

BOARD OF TRUSTEES
CLEAN WATER MANAGEMENT TRUST FUND

MINUTES OF MEETING

MONDAY, NOVEMBER 10, 2008

9:44 A.M.

NORTH RALEIGH HILTON
3415 WAKE FOREST ROAD
RALEIGH, NORTH CAROLINA



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APPEARANCE OF CWMTF BOARD OF TRUSTEES

PHILIP A. BADDOUR, JR., CHAIRMAN, GOLDSBORO

HONORABLE RONALD R. BEANE, LENOIR

DR. YEVONNE BRANNON, RALEIGH

DR. NORMAN C. CAMP, III, RALEIGH

RICHARD COLEMAN, TABOR CITY

KAREN CRAGNOLIN, ASHEVILLE

JOHN CRUMPLER, RALEIGH

C.L. "RANCE" HENDERSON, MORGANTON

WILLIAM HOLLAN, WINSTON-SALEM

ROBERT D. HOWARD, SOUTHPORT

CHARLES JOHNSON, GREENVILLE

KEVIN MARKHAM, CARY

CHARLES W. McGRADY, HENDERSONVILLE

DICKSON McLEAN, JR., LUMBERTON

JOHN McMILLAN, RALEIGH

PETER RASCOE, EDENTON

STAN VAUGHAN, CHARLOTTE

CLAUDETTE WESTON, WINSTON-SALEM

APPEARANCE OF STAFF

RICHARD ROGERS, EXECUTIVE DIRECTOR

BETH McGEE, DEPUTY DIRECTOR - PROGRAM IMPLEMENTATION

TOM JONES, DEPUTY DIRECTOR - PROJECT ASSESSMENT

NANCY GUTHRIE, WATER QUALITY ADVISOR

LISA SCHELL, COMMUNICATIONS DIRECTOR

KEVIN BOYER, RESTORATION/STORMWATER PROJECT MANAGER

PENNY ADAMS, EXECUTIVE ASSISTANT

ROBIN HAMMOND, REAL PROPERTY COUNSEL

LARRY HORTON, WASTEWATER/INFRASTRUCTURE PROJECT MANAGER

CHRISTOPHER FIPPS, BUDGET OFFICER

CHERYL JOHNSON, PARALEGAL

CHERRI SMITH, STEWARDSHIP COORDINATOR

EVERETTE MOORE, ATTORNEY - STATE PROPERTY OFFICE

LEGAL COUNSEL

FRANK CRAWLEY, N.C. ATTORNEY GENERAL'S OFFICE

APPEARANCE OF FIELD REPRESENTATIVES

TOM MASSIE, MOUNTAINS FIELD REPRESENTATIVE

BERN SCHUMAK, WESTERN PIEDMONT FIELD REPRESENTATIVE

SARAH KING, SOUTHERN COASTAL PLAIN FIELD REPRESENTATIVE

WILL SUMMER, EASTERN PIEDMONT FIELD REPRESENTATIVE

DAMON TATEM, NORTHERN COASTAL PLAIN FIELD REPRESENTATIVE

ALSO PRESENT:

LISA RIEGEL, NATIONAL HERITAGE TRUST FUND

REID WILSON, CONSERVATION TRUST FOR NORTH CAROLINA

JAY LEUTZE, SOUTHERN APPALACHIAN HIGHLANDS CONSERVANCY -
TRUSTEE

CHUCK BENNETT, NORTH CAROLINA WILDLIFE RESOURCES COMMISSION

DEWITT HARDEE, NORTH CAROLINA DEPARTMENT OF AGRICULTURE &
CONSUMER SERVICES

MARY GEORGE, CATAWBA COUNTY - COUNTY PLANNER

A G E N D A

- 9:45 a.m. A. Call to Order - Chairman Baddour**
- 1) Welcome
 - 2) Roll Call - Penny Adams
 - 3) Compliance With General Statute § 138A-15
 - 4) Revisions, additions, and adoption of the Agenda **(Action Item)**
 - 5) Please put cell phones on vibrate or off
 - 6) Review and approval of the transcripts of the October 2008 meeting of the Board of Trustees **(Action Item)**
 - 7) Recognize CWMTF Advisory Committee Members
- 10:00 a.m. B. Public Comments - Chairman Baddour**
- 10:15 a.m. C. Executive Director's Report - Richard Rogers**
- 1) Communications Report - Lisa Schell
 - 2) Administrative Update
- 10:45 a.m. D. Attorney General's Report - Frank Crawley**
- 10:55 a.m. E. Break**
- 11:15 a.m. F. Administrative Committee Report - Committee Co-Chairs Vaughan and Weston**
- 11:30 a.m. G. 2007 Final Allocation and Committee Funding Recommendations - Chairman Baddour**
- G. Chairman and Committee Co-Chair Meeting**
- G-1. Infrastructure/Wastewater Committee**
- G-2. Restoration/Stormwater Committee**
- G-3. Acquisition Committee**
- 12:15 p.m. H. Program Committee Report - Committee Co-Chairs Hollan and Markham (Action Items)**
- 12:45 p.m. I. Discussion**
- 1:00 p.m. J. Adjourn**

T A B L E O F C O N T E N T S

Proceedings Page 7

Reporter's Certificate Page 87

Attachments

"Funds Available for Reallocation (from Prior Grant Awards. Revised Nov. 7, 2008." (3 pages)

"CWMTF Greenway -- Program Committee Meeting Agenda. Nov. 9, 2008." (3 pages)

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P R O C E E D I N G S

MR. BADDOUR: I would like to welcome everybody to our November meeting. And I ask Penny Adams to call the roll.

MS. ADAMS: Mr. Baddour?

MR. BADDOUR: Here.

MS. ADAMS: Mr. Beane?

MR. BEANE: Here.

MS. ADAMS: Ms. Brannon?

MS. BRANNON: Here.

MS. ADAMS: Mr. Camp?

MR. CAMP: Here.

MS. ADAMS: Mr. Coleman?

MR. COLEMAN: Here.

MS. ADAMS: Ms. Cragolin?

MS. CRAGOLIN: Here.

MS. ADAMS: Mr. Crumpler?

MR. CRUMPLER: Here.

MS. ADAMS: Mr. Henderson?

MR. HENDERSON: Here.

MS. ADAMS: Mr. Hester?

(No response.)

MS. ADAMS: Mr. Hollan?

MR. HOLLAN: Here.

MS. ADAMS: Mr. Howard?

1 MR. HOWARD: Here.

2 MS. ADAMS: Mr. Johnson?

3 MR. JOHNSON: Here.

4 MS. ADAMS: Mr. Markham?

5 MR. MARKHAM: Here.

6 MS. ADAMS: Mr. McGrady?

7 MR. McGRADY: Here.

8 MS. ADAMS: Mr. McLean?

9 MR. McLEAN: Here.

10 MS. ADAMS: Mr. McMillan?

11 MR. McMILLAN: Here.

12 MS. ADAMS: Mr. Rascoe?

13 MR. RASCOE: Here.

14 MS. ADAMS: Mr. Vaughan?

15 MR. VAUGHAN: Here.

16 MS. ADAMS: Ms. Weston?

17 MS. WESTON: Here.

18 MS. ADAMS: Mr. Wright?

19 (No response.)

20 MR. BADDOUR: Okay. General Statute

21 § 138A-15 mandates that the chair inquires as to

22 whether any trustee knows of any conflict of interest

23 or the appearance of a conflict of interest with

24 respect to matters on the agenda. If any trustee

25 knows of a conflict of interest or the appearance of a

1 conflict of interest, please so state at this time.

2 Mr. Markham?

3 MR. MARKHAM: Thank you, chairman.

4 MR. BADDOUR: He alerted me to this, so --

5 MR. MARKHAM: Today, I will be recusing
6 myself from any discussion or voting on the following
7 projects: In Acquisitions, 2008-006, Catawba County,
8 Crescent Resource Tract, Mountain Creek, that is
9 Acquisition Worksheet No. 11; 2008-058, City of
10 Raleigh, the Leonard Tract for the Neuse River
11 Greenway, that is Acquisition Worksheet No. 31; and
12 under the -- I guess, the agenda items in the
13 Acquisitions group, Item G-3-C, in part, the Turnagain
14 Bay project request to reallocate budget; and under
15 Item G-3-D, there was an informational item that I
16 don't believe there was any action taken today, but it
17 also involves the Turnagain Bay project, and I will be
18 recusing myself from any discussion or voting on those
19 items.

20 MR. BADDOUR: Okay. Are there -- anybody
21 else? Mr. McMillan?

22 MR. McMILLAN: Mr. Chairman, 2008-058, one
23 of the projects that Kevin just mentioned, I will not
24 participate in that.

25 MR. BADDOUR: Okay. Thank you, sir. Mr.

1 Rascoe?

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

3 I realize that the committee recommends this not for
4 funding, but Acquisition Project Worksheet No. 33, I
5 recuse myself from any discussion or voting on that
6 project. For the Town of Edenton, I would like to
7 make an explanation that the agency that was proposed
8 to administer that grant, if awarded, being the
9 Edenton/Chowan Recreation Department, is an agency
10 funded by Chowan County. So that is the purpose of my
11 recusal.

12 MR. BADDOUR: What is that? I know
13 you gave me the worksheet number, but what is the
14 project number?

15 MR. RASCOE: 2008-015.

16 MR. BADDOUR: Thank you very much.

17 Karen?

18 MS. CRAGNOLIN: Thank you, Mr. Chairman.

19 I would like to recuse myself and will not discuss
20 and/or vote on 2008-060. Thank you.

21 MR. BADDOUR: 060?

22 MS. CRAGNOLIN: Yes.

23 MR. BADDOUR: Okay.

24 MR. BEANE: Mr. Chairman?

25 MR. BADDOUR: Anyone else? Ron?

1 MR. BEANE: Mr. Chairman, I would
2 like to recuse myself on Project No. 2008-019. It's
3 the Foothills Conservancy of the Jones Farm on the
4 Yadkin River.

5 MR. BADDOUR: Okay.

6 MR. BEANE: And I will recuse myself
7 from both discussion and subsequent voting.

8 MR. BADDOUR: Thank you, Mr. Beane.
9 Anyone else?

10 MR. HOLLAN: Mr. Chairman, on the
11 Restoration and Stormwater Committee Agenda, there's
12 an Item G-2-D, which is City of Winston-Salem, Bath
13 Creek, Stormwater Management, Stream Restoration, No.
14 2007-425, and I will not participate in the discussion
15 and vote on that. Our company owns some property that
16 joins some of the property involved in this project.

17 MR. BADDOUR: Mr. Coleman?

18 MR. COLEMAN: In Acquisitions Item G-
19 3-E, Karen will be presenting that. The legal firm
20 that is representing that also represents me, so I
21 will not be discussing or be a part of that.

22 MR. BADDOUR: Anyone else?

23 BOARD MEMBERS: (No response.)

24 MR. BADDOUR: Okay. I thank you for
25 your diligence. Are there any revisions, additions to

1 the agenda?

2 BOARD MEMBERS: (No response.)

3 MR. BADDOUR: If not, do I hear a
4 motion that the agenda be adopted as presented?

5 MR. McGRADY: Move its adoption.

6 (Motion seconded).

7 MR. BADDOUR: Moved and seconded.

8 Discussion?

9 BOARD MEMBERS: (No response.)

10 MR. BADDOUR: So many as favor the
11 motion signify by saying, "Aye."

12 BOARD MEMBERS: Aye.

13 MR. BADDOUR: Those opposed, no?

14 BOARD MEMBERS: (No response.)

15 MR. BADDOUR: The ayes have it. I ask
16 you to put your cell phones on off or on vibrate. And
17 I'm sure everyone has reviewed -- I hope someone has
18 reviewed the transcripts of the October 28th meeting.

