

BOARD OF TRUSTEES
CLEAN WATER MANAGEMENT TRUST FUND

MINUTES OF MEETING

THURSDAY, JUNE 9, 2016
1:02 P.M.

LAKE NORMAN STATE PARK
759 STATE PARK ROAD
TROUTMAN, NORTH CAROLINA



Post Office Box 98475, Raleigh, North Carolina 27624-8475
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APPEARANCE OF CWMTF BOARD OF TRUSTEES

Dr. Troy Kickler, Chairman
Johnny D. Martin (via telephone)
Frank Bragg
E. Greer Cawood
Frederick Beaujeu-Dufour
Renee Kumor
William Toole
Charles Vines

APPEARANCE OF STAFF

Will Summer
Nancy Guthrie
Justin Mercer
Damon Hearne

ALSO PRESENT:

Jonathan Avery, Esq.
Bryan Gossage, Executive Director
Beth Farrell, Department of Agriculture
Greg Schneider, Superintendent of Lake Norman State Park
Susan Kluttz, Secretary of Natural and
Cultural Resources
Dr. Kevin Cherry, Deputy Secretary for Archives,
History and Parks

AGENDA**Clean Water Management Trust Fund Board of Trustees Meeting
June 9, 2016 - 1:00 p.m.****Lake Norman State Park, Visitor's Center Auditorium
759 State Park Road - Troutman, NC 28166****Board of Trustees:****Dr. Troy Kickler (Chair), Frank Bragg, Greer Cawood,
Frederick Beaujeu-Dufour, Robin Hackney, Renee Kumor,
Johnny Martin, William Toole, Charles Vines****COMMENCEMENT****1) Call to Order (Chairman Kickler)**

- a) Welcome
- b) Roll Call
- c) Compliance with General Statute § 138A-15

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

2) Consent Agenda (Chairman Kickler)

- a) Minutes of the March 2016 Board Meeting
- b) Request to extend the date to enter into a construction contract for existing infrastructure Grant

3) Legal Update - Jonathan Avery**4) Executive Director's Update - Bryan Gossage****PUBLIC COMMENTS**

The public is invited to make comments to the Board - Chairman Kickler (*Three Minutes per person*)

OLD BUSINESS**1) Administrative Committee Recommendations - Greer Cawood**

- a) Allocation of grant funds for 2016 applications
- b) Donated Minigrant Program expansion
- c) Assessing changes in project scope after funding

2) Grant Programs Committee Recommendations - Troy Kickler

- a) Military scoring procedure clarification
- b) Stewardship Endowment Deposit Agreement Revision

3) Stewardship Program - Will Summer

- a) Stewardship Program Report
- b) Stewardship Endowment Report & Annual Deposit and Withdrawal Request

NEW BUSINESS

- 1) Background on Field Tour Sites - Will Summer**

ADJOURNMENT

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P R O C E E D I N G S

CHAIRMAN KICKLER: I'd like to call this June 9th Clean Water Management Trust Fund meeting to order. Thank you for taking the time to be here on this beautiful day at a different conference venue site. We picked a -- or just happened to meet on a beautiful day. Apparently, the weather is going to get a lot hotter tomorrow and on Saturday, but today is a beautiful day. And I think this is an exciting opportunity for us to visit a site that a Clean Water Management Trust Fund has helped funded previously. And then tomorrow we can have a rewarding and learning experience by visiting some stream restoration sites that we have helped fund previously, as well. And, hopefully, that -- we can see what we funded, and then that will help us make more -- fuller informed decisions in the future, as well.

Before we go any further, I would like to take the roll call. When I call your name, please say -- indicate your presence. I, Troy Kickler, Chair, am present. Frank Bragg?

MR. BRAGG: Present.

CHAIRMAN KICKLER: Greer Cawood?

MS. CAWOOD: Present.

CHAIRMAN KICKLER: Frederick Beaujeu-Defour?

1 MR. BEAUJEU DEFOUR: Present.

2 CHAIRMAN KICKLER: Robin Hackney?

3 (No response.)

4 CHAIRMAN KICKLER: Renee Kumor?

5 MS. KUMOR: Present.

6 CHAIRMAN KICKLER: Johnny Martin?

7 (No response.)

8 CHAIRMAN KICKLER: William Toole?

9 MR. TOOLE: Present.

10 CHAIRMAN KICKLER: Charles Vines?

11 MR. VINES: Present.

12 CHAIRMAN KICKLER: Thank you. We have seven

13 board members present, so we definitely have a quorum

14 and we will proceed. I'm required, as chair, to read

15 General Statute 138A-15 and inquire whether we have a

16 conflict -- any of us have a conflict or a perception

17 of a conflict of interest.

18 General 138A-15 mandates that the Chair

19 inquires to whether any Trustee knows of any conflict

20 of interest or the appearance of a conflict of

21 interest with respect to matters on the agenda. If

22 any Trustee knows of a conflict of interest or the

23 appearance of a conflict of interest, please state so

24 at this time.

25 (No response.)

1 CHAIRMAN KICKLER: There is -- out of an
2 abundance of caution, because I -- one of the items in
3 the consent agenda involves North Carolina State
4 University. Out of an abundance of caution, I'm
5 recusing myself from that. I'll be handing the gavel
6 over to the vice-chair, Greer Cawood, to take care of
7 those matters. But I wanted that to be stated for the
8 -- the record.

9 And, again, if you become aware of a
10 conflict of interest or the appearance of one as we go
11 along, you may recuse yourself before we get to that
12 particular item. Just make sure you do so before we
13 start discussing that item in detail.

14 Also, as a friendly reminder to you and to
15 myself, make sure you put your cell phones on off or
16 silence your cell phones, and the same thing with your
17 computers, as well.

18 Are there any revisions or additions that we
19 know of to this June 9th agenda?

20 (No response.)

21 CHAIRMAN KICKLER: Hearing none, is there a
22 motion to -- to adopt the agenda?

23 MR. BRAGG: So move.

24 CHAIRMAN KICKLER: Thank you, Trustee Bragg.

25 MS. KUMOR: Second.

1 CHAIRMAN KICKLER: There's a second by Renee
2 Kumor. If there's no other discussion regarding the
3 agenda, I'll take a vote. All those in favor say
4 "Aye."

5 BOARD MEMBERS: Aye.

6 CHAIRMAN KICKLER: Opposed?

7 (No response.)

8 CHAIRMAN KICKLER: The motion has been
9 adopted.

10 So at this time, we're moving on to the
11 Consent Agenda. And I will turn this portion of the
12 agenda over to Trustee Cawood.

13 MS. CAWOOD: Okay. First, we will begin
14 with approval of the minutes of the March 2016 Board
15 Meeting. Does anybody have any changes or revisions
16 to those?

17 (No response.)

18 MS. CAWOOD: If not, then I'll entertain a
19 motion.

20 MR. BRAGG: I move they be adopted as
21 written.

22 MS. CAWOOD: Second?

23 MR. VINES: Second.

24 MS. CAWOOD: Thank you, Charles. Okay. On
25 to Consent 2(b), which is the request to extend the

1 date to enter into a construction contract for
2 existing infrastructure grant. And you had that
3 information sent to you. And are there any questions
4 about that or any need to pull this item or --

5 (No response.)

6 MS. CAWOOD: I will entertain a motion to
7 approve.

8 MR. MARTIN: Hello?

9 MR. BRAGG: Do you want a motion to approve?
10 So moved.

11 MR. GOSSAGE: Somebody's calling in.

12 MS. CAWOOD: Do we have a second?

13 MR. TOOLE: Second.

14 MS. CAWOOD: All in favor?

15 BOARD MEMBERS: Aye.

16 MS. CAWOOD: Wonderful. And based on us
17 completing that item, I will turn it back to Chairman
18 Kickler.

19 CHAIRMAN KICKLER: Thank you, Trustee
20 Cawood. Did someone call in?

21 MR. SUMMER: I think Johnny is on the line.
22 We're working on --

23 MR. HEARNE: Can you hear me?

24 (No response.)

25 MR. HEARNE: Can you hear me? Okay. We are

1 on the phone here at the meeting. We just got
2 started. We've had some -- a couple phone
3 difficulties, so we're going to put you on speaker
4 phone and let's hope you'll be able to hear us. It's
5 not our normal phone, so we'll do the best we can.
6 Can you hear us now?

7 MR. MARTIN: Yes, I can.

8 MR. HEARNE: All right.

9 MR. SUMMER: All right.

10 CHAIRMAN KICKLER: Okay. Thank you. So let
11 the record show -- Johnny, right?

12 MS. CAWOOD: Uh-huh.

13 CHAIRMAN KICKLER: Johnny, is that you --
14 you on the line?

15 MR. MARTIN: Yeah, this is Johnny Martin.
16 Sorry.

17 CHAIRMAN KICKLER: Okay. Let the record
18 show that Trustee Johnny Martin is on the line and is
19 participating in the June 9th meeting.

20 We'll go on to agenda item commencement
21 four, and that is Executive Director Bryan Gossage's
22 update.

23 MR. GOSSAGE: Thank you, Mr. Chairman. I
24 have several items to update you on. One is just an
25 internal process that we've been working on to improve

1 our grants management system. You may recall I've
2 briefed you on this in the past. We were on a system
3 that, essentially, used either hard copy or Excel
4 spreadsheet to keep track of the grants. And so we've
5 been working with the North Carolina Department of
6 Information Technology on an existing software
7 platform that they have. We have a contract with
8 them. And we've been moving the -- the current grant
9 load into that system. It's actually pretty neat.
10 And by the end of this year or the next grant cycle
11 that begins December 1st, or the first Monday in
12 December, applicants should be able to go online when
13 they apply. It'll put their information directly into
14 the grants management system. And we will be able to
15 -- to track the entire process through that -- through
16 that program, which is really neat. It's a huge
17 advance. And internally it works very well with our
18 budget and finance office and will help reduce
19 paperwork and time all the way around. So my
20 understanding is they're pretty excited about it, as
21 well, and are hoping to expand it to other divisions
22 within the agency. So it's kind of -- kind of neat to
23 be at the cutting edge of that.

24 Legislative update, the -- the governor's
25 budget and the house budget and the senate budget have

1 all come out and are pretty much the same in agreement
2 on refunding the trust fund with the same level of
3 funding for the next year, including the five million
4 dollars that was nonrecurring. There are some -- some
5 little things in there that I'm sure will work out,
6 including a \$500,000 annual earmark for the UNC
7 system, things like that that tend to kind of trickle
8 out as the -- as the process goes on, so we'll be
9 keeping an eye on those.

10 I did want to introduce some new staff to
11 you. We have Damon Hearne with us. He'll be our
12 western field rep. He's sitting behind me. And Damon
13 comes to us from Trout, Unlimited. And he'll be in
14 Asheville. And Justin Mercer is our eastern field
15 rep. And Justin comes to us from the Wildlife
16 Resource Commission. So we're proud to have both of
17 them with us.

18 Lastly, in your blue folder, you should have
19 the snapsnot -- the budget snapshot that we always
20 provide to you. And it is -- it is literally a
21 picture of the moment in time that it was -- that it
22 was printed, so it gives you a look at where things
23 stand. You should also have a list of the provisional
24 award list that has been updated as of the 7th of this
25 month. And then you should also have a sheet of this

1 meeting info and logistics, as well as tomorrow.

2 And going forward, I was thinking more about
3 the budget snapshot, and being out here at a different
4 location, giving you all a chance to see a different
5 part of the state and different projects that we're
6 going to look at tomorrow. So one of the things that
7 I thought is that going forward, once or twice a month
8 we're going to send out an e-mail to you that provides
9 you with that budget snapshot, that has an update of
10 any provisional items that have been funded, and that
11 are -- that has, maybe, some photos that our field
12 reps, that Justin and Damon have been taking while
13 they're out in the field, so you can see some of the
14 projects that you've already voted to fund. And so
15 we'll send that out to you once or twice a month, just
16 to provide you with a regular update as to what's
17 going on with the -- with the Clean Water Management
18 Trust Fund.

19 I'll also add that the Natural Heritage
20 Program, which we are very closely connected with, the
21 governor's budget included a restoration of 6.2
22 positions for that program. The house budget has the
23 same 6.2 positions refunded. The senate budget has
24 zero positions funded for the Natural Heritage
25 Program. And they're very critical to us, to the

1 Clean Water Program, for field staff and other
2 information as to what is out there on the ground. So
3 if there's anyone that you talk to along the way that
4 you want to share the importance of that program with,
5 by all means, please feel free to.

