

BOARD OF TRUSTEES
CLEAN WATER MANAGEMENT TRUST FUND

MINUTES OF MEETING
MONDAY, JUNE 9, 2008
9:00 A.M.

NORTH RALEIGH HILTON
3415 WAKE FOREST ROAD
RALEIGH, NORTH CAROLINA

APPEARANCES

LEGAL COUNSEL

Frank Crawley, Assistant Attorney General

TRUSTEES

Phil Baddour	Jerry Wright
Claudette Weston	Stan Vaughan
Peter Rascoe	John McMillan
Dickson McLean	Chuck McGrady
Charles Johnson	Robert Howard
Bill Hollan	Joe Hester
Rance Henderson	John Crumpler
Rick Coleman	Norman C. Camp, III
Yevonne Brannon	

STAFF

Richard Rogers, Executive Director

Beth McGee	Penny Adams
Tom Jones	Sarah King
Lisa Schell	Bern Schumak
Robin Hammond	Cheryl Smith
Nancy Guthrie	Lyndsey Merriman
Kevin Boyer	Will Summer
Larry Horton	Tom Massie
Christopher Fipps	
Cheryl Johnson	
Maureen Berner, Ph.D	

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1 P R O C E E D I N G S 9:00 a.m

2 CHAIRMAN BADDOUR: Good morning everyone.

3 The clock before me says 9:00, so we will get

4 started on time. I thank everyone for their

5 attendance and welcome you here to our meeting

6 today.

7 Penny, will you do the role call for us?

8 MS. ADAMS: Chairman Phil Baddour.

9 CHAIRMAN BADDOUR: Here.

10 MS. ADAMS: Ron Beane.

11 (No response.)

12 MS. ADAMS: Yevonne Brannon.

13 (No response.)

14 MS. ADAMS: Norman Camp.

15 MR. CAMP: Here.

16 MS. ADAMS: Rick Coleman.

17 MR. COLEMAN: Here.

18 MS. ADAMS: Karen Cragnolin.

19 (No response.)

20 MS. ADAMS: John Crumpler.

21 MR. CRUMPLER: Here.

22 MS. ADAMS: Rance Henderson.

23 MR. HENDERSON: Here.

24 MS. ADAMS: Joe Hester.

25 MR. HESTER: Here.

1 MS. ADAMS: Bill Hollan.

2 MR. HOLLAN: Here.

3 MS. ADAMS: Robert Howard.

4 MR. HOWARD: Here.

5 MS. ADAMS: Charles Johnson.

6 MR. JOHNSON: Here.

7 MS. ADAMS: Kevin Markham.

8 (No response.)

9 MS. ADAMS: Chuck McGrady.

10 MR. McGRADY: Here.

11 MS. ADAMS: Dickson McLean.

12 (No response.)

13 MS. ADAMS: John McMillan.

14 MR. McMILLAN: Here.

15 MS. ADAMS: Peter Rascoe.

16 MR. RASCOE: Here.

17 MS. ADAMS: Stan Vaughan.

18 MR. VAUGHAN: Here.

19 MS. ADAMS: Claudette Weston.

20 MS. WESTON: Here.

21 MS. ADAMS: Jerry Wright.

22 MR. WRIGHT: Here.

23 CHAIRMAN BADDOUR: Okay. General Statute

24 138A-15 mandates that the Chair inquire as to

25 whether any Trustee knows of any conflict of

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

6 (No response.)

7 CHAIRMAN BADDOUR: Are there any
8 revisions, additions to the agenda?

9 (No response.)

10 CHAIRMAN BADDOUR: Then do I hear a
11 motion that the agenda be adopted?

12 MR. WRIGHT: So moved.

13 MR. JOHNSON: Second.

14 CHAIRMAN BADDOUR: Any objection?

15 (No response.)

16 CHAIRMAN BADDOUR: Without objection, the
17 agenda is adopted.

18 I remind everyone to put their cell
19 phones on vibrate or turn them off.

20 I think all of you have, in your packet,
21 a transcript of the February 2008 meeting. I know
22 that everyone has read it in detail. Hopefully
23 somebody has, but I would appreciate a motion to
24 approve those minutes.

25 MR. CAMP: Move approval.

1 MR. WRIGHT: Second.

2 CHAIRMAN BADDOUR: Moved and second. Any
3 discussion?

4 (No response.)

5 CHAIRMAN BADDOUR: Any objection?

6 (No response.)

7 CHAIRMAN BADDOUR: Without objection, the
8 minutes will be approved.

9 I want to recognize the Advisory
10 Committee members that are here, and some of our
11 partner representatives. Dewitt Hardee from the
12 Department of Agriculture. Dewitt, we are glad to
13 have you here. We also have Lisa Riegel with
14 Natural Heritage Trust Fund. Lisa, always glad to
15 have you. And Reid Wilson with the Conservation
16 Trust. Reid, glad to have you here.

17 Just, you know, service on this Board is
18 certainly a public service, and we appreciate all
19 that you do. We have some members of our Board
20 that do double duty in some terms of public
21 service or who seek to do double duty in terms of
22 public service, and we just passed an election.
23 So I just want to recognize that Chuck McGrady has
24 been nominated to serve again on his county's
25 Board of Commissioners, and Jerry Wright won an

1 election and has the right to run and serve on his
2 county's Board of Commissions. So we are very
3 proud of them and grateful for their service in
4 that respect.

5 MR. McGRADY: Phil, both Jerry and I had
6 landslide wins that ought to be noted, too. The
7 sum total, I think, were 200 votes in both races.

8 MR. WRIGHT: Bruised and battered.

9 CHAIRMAN BADDOUR: Let me tell you, I
10 have won close elections and I have lost close
11 elections, and it's a lot more fun to win a close
12 one.

13 Okay, it's time for public comment. Is
14 there anyone who would like to make any comments
15 to the Board who is here for that purpose?

16 (No response.)

17 CHAIRMAN BADDOUR: Well, hearing none, we
18 will move to the consent agenda items. Look over
19 the consent agenda.

20 Is there any item that someone would like
21 to have taken off of the consent agenda? First
22 involves a decision matrix approvals that the
23 staff has proved under the guidelines that we have
24 set forth; and number two is request for approval
25 of project withdrawals.

1 Any comment on the consent agenda?

2 Richard.

3 MR. ROGERS: If we could just take a
4 minute, I would like Beth to just give you all an
5 overview. We implemented the decision matrix back
6 in November, and just wanted -- do you all have a
7 list of the projects we considered, the ones that
8 we've done at the staff level, as well as the ones
9 that the chair has approved on? I think this has
10 been an effective method for us to carry on our
11 business when we don't meet, if Beth would just
12 give us all a brief summary.

13 MS. MCGEE: I was just looking at the
14 numbers of what we have gotten in since November,
15 and if you remember, in November you adopted the
16 decision matrix where we sort of separated
17 requests for project changes or additional funds
18 into through levels. The first, the more minor
19 changes the staff had approved, and then the next
20 level was the chairman and co-chair level, and
21 then the more comprehensive changes would need
22 full Board review and approval.

23 So, just looking at the list, we have
24 gotten about 29. There are a few more that we've
25 added to the list since it went out in the Board

1 package, but about 40 of those -- 40 percent --
2 no, excuse me. 56 percent of those were waste
3 water projects. So, by far, over half, a little
4 over half were waste water requests, and then
5 about a quarter of them were from restoration and
6 stormwater projects, and the rest were
7 acquisitions.

8 So, they do come frequently. They come
9 just every day. Not every day we get one, but
10 they are a significant workload, in terms of
11 dealing with these issues. About 44 percent we
12 have been able to approve at a staff level, so I
13 think that the system is working. About a third
14 of those will come to you either in June or the
15 later meeting for review, and that's really all.

16 Oh, excuse me, I did want to add -- I'm
17 sorry, I did want to add, we had two projects that
18 were -- that Larry added to the list that I just
19 wanted to put a bug in your ear about.

20 One was Southport. They are considering
21 sending their waste water to Brunswick County
22 instead of the -- is it the Southeastern Brunswick
23 Sewage District Waste Water Treatment Plant, and
24 we've met with the city. They haven't made this
25 request formally, but it is on our radar screen.

1 And also the City of Bolton. For that project,
2 Lake Waccamaw and Whitehall, they are working with
3 Bolton to modify the town's project to provide
4 facilities that will allow Lake Waccamaw to send
5 their waste water to Whitehall also. So Bolton,
6 we actually approved that request because it
7 didn't change the scope and the funding didn't
8 increase, but I just wanted to share those two
9 with you.

10 CHAIRMAN BADDOUR: Okay. If there are no
11 further questions, do I hear a motion that the
12 consent agenda items be adopted?

13 MR. VAUGHAN: Moved.

14 CHAIRMAN BADDOUR: Moved and second.

15 MR. JOHNSON: Second.

16 CHAIRMAN BADDOUR: Discussion.

17 (No response.)

18 CHAIRMAN BADDOUR: Hearing none, all
19 those in favor of the motion, signify by saying
20 aye.

21 (Trustees respond.)

22 CHAIRMAN BADDOUR: Those opposed.

23 (No response.)

24 CHAIRMAN BADDOUR: The ayes have it. The
25 agenda is adopted.

1 We now turn to our executive director,
2 Richard Rogers, for his report.

3 MR. ROGERS: Thank you, Mr. Chairman. If
4 I could, I would like to take the liberty to let
5 Lisa do her communications report first. I think
6 that will be a little more exciting than my
7 report, but we will let her go ahead, and then I
8 will proceed with the executive director's update
9 on administration.

10 Lisa.

11 MS. SCHELL: I am running two machines
12 over here today, so let's see how ambidextrous I
13 am.

14 Good morning everyone. Since we last
15 met, we have had quite a few hits in the media,
16 and in the interest of brevity, I wont list all of
17 them for you, but these are some of the most
18 recent.

19 The one at the very bottom there,
20 Admirable Gains but, was an editorial at the end
21 of last month in the Charlotte Observer that did
22 highlight the Management Trust Fund as well as the
23 three other conservation trust funds and the good
24 work that all of them are doing, and I just wanted
25 to sort of highlight that one with you, and also

1 the conservation project focuses on Pond Mountain
2 in the Jefferson Post. That was the result of a
3 project tour that Richard and Bern and I took
4 earlier that month, and I just wanted to sort of
5 mention, but for those two.

6 Media contracts. Since our last meeting,
7 several. I would also like to highlight that
8 Richard did a 50-minute live radio interview with
9 WTKF, which is in Moorehead City, Crystal Coast
10 area, talking about stormwater and other
11 drought-related issues, and that went very well.

12 News releases, the typical ones that we
13 normally do this time of year. Also, much of the
14 media coverage generated in the last month or so
15 was the result of a Land For Tomorrow news release
16 associated with the publication and distribution
17 of the green books, and so we have the opportunity
18 to thank Reed Wilson and his staff for doing that,
19 as well.

20 Usual busy time of year for us, lots of
21 public requests for information. Nothing out of
22 the ordinary in that regard, mostly application
23 criteria related kinds of questions.

24 Events. We've already started doing a
25 few. We took a media tour of the Alligator River

1 in April, the Pine Mountains, the site visit that
2 I just mentioned a few moments ago, as well.
3 Richard spoke at Apex's Conservation Days at the
4 end of the month, and then the White Oak Creek
5 dedication, which was day before yesterday in
6 Cary. Thanks to Robin and Nancy for attending
7 that and representing Clean Water.

8 And now what you have all been waiting
9 for, the trustees tour. This started in
10 Goldsboro, which is where that photograph is
11 taken. I had to show at least one picture of the
12 bus, which is in the background. That is the
13 constructed wetlands in Goldsboro. Another
14 photograph of the plants there, kind of long
15 range. Oh, close up range of some of the plants
16 that are helping to polish the waste water that's
17 released back into the Neuse before it actually
18 goes back into the Neuse. That would be it, as
19 well. So that's where the tour started.

20 From there we went down to the White Oak
21 and spent a little bit of time actually on the
22 river, courtesy of the Division of Parks and
23 Recreation and also the North Carolina Coastal
24 Federation, which helped arrange that part of the
25 tour.

1 That is a close-up of our sign on Jones
2 Island, which is one of our latest acquisitions on
3 the White Oak.

4 The next day things moved on to North
5 River Farms north of Beaufort. That's the highest
6 part of the farm, and maybe -- Sarah, is that the
7 highest part of that part of the State?

8 MS. KING: Yes.

9 MS. SCHELL: Okay. Obviously the bus
10 didn't go up there, so everybody hiked up there
11 and hiked down. We got a presentation from
12 Coastal Federation folks talking about the
13 restoration on North River Farms, and then a
14 lovely view of the Open Ground Farms right
15 adjacent to it, and the blooming canola I think
16 that is.

17 From there we took the ferry across to
18 Ocracoke and Springer's Point, which is the North
19 Carolina Coastal Land Trusts Preserve in Ocracoke.
20 Maritime Forest setting there, which has a small
21 nature trail that actually goes out to Teach's
22 Hole, which is in the background. Edward Teach,
23 of course, otherwise known as Blackbeard, and
24 that's the point. It was a lovely day, but by
25 that time I think everyone was rather hot. Not as

1 hot as we are right now, but it was a bit warm.

2 And our sign there at Springer's.

3 Coming back around the next day, that is
4 on the Alligator River. You could see that the
5 weather changed a little bit. It was a little bit
6 windy. That's before everybody on that boat got
7 wet. That would be some of the scenery there. We
8 had perfect weather for that tour up until
9 everybody got off the boat at Alligator River, and
10 then it did start raining.

11 So, that was the tour. I don't know if
12 Chairman Baddour wants to say anything in addition
13 to that.

14 CHAIRMAN BADDOUR: Well, first of all, I
15 want to thank those members of the Board who were
16 able to go, and some of you had conflicts and
17 could not go. I think it was a tremendous
18 success. I would be interested in what some of
19 you who went would say about it. I think the
20 feedback I've gotten has all been extremely
21 positive, and hopefully we could do this again in
22 April of next year and maybe go to the west. So
23 we will try to get it on the calendar early so
24 maybe we could avoid as many conflicts as
25 possible.

1 I just want to really thank the staff,
2 Lisa for what you did. Kenny, you did a lot of
3 work in arranging all of that. Richard, you too,
4 from the first time, and Beth and Tom went along.
5 Sarah was with us for part of the time.

6 You know, these things we say do this, we
7 would like for you to do this. It rolls off the
8 tongue pretty quickly, and then the staff has to
9 spend a lot of time putting it together, but I do
10 think it's worth it, because we do need to be out
11 there seeing what we are doing and what we're
12 about on the ground.

13 So, I don't know if there is anybody else
14 who would like to make a comment about it, I will
15 certainly recognize them for that purpose.

16 (No response.)

17 CHAIRMAN BADDOUR: Not necessary, okay.
18 But again, thank you very much and we will look
19 forward to doing it again next year.

20 Lisa, you've got something else?

21 MS. SCHELL: Yes, sir.

22 CHAIRMAN BADDOUR: Okay.

23 MS. SCHELL: Just one last thing, thank
24 you. Major projects, Mr. Massie has handed out
25 the annual report which came out probably about

1 three or four weeks ago. We have a box in the
2 corner over here if any of you would like to take
3 some. We also have boxes at the office if you
4 would like to take more than just a handful.

5 Just one thing I do kind of want to point
6 out; it's a cosmetic thing, but it's also a
7 perception thing. In the past we have always used
8 recycled paper, but it has been the recycled paper
9 that looks glossy, and you may notice that the
10 cover and the inside this time have more of a mat
11 finish, and it's just something, a new look that
12 we tried this year, and I think it looks very
13 nice, and it looks a little more eco-friendly, if
14 you will.

15 Other major projects that I have been
16 working on; doing some legislative tracking for
17 Richard, as you may be aware of from the e-mails
18 he sent out in conjunction with this session,
19 usual speeches and talking points as needed, as
20 well as events planning and news releases.

21 We, at the Chairman's suggestion, have
22 been working to coordinate a community outreach,
23 a/k/a speakers bureau, to get our message out to
24 community groups, such as Rotary and Kiwanis.
25 This is something we want to do and are targeting

1 to do all across the State.

2 As many of you know, last year we
3 prepared a power point that we have made available
4 to all of you that is updated annually, and it's
5 something that all of you can use, should you be
6 interested in doing any of these presentations.
7 The Chairman has done two of them in Goldsboro,
8 we've done one in Sylva, we have three, actually,
9 on the calendar for the middle of next month in
10 Morganton, thanks to Mr. Henderson. We are
11 awaiting final confirmation on a fourth one in
12 that area in Valdese, and also, I have contacted
13 the Rotary Club in Winston-Salem which is very
14 interested in getting us on their calendar, and I
15 have queries out to two of the Rotary Clubs in
16 Charlotte as well as in Raleigh. And that
17 concludes my report, Mr. Chairman.

18 CHAIRMAN BADDOUR: Thank you very much,
19 Lisa, and I really appreciate that. You call it
20 the outreach program, but I do think it's
21 important that we get out and we, again, let the
22 people of the State know what we are doing. What
23 I have asked Richard to do is, as they schedule
24 these things, to first of all look to our
25 trustees, the trustees that are in that area, to

1 see if the trustee can go. Rance, I appreciate
2 your willingness to do that and Wilmington. If
3 you are called on, I hope that you will try to
4 arrange your schedule so you could go and do this.
5 It's a good thing, and I think that you'll enjoy
6 it. If the trustee cannot do it, then some member
7 of the staff; Richard or some other member of the
8 staff; will try to cover it for us, or I will try
9 to cover it if I can. The individual trustee in
10 the area I told to come to me, and if I can't do
11 it, then we'll go to the staff to do that.

12 Any questions or comments about that?

13 MR. RASCOE: Yes.

14 CHAIRMAN BADDOUR: Yes, sir, Peter.

15 MR. RASCOE: I used the last years Rotary
16 Club. Is there an updated version of that yet?

17 MS. SCHELL: I could get that to you.

18 CHAIRMAN BADDOUR: Okay, well, Peter, I'm
19 glad that you have done that. We are kind of
20 keeping track of that, Lisa, if you could make a
21 note, and if any of you do like Peter and kind of
22 hold your own schedule, will you let us know? I
23 would like to kind of keep track of what we're
24 doing out there. Okay. Thanks.