19 MR. McGRADY: Mr. Chairman, on page --
20 this is a revision of the minutes. On page 7, there
21 are comments there attributed to Mr. Rascoe, which are
22 actually mine. I'm sure he doesn't know much about
23 swamp land in Henderson County. But with that change,
24 I would move their approval.

25 MR. BADDOUR: Okay. You've heard -- a

1 second? Do we have a second to that?

2 (Motion seconded.)

3 MR. BADDOUR: Moved and seconded that
4 the minutes be approved as amended to correct the
5 reference as stated. So many as favor the motion
6 signify by saying, "Aye."

7 BOARD MEMBERS: Aye.

8 MR. BADDOUR: Opposed, no?

9 BOARD MEMBERS: (No response.)

10 MR. BADDOUR: The ayes have it. I
11 want to recognize, we have some advisory committee
12 members here. Two that are frequently with us, we
13 always welcome them, Chuck Bennett, from the Wildlife
14 Commission and Dewitt Hardee, from the Department of
15 Agriculture. Glad to have you here with us. Also,
16 Lisa Riegel with Natural Heritage, glad to have you
17 here. Reid, we're glad to have you here, too, but
18 we're going to hear from you in a minute, I
19 understand. So Lisa, we're glad to have you here.

20 I just want to take a minute to -- we had --
21 Chucky McGrady was up for re-election to Board of
22 County Commissioners and was re-elected, so we
23 congratulate him on his re-election.

24 MR. McGRADY: Thank you.

25 MR. BADDOUR: And something that I'm

1 aware of, maybe some of you all are not, John McMillan
2 in October took over as president of the North
3 Carolina Bar, state bar, which is indeed not only an
4 honor but a pretty big job, not unusual for Mr.
5 McMillan who has taken on many important projects in
6 his lifetime. Classmate, we congratulate you for
7 that.

8 Okay. Now, we have -- it's time for public
9 comments. And Reid, I know you told me in advance
10 that you would like to address us, so please come
11 forward, Mr. Reid Wilson.

12 MR. WILSON: Good morning, everyone. I'm
13 Reid Wilson, executive director of the Conversation
14 Trust for North Carolina. I just want to spend a
15 minute or two with you this morning.

16 We promote and represent and assist the
17 local Land Trust, so I'm here to speak on their
18 behalf, but, also, on the behalf of a larger
19 coalition, which is Land for Tomorrow, which you all
20 have heard about. I just want to sort of talk about
21 what we plan to do in terms of working with the
22 legislature to help Clean Water get as much funding as
23 possible this year.

24 And we've gotten to this point where it's
25 almost assumed in the budget that Clean Water will get

1 its \$100 million. And that's a wonderful reality in
2 this past year, and it's one that you all should take
3 a lot of credit for and a lot of people have worked to
4 make that happen. But with the budget being the way
5 it is, and there's going to be a \$2 billion shortfall,
6 I think we all have got to do more than we ever have
7 before to make the point to the legislators and to the
8 media and to the grassroots people around the state so
9 that they communicate with the legislators what the
10 positive effects are of your work and the money that
11 you distribute around the state to protect and enhance
12 water quality.

13 So Land for Tomorrow is going to try and do
14 all it can to work with the media and the grassroots
15 and directives to legislators, so they understand that
16 message. We've already met with Richard to start
17 plotting a coordinated strategy and set of tactics to
18 make all that happen. I think some of us might be
19 meeting with the other three trust fund leaders and
20 Clean Water next week, I think, to do that.

21 But, clearly, these four trust funds and
22 Clean Water, in particular, over the last -- more than
23 ten years have really been the life blood of land
24 conservation in this state and all these wonderful
25 properties wouldn't have been protected without your

1 work and your resources.

2 One other thing I want to mention is that
3 we've already set our annual Land and Water
4 Conservation Lobby Day. It will be April 29th here in
5 Raleigh. And I would encourage as many of you as
6 possible to come and be a part of that, so that they
7 hear directly from you all who can talk about the
8 successes of Clean Water Management Trust Fund. And
9 we're actually doing that Lobby Day in conjunction
10 with our annual Land Trust Assembly, so that we can
11 have more Land Trust people from around the state
12 participating in Lobby Day to convey that message.

13 So, again, I just close by thanking you for
14 all the great work you've done over these last 12
15 years, I guess. And we're going to try and do all we
16 can through the Land Trust and Land for Tomorrow to
17 secure as much money for you as possible. It's going
18 to be a tough row to hoe, but we want to work with you
19 to do that. Thanks.

20 MR. BADDOUR: Thank you. Thank you.
21 And thank you for your good work and your
22 organization's good work and support of what we do.
23 Anyone else?

24 BOARD MEMBERS: (No response.)

25 MR. BADDOUR: Okay. We now go to our

1 Executive Director's Report. Mr. Rogers?

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

3 First, we'll hear from Lisa the Communications Report.

4 MS. SCHELL: Good morning, everyone. Just
5 a quick review of media coverage that we have received
6 since our last meeting. And one of the things that --
7 as I scroll through these -- I want to call your
8 attention to is the number of election-related news
9 clips where candidates were either being lauded for or
10 were lauding themselves for their connection with the
11 Clean Water Management Trust Fund.

12 It's in almost every one of them up here
13 (indicating). In particular, that second one there
14 that is actually from Kentucky that, of course, is a
15 reference to Governor-elect Perdue. And there were
16 certainly other candidates all across the state in all
17 manner of elections that reference the Clean Water
18 Management Trust Fund in their campaigns and in their
19 coverage thereof.

20 So, again, very quickly, some general kinds
21 of requests for public information coming into my
22 office. But what I really want to talk to you about
23 this morning -- and this is great timing because it
24 dovetails perfectly with what Reid just said -- and
25 that would be the communication strategy that I

1 mentioned to you at our last meeting that we are
2 gearing up for in preparation for the legislative
3 session and the budget situation that is going to
4 consume that.

5 We have assembled a communications team that
6 consists of communications professionals from DENR and
7 its associated divisions that work directly with the
8 conversation trust funds that would be Parks and Rec,
9 Division of Forest Resources, Wildlife Resources
10 Commission and then also the Department of
11 Agriculture. We have met three times. We've
12 identified our stakeholders that we need to put a
13 concerted effort out to enlist their support as we go
14 forward looking to secure funding in this next session
15 for all four trust funds.

16 And probably the biggest point to doing all
17 that is to come up with an umbrella message that
18 covers all of us -- that we're unified when we talk
19 about the importance of our trust funds, individually.
20 It also dovetails back to the importance of the other
21 trust funds, and the work we're doing as a unit.

22 The key there is focusing on the importance
23 of funding the conservation trust funds to our economy
24 not just our natural resources. That is probably the
25 biggest argument that we can make in securing funding

1 in this next session because that's where the focus is
2 going to be. It's going to be all about the economy.
3 I won't quote that famous quote from several elections
4 ago, but you all know what it is.

5 So the next steps that our team will be
6 working on in conjunction with the Land for Tomorrow
7 folks will be bringing in their communications
8 professionals to work with us, so that we're all on
9 the same page. How we get that message out, both to
10 our stakeholders and then to the folks on Jones
11 Street, who will be making the decisions; we'll be
12 coming up with some fact sheets, talking points and
13 working towards going out with, again, that unified
14 umbrella message that doesn't take away from our own
15 individual work, but brings us all together as a --
16 kind of a united front, if you will.

17 To that end, what Richard and I have been
18 working on, just where Clean Water is concerned, is a
19 letter to our stakeholders, i.e. grantees, telling
20 them about our accomplishments at the end of this
21 grant cycle and then very subtly telling them about
22 the challenges ahead and thanking them for their
23 support and their continued support. We will be doing
24 congratulations letters, if you will, to the recently
25 elected officials, making some outreach to key folks

1 in the legislature and, of course, Governor-elect
2 Perdue.

3 And one of the things that we've come up
4 with is setting a -- an idea of setting up meet-and-
5 greet meetings with the appointing authorities so that
6 all of you could possibly have a chance to sit down
7 with folks who have appointed you and just reiterate,
8 kind of, the relationship that we have with them as
9 the new administration and the new legislature goes
10 forward with its work, and then, of course, inviting
11 Governor-elect Perdue to our meeting in February.

12 So that's the focus for me in the coming
13 months and I certainly welcome ideas and input and
14 suggestions from all of you. And I'd be happy to take
15 any questions.

16 MR. McGRADY: Mr. Chairman. Question.

17 MR. BADDOUR: Okay. Yes, Chuck.

18 MR. McGRADY: Just to comment -- I think
19 you may have mentioned this yesterday or Richard did
20 -- but one thing I want to -- would hope that we don't
21 back away from is continuing to do events in and
22 around acquisition work we've done or other projects
23 we've done because I have found, at least in the west,
24 that when we have those events, we get media coverage,
25 but we also have a real opportunity to oftentimes talk

1 with legislators about the work of the -- about the
2 work that we do. And these times when we're going to
3 be cutting back on a range of stuff, including the bus
4 tour, which would have been a good opportunity to, you
5 know, publicize our work, I hope we keep that as part
6 of our communication strategy. I guess from the
7 comments yesterday, I get the impression that that
8 will be -- we're not going to -- we're not going to
9 roll that back, if possible.

10 MR. BADDOUR: Thank you.

11 MR. ROGERS: Also, I noted that, too. And
12 I think it was discussed with regards to our local
13 government officials as well. That's another point of
14 interest that we want to get in some of their
15 publications, too, the benefits that we provide our
16 local governments, and, hopefully, get published
17 across the state and local governments about thanking
18 them for their efforts and their continued support of
19 our programs as well.

20 We will be in more discussion with regards
21 to this as we move on towards the beginning of the
22 legislative session, towards inauguration. And then
23 we'll also have some time spent at our retreat as well
24 to kind of give you all the final product and any
25 strategy that we'll be using in the legislature.

1 As you all know, we had elections. The
2 governor-elect is in -- I have sent her a note on
3 behalf of Clean Water, have not talked with her. I
4 think the elections in the House and Senate has kept
5 them about in the same situation that they were in the
6 previous legislative session, and we don't really
7 foresee any change in leadership there.

8 Lisa had mentioned that it would be a good
9 idea for us just to have a sit down. And, I think,
10 it's important that the trustees that are appointed by
11 these elected officials should attend as well. And I
12 think it's important that we do that; that we have an
13 opportunity to talk about Clean Water, talk about what
14 we've done, and also listen to what the concerns and
15 interests of our appointees are as well.

16 We will begin trying to schedule that in
17 earnest as soon as we get done here. And then, we'll
18 work on some times and communicate to you with regards
19 to that. I think that will be a good opportunity for
20 us as well to go ahead and get in line to talk with
21 the leadership of our state.

22 A few other things that we need to talk
23 about. I want to report to you that the state Water
24 Infrastructure Council or Commission is something
25 that, because of my role as executive director of

1 Clean Water, I am engaged with. And they are about to
2 release their annual report to the legislature. I
3 just wanted to give you all a brief update of the
4 goings-on of this organization.

5 The organization itself is a makeup of state
6 officials, the secretary of Department of Environment
7 and Natural Resources, local government, the county
8 association. Also, the League of Municipalities are
9 involved in this. And then we also have some private
10 practice engineers and other interested parties. It
11 was a group that was formed by the legislature, I
12 think, probably four years ago and it's a very
13 interesting group. It's very dynamic. And it's a
14 great place to come up with ideas and talk about where
15 the state needs to go with regards to water.