6 Mr. Chair, that's all I have.

7 CHAIRMAN KICKLER: Okay. Thank you. Thank
8 you for the update. Yeah, I think those snapshots
9 will be very helpful to the Board. It will be some
10 good information for us to review as we go further.

11 As chair, I want to take this opportunity to
12 recognize some special guests that we have with us
13 today who have shown interest in the Clean Water
14 Management Trust Fund. The Secretary of Natural and
15 Cultural Resources is here with us today, Secretary
16 Kluttz. And then --

17 MS. KLUTTZ: Thank you.

18 CHAIRMAN KICKLER: -- Deputy Secretary, Dr.
19 Kevin Cherry. And I was going to turn the time over
20 to Secretary Kluttz --

21 MS. KLUTTZ: Okay. Thank you.

22 CHAIRMAN KICKLER: -- to say a few words.

23 MS. KLUTTZ: I appreciate that. And I won't
24 take very long. But I'm just here today for a couple
25 of reasons, on behalf of Governor McCrory, to say

1 thank you again to you for the time that you take and
2 the dedication you have because this is so important
3 to the State of North Carolina. And just on his
4 behalf, thank you.

5 Also, on behalf of my department, the
6 Department of Natural and Cultural Resources, I'm here
7 with Dr. Kevin Cherry, Deputy Secretary for History,
8 Archives and now Parks, and Greg Snyder, who is the
9 Superintendent of this beautiful park, Lake Norman
10 State Park.

11 And I will have to tell you that -- and I'm
12 -- and excuse how I'm dressed. I don't normally show
13 up for work like this, but I've been on my 15th tour
14 of our state parks since the transfer happened, when
15 the budget was passed last September, and it's just
16 really been incredible. And I had a wonderful tour
17 all day today to see what's available right here, so I
18 hope you'll get to see the entire park.

19 But I just wanted to also update you on the
20 merger or the transfer. It is officially called a
21 transfer, but the governor very much wanted it to be a
22 merger of Natural and Cultural Resources. And it's
23 going extremely well, but I will tell you it is not
24 easy. It sounds very easy to transfer one thing from
25 one division -- one department in state government to

1 another. It is very complicated, especially with
2 budget and HR. It'll take us, probably, a good total
3 year to get all the details worked out, but it's
4 working amazingly well.

5 And what we're finding is how similar we are
6 and how our mission and vision really is the same, to
7 protect the wonderful state-owned treasures of North
8 Carolina.

9 I will tell you, too, that -- that up until
10 the minute that the budget passed and this transfer
11 happened, which more than doubled our department to
12 2,500 staff members, I was fighting very hard -- we
13 were, for the, among other things, the Historic
14 Preservation Tax Credits to be restored. And we had
15 been told that that was impossible. I was told by
16 leaders in the legislature that I was wasting my time
17 to do anything about it, that they would kill it in
18 the end, no matter what we did.

19 And so I set out on a tour. And within that
20 last year, I made 73 stops in 52 different cities and
21 towns. And I'm tell you this for a reason. But what
22 I found was that our beautiful historic buildings in
23 North Carolina told the North Carolina story that
24 North Carolina has such a rich history. And North
25 Carolinians, I learned, value that history very much,

1 and they let it be known to the legislature.

2 But what I saw when I put it all together
3 was it told the North Carolina story in buildings.
4 And seeing such things as a peanut mill in Edenton, or
5 a post office in Clinton, or a wagon company in
6 Hickory, or a buggy factory in Sanford, in addition to
7 what I knew I would see, which was text -- our history
8 of textiles and manufacturing of tobacco and
9 furniture, but I saw so much more. And I can go on
10 and on and tell you the examples of how -- what I say
11 tell -- told the North Carolina story. And that's how
12 we sold this to the public and to the legislature.

13 And so the reason I'm telling you this is
14 since the budget passed and we took natural resources
15 -- as I said, I've been on a tour of state parks, and
16 what we have in natural resources that I had not been
17 to before. And in my 15, so far, visits of the parks,
18 I have seen such incredible things that this state has
19 that I hope that everybody will be able to see.

20 But, you know, to be at the top of Mount
21 Mitchell, which to me is like -- was like being in a
22 church, it was like a religious experience. It's so
23 beautiful up there. I feel like you're right so close
24 to Heaven. Or then being at the bottom of Stone
25 Mountain when I visited there with the governor, and

1 the opposite of looking down to up and how beautiful
2 that was. It was right before Christmas and there was
3 red and green foliage at the top. And it actually
4 looked like it was decorated for Christmas to me.

5 But then being, also with the governor, at
6 Hammocks Beach State Park and seeing the beach, or
7 being at Jordan Lake and seeing the lake, and just the
8 really incredible things that I've seen have shown me
9 that what I'm learning is the North Carolina story of
10 natural resources, like I have seen the North Carolina
11 story of cultural resources.

12 So, you know, we feel like it's just a
13 perfect fit for us to be able to conserve what we
14 have, and I've learned that preservation and
15 conservation are so similar, that they're all really
16 just alike. So thank you for what you're doing. It's
17 so important. And we have got to -- I'm so proud, and
18 I was telling Greg today I'm so proud of this state,
19 that in 100 years that we had the vision in North
20 Carolina to save what we have because we wouldn't have
21 it today if people before us hadn't been so wise to do
22 it.

23 So, anyway, what you're doing is so
24 important. And I just wanted to tell you how much our
25 department values what you do and how grateful we are

1 to have you a part of this department today. So thank
2 you so much. I'm -- I'm taking off right now, but I
3 just wanted to have a minute just to say that to you,
4 so thank you.

5 DR. CHERRY: And Bryan is right. We are
6 pushing hard for the --

7 MS. KLUTTZ: Yes.

8 DR. CHERRY: -- Natural Heritage Program
9 restoration.

10 MS. KLUTTZ: We are. And I did leave that
11 out, but the governor very much wants this. He
12 realizes how important it is. And we are working so
13 hard for it. We're thrilled that it was in the
14 governor's budget and in the House. And we're
15 fighting as hard as we can to get it in the senate, so
16 any help that you can be will be great, but just know
17 that we in our department are working very hard for
18 it. We know how important it is, and we have got to
19 get it back, so we're working for it as well. But
20 thank you all again.

21 MR. BRAGG: Thank you.

22 MS. KLUTTZ: Thank you.

23 CHAIRMAN KICKLER: Thank you, Secretary. We
24 -- that's good news to hear. Also, I mean, I'm sure
25 Trustees are aware, this is a good time to remind the

1 Trustees that one of the criteria changes that we made
2 was to try to get applicants to think holistically
3 about the applications because they're -- too many
4 times people compartmentalize the natural heritage
5 aspect of the state and then the cultural heritage
6 aspect of the state. But many times they dovetail and
7 can tell -- if you think of it in that way, it can
8 tell a more complete story of North Carolina. So our
9 criteria reflects the blend of natural and cultural
10 resources. I thought that would be a good opportunity
11 to remind us of that.

12 We also have another special guest, Park
13 Representative Greg Snyder. He was mentioned by
14 Secretary Kluttz, but I think you want to tell us a
15 little bit more about this particular --

16 MR. SYNER: Sure, sure.

17 CHAIRMAN KICKLER: -- park

18 MR. SNYDER: And, first of all, I'd like to
19 parrot Secretary Kluttz's welcoming remarks. Thank
20 you guys for coming to Lake Norman State Park and for
21 being here. And I'm going to stand in front of the
22 window because I don't want you to look at me. I want
23 you to look beyond me to my beautiful resource. I'm
24 not much to look at, but certainly we have 2,000 acres
25 here that is something to look at. So thank you for

1 inviting me, Chairman Kickler, to address this group.

2 You earlier mentioned how wonderful the
3 weather is today. Well, us park superintendents do
4 have the authority to control local weather, so we
5 wanted to make sure that your visit to Lake Norman was
6 as nice and as pleasant as it could be.

7 I will tell you just a little bit about my
8 park and welcome and hope that you get an opportunity
9 to get out and enjoy some of the park while you're
10 here today. If nothing else, a rocking chair on the
11 back porch overlooking Park Lake for a brief 15
12 minutes might be a good calm down after a contentious
13 or -- hopefully, not contentious meeting that you're
14 having here.

15 Lake Norman State Park, the 12th oldest
16 state park. This park was begun by a grant of land
17 from Duke Power Corporation, gave 1,328 acres to start
18 this project and this park in 1962. And we opened to
19 the public in 1963.

20 This park is -- started as a recreation
21 area, and that's -- that's truly what we are. It is
22 your big back yard. It's 2,000 acres of green right
23 here next to Charlotte and in this very growing area
24 of the state. Many folks come out here to enjoy
25 boating activities, whether it's small rental self-

1 propelled boats that we have here in Park Lake or to
2 use our boat ramp. The vast majority of people come
3 here to hike on our six or eight miles of hiking
4 trails, or to bike on 30 1/2 miles of biking trails,
5 single track trails that have been installed in this
6 facility through a partnership -- a public/private
7 partnership between us and the Tarheel TrailBlazers
8 out of Charlotte.

9 Tarheel TrailBlazers have provided the
10 manpower to construct those trails and to actually
11 assist us in maintaining those trails.

12 We also offer camping at this facility. Of
13 course, lake bathing, we have a swimming area far into
14 the park, and other outdoor pursuits, not only just
15 hiking, but a lot of birding, a lot of butterflying, a
16 wonderful park for butterflying.

17 So it is your big back yard. I don't have a
18 beautiful mountain here a Lake Normal. I don't have a
19 wonderful waterfall, but I do have 2,000 acres of
20 property that has been maintained in its current
21 condition for now over 60 -- or right, approximately,
22 60 years, so it's just a -- just a wonderful resource.

23 I would like to congratulate this body on
24 their largesse in providing property to this park.
25 The Clean Water Management Trust Fund provided funding

1 for purchase of properties between Wildlife Road and
2 Morrison Farm Road. That additional property not only
3 helped us protect a creek that's flowing into Lake
4 Norman, but also allowed us to expand our recreational
5 pursuits. And, in fact, put in the wildlife -- the
6 wildlife part of the Itusi Trail, which is that very
7 important bicycle trail system here.

8 So every day multiple visitors come out to
9 enjoy either bicycling or hiking on that wildlife loop
10 of that trail, very low impact recreational pursuit
11 that allows us to maintain that particular couple
12 hundred acres in its natural state, while allowing and
13 bringing people in to enjoy that -- that property. So
14 the largesse of this -- this group, this organization,
15 has really benefited Lake Norman State Park.

16 Again, welcome to the park. And if me or my
17 staff can be of any assistance to you, feel free to
18 call upon us.

19 CHAIRMAN KICKLER: Thank you.

20 MR. SNYDER: Thank you.

21 CHAIRMAN KICKLER: We'll move on to the next
22 item on the agenda, which is public comments. There
23 aren't many of us here today, but let me just say I'll
24 turn this time over to the public, but remind three
25 things for the record. If you want to make a public

1 comment, please state your name and affiliation. Each
2 person has three minutes, and I'll keep track of the
3 time. And then also as a reminder, you can't --
4 because these public comments are before our business,
5 you can't discuss any particular agenda item on the
6 agenda. Is there anyone who would like to say a few
7 words?

8 (No response.)

9 CHAIRMAN KICKLER: No. All right. Hearing
10 none, we'll move on to the next agenda item, which is
11 Old Business 1.

12 Since our last full board meeting, the Grant
13 Programs Committee has been meeting. And, in
14 particular, the Administrative Committee has been
15 meeting. And since this is a newly reconstituted
16 board, the Administrative Committee has had a lot of
17 work to do. And so I'd like to commend them on a lot
18 of their work and a lot of their meetings and thank
19 them publicly for taking the time out of their work
20 schedules, possibly social schedules, to serve on this
21 volunteer board.

22 The chair of the Administrative Committee is
23 Greer Cawood, so I'll turn the time over to her to say
24 a few remarks about Old Business 1(a).

25 MS. CAWOOD: Great. And the Administrative

1 Committee, I would like to thank our members, Charles
2 and Johnny, for their time. And I especially -- also
3 to Nancy and Will for their assistance in the work
4 that we did.