25 And by the way, the power point, if you

1 will be in touch with her, and maybe yours was,
2 Peter, but it will be for your area. You know,
3 it's generic up to a point, but then, in terms of
4 looking at the projects, the emphasis will be on
5 the area where the presentation is actually given.
6 Okay.

7 We are going to skip the Attorney
8 General's report right now. You're not finished?

9 MR. ROGERS: No, sir. If you like for me
10 to be, I can.

11 CHAIRMAN BADDOUR: Let me go back.
12 Moving right along.

13 MR. ROGERS: Please, Please.

14 CHAIRMAN BADDOUR: I apologize. Please,
15 please, please, resume your report, yes.

16 MR. ROGERS: There is only about 20 items
17 here I wanted to go through, but it appears the
18 Chairman is ready to get done.

19 CHAIRMAN BADDOUR: No, no, not true at
20 all. Not true at all.

21 MR. ROGERS: If we could approve with
22 everybody's consent, then we could definitely do
23 it.

24 I would like to take some time to provide
25 the Board members kind of an update of our

1 administrative activity that we have been taking
2 on since we last met in February, and I think it's
3 been -- we have had a rather busy time. Not only
4 have we had our applications come in the 1st of
5 February, starting to matriculate those through
6 the process, but we have also done many other
7 things, and I wanted to briefly go through them.
8 And then I also wanted to review my work plan with
9 the Board in a rather short order, but to go over
10 it so that you all are aware of the progress that
11 I have made with regards to that.

12 We are working on an evaluation tool, and
13 the chairman and Trustee Beane will get a tool to
14 you so that you all can evaluate my progress and
15 then get that back to Trustee Beane, as well, for
16 that, because in talking with the Chairman and
17 Trustee Beane, that I think we wanted everyone to
18 have the opportunity to do that.

19 One of the major things we have been
20 working on is trying to get staffed up, and I
21 mentioned yesterday that we are fully staffed, so
22 that is a great thing. I do want to recognize the
23 newest employees. Cheryl Smith; Cheryl, stand up,
24 please; is our stewardship program coordinator.
25 She joined us May 19th. Previously she has worked

1 at DOT in environmental section. She's also had
2 extensive work with the department in the Wetlands
3 Restoration Program, Parks and Rec BWQ. She
4 brings a really unique past to this that is just
5 going to jump into this job. She's worked with
6 easements before. She's worked with folks in
7 development of easements on the ground. She's
8 worked at the local level. She's worked with
9 constituents and clients. I think she really is
10 very well suited to take this program on and run
11 with it.

12 Will Summer came in. Will, stand up. I
13 had dinner with him last night. Came in on the
14 27th of May. He is replacing Nancy Guthrie as the
15 eastern regional field rep. Will is the chemist
16 from the Division of Forest Resources. Saw the
17 director the other day, and he's extremely upset
18 with me because we took a good employee away from
19 him. So we are ecstatic to have Will with us, as
20 well.

21 We also have, not directly in the office,
22 but a great asset to us as a property agent,
23 Everett Moore is over here. Stand up Everett.
24 When did you come on Everett?

25 MR. MOORE: 1st of March.

1 MR. ROGERS: 1st of March, and he is the
2 one in the property office that helps us move
3 forward with your projects, and I'd like to thank
4 Everett for the interest he's taken in our
5 projects. He's gone on site and really getting
6 engaged and involved in the program. So we
7 certainly appreciate that.

8 This does round out our current staff,
9 and for the first time since I have been on board,
10 and I think the first time in a long time, we are
11 fully staffed.

12 Since February we have done several
13 things. We've had an acquisition workshop and we
14 had, I don't know, 40 folks show up from Land
15 Trust and conservation entities across the State
16 over at the Parker-Lincoln building in Raleigh.

17 The whole purpose of this was to lay out
18 our process for how we manage contracts, how we
19 get into contracts, and we actually developed a
20 notebook. There it is. Right here is a reference
21 document for all land trusts to have and for us to
22 have, so that when we have issues and questions
23 come up about payment, when we have issues and
24 questions come up about budget or any process in
25 that, we can reference the page in that manual,

1 and everybody has the same information.

2 One thing we are looking for is
3 consistency in management of projects, and that's
4 something that I think was a success, and we will
5 continue to followup with that.

6 We also are interested and in the process
7 of planning storm water and waste water workshop
8 that is very similar dealing with receipts and
9 dealing with invoicing and management projects, as
10 well. We are in the process of getting -- the
11 thing that really works here is it helps staff get
12 together to identify the process, and we all
13 understand the process, and it takes some time to
14 do that, and pulling the information together
15 really takes some time. So we're getting ready to
16 start working with Kevin and Larry and Beth on
17 getting ready to start developing a workshop for
18 the storm water and waste water, as well. This
19 will take some time in the middle of our
20 application process, but we hope by the very end
21 of this year, the first quarter of next year, we
22 will have that workshop, as well.

23 Office space. We had a little discussion
24 on this yesterday. We are winding that down, for
25 better or worse, and we are planning to go down to

1 South Saunders Street, and it's right off the belt
2 line, so that would be convenient for trustees to
3 get in. The good thing about this is it's a shell
4 right now. We'll be able to design it the way we
5 like it. I think we will have plenty of room.
6 The space will be new, and we're looking forward
7 to getting into it. We will most likely not have
8 the opportunity to move until 1st of September and
9 maybe even October, just because of the delay in
10 getting started on this, but we are moving in
11 there.

12 We're looking at a three-year lease on
13 that. The square footage is going up. The cost
14 per square foot is about the same, maybe a little
15 less than the space we are currently in, and we
16 will report on the numbers on that in our
17 administrative budget when we come back in August.

18 Other issues that we have done in the
19 interim, you will hear a little bit more about the
20 Innovative Storm Water Management Workgroup that
21 we did. That was a very successful venture. It
22 took some time, but the time that Kevin and the
23 staff, Penny and folks, put into it, I think it
24 ended up in a good process and it has a good
25 product, and we will talk a little bit more about

1 that a little later. And we also participated in
2 the acquisition process that you will hear more
3 about, as well.

4 Maureen Berner and her staff did an
5 extremely thorough job of analyzing our process;
6 and again, that thorough job helped us understand
7 the process better and helped us, I think, come up
8 with some good recommendations of things that are
9 going to help us move acquisition contracts
10 forward quickly.

11 I mentioned work plan, and I will go over
12 that in just a minute, but from a staff
13 perspective, all of our staff had had their final
14 review for the year by their supervisors. I just
15 wanted to make sure you knew about that, and work
16 plans have been in and we're starting to make up
17 new work plans for this next year. So we have
18 done that, as well.

19 Legislatures in town, they are moving
20 quickly, and they usually do get off to a fast
21 start, but hopefully they can sustain it and make
22 it around the track, unlike Big Brown did the
23 other day, in a timely manner.

24 With regards to pretty much a budget
25 session, and they are making adjustments to the

1 budget, we have -- the budget has passed out of
2 the House. We are at \$100 million. We are in the
3 continuation budget. It should not be an issue,
4 but it was brought up and identified in the
5 budget. There were no amendments run to take
6 funds away from us to fund somebody else, and I
7 think that is a tribute to the work that the Board
8 has done, a tribute to the projects that we have
9 out there, and I was telling somebody, it is nice
10 to be able to, when the budget goes to the floor,
11 to be able to go to legislators on both sides of
12 the aisle and say, if you hear anything, please
13 stand up and support us, and they say it's not a
14 problem. And I was able to do that. Fortunately,
15 we didn't have anybody take a shot at us on the
16 floor of the House. So I think we are in good
17 shape.

18 The budget is going to be considered,
19 starting to be considered by the Senate, and
20 probably very quickly pulled together; and they,
21 the Senate, will respond, I'm thinking, within a
22 week or two, and they will be in conference. The
23 idea is for them to get out before July 4th, and
24 they seem very dedicated and focussed on that
25 date. So they are looking about July 3rd or so .

1 We have been trying to communicate with
2 you all on some e-mails with bill tracking that
3 Lisa is helping me with, and then also kind of a
4 summary of the week's work. We don't have to do
5 that now, but if there is any feedback on that, a
6 better way to do it or a different way to do it,
7 you need to let us know. My intention is to try
8 to give you all some kind of summary of the weekly
9 activity so that we keep you in the loop on what's
10 going on in the legislature. We also tried to
11 identify a few articles that might be of interest,
12 for more of a general nature with regard to the
13 legislature, as well. So, we look forward to
14 that.

15 The other thing in the budget is there is
16 \$50 million in appropriated funds that has been
17 awarded to the Parks and Rec and the Natural
18 Heritage Trust Fund. So, this is funds that will
19 be additional to their normal revenue going into
20 their funds. Last year they got \$100 million in
21 comps and they did well in spending that down; but
22 this year they actually not appropriated funds out
23 of the House, which I think is a big step, and
24 it's not our funds, and that again is another
25 mechanism that will support our efforts, as well.

1 One of the other issues, from a
2 substantive nature, is we have worked long and
3 hard -- well, we have been working on our
4 stewardship program, and yesterday we passed a
5 motion, I think, in committee, but I wanted to
6 bring this up with regards to looking and setting
7 up an endowment account for our stewardship
8 program. And John, I don't know whether there is
9 something you want to say about that. I have been
10 working with John on that, and we're looking to
11 put a provision in to set up an endowment account
12 and a special interest bearing account, which we
13 feel will provide the interest we'd need in order
14 to sustain our stewardship program.

15 CHAIRMAN BADDOUR: John.

16 MR. McMILLAN: Well, Richard, this has
17 been an issue we have been talking about for
18 several years as to how best to do that, and how
19 to best administer the stewardship funds that we
20 currently hold, and it is about \$2 million. Most
21 of you were here yesterday when we discussed this,
22 and the Acquisitions Committee approved seeking
23 legislative authority to establish a separate
24 account with the Treasurers Office for these
25 funds. If we would have access to the interest,

1 the income from that account to run our
2 stewardship program, I don't know whether you want
3 to deal with that now or whether you want to deal
4 with it in the acquisitions.

5 MR. ROGERS: I think we could deal with
6 it in acquisition, that would be fine. Thank you.

7 CHAIRMAN BADDOUR: Before we go on, I
8 promise I won't stop you from finishing your
9 report. You know, it really is worth noting that
10 last year the budget started in the Senate, and
11 then it went to the House, and we were very
12 pleased that the House did not attempt to do
13 anything with our appropriation. It wasn't a
14 trade item or anything like that. It was in the
15 Governor's budget.

16 So, this year, of course, the budget
17 started in the House, and so we are very pleased
18 that the House, it was recommended by the Governor
19 and not in any way disturbed with the House. So I
20 feel pretty good about it going over to the
21 Senate. So, we should all feel good about our
22 work and how the general assembly feels about what
23 we are doing; and again, thanks to our good staff
24 for all their work in that respect, and to
25 John McMillan who chairs our Legislative

1 Committee.

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

3 One thing I did not do initially was introduce
4 another new employee, Penny Adams, who has been
5 with us since March, March 3rd. Seems like
6 forever. We have given her so much work coming in
7 the door, but Penny is with us. She is taking the
8 place of Gina, and we know nobody can take the
9 place of Gina, but let me tell you, she is doing
10 an exceptional job. A lot of you all communicated
11 with her, and we are extremely pleased and happy
12 to have her on board with us, and she is a great
13 asset to the organization. So, welcome Penny, and
14 thank you so much for all you do.

15 Now, there in your packet is my work plan
16 for 2008. I am going to briefly just run through
17 that; and one thing I would like for you all to do
18 is, if you will, just take a look at it. One
19 thing that these work plans are not set in stone.
20 This was developed with the help, and I worked
21 with Phil, we talked about it at our February
22 board meeting. So, I need your input if there are
23 things that aren't on here that need to be on
24 here, or things that we are looking at focussing
25 on. Where is it in the packet? Item D.

1 What we did was we basically broke down
2 my work responsibilities in five different areas
3 of program administration, personnel
4 administration, support and engagement of
5 trustees, the general assembly work and outreach
6 and communication.

7 And I think with regards to personnel
8 administration, we have met the expectations in
9 getting our water quality advisor hired and also
10 our stewardship coordinator hired, and on top of
11 that we also feel that they can see in the eastern
12 regional field rep, too. So we are fully staffed.
13 That was one of our goals, that we wanted to make
14 sure we were fully staffed going into the new
15 fiscal year, as well.

16 With regards to program administration,
17 we are in the process of looking at our
18 administrative budget. We will be presenting that
19 to you in August. On the work plan, we had June,
20 but that poses a little bit of a problem for us.
21 One thing is we don't know that we are funded.
22 The other issue is that we have several
23 outstanding reports. One is our acquisition
24 report, our project report that may impact our
25 administrative budget. So, we need to kind of

1 know what our funding is so that we could develop
2 that budget, and we will bring that to you in
3 August.

4 Looking at the application process in
5 management, I think we are on time there with our
6 activities, with carrying out our screen and
7 working diligently there. The board meetings,
8 making sure they are set up, and I think our
9 project tour was a success, and we look forward to
10 doing that.

11 Our contract management. I do want to
12 spend a little bit of time on that, because I know
13 it's of importance and of interest to the
14 trustees, and one of the issues that has been --
15 we have been not meeting the mark on, so.

16 CHAIRMAN BADDOUR: Richard, before you
17 get to that, I just think this work plan is so
18 important, and important for us to look at it and
19 to give Richard feedback or comment. Not
20 necessarily today, but take a close look at it, if
21 you would, and if you got any thoughts, let him
22 know. I mean, it's a lot to put this together,
23 and I think it serves a real purpose, and
24 hopefully the tool that we use to evaluate Richard
25 would somehow track this program of work so that

1 we will have an opportunity to evaluate him in the
2 areas in which, you know, he said that he's going
3 to spend his time and effort.

4 So, anyhow, we thank you. I know that
5 putting this together takes a lot to do it, and I
6 guess think maybe you go to bed with it at night a
7 lot.

8 MR. ROGERS: I probably need to do that
9 more than I do.

10 What Tom and Beth have handed out is a
11 real brief summary of what our progress is with
12 regards to our 2007 contracts. And draft in
13 progress, it simply means that we have a draft, it
14 is in house, it is being reviewed, and will be
15 sent out as soon as it is reviewed and approved by
16 the project manager.

17 Out the door basically means one of the
18 goals we have is getting those contracts in the
19 hands of our clients and then they, the onus is on
20 them to sign it and get it back in. But out the
21 door includes both those grants that we had sent
22 out of house and also the ones that have been
23 unencumbered, and then there is also a couple that
24 have been withdrawn, and then a few that have not
25 taken action for various reasons.

1 This is a roll up of all the grants that
2 have been approved by the Board. It's also
3 including all the mini-grants that we process.
4 The total for last year was almost 200 grants that
5 had been approved either through the Board or
6 through our mini-grant process, \$116 million. And
7 if you will notice out the door, which is our
8 goal, we've got about 85 percent out the door. We
9 had a couple kind of staggered expectation with
10 regards to each of our different program areas.

11 Our storm water, restoration stormwater,
12 I think was in March. Our waste water where we
13 were looking to make sure we got them out the door
14 by the 1st of June, and then our acquisition
15 contracts we were looking at the 1st of July at
16 90 percent of those things out the door.

17 So we are running on target. This is
18 still not where we want to be. One of the things
19 that we have been talking about with regards to
20 contracts is that we need to add an application
21 cycle and we need to have a contract timeframe,
22 and the efforts in this next year and what we are
23 looking at; and we will provide the administrative
24 budget to you so that we could achieve this; is to
25 have all the contracts out the door by the

1 1st of February '09, have all the grants that have
2 been approved in 2008. What that does, it kind of
3 separates our cycles. Then we could get focussed
4 on our applications that come in for 2009. We
5 will have the contracts out the door for 2008, so
6 that we are not overlapping the workload with
7 regards to our project areas.

8 That will make us a bit more efficient.
9 It will take a lot of stress and strain off the
10 project managers so they can be focusing on the
11 current contract rather than have the focus on
12 writing contracts. So the current applications
13 rather than focus on the contracts. So, we are
14 getting there. I'm not saying we are there yet,
15 but we wanted to provide this information to you
16 all to give you an update.

17 This is not on the sheet, but if you look
18 at the funds that we have encumbered, about half
19 of the funds that were appropriated, about \$58
20 million. So those contracts are out working, and
21 the other ones we should be getting in and moving
22 forward, and hopefully by the time we get this we
23 will have a whole lot more covered.

24 So, we might want to break here and see
25 if there are any questions.

1 CHAIRMAN BADDOUR: Any questions,
2 comments?

3 Bill, Mr. Hollan.

4 MR. HOLLAN: We don't have a report this
5 time on the overall status of funds that we have
6 encumbered and unencumbered. I think we, from
7 time to time, used to get reports that showed that
8 we had \$200 million in the bank or \$250 million in
9 the bank, whatever it was; and I'm not asking for
10 those numbers today, but I think it would be
11 helpful to get those back in our package so that
12 we could look at that. And we also would get an
13 update on the current year status, the total
14 expenditures for the administration and what is
15 being expended towards grants and so on. I think
16 part of our job is to oversee the funds that we
17 have and their status and the expenditures. So,
18 if we could maybe get that in the Board package
19 next time, I would appreciate it.

20 MR. ROGERS: That's an excellent point.
21 We will make sure we provide that update when we
22 also provide the administrative budget. Good
23 point.

24 MR. HOLLAN: Thank you.

25 MR. ROGERS: One of the things that,

1 under our support and engagement of trustees --
2 well, let's go back to facility management. I
3 have given you an update on the office space, and
4 basically our activities under that are pertaining
5 to the office space, and then the others are
6 looking at our innovative stormwater, which we
7 will get a report on later, the special interest.

8 Now, this is one area within the work
9 plan that will change annually with regards to
10 focus on special interest that we want to look at
11 that are kind of out of the norm from our normal
12 course of work.

13 Supporting and engaging the trustee.
14 Again, the effort here and focus was on; one, to
15 make sure that you all had what you needed, from
16 the trust fund perspective. We are also in the
17 process of still assimilating into a single cycle,
18 and we wanted to make sure, one of the concerns
19 that I heard last year was that are we doing our
20 due diligence with regards to reviewing all the
21 applications and making sure that we spend the
22 time that we need so that we could make the best
23 decision with regards to those that we fund.