16 As you might expect over the past year,
17 talks and discussions have focused on drought and talk
18 and discussions have focused on water supply. And
19 while we're interested in that, it's not our main
20 focus. But we also, under that discussion -- there is
21 some discussions on water audits. Regional
22 partnerships is an interesting topic that I think that
23 everybody sees the benefits as we do. And then they
24 also had some discussions with regards to reclaimed
25 water and how to expedite that.

1 One of the more interesting discussions is
2 how do we expand the state's role with regards to
3 reclaimed water. And how do we approach that with our
4 regulatory entities as well.

5 In the report, there's just a couple things
6 that, I think, have an interest in that we will track
7 closely. One of their suggestions is also going to be
8 directed toward the high unit cost and taking another
9 look at the high unit cost that has been established
10 by the legislature in 1095, and revamping it, perhaps,
11 making it more accurate and trying to get it updated.
12 So I think there's something -- we use that threshold
13 quite a bit with regards to our wastewater projects.
14 And we'll keep a close eye on that.

15 So the group is meeting -- I will -- once
16 the report is out, will make sure that we'll e-mail
17 copies to the trustees just to keep you all apprised
18 of the activity that that important commission is
19 doing.

20 Let's see. Contracts. Yes, we are still
21 doing contracts. The -- let's see.

22 MR. BADDOUR: I'm glad to hear that.

23 MR. ROGERS: The -- we're currently --
24 with what the board has awarded this year and what we
25 had in-house will be at about five -- a little over

1 550 active contracts. This is a mass. With regards
2 to the actions that we've taken on 2008 awards
3 already, totally, we have about 36 percent of the
4 awards that the board has approved. They are at some
5 form of rough draft that we have been working on.
6 Thirteen percent of those have been out -- sent out to
7 our clients -- in acquisition, 55 percent. We are
8 working on first drafts, and that means that we've
9 taken them up. And we have actually got portions of
10 that contract written and are working diligently on
11 that.

12 With regards to our restoration/stormwater,
13 we have 83 of those -- 83 percent of those grants are
14 being worked on and will be forthcoming and going out
15 shortly. So we're moving along, and we are working
16 diligently to get these grants out and processed. And
17 we appreciate your support that you've provided us
18 with regards to staffing up and working with us and
19 helping us meet our expectations and goals with
20 regards to contracts.

21 Our goal, I will mention that, is to have
22 all our contracts out of house by the beginning of our
23 next cycle, which is February 1. And we are working
24 hard on that goal and will provide you the update or,
25 I guess, the final with regards to that at our

1 February retreat.

2 You've also got in your packet, I believe,
3 cash flow, and I think that's pretty well self-
4 explanatory. If you have any questions with regards
5 to that, I think you'll -- things to note, we got
6 about \$21 million out that are unencumbered from prior
7 to 2008 cycle, so we're working that down as quickly
8 as we can. And we've got about \$182 million that are
9 encumbered funds out of our fund balance of \$243
10 million.

11 A couple quick reports with regards to the
12 other trusts funds that met since our last meeting.
13 The Natural Heritage Trust Fund Board met on October
14 27th. The board awarded about \$41 million in grants
15 out of about \$54 million in requests. They funded
16 Pond Mountain to \$1.5 million, and I'm glad to say we
17 completed that funding or it's up before you today as
18 well. The total numbers with regards to -- I've got
19 so many papers up here, let's see if I can find it --
20 oh, well -- here we go -- with regards to Parks, we
21 had -- they had about \$25 million in COPs that they
22 spent of their 2008 COPs. And then Parks and Rec --
23 I'm sorry. I'm sorry -- the Natural Heritage Trust
24 Fund allocated about \$25 million in COP funding.

25 There's a question with regards to COPs, and

1 the issue of getting those sold. I think it's going
2 to be a significant issue, and so those funds were
3 awarded tentatively to them being able to be -- get
4 sold.

5 Parks and Rec also met last weekend. They
6 awarded \$25 million in COPs and \$5.8 million in cash
7 as well for a total of about \$30.85 million.

8 One thing we're working on, and this goes
9 back to the legislature, but with regards to the
10 budget shortfall, as most of you know, there is now a
11 five percent withholding of our funds. And we have
12 taken into account of that, be reporting out of
13 committee on that. And the projected budget
14 shortfall, I believe, is between about \$1.2 and \$1.6
15 million now. The upper limits are around \$2 million.

16 MR. McMILLAN: Billion. Billion with a "B."

17 MR. ROGERS: Billion. I'm sorry, billion.

18 It would be nice if it was a million, but a billion
19 with a "B." And that's about a 7.6-percent reduction
20 in budget. So, again, these are not the greatest of
21 times. But I think that with regards to our efforts
22 through the legislature, I think, we are in a good
23 position. There will be times where -- the leadership
24 to sort out priorities. And one of the challenges we
25 have is to be one of those priorities. And we'll work

1 diligently to get there. Mr. Chairman, that concludes
2 my report.

3 Oh, one other thing I did want to mention.
4 And one thing we're going to be doing before our next
5 meeting is pulling together all our applications and
6 sending them out to you. You probably won't have
7 gotten them quite yet, but they will be in-house. One
8 thing we want to do -- and this applies also to
9 innovative stormwater projects that we're getting
10 ready to send out -- is we need to have, kind of, a
11 notion of who wants a CD disk and who wants the paper
12 copies. And with that, I don't know the best way to
13 get to that. Anybody got -- you can raise your hand.
14 All who wants the CDs -- somebody count. One, two,
15 three, four, five, six, seven, eight, nine, ten, 11.
16 Did we get the names of those?

17 MR. BADDOUR: Didn't get the names.

18 MS. ADAMS: (Nods negatively.)

19 MR. ROGERS: Hold your hands up.

20 Penny is going to take your names down and --

21 MS. CRAGNOLIN: Do you have a category
22 "both"?

23 MR. CAMP: I want both.

24 MR. ROGERS: Okay. We'll -- raise
25 your hand next time.

1 MS. BRANNON: Now, we're trying to save
2 money right now, right?

3 MR. ROGERS: Yeah, that's correct.

4 MR. BRANNON: Okay. So you really want to
5 know who can get rid of the printed version and just
6 have a CD, save money on printing?

7 MR. ROGERS: (Nods affirmatively.)

8 MR. BRANNON: Okay.

9 (Comment off the record.)

10 MS. ADAMS: Can I read back the names
11 that I have?

12 MR. ROGERS: Yeah. Please.

13 MS. ADAMS: McMillan, Rascoe, Brannon,
14 Camp, Coleman, Crumpler, Vaughan, Johnson, Markham,
15 Cragnolin, Henderson.

16 MR. ROGERS: Okay. Now, notebooks --

17 MR. BRANNON: Robert Howard.

18 MR. ROGERS: And Howard's.

19 MS. ADAMS: Robert, okay.

20 MR. BADDOUR: And Baddour.

21 MR. McGRADY: And McGrady.

22 MR. BRANNON: And Baddour.

23 (Comment off the record.)

24 MR. ROGERS: Now, we'll do -- who needs
25 notebooks because some want both. Who needs

1 notebooks?

2 MR. HOLLAN: I want both.

3 MR. ROGERS: Okay. Hollan wants both and
4 then Dr. Camp and Claudette.

5 MS. ADAMS: Okay. Hollan wants both.

6 MR. ROGERS: And Dr. Camp, both.

7 MS. ADAMS: Both. Who else did you say?

8 MR. ROGERS: Claudette. Ms. Weston.

9 MS. ADAMS: Okay.

10 MR. ROGERS: Thank you all very much for
11 that. That was helpful.

12 MR. BADDOUR: Yes, Claudette?

13 MS. WESTON: I want to add to -- not the
14 notebooks or the disks -- I tried something with our
15 annual report that worked. And I just thought it
16 might be beneficial. I took the Clean Water Annual
17 Reports to the government offices and to the city hall
18 offices and stuck my card in there. And I've had a
19 lot of feedback from people who -- not only the people
20 who work in the office, but people who were sitting
21 there waiting on Allen Joines or Dudley Watts or
22 whatever, who read through it and saw the card in
23 there. And if you got plenty of copies, I would
24 suggest, you know, just two or three copies, you don't
25 have to overload them, but it worked.

1 MR. ROGERS: That's a great idea.
2 Any other questions or comments? I'll be glad to take
3 those.

4 MR. BADDOUR: Karen?

5 MS. CRAGNOLIN: Just as we're looking
6 for constituents to support us, I think we should not
7 overlook the recreational users, and also the
8 manufacturers and retailers of recreational goods. I
9 mean, you know, people who sell boats and fishing gear
10 and sneakers and bicycles. You know, they -- they're
11 economy or their business is based on a clean
12 environment that is accessible. So, you know --

13 MS. SCHELL: I'd be happy to go to
14 REI.

15 MS. CRAGNOLIN: You should see the store
16 they just opened up in Nashville. It's phenomenal.
17 But they have got money, and it's in their best
18 interest, so --

19 MR. BADDOUR: Absolutely. I would
20 think the bikers -- you know, the bicyclists really on
21 this trail thing is a big deal, isn't it?

22 MS. CRAGNOLIN: Big.

23 MS. WESTON: The runners.

24 MR. BADDOUR: Runners, swimmers,
25 triathlon. Okay. Anything -- any other comments?

1 BOARD MEMBERS: (No response.)

2 MR. BADDOUR: Richard? Is that it?

3 MR. ROGERS: That's it.

4 MR. BADDOUR: You're done?

5 MR. ROGERS: Yes, sir.

6 MR. BADDOUR: All right. Frank,

7 Attorney General's Report.

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

9 The Crawford Creek lawsuit, that was estimated to take

10 two and a half days, is now into its second week in

11 Haywood County. And, I think, the thing for me to do

12 is to yield to the state's witness and the man with

13 the inside scoop, Tom Massie, to bring you up to date.

14 MR. BADDOUR: Tom?

15 MR. MASSIE: As Frank says, they

16 picked a jury last Monday, and I testified on

17 Wednesday. And the plaintiffs, I guess, actually had

18 two more witnesses to call after I left the stand.

19 They hoped to wrap it up on -- by Friday. And the

20 people who were essentially claiming adverse

21 possession had 18 witnesses to call. So, obviously,

22 they didn't get through those on Thursday and Friday,

23 and they're back into again today. So, hopefully, by

24 this afternoon, we'll resolve that case. If not, it

25 could go into Tuesday or Wednesday of this week. But

1 a very interesting experience. And I got to spend
2 about 45 minutes on the stand. And so we'll see what
3 happens on it.

4 MR. BADDOUR: Okay. Thank you, Frank.
5 Now, our Administrative Committee met and I think Co-
6 chair Vaughan chaired part of it and Co-chair Weston
7 chaired part of it, so we'll start with Mr. Vaughan.

8 MR. VAUGHAN: Thank you, Chairman. First
9 of all, we received a report from Richard concerning
10 the budget shortfall and had a lot of discussion about
11 various aspects of it. We didn't make a motion to --
12 on any action that should be taken as a result, other
13 than giving Richard feedback and from various
14 committee members on other aspects of how we should be
15 dealing with it.

16 As Richard did note, we have held back five
17 percent of the budget at this point in time at the
18 suggestion of the governor. And it does look like we
19 will probably hear a motion later on today to do some
20 additional holdbacks in a contingency. But -- and we
21 also expect that we will have some unencumbered funds
22 to come up between now and then that may also be an
23 additional cushion. I guess the aim is to have,
24 potentially, up to eight to ten percent held back in
25 case of an event -- a significant shortfall, so we

1 don't have to resend any contracts we've made. But it
2 was a very good discussion.