5 To start with, Administrative 1(a), which is
6 the allocation of grant funds for 2016 applications.
7 And, Nancy, before I turn it over to you to explain
8 that, this was discussed. Our committee did approve
9 this recommendation. And, Nancy, if you'll just walk
10 the trustees through it.

11 MS. GUTHRIE: Okay. The percentage of
12 allocation for program -- or through the fund's
13 programs is the same as it has been for the last two
14 years as the recommendation. And that was derived
15 from looking at -- even going back further
16 historically with the funds that went to the
17 acquisition program and the stream restoration program
18 and wastewater, and that was part of the program, and
19 how those funds have been used -- or have been split
20 historically. It also looks at the current
21 applications, percent of applications, as well as the
22 requested amount to see if programs were receiving --
23 kind of how much of the request and how that matched
24 up historically.

25 So the recommendation for the 2016 project,

1 which you will look at and make funding decisions on
2 in the fall, is for acquisitions program to receive 75
3 percent of the funds, 20 percent of the funds
4 allocated to the stream restoration projects, and up
5 to five percent of the funds allocated to the
6 innovative stormwater projects.

7 And then if there are not five percent of
8 the funds worth of really quality innovative
9 stormwater projects, those funds would be further
10 divided two-thirds to the acquisition program and one-
11 third to the stream restoration program.

12 CHAIRMAN KICKLER: Are there --

13 MS. GUTHRIE: Any questions for me on that?

14 CHAIRMAN KICKLER: Are there -- are there no
15 questions? Well, since it came from the committee,
16 that means there's been a motion and a second, so are
17 there any --

18 (No response.)

19 CHAIRMAN KICKLER: Hearing none, all those
20 in favor of the Administrative Committee's
21 recommendation as stated in Agenda Item Old Business
22 1, please say "Aye."

23 BOARD MEMBERS: Aye.

24 CHAIRMAN KICKLER: All those opposed?

25 MR. MARTIN: Aye.

1 CHAIRMAN KICKLER: Okay. The motion -- the
2 recommendation -- the motion has been carried.

3 Administrative Committee also did some more
4 work. And so part of this was to make the Minigrant
5 Program guidelines a little bit more formal, so I'll
6 turn it over to Greer.

7 MS. CAWOOD: Great. And, Trustees, so you
8 know -- and this is something that was brought up by
9 staff, which I think was a great thing to notice, is
10 that our donated Minigrant Program did not include the
11 full scope of what Clean Water Management Trust Fund
12 now has under its purview. So we wanted to look at
13 what -- currently, it only dealt with -- with
14 waterways, and now we have cultural resources, now we
15 have military installation, so there are lots of
16 different lands that we're looking at. So we met a
17 couple of times to look at this. And, Nancy, thank
18 you again for you. And I think Will did some on this
19 one too to help us out in coming to what we hope is a
20 very clear process and understanding for folks to
21 expand the Minigrant Program to include the other
22 entities under our purview.

23 So, Nancy, if there's anything you want to
24 add on that or --

25 MS. GUTHRIE: I think that covers well the

1 intent. And do you want to see if there are any
2 questions on the new guidelines -- or the proposed
3 guidelines because I can point out maybe what was
4 added to them to see how it was changed without going
5 through a lot of detail on this for you.

6 But in the overview section -- Damon, if you
7 would scroll on down to the revised guidelines. In
8 your Board packet, you have the previous guidelines
9 that the committee started with, and here are the
10 revised guidelines.

11 So in the overview section, we added back in
12 the eligibility of donation of fee simple property.
13 The committee and staff, we do not know a reason why
14 it should be limited to only easements.

15 The other big changes in this section are
16 the bullets. The first set of bullets there is
17 expanding it to all of Clean Water's purposes at this
18 point.

19 The second group of bullets, we wanted to
20 clarify that in our acquisition program, we use more
21 than just a conservation easement. We also have
22 restrictions -- restrictive covenants and the
23 dedication in the Nature Preserves Act. So, again,
24 getting the Minigrant Program sort of inline a little
25 bit more with the larger acquisition program, all of

1 those instruments are acceptable under the donated
2 Minigrants, as this is proposed.

3 There were no other major changes in the
4 overview section, so I'll move on if no one has
5 questions on that section.

6 MS. KUMOR: Just --

7 MS. GUTHRIE: Okay.

8 MS. KUMOR: -- you need just one or the
9 other of those instruments and not all three of them;
10 is that --

11 MS. GUTHRIE: Correct.

12 MS. KUMOR: Okay.

13 MR. BRAGG: Nancy, may I ask -- so with this
14 view, I'm assuming we approved this, which I'm
15 assuming we will. Every project really should make
16 application for this because almost everything
17 qualifies, does it not?

18 MS. GUTHRIE: In all of the --

19 MR. BRAGG: It's pretty broad.

20 MS. GUTHRIE: Yes. Yeah. The committee, I
21 believe, wanted this to be broad to say if restrictive
22 covenant is the best tool for that piece of property
23 to restrict it, and it's next to a military base, then
24 that is now -- or would be now eligible for the
25 program, as long as it's a donation.

1 CHAIRMAN KICKLER: Are there any other
2 questions for Nancy or maybe the Administrative
3 Committee?

4 (No response.)

5 MS. GUTHRIE: Okay. So --

6 MR. BRAGG: Nancy, I'm just trying to think
7 about that statement about the military restrictive
8 covenant. We don't really do that many of those that
9 I -- that I can recall, do we? I mean, not -- not
10 that -- I mean, I think it's fine to include that, but
11 I'm trying to think of the significance of including
12 it and what it might cost us.

13 MS. GUTHRIE: There have not been many of
14 those project, if any, to this point, mainly because
15 of the criteria within the larger -- the statute and
16 what that named as purposes for Clean Water, as well
17 as the fact the Minigrant Program would not have
18 included those properties unless there had been a
19 stream on the property.

20 MR. BRAGG: Yeah. So, again, that is a
21 permanent covenant, correct?

22 MS. GUTHRIE: Yes, sir.

23 MR. BRAGG: Okay.

24 CHAIRMAN KICKLER: Any other questions?

25 Yes, ma'am.

1 MS. KUMOR: When we started out the
2 statement that it's going to now cover cultural, as
3 well as natural, can I have an example of how this
4 would function then?

5 I mean, I understand if it's an -- we're
6 talking about an easement on a buffer or some piece of
7 property. What else would it -- are we now including?

8 MS. GUTHRIE: It could be if a landowner was
9 willing to donate an easement or a piece of property
10 to the Department of Cultural Resources to add to the
11 edge of a battlefield.

12 MS. KUMOR: Okay.

13 MS. GUTHRIE: There's also other historic
14 sites where land trusts sometimes are working --
15 really focused on the land, but it's protecting the
16 view shed from that historic site. Those are
17 important for the feeling of a historic site. So
18 those would be the types of cultural historic sites I
19 would imagine --

20 MS. KUMOR: Okay.

21 MS. GUTHRIE: -- to be included. It could
22 also, without streams, protect some of the natural
23 heritage, a particular ecosystem that doesn't have
24 water running through it, but that would then also be
25 eligible.

1 MS. KUMOR: Well, thank you. I -- I just
2 wondered what that was opening up for us, but it's
3 still -- it's understandable to me now. Thank you.

4 MS. GUTHRIE: Okay.

5 CHAIRMAN KICKLER: Yes.

6 MR. TOOLE: Help me understand what this
7 does that's different from the general grant
8 application.

9 MS. GUTHRIE: I'll step back kind of on --
10 on that with the history of the donated Minigrant
11 Program, which I did just jump right into the changes.

12 The -- this program allows up to \$25,000 to
13 facilitate a donation which has to be a free and clear
14 gift with no funding going to the owner for the land
15 at all. And that speeds up the process considerably.
16 Twenty-five thousand is often enough to cover the
17 transaction costs. And instead of having people come
18 into the kind of regular grant cycle in February, have
19 to wait until the fall, and then receive a pretty
20 small grant, the history of this has been to go ahead
21 and allow these to come in throughout the year and
22 facilitate these donations, which is a streamline
23 process.

24 CHAIRMAN KICKLER: But we put a limit on the
25 amount every year.

1 MS. GUTHRIE: It's up to \$25,000 or the
2 value of the donation.

3 MR. TOOLE: All right. And a total dollar
4 amount --

5 CHAIRMAN KICKLER: And a total dollar
6 amount.

7 MR. TOOLE: -- for the program?

8 MS. GUTHRIE: Oh, yes.

9 CHAIRMAN KICKLER: Yeah.

10 MS. GUTHRIE: Each year the Acquisition
11 Committee sets the total funding for the program for
12 the year.

13 MR. BRAGG: My only reservation about this
14 is that the \$25,000 minigrant is not relative to any
15 number of the value, so you might have a restrictive
16 covenant on a property. And those of us who work on
17 the other side of the table, on the receiving end of
18 funds from the state, will figure out how to get that
19 \$25,000, regardless of the value of that covenant.

20 And this actually happened, I think, Nancy,
21 with quite a few projects during 2010 and '11, when
22 minigrants were the only thing that we would fund to
23 any large degree. And a lot of those went for
24 projects that were tiny, as I remember this, along the
25 New River. It would be very little, small parcels of

1 land that may be a private easement. And the
2 minigrant was more significant than the value of a
3 donated easement. So I do have a reservation about
4 this.

5 MS. GUTHRIE: I do want to clarify on that
6 though because it's \$25,000 or the value of the
7 donation, so we do have --

8 MR. BRAGG: So it's equal -- so it has to be
9 equal to the value of the donation, not the cost of
10 the funding and to survey and -- I mean, that's what
11 we're talking about, is it not, the stewardship and
12 cost for the process?

13 MS. GUTHRIE: Right. So the stewardship and
14 what's referred to as the transaction costs --

15 MR. BRAGG: Right, right.

16 MS. GUTHRIE: -- the survey and the closing
17 costs, that is capped at either the value of the
18 donation or \$25,000, whichever is less.

19 So in some areas, the value of the donation,
20 based on a tax appraisal or -- or, excuse me, a tax
21 assessment or an appraisal, might be \$8,000 or \$14,000
22 and that would be the cap at that point.

23 MR. BRAGG: So, actually, we're talking
24 about two things. We're talking about the value of
25 the donated easement, and then we're talking about the

1 cost. And our grant can't exceed the cost, and our
2 grant can't exceed the value of the donated easement,
3 correct? It's not ideal, but I'll -- I'll vote for
4 it.

5 MS. CAWOOD: Trustee Bragg, do you think
6 that there is a change that needs to be made to it?
7 Because we'd be happy to go back and -- and work more
8 on a particular part of it if you think that there's a
9 way because safeguarding the funds is important.

10 MR. BRAGG: Well, the way -- the way I
11 understand it, if there's a project out there that has
12 the kind of space you need and a value of \$25,000,
13 then they're eligible for \$25,000 from us if they can
14 show us that they spent \$25,000 in soft cost,
15 appraisals, surveys, stewardship, to do the \$25,000
16 deal.

17 So it's -- it's a lot of money when you look
18 at it that way. I mean, it's 100 percent of the -- my
19 experience in the land trust business is that the
20 biggest challenge that we have is finding the monies
21 to do these soft costs.

22 If you've got a farmer who wants to do an
23 easement and he doesn't have any money, and we say,
24 "Look, it's going to cost you \$15,000 for the survey
25 and for the appraisal and for the stewardship," then

1 he may say, "I can't do it."

2 So that's why this came about, you know, we
3 may need to help that guy. We need to help the land
4 trust pay for these costs.

5 But if the guy is given an easement on a 100
6 acre farm that's worth a million dollars, probably,
7 minimum in the state, so, I mean, it's big. So
8 \$25,000 is not a big deal. But I'm just saying on --
9 you know, without having relative to a percentage of
10 the total value of the easement, it looks like every
11 single deal ought to apply for this \$25,000 because
12 they can get it, just about. They can figure out how
13 to get it. The cap is going to cut them off, but I
14 think it's a very lenient way to give away money.

15 MR. TOOLE: So if I can just --

16 MR. BRAGG: Yeah.

17 MR. TOOLE: -- suggest. What you're
18 thinking then, Trustee Bragg, is that this is the kind
19 of grant that's more -- should be targeted to the
20 smaller deals? The ones where the transaction costs
21 are a larger percentage of the -- of the value of the
22 donation than to the more valuable donations? Is that
23 you're thinking? Where, for example, if it's a
24 \$25,000 donation, the transactional costs are,
25 proportionately, quite large? If it's a million

1 dollar transaction, the transactional costs,
2 presumably, don't drive the gift nearly as -- they're
3 not as fundamental to the gift?