24 One of the concepts is that we did have
25 committee chair meetings last year during the

1 different program area. One of the false issues
2 we may want to discuss a little bit, if you want
3 to have any meetings out of a regular board
4 meetings and provide a conversation or call-in
5 number for the full committee to participate in
6 prior to coming to the Board meeting, which may
7 allow us a little more time to go over projects
8 and get some questions, and then we will still
9 have the board meeting committee meetings, but
10 just trying to look at ways to raise the comfort
11 level with regards to the decisions that we have.

12 One thing, if you look under
13 communication with chair board, one thing that has
14 extremely benefitted me is having the ability to
15 talk to Chairman Baddour on a regular basis, and
16 you don't know how much I appreciate his
17 willingness to talk to us and communicate with us
18 on a regular basis. It really does help us make
19 sure we are staying on the path, and it helps us
20 in administrating the trust fund. So I do
21 appreciate that.

22 And then there is special projects again
23 underneath; our clean water tour, our retreat
24 agenda. We will be working on that. That will be
25 part of a new work plan. And then orientation

1 will be Board members which we will update on
2 that. We do have a vacancy, and it is a little
3 update, because I have not heard anything out of
4 the present office with regards to that
5 appointment.

6 Outreach and communication. It's pretty
7 basic and simple. Lisa helps us out a great deal
8 on that, and as you saw in her report, we are
9 working extremely hard just to get to the local
10 level reporting about the progress, the activities
11 that we take place and that have happened in the
12 communities and how we have impacted the
13 communities across the State.

14 The general assembly. I have given you
15 an update on that. We are working to make sure
16 that we track legislation.

17 This year the legislation that was
18 introduced mostly is all dealing with
19 appropriations and finance, not a whole lot of
20 substantive legislation, but we have collected
21 those and will be going through them and tracking
22 them as they run through committee. The intention
23 is, if anything comes up that we need to notify
24 you of, we will get with John and the Chairman and
25 then kind of decision, if we need to make a

1 decision on a position of the deal, and then
2 communicate that to the full Trust Fund Board to
3 get some feedback on that, as well.

4 The weekly updates. Again, you all seen
5 that will be -- I would love to have, if you would
6 be interested, in seeing how we could improve that
7 process, too.

8 So, Mr. Chairman, I believe that's the
9 extent of our report. Thank you very much.

10 CHAIRMAN BADDOUR: Well, thank you very
11 much for that good and detailed report.

12 MR. ROGERS: Just to note again, we will
13 be getting the evaluation format out to the
14 trustees and develop a process for you all to
15 respond back to me, too.

16 CHAIRMAN BADDOUR: Any questions or
17 comments from the board?

18 (No response.)

19 CHAIRMAN BADDOUR: Okay. Now we are
20 going to, with your permission, without objection,
21 the Attorney General's report I am going to delay
22 until the end. We will probably take a break at
23 some point.

24 There is in your packet, I believe, or
25 was passed out some minutes from the executive

1 sessions or closed sessions in the past, and the
2 law says that when the reason for having a closed
3 session is no longer important, or there is not a
4 reason for it, that we do have to publish the
5 minutes of those closed sessions. So I have
6 looked at them, but I wish you would have a chance
7 to take a look and let Frank know if you see
8 anything, because we will need a motion to approve
9 those at the end of the meeting.

10 So, with that, next on our agenda is the
11 School of Government Acquisition Process Report.
12 We have asked Dr. Maureen Berner from the School
13 of Government to come and to make her final report
14 to us. That report is in your packet. I would
15 call it to your attention.

16 Dr. Berner, thank you again for all you
17 have done. I will say that in the beginning, I
18 will say that in the end, but the floor is yours.

19 DR. BERNER: Wonderful. First of all, as
20 I start out, I want to thank you, just as a North
21 Carolinian, for all the work that you are doing.
22 I drove in this morning from the coast, and as
23 soon as a got out of the smoke, after doing all
24 the work that I have been doing for the trust
25 fund, I kept looking to either side of the road

1 and saying is that pond protected? Is that creek
2 protected? Is this marsh protected? So it really
3 does make me appreciate the work that you all do
4 across the entire state. So thank you for that
5 work.

6 MS. MCGEE: Just before Maureen gets
7 started, I just wanted to make sure you found, we
8 had put an updated version in your folder. The
9 one that was in your original Board packet, the
10 copier didn't grab two of the pages, so it was
11 actually missing two pages. So Penny had put a
12 complete version in your manila folder. I just
13 wanted to make sure you got that. Thank you.

14 DR. BERNER: Thanks. This morning I want
15 to provide an update to you to the report I gave
16 you at the February meeting. Some of the
17 information you will see repeats our findings from
18 the earlier meeting. We will go through that
19 quickly. We will focus in on our main
20 observations and our recommendations, and then I
21 could take any questions that you might have. So
22 that's what we will do today.

23 And let's go ahead to the first. What I
24 want to do is walk through the memo that I
25 submitted to Mr. Rogers earlier. I want to talk

1 about forming observations that we have, sort of
2 talk about some key barriers to moving even more
3 forward, in terms of increased efficiency and
4 effectiveness with the process of the land
5 acquisition process, and then talk about specific
6 recommendations. At the last meeting the Chairman
7 asked me to come back with very specific
8 recommendations, and that's what we are doing.

9 Now, that's also done in the realization
10 that we don't know all the details. My team does
11 not know all the details, practicalities and
12 logistics of implementing all the recommendations,
13 but these are things that came up as obvious
14 things that we would like to suggest being put
15 forward for consideration.

16 Our four main observations.

17 The first one is basically the same thing
18 that we found before. People really appreciate
19 the Clean Water Management Trust Fund staff. This
20 comes from our interviews with field staff, it
21 comes from the land trust, it comes from all of
22 our conversations. Is that there is an
23 appreciation that the staff do work very hard and
24 they are doing a wonderful job under really tight
25 time pressures and heavy workloads. So, that was

1 one thing that continued on through our studies
2 with Mr. Summer.

3 The second one was that, when we actually
4 were able to outline the process, which you see on
5 the board behind you, and I have even in more
6 detail in a tabular format with details on every
7 piece of paper and who it goes to and how long it
8 takes and who's ultimately responsible for sending
9 it in or sending it on, that the overall process
10 is logical. The major steps are all there. They
11 are all necessary. But as we go forward with the
12 discussion of the process, there were bits and
13 pieces that we might suggest could be tweaked,
14 some steps that could be eliminated. So we have a
15 very specific recommendation about
16 responsibilities for some parts of the process.
17 And go ahead and hit the buttons.

18 The first step, just to review for you
19 the application process. Fairly straightforward.
20 And I could talk a little bit more about what's
21 involved in that, but it's really up to the
22 applicant to send in a whole variety of documents;
23 and the Clean Water Management Trust Fund staff,
24 really their main job is to pull that all
25 together, make sure it's complete, make sure

1 things are in order, and go forward with the
2 screening and scoring process. Then that comes
3 back to you for your Board approval.

4 Then we have to pull together the
5 material for the grant agreement. This is the
6 next major piece of the process. It take a great
7 deal of time, both to pull together the documents
8 from the grant recipient, as well as to go back
9 and forth with the development of the grant
10 agreement.

11 You heard Richard saying things have gone
12 out the door. One thing that we found in our
13 studies was that, when you think about the whole
14 time period for the process, a lot of time is
15 spent on waiting for responses from the grant
16 recipients to the grant agreement. Sometimes it
17 goes very quickly. Sometimes it can go relatively
18 slowly, but there is a big push within the
19 organization to turn around materials as quickly
20 as possible to get them back out the door.

21 Now, one thing I will say as we go
22 forward to meeting the grant agreement, part of
23 the problems that came up with looking at this
24 process is things are constantly coming in the
25 door. Folks are really trying to turn them around

1 to get them out of the door, but it is a process
2 that is piece meal, in the sense that pieces are
3 coming in for various grants at various phases and
4 various parts. All at the same time the staff is
5 trying to keep track of all of this and keep it
6 all going.

7 When the grant agreement gets pulled
8 together and gets approved, then we could move
9 toward closing; and that again seems to be sort of
10 the culmination, real kind of time pressure, pull
11 together a lot of documents. And then the last is
12 the actually disbursing that major check after the
13 closing.

14 Something I am going to mention a little
15 bit later, though, is that there is a whole number
16 of other processes that fit in in this line,
17 because there have been sometimes some delays in
18 the process, but we want to keep the projects
19 moving and going. So folks may ask for some funds
20 to get reimbursements up front, they may ask for
21 extensions, they may ask for changes in budget
22 items, they may ask for changes in the actual
23 easement. There is a lot of other stuff that's
24 going on on the side as the main process is going
25 on. Okay.

1 Another main observation. In our
2 conversations about this process, I would
3 continuously try to challenge the staff and say
4 why do you do this? Why do you bother? You know,
5 what is so important about this piece of paper or
6 about this number? And they would really come
7 back to me and say we need to be sure that this is
8 correct. We have a responsibility for public
9 funds, and we want to be responsible for those
10 funds to the nth degree.

11 So, I came away from the past six months
12 with a real impression that the staff really
13 maintain as one of their highest priorities
14 maintaining the public trust. Now, that means
15 that they are taking a lot of time and a lot of
16 care with the documentation, with the agreements,
17 with the legal and the financial, all that stuff.
18 So they are not being sloppy, but it means it
19 takes time, right. So that's partly what is going
20 on here, is a real impression of we want to be
21 responsible. Okay.

22 Another main observation that I wanted to
23 present to you was that, as we looked at this
24 whole process, I came away with the feeling that,
25 if you have certain improvements at various points

1 in the process, it's going to have sort of a
2 domino effect, in the sense that, if we could
3 perhaps spend more time developing some of the
4 working with the application materials up front
5 and developing the easement agreements and
6 understanding this up front, then maybe it won't
7 take so much time later on with people proposing
8 changes, right. Which then hopefully would move
9 that process forward and allow paperwork to go
10 faster and lead to overall less work because of
11 less delays.

12 Whenever you have a delay in this
13 process, it means that there is another process
14 kicks in. That is, if there is some delay and you
15 need an extension, that extension's got to go
16 through a whole approval process, and that just
17 delays everything even further, because people
18 can't be focussing on what they need to do now,
19 because they have to extent something that's been
20 delayed. So, what we are hoping is that, as we
21 institute some changes that are already being done
22 and look at some of the recommendations, that once
23 some stuff goes faster, it eliminates other work
24 along the way.

25 Okay. Key barriers. What is facing us

1 as we look at how we want to improve the process.

2 As I said before, the land acquisition
3 process is really complex, and it was something
4 that we discovered and talked about last time. Of
5 course, you all know it's complex. Any sort of
6 land acquisition deals are complex. It's beyond
7 what I can think of, in terms of all the
8 negotiation and the legal work involved, but
9 something that I didn't realize when I started
10 this process is that it's not only one grant
11 that's being processed. That grant may involve
12 multiple parcels of land, each of which has to go
13 through negotiations, grant agreements, easement
14 designs, that type of thing. And the majority of
15 the grants that we give out involve those multiple
16 parcels, right. All the documents that we're
17 dealing with are usually on paper, and they have
18 to all be tracked and filed in hard copy. So
19 that, again, makes this process really time
20 intensive to keep everything straight, okay.

21 I'm not going to spend a lot of time on
22 this. This was from before, but it gives you an
23 example of a typical year, if you deal with 90
24 grants, you are going to end up working with over
25 2,000 individual documents that have to be tracked

1 and filed. So that if someone calls up and they
2 ask for Richard and Richard passes them to someone
3 else, they have to go in and physically pull a
4 paper file out of a filing cabinet and say yes,
5 we've got this particular authorization. I can't
6 even think of all the names of all the documents,
7 but we have this particular document, yes, we have
8 it, okay.

9 Another thing that's really working in
10 this process that's sort of a barrier to moving it
11 more quickly is the payment process. These folks
12 are non-profits, land trust. You are all familiar
13 with them. Local governments don't have as much
14 of a problem with this, but in order to move these
15 projects along, they have to spend some money,
16 either to prepare documentations for you all or to
17 do other things regarding the particular project.
18 Then they may come back and ask for a
19 reimbursement for that before the actual closing,
20 and they have to prepare paperwork for that. So
21 there is a lot of paperwork and process that's
22 going on with every project before the closing
23 even takes that has to do with money. Money
24 coming in, money coming out, checks being cut,
25 invoices, things like that.

1 Well, I asked the staff, well, how common
2 is this? And they said they reported pretty much
3 with every single project there is at least some
4 request for disbursements, invoices that are
5 coming in before the actual closing.

6 I also want to make sure with the staff
7 that, if I am saying anything incorrect or out of
8 line with what my understanding is different,
9 please jump in. Okay.

10 And a lot of grants have more than one
11 payment or invoice. They may have multiple
12 invoices, okay. So, again, it's not just one
13 project cutting one check. It's one project,
14 multiple checks all at different points in time.
15 Different amounts from little amounts to big
16 amounts. That's why, when you look at the big
17 process, you have extra processes going on. You
18 have these preclosing reimbursements, that's
19 trying to cut all these little checks to keep
20 things moving along until you get the big check.

21 You have extensions. While there is a
22 dead line or an understanding of, well, if you
23 want an extension, you need to apply within a
24 certain amount of time, the staff here is
25 incredibly generous and flexible. They want these

1 projects to happen, so extensions are granted
2 fairly readily, unless there has been a history of
3 a problem with a particular project; but that
4 again takes a process, because we are dealing with
5 public funds. So a lot of these processes have to
6 eventually go through DENR.

7 Changes. There is all sorts of changes.
8 You could have folks who want to change in the
9 actual scope of the project, acreages change or
10 something else. A line is drawn in a different
11 way. You could have folks who, you know, they are
12 looking at five parcels. One parcels goes away,
13 somebody else has bought it, they have to change
14 the number of parcels. They want to move money
15 from one line item to a different line item. They
16 want to create a new line item. They want to ask
17 for an additional \$5,000 for something. Each one
18 of those things has to go through multiple
19 approvals at various levels. So, all these things
20 are going on in addition to that main process.

21 Another challenge. All of these things
22 emphasize flexibility. Like I said, the staff
23 here are incredibly generous. They are devoted to
24 the mission. So, on the one hand, they have this
25 real interest in maintaining the public trust and

1 making sure all the paperwork is there, all of it
2 is right, all the numbers add up; but also working
3 with the client on a one-to-one basis to make sure
4 all the work gets done, right. And so they will
5 basically customize the projects to make sure they
6 get done, and that's a wonderful, incredible,
7 valuable service that the organization is
8 providing, but it does -- if you ever wanted to go
9 in and get a custom suit made, you know it's going
10 to take longer than if you buy it off the rack.
11 So, that's what may be leading to some delays in
12 the process.

13 Staff do a lot of the work, and that's --
14 I'm not saying that's good or bad or the applicant
15 should do more or should do less, but it did
16 surprise me, as an outside observer, to see how
17 generous the staff are, in the sense that, if a
18 nonprofit or land trust actually can't draft a
19 particular document work with the easement, the
20 folks here would actually do it for them. The
21 folks here will try to do what they can to make
22 sure this happens. And so they take on a lot of
23 the responsibility off of the applicants to get
24 work done to move forward.

25 Another barrier. There is a mismatch

1 between staff skills in certain areas and the
2 tasks that they actually do. To put it bluntly,
3 because the agency has grown so quickly, I think
4 that tasks that the original staff and the
5 original duties may have done just as part of
6 their job because the workload has increased, they
7 are still doing all the various tasks and there is
8 not a division of labor, as much of a division of
9 labor as you might see in an organization that
10 gives out \$100 million.

11 For example, we have the legal staff
12 filing, writing cover letters, filing, logging in
13 documents. We have the legal staff going through
14 the budget invoices, adding up the numbers, making
15 sure things are okay. Especially in particular
16 areas dealing with the legal staff and
17 administrative tasks, we saw that they were doing
18 things that did not require the level of legal
19 expertise and training that they have. So, they
20 are trying to do all the legal work, as well as
21 move everything along administratively.

22 And so that leads to this main point,
23 that they are doing nonlegal work. That was sort
24 of the biggest mismatch we saw. All of these are
25 important tasks. It's not that they are not

1 important things to do or they are not being done
2 well. I just looked at it from the outside and
3 said I don't know why this person is doing this
4 thing, so, okay.

5 There is significant organizational
6 barriers within it. One thing I wanted to point
7 out right away is we talked about some of the
8 organizational barriers before. Some of this will
9 be repeating from what we talked about in
10 February, but the staff have already instituted a
11 whole series of changes. So, in a way, after
12 Richard gave his report, I want to say, well, I
13 could check a whole bunch of these things off
14 because it's already being done. And so that's
15 great. We sat around the table and actually
16 started listing off things that the staff is
17 already doing to try to address some of these
18 organizational capacity issues. Let me go through
19 and let me mention a couple of them.

20 Oh, one of them deals with this. We had
21 reported before that there is not a lot of
22 documentation about the process; about the
23 application process, about the approval process,
24 about who does what within the organization. It's
25 not very transparent. But that is already

1 changing.

2 For example, we have that notebook which
3 didn't exist a year ago which serves as a
4 grounding point for what is going on in the
5 organization, and anyone could access that
6 notebook, and it's still being developed, to
7 answer questions, and those questions are answered
8 consistently across the organization. Without
9 something like that, you will get a new staffer in
10 and they will try to answer the question or they
11 will try to find out, somebody may have -- one
12 person has one interpretation of the answer,
13 another person has another interpretation of the
14 answer. So, having this is a real improvement.

15 They are doing the trainings early on for
16 the folks who want to apply to answer questions up
17 front and again give the same answer for the
18 entire room to hear. All those things are really
19 wonderful improvements. They are revising the
20 application. All these things are wonderful
21 steps.

22 Before you go forward, one thing I do
23 want to mention is, until this stuff gets sort of
24 nailed down in a formal fashion, you are still
25 going to have clients who call up the trustees

1 looking for particular answers, or they will call
2 Richard, or they will call Beth, or they will call
3 Robin, or they will call whoever. And I think
4 having some established procedure set will allow
5 everybody to answer questions consistently, and
6 then will really cut down on folks going to all
7 the different levels asking for answers to
8 questions, because it will all be the same and you
9 could all refer back to the same policies and
10 procedures that the Board has approved.

11 I guess what I'm envisioning in the
12 future is that you all have your policy manual,
13 and at these types of meetings, if you want to
14 make a change, you could say we are going to
15 change policy 3.5, that's under consideration, and
16 rip out the old one and put in the new one; but
17 then everyone has a similar set of policies and
18 procedures built upon what you've already adopted.

