20 purveyor on reviewing criteria specifically.

21 So those are -- those are kind of the areas  
22 we're looking at. Again, I'll get this out to y'all.  
23 If anybody has any additional topics, or ideas, or  
24 thoughts with regards to what we can take up, just  
25 let me know now or later.

1 Mr. Chairman, that concludes my report.

2 CHAIRMAN BADDOUR: Let me also encourage  
3 you to forward to Richard subjects for our -- for us  
4 to discuss at our retreat. For our new members, the  
5 last three years we have had a retreat in February.  
6 And it's an opportunity for us not to really have any  
7 formal business, unless something is of an emergency  
8 nature that we have to take care of. That doesn't  
9 take much on the agenda. And we're able to sit down  
10 and really talk about some of the wavy things that we  
11 have to -- that we have to deal with. So --

12 Okay. Here's what I want to do. I want to  
13 go back now, if I can. Is there anyone who would  
14 like -- that's here that would like to make a public  
15 comment since we kind of started early? I certainly  
16 recognize anyone for that purpose.

17 (No response.)

18 CHAIRMAN BADDOUR: Okay. If not, we do  
19 have a few guests here that I neglected to recognize  
20 before, and I do want to recognize. Dewitt Hardy  
21 with North Carolina Department of Agriculture is with  
22 us almost every time. We're glad to have him. And  
23 Lisa Regal with the Natural Heritage Trust Fund,  
24 DENR, always with us. Lisa, always glad to see you.  
25 And kind of a new face, Joseph Crocker. Joseph,

1 stand up and be recognized. He's a representative of  
2 the Department of --

3 MR. CROCKER: Commerce.

4 CHAIRMAN BADDOUR: -- of Commerce. So we  
5 are just delighted to have you. You're always  
6 welcome.

7 Okay. Now, we go to our Attorney General's  
8 report.

9 MR. CRAWLEY: Thank you, Mr. Chairman.  
10 About a week or so after the last meeting in  
11 September, our office filed a brief in the Crawford  
12 Creek easement trespass case. As you recall, it was  
13 tried in Haywood County back in the summer, and the  
14 jury returned its verdict in favor of the plaintiff's  
15 trust fund and the landowner. And it's the  
16 defendants that have appealed. We'll keep our eye  
17 out for an opinion from the Court of Appeals probably  
18 sometime in the spring. They don't have very many  
19 oral arguments anymore over there, so the issues in  
20 this case probably don't lend themselves to having an  
21 order come out requesting oral arguments. Thank you.

22 CHAIRMAN BADDOUR: Thank you, Frank. Our  
23 Program Committee, Mr. Crumpler, had to leave, I  
24 think, to assist his mother in a move. But Bill, I  
25 understand you're going to make the report for the

1 Program Committee.

2 MR. HOLLAN: Thank you, Mr. Chairman.  
3 The Program Committee met this morning at 9:30. And  
4 the major item of business that we considered were  
5 what -- the disposition of some stewardship funds  
6 that have been withheld for a number of years as  
7 we've made acquisitions, particularly funded  
8 acquisitions through Land Trust, and most  
9 particularly on easements.

10 There's been the need for someone to  
11 monitor those easements and make sure -- as at  
12 Crawford Creek we've now got a problem with an  
13 encroachment on an easement. So there's a  
14 requirement that somebody go out annually and check  
15 the property and make sure there are no violations of  
16 the easement. And there are expenses incurred by  
17 the -- by the Land Trust in connection with that.

18 And so we developed a program after some  
19 number of years, an assistive program. We came up  
20 with a way of providing a bare method of funding  
21 these visits to the site, and then also providing  
22 funding for defense of these easements or expenses,  
23 and what Richard has talked about, maintenance where  
24 somebody has gone in and dumped oil or encroached,  
25 and we have to do something to make repairs or to

1 mitigate that problem.

2 Over time, this got to be quite a bit of  
3 money. We were -- We were just paying it out to the  
4 grantees with the expectation that they would match  
5 the funds and have an endowment to take care of this  
6 stewardship.

7 About 2004, our Chairman, Mr. Baddour, and  
8 some others began to get concerned that we were  
9 putting a lot of money out in the hands of people who  
10 might not be as well prepared to manage it as the  
11 State or some other entity might be. And we wanted  
12 to look at the program of how these stewardship funds  
13 would be handled, and to make sure that they'd be  
14 expended only for the purposes for which they had  
15 been drafted.

16 And so we began awarding stewardship funds,  
17 but withholding them until we developed a program.  
18 After a lot of work by members of this Board and by  
19 our staff, and I'm going to say a lot of work by Mr.  
20 Crumpler in particular -- I'm sorry he's not here to  
21 take some of the credit for it -- it was determined  
22 that the -- And we were concerned about putting the  
23 money into place where it might be subject to being  
24 taken for other purposes in the state. That was one  
25 of the advantages of getting it out of the State

1 fund. But we've gotten some protection on that.

2 And what this Committee considered this  
3 morning, what we recommended to the Board is that  
4 \$1,146,194.20, and that's an amount that's shown on  
5 Agenda Item E-B, which was in your package, be  
6 transferred to the State Treasurer to be put in a  
7 special account for Clean Water Management Trust Fund  
8 stewardship endowment. And this will be put in a --  
9 It's a long-term interest bearing account. It's not  
10 an equities account. It's a long-term account  
11 investing in bonds and other kinds of instruments.

12 That \$66,972.56 be paid out to the Land  
13 Trust for maintenance of these non-State held  
14 easements. And with respect to two funds, the  
15 Conservation Trust for North Carolina, Project 2006A,  
16 number 8, and 2006A, number 10, that additional  
17 amounts be awarded to them for stewardship. They had  
18 incorrectly calculated the amounts that would be  
19 required for stewardship of those projects per our  
20 formula. That would be \$26,714 and \$17,448. Again,  
21 that's shown on Agenda Item E-B.

22 And finally, \$120,000 would be set aside in  
23 a short-term stewardship expense account. This  
24 represents roughly two years of expected expenditures  
25 by the grantees. And what happens is they make their



1 annual visits, and then they report to the -- to our  
2 organization, and then we reimburse them for those  
3 funds. And so there's \$50,000 a year for two years.  
4 And finally, there would be \$20,000 set aside for  
5 unexpected maintenance items. And as Richard said,  
6 there would be some hope that we could talk about  
7 those a little more at the February meeting.

8 All of that would leave about \$385,401.75  
9 remaining on all of those grant contracts which have  
10 been kept open until we got this stewardship  
11 endowment matter settled. And the Committee would  
12 recommend that that amount of funds be unencumbered  
13 and go back into pot of funds from which we could  
14 make additional expenditures.

15 Are there any questions about the  
16 Committee's recommendation?

17 CHAIRMAN BADDOUR: Any questions?

18 (No response.)

19 CHAIRMAN BADDOUR: Okay. Hearing none,  
20 you've heard the recommendation of the Committee, it  
21 does not require a second. Any discussion?

22 (No response.)

23 CHAIRMAN BADDOUR: Hearing none, so many  
24 as favor the adoption of the Committee  
25 recommendation, signify by saying, "Aye."

1 TRUSTEES: Aye.

2 CHAIRMAN BADDOUR: Opposed, "No."

3 (No response.)