4 MS. CAWOOD: I was hearing it, actually, the
5 opposite way.

6 MR. BRAGG: Well, it is the opposite.

7 MR. TOOLE: Well, it is the opposite. Okay.
8 That's why I'm asking the question, yeah.

9 MR. BRAGG: Gosh, I'm sorry I muddied up
10 this thing. And let's go ahead and approve it like it
11 is today and I'll continue to work on it because I do
12 think there's a better way. And a lot of this is all
13 driven by my experience in this business.

14 For an example, Reid Wilson and Conservation
15 Trust have had a private donor who has funded all
16 these because we stopped doing them for a while. And
17 since then, that family paid for it. And Reid had the
18 discretion of how to do it. And he did it on a need
19 basis.

20 I mean, I did an easement on a tract of land
21 in Avery County, and they called me from Blue Ridge
22 Conservancy, and said, "Do you want us to pay for your
23 soft costs?" And I said, "No." I could afford to pay
24 my own." The money would have come from Stanback in
25 that case because he literally funded this around the

1 state. But there was a discretionary control of the
2 monies, and it just wasn't every deal got it because
3 you can always come up with a way to get the \$25,000
4 if you're on the land trust side of things, I can tell
5 you. We could always say, "Yeah, the survey was
6 expensive." And it's just kind of a carte blanche,
7 every deal gets \$25,000, regardless of the value of
8 the easement. And I think there's a little bit better
9 way. But I'm going to stop because I talk way too
10 much.

11 CHAIRMAN KICKLER: I -- maybe it does need
12 some tweaking, but I think something to keep in mind,
13 too, is that, one, there is a total overall cap on the
14 money.

15 MR. BRAGG: Yeah.

16 CHAIRMAN KICKLER: And then staff asks
17 questions when these applications come in. And then
18 when they come before the Chair, the Chair has an
19 opportunity to ask questions or recommend it to the --
20 the full board. So, I mean, it's not first come,
21 first serve.

22 MS. KUMOR: You -- I thought it might be in
23 -- in that we're saying it's open at any time to make
24 application.

25 MS. GUTHRIE: Well, proposal in an updated

1 -- or in the revised guidelines is to change the
2 process of approval --

3 MS. KUMOR: Okay.

4 MS. GUTHRIE: -- a little bit. We hadn't
5 gotten there yet.

6 MS. KUMOR: Okay.

7 MS. GUTHRIE: But the idea there is to batch
8 them quarterly so that a few will be looked at at a
9 time, and it'll be that in a process of -- of passing
10 over one that meets -- that meets just the minimal
11 criteria, holding it maybe till later in the year and
12 seeing if some of the more million dollar projects
13 come in, and being able to control that a little bit
14 as opposed to first come, first serve, which is how
15 it's --

16 MS. KUMOR: Okay.

17 MS. GUTHRIE: -- set up --

18 MS. KUMOR: Right now.

19 MS. GUTHRIE: -- right now.

20 MS. KUMOR: Okay.

21 MS. GUTHRIE: Yeah.

22 MS. CAWOOD: And, Trustee Kumor, another
23 part of it is to get, like, some cultural resource
24 staff, if it's a cultural resource land, in to provide
25 their input. So it is providing too what, I think

1 Trustee Bragg is talking about, just not everybody
2 gets it, but more of a process of review.

3 MS. KUMOR: So that we would have a batch
4 come in in the first quarter, and of those we would
5 have determined that there's so much money we will
6 allot or -- and then see who may or may not qualify?

7 MS. CAWOOD: Uh-huh.

8 MS. KUMOR: And then it's possible, if you
9 were in batch one, you can roll into batch two if you
10 don't --

11 MS. CAWOOD: Uh-huh.

12 MS. KUMOR: Okay. And -- but then that pot
13 of money will have been determined. And we also have
14 -- are we changing -- this money is allocated from our
15 interest or -- or --

16 MS. CAWOOD: Annually, we determine how
17 much --

18 MS. KUMOR: Okay.

19 MS. CAWOOD: -- we want to go with the
20 program --

21 MS. KUMOR: So that's another thing --

22 MS. CAWOOD: -- as a Board.

23 MS. KUMOR: -- we control that we'll be
24 giving away is by determining the amount of money we
25 allocate.

1 MS. CAWOOD: Uh-huh.

2 MS. KUMOR: Okay.

3 MS. CAWOOD: Uh-huh.

4 MS. KUMOR: Are we getting more confusing,
5 Frank?

6 MR. BRAGG: No, no, huh-uh, I'm there with
7 this.

8 CHAIRMAN KICKLER: So it's, like -- because
9 we have lowered the amount, haven't we, Nancy, from
10 \$300,000 to \$200,000.

11 MS. GUTHRIE: We -- the amount has been
12 lowered in the last few years. And the demand has
13 also been lower in the last few years. If you'll
14 recall the Conservation Tax Credit in North Carolina,
15 it's 2013 that was the last year for the tax credit.

16 Before that is when Mr. Stanback and land
17 trust were very busy getting anyone who was interested
18 in donating to donate at the end of 2012 and 2013.

19 I am seeing more interest in the program
20 again, getting phone calls and a couple applications,
21 so I think it will increase again in the requests to
22 the trust fund.

23 MS. CAWOOD: And, Nancy, you'll keep us
24 apprised if it looks there are abuses that are -- and
25 then we can change the guidelines accordingly, if it

1 looks like there's some issues developing?

2 MS. GUTHRIE: Yes. I think it's important
3 to know -- I think, Mr. Bragg, you're making a really
4 good point. If Clean Water is, in fact, paying
5 \$20,000 and getting \$20,000 in value, or if our
6 benefit to the cost is increasing, because through the
7 history of the program, it has been a very cost
8 effective way to get thousands of acres under
9 conservation.

10 If that does change, and we're getting fewer
11 and fewer acres, I think that is in another committee
12 and Board discussion the program.

13 MS. CAWOOD: So I think from this
14 discussion, I'd say if you see red flags starting up,
15 we will want to meet again as a committee and take
16 care of that.

17 MS. GUTHRIE: Okay.

18 CHAIRMAN KICKLER: So were there any other
19 questions for Nancy?

20 (No response.)

21 MS. GUTHRIE: I'm going to --

22 MS. CAWOOD: Okay. You were going to do
23 eligible applicant?

24 MS. GUTHRIE: Move on to the other sections.
25 The eligible applicant, to this point, it has been a

1 nonprofit corporation. It's been local governments
2 that have been eligible to apply and receive funding.

3 The committee had some discussion about
4 state agencies. Previously, State Parks and Wildlife
5 Resource Commission were the two programs really
6 applying to Clean Water Trust Fund, and it was felt
7 that they had their own funding mechanism. They have
8 funds that they can receive, Wildlife Resource
9 Commission, from the federal government, and Wild --
10 and Parks have their own appropriated funds. And they
11 could cover these costs to receive land for which they
12 did not have to pay any funding.

13 But with the expansion into the Department
14 of Cultural -- of Natural and Cultural Resources,
15 where we have the Historic Sites Program and, also,
16 the Plant Conservation Program, which works very
17 heavily with Natural Heritage communities, those
18 programs do not have a dedicated source of funding
19 that is easy for them to come up with 20, 25 thousand
20 dollars to receive -- really, to help facilitate
21 accepting donated land.

22 So the committee did discuss this a good bit
23 and decided to -- to expand this to a state agency
24 without a dedicated land acquisition funding
25 mechanism. But that is a change in this section. Any

1 questions on that?

2 (No response.)

3 MS. CAWOOD: And then funding?

4 MS. GUTHRIE: Okay. For the funding
5 section, the change in this section that is -- I think
6 will catch the attention of our applicants is to
7 continue paying 100 percent of the costs for many of
8 the transactions, but to only pay 50 percent of the
9 costs for the stewardship endowment.

10 And the stewardship endowment is an amount
11 of money that land trusts know that they have to put
12 into their own endowment to steward a piece of
13 property with a conservation easement on it. But to
14 put in -- for Clean Water to contribute only 50
15 percent of that forces the land trust or the landowner
16 to put some funding into the project. This is one way
17 to kind of get that contribution from the land trust
18 into the program.

19 MR. BRAGG: I like that, of course. That's
20 the first thing I've really liked.

21 MS. GUTHRIE: Well, we'll keep that one.

22 MR. BRAGG: You know, if you think about
23 this project, last year, as I recall, we approved 62
24 projects at \$25,000, that's a million-and-a-half
25 dollars. And I know our cap is three-and-a-quarter.

1 I think it was \$600,000 a couple years ago. And maybe
2 that's the way we want to encourage conservation
3 easements, is just fund every project \$25,000. It
4 might make it easy for them to apply and have a -- and
5 have what you have, that the easement value has to be
6 at least \$25,000, and just write them a check. And it
7 helps the land trust, that's for sure, because they
8 constantly struggle with all this. But the little
9 deal is the one who gets a huge bonus for this. I'm
10 all about little deals. That's fine. But it's really
11 relative to the size of the deal that it might -- it
12 might be 100 percent of the value of the deal, so.

13 MS. CAWOOD: And I would say, based on
14 Trustee Braggs, that it be noted in the record that it
15 is the intention of the program not to have the value
16 of the land or what we get from it be near the
17 \$25,000.

18 MR. BRAGG: But it will be. The land trusts
19 know how to make those numbers work out, I can tell
20 you. They -- they will do that. I mean, I'm -- I've
21 been involved with a land trust a long time. And they
22 will justify the numbers and you'll never question
23 them because they'll be valid numbers. The deals,
24 when you get into trying to make these things work,
25 there's a huge amount of negotiation with the

1 landowner, and the land trust, and saying, "I'm not
2 giving you \$8,000 for this stewardship. I just won't
3 do the deal." The land trust comes back and
4 negotiates, says, "All right, give us six."

5 CHAIRMAN KICKLER: So do you --

6 MR. BRAGG: And then you come along and say,
7 "We're going to give you 25 every time, all you've got
8 to do is just show us the numbers, and we're going to
9 write you a check." So the land trust -- I love it
10 for the land trust reasons.

11 MS. GUTHRIE: Well, I would like to make
12 sure that you all are aware, we do have some checks in
13 place.

14 MR. BRAGG: Okay.

15 MS. GUTHRIE: Because they can estimate the
16 survey is going to be \$20,000, but then we do need to
17 see the invoice from the surveyor. And we have to see
18 the invoice for the work on the environment assessment
19 or any other documents. We have to have an invoice
20 from the attorney showing the closing costs. So we
21 are reimbursing based on actual invoices. And,
22 usually -- I will not argue that there's usually
23 \$25,000 worth of closing costs in projects. But we do
24 have -- with this system, we would still require
25 applicants to fill out a stewardship endowment

1 calculation sheet that we use for our grant -- our
2 larger grant, and show us how they calculated the
3 endowment that would be required for the program. And
4 then we would take 50 percent of that for Clean
5 Water's contribution.

6 So it's interesting. I think land trusts
7 kind of argue with me that I make this as hard for
8 them to get their \$25,000 check as I make it for them
9 to get their million dollar check. And I'm not trying
10 to make it difficult. I'm trying to, in fact, make
11 sure that we are paying -- we are actually reimbursing
12 real costs through the program.

13 MS. CAWOOD: Thank you, Nancy. I think that
14 continues with the integrity that all of us are that
15 these are state funds and we want to make sure that
16 they're used in the best possible way.

17 CHAIRMAN KICKLER: If I may, Greer, just --
18 how about -- because we're getting into like some of
19 the checks and stuff, how about we just go through the
20 revised guidelines, and -- maybe not line by line, but
21 we go through it category by category, maybe, and then
22 if people have questions because it seems like some of
23 the questions that we're having are answered later on
24 in the guidelines.

25 MS. GUTHRIE: Right. Okay. I think to this

1 point, probably we're good with the sections we've
2 gone through.

3 MS. CAWOOD: Uh-huh.

4 MS. GUTHRIE: So the next section on this --
5 speaking of the funding section, to complete that,
6 there is information here on -- Clean Water has, in
7 this program, not funded the appraisal. That is up to
8 the land owner to do that, with the thinking not at
9 the state level at this point, but still at federal
10 level, there is a tax deduction that is -- some of the
11 projects are eligible for. So the landowner or,
12 again, the land trust needs to cover that cost.