3 By then, we received information from
4 Richard on the actual administrative budget and
5 various suggestions for cost savings that the -- he is
6 taking to look at our costs and be sure that we're as
7 lean as possible. And I think he's done a good job of
8 identifying items.

9 We had a good discussion on two positions
10 that are available for hiring and really to the point
11 that we could go out tomorrow, I guess, and hire those
12 people. You know, Richard made a good case for the
13 fact that there was potential, actual savings in going
14 ahead and hiring these people. I think the board
15 members present were of a general position that from
16 appearance and point of view and also the flexibility
17 -- future flexibility point of view, it may be better
18 off not to hire those people at this time, but to wait
19 and see what happens in the economy. But that was
20 again not a motion by the committee, but just a
21 general discussion and at Richard's request for
22 advice.

23 The next action we had was a consideration
24 of funds being made available and unencumbered. There
25 was a list provided of 48 projects with a total of

1 \$2,628,060 that we can unencumber. And the board
2 recommends to this -- I mean, the committee recommends
3 to the board that we authorize this -- these funds to
4 be unencumbered.

5 MR. BADDOUR: Do we have a list of the
6 unencumbered?

7 MR. FIPPS: I'm sorry, Mr. Chairman. But
8 there was a revised list that was handed out yesterday
9 in the folders, and it was actually up to 51
10 projects --

11 MR. BADDOUR: Okay.

12 MR. FIPPS: -- at \$10,864,359 that was
13 coming back.

14 MR. VAUGHAN: All right. I stand corrected
15 then.

16 MR. BADDOUR: That's \$10 million how much?

17 MR. FIPPS: \$10,864,359.

18 MR. BADDOUR: Okay.

19 (Comment off the record.)

20 MR. VAUGHAN: Anyway, that's the motion by
21 the board.

22 MR. BADDOUR: Okay. You've heard the
23 recommendation of the committee. And Claudette, this
24 is what the list looks like. It was in your packet --
25 in your --

1 MS. WESTON: In the folder.

2 MR. BADDOUR: -- in your folder.

3 You've heard the recommendation of the committee,
4 motion by Mr. Vaughan to adopt the recommendation of
5 the committee. Is there any discussion?

6 BOARD MEMBERS: (No response.)

7 MR. BADDOUR: So many as favor the
8 motion say, "Aye."

9 BOARD MEMBERS: Aye.

10 MR. BADDOUR: Opposed, no?

11 BOARD MEMBERS: (No response.)

12 MR. BADDOUR: The ayes have it.

13 MR. HOLLAN: Mr. Chairman, I would
14 ask that the -- that list be attached to the
15 transcript of the meeting, so that it be available.

16 MR. BADDOUR: Yes, sir. It will be
17 done.

18 MR. HOLLAN: Thank you.

19 MR. BADDOUR: We'll hand that to the
20 court reporter. We'll ask --

21 MR. VAUGHAN: And I will report that
22 based on actions of the committee yesterday, I think,
23 the three committees have already spent their funds.
24 And we'll hear their reports. The final item for
25 Claudette was, I believe, discussion.

1 MS. WESTON: For the board retreat, you
2 should have in your packet, also, a consideration for
3 potential topics for the February board retreat. As
4 you will see, we have the Greenway program on there to
5 talk about a little more thoroughly.

6 We also talked about bringing -- a
7 possibility -- some governmental -- the municipality
8 people or the county folks that could be a part of the
9 retreat and kind of give us some feedback on how we're
10 doing in their particular area. We'll be in the
11 Durham area, so we could incorporate right many people
12 that aren't too far away. That's it. Anybody have
13 questions? They took away my bus tour, so I can
14 concentrate on this.

15 MR. BADDOUR: Yeah. I think most were
16 there, but we did also talk about we probably should
17 not do the bus tour this year in order to save money.
18 But I just want to stress to everybody the importance
19 of attending this retreat in February. I would really
20 love for us to have 100 percent attendance. I think
21 it's -- we're going to get a meeting schedule later,
22 but it's the second weekend in February, 8th and 9th,
23 at the Washington-Duke Hotel. And it's just one of
24 the most important meetings that we have in a year, so
25 I hope you'll go ahead and put that on your agendas

1 and plan to be there.

2 Okay. Before we move to the next item, as
3 Stan said, you know, we have to, kind of, take this
4 cart a little bit before the horse. In anticipation
5 of your approval of the funds that were unencumbered,
6 there was an allocation made to the various
7 committees. And so what will happen is if you adopt
8 the committee recommendations, as we are going to go
9 through those in a few minutes, you will have spent
10 the available money except you will have also reserved
11 \$5 million, the five percent that Richard was talking
12 about. Then, at the end of all of that, I will
13 entertain a motion to designate whatever projects the
14 board feels comfortable with doing that the funding of
15 those projects will be contingent upon the
16 availability of funds, which we expect we would look
17 at in the spring. So that's, kind of, procedurally,
18 how we'll handle that.

19 Okay. With that, then, let's go to the
20 Infrastructure/Wastewater Committee. Mr. Johnson?

21 MR. JOHNSON: Thank you, Mr. Chairman. As
22 we go to the Infrastructure and Wastewater Committee,
23 we met and recommendations from the committee come up
24 as following -- as follows. As you go through what
25 was our agenda yesterday, on G-1-B, which was a

1 request in change of scope budget, which Larry
2 presented to us, was basically -- this came out as a
3 recommendation that we reimburse the \$19,555 for work
4 -- recommended approval this amount. So as we look at
5 this particular point, this is two-prong, so I'm going
6 to say that -- I take it as two-prong. The first part
7 of it was that we recommended the expenditure of the
8 \$19,555 for reimbursement in that particular time
9 period.

10 MR. BADDOUR: Okay. You've heard the
11 recommendation of the committee. Any discussion?

12 BOARD MEMBERS: (No response.)

13 MR. BADDOUR: So many as favor the
14 adoption of the recommendation of the committee, and
15 that is to approve a reimbursement of \$19,555, right?

16 MR. JOHNSON: (Nods affirmatively.)

17 MR. BADDOUR: -- to the Southeast
18 Brunswick Sanitary District, signify by saying, "Aye."

19 BOARD MEMBERS: Aye.

20 MR. BADDOUR: Opposed, no?

21 BOARD MEMBERS: (No response.)

22 MR. BADDOUR: The ayes have it. Mr.
23 Johnson?

24 MR. JOHNSON: The second part of that
25 particular project, staff recommended to us that we --

1 the \$967,000 that which -- remain available for that
2 particular project be withdrawn and that amount
3 encumber the 2008 wastewater awards. So our committee
4 does recommend that we withdraw that amount at this
5 particular time.

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

9 BOARD MEMBERS: (No response.)

10 MR. BADDOUR: So many as favor the
11 adoption of the committee's recommendation that the
12 \$967,945 be withdrawn and that this amount be
13 unencumbered signify by saying, "Aye."

14 BOARD MEMBERS: Aye.

15 MR. BADDOUR: Opposed, no?

16 BOARD MEMBERS: (No response.)

17 MR. BADDOUR: The ayes have it. And I
18 would tell you that that was already taken into
19 account in the allocation, so --

20 MR. JOHNSON: As we look at -- our
21 next agenda item is, basically, the approval of the
22 allocation of the projects that are eligible for
23 consideration at this particular time. And you have
24 before you a print out that -- our recommendations are
25 here. Basically, it just covers -- our committee

1 recommends that we approve project 2008-536, which is
2 the Tuckaseegee Water & Sewer Authority and we also
3 recommend approval of project 2008-534 -- for
4 approval.

5 MR. BADDOUR: Okay. You've heard the
6 recommend -- pardon?

7 MR. COLEMAN: How much money are in
8 those projects?

9 MR. BADDOUR: Mr. Johnson, do you want
10 to read into record the amount of money in those
11 projects?

12 MR. JOHNSON: Staff recommended \$3
13 million for the Tuckaseegee, which is the 2008-536
14 project; and then 2008-534, which is the St. Paul's
15 project, \$2,173,000.

16 MR. BADDOUR: Okay. Thank you. Thank
17 you for that. You've heard the recommendation --
18 you've heard the recommendation of the committee; is
19 there any discussion?

20 BOARD MEMBERS: (No response.)

21 MR. BADDOUR: Hearing none, so many as
22 favor the adoption of the committee recommendation
23 signify by saying, "Aye."

24 BOARD MEMBERS: Aye.

25 MR. BADDOUR: Opposed, no?

1 BOARD MEMBERS: The ayes have it. Mr.
2 Chairman?

3 MR. JOHNSON: As we look at our next
4 project there, which is the Town of Manteo project,
5 2008-525, the committee recommends that this project
6 not be funded.

7 MR. BADDOUR: Heard the recommendation
8 of the committee, is there any discussion?

9 BOARD MEMBERS: (No response.)

10 MR. BADDOUR: Hearing none, so many as
11 favor the adoption of the committee recommendation
12 signify by saying, "Aye."

13 BOARD MEMBERS: Aye.

14 MR. BADDOUR: Those opposed, no?

15 BOARD MEMBERS: (No response.)

16 MR. BADDOUR: The ayes have it. Mr.
17 Johnson.

18 MR. JOHNSON: As we look at the
19 Whiteville City Project that is -- let's see -- 2004A-
20 513. As we look at this particular project, there
21 have been -- let's see -- on this particular project,
22 just to go back and look at it, there was a request
23 for change of tenure on it and there was also a
24 request for some additional funding. And so the staff
25 recommends that -- or our committee recommended that

1 instead of \$42,000 that we increase that to the
2 \$175,000 for that particular project because they had
3 an awful lot of problems that they could not control,
4 basically. So in this particular case, staff
5 recommends -- or committee recommends that we approve
6 this recommendation up to \$175,000 additional funds.

7 MR. BADDOUR: All right. You've heard
8 the committee recommendation that an additional award
9 of \$175,000 to cover increase construction,
10 administration and observation service charges for the
11 Whiteville project be approved. Any discussion?

12 BOARD MEMBERS: (No response.)

13 MR. BADDOUR: So many as favor the
14 committee recommendation, the adoption of the
15 committee recommendation, signify by saying, "Aye."

16 BOARD MEMEBERS: Aye.

17 MR. BADDOUR: Those opposed, no.

18 BOARD MEMBERS: No.

19 MR. BADDOUR: All right. All in favor
20 of the adoption of the committee recommendation please
21 raise your hand.

22 BOARD MEMBERS: (Raise hands.)

23 MR. BADDOUR: Okay. All opposed?

24 BOARD MEMBERS: (Vaughan, McGrady,
25 Crumpler and Cragnolin raise hands.)

1 MR. BADDOUR: Thirteen to 4. By a vote of
2 13 to 4, the motion passes. Mr. Chairman?

3 MR. JOHNSON: And on the next two items,
4 I'm just going to ask Larry if he would give us a
5 short briefing about what we are looking to accomplish
6 with these two items, so --

7 MR. HORTON: Yes, sir. Thank you, Mr.
8 Chairman. The first one is for the City of Shelby.
9 In October and November 2007, the board approved a
10 total of \$2,868,000 for the city to eliminate three
11 industrial discharges by construction of gravity
12 sewers, a pump station and force mains.

13 Since that time, the city has received
14 construction bids that were lower than the budgeted
15 amount, and the city has requested that they be
16 allowed to use \$320,000 of the under-run funds for
17 additional work that related to the project scope.

18 Less than ten percent of the proposed
19 request is a direct extension of the existing scope of
20 work and would provide bypass piping to eliminate the
21 treatment facilities at two of the industries. The
22 bulk of the request would be used to improve and
23 repair treatment facilities at the city's wastewater
24 treatment plant to adequately treat wastewater from
25 those three industries.