4 CHAIRMAN BADDOUR: The "ayes" have it.

5 Mr. Hollan?

6 MR. HOLLAN: It was -- There was some  
7 discussion about what might be required to get these  
8 funds invested in equities. And I know the Chairman  
9 is working on that and some others. And the  
10 Committee recommended that we take actions to try to  
11 become invested in equities as quickly as possible  
12 since these funds need to be managed forever. So we  
13 need to look for an appropriate mix of investments.

14 CHAIRMAN BADDOUR: All right.

15 MR. HOLLAN: Thank you, Mr. Chairman.

16 CHAIRMAN BADDOUR: Thank you very much.

17 Okay. Next is the Administrative Committee Report.

18 Chairman Vaughan?

19 MR. VAUGHAN: We met this morning briefly.

20 The main item on the agenda was to unencumber some  
21 \$1,447,281.09 based on projects that were complete  
22 and came in under budget. I would point out that  
23 there were three real significant amounts of 2004  
24 projects from Pilot View, which was under budget by  
25 \$589,000; 2005 project from Mecklenburg County,

1           \$206,000; and a 2007 project from Eastover Sanitary  
2           District for \$493,000. It's our recommendation that  
3           we unencumber these funds.

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

6                   (No response.)

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

10                   TRUSTEES:           Aye.

11                   CHAIRMAN BADDOUR:   Opposed, "No."

12                   (No response.)

13                   CHAIRMAN BADDOUR:   The "ayes" have it.  
14           Stan?

15                   MR. VAUGHAN:       That's our report.

16                   CHAIRMAN BADDOUR:   Thank you. We now go  
17           to our committee reports, the Infrastructure  
18           Wastewater Committee. Mr. Rascoe?

19                   MR. RASCOE:       Thank you, Mr. Chairman. We  
20           met this morning. The first item on the agenda was  
21           to discuss remaining available funds to the  
22           Wastewater Program. Upon recommendation of the  
23           staff, four of the projects that had not been AARA  
24           eligible before but we have now been notified by  
25           DENR, the Funding Grants Division -- Section that

1           they are, or are potentially eligible for AARA  
2           funding. And they are 2008514, Town of Enfield;  
3           2008524, Town of Lilesville; 2008527, Town of Morgan;  
4           and 2008542, Town of Windsor. It is recommended that  
5           they be moved and placed in another category called  
6           1A, which lies between Categories 1 and 2 in the  
7           priority, and to allow staff to qualify them for  
8           funding according to their scoring. That was the  
9           motion. And we would just pass that recommendation  
10          to the Board.

11                   CHAIRMAN BADDOUR:    Okay. You've heard the  
12           Committee recommendation. Now, that -- that assumes  
13           that those projects are eligible for AARA funding?

14                   MR. RASCOE:        Yes.

15                   CHAIRMAN BADDOUR:    Right. Okay. You've  
16           heard Committee recommendation, is there any  
17           discussion?

18                   MR. ROGERS:        Mr. Chairman, one thing that  
19           came up in our thought process is that some of the  
20           projects aren't necessarily right the same way  
21           (unintelligible) construction grants and loans, so we  
22           need some flexibility to fund one of those four  
23           projects that may not come in high or direct order.  
24           But if they approve the projects, I'm assuming the  
25           Board would like for us to go ahead and move forward

1 with that as long as they're within that list of four  
2 projects.

3 CHAIRMAN BADDOUR: I think that was the  
4 intent.

5 MR. ROGERS: Okay.

6 CHAIRMAN BADDOUR: The intent was to take  
7 advantage of the AARA funding. Okay. Kevin?

8 MR. MARKHAM: Yes. I think we also need  
9 to make sure that the intent of the Committee was  
10 that we fund them at the same proportion we did the  
11 previous AARA projects.

12 CHAIRMAN BADDOUR: Further discussion?

13 (No response.)

14 CHAIRMAN BADDOUR: Hearing none, so many  
15 as favor the adoption of the Committee report,  
16 signify by saying, "Aye."

17 TRUSTEES: Aye.

18 CHAIRMAN BADDOUR: Opposed, "No."

19 (No response.)

20 CHAIRMAN BADDOUR: The "ayes" have it.

21 We'll get a report now from the Restoration/  
22 Stormwater/Greenways --

23 MR. RASCOE: We have more items, Mr.  
24 Chairman.

25 CHAIRMAN BADDOUR: I'm sorry. You do have

1 more items, and I apologize. Go right ahead.

2 MR. RASCOE: Mr. Chairman, also since the  
3 Committee meeting, a question has come up from staff.  
4 Maybe now is the time to address that. Larry, is  
5 there a probability that other projects between now  
6 and December may somehow receive AARA funding  
7 notification? And if so, what is staff's comments on  
8 that?

9 MR. HORTON: Thank you, Mr. Chairman.  
10 The -- I've talked with construction (indiscernible).  
11 I talked with them this morning. The situation with  
12 their list of projects is fluid, I guess is one way  
13 to say it. They go to these people, and if they  
14 don't have all their ducks in a row, and they're  
15 missing a permit, missing an easement, if they falter  
16 for some reason because they aren't able to get all  
17 their funding together, they move on to the next  
18 project.

19 So they have a list of candidates now. If  
20 some of those candidates fall out, then they go to  
21 others. So it is possible that another one of the  
22 projects on our list could become a candidate. I  
23 don't know what that probability is. It would be  
24 nice if somehow staff could have flexibility if  
25 another project did become available, that we could

1 act and report with that, we could take advantage of  
2 that funding.

3 MR. ROGERS: I'm going to request to the  
4 Board that we do that upon consultation with our co-  
5 chairs. It's important that we keep folks informed  
6 of what's going on and keep ourselves grounded. As  
7 Larry mentioned, that list is very fluid. So my  
8 sense is that this may come up, but it seems to me  
9 that if it does come up, we at least need to consult  
10 with our co-chairs just to inform them of what's  
11 going on and provide them your authorization to allow  
12 us those changes.

13 MR. RASCOE: Mr. Chairman, if a motion is  
14 required, I move that authority be granted to the co-  
15 chairs.

16 CHAIRMAN BADDOUR: Okay. The motion --  
17 Do you understand the motion that the -- that the  
18 staff after consultation with the co-chairs would  
19 have the authority to move up in priority and to fund  
20 from the allocation available to the Committee  
21 projects that are approved from AARA funding. Kevin?

22 MR. MARKHAM: Would they would be from the  
23 existing list of projects that were already approved  
24 and funded once?

25 CHAIRMAN BADDOUR: Correct. Correct.

1 From the existing --

2 MR. MARKHAM: 2008.

3 CHAIRMAN BADDOUR: Very good point. Very  
4 good point. Discussion?

5 (No response.)

6 CHAIRMAN BADDOUR: Hearing none, so many  
7 as favor the motion, signify by saying, "Aye."

8 TRUSTEES: Aye.

9 CHAIRMAN BADDOUR: Opposed, "No."

10 (No response.)

11 CHAIRMAN BADDOUR: The "ayes" have it.

12 MR. RASCOE: Mr. Chairman, the next item  
13 we took up was the matter of the Cramerton Wastewater  
14 Treatment Facility. The recommendation was -- The  
15 Committee adopted the staff recommendation that the  
16 Board not support and allow them to expand in the  
17 existing planning grant to include engineering  
18 permitting, but to recommend that the town proceed  
19 with its own resources and reapply.