13 The matching resource requirement, again,
14 this is where it's saying the value of the donation is
15 considered the match for the project and that it must
16 be -- it must exceed the transaction cost.

17 The next sub-section or the next section in
18 here on the conservation agreements requirements, this
19 is a little additional information added to the
20 guidelines because of the addition of allowing
21 restrictive covenants or the State Nature Preserves
22 Act dedication. And in here there are more details
23 that the conservation -- it must be held by a local
24 government, unit of government or non-profit that is
25 qualified to receive funds from Clean Water Trust

1 Fund. So it has to stay within line of who we are
2 typically working with. It has to protect significant
3 riparian buffers, natural heritage communities,
4 historic sites, and -- or view sheds from the historic
5 sites, and limited activities that would interfere
6 with military installations. And those will be
7 restrictions specific to a property and its values.

8 It has to grant an executory interest to the
9 State of North Carolina. The State of North Carolina,
10 we have a right of access and a third-party right of
11 enforcement of the easements, if we find the land
12 trust or the recipient is not upholding their end of
13 the enforcement.

14 And it also gives the requirement that if
15 the easement is transferred to a third party, the
16 organizing -- the organization receiving the easement
17 has to be a qualified organization to receive that.
18 So those are written into the conservation easement.

19 With restrictive covenants, again, it has to
20 protect significant riparian buffers. And that is a
21 little bit open because we don't want to put a minimum
22 in there because that's what people aim for. If we
23 say it has to be at least 50 feet, then everyone will
24 protect 50 feet. We'd like more than that. And so a
25 lot of times when I see applications with a 50-foot

1 buffer, I ask why they only went 100 or only went 50
2 feet, and they say, "Because that's what the
3 guidelines said." And I will ask if they'll go 100 or
4 200 and often they will. So it's hard to put a number
5 without making that the target because we also
6 recognize that in a lot of areas, particular
7 mountainous areas, 200 feet is just giving up too much
8 of the property to keep any of it viable for farming
9 or any other uses.

10 And then in restrictive covenants, include a
11 notice of funding from Clean Water for the purpose of
12 conservation. And that is some language I'm working
13 with State Property Office on to just make certain
14 that there is in the public record as much information
15 restricting the use of this property in the future as
16 we can put in there. So there would just be language
17 that this was purchased with public funding for the
18 purpose of conservation.

19 The State Nature Preserves Act dedication
20 will be required of any tracts that are donated to
21 state agencies, which, again, with this program, I
22 would anticipate would be the Plant Conservation
23 Program or Department of Natural and Cultural
24 Resources.

25 So any questions to this point?

1 (No response.)

2 MS. GUTHRIE: Okay. So the application and
3 review process, this -- there are some changes in this
4 section. Troy and I currently are the two people who
5 reviewed the application. It comes to me. I look
6 through it, ask questions. I give it to Dr. Kickler.
7 He has a chance to look at it and ask questions. And
8 the authority to approve the grant has been delegated
9 to the Chairman. And Troy and I have discussed that
10 while we are working well together, maybe we want to
11 make this process a little more robust and -- and,
12 actually, develop more of a work group with more
13 staff, more expertise with cultural resources, with
14 natural heritage, as is appropriate for the projects
15 that are coming in. And that way, we get more input
16 and more thoughts on it. And I think the
17 recommendation is a little bit more supported from
18 various backgrounds.

19 And, also, this is the area where I was --
20 discussed earlier batching these and having quarterly
21 reviews. The Acquisition Funding Committee would
22 appropriate funds, or determine the overall cap at the
23 fall meeting, which has always been done. And then to
24 have the review group get together in October,
25 January, April and July and look at the applications

1 that have come in to that point and make decisions or
2 help answer any questions Dr. Kickler has in making
3 decisions.

4 MR. BRAGG: So, Nancy, well, now, you
5 approve them each quarter, and we approve on -- so you
6 pay them out each quarter?

7 MS. GUTHRIE: It would be contracted each
8 quarter, yes.

9 MR. BRAGG: So it's a first come, first
10 serve basis on the cap? I mean, once we get the cap,
11 we don't -- there wouldn't be anymore?

12 MS. GUTHRIE: Yes.

13 MR. BRAGG: We don't get -- get them all in
14 and prorate the amount? It's first come, first serve?

15 MS. GUTHRIE: Well, as Trustee Kumor was
16 saying, the group and the Chairman can certainly look
17 at what comes in the first group and say, "This one,
18 its value is \$25,000, and it has a 50-foot buffer, and
19 it's just meeting the minimum. We want to hold and
20 see if we have greater value later in the year that
21 come in." So I guess the fund would not be committing
22 itself to approve or deny at each quarter, but could
23 move a project forward and make decisions on it at the
24 last meeting of the year.

25 MS. CAWOOD: You could defer it?

1 MS. GUTHRIE: Yes.

2 CHAIRMAN KICKLER: Right.

3 MR. BRAGG: So at that last meeting, we've
4 got a million dollars in requests, are we going to
5 prorate across -- everybody gets less than 25, or how
6 do we --

7 MS. GUTHRIE: I'd say --

8 MR. BRAGG: I mean, are we going to rank
9 them like we do our projects or --

10 MS. GUTHRIE: That is not what I was
11 envisioning. I think this is still open for some
12 discussion. But the proposal is more the application
13 would be reviewed and approved, denied or deferred at
14 the next available meeting.

15 And if the funding -- you know, if we had
16 fantastic applications, we could, in fact, spend the
17 funding before the July meeting, before that fourth
18 meeting of the year, or we may get there and still
19 have 100,000, and just the group and the chairman may
20 still not be satisfied that a couple of the
21 applications are really of high value.

22 MR. GOSSAGE: Mr. Chairman --

23 CHAIRMAN KICKLER: Yes.

24 MR. GOSSAGE: -- if I may? Nancy, do you
25 recall this past cycle and the one before that the

1 total amount that was provided by the Board for this
2 program, the totals for each of those years? Was it
3 200,000; is --

4 MS. GUTHRIE: I think it was.

5 MR. GOSSAGE: And --

6 MS. GUTHRIE: Certainly, not more than that.

7 MR. GOSSAGE: -- do you recall the demand?

8 MS. GUTHRIE: This past year we have had
9 three applications. And we have a fourth one that
10 came in, had some questions, and they are working on
11 those questions right now, so.

12 MR. GOSSAGE: Of those three, rough,
13 approximate dollar amount?

14 MS. GUTHRIE: One was less than 25. I want
15 to say one was about 14,000. And I think the other
16 two were at the 25,000.

17 MR. GOSSAGE: Okay. And do you recall the
18 prior year? And I know that's stretching things a
19 little.

20 MS. GUTHRIE: I think in the prior year, we
21 only had one.

22 MR. GOSSAGE: Yeah.

23 MS. GUTHRIE: Okay.

24 MR. GOSSAGE: For a dollar amount?

25 MS. GUTHRIE: It was -- with the Tar River

1 Land Conservancy, and their land value is fairly low,
2 so I'm going to say it was a little bit less than the
3 25,000.

4 MR. GOSSAGE: Okay.

5 MS. GUTHRIE: Because it was also not a
6 really large project.

7 MR. GOSSAGE: Okay. So I don't know if --
8 if understanding the -- you know, the amount that's
9 funded for the program and the demand helps provide
10 any context for the importance at this stage of the
11 deep dive of really drilling down and nailing down
12 some of the criteria and what not that -- you know, I
13 think if we hit -- if we hit -- if we're at a
14 situation where the program is funded at 200 or 250
15 thousand, and you have a problem of more applicants
16 than funds, but I -- historically, that's not been an
17 issue, so I just want to kind of throw some of those
18 numbers out there so that everyone is kind of thinking
19 with that picture in mind.

20 CHAIRMAN KICKLER: Yeah.

21 MR. GOSSAGE: Thank you, Mr. Chairman.

22 CHAIRMAN KICKLER: Thank you. Thank you for
23 the input.

24 MS. GUTHRIE: So I'll go on to the -- we're
25 getting toward the end here -- the application

1 submittal. Currently applications are sent to me by
2 e-mail. Bryan Gossage has discussed the grants
3 management system that we're moving to. And so
4 discussing this point with the committee, we will
5 change this process at the staff level as we move into
6 that grants management system and have this integrated
7 into a management system where the application and all
8 the information is within the system that we're using
9 for all of the other larger grants, as well. And we
10 will just work on that at staff level.

11 The application requirements, this is for
12 folks to -- who are applying, that there will be a
13 required budget, a brief description, a legal
14 description of the property, and then that stewardship
15 calculation, so maps and a copy of the proposed
16 agreement for the land, and then the tax parcel part
17 so that we can just verify values.

18 The contract process, this is just getting
19 down into how staff handles if the request is
20 approved. I will work with the recipient to send them
21 a contract, get that in place, giving them specific
22 instructions along the way.

23 With donations, we expect these projects to
24 move along. So they do have 60 days to sign a
25 contract after receiving the first draft. After that,

1 the award may be withdrawn. And they have one year to
2 complete the donation. And the contract for donated
3 minigrants are not extended. That has always worked
4 well.

5 A reminder to everyone that the contract and
6 requirements by the State of North Carolina and Clean
7 Water apply to this program, as they do to anything
8 else.

9 MS. CAWOOD: Right.

10 MS. GUTHRIE: We're trying to streamline
11 this fund, but we cannot let them off the hook on
12 contract requirements.

13 CHAIRMAN KICKLER: If there are no other
14 questions, the recommendations come from the
15 Committee, so that means there's a motion and a
16 second. If there are no other questions, let's take a
17 vote. All those in favor of revising the Minigrant
18 Program as shown on the Donated Minigrant Program
19 revision attachment, known as Old Business 1(b),
20 please say "Aye."

21 BOARD MEMBERS: Aye.

22 CHAIRMAN KICKLER: All those --

23 MR. MARTIN: Aye.

24 CHAIRMAN KICKLER: Thank you. All those
25 opposed?

1 (No response.)

2 CHAIRMAN KICKLER: The motion has carried.

3 We'll go through our next item, then we'll
4 take a short, five-minute break after that. The next
5 item is Old Business 1(c). And I believe that this is
6 just a report and not any action --

7 MS. CAWOOD: Uh-huh.

8 CHAIRMAN KICKLER: -- is required for this.

9 MS. CAWOOD: At our last Board meeting,
10 there were some questions brought up about assessing
11 changes and project scope after the funding. We
12 discussed this as a Committee and decided that there
13 really weren't any changes needed to the decision
14 matrix. It is set up in a proper way now for -- you
15 know, there's a certain level where staff can make a
16 decision with a change in scope, and -- or next it
17 goes to the Chairman, and then next it goes to the
18 Board. So there was just a reiteration from our
19 Committee that we wanted staff to be very comfortable
20 at any point that if something doesn't feel right to
21 them, they can elevate it to the Chairman and elevate
22 it to the Board, and not to be held too close to
23 particular, you know, acreage or particular money
24 change. But if something just did not feel right to
25 staff, we wanted them to err on bringing it to the

1 Chairman or to the Board so that we make sure that
2 when it is a permanent easement, it remains a
3 permanent easement, which has been the discussion of
4 this board. So we just wanted to give y'all a report.
5 We did talk about it. We did look at it. And we
6 think that things are well stated as they are.

7 CHAIRMAN KICKLER: Thank you.

8 MS. GUTHRIE: So that's it, Mr. Chairman.

9 CHAIRMAN KICKLER: Thank you. If there are
10 no other questions for Administrative Committee Chair,
11 let's take a five-minute break and let's reconvene for
12 the rest of our agenda.

13 (WHEREUPON, a short break was taken.)

14 CHAIRMAN KICKLER: Let's reconvene. Our
15 next item on the agenda is Old Business 2(a). Since
16 the last full Board meeting, as you are aware, of
17 course, the Administrative Committee met a couple
18 times. The Grant Programs Committee met, also, as
19 well. And one item that we discussed was the military
20 scoring procedure. We've had two grant cycles now for
21 acquisitions, two full grant cycles, just getting
22 feedback from the community, our customers. And we
23 thought it might be a good idea to tweak the military
24 scoring procedure.

25 So the Grant Program -- before I turn it

1 over to Nancy to explain further, the Grant Program
2 Committee recommendation is to award five points in
3 the military buffer category for projects that match
4 REPI or ACUB funds that have been committed by the
5 Department of Defense.