19 We mentioned this before. There is not
20 an electronic infrastructure of information.
21 There is not a single database showing all the
22 grants and where they are, what approvals have
23 been done, what paperwork has been filed, things
24 like that. And again, I think the staff is
25 already moving forward on this. We put them in

1 touch with the director of the Center For
2 Government Technology at the School of Government
3 who actually has worked with Tina, has worked with
4 state agencies and local governments and
5 non-profits on information management and flow.
6 So, she's already been in contact with them, I
7 think, about two weeks ago to talk with them about
8 ways in which they might go forward on this.

9 Because of these other items, I don't
10 think that the staff can communicate as well with
11 the clients or across the organization, and we
12 mentioned that before.

13 Richard, this is one of the ones I wanted
14 to check off. Another reason why I don't think
15 they could communicate as easily is because they
16 are all spread out. There are contract lawyers
17 out of the office. There is a lot of folks in
18 different places. And in several meetings we had
19 this sort of great realization that why do certain
20 things always fall back, say, on Robin? Because
21 she's in the office and she could go in and talk
22 to Richard to get an understanding of how to
23 handle a particular situation. Whereas the
24 contract lawyers who are outside the office who
25 may be doing fantastic work don't have that same

1 access, so any problems fall back on the internal
2 staff, and the external staff deal with everything
3 that's sort of cut and dry, generally. That
4 places a huge amount of burden on folks who are
5 just right in the office who have their own stuff
6 to do.

7 This, we mentioned this before. Again,
8 it's a repeat. I won't go into a lot of depth,
9 but I will go to the next screen. Well, we will
10 go past this. Yes, to this one.

11 Overall, everything's gotten busy. We're
12 all busier. We are all working harder. The staff
13 has not grown significantly over the years,
14 although Richard, again, is already checking that
15 off. We're already getting more staff involved,
16 but the workload has dramatically increased over
17 the past few years; and if we have a backlog now,
18 unless we were running ahead of schedule, we're
19 still not going to be able to eat out of that
20 backlog unless some major changes are made in the
21 coming years, if you are going to keep going at
22 \$100 million, which sounds great according to the
23 budget figures that were discussed.

24 Lets go on to the recommendations. My
25 first recommendation was -- and let me preface

1 this by saying we did try to document the process
2 step by step, and that's what's on all those
3 pieces of paper around the side of the room. And
4 I hope you have a chance at some point to walk
5 over there and see exactly what the staff does, in
6 terms of land acquisition.

7 The dark green, if you can see, or the
8 dark green and the light green, that's where it's
9 Robin and Cheryl doing -- the legal staff doing
10 the work, which is an awful lot of the steps
11 involved in this process.

12 What we have done over there and on our
13 detailed map is put a red box, and it's kind of
14 hard to see across the room, but if you go over
15 there, you can see it. Put a red box around those
16 things that the School of Government team felt
17 could be done by someone without that level of
18 expertise in order to free up the legal staff to
19 write the grant agreements and to do the stuff
20 that needs that actual legal language and
21 training. So the things that are marked in red
22 are things that we would recommend should go to
23 another administrative person who would be
24 specifically responsible for doing the invoices
25 for reimbursement. We couldn't find any real

1 strong legal content in that process, yet that
2 responsibility was lying on the legal staff.

3 Budget change requests. Same thing.
4 Once we actually got into it, if there was really
5 substantive legal content needed, it was going to
6 go up levels because of the decision matrix into
7 you all's approval anyway; but smaller things
8 could be done, again, by much more of an
9 administrator, and certainly the product file
10 management. That's someone who really needs to
11 work with every piece of paper; what's in, what's
12 out, where it is, that kind of stuff.

13 We have a second recommendation. When we
14 outlined and looked at the budget policy; and when
15 we say budget policy, I am talking about moving
16 the money in the projects. That's with the small
17 reimbursements before the final closing and then
18 even with the closing. They take a lot of time
19 and there is a lot of these small reimbursements.
20 We would recommend that the Board and the staff
21 relook at the approval process related to that and
22 see if it really does need to be as detailed and
23 have as much oversight as it currently has.

24 Now, I might have to suggest, again, I
25 went back to the staff and said why do you do

1 this? Why does this person check this and this
2 person check this and this person check this? And
3 a lot of the response was because they felt very
4 responsible for the public trust and the public
5 money to make sure that everything was right. But
6 I think that's a conversation you and the staff
7 can have, in terms of what level of review do we
8 need, in terms of maintaining that trust as well
9 as looking toward efficiency.

10 A third recommendation. Keep going with
11 those training sessions. I attended the one that
12 they held. The room was full. They probably
13 could have put in another 10 or 20 people into
14 that. Keep with those books and expand them and
15 give them or make that material available on the
16 web to all applicants so that we really increase
17 the transparency.

18 For example, and we can expand upon this,
19 one suggestion that we had that was just a
20 brainstorm suggestion was to perhaps have a
21 training once projects are approved just for the
22 ones that are approved so that you could focus in
23 on, okay, now that you are approved, this is the
24 next step. Here's the grant agreement and here's
25 when we need it back. Not just to all applicants.

1 That that might also be helpful and coach people
2 through the process.

3 I do want to have a special compliment,
4 actually, on that folder, in terms of the
5 materials that were prepared as examples, that the
6 staff prepared as examples. There is actually
7 this wonderful example that Christopher did in
8 terms of a budget change, and he has the form as
9 if someone submitted it, and then he has the next
10 page is the form where he shows how the applicant
11 put various things wrong on the form, and then how
12 you would do it correctly. And it was just a
13 wonderful example for someone who is unfamiliar
14 with the process, like me, looking at this form,
15 and I knew exactly what he was talking about, and
16 I would walk away from that saying here's how I
17 fill out this form. Right now, when somebody does
18 it wrong, somebody has to review it, send it back,
19 make changes, bring it back in, and it would be
20 that kind of prep work in advance that would be
21 really helpful.

22 It became clear, as part of this process,
23 that you all are partners with your grantees.
24 You're full partners. They come to you. You are
25 providing them the assistance to enable them to

1 get these projects moving. Any efficiencies that
2 you all implement are only going to go half way,
3 unless the partners have some improvements on
4 their end, as well.

5 So, we would recommend looking at
6 supporting administrative costs as part of the
7 grant to enable the capacity of those
8 organizations to get things done more quickly,
9 better quality, so they don't send it in wrong in
10 the first place, or they don't ask for something
11 that's not allowed, or that they can even
12 communicate and get it done. So, we recommend
13 considering overhead expenditures as part of the
14 grants, which I understand is not done now. I
15 understand it's done with some other programs
16 under the Clean Water Management Trust Fund, but
17 not for land acquisitions.

18 The conservation easement process. This
19 seemed to be the most confusing in our interviews
20 with grant recipients. They focussed on this all
21 the time, which was discussing we are not sure
22 what we can do, what we can't do. It's a long
23 negotiating process to pull together the
24 easements, and so I think folks would just like a
25 little bit more clarity about what the Board

1 really wants to support, in terms of conservation
2 easements. What's allowed, what's not allowed,
3 what's flexible, what's not flexible.

4 Buried under this recommendation might
5 be, again, to have some of the legal staff, who
6 they are directly involved in this, be more
7 involved early on in the process with the
8 applicants so you get all those questions ironed
9 out before you've got legal documents going back
10 and forth at months at a time. And so moving that
11 sort of involvement discussing, the easements more
12 up front.

13 Next one. This is a very straightforward
14 one. If there is anything that we would
15 specifically recommend eliminating out of the
16 process, it would be the recommendation for
17 surveys at the beginning of the application
18 process.

19 In discussing it with the staff, we found
20 out that the information that was really important
21 for decision making, at least within the staff
22 scope, was available from other sources and public
23 sources. And that the true value of the survey
24 was later in the process. But just because the
25 calendar works a certain way, if you do a survey

1 at the beginning, it's most likely going to be out
2 of date by the time you really need the survey at
3 the end, and these also cost \$25,000, \$30,000 for
4 the folks who are applying.

5 Our bottom line, we don't -- at least my
6 team's reaction was that they don't seem to add
7 enough value to warrant the expense on the
8 applicant's part or the value added to the
9 decision making on the staff's part. So, we
10 recommend eliminating that recommendation for the
11 application process.

12 Now, that's not going to speed the
13 process up, in terms of internally, but I think
14 it's something that would be helpful for the
15 clients.

16 Long-term recommendations. This, I
17 think, is the key message I would pass on to you
18 all that's going to be important for the next
19 couple of years. I think you all need to move to
20 a web-based interface system with clients where
21 they can log on, upload documents to apply,
22 approvals can be done electronically so I don't
23 have a piece of paper physically moving from
24 office to office for approvals. They could check
25 the status of the approvals. They could get

1 automatic updates saying, you know, if you want an
2 extension, you must file it in the next 30 days,
3 or your grant has been -- funds have been
4 encumbered by DENR. You now have access to these
5 funds. Things like that. It's done in lots and
6 lots of other State environments, and so it just
7 would bring so much, in terms of reducing the
8 paperwork and the workload and communication and
9 efficiency with clients.

10 Now, I am not an expert on these types of
11 systems. That's why I recommended that they move
12 to the Center For Government Technology, or there
13 is lots of other options at other universities or
14 private sector consultants who could work with you
15 on this, but I do think it's one of those big step
16 forwards that the organization can take.

17 Now, reality tech, it's going to take a
18 couple of years and it would be expensive. I
19 don't know how expensive, but it will be
20 expensive. But it's the idea that it's an
21 investment, sort of like saying at some point you
22 have to move from paper to a computer, right, to
23 do things. And I think it would be well worth it
24 and it's well worth your consideration.

25 The second one, something you all can't

1 do, but I did want to identify it as a
2 recommendation to bring up or to think about in
3 the future, think about what the legislature,
4 think about what folks farther on, is that a lot
5 of the delays come from working on a reimbursement
6 basis, and that is with the fact that the
7 organizations have to come up with their money up
8 front and then ask for reimbursement. That's why
9 sometimes, to get these moving, they are asking
10 for little reimbursements; a little money here, a
11 little money here, can we get \$5,000 for this, we
12 want to pay for this piece of information or this
13 help.

14 If you could actually do away with all
15 the reimbursements and just have the one check for
16 closing, you would do away with a huge amount of
17 work, in terms of the process. Now, of course,
18 that's a statutory requirement, and as Phil said,
19 it's not up to you all to change this, but I did,
20 you know, want to bring it up as that's one reason
21 for why there are delays. It's built in to how
22 the State wants the money handled.

23 One thing I should add about that
24 reimbursement basis, it's not that you do
25 completely away with work, because rather than

1 having approvals on reimbursements up front, you
2 need to have better monitoring on the back end.
3 So, there is work added in another place, and I
4 want to be honest about that.

5 Third one. Again, I think a lot of this
6 comes back to being a partner with the
7 organization and trying to think in an innovative
8 fashion about how can we improve the ability of
9 these organizations to respond to what we are
10 asking them to do? What could we do to help them
11 take on more of the burden or build up their own
12 staff capacity so we don't have to do it; or are
13 there other ways in which we could improve the
14 process across the board in some innovative
15 fashion that improves our capacity and the
16 capacity of the clients, the grant recipients?

17 That's something, again, for long-term
18 consideration and for the future, but I would
19 encourage you to think about that improving one
20 half of the partnership is only going to get you
21 so far. If you could improve their capacity, it
22 could hopefully make less work for you all and you
23 could move on on the projects faster.

24 That's the end of my presentation. I am
25 happy to discuss anything, answer any questions.

1 CHAIRMAN BADDOUR: Does anyone have any
2 questions of Dr. Brener.

3 (No response.)

4 CHAIRMAN BADDOUR: Well, this is a lot
5 for us to digest, but first of all, again, let me
6 thank you and the School of Government. I hope
7 you will convey to Mike Smith how much we
8 appreciate what the School of Government does for
9 the State of North Carolina and the service that
10 you have given to us at a fraction of what it
11 would have cost to go out and get someone in the
12 private sector to do this. It's just very much
13 appreciated. Another partnership, John McMillan,
14 that we have with the University of North
15 Carolina. So, thank you so much.

16 I have asked Richard to respond to this
17 on two levels; one -- first of all, there are some
18 things in this report that he could do
19 administratively. There are other things that
20 involve policy or involve money that this Board is
21 going to have to be involved in, and I wanted
22 Richard to be able to respond, himself, to what he
23 can today, and then in the end, within the next
24 couple of months, to respond to us on every
25 recommendation that is here, and we will talk

1 about perhaps considering his response in the
2 Acquisition Committee and in the Administration
3 Committee, and we will talk about the appropriate
4 place to do that at the committee level and then
5 at the Board level.

6 So, thank you very much, Dr. Brener.

7 Let's give her a big hand.

8 (Applause.)

9 CHAIRMAN BADDOUR: Richard.

10 DR. BRENER: I did want to recognize the
11 work of Alicia Guzman who is a visiting scholar
12 from Ecuador. She's in Ecuador right now, but
13 she's put in a lot of time on this. And
14 Andrew George, who I'm happy to say is now a
15 doctoral candidate. In the course of this he
16 finished all his studies and course work and has
17 passed comprehensive exams, as well as working on
18 this; and so he's moving on to his dissertation
19 looking at forest land management, and then any
20 funds used for this project were to pay them. So,
21 the rest was just complimentary.

22 CHAIRMAN BADDOUR: Thank you very, very
23 much. Thank you, again.

24 Richard, do you have anything you want to
25 say?

1 MR. ROGERS: I do want to, just in our
2 initial response to the report, one thing the
3 process has done is just really allowed us to
4 internally understand our process that we use.
5 When we got into this we were -- all of us had
6 kind of a different perspective or notion of what
7 was going on. We knew it was involved. I don't
8 think we knew it was quite as involved as that
9 process chart on the wall tells you, but it really
10 has helped us, and me especially, understand the
11 process, and I think it's helped communicate that
12 process and what our efforts are with regard to
13 the acquisitions.

14 I would like to respond and just, and
15 will be glad to have some discussion on these
16 issues. As Phil mentioned, we will respond to the
17 entire report in writing with our recommendations.
18 A couple of things that we are already looking at
19 is with regards to the staffing recommendations.
20 We do have an administrative budget coming up, and
21 it will be presented to you in August with regards
22 to the staffing recommendations.

23 One thing we have looked at is, you know,
24 we've just currently and recently been fully
25 staffed. The work that those new staff will be

1 doing will have an impact on this process. One of
2 the more notable things that we have identified, I
3 think internally and through this process, is that
4 we are not up to speed administratively; with
5 doing the work of processing invoices, with doing
6 the work of processing of amendments to contracts,
7 and it is work that our project managers do not
8 need to be doing. They have enough work on
9 managing the projects, getting out contracts; and
10 we think we will add value to our organization by
11 getting another administrative staff in house so
12 that we can put the burden of processing invoices
13 on them, and really retouring kind of the
14 organization so that we could have an organization
15 and administration functioning.

16 Our organization currently we have
17 Christopher, and what we would like to do is bring
18 in a new position, administrative position, to
19 support the acquisitions. Currently we also have
20 Teresa Murray handling invoices in the waste water
21 and restoration and stormwater area, and she's
22 doing a lot of that work, as well, from an
23 administrative perspective. And what we would
24 like to do is look at her position, as well as a
25 new administrative position, and put him under

1 Christopher so that we would have an
2 administration organization within our
3 organization. It would provide efficiency. It
4 will also provide us to move some of those red
5 blocks where we have got staff that are
6 overqualified doing administrative work that they
7 don't need to be doing.

8 The other issue that I wanted to point
9 out with regards to Maureen's report is the
10 out-of-house attorneys that we have, the legal
11 staff. We are convinced that we need to have
12 in-house attorney, and that we need to have a
13 position established to take the place of our one
14 and-a-half positions that we're funding right now
15 out of house. And what I would like to do, if
16 it's okay with the Board, is move forward in
17 looking at the development of those positions; one
18 being administrative position and the other an
19 attorney position to bring in house, and what we
20 would do is we need to get authorization from you
21 to pursue the development of those positions, and
22 then we will formally take up the positions when
23 we take up the administrative budget in August.

24 CHAIRMAN BADDOUR: Do you need any action
25 today?

1 MR. ROGERS: Well, we need some type of
2 action to allow us to kind of pursue the
3 development of those positions so that we could
4 bring them to the Board in August for
5 consideration.

6 CHAIRMAN BADDOUR: What is the pleasure
7 of the Board in that respect?

8 MR. HOLLAN: I move that we authorize the
9 Personnel Committee to meet with Richard and come
10 up with a recommendation for the August meeting.

11 CHAIRMAN BADDOUR: If you don't mind,
12 Bill, I don't think we need the Personnel
13 Committee to do this. I would like for Richard to
14 do it first and then let him take that to the
15 Personnel Committee for their approval, if we
16 could do that. I think the idea is to be able to
17 come back in August for the Personnel Committee to
18 act on it. I guess -- I don't know that you
19 actually need --

20 MR. HOLLAN: I was hoping that perhaps
21 the Personnel Committee could meet by telephone
22 with Richard after he comes up with his
23 recommendation and determine that this is
24 something that they want to bring forward to the
25 Board, so that he could be done -- be able to do

1 this before August, which is my thought, was to
2 try to get this done in a timely manner so that he
3 could plan his budget for this year, but I am
4 open.

5 CHAIRMAN BADDOUR: Okay.

6 MR. HOLLAN: I will withdraw my motion.

7 CHAIRMAN BADDOUR: I think he could do
8 that. Now, remember, the Personnel Committee is
9 half the Board, but what we will have to do is to
10 have to have a telephone meeting to do that, but
11 can you do that, okay?

12 MR. ROGERS: Yes, sir.

13 CHAIRMAN BADDOUR: All right.

14 MR. McMILLAN: Second.

15 CHAIRMAN BADDOUR: You heard the motion,
16 second. Discussion.

17 (No response.)

18 CHAIRMAN BADDOUR: So many as favor the
19 motion, signify by saying aye.

20 (Trustees respond.)

21 CHAIRMAN BADDOUR: Opposed, no.

22 (No response.)

23 CHAIRMAN BADDOUR: Okay. That's good.

24 Thank you.

25 MR. HOLLAN: Richard, Dr. Berner, on a

1 couple of occasions, mentioned the attention to
2 detail and I guess the concern to maintain the
3 public trust, and maybe I read something or heard
4 something into what she said, but I got a sense
5 that perhaps if we could give some comfort to
6 people, that maybe we wouldn't be overly concerned
7 about small matters and we could look more to big
8 matters. And I think in a \$100 million a year
9 operation, there is a tendency sometimes to get
10 focused on the dimes and not worry about the
11 dollars.