20 CHAIRMAN BADDOUR: You've heard the  
21 recommendation of the Committee, is there any  
22 discussion?

23 (No response.)

24 CHAIRMAN BADDOUR: Hearing none, so many  
25 as favor the adoption of the Committee



1 recommendation, signify by saying, "Aye."

2 TRUSTEES: Aye.

3 CHAIRMAN BADDOUR: Opposed, "No."

4 (No response.)

5 CHAIRMAN BADDOUR: The "ayes" have it.

6 MR. RASCOE: One last item, Mr. Chairman,  
7 was a request from Chatham County under 2000D  
8 (indiscernible) request an approval and a time  
9 extension under that grant. And the Committee  
10 recommended adoption of the staff's recommendation to  
11 the Board.

12 CHAIRMAN BADDOUR: Okay. You've heard the  
13 Committee recommendation, is there any discussion?

14 (No response.)

15 CHAIRMAN BADDOUR: So many as favor the  
16 adoption of the Committee recommendation, signify by  
17 saying, "Aye."

18 TRUSTEES: Aye.

19 CHAIRMAN BADDOUR: Opposed, "No."

20 (No response.)

21 CHAIRMAN BADDOUR: The "ayes" have it.

22 MR. RASCOE: That's the report, Mr.  
23 Chairman. Thank you.

24 CHAIRMAN BADDOUR: Thank you very much.

25 And now we go to Restoration/Stormwater/Greenways

1 Committee. Dr. Brannon?

2 MS. BRANNON: Thank you, Mr. Chairman. We  
3 have two motions. The first one, the Committee  
4 recommends that we keep the prior ordinance that we  
5 had established in September for the unfunded  
6 projects, in addition that we expend \$161,646 to  
7 cover the cost incurred from approved projects  
8 through the March 3rd, 2009 date to the extent that  
9 funding is possible.

10 CHAIRMAN BADDOUR: Okay. You've heard the  
11 Committee recommendation, is there any discussion?

12 (No response.)

13 CHAIRMAN BADDOUR: Hearing none, so many  
14 as favor the adoption of the Committee  
15 recommendation, signify by saying, "Aye."

16 TRUSTEES: Aye.

17 CHAIRMAN BADDOUR: Opposed, "No."

18 (No response.)

19 CHAIRMAN BADDOUR: The "ayes" have it.

20 MS. BRANNON: And then finally, the  
21 Committee recommended adding to the website language  
22 about mini-grants, stating that they would not be  
23 considered at this time.

24 CHAIRMAN BADDOUR: You've heard the  
25 Committee recommendation, is there any discussion?

1 (No response.)

2 CHAIRMAN BADDOUR: So many as favor the  
3 adoption of Committee recommendation, signify by  
4 saying, "Aye."

5 TRUSTEES: Aye.

6 CHAIRMAN BADDOUR: Opposed, "No."

7 (No response.)

8 CHAIRMAN BADDOUR: The "ayes" have it.

9 MS. BRANNON: That concludes our report.

10 CHAIRMAN BADDOUR: Thank you for your very  
11 fine report. Chairman McGrady, the Acquisitions  
12 Committee?

13 MR. McGRADY: Mr. Chairman, the  
14 Acquisitions Committee acted on two items. First --  
15 I'll take them in reverse order. With respect to  
16 project 205A-005, the Goldsboro acquisition, Seymour  
17 Johnson Air Force Base, a very complicated project.  
18 But the Committee adopted the staff recommendation to  
19 approve the addition of two new tracks and withdrawal  
20 of 37 with respect to this project.

21 CHAIRMAN BADDOUR: You've heard the  
22 Committee recommendation, is there any discussion?  
23 Kevin?

24 MR. MARKHAM: Yes. I'd like to offer an  
25 amendment that we fund the project of the tract that

1           abuts the Neuse River, but not fund the second tract  
2           that does not fall within a 300 feet of the surface  
3           water.

4                   MR. ROGERS:       Can we get that, Tom? Do  
5           you want a picture?

6                   CHAIRMAN BADDOUR:   I don't think you need  
7           a picture. Is there any second to that motion?

8                   MS. CRAGNOLIN:   I'll second it.

9                   CHAIRMAN BADDOUR:   The motion is seconded.  
10          Richard, I'd like for you to explain again what the  
11          reason was that that tract was not --

12                   MR. ROGERS:       I'm sorry. Nancy, can you  
13          put the map back up?

14                   MS. GUTHRIE:    Yes.

15                   MR. ROGERS:       What happened is this tract  
16          in the application, and what was approved by the  
17          Board, was actually a part of the priorities or the  
18          tracks that were being looked at for easement.  
19          During the rural survey project, they found that the  
20          tract was not a part of the adjacent tract. So it  
21          was kind of pulled out because it was not a part of a  
22          tract that was originally thought to be a part of the  
23          application. Therefore, we're coming back and trying  
24          to capture that little red piece that you see in the  
25          left-hand corner, half an acre, in order to make that

1 parcel whole.

2 CHAIRMAN BADDOUR: Mr. McGrady?

3 MR. McGRADY: I would -- I would urge us  
4 to vote no on Mr. Markham's motion. I mean, this is  
5 just an effort to fix something that we had already  
6 approved. In fact, we thought we had included this  
7 tract in the larger tract. And when the surveys got  
8 done, it wasn't there. It's a very, very small  
9 matter. You can look at the map. I mean, not to be  
10 critical to the whole piece, but I'd like to see us  
11 go ahead and fix it. And so I would urge support for  
12 the Committee's position on this so that we approve  
13 the amendments -- both of the amendments and not just  
14 one of them.

15 CHAIRMAN BADDOUR: Okay. Is there any  
16 further discussion?

17 (No response.)

18 CHAIRMAN BADDOUR: All right. The motion  
19 is to amend the Committee recommendation and to  
20 remove the small parcel as indicated. So many as  
21 favor the adoption of a motion by Mr. Markham,  
22 signify by saying, "Aye."

23 MR. MARKHAM: Aye.

24 CHAIRMAN BADDOUR: Those opposed, "No."

25 TRUSTEES: No.

1                   CHAIRMAN BADDOUR:    The "noes" have it.  
2                   Now, before the Committee is the adoption of the  
3                   Committee report -- Committee recommendation.  So  
4                   many as favor the adoption of the Committee  
5                   recommendation, signify by saying, "Aye."

6                   TRUSTEES:            Aye.

7                   CHAIRMAN BADDOUR:    Opposed, "No."

8                   MR. MARKHAM:         No.

9                   CHAIRMAN BADDOUR:    Okay.  The "ayes" have  
10                  it.

11                  MR. McGRADY:        Mr. Chairman, the remaining  
12                  portion of the Committee meeting related to review of  
13                  the projects remaining to be encumbered and our  
14                  available funds.  The Committee recommended that we  
15                  reaffirm the priority order that we established at  
16                  our previous meeting.

17                  Additionally, the Committee recommends that  
18                  we reallocate the monies that we set aside for  
19                  transactional costs on donated matching portions of  
20                  Acquisition projects, roughly a half million dollars,  
21                  and now allocate those monies to the mini-grants with  
22                  respect to the acquisition.

23                  CHAIRMAN BADDOUR:    You've heard the  
24                  Committee recommendation, is there is any discussion?

25                  (No response.)