6 These projects may be adjacent to military
7 installations, near military installations, or protect
8 military flyways. And that's the committee's
9 recommendation. And Nancy will have a short
10 presentation --

11 MS. GUTHRIE: Okay.

12 CHAIRMAN KICKLER: -- about the rationale
13 behind that recommendation.

14 MS. GUTHRIE: Okay. So the trust fund, one
15 of the purposes is to provide buffers around military
16 bases or as State matching funds for the REPI, which
17 is Readiness and Environment Protection Initiative.
18 And we found that's a criteria, which is also there in
19 the center of the screen, has come from the previous
20 criteria. It has not been changed significantly for
21 -- since the 2013 changes with the fund. But for any
22 project that is adjacent to a military installation,
23 it would have five points added to the score; near a
24 military installation, three points.

25 And let me just give you, you know, an

1 example there. Something may be a priority to the
2 military, such as the corridor between Mackall and
3 Fort Bragg, but it won't be necessarily adjacent to
4 one of those bases; or it may be an important training
5 facility that is a little bit isolated, but still an
6 important component to the military; and then to
7 protect military flyways, and those are more of the
8 training routes coming into Dare bombing range, for
9 example, but it's still a good ways out.

10 So when the criteria was set up for Clean
11 Water, those were the areas, the categories that made
12 sense. But it did not take into account the priority
13 placed by the military on projects where they are
14 willing to commit their own funding through the REPI
15 program.

16 And discussing this, the Committee felt that
17 any time that the state is matching federal funding,
18 even if it is not adjacent to a base, if it is near or
19 if it was a flyway that has commitment from the
20 Department of Defense, that that should get the full
21 five points. And the scoring criteria should not be
22 limited to proximity of the property.

23 Are there any questions on the change or the
24 thought behind it?

25 CHAIRMAN KICKLER: Are there any questions,

1 clarification?

2 (No response.)

3 CHAIRMAN KICKLER: Well, the Grant Programs
4 Committee has made the recommendation. No -- since
5 they've done so, there's been a motion and a second.
6 If there's no other discussion, is there -- well, if
7 there's no other discussion, all those in -- all those
8 in favor of accepting the committee recommendation,
9 Old Business 2(a), military scoring procedure, please
10 say "Aye."

11 BOARD MEMBERS: Aye.

12 CHAIRMAN KICKLER: All those opposed?

13 MR. MARTIN: Aye.

14 CHAIRMAN KICKLER: Thank you. All those
15 opposed?

16 (No response.)

17 CHAIRMAN KICKLER: The motion has carried.

18 We'll move on to the next item, Old Business
19 2(b), the Grant Programs Committee recommendations for
20 the stewardship endowment deposit agreement revision.

21 There have been some changes to this
22 program. And I'll leave it to Will to explain what
23 those are because he's been in contact with others in
24 the Treasurer's office. But the Committee
25 recommendation is that the Committee moves that the

1 funds into the new investment options and adjust the
2 allocation as follows: That the short-term investment
3 fund be at 22 percent, the bond investment fund be at
4 8 percent, and the equity investment fund be at 70
5 percent. That is the Committee's recommendation.

6 And, Will, I'll turn the time over to you
7 for a brief presentation.

8 MR. SUMMER: Excellent. Thank you. So as I
9 believe you know, we -- we have our stewardship
10 endowment invested in three funds. And we've been in
11 these funds since 2012 when we moved away from the
12 long-term investment fund. And that is the short-term
13 investment fund, which is essentially like a checking
14 or savings account. We've got some of our endowment
15 in a long-term investment fund, such as bonds. And
16 then we have a portion of our endowment in equities.
17 Since 2012, we've been investing these through the
18 Treasurer's office in, essentially, the same actively
19 invested tools that they use for the pension.

20 As of this year, they contacted me and let
21 me know that they were changing the program for their
22 non-pension funds, which we are -- you know, we are
23 one of, and said, we're no longer going to be
24 available to -- those funds are no longer going to be
25 available to us. And if we don't take action, all of

1 our funds will be converted into the short-term fund
2 until we do take action.

3 So what they have made available to us is
4 similar funds with similar exposure that are passively
5 invested, sort of index funds, that are kind of, for
6 lack of a better term, like for like. So in -- for
7 the long -- where we used to have our long-term
8 investment program, we now have a bond investment fund
9 that we can move into. And for our public equity
10 funds, we can move into what's now called the Equity
11 Investment Fund.

12 As I said, the exposure is similar. But as
13 you'll note from the chart here, the fees on these
14 across the board tend to be much, much lower, plus
15 it's the only option we have, other than short-term
16 funds, so it's really move into these funds at some
17 allocation or go all in a short-term fund, which earns
18 roughly half a percent a year, so it's -- I think this
19 definitely is the better option.

20 And with the recommendation of the
21 Committee, with the special committee guest, Frank
22 Bragg, the Committee has come up with the allocation
23 that you see at the bottom of the screen, which is
24 only slightly adjusted from where we are now.

25 Our current investment, or exposure, is

1 about 20 percent in short-term, 10 percent in the
2 bonds, and 70 percent in equities. And this at the --
3 at the suggestion of Trustee Bragg, we slightly
4 increased the short-term investment and decreased the
5 bond investment fund amount to what you see on the
6 screen.

7 There's some supporting materials in your
8 packet. I've got another 70 pages that the committee
9 was privileged enough to receive. I really won't get
10 into it. But with this recommendation, what you would
11 be authorizing is for us to enter into a new deposit
12 agreement with the Treasurer. And, as previously was
13 the case, the Chair will be the signatory for the
14 funds, which is what we have now currently.

15 So with that, I'll take any questions on the
16 proposal or recommendation.

17 MR. BRAGG: Will --

18 MR. SUMMER: Yes, sir.

19 MR. BRAGG: -- this is a great new change
20 because the funds are very inexpensive because they're
21 passively managed.

22 My question is: With the Treasurer's
23 office, they charge to up to 15 basis points. Is
24 there a scale or are we charged according to assets as
25 a percentage of the total pot, which is billions of

1 dollars? How does that work?

2 MR. SUMMER: That's a good question. To
3 date, they actually haven't charged us. They've --
4 but that -- in our existing deposit agreement, they
5 have that same right, up to 15 basis points --

6 MR. BRAGG: All right.

7 MR. SUMMER: -- but they have not charged us
8 anything -- anything for that so far, so.

9 MR. BRAGG: Don't tell them.

10 MR. SUMMER: And I asked the representative,
11 and she indicated there was no plan to change that.
12 They're just, I guess, are reserving that right in
13 case they run into costs associated with management of
14 our funds.

15 MR. BRAGG: That's great.

16 CHAIRMAN KICKLER: Are there any other
17 questions for Will?

18 (No response.)

19 CHAIRMAN KICKLER: All right. If there
20 aren't any, all those --

21 MR. BRAGG: I will make a comment about it
22 though. You know, if you look at the numbers at the
23 bottom, when we started -- when we decided to go with
24 some equities, what year is that, about '10?

25 MR. SUMMER: 2012 is when we actually got --

1 MR. BRAGG: 2012.

2 MR. SUMMER: -- began --

3 MR. BRAGG: We started about 60/40, I think,
4 60 percent equities and 40 percent split between the
5 long-term and the short-term bond portfolio. And the
6 equities have grown for -- they're at 70 percent. So
7 we have a 70/30 mix, which I think is quite good,
8 considering that we have a long horizon time frame.

9 And the only tweaking that was done was
10 reducing the long-term bond exposure from 10 percent
11 to eight, a mild tweak, assuming that one day the
12 Federal Reserve will raise rates and the long-term
13 bond portfolio will be hurt a little bit. So a little
14 bit shorter duration is better. That's my only
15 comment.

16 CHAIRMAN KICKLER: Thank you.

17 MR. TOOLE: How much is in the stewardship
18 endowment, roughly?

19 MR. SUMMER: You know, on the presentation
20 that I've got, coming up two -- two agenda items from
21 here, I'll tell you exactly, but it is -- let's see --
22 three point -- total endowment, 3.4.

23 MR. TOOLE: Okay. Thank you.

24 CHAIRMAN KICKLER: If there are no other
25 questions, Will, or comments, all those in favor of

1 the Grant Programs Committee's motion to move the
2 funds into the new investment options and adjust the
3 allocation as follows: Short-term investment fund at
4 22 percent, bond investment fund at eight percent, and
5 equity investment fund at 70 percent, all those in
6 favor of this motion and second, please say "Aye."

7 BOARD MEMBERS: Aye.

8 CHAIRMAN KICKLER: All those --

9 MR. MARTIN: Aye.

10 CHAIRMAN KICKLER: Thank you. All those
11 opposed?

12 (No response.)

13 CHAIRMAN KICKLER: Thank you. The motion
14 has carried.

15 We'll -- moving right along, our next agenda
16 item, for the record, Old Business 3(a), Stewardship
17 Program Report, which does not require an action from
18 us, but we look forward to an update.

19 MR. SUMMER: Excellent. Thank you. Let me
20 see if this -- is it going to cooperate this time,
21 Damon?

22 MR. HEARNE: I've got to make that setting
23 change again.

24 MR. SUMMER: Just one moment.

25 MR. HEARNE: There we go.

1 MR. SUMMER: All right. Thank you. So once
2 a year you hear me throw a lot of numbers at you about
3 our stewardship endowment and ask you to move monies
4 around between the principal and the interest. And I
5 thought it would be useful before I get into that just
6 to briefly talk about what I plan to do with the money
7 and what I am charged to do with the money so that
8 under the next item, when I ask you to move it all
9 around, you guys have a -- kind of a better picture of
10 what for.

11 So with that, I'll give you just a few brief
12 slides about the stewardship program and what we do
13 with it. The stewardship program is charged with
14 maintaining the conservation values that are protected
15 by our easements. Right here today, we had 273
16 easements totally a little over 78,000 acres under our
17 stewardship. Keep in mind that whenever we fund a
18 project, it goes to a state agency. That's not
19 included in these numbers because the state agency
20 stewardship is in force, so this is just the projects
21 that have our state-held conservation easements that
22 are in our program.

23 Every site -- each of these 273 sites is
24 monitored annually through either an MOU with our
25 partners, or if there is money set aside in the

1 endowment, a contract with the -- with the partners.

2 We also fund management activities that
3 protect and improve these sites. And I'll talk a
4 little bit more about those in a moment. It's my
5 responsibility to address any easement issues that
6 come up. And all of these activities are funded by
7 the interest earned from the stewardship endowment.

8 So to talk a little bit more about annual
9 monitoring. I throw that term out as if you guys have
10 been there or seen it, but I'd like to tell you a
11 little bit more about it. What agents do, it's
12 one of the two dozen land trusts that we partner with.
13 They meet with the landowner, and discuss the
14 restrictions of the easement, ask if anything has
15 changed, kind of just remind the landowner that the
16 easement is there and what its restrictions are. They
17 walk the site, look at the status of the signs and
18 boundary markers, make sure it's all clear. And then
19 they submit to me a monitoring report. And the
20 monitoring report is a simple four-page form and it
21 has about 30 or 40 questions that give me the
22 information I need to know about our easement. They
23 often include a map showing where the monitors walk.
24 They often include monitoring points and photo
25 pictures, particularly if there's anything that needs

1 my attention. That way, I know when I get the report,
2 here's the issues, here's what it looks like, here's
3 where it is. And then I can go work with them and the
4 landowner to get things straightened out.

5 Moving on to what we'll be asking some
6 months forward, the projects that closed this year
7 that have a state-held easement, we'll be moving those
8 into the stewardship program. So that's nine projects
9 totaling a little over 2,800 acres they're moving in
10 this year.

11 So in these grant contracts, they had a
12 total of \$149,786.50 that was set aside for the
13 endowment. And when the contracts close each year,
14 Nancy gives that money over to me, and I ask you to
15 move into the -- or approve me moving it into the
16 endowment principal.

17 In addition to the annual monitoring, we
18 have management awards that we award once a year.
19 Now, these awards are up to \$2,500 per site per year.
20 The purpose of them is to protect or enhance the
21 conservation value and the easement. I'll give you an
22 example of that in a moment.

23 The decisions on these awards have been
24 delegated to staff per Board policy. And what they
25 really do is leverage match the funds and mostly sweat

1 equity from our partners so that our initial
2 investment conservation easement can be protected and
3 many times enhanced. So it's a good bang for our
4 dollar.