12 So, I wonder if in one of your
13 recommendations you might -- I mean, if we have to
14 have -- I read in her report we have to have four
15 or five people approve a particular invoice. I
16 would think that two people could certainly
17 provide a cross check. So maybe that would be a
18 way to eliminate the need for some more people.

19 MR. ROGERS: That's a good observation,
20 and we will be looking in that in our
21 recommendations would be with regards to that
22 administrative in the budget piece, and we will
23 definitely be coming back to the Board with some
24 suggestions on how we could better handle the
25 staff in a more efficient way.

1 CHAIRMAN BADDOUR: Rance.

2 MR. HENDERSON: Excellent report there,
3 and just to make a supporting statement on one of
4 the issues. When you look at organizations, many
5 times the difficulties they have have to do with
6 inappropriate divisions of labor. Now that was
7 pointed out in the report, but I don't think we
8 could underestimate the importance of properly
9 dividing up labor. I think that's the key to a
10 lot of things.

11 CHAIRMAN BADDOUR: Thank you. Anyone
12 else?

13 Peter.

14 MR. RASCOE: Yes. I had two
15 observations, if I could, to pass on to Richard.
16 First, I quite frankly did not have any idea that
17 we were requiring an actual survey for an
18 applicant to submit an application, and that's the
19 impression I got from the presentation; is that
20 right?

21 MS. MCGEE: Right now the application is
22 just recommended. It's just an indication of a
23 project being ready to go, but it's not at all
24 required.

25 MR. RASCOE: That's the point I got from

1 the presentation, it was required.

2 MR. ROGERS: I think what we need to do
3 is make sure that when we communicate to the
4 applicant, not to recommend it or require, so it's
5 not confusing to them if they need to have a
6 survey as part of the application.

7 The second point I wanted to, I guess,
8 support, about the third slide was the discussion
9 about grant agreement and all the various things
10 that go into a grant agreement, and Chairman
11 Howard appointed our study committee about three
12 years ago to look at the grant agreement. We felt
13 like there were a lot of things in there that were
14 being required that could be contingent sized. In
15 other words, look at it, get the thing signed, get
16 everything moving, and I still believe there are
17 things that were being required. And I know at
18 that time the ethics changed the law for written
19 grant agreements, but we looked at other agencies,
20 other funds, other departments, and none of them
21 were as complicated as this process, and it was
22 the same amount of money being doled out, and we
23 felt like that was an area we needed to look at.
24 And I know these are non-profit's and small local
25 governments, but still there were a lot of things

1 being required, and we felt like the grant
2 agreement, it could come after the signing.
3 That's just my comment on that.

4 CHAIRMAN BADDOUR: Comments?

5 MR. HOLLAN: Dr. Berner has a --

6 DR. BERNER: Just to refer to the
7 gentleman's question about the survey at the
8 beginning of the process, it is recommended and it
9 was discussed with the applicants. But from the
10 perspective of the applicants, if you are being
11 told your chances will be better if you do the
12 survey, there is a lot of incentive to try to get
13 that survey done in order to improve their chances
14 of winning the overall approval. So, while it is
15 not formally required, we would recommend
16 eliminating the recommendation even, because I
17 think it puts out a false incentive of value
18 that's not really there for that applicant,
19 particularly given that it's so expensive in the
20 process.

21 CHAIRMAN BADDOUR: Stan.

22 MR. VAUGHAN: One of the things I heard
23 in the presentation that makes sense, but is a
24 huge policy change for us is the concept of maybe
25 putting a little more trust in the organizations

1 that we deal with. What I mean by that is, if we
2 can -- once we award a grant, if we could go ahead
3 and advance them some money up front to get
4 started, so to speak, rather than having to spend
5 a lot of these invoices for reimbursement in the
6 early part of the process. It means we trust
7 them, but we still require documentation in the
8 end that the money was properly spent, but it's
9 called getting in front of the cart rather than
10 being behind the cart, so to speak. It is a trust
11 issue, and there may be organizations out there
12 that you may have no problem doing that with, and
13 others we have concerns about, but that's, I think
14 from a Board perspective, a huge policy issue.

15 CHAIRMAN BADDOUR: Thank you. Bill.

16 MR. HOLLAN: I think part of the problem
17 with them needing these piece meal reimbursements
18 is the time. It's not unusual in a commercial
19 transaction to have the lawyer, the surveyor,
20 various consultants paid after closing from the
21 funds that come in particularly a loan or an
22 acquisition where there are the same requirements
23 that we have, but because of the time cycle is
24 somewhat predictable and finite, you could get
25 those people to agree to be paid at the closing,

1 and I think if we could streamline our whole
2 process. Then we could eliminate writing three
3 checks and just have the checks written at the
4 closing, and that would be an improvement. So,
5 there are ways to skin that cat without having to
6 prefund it, if we could just bring everything into
7 a tighter schedule.

8 CHAIRMAN BADDOUR: Further comments?

9 Yevonne.

10 MS. BRANNON: I have more of a kind of
11 question, but in terms of using an automated
12 process, how much of what we do fiscal, just in
13 the fiscal side, is electronic? I mean, if you,
14 for example, Richard, have to approve a payment or
15 so forth, can you do that on line or do you have
16 to actually see something and sign something
17 original?

18 MR. ROGERS: We have none of that on
19 line. It's all paper. We have an internal
20 tracking process which we lock in all the
21 applications and track our application process,
22 and then we have it on the back end trying to
23 track the individual contracts. Even that's not
24 linked internally. So it's all a separate
25 process. Anything dealing with our external

1 constituents, there is nothing.

2 MS. BRANNON: I would just like to say,
3 as looking at this, one way to get at some of
4 these issues might be to split some of these
5 things. It seems like I always go back to where I
6 come from, which is a university, but we do have
7 two separate systems, and there is a way to pay
8 everything electronically; and I have to sign off
9 on 25 things a week, but I could do it like that,
10 because I could look, click, look at it, click.
11 And separate from the grant management, which is
12 another really big bear which I heard and
13 appreciated, but it seems like the fiscal part and
14 the that management could really -- there is lots
15 and lots of models in government that are already
16 doing that.

17 MR. ROGERS: We tried to set up a meeting
18 with the department and see what is actually out
19 there that's already been developed that we could
20 piggyback on; borrow, steel, whatever; and we're
21 going to meet with the director of IT over at
22 legal, Jimmy Carter, and also the head of IT over
23 there, because they are looking at a lot of these
24 processes in our department about payments and
25 things of that nature to see what systems they

1 have, what has already been developed that we
2 might be able to adapt at a cheaper cost, rather
3 than developing from the ground up. So, that's
4 our first step, and then we also again with the
5 State ITS to see what is out there to see if there
6 are any other programs, as well, that we could
7 look at.

8 I think it's definitely we want to phase
9 get in. We are not going to do anything in one
10 fail swoop, because of the cost, but we do want to
11 see what is already developed, what is out there
12 that we may be able to adapt for our system, and
13 your motion of looking at the process separately
14 is probably a good idea. We will have to look and
15 see, prioritize that, see what we should work on
16 first.

17 CHAIRMAN BADDOUR: Okay. Further
18 comments.

19 (No response.)

20 CHAIRMAN BADDOUR: Well, again, I think
21 this has been an extremely valuable and useful
22 exercise, and I will remind the Board that this
23 whole process was welcomed by Robin, by Richard,
24 by our staff as seeking a way to improve the way
25 we operate. So, I thank you for that.

1 We will now take about a -- let's take
2 about a 15-minute break and then we'll start back
3 promptly at 11:00.

4 (Recess taken from 10:45 a.m.
5 to 11:00 a.m.)

6 CHAIRMAN BADDOUR: Okay let's go back on,
7 please. Okay, it's 11:00 folks, so if you take
8 your seats, we will go ahead and get started.

9 Administrative Committee met yesterday,
10 and since it dealt with the budget staff
11 efficiency, it was chaired by Chairman
12 Stan Vaughan, so we will recognize him for his
13 report.

14 MR. VAUGHAN: Thank you Mr. Chairman.

15 As you said, we did actually meet earlier
16 than scheduled because of the way we were running
17 yesterday, but the first thing that Richard has
18 already reported on, and we did get an update on
19 the office space situation within our
20 organization, and basically what Richard reported
21 is what we heard.

22 And the big issue we dealt with, which is
23 good news, we had Bill with unencumbered funds
24 that we previously encumbered. I think you got a
25 list of them in your report that's 3.2 million

1 which was budgeted completed or unable to
2 complete, and 1.1 million and projected drawn, for
3 a total of 4.3 million, actual numbers
4 4,354,144.32 of dollars that we were able to
5 unencumbered and put back into our budget for this
6 year, and the committee recommends that we approve
7 that.

8 CHAIRMAN BADDOUR: All right. You have
9 heard the committee recommendation. I take that
10 as a motion that the committee recommendation be
11 adopted.

12 MR. HENDERSON: So moved.

13 CHAIRMAN BADDOUR: Any discussion?

14 (No response.)

15 CHAIRMAN BADDOUR: So many as favor the
16 motion signify by saying aye.

17 (Trustees respond.)

18 CHAIRMAN BADDOUR: Opposed, no.

19 (No response.)

20 CHAIRMAN BADDOUR: The ayes have it.

21 MR. VAUGHAN: A brief comment. Several
22 people want to be sure that when we do
23 unencumbered we have written documentation between
24 the organizations that acknowledge that those
25 funds all be unencumbered for whatever reason, and

1 that's our report.

2 CHAIRMAN BADDOUR: Thank you very much.
3 All right, next is the reports of the funding
4 committees, but first of all I call on the
5 Restoration Stormwater Committee, and yesterday I
6 believe that was chaired by Mr. Hester. Joe.

7 MR. HESTER: Mr. Chairman, if I may, I
8 have talked to Nancy White, and it's possible that
9 she may be here later. Would it be okay if I went
10 last instead of first in hopes that she might be
11 here for our presentation?

12 CHAIRMAN BADDOUR: Absolutely. Then we
13 move to the acquisition committee, and yesterday
14 was chaired by Rick Coleman. Rick.

15 MR. COLEMAN: Thank you, sir. Since we
16 are taking some actions, I want to submit, Mr.
17 Chairman, we might need to remind people of any
18 conflict of interest of grants, since not everyone
19 was present yesterday. So, if any trustee has a
20 conflict of interest with any of these items, we
21 need you to ask you to tell us at this time.

22 MR. RASCOE: Mr. Chairman, I'm not quite
23 sure how this got screened out, but I will go
24 ahead and accuse myself on the greenway project
25 for the Town of Eatonton 2008-015. Part of my job

1 I assisted the Town in evaluating. I want out --

2 MR. ROGERS: The greenway projects were
3 not screened. They are just a separate list of
4 projects that we will be considering as a separate
5 category. We are not going to take any action on
6 those today. They are just listed for your
7 information.

8 CHAIRMAN BADDOUR: But it certainly will
9 be noted.

10 MR. JONES: Thank you, Mr. Chairman. I
11 handed out at the beginning of the meeting a new
12 spreadsheet. It's not sideways, it's straight up
13 and down the page and it was handed out this
14 morning. Anyway, tilted maybe, but it has
15 hopefully captured the motions that the chairman
16 will be bring up and has the projects that have
17 been recommended for full review in August, and
18 then on the third page are the projects that were
19 recommended for screening, and at the top of that
20 page it specified that these exclude planning
21 applications and greenway applications.

22 MR. COLEMAN: Okay. Our committee began
23 our years's work. We have 82 requests for
24 \$87 million; and looking at that, we had a good
25 conversation about the top projects and those

1 projects that, given the \$87 million that we could
2 look at screening, so we have a couple of motions
3 with regard to that, Mr. Chairman.

4 The first motion, we move that any
5 project that did not score at least 100 be
6 tentatively eliminated from consideration and
7 notify all the members of the Board that they have
8 30 days, and also that needs to say and staff,
9 field reps, from 6/9/08 that they may bring back
10 otherwise or they will be removed.

11 CHAIRMAN BADDOUR: Now, we are going to
12 see those on the board?

13 MR. COLEMAN: Lisa.

14 CHAIRMAN BADDOUR: Okay. You have heard
15 the motion by Rick that we adopt the committee
16 recommendation. Is there any discussion?

17 (No response.)

18 CHAIRMAN BADDOUR: Take a minute to look
19 at it.

20 MR. HOLLAN: Will this be attached to the
21 minutes, or will it be useful to read these into
22 the record?

23 MR. COLEMAN: I'm going to read those
24 numbers after we make the second motion. It's the
25 one up above it.

1 CHAIRMAN BADDOUR: I thought you read the
2 motion. Did you not read the motion?

3 MR. COLEMAN: I read the motion.

4 CHAIRMAN BADDOUR: What we want is the
5 motion that he just made, if you have it.

6 MR. COLEMAN: That would be on what you
7 gave me, Tom.

8 MR. MASSIE: That's what Lisa's got.

9 CHAIRMAN BADDOUR: All right. Any
10 discussion on the motion?

11 (No response.)

12 CHAIRMAN BADDOUR: So many as favor the
13 motion signify by saying aye.

14 (Trustees respond.)

15 CHAIRMAN BADDOUR: Opposed.

16 (No response.)

17 CHAIRMAN BADDOUR: The ayes have it.

18 MR. COLEMAN: Then further in our
19 discussion we have a motion for Mr. Vaughan that
20 we would go up to project 2008-011 with the
21 exception of those with a field score of 35 or
22 higher. Those would be eliminated unless
23 requested by board members or field reps within
24 the next 30 days.

25 CHAIRMAN BADDOUR: You have heard the

1 recommendation of the committee.

2 Discussion.

3 MR. HOLLAN: Mr. Chairman, I voted
4 against this in committee and I intend to vote
5 against it today. I think that the screening by
6 the field reps is something new that we have never
7 done before. I am not convinced that our field
8 reps review things and score them in the same --
9 in a uniform manner, and so I am concerned about
10 using field reps' scores as the screening
11 mechanism in this case. So I intend to vote
12 against this and I am going to review these and
13 see whether there are any that -- I understand I
14 had the opportunity to bring back any one I have a
15 disagreement.

16 CHAIRMAN BADDOUR: That is certainly
17 correct. Any board member can bring back any one
18 that they disagree on.

19 Stan, would you like to comment on that,
20 since it was your motion?

21 MR. VAUGHAN: I think most people were
22 there yesterday, but it's just a matter of trying
23 to eliminate. We got a definition from the staff
24 on what was a 20 vote or 20 point allocation by
25 the staff or 35 or 50. What we eliminate,

1 anything below 35 by the staff, and that basically
2 saying it was just an okay project and then the
3 water quality part of that got rated in the top
4 score on the 150 point schedule. So just a
5 combination of looking at the 150 point score and
6 then the further evaluation by the staff on both
7 the low numbers.

8 CHAIRMAN BADDOUR: All right. Anything
9 else, Bill?

10 MR. HOLLAN: Well, I think the 150 points
11 includes the staff's numbers. In other words,
12 they are not two separate scales, the 150 includes
13 the staff score, and that's where my concern is,
14 that we have projects that have a higher water
15 quality score that will be screened out because of
16 an individual field rep's opinion on those. So we
17 have things that Tom Jones may have scored as
18 having a higher water quality than projects that
19 we are screening out. We're keeping projects that
20 have a lower water quality than those that we're
21 screening out because of that 35 points in the
22 total score. So that was my issue with it.

23 CHAIRMAN BADDOUR: Okay. Chuck.

24 MR. McGRADY: Mr. Chairman, I guess I
25 agree with Trustee Hollan, except that, because

1 we've got the ability to go back individually and
2 look at these projects, the safety valve of this
3 is such that any project that someone feels
4 weren't appropriately scored, or you know, just
5 happens to be the person that scores them the
6 hardest can pull the project back in, and so with
7 the safety valve, I supported the motion that Mr.
8 Vaughan made. And my main reason for doing that
9 is I just think it's unrealistic to think that we
10 are going to be able to approve all of these
11 projects, and we need to figure out some way to
12 have our staff focus on those projects that
13 clearly are within the zone of being approved.
14 And so, again, with the safety valve, I would urge
15 my colleagues to support Mr. Vaughan's motion.

16 CHAIRMAN BADDOUR: Further discussion.

17 (No response.)

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

21 (Trustees respond.)

22 CHAIRMAN BADDOUR: Opposed, no.

23 MR. HOLLAN: No.

24 CHAIRMAN BADDOUR: Okay. The ayes have
25 it. Mr. Chairman.

1 MR. COLEMAN: Okay. At this time I will
2 read into the record the project numbers that we
3 are screening, and that's on your third page of
4 your report.

5 2008-011 Conservation Trust for North
6 Carolina, 2008-072 Transylvania County, 2008-070
7 Tar River Land Conservancy, 2008-060 River Link,
8 2008-062 Sandhills Area Land Trust, 2008-009
9 Conservation Trust for North Carolina Richland
10 Creek, 2008-043 North Carolina Coastal Land Trust
11 Hunter's Creek, 2008-068 Southern Appalachian
12 Highlands Conservancy, 2008-081 Wake County
13 Sinclair Tract on Falls Lake, 2008-012 City of
14 Creedmoor, 2008-021 Foothills Conservancy on
15 Catawba River, 2008-033 Nature Conservancy the
16 McLean Tract on Merricks Creek, 2008-017 Ellerbe
17 Creek Watershed Association Mango Tract, 2008-024
18 The Land Trust for Central North Carolina the
19 Allison Woods Tract, 2008-050 North Carolina
20 Wildlife Resources Highway 18 Tract from John's
21 River, 2008-071 Tar River Land Conservancy
22 Whitfield Farm Tract, 2008-066 Sandhills Area Land
23 Trust the Valentine Tract, 2008-028 Mt. Valleys
24 RC&D Scales Tract, 2008-065 Sandhills Area Land
25 Trust.

1 CHAIRMAN BADDOUR: For the record, you've
2 just heard a list of those projects that were
3 screened out as a result of the two motions that
4 had been just previously passed, and I will remind
5 the Board members that they have 30 days from
6 today's date to ask that any of these projects be
7 given a full score and be put back on the list for
8 full consideration. All right, Mr. Chairman.