1                   CHAIRMAN BADDOUR:   Hearing none, so many  
2                   as favor the adoption of Committee recommendation,  
3                   signify by saying, "Aye."

4                   TRUSTEES:            Aye.

5                   CHAIRMAN BADDOUR:   Opposed, "No."

6                   (No response.)

7                   CHAIRMAN BADDOUR:   The "ayes" have it.

8                   MR. McGRADY:        That's all, Mr. Chairman.

9                   CHAIRMAN BADDOUR:   Then we'll go to the  
10                  next item on the agenda, which is H. It says that,  
11                  "The Chairman will ask for discussion on how to  
12                  direct the three funding committees" -- Richard, I'm  
13                  going to call on you.

14                  MR. ROGERS:         Yeah. Thank you. I  
15                  appreciate that. As we -- As we discussed, there is  
16                  about \$1.9 million that we have recovered. One  
17                  little aside here, and I think one thing that the  
18                  staff -- And I want to thank the staff for efforts on  
19                  putting pressure on getting these contracts closed  
20                  out and recouping funds. We've been extremely  
21                  proactive about that in trying to get it because we  
22                  understand the need to get cash back in-house so we  
23                  can reallocate it.

24                  So we've got about \$1.9 million. And what  
25                  we have not done with that is allocate it. The

1 option is to reallocate it to the Acquisition  
2 Committee, Restoration/Stormwater, and also our  
3 Wastewater Committee.

4 Beth has just handed out a sheet. As you  
5 might -- might guess, staff has been giving this a  
6 whole lot of thought with regard to how do we  
7 allocate it, how do we allocate it equitably, what is  
8 the right formula for doing it.

9 I'm going to let Beth run through this  
10 sheet for you real quickly. But the idea here is  
11 just to provide some options for you to think about.  
12 None of these are staff recommendations. It's just  
13 some thought of things that have crossed our mind.  
14 If you need explanation, then we can -- we can  
15 provide that.

16 CHAIRMAN BADDOUR: And here's what I think  
17 we'll do, what I'd like to do, is the staff is going  
18 to present more recommendations, which there are four  
19 options --

20 MR. ROGERS: Thank you.

21 CHAIRMAN BADDOUR: -- which they will  
22 allow us to look at. What I would like to do is  
23 without having any kind of a motion, so we don't get  
24 too fixed in a position right up front, is to have a  
25 discussion about the various options. And after we



1           seem to have exhausted the discussion part of it, I  
2           will then call for a motion, and we'll see where it  
3           goes, okay?

4                   MS. CRAGNOLIN: Can we take into  
5           consideration here the information that I requested  
6           about the allocation between the regions?

7                   CHAIRMAN BADDOUR: We can -- We can if we  
8           have the information. Let's go over the -- Well, you  
9           wanted -- Let --

10                   MR. ROGERS: Just -- What we were able to  
11          pull together is just in the Mountain Region. And I  
12          could give you some estimates from the Piedmont and  
13          the East is that there are approximately 25 of the  
14          '08 projects that have been approved out of the 84  
15          that are in the Mountain Region. Of those, 17 are  
16          Acquisitions, six are Restoration/Stormwater, and two  
17          are Wastewater.

18                   Basically what that is, about two-thirds of  
19          the projects in the mountains are Acquisition  
20          projects. Those identified are on hold. It's  
21          estimated in the Piedmont and the East -- In the  
22          Piedmont, I would say it's exactly flipped. In the  
23          East, two-thirds of the projects are Restoration or  
24          Wastewater, and a third of them are probably  
25          Acquisitions. And then in the Piedmont, I think we

1 run a little higher rate with regards to Restoration.  
2 And there's probably about -- I don't know our  
3 calculations on that, but it is different.

4 And I think Karen's point is that when we  
5 we're looking at funding, if acquisitions are held up  
6 in removing funds in other areas of the state, then  
7 some portion of the state, particularly the West in  
8 this case, may not be getting as much funds as some  
9 other areas of the state. I don't know -- That's --  
10 That's what we have, Karen.

11 CHAIRMAN BADDOUR: All right. Let's go  
12 ahead and have a presentation of the -- of the  
13 options. And you have the sheet in front of you if  
14 you want to follow along.

15 MS. MCGEE: I'll just orient you to  
16 what's on this sheet quickly. There are four options  
17 that we came up with, and each option is its own --  
18 is in its own block. And the program committees have  
19 their own columns. And each option -- Before I go  
20 into the specifics of the option, under each option  
21 there's a row for existing balance in the September  
22 '09 Board meeting. And those are those dollar  
23 figures that you've heard today.

24 For example, Acquisition had 545,278, and  
25 that included that 500,000 that y'all talked about --

1           that y'all voted on to put most of that towards  
2           donating mini-grants. Restoration/Stormwater had  
3           129,194, and Wastewater had 1.3 million, and that  
4           was -- a lot of that was from the projects that came  
5           in under bid. So the amount of money currently in  
6           the committees is this 1.9 -- \$1,996,119. So that  
7           row is in each of the options.

8                       The row to really look at how they did  
9           provide an option is the bold row in each option.  
10          And that -- that -- For each option, that takes this  
11          1,906,700 amount that's available. And that mainly  
12          is from the unencumbered dollars -- both the general  
13          unencumbered dollars and then the ones from the  
14          Stewardship contracts -- or the Acquisition contracts  
15          related to the Stewardship part. That's 1.9 million.  
16          And so that row differs in each option.

17                       And the way the four options are Option 1  
18          is we divided that 1,906,700 by the same percentages  
19          that you used to approve amounts to encumber in  
20          September. And in September, Acquisitions received  
21          57 percent of those funds; Restoration/Stormwater,  
22          17; and Wastewater, 26. And so what you do on Option  
23          1 is you take your existing -- for Acquisition, for  
24          example, you take your existing September balance of  
25          545,278, add the 1,086,819 from this amount to be

1           reallocated, and so the new total for Acquisition  
2           would be 1,632,097. And you just sort of do that  
3           same kind of math for the other options.

4                     The second option is -- I don't think y'all  
5           have ever done this, but you just -- you just divide  
6           it evenly between the committees, a third each one.

7                     Number 4, you have done before. We look at  
8           each project to see if it was an Acquisition project,  
9           Restoration, or Wastewater project, and we put them  
10          back to their original funding committees. So in  
11          that -- in that option, most of the projects were  
12          Restoration/Stormwater projects, the 860,000.

13                    And the final option is this looks at -- if  
14          you sent some money right now, it's just moving -- we're  
15          only able to encumber Restoration/Stormwater and  
16          Wastewater projects if you just divided the money  
17          between those two committees. And we did it based on  
18          their proportion that they were approved in September.  
19          And in September, Wastewater got about one and a half  
20          times the amount that Restoration/Stormwater got.

21                    So the totals do vary by the option. They  
22          also do not include any potential savings that we would  
23          get from those four projects that might get ARRA  
24          funding. Those would be later. So this was just the  
25          current status before the meeting.

1 CHAIRMAN BADDOUR: Discussion? Stan?

2 MR. VAUGHAN: Can I just throw a fifth  
3 option on the table? First of all, to the  
4 Restoration/Stormwater, we had that \$160,000  
5 something that was money that had already been spent  
6 by the agencies that we wanted to reimburse. I would  
7 suggest we fund that, and that would give us -- get  
8 Restoration in consistency with the Wastewater as far  
9 as what they had agreed to do.