1 A technical memo was prepared in 2005 based
2 on the treatment components and service then. And
3 that memo indicated that the treatment plant could
4 adequately treat wastewater from the three industries.
5 In the meantime, and since the project application
6 came in, they were approved for funding. Some of the
7 -- in 2006, some of the components had been taken out
8 of service, and the proposed work that the 300 -- the
9 majority of the \$320,000 would be used for -- is for
10 repairs and upgrades to put those components back into
11 service. And this work was not included in the
12 original project scope.

13 MR. JOHNSON: Staff recommended that
14 we approve this reallocation and our committee also
15 recommends this approval of this reallocation.

16 MR. BADDOUR: Okay. You've heard the
17 recommendation of the committee that the City of
18 Shelby be allowed to use \$320,000 of project under-run
19 funds for additional related work as described. Any
20 discussion?

21 BOARD MEMBERS: (No response.)

22 MR. BADDOUR: Hearing none, so many
23 as --

24 MR. HOLLAN: Mr. Chairman. I think
25 this looks like probably a meritorious request, but

1 what we have is -- all of our awards are based on an
2 estimate. The estimate comes in and sometimes it's
3 high and sometimes it's low. It looks to me like
4 where we're heading with this is anytime somebody's
5 estimate is low, we want to agree to fund the over-
6 run. And every time somebody's estimate is a little
7 higher, we're going let them take the money anyway and
8 use it for some purpose that they can justify. And I
9 question whether that's the proper procedure to
10 follow.

11 I think that if they have a need for that
12 \$320,000, they ought to come back through the process
13 and be compared with other projects. We just approved
14 something over \$10 million in take backs from under-
15 runs on other projects. And I just don't think we
16 ought to head down the path of creating sort of an
17 entitlement to all the money that we estimate when all
18 our awards are based on and up to a certain amount.
19 And I think we ought to continue to keep it that way
20 and fund those elements of the budget, which are part
21 of the scope. Thank you.

22 MR. BADDOUR: Mr. McMillan?

23 MR. McMILLAN: Mr. Chairman, I agree with
24 Bill Hollan, and especially in light of the fact that
25 90 percent of this work is not included in the

1 original scope. I think they ought to apply again for
2 this work and be compared to the other projects that
3 are in that particular cycle.

4 MR. BADDOUR: Further discussion?
5 Anyone?

6 BOARD MEMBERS: (No response.)

7 MR. BADDOUR: All right. You've heard
8 the committee recommendation. So many as favor the
9 adoption of the committee recommendation signify by
10 raising your hand.

11 BOARD MEMBERS: (Raise hands.)

12 MR. BADDOUR: Okay. Seven. So many
13 as opposed, raise your hand.

14 BOARD MEMBERS: (Raise hands.)

15 MR. BADDOUR: Okay. The motion fails.
16 Okay. Mr. Chairman?

17 MR. JOHNSON: Our last item is
18 concerning the budget reallocation for Elm City and,
19 basically, there was a Special Order of Procedure --
20 Special Order of Consent, which required them to
21 upgrade the spray irrigation system. They've come
22 back and asked that they be allowed to reallocate
23 \$375,000 of that project to correct their deficiencies
24 there, and the committee recommends approving this
25 budget reallocation.

1 MR. BADDOUR: Okay. You've heard the
2 committee recommendation. Larry, what is your comment
3 about this particular request as to whether it is in
4 line with the original grant proposal?

5 MR. HORTON: It is very strongly related
6 to the original grant proposal. One of -- the
7 original work was to produce in-flow and infiltration
8 because that excess flow was causing -- is -- was and
9 is causing a real problem at their spray irrigation
10 site because it overloads the site. They've had to
11 put more water on the site than it can accept.

12 And this additional work would be to improve
13 that site, so it would be able to accept more water.
14 So the purpose of the project was to both reduce in-
15 flow and infiltration, but the ultimate purpose of the
16 project was to improve the ability of the disposal
17 site to be able to accept the amount of wastewater
18 that's being disposed on it without having runoff to
19 surface waters. And that is really why DWQ has put
20 them under the Special Order of Consent -- by consent
21 and included in that SOC that they upgrade their spray
22 irrigation system as the second part of the -- of --
23 including that situation.

24 MR. BADDOUR: Okay. You've heard the
25 committee recommendation. Are their questions or

1 comments?

2 MR. VAUGHAN: Mr. Chairman?

3 MR. BADDOUR: Yes, sir, Mr. Vaughan.

4 MR. VAUGHAN: I'd like to ask to Larry:
5 Larry, is this \$375,000, is that the total additional
6 cost, or is it a proportional cost in relation to the
7 original grant? In other words, if it was a match --
8 are they a matching -- appropriate part of this
9 additional funds, or are we -- are we funding the
10 entire amount?

11 MR. HORTON: Mr. Vaughan, I think the main
12 thing that I would say in relation to that is that
13 this not a request for additional funding. This is to
14 use -- they got the grant. They put the project out
15 to bids and they actually constructed quite a bit of
16 this work. And they have, as part of our original
17 grant, \$375,000 that they would not use unless they
18 could reallocate these funds to this work that they're
19 requesting, similar to the Shelby project, but a
20 little different.

21 MR. BADDOUR: Okay. Further discussion?

22 MR. MARKHAM: Mr. Chairman.

23 MR. BADDOUR: Kevin?

24 MR. MARKHAM: I'm sorry. I may have missed
25 it, but have they specifically identified what they're

1 going to do that's going to cost \$375,000, or are they
2 just looking to use this and develop a plan as they
3 go?

4 MR. HORTON: They are going to
5 upgrade their spray irrigation system now. I don't
6 have any more details than what was in the letter that
7 was sent at this time.

8 MR. BADDOUR: Further discussion?

9 BOARD MEMBERS: (No response.)

10 MR. BADDOUR: So many as favor the
11 adoption of the committee recommendation that the Town
12 of Elm City be allowed to use \$375,000 of project
13 under-run funds for work directly associated with the
14 requirements of the Special Order of Consent signify
15 by saying, "Aye."

16 BOARD MEMBERS: Aye.

17 MR. BADDOUR: Opposed, no?

18 BOARD MEMBERS: No.

19 MR. BADDOUR: All right. Those in
20 favor please raise your hand.

21 BOARD MEMBERS: (Raise hands.)

22 MR. BADDOUR: Ten. Those opposed?

23 BOARD MEMBERS: (Raise hands.)

24 MR. BADDOUR: Six. Okay. By a vote
25 of 10 to 6 the motion passes.

1 MR. RASCOE: Mr. Chairman.

2 MR. BADDOUR: Mr. Rascoe?

3 MR. RASCOE: Yes, I would hope that this
4 type of glitch would be discussed at the retreat
5 because I think we -- the first vote was based on --
6 and what staff's interpretation was was that the
7 under-run was related. And the second one was based
8 on staff's interpretation that it was strongly
9 related. So we approved the second one and didn't
10 approve the first one, so I would think that this
11 would be a matter of discussion at the retreat.

12 MR. BADDOUR: I agree. Absolutely, I
13 agree. Okay. All right. Is that it?

14 MR. JOHNSON: That concludes our report.

15 MR. BADDOUR: Thank you, sir. Thank you
16 very much. Okay. We'll now move to the report of the
17 Restoration/Stormwater Committee.

18 MS. BRANNON: There's a new sheet at your
19 seat if you would pull that out to refer to it. The
20 little elves came in last night and did all this hard
21 work. Mr. Chairman, the committee clicked, everyone
22 was in attendance and we would like to make the
23 following recommendations.

24 2008-817, High Country COG, there's a
25 recommendation of \$50,000 be awarded to this

1 applicant. Should we do all those together?

2 MR. BADDOUR: Yeah, let's do of all them
3 unless there's some request.

4 MS. BRANNON: Okay. There's just a couple
5 that I think we need to mention, but I will pull those
6 and do those separately.

7 2008-705, Town of Leland, recommendation is
8 to fund up to \$66,000; 2008-414, committee recommends
9 awarding up to \$1,395,000 to Pilot View; 2008-424,
10 committee recommends awarding up to \$580,000 to
11 Western North Carolina Alliance; 2008-421, committee
12 recommends awarding up to \$442,000 to Resource
13 Institute Incorporated; 2008-411, committee recommends
14 accepting the Division of Soil and Water
15 Conservation's request to withdraw their application.

16 MR. BADDOUR: Okay. We'll take that second
17 one last.

18 MS. BRANNON: Okay.

19 MR. BADDOUR: But did you read all of
20 those?

21 MS. BRANNON: No, I left off two, that I
22 think we should mention, conditions that we've changed
23 in the -- in the award. That would be 714 and 423.
24 We took two -- some costs out of those original
25 applications.

1 MR. BADDOUR: But is the amount in it now
2 correct that's shown on the list?

3 MS. BRANNON: Yes, do you want me to --

4 MR. BADDOUR: I think you can just go ahead
5 and do those since the --

6 MS. BRANNON: Okay. 2008 --

7 MR. BADDOUR: -- since the amount that you
8 have now is correct.

9 MS. BRANNON: -- 714, the recommendation is
10 to fund up to \$75,000 to --

11 (Comment off the record.)

12 MS. BRANNON: Okay. And 2008-423,
13 recommendation from the committee is to award up to
14 \$278,000 to Southwestern North Carolina RC&D.

15 MR. BADDOUR: Okay. Hang on one minute.
16 Okay. You've heard the committee recommendation to
17 approve the projects as shown on the list, No. 1
18 through 7, on the -- on the sheet that we have. Now,
19 Yevonne, maybe you would explain what happened there
20 as part of your presentation. Go ahead, with those
21 two.

22 MS. BRANNON: Okay. I'll just bring to the
23 board's attention in 714 and 423 that two actions
24 occurred within the recommendation. One, was that we
25 not -- in 714, we did not include or award the cost of

1 the proposed culvert replacement. And that we did
2 weigh the -- including \$2,340 for non-labor project
3 administration costs as an exception to our current
4 policy. That same action is taken on 423. We did
5 recommend allowing \$5,500 for administration cost that
6 would be an exception to current policy. And in the
7 applicant, 2008-423, we did not award money to
8 introduce the darter and minnow species for \$15,000.

9 MR. BADDOUR: Okay. Is there any
10 discussion?

11 BOARD MEMBERS: (No response.)

12 MR. BADDOUR: Hearing none, so many as
13 favor the adoption of the committee recommendation
14 with regard to the projects listed signify by saying,
15 "Aye."

16 BOARD MEMBERS: Aye.

17 MR. BADDOUR: Opposed, no?

18 BOARD MEMBERS: (No response.)

19 MR. BADDOUR: The ayes have it. Okay.
20 Now, with regard to the withdrawn.

21 MS. BRANNON: And we'll make a
22 withdrawal, for 2008-411, North Carolina Division of
23 Soil and Water Conservation. The program has asked to
24 withdraw, \$2,000 -- I mean, \$2,396,894. That was
25 accepted by the committee, and they make that

1 recommendation.

2 MR. BADDOUR: You've heard the
3 recommendation of the committee. Discussion?

4 BOARD MEMBERS: (No response.)

5 MR. BADDOUR: So many as favor the
6 adoption of the committee recommendation signify by
7 saying, "Aye."

8 BOARD MEMBERS: Aye.

9 MR. BADDOUR: Opposed, no?

10 BOARD MEMBERS: (No response.)

11 MR. BADDOUR: The ayes have it.

12 MS. BRANNON: Also, two other actions
13 by the committee. One was the 2006A-709. This was
14 for the North Carolina Zoo. Committee recommends
15 providing up to \$217,000 in additional funding. Total
16 project cost now would be \$623,000.