9 MR. COLEMAN: Okay. Next we heard from
10 Dr. David Perrot on the reservoir study proposal,
11 and Richard, if you could just briefly give us a
12 history of this.

13 MR. ROGERS: Yes, sir. The reservoir
14 study is an opportunity for the Board to further
15 study on the potential reservoir sites across the
16 State. A study of this nature has not been done
17 since the mid-30s.

18 With regard to our drought and recurring
19 drought, water supply is going to be a very
20 critical issue, and it is important, with regards
21 to Clean Water, the fact that one of our efforts
22 is to protect surface waters that could be
23 potential water supplies, as well as that are
24 water supply areas. This study will help us
25 identify areas for potential reservoirs that we

1 could protect surface water through our
2 acquisition program, and therefore provide buffers
3 and good water quality for reservoir sites that
4 may be implemented in the future.

5 CHAIRMAN BADDOUR: Anyone want to put
6 that motion on the Board for us? Lisa. You have
7 heard -- did you give us the recommendation of the
8 committee?

9 MR. COLEMAN: I have a motion by Baddour
10 to authorize the study as proposed and appropriate
11 \$206,782 for that purpose.

12 CHAIRMAN BADDOUR: All right. You heard
13 the committee motion. Is there any discussion?

14 MR. HOLLAN: Mr. Chairman, I think there
15 was some hope expressed that we would get
16 additional funding from other State agencies or
17 municipalities or somebody else who had a dog in
18 this fight that they might, in fact, fund the
19 second phase of this or something along those
20 lines.

21 CHAIRMAN BADDOUR: I think you are
22 correct in your memory of that discussion, and
23 also that the grant be modified to reflect the
24 partnership with the university, I think
25 Mr. McMillan said that that was brought up that

1 that was also. Okay.

2 So, any further discussion?

3 (No response.)

4 CHAIRMAN BADDOUR: Hearing none, so many
5 as favor the recommendation of the committee,
6 signify by saying aye.

7 (Trustees respond.)

8 CHAIRMAN BADDOUR: Opposed, no.

9 MR. HOLLAN: No.

10 CHAIRMAN BADDOUR: Okay. The ayes have
11 it. Mr. Chairman.

12 MR. COLEMAN: We have a request for the
13 approval for a modified scope of work Caldwell
14 County Yadkin River Greenway and the letter dated
15 May 9, 2008 Caldwell County requested an
16 additional \$83,050 to complete the greenway
17 project, and we would recommend to fund this
18 request up to \$84,000.

19 CHAIRMAN BADDOUR: Any further motion by
20 the committee?

21 (No response.)

22 CHAIRMAN BADDOUR: So many as favor -- is
23 there any discussion?

24 (No response.)

25 CHAIRMAN BADDOUR: Hearing none, so many

1 as favor the motion to adopt the committee
2 recommendation signify by saying aye.

3 (Trustees respond.)

4 CHAIRMAN BADDOUR: Opposed, no.

5 (No response.)

6 CHAIRMAN BADDOUR: The ayes have it.

7 Mr. Chairman.

8 MR. COLEMAN: Next we entertain a request
9 from the North Carolina Coastal Land Trust and DOT
10 to release a portion of property from a
11 conservation easement. The DOT is in the process
12 of replacing the bridge across Tranter's Creek and
13 has requested that 16,704 square feet be released
14 from the conservation easement. Fletcher and DOT
15 have agreed upon the sum money of \$13,500 as
16 compensation for this right-of-way. So our
17 portion would be \$434. We recommend that we
18 accept this request.

19 CHAIRMAN BADDOUR: You have heard the
20 recommendation of the committee. Is this any
21 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 respond.)

2 CHAIRMAN BADDOUR: Opposed, no.

3 (No response.)

4 CHAIRMAN BADDOUR: The ayes have it.

5 MR. COLEMAN: We discussed next the
6 approval deadline for donated mini-grants and the
7 staff, with their workload, wanted the committee
8 to consider a policy stating that donated
9 mini-grant requests needing to be closed by the
10 end of the year must be received by
11 October 1, 2008, and we've looked at it in a very
12 positive way, and also looked at it that most of
13 these requests are calendar-based, come in at the
14 end of the year. So, I think we have a policy or
15 a motion that I would like to present that we
16 adopt a policy that mini-grant applications
17 received before October 1st will be closed by the
18 end of the year, but those received after
19 October 1st may or may not be closed by the end of
20 the year, subject to staff workload.

21 CHAIRMAN BADDOUR: Okay. You have heard
22 the recommendation of the committee. Is there any
23 discussion, questions, comments?

24 (No response.)

25 CHAIRMAN BADDOUR: Hearing none, so many

1 as favor the adoption of the committee
2 recommendation signify by saying aye.

3 (Trustees respond.)

4 CHAIRMAN BADDOUR: Opposed no.

5 (No response.)

6 CHAIRMAN BADDOUR: The ayes have it.

7 MR. COLEMAN: You should have a handout
8 that was given during the break on the greenway
9 planning mini-grant application, and it has
10 highlighted the changes that we addressed
11 yesterday. Tom, would you like to address them?

12 MR. JONES: Sure. You all had in your
13 packet two documents; the greenway planning
14 mini-grant application and the greenway planning
15 mini-grant guidelines. What was passed out on the
16 break was both of them put together double sided.
17 And what the committee took up yesterday was some
18 cleaning up of it, and what staff tried to do is
19 put together the -- you all approved a greenway
20 planning mini-grant in February and also approved
21 the components that would be in one that would
22 qualify and also as to what the products are.

23 So, in any event, the only real
24 differences that were from in your Board packet or
25 that there is a signature place on the first page,

1 the budget template was cleaned up, if you look on
2 page 2 and 3, the budget page was made simpler,
3 and that the word on the second page we have got
4 minimum. It said buffer width is now greenway
5 width. I'm sorry to go through these.

6 And in the guidelines, just some
7 introductory stuff was put in the beginning, as
8 well as a change in the mini-grant requirements
9 that the corridor should be at least 50 feet wide
10 and should not exceed 300 feet in width. There
11 were some musts in there and we changed it to
12 should. Other than that, it's whatever was in the
13 packet. And this is just so that we could get --
14 now that you've approved the mini-grant, people
15 need to know how to apply for one.

16 MR. COLEMAN: Mr. Chairman, our committee
17 would make a motion to approve the mini-grant
18 guidelines as amended and to approve allocating
19 \$350,000 of the 2008 procreation for greenway
20 planning mini-grants.

21 CHAIRMAN BADDOUR: Okay. You have heard
22 the recommendation of the committee. Is there any
23 discussion, questions?

24 MR. RASCOE: Mr. Chairman.

25 CHAIRMAN BADDOUR: Peter.

1 MR. RASCOE: Tom, on that dimensions, the
2 second clause there, is that what we talked about
3 yesterday in the committee, and should not exceed
4 300 feet width? I remember there was a
5 discussion.

6 MR. JONES: I think the only thing that
7 was changed was the first should after corridor,
8 that it did say the corridor must be at least 50
9 and should not exceed 300, and I think we changed
10 must to should.

11 MR. RASCOE: I just recall discussion
12 about whether or not that, if it's 400 feet from
13 the city, I mean, are we going take it anyway,
14 right?

15 MR. JONES: 400 feet from the --

16 MR. RASCOE: If there is a corridor
17 that's 400, feet, we're going to consider it
18 anyway.

19 MR. JONES: Yeah, that's how I read it.
20 It could be looked at.

21 MR. COLEMAN: Peter, we changed should to
22 would there, and we addressed that and went back
23 to should. I think that's what we ended up,
24 because at least the discrepancy --

25 MR. RASCOE: I just read that and I hope

1 that doesn't discourage someone if they have 400
2 feet as to the language.

3 CHAIRMAN BADDOUR: I think the intent is
4 we wouldn't pay for more than 300 feet.

5 MR. JONES: And that would be in an
6 application for implementation. This is just to
7 develop a plan, and they might have a plan that is
8 1,000 feet, if they could do it for 35,000, you
9 all may wish to the participate or not.

10 CHAIRMAN BADDOUR: Further discussion.

11 (No response.)

12 CHAIRMAN BADDOUR: So many as favor the
13 recommendation of the document, recommendation of
14 the committee, signify by saying aye.

15 (Trustees respond.)

16 CHAIRMAN BADDOUR: Opposed, no.

17 (No response.)

18 CHAIRMAN BADDOUR: The ayes have it.

19 MR. COLEMAN: Next we discussed the
20 income generation from allowable uses on clean
21 water easements. Staff has received requests from
22 grant recipients to use income generation from
23 allowable uses in Clean Water Management Trust
24 Fund easements for activities such as hunting
25 leases, hay cutting and straw harvesting. They

1 were seeking direction and some clarification on
2 that, so we have two motions with regard to that.

3 The first motion we are actually
4 answering directly to a request from the North
5 Carolina Coastal Land Trust, and that motion is
6 that the North Carolina Coastal Land Trust be
7 allowed to approve the hunting lease on their
8 tract of land.

9 CHAIRMAN BADDOUR: Okay. You have heard
10 the motion. Any discussion?

11 (No response.)

12 CHAIRMAN BADDOUR: So many as favor the
13 motion signify by saying -- the motion to adopt
14 the committee recommendation, signify by saying
15 aye.

16 (Trustees response.)

17 CHAIRMAN BADDOUR: Opposed, no.

18 (No response.)

19 CHAIRMAN BADDOUR: The ayes have it.

20 MR. COLEMAN: In follow-up to that
21 motion, we have a recommendation for activities
22 not addressed by the standard Clean Water
23 Management Trust Fund easement, such as cutting
24 straw, hay, hunting leases, et cetera, and where
25 Clean Water Management Trust Fund has not acquired

1 certain right in the easement, the
2 applicant/grantee ought not to have to come to us
3 for approval to exercise the rights not acquired
4 by Clean Water Management Trust Funds.

5 CHAIRMAN BADDOUR: You have heard the
6 recommendation of the committees. Is there any
7 discussion?

8 (No response.)

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

12 (Trustees respond.)

13 CHAIRMAN BADDOUR: Opposed, no.

14 (No response.)

15 CHAIRMAN BADDOUR: The ayes have it.

16 MR. COLEMAN: Robin, could you -- it was
17 not an action, but this information on the Mingo
18 Tract, could you restate that for us?

19 MS. HAMMOND: Yeah, I sure will. This is
20 an older grant, and it's money that went to
21 Wildlife Resources Commission, the property's in
22 Caldwell County. The closing of the transaction
23 was handled by the Attorney General's Office, and
24 they didn't realize until after the fact that they
25 had taken -- some of the lots that they acquired

1 were subject to a homeowner's association, and
2 therefore subject to dues. And so the Attorney
3 General's Office, they had to work out the details
4 of paying the back dues and trying to get out from
5 under that homeowners association.

6 So, they've come up with a proposal of
7 the land swap between the State and this Buffalo
8 Cove Estates homeowners association that would
9 replace the land that is under the homeowners
10 association with other land, so that it would get
11 out from under that; and eventually will need to
12 decide if any money should come back to us, based
13 on whether this new land still meets the
14 retirements that our grant; and so this is just an
15 informational item to let you all know that the
16 property office is moving forward. They've got a
17 GIS map done, they've got appraisals done, and now
18 they are working on a survey of the actual lands
19 to be swapped. So we will getting that
20 information to Burn, the field rep, to determine
21 whether or not that land still meets the spirit of
22 the grant; and if it does, fine, and if it
23 doesn't, then Clean Water might get some money
24 back, and we will keep you informed about that.

25 CHAIRMAN BADDOUR: Question.

1 MR. McGRADY: Mr. Chairman.

2 CHAIRMAN BADDOUR: Okay, Mr. McGrady.

3 MR. McGRADY: Looking up at the screen,
4 WRC has similar fund with the treasurer that earns
5 considerably more interest.

6 CHAIRMAN BADDOUR: We're not there yet.

7 MR. McGRADY: I know. I was just going
8 to catch it before.

9 CHAIRMAN BADDOUR: Any comment?

10 (No response.)

11 CHAIRMAN BADDOUR: We will go to the next
12 item then.

13 MS. SCHELL: These are unofficial notes.

14 MR. COLEMAN: As you know, in the
15 administrative report, Mr. Rogers brought our
16 update on the stewardship, and through the
17 acquisition we have \$2 million in an account with
18 DENR, and our committee would like to authorize
19 the stewardship committee in consultation with the
20 Board chairman to establish an endowment with the
21 State Treasurer's Office.

22 CHAIRMAN BADDOUR: Just by clarification,
23 we understand that would take legislative action,
24 approval, and Mr. McMillan, with our executive
25 director, will work with the appropriate

1 appropriation committee to see if we could get
2 authorization to do that in the budget. I think
3 that was the intent of that, that correct
4 clarification.

5 Any discussion? You have heard the
6 committee recommendation. Is there any
7 discussion?

8 (No response.)

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

12 (Trustees respond.)

13 CHAIRMAN BADDOUR: Opposed, no.

14 (No response.)

15 CHAIRMAN BADDOUR: The ayes have it.

16 MR. COLEMAN: That concludes our report.

17 CHAIRMAN BADDOUR: And thank you very
18 much for that very fine report, and let's see.
19 Now we will move to the Infrastructure Waste Water
20 Committee. Mr. Johnson, you chaired that
21 committee meeting yesterday.

22 MR. JOHNSON: We have several items that
23 we need to present.

24 First item is a recommendation that the
25 Wastewater Committee, screening all of its waste

1 water applications this year, we feel like there
2 is a possibility that we have 55, and it could be
3 a possibility that we could fund all of them. So,
4 therefore, our committee recommends that we not
5 screen any of the applicants out at this time,
6 that we are going to go for full run for all the
7 others. That's our request recommendation for
8 screening of the applications.

9 CHAIRMAN BADDOUR: You have heard the
10 recommendation of the committee. Is there any
11 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 respond.)

17 CHAIRMAN BADDOUR: Opposed, no.

18 (No response.)

19 CHAIRMAN BADDOUR: The ayes have it.

20 MR. JOHNSON: The next items that we have
21 here concerns either cost overruns or needing
22 additional funds for projects that we have already
23 approved; and the first item here is the
24 Contentnea Metropolitan Sewer District. They had
25 added some new project designs and they had

1 submitted an application for additional funding
2 for designing and permitting, and the committee
3 recommends that we approve the additional work
4 that would benefit the water quality with this
5 application, and basically they looked at the
6 total scope of the project. These things would
7 probably have been included there in the
8 beginning, because they were making some
9 adjustments there. So, basically, the committee
10 recommends that we approve this increase that fund
11 up to 80 percent of that request and would
12 increase the fund of about \$191,000.

13 CHAIRMAN BADDOUR: You have heard the
14 committee recommendation. Any discussion?

15 (No response.)

16 CHAIRMAN BADDOUR: So many as favor the
17 adoption of the committee recommendation, signify
18 by saying aye.

19 (Trustees respond.)

20 CHAIRMAN BADDOUR: Opposed, no.

21 (No response.)

22 CHAIRMAN BADDOUR: The ayes have it.

23 Mr. Chairman.

24 MR. JOHNSON: Our next item is the Stumpy
25 Point project, and this is a request for funding

1 of a cost overrun. If you look there, we have
2 been dealing with this particular project since
3 2004, and there have been some delays in there
4 because of gaining permits and what have you, and
5 as we look at it, our committee recommends that we
6 fund --

7 MS. SCHELL: That's incorrect.

8 MR. ROGERS: Keep going down.

9 MR. JOHNSON: But basically we are
10 looking at this, the committee recommends that we
11 fund up to the 63 percent of what we were funding
12 with the original grant request. So, we are --
13 the committee recommendation is that we fund up to
14 the additional amount up to 63 percent.

15 CHAIRMAN BADDOUR: It's 2.7?

16 MR. HOLLAN: \$2.2 million is what the
17 number was.

18 CHAIRMAN BADDOUR: Okay. You have heard
19 the committee recommendation. Is there any
20 discussion?

21 MR. VAUGHAN: Yes.

22 CHAIRMAN BADDOUR: Stan.

23 MR. VAUGHAN: I'm sorry, I had not
24 attended this meeting yesterday, but I'm a little
25 concerned by an overrun of 200 percent of the

1 original funding. It would seem to me, something
2 that significant ought to be a restart in the
3 process and get due before we fund that.

4 CHAIRMAN BADDOUR: Richard, would you
5 like to comment on that?

6 MR. ROGERS: Yes, sir. The point is well
7 taken. One of the issues that they have is they
8 already put this project out to bid. That's what
9 the low bid came in at. If they were to hold
10 back, run a new application through, those bids
11 would no longer be valued. They would be off the
12 table. We would have to start the process again,
13 and the price is definitely going to go up.

14 So your point is well taken, but with
15 regard to this instance of the bid on the table,
16 the County has been able to extend and hold the
17 bid until the Board meets, and I think that we
18 would see ourselves funding more and a higher
19 request for funds if we were to delay this
20 decision.

21 MR. VAUGHAN: Just to follow-up, what was
22 the original rating to go on this project when it
23 was originally funded?

24 MR. ROGERS: I do not recall. Larry is
25 shaking his head. He doesn't recall either.

1 MR. VAUGHAN: I guess what I am really
2 asking is, was it a high priority project or was
3 it a middle-of-the-road project?

4 MR. JONES: I would have to go back. The
5 scores just don't hold. That's a good question.
6 We could find out, but I don't know what it is.

7 MR. WRIGHT: Mr. Chairman.

8 CHAIRMAN BADDOUR: Jerry, Mr. Wright.

9 MR. WRIGHT: This project's actually been
10 going on for about seven years. The application
11 was put in over seven years ago, and it has been
12 our process -- this project is completely
13 surrounded with thousands of acres of U.S. fishing
14 wildlife and State properties, and basically the
15 project, it has all the worst case scenarios. The
16 actual plant is going to have to be build on
17 pilings because there is no suitable land to do
18 it. The water discharge from the plant will go
19 back overboard, and it has to be a certain quality
20 to allow to do that, which is the worst case
21 scenario. If we don't approve this today, this
22 project will not be done.

23 CHAIRMAN BADDOUR: Also, the records show
24 that the match is the same as it was in the
25 original application. That's where the 63 percent

1 Mr. McGrady.

2 MR. McGRADY: Just one question. I'm in
3 support of funding this project, but assuming we
4 move to fund it, do the additional monies come out
5 of just reserve that we have got, or is this
6 applied back against the monies that we set aside
7 for infrastructure waste water in this coming
8 cycle?