10 And then the balance of those funds carry  
11 over to next year. My math says that as of right  
12 now, we've still got 36 and a half million dollars in  
13 19 2008 projects that have not been funded as we sit  
14 here today. We're going to get 50 million for next  
15 year. And the next item on the agenda is to decide  
16 on how we're going to deal with that.

17 My suggestion is -- I don't think that this  
18 \$3 million is going to fund a full project anywhere  
19 on any one of these. Maybe it will. But it just  
20 seems like to me that we'd be better off to carry the  
21 money over and add it to the 50 million, and then  
22 deal with it the same way we're going to deal with  
23 whatever we do next year. That's just a fifth  
24 option.

25 CHAIRMAN BADDOUR: Well, you can, but --

1 Here's my concern. I'm going to express it as the  
2 Chair. We need to do whatever we need to do to use  
3 this AARA money and to be our part (indiscernible).  
4 I mean, if the Governor has sent us any signal, it's  
5 that she's willing to be a part of that and wants us  
6 to be a part of that. And with the information that  
7 we have today, I just think you need to be very sure  
8 that the Wastewater Committee has enough money to  
9 take advantage of that AARA funding. I mean, if we  
10 don't, I feel like we're not acting in the best  
11 interest of the Acquisition folks or anybody.

12 MR. McGRADY: Chairman?

13 CHAIRMAN BADDOUR: So that's your  
14 chairman's feeling about it. Chuck?

15 MR. McGRADY: Yeah. As Chair of the  
16 Acquisitions Committee and someone from the west, my  
17 gut goes directly to Option 1 for all the obvious  
18 reasons. But my head says Option 4 for really the  
19 reason Chairman Baddour has just suggested. And that  
20 is we may have an opportunity here with Wastewater  
21 specifically to get 50 cents on the dollar back, and  
22 we ought to get.

23 If we're still committed to trying to fund  
24 most if not all of the 2008 projects, then it would  
25 be smart to put money there because we -- one, it's

1 more likely to get by the Governor in terms of  
2 spending. And two, it has the potential of getting a  
3 larger match. So I want to be at Option 1, but I'm  
4 going to be at Option 4.

5 CHAIRMAN BADDOUR: Discussion?

6 (No response.)

7 CHAIRMAN BADDOUR: Okay. Chuck, I'll  
8 recognize you for a motion.

9 MR. McGRADY: I move that we adopt Option  
10 4 with respect to the distribution of the remaining  
11 unencumbered funds that are reflected in the  
12 materials provided to us.

13 MR. THOMAS: I second.

14 CHAIRMAN BADDOUR: The motion made and  
15 seconded. Discussion? (No response.)

16 Now, what about the -- Before we vote on  
17 it, what about the question that Stan raised about --  
18 Somehow that missed me. Is there some money that --

19 MS. BRANNON: We're short --

20 MR. VAUGHAN: Well, this allocation  
21 will --

22 MR. McGRADY: This allocation will give it  
23 to you.

24 CHAIRMAN BADDOUR: All right. Further  
25 discussion? Yes, sir. Pres?

1 MR. PATE: Thank you, Mr. Chairman.  
2 It's a question I probably should have asked before  
3 the motion was made. But just to make sure I  
4 understand the reasoning for voting for or against  
5 this motion. If you're -- If you're advancing a  
6 principle that you stated, Mr. Chairman, as a basis  
7 for choosing Option 4, why would you not want to  
8 consider the extreme importance of that and zero out  
9 both of those first two columns? Would that not give  
10 us an opportunity to maximize our AARA funding even  
11 further?

12 I'm not advocating it at this point. I'm  
13 just asking the question about how strong the  
14 principle that the Chairman identified is in making  
15 this decision.

16 CHAIRMAN BADDOUR: Richard, do you have a  
17 comment about that? I haven't done the math. That's  
18 a good question.

19 MR. ROGERS: I don't know that I --

20 CHAIRMAN BADDOUR: He's saying -- What  
21 Pres is saying is --

22 MS. BRANNON: Stormwater has construction  
23 projects also.

24 MR. HOLLAN: Yeah. My thought on it was  
25 that Restoration/Stormwater were also construction



1 projects. Both of these categories are construction.  
2 The AARA funds are only Wastewater I guess, so I'm  
3 not sure if there's any --

4 MR. ROGERS: There's some -- There's some  
5 innovative or green projects that fall into our --

6 MR. HOLLAN: And the other thought was  
7 the point that Stan raised, that there are some  
8 reimbursables within the Restoration/Stormwater piece  
9 that are appropriately reimbursed that, again, the  
10 Governor is clearing all of the projects. So I don't  
11 want to take it to that extreme, to 100 percent fund  
12 just Wastewater, and Restoration/Stormwater only gets  
13 some percentage and they're construction projects  
14 also.

15 CHAIRMAN BADDOUR: Good question. All  
16 right. Further discussion?

17 (No response.)

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

21 TRUSTEES: Aye.

22 CHAIRMAN BADDOUR: Opposed, "No."

23 MS. CRAGNOLIN: No.

24 CHAIRMAN BADDOUR: The "ayes" have it.

25 Okay. We'll go to the strategy for managing the 2008

1 projects, 2009 applications, and potential 2010  
2 applications. Stan, you had a figure that was a  
3 little different than the one I had. It's my  
4 understanding, and I'll ask staff, what is the amount  
5 of the 2008 projects that we have not yet funded?

6 MR. ROGERS: I believe it's right  
7 around -- My understanding is it's about 43.6  
8 million.

9 CHAIRMAN BADDOUR: Okay. Here is -- I'm  
10 going to give you my thoughts about this, but I'd  
11 like to have -- I want staff -- I want y'all to weigh  
12 in.

13 One is I think there is a strong feeling  
14 that we have some obligation to these 2008 projects  
15 that we have already funded. That's one principle  
16 that this Board has adopted, and I don't disagree  
17 with that. However, I think that it is very, very  
18 important that we have a viable 2010 cycle where we  
19 take applications, and that our staff goes through  
20 and evaluates those applications and looks at them,  
21 and that we make awards from those applications.

22 When I say 2010, it would seem to me that  
23 we got a number of applications in 2009, that they  
24 should be considered as part of the 2010 cycle that  
25 people -- that the grantees be given the option to

1 amend them if they want to. But if they want to  
2 leave them in place like they are, I think they  
3 should reaffirm that they're still viable projects,  
4 that they should be considered as part of that 2010.

5 So the question -- If you wanted to try to  
6 reconcile those two things that we want to do, how do  
7 you do it? Well, you really don't know the answer to  
8 that question until we know how much money is  
9 appropriated to us by the General Assembly. And  
10 another piece of the whole thing, to be honest with  
11 you, is what happens to the Acquisition projects that  
12 we have funded and asked to be encumbered, they are  
13 2008 projects, and whether or not they will actually  
14 be funded by the time that we finally make these  
15 decisions in August, September, October, and November  
16 of next year.

17 So what I think that we ought to do today  
18 is that we ought to decide if we do want to accept  
19 applications for 2010, that people have made  
20 application in 2009, that they will be a viable  
21 application with the understanding that we want them  
22 to reaffirm that it is still a viable application and  
23 allow them to amend it if they want to by the  
24 application deadline. And by the way, that's  
25 traditionally been in February.