17 MR. BADDOUR: Okay. You've heard the
18 recommendation of the committee. Is there any
19 discussion?

20 BOARD MEMBERS: (No response.)

21 MR. BADDOUR: Hearing none, so many as
22 favor the adoption of the committee recommendation
23 signify by saying, "Aye."

24 BOARD MEMBERS: Aye.

25 MR. BADDOUR: Opposed, no.

1 BOARD MEMBERS: (No response.)

2 MR. BADDOUR: The ayes have it.

3 MS. BRANNON: The next is the City of

4 Winston-Salem. There's a request for change in

5 project scope and budget. This is Item 2007-425. The

6 committee recommends approving the city's request to

7 modify the grant contract scope of work, which would

8 be to remove Pond 2 and Salem storm drains from the

9 scope of work, which will provide additional funds for

10 constructing Pond 1.

11 MR. BADDOUR: Okay. The record should

12 show that Mr. Hollan has excused himself from

13 participation or voting on this particular item.

14 Is there any discussion? You've heard the

15 committee recommendation.

16 BOARD MEMBERS: (No response.)

17 MR. BADDOUR: Hearing none, so many as

18 favor the adoption of the committee recommendation

19 signify by saying, "Aye."

20 BOARD MEMBERS: Aye.

21 MR. BADDOUR: Opposed, no?

22 BOARD MEMBERS: (No response.)

23 MR. BADDOUR: The ayes have it.

24 MS. BRANNON: And one last reminder --

25 you heard our executive director mention it this

1 morning -- integrated -- innovative stormwater grant
2 applicants have been -- they're in. They're being
3 reviewed. There will be a committee meeting in mid-
4 January. Everyone is invited to attend. I think
5 you've already been asked about getting copies of all
6 of the materials by our executive director, and this
7 information will be brought to the board in February
8 for a vote. Thank you.

9 MR. BADDOUR: Okay. Thank you very much.
10 And now, we'll move to our Acquisition Committee.

11 MR. COLEMAN: Thank you, Mr. Chairman. We
12 would like to note that we had 100 percent committee
13 participation as well as almost a full board, so we,
14 hopefully, served the state well yesterday in our
15 committee. For the purpose of my motion, I would ask
16 you to refer to your yellow sheet.

17 The first motion, staff notified us that
18 2008-004, the Carolina Mountain Conservancy, we had a
19 clerical error in our August appropriation. So we
20 need to recommend an additional \$147,000 to that
21 project.

22 MR. BADDOUR: Do you want to do that
23 separately?

24 MR. COLEMAN: Yes.

25 MR. BADDOUR: Okay. You've heard the

1 committee recommendation. Is there any discussion?

2 BOARD MEMBERS: (No response.)

3 MR. BADDOUR: Hearing none, so many as
4 favor the adoption of the committee recommendation
5 signify by saying, "Aye."

6 BOARD MEMBERS: Aye.

7 MR. BADDOUR: Opposed, no?

8 BOARD MEMBERS: (No response.)

9 MR. BADDOUR: The ayes have it.

10 MR. COLEMAN: Okay. Next, I will vote
11 on some recusal items as was noted originally in the
12 opening of the meeting. We're going to Item No. 11,
13 2008-006. It's noted that Mr. Markham recused from
14 that. We recommend funding \$2,629,000.

15 MR. BADDOUR: Okay. You've heard the
16 committee recommendation. This is No. 11, 2008-006.
17 Is there any discussion?

18 BOARD MEMBERS: (No response.)

19 MR. BADDOUR: Hearing none, so many as
20 favor the adoption of the committee recommendation
21 signify by saying, "Aye."

22 BOARD MEMBERS: Aye.

23 MR. BADDOUR: Opposed, no?

24 BOARD MEMBERS: (No response.)

25 MR. BADDOUR: The ayes have it.

1 MR. COLEMAN: Next is Item 22, 2008-
2 060, Ms. Cragolin recused. We recommend funding
3 \$95,000.

4 MR. BADDOUR: You've heard the
5 committee recommendation. This is in regard to
6 Project 2008-060. So many as favor the recommendation
7 of the committee to approve the funding of \$95,000
8 signify by saying, "Aye."

9 BOARD MEMBERS: Aye.

10 MR. BADDOUR: Opposed, no?

11 BOARD MEMBERS: (No response.)

12 MR. BADDOUR: The ayes have it.

13 MR. COLEMAN: On the second page,
14 2008-019, No. 4, Mr. Beane recused. And we recommend
15 not to fund.

16 MR. BADDOUR: You've heard the
17 committee recommendation. Any discussion?

18 BOARD MEMBERS: (No response.)

19 MR. BADDOUR: So many as favor the
20 adoption of the committee recommendation that project
21 funds -- not -- that not be funded, Project 2008-19,
22 signify by saying, "Aye."

23 BOARD MEMBERS: Aye.

24 MR. BADDOUR: Opposed, no.

25 BOARD MEMBERS: (No response.)

1 MR. BADDOUR: The ayes have it.

2 MR. COLEMAN: Project 31, 2008-058,
3 Mr. Markham, Mr. McMillan recused. We vote not to
4 fund.

5 MR. BADDOUR: You've heard the
6 recommendation of the committee. So many as -- Any
7 discussion?

8 BOARD MEMBERS: (No response.)

9 MR. BADDOUR: So many as favor the
10 adoption of the committee recommendation signify by
11 saying, "Aye."

12 BOARD MEMBERS: Aye.

13 MR. BADDOUR: Opposed, no?

14 BOARD MEMBERS: (No response.)

15 MR. BADDOUR: The ayes have it.

16 MR COLEMAN: Project 33, 2008-015,
17 Mr. Rascoe recused. We vote not to fund.

18 MR. BADDOUR: You've heard the
19 committee recommendation. Any discussion?

20 BOARD MEMBERS: (No response.)

21 MR. BADDOUR: So many as favor the
22 adoption of the committee recommendation not to fund,
23 2008-015, signify by saying, "Aye."

24 BOARD MEMBERS: Aye.

25 MR. BADDOUR: Opposed, no?

1 BOARD MEMBERS: (No response.)

2 MR. BADDOUR: The ayes have it.

3 MR. COLEMAN: Okay. Now, we'll go

4 back to the first page. And I will call out, and we

5 will vote on these collectively. I will -- if you

6 don't mind -- I'll just present them all as one vote.

7 MR. BADDOUR: Thank you very much.

8 That's good.

9 MR. COLEMAN: Okay. Project No. 1,

10 2008-002, \$3 million; No. 2, 2008-055, \$708,000; No.

11 3, 2008-070, \$228,000; No. 5, 2008-044, \$719,000; No.

12 6, 2008-046, \$1,700,000; No. 8, 2008-012, \$2,081,000;

13 No. 9, 2008-030, \$663,000; No. 12, 2008-027,

14 \$2,362,000; No. 13, 2008-010, \$96,000; No. 14, 2008-

15 067, \$495,000; No. 15, 2008-081, \$1,180,000; No. 17,

16 2008-037, \$185,000; 19, 2008-063, \$661,000; 20, 2008-

17 047, \$603,000; 21, 2008-036, \$3,215,000; 23, 2008-056,

18 \$222,000; 24, 2008-022, \$710,000; 25, 2008-071,

19 \$283,000; 27, 2008-009, \$238,000; 28, 2008-069,

20 \$200,000. I'd like to present those. I'm holding

21 that one out. I'm going to vote on it separately.

22 MR. BADDOUR: All right. You've heard

23 the motion of the committee -- recommendation of the

24 committee. So as many as favor the adoption of the

25 committee recommendation signify by saying, "Aye."

1 BOARD MEMBERS: Aye.

2 MR. BADDOUR: Opposed, no.

3 BOARD MEMBERS: (No response.)

4 MR. BADDOUR: The ayes have it.

5 MR. COLEMAN: One final project we

6 recommend for funding, Item 30, 2008-064. The

7 committee recommended \$519,000. At this time, in

8 light of previous committee action, I would like us to

9 discuss --

10 MR. BADDOUR: All right. Let's do it

11 this way.

12 MR. COLEMAN: Okay. I put it on the

13 table.

14 MR. BADDOUR: Let's make a motion of

15 the recommendation of the committee and then I'll

16 entertain in a minute.

17 MR. COLEMAN: We recommend funding

18 \$519,000.

19 MR. BADDOUR: Okay. Committee has

20 recommended, as to Project 2008-064, the funding of

21 \$519,000. Is there any discussion?

22 MS. CRAGNOLIN: Mr. Chairman, we -- I

23 would like to make a motion here that we bring that

24 amount up, for 2008-064, to \$533,104.

25 MR. BADDOUR: Okay. You've heard the

1 motion that the committee recommendation be amended to
2 increase the amount funded to the full amount as
3 originally recommended by the staff of \$534,000, in
4 light of the -- a little more availability in funds.

5 (Comment off the record.)

6 MR. BADDOUR: Is there any discussion
7 on the motion to amend?

8 BOARD MEMBERS: (No response.)

9 MR. BADDOUR: So many as favor the
10 adoption --

11 MR. HOLLAN: Is the motion \$533,104
12 or is it \$534,000?

13 MS. CRAGNOLIN: \$534,000 -- excuse me.

14 MR. BADDOUR: \$534,000. So many as
15 favor the motion to amend --

16 MR. VAUGHAN: May I ask a question?

17 MR. BADDOUR: Yes.

18 MR. VAUGHAN: Before we go on, are we
19 satisfied we have the funds to fund it?

20 MR. BADDOUR: We do. What we're going
21 to have to do -- I'll tell you this: It's a little
22 bit out of order. I thought about it. We probably
23 need to go back and unencumber those funds that we did
24 not approve, but if -- just that there will be funds
25 to do that, I think. I'm assuming that if you vote to

1 do this that when the motion is made to unencumber
2 those -- the funds for the Shelby project, that you
3 will vote in favor, also. Otherwise, we'll be in a
4 mess, so anyhow -- any further discussion?

5 BOARD MEMBERS: (No response.)

6 MR. BADDOUR: So many as favor the
7 motion to amend by Ms. Cragolin signify by saying,
8 "Aye."

9 BOARD MEMBERS: Aye.

10 MR. BADDOUR: Opposed, no?

11 BOARD MEMBERS: (Mr. Johnson opposes.)

12 MR. BADDOUR: Is there a "no"? One
13 "no."

14 MR. BADDOUR: The ayes have it. Now,
15 we'll go back to the original motion as amended. Is
16 there any discussion?

17 BOARD MEMBERS: (No response.)

18 MR. BADDOUR: Hearing none, so many as
19 favor the motion, which now would have the project at
20 \$534,000, signify by saying, "Aye."

21 BOARD MEMBERS: Aye.

22 MR. BADDOUR: Opposed, no?

23 BOARD MEMBERS: (No response.)

24 MR. BADDOUR: The ayes have it. Now,
25 with that let's do -- let's just -- I'm going to

1 interrupt your committee report one minute. What we
2 did was -- we -- with regard to the Shelby project --
3 we did not approve those funds. Is it -- would it be
4 appropriate now for us to unencumber that amount?

5 MR. ROGERS: I think I would let staff
6 work that one out, if you don't mind.

7 MR. BADDOUR: All right.

8 MR. ROGERS: We can find the -- what was
9 it? -- \$20,000 --

10 MR. BADDOUR: Yeah.

11 MR. ROGERS: -- and they can pay for it.
12 Thank you.

13 MR. BADDOUR: Okay. All right. Mr.
14 Chairman?

15 MR. COLEMAN: Okay. If you will refer to
16 your second page now, we are going to identify the
17 remaining projects. These projects are not to be
18 funded: Project No. 7, 2008-039; No. 16, 2008-029;
19 18, 2008-053; 26, 2008-024; 29, 2008-034; 32, 2008-
20 066; 34, 2008-072; 35, 2008-021; 36, 2008-062; 37,
21 2008-026; 38, 2008-065; 39, 2008-028. We vote not to
22 fund.