9 CHAIRMAN BADDOUR: Good question.

10 MR. ROGERS: These projects will come
11 from the funds that you all unencumbered and the
12 total funds that we just had encumbered. It will
13 be part of that. So that we will still have the
14 money in hand, and we could amend the contract and
15 give it to the client.

16 CHAIRMAN BADDOUR: Okay. Further
17 discussion.

18 (No response.)

19 CHAIRMAN BADDOUR: Hearing none --

20 MR. COLEMAN: Mr. Chairman.

21 CHAIRMAN BADDOUR: I'm sorry.

22 MR. COLEMAN: Just for my simple mind, is
23 this additional funds \$3 million? Is it
24 technically we are looking at half a million?

25 MR. ROGERS: The original project was

1 quoted at \$2.7. They came in with a crest of
2 \$3 million, of which the committee decided to fund
3 2.2 of that \$3 million request.

4 CHAIRMAN BADDOUR: So, and additional
5 \$2.2 million, which represents -- the total will
6 be 63 percent of the project. The match will
7 remain at 37 percent.

8 MR. WRIGHT: Excuse me, but for
9 clarification, the initial grant was \$1.7 million.

10 MR. ROGERS: I'm sorry, 1.7.

11 CHAIRMAN BADDOUR: Okay. All right.
12 Stan.

13 MR. VAUGHAN: Mr. Chairman, I understand
14 the headache I'm throwing at everybody, but Tom
15 did inform me that originally it was a very
16 expensive project at \$1.7 million, so 6.6 is maybe
17 an unreal expensive project. The question is,
18 this amount of money, how many homes are we
19 serving or what is the unit cost? You know, just
20 to me, we've turned down a lot of projects when
21 they get too expensive, and that's all I'm asking,
22 Larry.

23 CHAIRMAN BADDOUR: Larry, I think Tom was
24 talking to Stan and didn't hear what you said at
25 the time, so you might want to repeat it, if you

1 would.

2 MR. HORTON: We were serving 128 existing
3 residences, and of those they have 110 failing
4 systems, and that includes 64 straight pipes. So
5 does that answer your question?

6 MR. VAUGHAN: You are telling me we're
7 spending \$6 million for 128 homes?

8 MR. HORTON: That is correct, and there
9 is also 66 platted lots there, also.

10 CHAIRMAN BADDOUR: Well, Larry, say that
11 again. I don't think everybody heard what you
12 said.

13 MR. HORTON: There is 128 existing homes
14 and there are 66 lots that have already been
15 platted and are ready to be built on.

16 CHAIRMAN BADDOUR: Okay. Tom, did you
17 have something you wanted to say?

18 MR. JONES: The question was asked about
19 the score, and that was a long time ago, so it's a
20 relative thing, but it was scored on an 89 by my
21 reckoning back then, which is a B plus/A minus in
22 terms of water quality, and I think one of the
23 things that was discussed was the expense that the
24 lack of options for this, and I think Larry has
25 also looked at the -- I mean a lot of people look

1 to see what the options are. It's a pretty
2 restrained, there really isn't much else that
3 these folks can do. So, it's one of the expensive
4 projects, and we went through this process last
5 year to look at expensive projects. The big part
6 was were there any other alternatives.

7 CHAIRMAN BADDOUR: Okay. Is there
8 further discussion?

9 (No response.)

10 CHAIRMAN BADDOUR: Hearing none --

11 MS. WESTON: For clarification --

12 CHAIRMAN BADDOUR: Claudette, I'm sorry.

13 MS. WESTON: Just for clarification, you
14 say \$6 million, I have \$3,928,000. Which is
15 right?

16 CHAIRMAN BADDOUR: Well, you are talking
17 about what is our part and what is the total?

18 MS. WESTON: Yeah, our part; is that
19 right?

20 MR. ROGERS: 3.9 would be our total
21 contribution if this should pass.

22 CHAIRMAN BADDOUR: Further discussion?

23 (No response.)

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

1 committee signify by saying aye.

2 (Trustees respond.)

3 CHAIRMAN BADDOUR: Opposed, no.

4 MR. VAUGHAN: No.

5 CHAIRMAN BADDOUR: The ayes have it.

6 Mr. Chairman.

7 MR. JOHNSON: Our next project is a
8 request for additional funding for the Town of
9 Enfield, and our committee recommends that we
10 amend the current grant for an additional \$213,000
11 in funding, which brings the total mini-grant
12 amount to \$1,010,000; and basically, as you look
13 here, and you see a town of Enfield's size, if
14 they can fund \$16,500 to put to this project, it
15 would be unbecoming on us for them to make that
16 type of sacrifice for us to not try to amend and
17 extend this contract. So, we recommend to amend
18 the grant.

19 CHAIRMAN BADDOUR: You have heard the
20 recommendation of the committee. Is there any
21 discussion?

22 (No response.)

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

1 (Trustees respond.)

2 CHAIRMAN BADDOUR: Opposed, no.

3 (No response.)

4 CHAIRMAN BADDOUR: The ayes have it.

5 Mr. Chairman.

6 MR. JOHNSON: Our next request is from
7 the Town of Fremont, and this is a request for
8 adding to the project scope, and Fremont is
9 requesting an additional \$115,900 in grant money
10 to add to the work to the current sewer rehab
11 project, and our committee recommends that we
12 amend this grant to \$116,000.

13 CHAIRMAN BADDOUR: You have heard the
14 recommendation from the committee. Is there any
15 discussion, any questions?

16 (No response.)

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

20 (Trustees respond.)

21 CHAIRMAN BADDOUR: Opposed, no.

22 (No response.)

23 CHAIRMAN BADDOUR: The ayes have it.

24 MR. JOHNSON: Our next project is a
25 request by the Town of Northwest, and this is an

1 additional cost in the construction of the
2 project, and basically our committee, they had
3 made a request on additional amount, and if you
4 remember in the packet, there was a figure there
5 for one amount, but based upon what our
6 discussions have been and because of the fact that
7 Northwest made their request for what you saw in
8 your packet of materials, with the idea that there
9 was a \$3 million cap that we could not go over,
10 but we have been looking at the possibilities of
11 the fact that we have been trying to go along with
12 what the original match was.

13 The committee is recommending that, since
14 they had put -- that our part would be with the
15 original grant of about 41 percent or 42 percent
16 is what we had put in there originally, and
17 Northwest made their request back thinking in
18 terms of the \$3 million cap. To be fair with what
19 we have been doing previously, we have recommended
20 that we go up to the 41.6 percent of the original
21 grant in the amount of money, so this would go a
22 little bit beyond what they had originally
23 requested, in terms of dollars and cents, based
24 upon what you have in your packet, but we do
25 recommend approval of this grant up to the

1 matching fund.

2 CHAIRMAN BADDOUR: You have heard the
3 recommendation of the committee. Is there any
4 discussion?

5 (No response.)

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

9 (Trustees respond.)

10 CHAIRMAN BADDOUR: Opposed, no.

11 (No response.)

12 CHAIRMAN BADDOUR: The ayes have it. If
13 you could, just one minute, I think our executive
14 director wanted to make comment.

15 MR. ROGERS: We have been through these
16 cost overruns, and I know it's frustrating for the
17 Board to deal with cost overruns basically every
18 meeting we have. I do want to applaud your
19 efforts for separating permitting and planning
20 out. We will see the benefit of that in the long
21 run. We are still dealing with projects that were
22 funded prior to that decision of the Board, and we
23 probably will for another cycle, but we look
24 forward to having a diminishing amount of cost
25 overrun projects because of time delay and that

1 nature, but we will eventually see the benefits of
2 y'all's actions that you took last year of the
3 separating out permitting and planning.

4 CHAIRMAN BADDOUR: Thank you for those
5 comments.

6 MR. VAUGHAN: Mr. Chairman.

7 CHAIRMAN BADDOUR: Mr. Vaughan.

8 MR. VAUGHAN: I apologize for going back
9 to this, but I would like to have something read
10 into the record on some point. If my
11 understanding is correct, on the existing houses,
12 I think you said 120?

13 MR. ROGERS: 8.

14 MR. VAUGHAN: 128. That's over \$40,000
15 per house that's there, plus I heard there was 120
16 additional plotted lots.

17 CHAIRMAN BADDOUR: 60.

18 MR. VAUGHAN: So, does that mean that we
19 are also funding future development by paying to
20 have service into those lots? And the third
21 question is, is this a low income area, is it a
22 second-home area, just what is it?

23 CHAIRMAN BADDOUR: Here's what we will
24 do. We already adopted that motion, but in order
25 -- we'll put this on the record. Mr. Wright, if

1 you could respond to that.

2 MR. WRIGHT: Mr. Vaughan, of the existing
3 homes, many of them are failing and some of them
4 are straight pipe. The lots that are there, the
5 60-something lots, the County is going to come up
6 with a system of basically charging a fee or come
7 up with the money themselves to charge each one of
8 those lots an impact fee when that home is built
9 on those lots. Those lots are still on record and
10 can be built with an approved septic tank system
11 currently.

12 Stumpy Point Bay is closed for all
13 shellfishing. It is one of the few areas in that
14 area of the Albemarle Sound that is closed. It
15 involves hundreds of acres in the bay that are
16 currently closed. Stumpy Point is not Paris Cove
17 or Martins Point or Duck. It is a small fishing
18 village with a very much lower per capita income
19 than any of the rest of Derrick County, and my
20 sense is that it is a severe water quality
21 problem. We can fix it through this process.

22 As you know, it's taken seven years to
23 get to where we are at. The fishing wildlife and
24 the core have set standards in this particular
25 situation that have run the prices up to where

1 they are questionable. We even talk about pump
2 and haul, whether we would take pump and haul to a
3 plant somewhere else and maybe reduce the cost;
4 and the only thing that I'll say about that is
5 that I have a pump and haul situation very close
6 to where I live, and they put a valve on that, and
7 when the people weren't looking, they would let it
8 go out in the marsh and then do it, and I'm not
9 for a pump and haul situation. That might
10 significantly reduce the cost of this, but also
11 reduce the risk of contamination when people are
12 diligently watching that system, and for that
13 reason, I support the completion of the system.

14 The actual plant is going to have to be
15 put on pilings, which probably doesn't exist
16 anywhere else in North Carolina, to hold the plant
17 up so it can function. So there are a lot of
18 mitigating circumstances to this particular
19 process.

20 CHAIRMAN BADDOUR: Also, just let me
21 comment about the funding new development. Any
22 time we do a waste water project in an area,
23 whether it's the city or whatever it is, there is
24 always going to be unimproved lots that would
25 benefit from that, and I think when we talked

1 about that, we talked about opening up new
2 subdivisions in new areas that had not been
3 previously platted. So I don't think this is, in
4 concept, different than just unimproved lots that
5 would be in whatever place that we would fund this
6 type of a project. Mr. Hollan.

7 MR. HOLLAN: Dan, I shared some of your
8 concerns about this project, and I asked a number
9 of questions, and I put these in the record, as
10 well. I was concerned about the undeveloped lots
11 and about who might benefit from this project as a
12 free rider, and I asked Damon to go back three
13 years and just see if there has been any effort to
14 assemble these lots by any person or group of
15 persons, and there was no such effort. These are
16 owned by individuals who have had them for a long
17 period of time.

18 It is a poor working community. It's
19 been there for a long time. Shouldn't have ever
20 been put there, but it is there, and these people
21 live there and make their livelihood there.

22 As Larry said, it's a public health and
23 an environmental disaster. They've got straight
24 pipes running into ditches, running right out into
25 the bay and polluting the water to the extent that

1 an area that's surrounded by thousands of acres of
2 public lands and ought to be pristine shellfish
3 water is closed, and so if they didn't have these
4 ridiculous -- in my opinion, ridiculous
5 limitations on what they can do with the affluent,
6 where they could put it, how they could build a
7 plant, they could do this much more inexpensively.

8 I suggested we look at the cost of pump
9 and haul. Turns out that's not a viable option.
10 I think at 63 percent, depends on how you look at
11 it, we are right at 63 percent of the lots already
12 have got houses built on them, and the undeveloped
13 part, you could say we are not funding that.

14 The other thing is, this is a unique
15 situation. Dare County is not in the sewer
16 business. They provide sewer to no other
17 community in the whole county, and they have seen
18 this as such a public health and environmental
19 problem that the county has originally come up
20 with \$550,000, and now we are proposing that the
21 county has to come up with \$1 million 4 to solve
22 this problem. So they recognize it as a problem.
23 It's going to be a political problem.

24 I'm certain they are going to be unhappy
25 that they didn't get the whole \$3 million, but in

1 looking at this thing up one side and down the
2 other, this is consistent with what we did on
3 recent overrun Whitehall. No more, no less. And,
4 you know, this is one I had to hold my nose and
5 vote for. I think it's too much money, but there
6 is no other alternative. There is zero
7 alternative.

8 CHAIRMAN BADDOUR: Stan.

9 MR. VAUGHAN: Mr. Chairman, I apologize
10 to the Board for my questions, but I think it's
11 important, if we are going to spend that much
12 money for a unit, it be read into the record.

13 CHAIRMAN BADDOUR: Thank you very much,
14 everybody, for your comments. It's a very
15 important issue. Okay, Mr. Chairman, I believe
16 you have one more item, and information item.

17 MR. JOHNSON: It was an information item,
18 basically informational item. Larry, would you
19 just give a little briefing on that?

20 MR. HORTON: Yes, sir. Thank you,
21 Mr. Chairman. One of the informational items is
22 -- I have to see which one is first on the agenda
23 for our committee meeting.

24 One of them was for the Town of Bolton,
25 and I just wanted to bring it to the Board as

1 information that one of the things that we have
2 had to do just a little bit unusual for the Town
3 of Bolton is we made an arrangement, a payment
4 arrangement, because the local government
5 commission was a little bit uncomfortable with
6 actually making grant payments to the Town,
7 itself. So, an intermediate process has been set
8 up with the county governments to handle that,
9 handle that lending of disbursements to the
10 vendors, the contractors and so forth. I don't
11 know, Christopher, did you have anything that you
12 would like to add to that, since you've been more
13 involved with it?

14 MR. FIPPS: Nothing, other than the cog
15 is not getting any additional money for this.
16 They are just acting as a physical manager and the
17 money is just flowing through the cog.

18 MR. HORTON: Thank you.

19 The next item is just something that we
20 wanted to also make the Board just to be aware of
21 it. It's a little bit complicated, but I'll try
22 to muddle through it as best I can. What happened
23 is that we have made a \$300,000 grant to the Town
24 of Erwin, and as they contemplated executing or
25 implementing that project, Harnett County has

1 started to take over the function of waste water
2 facilities management for a lot of the folks in
3 their area, and the Town of Erwin decided on
4 working with Harnett County, that that would be
5 convenient for them, also. So, they came back to
6 us and wanted to know if they could have that
7 grant fund, \$300,000 grant fund, transfer to
8 Harnett County, and the Board was advised of that
9 and agreed with that.

10 And also, along with that, there has been
11 two recent grants to Harnett County; one for 2
12 and-a-half million dollars and another for a half
13 a million for a total of \$3 million. So, just for
14 information, the Harnett County will be receiving
15 a total of \$3.3 million. The Erwin money is going
16 to be earmarked to be spent as it was originally
17 intended in the Town of Erwin, and it's not going
18 to be allowed that that money just to be spent
19 wherever Harnett County decides would be a good
20 plan.

21 And also, another note about the Erwin,
22 the \$300,000 Erwin grant that, was made quite some
23 time ago, over three years ago, and possibly
24 before the legislation regarding that cap amount
25 was set in place, also. So, this is just mainly

1 an informational item, and it is brought to your
2 attention because of the amount of money.

3 CHAIRMAN BADDOUR: Okay.

4 MR. JOHNSON: Mr. Chairman, that
5 concludes our report.

6 CHAIRMAN BADDOUR: Thank you very much,
7 Mr. Johnson. Mr. Hester, are we ready?

8 MR. HESTER: We will proceed.

9 CHAIRMAN BADDOUR: Okay. We will hear
10 from the Infrastructure Waste Water Committee.
11 I'm sorry, the Restoration Stormwater Committee.

12 MR. HESTER: Thank you. Let me go over
13 the nonaction items first, I think.

14 First thing is we've clarified our
15 stormwater mini-grant application basically to
16 make it clear what we will fund and what the grant
17 has to request, in terms of the stormwater phase 1
18 and phase 2 rules. Nancy went over that, but it's
19 just to make it clear to the applicants where we
20 will and where we won't fund certain stormwater
21 programs. So Nancy went over that. Just to make
22 that clear, it's just an update of our mini-grant
23 applications. So that's an informational item.

24 The last thing we talked about was we
25 will not screen any applications. Kevin said we

1 have plenty of staff, time, and given the number
2 of applications that we're submitted to in the
3 storm restoration area, we will score them all
4 completely. So I don't think that takes any
5 action by the Board, so I would suggest that's an
6 informational item, as well.

7 The other item I would like to talk about
8 for a minute, this has to do with the innovative
9 stormwater proposal, and if you recall, and I
10 would like to -- I know I said some of this
11 yesterday, but I would like to have it reflected
12 in the minutes, if I may, Mr. Chairman. Our
13 legislature changed our statute and indicated that
14 we should give some consideration to innovative
15 stormwater projects, and I think, to the credit of
16 the chairman and our executive director, they took
17 a very proactive, and I think a very appropriate
18 approach to that and formed this Innovative
19 Stormwater Committee.

20 And I would like to first say that I have
21 enjoyed watching it work, and you should be or you
22 would be, if you had seen what I've seen, you all
23 would be very proud of the staff and the way
24 they've conducted themselves throughout; from the
25 very beginning, the decision was made by the

1 chairman and executive director to proceed in this
2 manner, and the way that the staff has implemented
3 their decision. I am extremely impressed, and
4 Kevin did a great job with this, as did Nancy and
5 the rest of the staff. There were other staff
6 members involved, as well. So I was proud to be a
7 part of it and proud to watch it happen.

8 I'd also like to make it clear that this
9 probably would not or could not have been done as
10 well without the assistance of Dr. Nancy White.
11 She's the director of the UNC Coastal Studies
12 Institute. She was here yesterday, and I hope
13 most of you had a chance to meet her. She's a
14 very fine lady and the smartest person I know
15 having to do with water quality issues,
16 particularly in this area, and she was a great
17 help, and we assembled -- I'm not going to say we
18 assembled, that's false.