1                   Number two, that we -- with more  
2                   information that we have, thoroughly discuss this as  
3                   probably primary -- the number one thing that we talk  
4                   about at our agenda. And, you know, one of the  
5                   things that we can consider is waiting to make a  
6                   final decision about exactly how we handle it until  
7                   after the General Assembly adopts its budget and we  
8                   see what kind of money is appropriated to us.

9                   But that is -- that is just my thought, and  
10                  I'd like for Richard to say what staff thinks about  
11                  it. I hope I'm reflecting what Richard has --  
12                  Richard and I have talked about. If I haven't, I  
13                  want him to correct me, and then I want to hear what  
14                  this Board has to say about it. That would leave all  
15                  options open to us.

16                  MR. ROGERS:        I would -- I would concur  
17                  with what Bill said. I think the 2009 applications  
18                  can -- And we'll -- We never scored those  
19                  applications, and they have the ability to compete on  
20                  the same level as any new applications that come in.  
21                  The idea of allowing them to move forward, I think,  
22                  is -- They can simplify it as much as possible by  
23                  communicating with them through letter and giving  
24                  them options of retaining the application they have.

25                  At that point, we'll just move it into our

1           2010 cycle. If they do have amendments, we'd ask for  
2           them to submit their amendments, as Bill suggested,  
3           prior to the application deadline. And then they  
4           also, I guess, would have the option to withdraw so  
5           that we would -- we would not continue to process  
6           applications that the applicant no longer supported.

7                       And I do think it's important that we do  
8           have a cycle. There is a need for us to present the  
9           needs that are out there. The way we present our  
10          need is through our application pool. And that's  
11          what we can take to the General Assembly and let them  
12          know that there is still support, there's still a  
13          need for Clean Water funding. And hopefully, it will  
14          allow us to retain our allocation of 50 billion in  
15          the next cycle.

16                      CHAIRMAN BADDOUR:   Peter?

17                      MR. RASCOE:       Yes, sir. Thank you, Mr.  
18          Chairman. A question on that. If we leave all  
19          options open until after the short session, that, in  
20          my mind, is leading a 2008, 2009 applicant to believe  
21          that yes, they will be able to participate. Or am I  
22          not reading it right? How about just say it's eight  
23          or nine months. I'd hate for us to make an adverse  
24          decision in August and they not be able to  
25          participate after waiting eight months.

1                   CHAIRMAN BADDOUR:   Well, they wait that  
2                   long anyhow.  I mean, for the new applicants, they  
3                   wait.  You mean for the 2008?

4                   MR. RASCOE:       2008.  They're going to --  
5                   If they sit here till August and we not tell them yea  
6                   or nay --

7                   CHAIRMAN BADDOUR:   Of course they will not  
8                   know anyhow because they don't know whether the  
9                   General Assembly is going to give us any money next  
10                  time.  So we really can't make a final decision until  
11                  after the General Assembly meets because we don't  
12                  have -- we do not have any money.  I guess the  
13                  difference would be they would know whether their  
14                  project would be right at the top of the list, or  
15                  whether they're having to compete with others, or  
16                  what, which is what we haven't -- we've not decided.  
17                  Stan?

18                  MR. VAUGHAN:    I may have missed something  
19                  in the discussion.  But based on what I thought the  
20                  Chairman said, we would leave all 2008 at the top  
21                  because we've made a commitment to them, and we're  
22                  going to honor that if we get the money.  Is that not  
23                  right?

24                  CHAIRMAN BADDOUR:   I didn't say that for  
25                  sure.  What I said was that we would leave that open

1           for us to discuss in February in some detail. And,  
2           you know, we could make a decision in February about  
3           it, or you could wait until -- till after the General  
4           Assembly met. I mean, I think there are a lot of  
5           options, Stan.

6                     One of them -- And I'm not saying you  
7           should do this. But one of them would be to say,  
8           "Yes, we're going to still fund 2008, but what we're  
9           going to do is whatever money we get from the General  
10          Assembly," let's assume it's 50 million -- I don't  
11          know what it will be -- is we'll take half of it, and  
12          we'll go as far as it will go with the 2008. And  
13          we'll take the other half, and we will do it to the  
14          competitive projects, new projects we have. Or you  
15          could do three-fourths and one-fourth. Or you could  
16          decide we're just going to take all the money we've  
17          got and spend it on 2008 and not -- and not do any of  
18          the other. I mean, I think there are a lot of  
19          options the Board could discuss.

20                    The thing that bothers me about just making  
21          a flat-out decision that we're going to fund 2008  
22          first is we don't know what's in that applicant pool.  
23          And there could be some really, really fine projects  
24          that need to be done. And, you know, and they may  
25          score way higher than some of the 2008 projects that

1 we have. So, I mean, I just would like -- it seems,  
2 to me, for us to keep our options open at least for  
3 now. That's my thinking.

4 MR. VAUGHAN: One follow-up. Beth, do we  
5 know the amount of that \$43 million that is under the  
6 25 percent percentile?

7 MS. MCGEE: Yeah, we could look. I  
8 mean, we could look at Larry's sheet.

9 MR. VAUGHAN: I guess what I'm saying here  
10 is rather than just piling on top, let's make some  
11 decision that tells somebody something. And I would  
12 be in favor of saying to anybody left on 2008 that  
13 was under the 25 percent percentile, that that will  
14 not --

15 MS. CRAGNOLIN: You mean for scoring?

16 MR. VAUGHAN: For scoring, yeah.

17 MS. CRAGNOLIN: Not -- Not for --

18 MR. VAUGHAN: You know, we had the list  
19 that was in tiers, and there was some of those  
20 dollars that were under the 25 percent top projects.  
21 And we keep --

22 CHAIRMAN BADDOUR: Stan, would you mind  
23 waiting till February for us to look at all this in  
24 some detail and perhaps do that -- consider that at  
25 that time? I mean, I don't think it makes a lot of



1 difference whether we make that decision right now or  
2 not. Most of those are going to be -- Well, I  
3 shouldn't say that. I haven't looked at them. But I  
4 think it would be Wastewater projects by March.  
5 So --

6 MR. McGRADY: Mr. Chairman?

7 CHAIRMAN BADDOUR: Chuck?

8 MR. McGRADY: I think you well stated what  
9 the issue is. I'd like to put it off till February.  
10 I can just -- From the West and looking at the  
11 projects, I have no doubt that there are going to be  
12 some projects coming in that are going to rate wildly  
13 higher than some of the projects we're now leading  
14 back into based on just my understanding of what's  
15 out there.

16 And I'm just not -- I understand what our  
17 commitment -- you know, what we communicated  
18 regarding the 2008 projects. But that was all  
19 subject to funding. And I'm not in any way hesitant  
20 to, in the near term, February, making a decision to  
21 say that we're not going to be able to fund some of  
22 those 2008.

23 I like what you suggested, actually, in  
24 terms of taking our allocation, making a conscious  
25 decision that some percentage of it is going to go

1 back to the 2008 projects and leaving some percentage  
2 for the 2010 projects. It's critical from where I  
3 sit, though, that we get back on track for 2010  
4 projects. That, for me, is the primary thing that  
5 I'm concerned about.