23 MR. BADDOUR: The committee recommends not
24 funding the projects that were just read. You've
25 heard the committee recommendation. Is there any

1 discussion?

2 BOARD MEMBERS: (No response.)

3 MR. BADDOUR: Hearing none, so many as

4 favor the adoption of the committee recommendation

5 signify by saying, "Aye."

6 BOARD MEMBERS: Aye.

7 MR. BADDOUR: Opposed, no?

8 BOARD MEMBERS: (No response.)

9 MR. BADDOUR: The ayes have it.

10 MR. COLEMAN: Okay. The following

11 projects need to be noted for the record that they

12 were withdrawn by the applicants: 2008-043, 2008-017,

13 2008-050, 2008-045, 2008-048, 2008-061.

14 MR. BADDOUR: Okay. You've heard the

15 recommendation of the committee that the projects read

16 were withdrawn by the applicant and the committee

17 recommends accepting their withdrawal. Is there any

18 discussion?

19 BOARD MEMBERS: (No response.)

20 MR. BADDOUR: Hearing none, so many as

21 favor the adoption of the committee recommendation

22 signify by saying, "Aye."

23 BOARD MEMBERS: Aye.

24 MR. BADDOUR: Those opposed, no?

25 BOARD MEMBERS: (No response.)

1 MR. BADDOUR: The ayes have it.

2 MR. COLEMAN: Next, we look at Item G-
3 3-C, and it's noted that Mr. Markham recused himself
4 from discussion and voting on this -- this request to
5 reallocate budgets for project administrative costs
6 from the North Carolina Coastal Land Trust. And in
7 looking at that, it's noted that it went back to 2005
8 and 2007. And at this time, the committee would
9 approve the three 2008 requests, but not go back to
10 requests before 2008. And also -- let's just make it
11 two parts. Let's just do that first.

12 MR. BADDOUR: Okay. You've heard the
13 committee recommendation. This is to approve --
14 requested for project administration. And that was
15 projects 2008-040, 2008-041 and 2008-042; is that
16 right?

17 MR. COLEMAN: Yes. And that's
18 \$14,500,000. I mean -- excuse me -- I'm so used to
19 millions here -- \$14,500.

20 MR. BADDOUR: A total.

21 MR. COLEMAN: Yes. Budget buster.

22 MR. CRAGNOLIN: We need more money.

23 MR. BADDOUR: All right. You've heard
24 the committee recommendation. Is there any
25 discussion?

1 BOARD MEMBERS: (No response.)

2 MR. BADDOUR: So many as favor the

3 adoption of the committee recommendation signify by

4 saying, "Aye."

5 BOARD MEMBERS: Aye.

6 MR. BADDOUR: Opposed, no?

7 BOARD MEMBERS: (No response.)

8 MR. BADDOUR: The ayes have it.

9 MR. COLEMAN: Mr. Chairman, just on

10 that one, so it's -- I know that -- but the funds we

11 just approved are just a reallocation. They're not

12 new funds.

13 MR. BADDOUR: Right. That's correct.

14 MR. COLEMAN: And the second motion

15 that comes from this discussion is that we give staff

16 approval to recommend budget reallocation for a

17 request for project administrative talks for 2008

18 projects. And this would be done using the Decision

19 Matrix Guideline, which includes the board chairman

20 and the committee chairman along with staff.

21 MR. BADDOUR: Right. Without the

22 necessity of coming back and forth. Okay. You've

23 heard the committee recommendation. Discussion?

24 BOARD MEMBERS: (No response.)

25 MR. BADDOUR: So many as favor as the

1 adoption of the committee recommendation signify by
2 saying, "Aye."

3 BOARD MEMBERS: Aye.

4 MR. BADDOUR: Opposed, no?

5 BOARD MEMBERS: (No response.)

6 MR. BADDOUR: The ayes have it.

7 MR. COLEMAN: Next, we look at Item G-
8 3-D and Mr. Markham also recused himself. And Mr.
9 Rogers, would you explain this project to us?

10 MR. ROGERS: Yes, this is a -- ended
11 up not being an action item. It was more or less an
12 update with regard to Turnagain Bay, and our
13 continuous assessment of the property.

14 At our last meeting, we got approval to move
15 forward to do a wetlands assessment for the Henry
16 Tract, too, I believe. And after that the assessment
17 came back, the appraisals for the property were turned
18 in -- said that there would be approximately 50
19 percent uplands on the property. The wetlands
20 assessment was decided at about ten percent of the
21 property were uplands, which is a big differential
22 from the appraisals.

23 After that, we decided to look at some other
24 properties in that area and have moved forward with
25 identifying the remaining projects in Turnagain Bay.

1 I think there's probably four -- three or five parcels
2 that we're reviewing and be getting wetlands
3 assessment on that as well, so that we look at the
4 whole area and have a better feel of the uplands and
5 the impact and how it would address the other projects
6 before the board. And they have come before the
7 board. We anticipate coming back to you in February
8 with a staff recommendation. Thank you.

9 MR. COLEMAN: Okay. Mr. Chairman, I
10 recuse from the next item, and I turn this committee
11 meeting over to Ms. Cragnolin.

12 MR. BADDOUR: Okay. Ms. Cragnolin?

13 MS. CRAGNOLIN: You probably received a
14 good deal of correspondence in your packets and/or e-
15 mails that have been going back and forth regarding
16 Tar River Land Conservancy and a request to changes to
17 the standard conservation easement that the Clean
18 Water Trust Fund uses. There have been numerous
19 meetings and enormous amount of staff time working
20 this project. And the committee recommended that the
21 standard easement be used and this go back to the
22 applicant, and they would have 60 days to approve and
23 accept this grant or not. That's the committee
24 recommendation, Mr. Chairman. Thank you.

25 MR. BADDOUR: Okay. You've heard the

1 committee recommendation. Is there any discussion?

2 MR. McLEAN: Yes.

3 MR. BADDOUR: Okay.

4 MR. McLEAN: As I understand, in brief,
5 the committee is recommending that we not agree to
6 change our easement as requested by this land trust.

7 MR. BADDOUR: That's essentially correct.
8 Although I do believe our staff has made some changes
9 that are within what has traditionally been the
10 discretion -- Robin, perhaps you would explain that.
11 And I think the request goes outside of what -- of
12 what we have traditionally been allowing -- the
13 changes. I think it would be important for you to
14 explain that. It's not like we've taken a total hard
15 line.

16 MS. HAMMOND: Right. We've been
17 negotiating this for over a year. And, typically, in
18 our easement, Article II, which is the reserved rights
19 to the owner, and Article III, which is the restricted
20 and prohibited activity, those two sections are
21 negotiable because every piece of property and every
22 project is different. And we have made concessions
23 there for this project. And these are concessions
24 that have been asked for by the land owners, not by
25 the land trust. So they have -- the land owners have

1 now gone outside those two areas and want to make some
2 changes to the template that we think -- and supported
3 by the AG's office -- just are not in keeping with our
4 program goal. And we were asking you all not to
5 approve those changes outside of our Articles II and
6 III. We appreciate you supporting the staff on that.

7 MR. BADDOUR: Okay. Does everybody
8 understand what we're talking about then? So I
9 thought it was important that we make that
10 distinction. Any discussion?

11 BOARD MEMBERS: (No response.)

12 MR. BADDOUR: Hearing none, so many as
13 favor the adoption of the committee recommendation as
14 presented by Ms. Cragolin and explained by Robin
15 signify by saying, "Aye."

16 BOARD MEMBERS: Aye.

17 MR. BADDOUR: All opposed, no?

18 BOARD MEMBERS: (No response.)

19 MR. BADDOUR: The ayes have it. Is
20 that it?

21 MS. CRAGOLIN: Yes, Mr. Chairman. And
22 with that, we conclude our report for the Acquisitions
23 Committee. Thank you.

24 MR. BADDOUR: Thank you very much.
25 Okay. At this stage -- at this point, I'm going to

1 recognize Mr. Vaughan.

2 MR. VAUGHAN: Thank you, Mr. Chairman. As
3 a follow up to the Administrative Report, where we
4 talked about potential shortfall in state budget --
5 and we've -- as we've previously said, we've reserved
6 \$5 million that will not be spent at the request of
7 the governor. Based on potential other shortfalls in
8 state revenue, I'd like to make the following
9 recommendation. The following projects will be funded
10 contingent upon the availability of funds. Contracts
11 will not be signed until Clean Water Management Trust
12 Fund is sure that the funds are available. Any
13 project not funded because of ineligible -- or because
14 the funds are not available, will be considered in
15 2009. But it would be -- they'd start over, but they
16 would not have to resubmit a new application. These
17 projects are: 2008-064, for \$534,000, that was an
18 Acquisition project; 2008-534, for \$2,173,000, which
19 was a Wastewater project. And these two projects were
20 the low-scoring projects of the ones that we approved.

21 MR. BADDOUR: Okay. I'm going to take that
22 as a motion by Mr. Vaughan. Is there a second to the
23 motion?

24 (Motion seconded.)

25 MR. BADDOUR: Moved and seconded. And I

1 think we've discussed it, but is there any further --
2 I don't mean to cut off any discussion, but if anybody
3 wants any further explanation or discussion.

4 MR. HOLLAN: If there's no additional
5 decision, these would automatically be deemed to be
6 fundable at some time, such as June 30th.

7 MR. ROGERS: If I might add, I think it
8 would be appropriate for staff to report back to you
9 at the June board meeting with regards to these
10 projects and then we'll move forward from there, make
11 a recommendation at that time.

12 MR. RASCOE: Mr. Chairman, I'm a little
13 bit confused. Right now, there's funding available
14 now. Is that the case?

15 MR. BADDOUR: Well, yeah. The question is
16 how much do we hold back from the funding that we've
17 been appropriated when you add what has been
18 unencumbered. So, yes, there is money available. In
19 fact, there's -- there is money available. That's
20 right. But we are concerned -- the Administrative
21 Committee, when they met, was concerned that we may be
22 asked to revert even more than we have been asked at
23 this point. And so the idea was to wait and see what
24 happened this spring.

25 MR. RASCOE: So am I correct in assuming,

1 if we're asked to revert, then we're, by this motion
2 if it passes, we're automatically reverting out of
3 these approved projects as opposed to another source?

4 MR. BADDOUR: That would be correct, those
5 two projects. Plus, Richard feels that we will be
6 able to unencumber this spring and probably an
7 additional -- you want to comment on that, Richard?

8 MR. ROGERS: Yeah. I think the thing
9 we're trying to estimate is -- is that we will
10 unencumber funds, typically, between \$1.5, \$2 million
11 a year. There's a possibility we may unencumber more.
12 And, you know, my hope is we unencumber more, so that
13 we can fund these projects.

14 One notion with regards to the June report,
15 if we do encumber these funds and realize those funds
16 and understand that our budget shortfall is not going
17 to be more than we've retained, we might want to move
18 forward with those projects and get them under
19 contract.

20 So my thought is that we need to report the
21 chair and committee co-chairs with regards to these
22 projects. And then I'll amend my previous statement
23 and then make sure we report to the board any actions
24 that we've taken at that time. And so that may be a
25 more appropriate route. And it might also provide the

1 ability for us to move on with these projects in a
2 little more expeditious fashion.

3 MR. RASCOE: Mr. Chairman, I'm just
4 confused as what -- it seems like we're putting a red
5 flag on these two projects, unnecessarily.