5 Examples of things we would provide
6 management awards for, and these are things we've
7 actually done in the past. On the left, you see
8 Little Fishing Creek, which has some issues with ATV
9 trespass -- they're trespassing on our easement and
10 they're using it to access the stream. And,
11 obviously, there's a direct impact to water quality
12 with that that we want to fix. So what we do is help
13 the land trust put in a gate or a fence to stop that
14 trespass.

15 This is an example of one that is in one of
16 our more urban projects. There's been a lot of
17 dumping. This is a project just in Durham that
18 Ellerbe Creek manages. Folks are, obviously, walking
19 on the property, dumping mattresses, and anything they
20 have that they don't want anymore. So we've been
21 helping them put a fence in there to prevent trespass
22 and prevent dumping in these areas.

23 Other things that we fund, sometimes some of
24 the tracts need the riparian area to be restored, so
25 we would help them with planting native hardwoods.

1 Obviously, there's any number of different invasive
2 species issues in North Carolina. And they can be
3 removed mechanically, sometimes chemically, and we
4 would assist with getting those out so that the native
5 understory has a chance to come back and provide more
6 of the conservation benefit that we wanted when we
7 protected the property.

8 So those are just a few of the examples of
9 things we have done. I have asked for proposals and I
10 received them all in May. We got 10 requests,
11 totaling 23,000. Five of them are to improve gate,
12 fencing or barriers to prevent trespass. Two of those
13 are to remove invasives. One is to replant native
14 hardwoods. One is to improve boundary marking. And
15 another one is to rehabilitate some erosion that was
16 on an existing logging road that just hadn't been
17 properly seeded and provided with erosion control
18 devices.

19 So with that, that's the entirety of the
20 stewardship program report.

21 CHAIRMAN KICKLER: Do you have any questions
22 for Will regarding the report?

23 (No response.)

24 CHAIRMAN KICKLER: If not, we'll move on.
25 The next item of business, which is Old Business 3(b),

1 of course, this did not come out of a committee, but
2 this is something that we deal with on an annual
3 basis, so I'll turn the time over to Will to tell us a
4 little bit more about this written request.

5 MR. SUMMER: Sure. Thank you very much. So
6 as we've already touched on today, we have a deposit
7 agreement with the Treasurer's office. And that is
8 the mechanism we use to deposit and withdraw funds to
9 our endowment.

10 While I manage the stewardship program, the
11 endowment -- the deposit agreement, per the Board's
12 request, has to be signed by the Chair at the request
13 of the Board. So each year I request and let you
14 folks know what -- how our endowment fund is doing and
15 then request for you to move specific dollar amounts
16 in and out of the endowment as needed to run the
17 program. So let me talk to you about that.

18 This is the last page of your agenda, if you
19 want to follow along in -- on that or you can look at
20 the screen. And this is the top half of that last
21 page.

22 So what we have here are three blocks, and
23 each of these blocks represents the three different
24 types of investments that we currently have. So on
25 the top line of the first one, I've got lines running

1 down the left-hand side, so we can kind of all get on
2 the same page quickly.

3 Line one is for the long-term investment
4 fund. And this is what we had at the beginning of
5 last year, going across the first row.

6 On July 1st last year, I made a deposit into
7 the principal and a withdrawal from the interest. And
8 these lines show the net interest and an unrealized
9 gain or loss.

10 And the -- at the bottom column, you see the
11 total principal. These two make up the total
12 interest. And there's the total value. And at the
13 end, this is the percentage of the fund balance. So
14 this -- this is how it sits today. Obviously, when we
15 move into the funds, it's going to be readjusted
16 slightly.

17 I would like to point out -- so this is
18 repeated for each of our three funds. We'll go down
19 to the bottom and just show you that lines 18 and 19,
20 if you recall this time last year, what I requested
21 that you deposit into the principal is \$103,589, which
22 is, in fact, exactly what happened. And this is what
23 I requested that you withdraw from the interest so
24 that I could run the program for this last fiscal
25 year.

1 Line 20 and 21, I think, are the most
2 important on this slide. The total interest earned
3 fiscal year to date, as of the April 30th statement,
4 is actually in the negative. So in the grand scheme,
5 we did lose some money on interest. I think that was
6 -- that was in the equity fund.

7 However, our total interest earned since
8 we've been in this fund -- this is the current value
9 minus what we've set aside specifically as principal
10 -- is \$739,000 and change. So despite the fact that
11 there was a debt this year, overall, we are very well
12 situated to take this year's expenses out of the
13 interest and still leave gracious plenty behind to
14 continue earning interest.

15 So scrolling down to the bottom half of that
16 page, as we've already discussed, here's the current
17 fund balance and our old asset allocation range,
18 again, this was made sort of moot by our previous item
19 and action, but this is -- line 25 begins with where
20 we are in the stewardship program.

21 So the current cash reserves, this is what I
22 have unencumbered in my program now, is \$41,235.03.
23 The stewardship contracts that I need to do all the
24 monitoring for next year will cost \$110,618.72. And
25 the management funds, if staff elects to fund all of

1 them at the request, would cost up to \$23,100.

2 So, as proposed, the amount that I need to
3 withdraw from the endowment to meet this next fiscal
4 year's needs is \$92,483.69, which we will round up to
5 \$92,484.00 because the Treasurer's office will not
6 deposit pennies.

7 So, in addition to that, per the nine
8 projects that we closed this year, that have money
9 that needs to go into the principal of the endowment
10 to earn interest to steward these new projects, the
11 total of that is \$149,786.50. So these are the two,
12 kind of, important numbers with respect to the action
13 that I would request of the Board.

14 Kind of just a summary of points, the
15 endowment did have negative returns, but due to
16 several strong years prior to this, the interest is
17 still well more than adequate to cover necessary
18 costs. The balance between the fund types is well
19 within the range established per the old deposit
20 agreement. And \$92,484 is what we need out of
21 interest. And \$149,787 is what we need to put in to
22 the principal.

23 So with that, I'll take any questions. And,
24 as written here, the Board actions I'm requesting on
25 behalf of stewardship endowment.

1 CHAIRMAN KICKLER: Thank you, Will. Are
2 there any questions for Will?

3 (No response.)

4 CHAIRMAN KICKLER: Well, if there are no
5 questions for -- and if you could bear with me, for
6 clarity's sake and for the record's sake, we'll go
7 through each one of these motions here.

8 Is there a motion to approve the staff
9 recommendation to allocate up to \$23,100 for
10 stewardship management awards?

11 MS. KUMOR: So moved.

12 MS. CAWOOD: Second.

13 CHAIRMAN KICKLER: Trustee Kumor made a
14 motion. Trustee Cawood seconded it.

15 MR. SUMMER: I'm sorry, please go ahead with
16 the motion. I do need to make a correction on point
17 number two though.

18 CHAIRMAN KICKLER: Okay. But not number
19 one?

20 MR. SUMMER: No, sir. I'm sorry.

21 CHAIRMAN KICKLER: Okay. If there's no
22 discussion, all those in favor, please say "Aye."

23 BOARD MEMBERS: Aye.

24 CHAIRMAN KICKLER: All those opposed?

25 (No response.)

1 CHAIRMAN KICKLER: The motion has carried.
2 The Board has approved the staff recommendation to
3 allocate up to \$23,100 for the stewardship management
4 awards.

5 So, Will, what do you have for us?

6 MR. SUMMER: I'm sorry, I'm checking. I, in
7 fact, do not need to make a change. My apologies. I
8 was getting ahead of myself. Everything is good.

9 CHAIRMAN KICKLER: So nothing on number
10 three either?

11 MR. SUMMER: No, it's good. Everything is
12 good.

13 CHAIRMAN KICKLER: All right.

14 MR. SUMMER: Nothing needs correction.

15 CHAIRMAN KICKLER: Okay, excellent. Is
16 there a motion to approve the staff recommendation to
17 allocate \$110,619 for stewardship monitoring
18 contracts?

19 MR. BRAGG: So moved.

20 CHAIRMAN KICKLER: Trustee Bragg makes a
21 motion.

22 MS. KUMOR: Second.

23 CHAIRMAN KICKLER: Trustee Kumor makes a
24 second. If there's no discussion or questions or
25 comments, all those in favor, please say "Aye."

1 BOARD MEMBERS: Aye.

2 CHAIRMAN KICKLER: All those opposed?

3 (No response.)

4 CHAIRMAN KICKLER: The motion has carried.

5 Thank you for bearing with me.

6 Let's go to number three. Is there a motion

7 to approve the staff recommendation to deposit

8 \$149,787 to the endowment principal and withdraw

9 \$92,484 in interest to fund the program expenses?

10 MR. VINES: Make that motion.

11 CHAIRMAN KICKLER: Trustee Vines makes a

12 motion. Second? Is there a second?

13 MR. BRAGG: Second.

14 CHAIRMAN KICKLER: Trustee Bragg makes a

15 second. Assuming that there are no question or

16 comments --

17 MR. GOSSAGE: Can we have it noted that

18 that's to fund the program expenses for the current --

19 the upcoming year?

20 CHAIRMAN KICKLER: For the --

21 MR. GOSSAGE: Can the motion reflect that?

22 CHAIRMAN KICKLER: Yes, I guess we can make

23 that.

24 MR. GOSSAGE: Okay. Thank you.

25 CHAIRMAN KICKLER: Is there a motion to

1 amend -- upcoming year?

2 MR. GOSSAGE: If the -- if the motion will
3 just reflect that, that will be sufficient.

4 CHAIRMAN KICKLER: Okay. Let the motion --
5 let the record show that the motion reflects -- let
6 the record show that this motion is up to the upcoming
7 year. Okay. We have a motion and a second. All
8 those in favor, say "Aye."

9 BOARD MEMBERS: Aye.

10 CHAIRMAN KICKLER: All those opposed?

11 (No response.)

12 CHAIRMAN KICKLER: The motion has carried,
13 up to the upcoming year.

14 All right. We'll move to new business,
15 which will be Will Summer telling us a presentation
16 about our learning opportunities.

17 MR. SUMMER: Thank you very much. And
18 first, Trustee Martin, the presentation I've given the
19 rest of the trustees today is too big to e-mail at the
20 moment, but I will be sure to get it to you when I
21 return to Raleigh. I apologize for you not being able
22 to see what I've got to discuss with you.

23 MR. MARTIN: Don't worry about it. I just
24 hate that I can't walk with you guys this afternoon.

25 MR. SUMMER: It's a beautiful day.

1 All right. So in anticipation of our visits
2 for stream restoration sites tomorrow, in addition to
3 kind of giving an overview specific to those sites, I
4 thought I would take a few moments of your time to
5 also back up and do a little overview on stream
6 restoration as a whole, and what we get out of the
7 project, the benefits, a little bit about the
8 practice, just to give everyone who's not in this
9 every single day as a profession a little more
10 background.

11 So with that, I'll talk a little bit about
12 our program. Since our beginning, we have funded 219
13 stream restoration projects, totaling 111 million
14 dollars, and a little over 838,000 feet -- linear feet
15 of stream restored. And this map depicts the
16 distribution of these projects across the state.

17 So we'll go back to fundamentals here, a
18 stream is a system composed of the following: You've
19 got the channel, which is the little part where the
20 water is; you've got the flood plain, which is
21 everything that is on either side, usually the flat,
22 broad areas in a functioning stream the water reaches
23 generally, annually, if not more; you've got the
24 water, obviously; you've got the sediment in the
25 stream and flowing through; plants on the side and in

1 the stream; and, of course, the critters.

2 So, kind of, starting from the beginning, I
3 want to talk about what causes a stream to need
4 restoration. Why aren't -- I mean, these are natural
5 systems. Why do they need our intervention to get
6 back on track? There's a couple reasons -- a couple
7 causes of this, the most significant, particularly in
8 urban and suburban areas, is land use changes in the
9 watershed.

10 And on the right you've got your kind of
11 typical forest. I'll start with the rain. So as the
12 rain is coming, the first thing it hits is leaves and
13 trees, so a certain percentage of rainfall never even
14 makes it to the ground. It sticks on the leaves. It
15 evaporates from the leaves. There's a little bit
16 siphoned off right there. What does make it to the
17 ground hit leaves. The same thing, it hits the
18 leaves, a little bit of it is stuck there. It,
19 eventually, will evaporate. It gets through the
20 leaves into the soil there.