6 CHAIRMAN BADDOUR: Kevin?

7 MR. MARKHAM: Thank you. Last week I was  
8 at an environmental forum and had the opportunity to  
9 run into Representatives Lucy Allen and Pryor Gibson,  
10 and I spoke to both of them about this situation and  
11 that the Trust Fund would be grappling with this  
12 problem of funding for next year.

13 Both of them independently expressed  
14 concern that we would consider doing anything other  
15 than honoring our commitment to the 2008 recipients,  
16 both independently, if I understood their message. I  
17 understood their messages was it would send a very  
18 bad message to the General Assembly for us to not  
19 honor these commitments to these applicants who have  
20 been previously awarded but defunded.

21 CHAIRMAN BADDOUR: One of the things that  
22 waiting till February would give us the opportunity  
23 to do would be, actually, to test the waters for some  
24 of our supporters in the General Assembly, and some  
25 of the leadership over there, Stan. And it could be

1 along the lines of, "We have some projects that were  
2 approved, but they did not score as well. And we're  
3 considering, you know, thinking about perhaps  
4 dropping those off and, you know, trying to get some  
5 feedback about it." Charles?

6 MR. JOHNSON: Mr. Chairman, I took the  
7 opportunity to contact some of the legislators  
8 because I knew this was coming up. One thing that  
9 the legislators felt real strong about in the past is  
10 our integrity that we have upheld. And basically,  
11 those that I've talked to felt that that was a strong  
12 point of this organization.

13 Now, we know that we're going to have some  
14 changes in the legislature shortly. And folks, we  
15 don't need to lose any friends that we've got there.  
16 And one of the things that I look at is the fact that  
17 in the House, Clean Water has not had the total  
18 respect there that it has in the Senate because  
19 you've had strong leadership in the Senate. And  
20 there's going to be a change there. And we do not  
21 need to lose any friend that we presently have in the  
22 House or wherever.

23 And I would suggest that each of us go back  
24 and talk to our senators and representatives because  
25 there was a bill put in that eventually it was passed

1 on to the Acquisitions Committee -- Appropriations  
2 Committee. And that bill, if you have not had the  
3 chance to look at it, absolutely says that we will  
4 honor 2008. And I think we need to go back and get  
5 an assessment from our legislators as to how this  
6 feeling continues to go. Because talking with it, I  
7 actually pulled up the bill that was put through in  
8 the House of Representatives, and it does not take  
9 anybody that's really educated to look at that bill  
10 and says -- say that it was the intent of the  
11 Legislature or the intent of those people that we  
12 would not fulfill our obligation to the 2008 people.

13 So again, we're looking at our integrity.  
14 We've got a good track record, and I think we need to  
15 keep that in mind as we go forward and we grapple  
16 with this. And therefore, I would suggest that each  
17 of you contact your representative or your senator  
18 before we attack this thing in the next couple of  
19 months.

20 CHAIRMAN BADDOUR: What, I guess, I'm  
21 looking for now, if I -- Maybe I'm injecting myself  
22 too much into this. But, I guess, I'm asking for a  
23 motion that -- and this is really all we have to  
24 decide today -- is that the staff announce that we  
25 will be accepting applications for the 2010 cycle,

1 and that the 2009 applications will be considered as  
2 a part of that with the understanding that the  
3 applicant would reaffirm that application or be  
4 allowed to amend it.

5 MR. HESTER: So moved.

6 CHAIRMAN BADDOUR: Okay. I've got a  
7 motion. And a second?

8 MR. CAMP: Second.

9 CHAIRMAN BADDOUR: Discussion? Peter?

10 MR. RASCOE: I fully support that motion.

11 CHAIRMAN BADDOUR: Okay. Further  
12 discussion?

13 (No response.)

14 CHAIRMAN BADDOUR: All right. Hearing  
15 none, all in favor, signify by saying, "Aye."

16 TRUSTEES: Aye.

17 CHAIRMAN BADDOUR: Opposed, "No."

18 (No response.)

19 CHAIRMAN BADDOUR: The "ayes" have it.

20 Now, I would really like, again, for those of you to  
21 please talk with your legislators, talk with the  
22 Governor's Office if you have the ability to call the  
23 Governor's Office and the leadership over there, and  
24 put your -- you know, put your thought to this, and  
25 let's delve into this in February and really think

1 about how we want to deal with it. And Stan has  
2 indicated the desire -- He asked for before a cut-off  
3 of 25 percent. But there are also other ways that  
4 you could look at potential projects that we might  
5 not look on as favorably as others. And I'm going to  
6 ask our staff and Stan to look at that to see if  
7 there's a way that we can try to balance this  
8 business of number one, trying to keep our  
9 commitment, but on the other hand trying to do the  
10 best that we can to protect the water quality of the  
11 state. So -- And to keep our institution, which is  
12 an institution, a viable institution which -- which,  
13 I think, does require an active cycle each year in  
14 which we are out there, and our staff is out there in  
15 the communities and considering and looking at these  
16 projects and evaluating the projects. All of it is  
17 important, and it is a balancing act. And I thank  
18 you.

19 Okay. Now, the schedule -- the meeting  
20 schedule for 2010. Okay. As you can see, the staff  
21 is proposing our meetings in Raleigh. And this is  
22 unfortunate, not that I don't like Raleigh, but, you  
23 know, I think it's important that we get out in the  
24 state and see what's going on and look at our  
25 projects. But it is -- This is purely a money matter

1           when our staff has to travel, and a lot of us have  
2           to -- have to travel farther distances. It's just  
3           because it simply costs more money.

4                        But we are proposing going back to a  
5           meeting schedule that is our regular schedule. What  
6           I'd like to ask you to do is go back home and look at  
7           your calendars for either February 9-10 or February  
8           14-15 and send an e-mail or let the staff know which  
9           you prefer. Richard, if you will, send something out  
10          to everybody to remind them to do that.

11                      MR. BEANE:        Mr. Chairman, I'm going to  
12          put in a word for February 14-15. It's personal and  
13          selfish, but the next part of my calendar, I'm  
14          looking ahead. I can be here the 14th.

15                      CHAIRMAN BADDOUR:   Okay. You don't mean  
16          9-10?

17                      (General discussion among Trustees.)

18                      CHAIRMAN BADDOUR:   7-8 or 14-15, and  
19          we'll -- Thank you, Ron. And if you will, send your  
20          preference, we'll take that into consideration. Go  
21          ahead, Richard.

22                      MR. ROGERS:        One thing about the February  
23          meeting is it is a special meeting. And we're also  
24          going to arrange and have it directly (unintelligible)  
25          support us and help us along. But to have a dinner on

1 the Sunday night to honor the past members of our  
2 Trustees, Robert Howard, as well as Dickson and any  
3 other of the Trustees, Rick Coleman as well, invite them  
4 up and honor their efforts that they've given forward.  
5 And so we're looking to do that on the Sunday night of  
6 the February meeting.

7 CHAIRMAN BADDOUR: I appreciate your  
8 bringing that up. And Robert Howard, you know, was  
9 not reappointed by the Speaker. He has been a member  
10 of this Board, I think, from the beginning; is that  
11 right? And he served as Chair. And we do want to --  
12 I've talked with Robert, and he is willing to come  
13 and let us honor him and say nice things about him.  
14 I'd be willing to do the same with Dickson, who has  
15 also been a member since the Board --

16 MS. WESTON: I think Janet would come.

17 CHAIRMAN BADDOUR: Unfortunately, he is  
18 not going to be able to be with us. But we'll look  
19 forward to that. I think that will be a good time.  
20 So -- Okay. Do we need to actually formally adopt  
21 this subject to --

22 MR. ROGERS: Yes.

23 CHAIRMAN BADDOUR: Can I have a motion to  
24 adopt this meeting schedule with February to be open  
25 to the staff making a decision after getting



1 feedback.