6 MR. BADDOUR: Well, I think, if I got the
7 sense of, I guess, the Administrative Committee and
8 yesterday was -- one choice would have been actually
9 just to back off and take that \$2 million out and not
10 fund it at all. But it was thought that rather than
11 cut back on the amount that we appropriated, that we
12 would do this, which was -- chances are pretty good
13 that they would be funded and it would almost be too
14 harsh not to fund that money. But, I mean, that's the
15 decision of the board to make.

16 MR. VAUGHAN: Mr. Chairman, I think we are
17 -- somewhere a while ago we've heard another report
18 about projected shortfall of state revenues. And it
19 was in the \$2-billion range and potentially up to now
20 about seven to seven and half percent, which means
21 that should that be fact, then we would be protected
22 up to that level by not admitting a contract on these
23 two funds at the time.

24 We've got two potential sources of funding
25 these projects. One is unencumbering funds that

1 become available between now and then. Or the revenue
2 shortfall is not as serious as everyone is looking at
3 right now, then we would be able to fund it. So it's
4 just a matter of taking an additional conservatism
5 until we know for sure and not being under contract,
6 and then not having the funds to honor the contract.

7 MR. BADDOUR: Mr. Rascoe?

8 MR. RASCOE: That confuses me again
9 because I thought I understood the staff that we do
10 have the funds for the projects right now.

11 MR. ROGERS: We don't have the funds. We
12 don't have the funds for a bunch of these projects
13 that we just funded because we get allocated,
14 proportionally, throughout the year. What they're
15 doing, currently, with regards to our allocation --
16 and I believe they're monthly at this point; they come
17 in monthly or quarterly -- is they're taking five
18 percent of our allocation off the top at that point
19 and sending it to us. And what we do through the
20 course of the year is we go ahead and approve these
21 projects prior to the allocation of those funds. And
22 then as we work through the year, we work in our
23 contracts and start spending that money down when we
24 get our contracts in place.

25 MR. BADDOUR: I guess, it would be -- it

1 would have been better to say we expect to have that
2 money and this is to try to deal with a contingency in
3 case we don't get it.

4 MR. JOHNSON: Mr. Chairman?

5 MR. BADDOUR: Yes. Mr. Johnson?

6 MR. JOHNSON: I want a point clarification.
7 If we go this route, the money is available to us
8 later on; I want to be absolutely sure that because we
9 have already approved these two projects that they
10 will not have to come back before the total board to
11 make sure that we appropriate it again.

12 MR. BADDOUR: That's correct. So I
13 understand the motion.

14 MR. VAUGHAN: Mr. Chairman, I think that
15 that would be out of this year's revenue.

16 MR. BADDOUR: Out of this year's revenue?

17 MR. VAUGHAN: Right. And if we have the
18 shortfall in this year's revenue, the motion is these
19 projects would stay on the hopper and be reconsidered
20 next year without a reapplication. It would be not
21 automatically funded out of next year's revenue.

22 MR. BADDOUR: That's correct. That's the
23 motion. Now, let me have -- let me make one other
24 little clarification. And I thought this was, as I
25 understood it, we would -- we don't meet again until

1 June. We should know sometime in April whether or not
2 these funds are going to be withheld, hopefully. And
3 so I am comfortable with the staff making a
4 recommendation, if they funds are available, to go
5 ahead and proceed with the contract, if the board is.
6 I think that's what Richard was saying to us, and he
7 would report to us in June as to that. So I'm sure
8 they would do it in consultation with me, as your
9 chair, and various committee chairs. But if that's
10 okay with the board, I would think that would be a way
11 to do it.

12 MR. RASCOE: I've got one more
13 question, Mr. Chairman, so I'm understanding. We want
14 this -- this motion passes, when we walk out of here,
15 these two projects are funded. But -- but -- but if
16 the funding does not come through as anticipated in
17 the spring or something is withheld, then staff would
18 pull these two off and notify us accordingly that
19 there was not enough money to fund these projects.

20 MR. BADDOUR: Exactly. It's a little
21 unusual, so it's a good discussion. And do we have an
22 understanding now? I think -- everybody know what
23 we're doing?

24 BOARD MEMBERS: (Respond affirmatively.)

25 MR. BADDOUR: All right. Any further

1 discussion?

2 (Comment off the record.)

3 MR. BADDOUR: Yeah. I think Mr.
4 Coleman seconded the motion. Okay. Is there further
5 discussion?

6 BOARD MEMBERS: (No response.)

7 MR. BADDOUR: So many as favor the
8 adoption of the motion signify -- by Mr. Vaughan --
9 signify by saying, "Aye."

10 BOARD MEMBERS: Aye.

11 MR. BADDOUR: Opposed, no?

12 MR. RASCOE: No.

13 MR. BADDOUR: Okay. The ayes have it.
14 You all -- we've gotten a little bit. We got one more
15 committee report. Do you want to finish, or do you
16 want to take about a five-minute break?

17 BOARD MEMBERS: Finish.

18 MR. BADDOUR: All right. Mr. Hollan,
19 Program Committee?

20 MR. HOLLAN: Mr. Chairman, the
21 Program Committee met this morning to discuss the
22 proposed Greenway criteria. Pursuant to your request
23 at the last meeting that staff engage comments from
24 various experts in the Greenway field. Our staff did
25 go out and circulate our old criteria to a number of

1 people active in Greenways. And we got back some very
2 good comments. I think it was well worthwhile.

3 The comments resulted in some changes in the
4 recommendation of the committee from last month. We
5 had the full board at our meeting this morning or
6 almost a full board. And I think that we have a good
7 and full discussion of the changes. I would ask that
8 the -- that the program -- the proposed criteria as
9 amended this morning be attached to the record of this
10 meeting. But -- and you do have a handout, H-B.

11 There was one change that we made this
12 morning. And I think that had to do with whether or
13 not in Item 10 the applicant actually had facility
14 construction money in hand. We changed that to say
15 that the facility construction money had to be -- they
16 had to know where it was coming from and it would be
17 expected to be in hand within three years sort of as
18 to enable them to make application to us and then
19 apply to other agencies for funding.

20 We did -- the recommendations are to be
21 construed as broadly as possible. The criteria are to
22 be construed as broadly as possible. I think we
23 recommend these with the understanding that they will
24 be reviewed by a future board or committee to
25 determine whether they're actually accomplishing what

1 we want to accomplish. So -- but other than that, you
2 have the committee report, H-B, I think all of you
3 were here to hear it. And we recommend its approval.

4 MR. BADDOUR: You've heard the
5 recommendation of the committee. Is there any
6 discussion?

7 BOARD MEMBERS: (No response.)

8 MR. BADDOUR: Hearing none, so many as
9 favor the adoption of the recommendation of the
10 committee with regard to Greenway criteria signify by
11 saying, "Aye."

12 BOARD MEMBERS: Aye.

13 MR. BADDOUR: Opposed, no?

14 BOARD MEMBERS: (No response.)

15 MR. BADDOUR: The ayes have it. And
16 we'll be sure that our court reporter here has all of
17 the appropriate attachments. Okay. We've come to the
18 end of our meeting. Is there any discussion from any
19 member of the board? Anything anybody would like to
20 say?

21 MR. HOLLAN: Mr. Chairman, just one
22 thing I want to talk about. We passed over pretty
23 quickly some of these reversions, but I did want to
24 commend the people at CREP, they did, in consultation
25 with our staff, offer to allow us to take back \$5.3

1 million of already committed money. And they withdrew
2 their current application for \$2.4 million, so they
3 really improved our situation by about \$7.7 million.

4 The CREP program has not been able to
5 accomplish the objectives that we had hoped and they
6 had hoped they would be able to accomplish. Commodity
7 prices have been high and I'm not sure what else. But
8 I do want to report that this board's action in tying
9 reimbursement to the department to actual work
10 accomplishment and land put under easement or current
11 protection has worked. And so the -- I think the CREP
12 program is not costing us money. We're not funding
13 positions or administration over there in DENR as I
14 think we were in the past. And I think that the funds
15 have reverted to us with the understanding that if the
16 climate out there improves for CREP, it's something we
17 continue to want to support and will support. So,
18 thank you.

19 MR. BADDOUR: Thank you. Anybody else?
20 Well, I've just got a couple comments. One is you do
21 have the -- Penny did this at my request. I know you
22 would have e-mailed it out -- but since we're not
23 going to meet again until next year, your four meeting
24 dates and locations for next year -- 2009, we're not
25 going to do lunches on Monday. It seems like we --

1 more often than not -- finish until lunch, so I guess
2 you'll get your per diem for lunch rather than having
3 it taken out. And, I think, we'll see if that works.

4 I guess, I just want to take a -- it's
5 almost two years now, since I've become your chairman,
6 and I want to thank all of you as members of this
7 board and the staff for the wonderful support that you
8 have given me. It's been a real privilege. I have
9 enjoyed it. Continue to enjoy it.

10 The first year, if you all remember, pretty
11 much left the committees, I think, exactly the way
12 they were. Last year, we reworked the committees
13 some. I think it's been traditional at the beginning
14 of each year to reappoint committees. I would hope
15 that all of you would let me know how you feel. If
16 you like the committee that you're on, if you want to
17 stay on that committee. We probably should at least
18 think about rotating some of the committee chairs to
19 give more people an opportunity to serve in these
20 leadership positions. But I would welcome input from
21 all of you so far as that's concerned. So, anyhow,
22 just thank you for that.

23 Is there anything to come before the board?

24 MR. JONES: Yes, Mr. Chairman.

25 MR. BADDOUR: Yes, sir. Tom?

1 MR. JONES: I would just like to say,
2 this is also the second cycle that we've had the one
3 cycle per year, and that we've had three people in the
4 Raleigh staff to look at applications instead of just
5 one. And with that cycle, it's helped with the field
6 activities as well. And that it seems, from our end,
7 that the evaluation, the depth of the knowledge of the
8 applications, and therefore the staff recommendations
9 to the trustees is just incredible. There's no way I
10 could have ever looked at a wastewater project like
11 Larry Horton can. And that's a good thing -- and with
12 Kevin as well. And then also to be able to manage the
13 -- get the contracts developed and understand exactly
14 what's happening after you all make the awards. I
15 just like to say that I think you all are getting
16 really, really, really an excellent product for your
17 dollar -- for the tax-payer dollar. So we thank you.

18 MR. BADDOUR: Well, thank you for that
19 comment. And we'll, of course, have many
20 opportunities to talk about all of this at the retreat
21 in some depth. Anything else?

22 MR. McGRADY: I move we adjourn.

23 MS. WESTON: Second.

24 MR. BADDOUR: So many as favor the motion
25 to adjourn signify by saying, "Aye."

1
2
3
4
5

BOARD MEMBERS: Aye.

MR. BADDOUR: We are adjourned.

(MEETING WAS ADJOURNED AT 11:27 A.M.)

*Quoted material in this transcript
is verbatim and may/may not
reflect a direct quote.*

CERTIFICATE OF NOTARY - COURT REPORTER

STATE OF NORTH CAROLINA)
)
COUNTY OF NEW HANOVER)

I, Jennifer M. Ray, Court Reporter, Notary Public
in and for the above county and state, do hereby certify
that the above proceedings, to the best of my knowledge and
belief, do constitute a true and correct transcript of the
meeting of the Board of Trustees of the Clean Water
Management Trust Fund held at the North Raleigh Hilton, 3415
Wake Forest Road, Raleigh, North Carolina, on the Monday,
November 10, 2008.

This 25th day of November, 2008

Jennifer M. Ray, Court Reporter
Notary Public, #200821200161