19 They, meaning Richard and Nancy,
20 assembled a group of individuals from business,
21 government and academia that I thought was --
22 well, first of all, it's a tribute to them that
23 these people would donate their time. I didn't
24 say this yesterday. They weren't paid a dime.
25 They got free lunch and a free parking place. I

1 mean, that's all they received for participating
2 in this. Well, maybe they got a free parking
3 space. A couple. Maybe they paid for it on a
4 couple of occasions. But anyway, they were
5 willing to donate their time and participate in
6 this three separate days here in Raleigh, and I
7 was impressed, not only with their dedication,
8 with their qualifications and also I was impressed
9 with their willingness to participate. And this
10 was not a group that sat around and listened to
11 one or two people speak. It was a group that
12 participated to a man or a woman, and it was very
13 exciting, and I told the group yesterday it made
14 me think of my State College days when we used to
15 sit around and talk about these important
16 scientific issues of the day.

17 Lastly, I would like to say that, having
18 heard all of their discussion and listened to it,
19 and I was the only bystander and watcher,
20 everybody else was a participant. It's very
21 important work, and the chairman and executive
22 director recognize that, and I think it will have
23 a huge or potentially have a huge benefit to North
24 Carolina, in terms of not only water quality but
25 water quantity, as well.

1 So, one more thing. When I first heard
2 about this, one way to forget about something is
3 to have a committee handle it. Well, let a
4 committee look at it, and if it goes in some sink
5 hole up here down the road some time, no better
6 for worse; but that was not the case here. This
7 is an example of the good work that a group of
8 people in a committee could do to recommend -- to
9 accomplish their goal; which was, number one, to
10 come up with a request for proposals for
11 innovative stormwater projects; and number two, to
12 have it done by this meeting. And this is an
13 example where this group decided to do that, and
14 they did it in a very rational, reasonable and
15 concise way, and that is a tribute, once again, to
16 our staff; Richard and Kevin and Nancy; and
17 parenthetically, it's an evaluation to Richard on
18 their special projects. Give them an A on that
19 one. I don't do this thing too much.

20 So, they accomplished exactly what they
21 were supposed to do, and we've come up, I think,
22 with an excellent request for proposals. I hope
23 we've come up with some really good innovative
24 stormwater projects, applications to do that.

25 I would like to tell the Board two things

1 that I did yesterday; one, the two things in these
2 applications that are a little different; one,
3 every member of the committee underlined the need
4 for monitoring these projects so that we would
5 understand at the end of the project whether it
6 was effective or not, and whether it would be a
7 benefit to North Carolina or not. And number two,
8 we generally insist on our easement, et cetera,
9 when we deal with projects on land. In this case,
10 we felt like that was not important, because the
11 important part was for the project to be
12 contractive such that it protected our interest
13 during the duration of the project. After all,
14 what we are looking for is a project that is
15 successful in improving water quality in North
16 Carolina by handling storm water in an innovative
17 way.

18 So, I was impressed. I enjoyed it. It
19 was a lot of fun. I went in it with some
20 trepidation and came out of it thinking it was a
21 great way to watch government work in a positive
22 manner, and I was really, really impressed.

23 Having said all that --

24 MR. VAUGHAN: Yes.

25 MR. HESTER: We would recommend to the

1 Board the following two motions. The first is to
2 approve the RFP that has been presented in your
3 package.

4 CHAIRMAN BADDOUR: Okay. You have heard
5 the motion. Yevonne, do you want to comment on
6 that? You participated in that, also.

7 MS. BRANNON: No thank you. Joe did a
8 great job.

9 CHAIRMAN BADDOUR: And we thank you for
10 that, Joe, your enthusiasm and your involvement.
11 I think there is certainly a drought component to
12 this with the reuse that I think is implicit in
13 many of the innovative projects; if not most or
14 all of them; and very timely, also.

15 Any discussion on the motion?

16 (No response.)

17 CHAIRMAN BADDOUR: Hearing none, so many
18 as favor the motion that we adopt the committee
19 recommendation signify by saying aye.

20 (Trustees respond.)

21 CHAIRMAN BADDOUR: Opposed, no.

22 (No response.)

23 CHAIRMAN BADDOUR: The ayes have it.

24 MR. HESTER: And the second
25 recommendation we made to the Board is that the

1 Board consider \$5 million, a tentative amount of
2 money, to be considered to fund this innovative
3 stormwater initiative, subject to appropriation by
4 the general assembly early in the calendar year in
5 2009. Award is to be made solely at the
6 discretion of Clean Water Management Trust Fund
7 Board of Trustees.

8 CHAIRMAN BADDOUR: You have heard the
9 motion. Is there any discussion?

10 (No response.)

11 CHAIRMAN BADDOUR: Hearing none, so many
12 as favor the motion signify by saying aye.

13 (Trustees respond.)

14 CHAIRMAN BADDOUR: Opposed, no.

15 (No response.)

16 CHAIRMAN BADDOUR: The ayes have it.

17 MR. HESTER: I would like to thank
18 Richard and Kevin and Nancy, and to all the rest
19 of the staff and Dr. Nancy White; I'm sorry she
20 was not here to hear this, that participated.
21 Thank you.

22 CHAIRMAN BADDOUR: Okay. Richard, I
23 recognize you for the next item on the agenda,
24 which is emergency application submitted out of
25 cycle.

1 MR. ROGERS: Yeah, this is kind of an
2 introduction to a topic that we would like to get
3 your feedback on as trustees. Since we have gone
4 to a single cycle, there has been some questions
5 in our land trust community about applications or
6 opportunities that have come up after our cycle
7 deadline, and is there a provision by which the
8 Trust Fund could engage and hear an out-of-cycle
9 application.

10 We currently do have a process with
11 applications that we have in hand, that we
12 consider them in June early, if there needs to be
13 closing or need to be funded earlier than time
14 limitations to make the closing happen. However,
15 with regards to projects that do not hit during
16 our application cycle, we do not have a process.

17 The issue also came up about three to
18 four weeks ago out at Beaufort County where the
19 community is getting ready to be -- health
20 inspectors are trying to shut the place down and
21 came and said is there any way that we could get
22 funding out of Clean Water to help book them on a
23 line; and again, we don't have a process.

24 One thing I would like to do, if it's
25 okay with the Board, is to pursue the development

1 of staff development of some criteria from which
2 we may be able to consider such applications.
3 There are a whole lot of opportunity for
4 misstepping. When we do this, one thing we do not
5 want to do is open up another application process,
6 and I'm extremely sensitive to that; and however,
7 it does seem that we need to give some thought
8 about if there is a mechanism, if there are some
9 criteria that we could look at in order to address
10 these issues if they were to come about.

11 So, it's open for discussion, and staff
12 would seek a little bit of direction with regards
13 to your interest in pursuing the motion for
14 application.

15 CHAIRMAN BADDOUR: Okay. Any comments
16 from the Board?

17 MR. RASCOE: Mr. Chairman, I guess I
18 would be interested in knowing the interpretation,
19 as we develop it in emergency, and in the case of
20 the health department shutting down residences for
21 failing septic tanks, they have a process under
22 the statute to go to -- and of course the extreme
23 is for that resident to move out and find another
24 residence, and I'm not sure if that follows under
25 what we would consider to be an emergency, but I

1 am just using that as an example.

2 MR. ROGERS: Excellent point, and therein
3 lies the issue with defining an emergency and what
4 is the particular situation where it would be
5 acceptable to interrupt our normal process to take
6 on consideration. So it's a hard question. I
7 know in the past the Board, we always try to
8 accommodate these issues and accommodate our
9 clients as best we can. So we are trying to just
10 kind of think this through. We will be glad to
11 talk through it amongst our staff, and if you are
12 interested in looking at a process criteria for
13 evaluating such type of emergencies, we can try to
14 think that through and present something to you.

15 CHAIRMAN BADDOUR: All right. Any
16 further comments or direction the members of the
17 Board would like to give to our executive director
18 on this issue?

19 MR. HOLLAN: Mr. Chairman, I have
20 supported this idea being open to emergency
21 consideration because of the fact that we are only
22 on one cycle and things do come up, and I would
23 hope that, in the interim, before we get a policy
24 developed, that the executive director would feel
25 comfortable discussing with you, as the chairman

1 of this Board, the question of whether something
2 needs any common sense definition of emergency
3 until we establish a criteria, and that we feel
4 comfortable bringing to the Board any questions
5 that are sent in from various applicants.

6 CHAIRMAN BADDOUR: That's a good point,
7 and this Board always has the right to, you know,
8 make exceptions to whatever rules that we make.

9 MR. HOLLAN: I am talking about before we
10 get a decision made, if we could simply be open
11 to --

12 CHAIRMAN BADDOUR: I was validating that.
13 I am saying even now, that we have always had the
14 right to, and certainly we would keep an open mind
15 in that respect. I could assure you of that from
16 my standpoint.

17 Mr. McMillan.

18 MR. McMILLAN: Mr. Chairman, something
19 akin to suspending the rules, you always need to
20 be able to do that, but it ought to be something
21 that you don't do routinely, and I don't know
22 whether one thought would be to allow the chairman
23 and the executive director, if an issue they feel
24 rises to something of significance, that there be
25 a telephone conference with maybe the major

1 funding committee chairs and the budget chair, and
2 you folks make a decision as to whether or not to
3 jump off into that. I don't think you need to
4 involve the whole Board to do it. I think some
5 smaller group ought to make that call.

6 CHAIRMAN BADDOUR: Well, I think you are
7 right, and I think the point that Bill was making,
8 and I am really agreeing with him, and that is
9 even though one of the things you need to think
10 about is do we really need a process, or is it
11 simply just a recognition that that is an inherent
12 power of this Board always to do that in case of
13 an emergency, as opposed to actually having a
14 process. I don't know. I'm not expressing a
15 judgement, but I mean that is one way that you
16 could come down on the issue. On the other hand,
17 you may feel like you ought to at least have
18 something out there that could give some guidance.
19 I don't know.

20 Yevonne.

21 MS. BRANNON: I really agree with
22 everything that's been said. I think that when we
23 voted that day to go to the one cycle, this was
24 implicit in the comments and probably the minutes,
25 that is exactly what we would do, that there would

1 never be a lack of opportunity to suspend the
2 rules and bring something to the Board, and I
3 think it should stay that way.

4 I guess, ironically, as a person who has
5 really be wanting more and more things nailed
6 down; do we do administrative fees, yes or no,
7 blah, blah; in this case I'm not so thrilled about
8 having a formal process that you might actually
9 encourage folks to apply more efforts to than we
10 want to find or be able to find, and that more
11 that it should be the professional recommendation
12 to the chairman to review and then decide if the
13 Board should be then in a formal process. We have
14 so much to manage now, and we have the options to
15 be flexible. Flexibility is killing us already.

16 CHAIRMAN BADDOUR: Okay. Further
17 comments on this, and I might say that the next
18 item is just a general discussion on any subject
19 that any board member would like to talk about.
20 All right. Well, then --

21 MR. ROGERS: There is one thing, and if I
22 could ask Burn to bring that up, that would be
23 great.

24 Burn.

25 MR. SCHUMAK: A couple of applicants have

1 asked me to throw out some dates on potential site
2 visits. These are projects that are fairly high
3 dollar amounts.

4 One is the Carolina Thread Trail, it's a
5 \$3 million greenway project that covers 15
6 counties. I think they have raised about \$15
7 million already. The date that's been kind of
8 proposed for that is June 24th down in Charlotte
9 to look at some specific sites relating to that
10 project.

11 The second project is Con Mountain, which
12 you may have heard about. That's about a
13 \$7.2 million request out of \$14 million. It's an
14 1,800 acre tract right in the very corner of North
15 Carolina at the northwest corner where it borders
16 Tennessee and Virginia. It's an 1,800 acre tract.
17 Some time in the last week of July, and if you
18 want to get with me on a particular date you might
19 have a preference, some trustees have expressed an
20 interest in looking at that tract. It would be a
21 good time. About end of July it would be getting
22 warm up there, because it's about ten degrees
23 cooler than it is in Boone. Thanks.

24 CHAIRMAN BADDOUR: Stan.

25 MR. VAUGHAN: Mr. Chairman, I would like

1 to also follow up particularly on the Carolina
2 Thread Trail situation. I would like to say it's
3 15 counties involved. Unfortunate, based on the
4 way I have ordered, contributed, I happen to be
5 the only person that lives in that 15 county area,
6 but I will tell you about 25 percent of the
7 population of the state lives, and I'm already on
8 tune and familiar with the project and I know it's
9 an imposition to ask people to come particularly
10 from Bear County.

11 But the point is, anybody in a reasonable
12 area, if you can make it, I personally would
13 appreciate it, because I think it's a huge project
14 for that area, and it's a lot of money, and they
15 are putting their money behind the idea. So it's
16 just something we need to --

17 MR. ROGERS: We could also coordinate
18 driving down that way, if you were from the
19 Raleigh area. We could go down in a car pool.

20 MR. CAMPBELL: Would you give us an
21 e-mail on that?

22 MR. ROGERS: Yes, sir. We will followup.

23 CHAIRMAN BADDOUR: Further discussion.
24 Any item any member would like to bring up?

25 MR. SCHUMAK: Chairman, I have one other

1 item. Claudette and I have looked at the Board
2 meeting scheduled for Winston-Salem, and I believe
3 there is a furniture marked conflict that he has,
4 and I think right now we are looking at meeting in
5 Winston-Salem at the September Board meeting, and
6 I believe Penny and the rest of the staff will
7 followup with an e-mail regarding that. Just to
8 give you a heads up on that.

9 MS. WESTON: Thank you.

10 CHAIRMAN BADDOUR: All right. Anything
11 else?

12 (No response.)

13 CHAIRMAN BADDOUR: If not, we do have our
14 Attorney General's report.

15 Mr. Crawley.

16 MR. CRAWLEY: Thank you, Mr. Chairman.

17 At your places prior to the commencement of the
18 meeting I put copies of the minutes from the
19 executive sections that the Board held from
20 November 13, 2006 through November 12, 2007; and
21 in essence, they were sessions which you discussed
22 the pending litigation that was settled at the
23 close of 2007. The process, the hiring of the
24 interim director, the hiring of the executive
25 director and the deputy director, and that's the

1 subject matter of these. All these matters are
2 now subject for public disclosure since the
3 litigation is closed, and they are for your
4 review, and if appropriate, to be approved.

5 MS. WESTON: So moved.

6 CHAIRMAN BADDOUR: You have heard the
7 motion. Is this a second?

8 MR. COLEMAN: Second.

9 CHAIRMAN BADDOUR: Any discussion.

10 (No response.)

11 CHAIRMAN BADDOUR: Hearing none, so many
12 as favor the motion to approve the minutes as
13 identified by -- maybe you ought to read in the
14 dates of those meetings, just so they would be in
15 the record.

16 MR. CRAWLEY: Executive sessions were
17 held on Monday, November 13, 2006; Monday,
18 December 21, 2006; Monday, January 7, 2007;
19 Monday, June 11, 2007; August 13, 2007, which was
20 also a Monday; September 10, 2007, Monday; October
21 the 8th 2007, Monday; and November 12, 2007,
22 Monday. All of those were informal meetings.

23 CHAIRMAN BADDOUR: Okay. You have heard
24 the motion. Any discussion?

25 (No response.)

1 CHAIRMAN BADDOUR: Hearing none, so many
2 as favor the motion signify by saying aye.

3 (Trustees respond.)

4 CHAIRMAN BADDOUR: Opposed, no.

5 (No response.)

6 CHAIRMAN BADDOUR: The ayes have it.

7 Mr. Crawley.

8 MR. CRAWLEY: Our friend from Trenton,
9 Mr. Willis, has filed another lawsuit naming the
10 Trust Fund; and as with the one that he filed a
11 year ago, the Federal District Judge Malcolm
12 Howard dismissed it. This case went a little bit
13 further. Mr. Willis appeared in front of Judge
14 Howard to show just cause why he filed it without
15 getting court approval, because he was under an
16 order from Judge Howard from the circuit, that's
17 the prerequisite for filing a lawsuit with respect
18 to the Town of Trenton. Judge Howard held him in
19 contempt and he filed a pro se appeal to the
20 Fourth Circuit. Though we haven't been served and
21 are not a party, I thought you would be
22 interested.

23 And then the second matter is with
24 respect to the lawsuit in Henderson County for the
25 invasion or alleged invasion of the conservation

1 easement, the Woltz vs. Drake & Taylor lawsuit.

2 The land trust has intervened and filed
3 its complaint, and they requested and received a
4 preliminary injunction. The trial for the
5 permanent injunction is scheduled for August there
6 in Henderson County. And there is also a second
7 complaint that deals with the boundary dispute
8 between the underlying fee holder that sold the
9 easement to the State using your money, and the
10 across-the-stream defendants who have, in essence,
11 been making use in creating allegedly another
12 passage through the stream pouring gravel into it
13 and crossing without permission to cross property
14 where the conservation easement is, and the law
15 firm of Roberts & Stevens in Asheville are
16 representing the plaintiffs in that action, and
17 they have been in contact with the Attorney
18 General's Office representing state property.

19 CHAIRMAN BADDOUR: Frank, we are not a
20 part of those lawsuits as a party, right?

21 MR. CRAWLEY: No. The conservation
22 easement is held by the State and the Department
23 of Restoration. It's the State agency that deals
24 with real property issues of title issues. Thank
25 you.

1 CHAIRMAN BADDOUR: Any questions?

2 (No response.)

3 CHAIRMAN BADDOUR: I thank you very much.

4 Richard, is there anything else?

5 MR. ROGERS: I just note we have lunch.

6 Please take lunch. We will make accommodations if

7 you want to fix it to go, but please do have lunch

8 we provided for the Board.

9 CHAIRMAN BADDOUR: I thank all the Board

10 members for your attention and staying with us

11 today. Thank you very much. We will stand

12 adjourned.

13 (MEETING IS ADJOURNED AT 12:25 P.M.)

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NORTH CAROLINA

WAKE COUNTY

CERTIFICATE

I, JOANN BUNZE, do hereby certify that the foregoing 153 pages constitute a true and correct transcript of the meeting of the Board of Trustees of the Clean Water Management Trust Fund held Raleigh, North Carolina, on Monday, June 9, 2008.

In witness whereof, I have hereunto set my hand this the 22nd day of June 2008.

Joann Bunze