2 MR. McMILLAN: Motion.

3 MR. CAMP: Second.

4 CHAIRMAN BADDOUR: Motion made and  
5 seconded. Discussion? All in favor say, "Aye."

6 TRUSTEES: Aye.

7 CHAIRMAN BADDOUR: Opposed, "No."

8 (No response.)

9 CHAIRMAN BADDOUR: All right. What else,  
10 Richard? Okay. Beth?

11 MS. MCGEE: We have one more item. If  
12 you -- In your Board packet, there's a table, Agenda  
13 Item K. And this agenda item has to do with  
14 reviewing construction projects that haven't entered  
15 into a construction contract within a year. It's  
16 very similar to the agenda item that you reviewed in  
17 September, and that at that meeting you approved new  
18 schedules for six projects then.

19 Right now, we have eight additional  
20 projects. We don't expect many more. There are only  
21 two more that haven't gotten to their year threshold  
22 yet for those first 92 that the statute applies to.  
23 So these eight, they haven't met the requirement yet.  
24 We have gotten letters. They're in your Board  
25 packet. And the table -- In the table, we've

1 summarized the major reasons they haven't gotten into  
2 a construction contract. Most of those reasons --  
3 The most common reasons are related to funding,  
4 commenting, project complexity, the economic downturn  
5 was mentioned. The statute states that if you agree  
6 that there is a good cause for failure, then you are  
7 required to set a new date by which these grant  
8 recipients must enter into a construction contract or  
9 forfeit the grant.

10 We have reviewed the letters and their  
11 reasons, and think that there is good cause for them  
12 not entering into a construction contract. And we  
13 would recommend that you would approve those new  
14 estimated dates. Winston-Salem was unable to give us  
15 a concrete date. We're still waiting to get feedback  
16 from DOT on some issues, but they've stated that they  
17 would proceed to construction quickly after getting  
18 that approval. So that's the first part of this  
19 agenda item.

20 A second part has to do with the 2008  
21 construction projects that you approved to encumber  
22 in September 2009. A year has passed already since  
23 most of those were approved since their original  
24 award date. And instead of establishing the one-year  
25 requirement from the original award date, we thought

1           it would make more sense to set it from the contract  
2           effective date. And the language in the contract  
3           certainly has this language now. It was -- The first  
4           time it was ever put in the contract was in 2007.  
5           And at that time, we had about a 130 contracts  
6           backlogged. It was before Kevin and Larry were  
7           hired. So it's a practical way to handle that  
8           situation. We put the one-year requirement from the  
9           contract effective date.

10                    What we're proposing to do is we -- With  
11           Kevin and Larry's help, we have a much better  
12           process. There's much less lag between the award  
13           date and the contract effective date. So what we're  
14           proposing for 2010 contracts is to set the one-year  
15           requirement from the award date as in the statute.  
16           So for this -- So what we're proposing is for the '08  
17           construction projects still to require them to meet a  
18           year from the contract effective date. So --

19                    CHAIRMAN BADDOUR: And Beth, the statute  
20           requires that we -- if we're going to give an  
21           extension, that we have to say what date it's  
22           extended to.

23                    MS. MCGEE: Yes.

24                    CHAIRMAN BADDOUR: So what are you  
25           proposing?

1 MS. MCGEE: For the -- For the projects  
2 on the list, in the far right-hand column, there is a  
3 new estimated construction date for those -- for each  
4 of those eight projects. And as I said, Winston-  
5 Salem doesn't know of a date, but they said as soon  
6 as they got their DOT issues settled, they would  
7 enter into a construction contract. We can just  
8 monitor their progress like we're doing in Goldsboro.

9 CHAIRMAN BADDOUR: I mean, what about  
10 those -- Well, as I understand it, though, we have  
11 to -- we can extend it as long as we want to, but we  
12 have to give them a new date.

13 MR. McMILLAN: Just stick a date that you  
14 think is reasonable.

15 MS. MCGEE: Okay.

16 CHAIRMAN BADDOUR: Yeah.

17 MR. McMILLAN: A year from now.

18 MS. MCGEE: Okay.

19 CHAIRMAN BADDOUR: All right. So November  
20 of 2010. Now, these -- these folks that have end of  
21 November 2009, do they really -- I mean, that's two  
22 weeks away.

23 MR. ROGERS: That's what they reported to  
24 us in letters. So they have written and said that's  
25 what they will be doing.

1                   MR. RASCOE:     He's saying make an award by  
2                   the end of December, and the statute says  
3                   (indiscernible) contract, right? I'm a little bit  
4                   worried about somebody --

5                   CHAIRMAN BADDOUR:    I agree.

6                   MR. McMILLAN:    Why don't we say end of  
7                   March 2010 with the exception of Winston-Salem.

8                   CHAIRMAN BADDOUR:    John, do you want to  
9                   make a motion?

10                  MR. McMILLAN:    I move that.

11                  MR. RASCOE:     I second that.

12                  CHAIRMAN BADDOUR:    Okay. Moved and  
13                  seconded that the projects listed on Agenda Item K,  
14                  that the contract date be extended to March of 2009  
15                  [sic] with exception of Winston-Salem -- 2010 -- with  
16                  the exception of Winston-Salem, which will be  
17                  November of 2010.

18                  MR. McGRADY:    Mr. Chairman, we also need  
19                  to make a finding so that the applicant has good  
20                  cause. So that ought to be included in the motion.

21                  CHAIRMAN BADDOUR:    Yes. That's accepted  
22                  as a friendly (indiscernible). Okay. Is there any  
23                  discussion?

24                  (No response.)

25                  CHAIRMAN BADDOUR:    So many as favor the

1 motion, signify by saying, "Aye."

2 TRUSTEES: Aye.

3 CHAIRMAN BADDOUR: Opposed, "No."

4 (No response.)

5 CHAIRMAN BADDOUR: The "ayes" have it.

6 MS. MCGEE: Thank you.

7 CHAIRMAN BADDOUR: Okay. Is there any  
8 other business to come before the Board?

9 MR. HESTER: Are we going to do anything  
10 about this Macon County request, the one that Tom  
11 talked about?

12 CHAIRMAN BADDOUR: Well, I think the  
13 feeling was it was out of the scope.

14 Okay. Is there anything else further to  
15 come before the Board? If not, we will stand  
16 adjourned and see you in February.

17

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20 *(Meeting adjourned at 2:57 p.m.)*

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CERTIFICATE OF NOTARY - COURT REPORTER

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE )

I, Jennifer D. Critcher, Court Reporter, Notary Public in and for the above county and state, do hereby certify that the foregoing is a true and accurate transcription, to the best of my skill and ability, of the meeting of the Board of Trustees of the Clean Water Management Trust Fund held in Raleigh, North Carolina on Monday, November 9, 2009.

Jennifer D. Critcher, Court Reporter
Notary Public, Wake County,
North Carolina
Notary Number: 200625800155