21 There's a very important difference between
22 a native forest soil and urban soils. An intact soil
23 actually has a lower bulk density. That is, in a
24 forest soil, roughly 50 percent of it is air, so it
25 gets voids that, basically, water can soak into. In

1 addition, those voids are very well connected in
2 forest soils. They haven't been compacted and smashed
3 down and sealed off. The opposite is true of soil
4 that's had heavy equipment or vehicles run across it.

5 So right from the get-go, water that does
6 make it down to the soil, instead of running across
7 the top of it, it soaks right in and some of it goes
8 into long groundwater storage and some of it will
9 actually get to the stream the long way, down through
10 the soil, weaving around little particles for hours,
11 months and -- days and months.

12 In a parking lot, none of that is true. So
13 the soil (sic) hits the pavement, maybe a couple
14 hundredths of an inch is instantly evaporated because
15 it's so hot. Maybe another couple hundredths of an
16 inch gets in the teeny, tiny cracks in the pavement,
17 but everything else goes shooting across the top of it
18 right into a stream.

19 So when you change the watershed from what's
20 on the left to the right, it really impacts the amount
21 and the timing of water that gets to your stream.

22 So this is a picture of stream restoration
23 that we'll actually see tomorrow. This is recently
24 restored, so it hasn't had the vegetation. But I want
25 you to note between the time it starts raining and

1 this much water appears in this small stream is one
2 hour. Actually, I'll play it again, but the time
3 stamp on the bottom, it starts raining at 3:30, and by
4 4:30 this stream is -- and everything you see is
5 completely underwater.

6 And this is, actually, one of the visits
7 tomorrow. This is right in Huntersville, so just --
8 just like that. That's -- that's the kind of stream
9 response that you would see in an urban or suburban
10 watershed that you wouldn't see in a forested
11 watershed. So that's a pretty big different in what
12 happens to the stream.

13 Other impacts that can change the stream are
14 impacts to the vegetation, you know, additionally
15 providing shade and leaves and other inputs. The
16 deep-rooted vegetation holds on to the soil. And when
17 you remove it, and we have something that's shallower,
18 like grass, it just doesn't do as good a job at
19 keeping the banks stable. So you can impact a stream
20 that way.

21 This one has always amused me. Sometimes
22 streams need restored because we have intentionally
23 changed them very drastically. You know, very common
24 in older days is to -- you know, if you've got a
25 stream meandering across your property, is just to

1 move it over to one side, so you've got a nice, clean,
2 straight piece of land that you can farm or put houses
3 on.

4 And this is a publication from 1935 put out
5 by the good people at DuPont, who happen to
6 manufacture dynamite. But, you know, this -- this is
7 just a -- kind of a snapshot of how thinking has
8 changed on streams in the last 80 years.

9 Now, the unintended consequences of
10 straightening a stream could be that you put it on the
11 path to further destabilize and further channelize, a
12 you get loss of habitat. So you've straightened it,
13 which is one impact, but it kind of puts it on a self-
14 destructive course to kind of build on that, as well.
15 Well, so what? I mean, the streams are impacted. We
16 can see that. What is it that we need to do that --
17 or why -- why do we justify the improvement? Why
18 spend the money? I can see that it's different, but
19 let's talk about that.

20 So why is what's on the left better than
21 what's on the right? Obviously, it's more
22 aesthetically pleasing. And I would like to make one
23 note because I'm going to use pictures from this
24 restoration quite a bit.

25 This is a young restoration, which is why

1 the woody vegetation has not grown up. And I chose
2 those pictures because it's easier to see what's going
3 on. You know, five years from now, these -- the trees
4 will be larger and be shading the stream, so this is
5 not -- this is not the ideal on the left. It is year
6 two of what will be ideal. But if I use the year
7 seven, we wouldn't be able to see anything, so I
8 wanted to make that caveat.

9 So what's on the left is more stable.
10 There's less bank failure. There's less sediment
11 being delivered downstream, less tree loss. And you
12 can see in the picture on the right, as the banks
13 fail, the trees that depend on -- or that are on the
14 banks are going to start falling in, as well.

15 There's more connection to the floodplain.
16 That means more storage of floodwaters during rain
17 events. You can kind of envision the channel on the
18 right, if you had a certain quantity of water moving
19 down that, it's going to be going very fast and
20 getting down to the next town downstream or the next
21 property downstream quickly. And in the piedmont and
22 the mountains, that -- that is a flooding issue.

23 On the right, that same amount of water
24 going through the channel on -- I'm sorry, on the
25 left-hand side, is going to get up and have access to

1 a wide floodplain, which means the water slows down,
2 which already has it less -- gives it less energy to
3 move sediment to begin with. So, you know, these deep
4 channels, when the water is -- is deep and flowing
5 fast, it has more ability to move sediment.

6 Why also is it better? There's more habitat
7 for critters. So what's on the right is kind of all
8 one depth, all one width, all -- it's fairly
9 homogenous. There's not a lot of other things in
10 there for pools and ripples and runs. The one on the
11 left has more interstitial spaces, which is just a
12 fancy word for nooks and crannies. And critters like
13 nooks and crannies. More leaf maximum and wood
14 debris, all things -- all things that small critters
15 need. So, you know, May flies in this habitat, trout
16 need May flies, and trout are important, to me anyway
17 and Damon.

18 So, you know, the critters and the habitat
19 are -- you know, they're at the base of the food
20 chain. And it goes all the way up and affects those
21 of us that like fish.

22 So the primary goal of a stream restoration
23 is stable banks, improved habitat and cleaner water.
24 You know, that's -- that's a big nexus there. So
25 looking at the things that I told you that a stream

1 consists of, I mean, we kind of want to look at what
2 things we might hope to change in a restoration, which
3 things are out of our control.

4 So the channel, we can certainly get in
5 there with a trackhoe and move the channel around and
6 shape and sculpt it and get the dimensions that we
7 think it needs.

8 The floodplain requires even more moving of
9 dirt, but we can do it. We can get in there with
10 dozers and front-end loaders and move sediment or move
11 dirt to make a floodplain. The water we don't have
12 any control over. That comes to us from upstream.
13 That really is whatever the watershed delivers to the
14 point of the upstream restoration is what we get, so
15 we can't change the water.

16 Sediments, it's kind of half and half. I
17 mean, sediment, like water, is delivered into the
18 system from upstream. But what we do in the reach of
19 a restoration can affect the sediment that we are
20 contributing to the stream.

21 Plants, we can certainly manipulate the
22 plants by planting what we choose in these
23 restorations. And the critters, that's something that
24 we generally don't -- we don't try to grow bugs or
25 fish and dump them into the streams. We let -- if

1 we've done the other things right, and the habitat is
2 there, and the water is clean, the critters have legs
3 and wings and fins and they will find the stream again
4 once it's suitable to their living. So these are the
5 things we want to do.

6 How to reconnect the stream with a
7 floodplain? If that's important to the stream
8 functioning well, how do we physically do that? And
9 the -- the terms in stream restoration are a couple.

10 The priority one, which I will describe now,
11 is to raise the channel up to the existing volume. So
12 in the picture on the left, you can see the floodplain
13 is way up here and the stream is six feet below it.
14 If we want to get the stream closer to the floodplain
15 so it can access it when a heavy rain comes, we're
16 going to literally move the stream up by filling in
17 the old channel and creating a new channel that's
18 right on the surface. And this is what we see in the
19 left. This is actually before and after, same stream.
20 So they filled in the old channel and they've made a
21 channel that you can see is going to get out into that
22 broad, open floodplain much more -- much more quickly.

23 And, as I said earlier, that does a lot for
24 you. If you can imagine a volume of water moving down
25 on the left, it's going to be going very fast. It's

1 going to be picking up sediment and pushing it down
2 the stream. It's going to be further eroding the
3 banks.

4 And on the right, the same amount of water,
5 instead of being six feet and 10 feet per second, it's
6 going to be two feet deep and three feet per second.
7 And, you know, if you've ever tried to hose off your
8 patio with a -- the hose, you know that whether or not
9 it will move there off the patio is a function of how
10 hard the water sprays. So you put your thumb over the
11 end of the hose and you can move the dirt that the
12 water coming out of the hose without the added
13 pressure would do.

14 And, you know, hydrolic engineers would call
15 that tractive force, which just means the faster the
16 water is and the deeper the water is, the more
17 sediment it can pick up and move. So the system we've
18 engineered on the right is going to be slower and
19 shallower when it gets to flood stage.

20 So another way to do this in certain
21 situations is a priority two. Instead of bringing the
22 stream up to the floodplain, we're going to go in
23 there with heavy equipment, and this dirt that these
24 folks are standing on, we're going to actually drop it
25 down, in this case, three or four feet. So we'll

1 bring the floodplain down to the stream. It does the
2 same thing. The stream is connected to the
3 floodplain. When it gets up a little bit, it can get
4 out over its banks, slow down, drop out sediment, drop
5 out pollutants, just dissipate a lot of energy that
6 could otherwise would be destructive, as well as just
7 store a lot of water upstream so it's not all shooting
8 downstream and compiling the flooding problems that
9 you have down there.

10 And this is a before and after on the same
11 stream. And what they've done is just moved
12 truckloads and truckloads of sediment offsite so that
13 now the stream has a lot of floodplain to get into.

14 And you would do this in cases -- it depends
15 on the site constraints, but you can't always elevate
16 the stream six feet because of what might be on either
17 end of it. I mean, you don't have the same from top
18 to bottom. You might only have one or 2,000 feet that
19 you can play with. And at the end of the stream, it
20 has to line up with what's down there, likewise at the
21 upstream end. So, you know, you choose this depending
22 on your site constrains.

23 Priority three, it's kind of like a priority
24 two. You're going to bring the floodplain down to the
25 level of the stream. You're not going to move the

1 level of the stream at all. However, in this
2 scenario, you don't quite have as much floodplain as
3 you would like. So it would be disingenuous to say
4 this was all the floodplain that you really wanted for
5 this stream. It needs more, but in urban -- some
6 urban areas -- I believe this may be one at NC State
7 or like one at NC State. You take what you can get.
8 And this is still better than doing nothing at all.
9 It gives you half as much flood storage, but, you
10 know, the stream can get out, access some floodplain,
11 remove some of its energy, drop some of the sediment
12 and pollutants, and still provide quite a lot of
13 benefit.

14 So these are the -- kind of the three
15 classifications of, you know, conventional stream
16 restoration. You may or may not hear that when we
17 talk about our projects. The applicants may describe
18 this or they may just simply refer to generically a
19 stream restoration. But when someone says "stream
20 restoration," they're talking about one of these three
21 things, for our purposes on our funds.

22 Now, there may be cases where you either
23 have too many constraints to do a stream restoration;
24 you can't bring the stream up to floodplain; you can't
25 bring the floodplain down to the stream; you simply

1 don't have the real estate. However, you've got a
2 situation like this on the left where that, obviously,
3 isn't good.

4 So you can do some enhancement. Or
5 sometimes bank stabilization generally costs much less
6 on the whole picture; it has less benefits. But you
7 can certainly see that this situation is much
8 preferable to this situation in terms of the sediment
9 that that's going to deliver. Even though I would
10 argue, you probably don't have any more floodplain
11 connection or really much more flood capacity than
12 what's been done here, but you've addressed a major
13 sedimentation problem in this.

14 Here's another one. I believe this is Mount
15 Airy, Ararat River. You can imagine how much sediment
16 this bank is putting into the stream every year.
17 Yeah, it's quite a bit. So, you know, what they would
18 do is kind of sculpt this back, give it the kind of
19 slope that it could sustain and withstand the floods
20 without washing away each year.

21 So we've move a lot of dirt around to create
22 the system that we want to create. But if dirt won
23 the battle of the soil, we wouldn't have any of this
24 conversation. Water wins against soil every time. It
25 just does. It's got too much power. So we've got to

1 do some more things to keep this channel that we've
2 just built stable and at roughly the same shape that
3 we think is the best design for it. And this is where
4 end-stream structures come in.

5 So end-stream structures do a couple of
6 things. They provide stream bank protection. They
7 provide habitat enhancement. So below this particular
8 structure, there's going to be some shaded habitat
9 under the log. There's going to be a deeper area to
10 pool at the bottom of it. It provides grade control,
11 which is a fancy engineer way of saying bed elevation.

12 So, you know, at this point right here,
13 we've got rocks that will keep the stream bed. If it
14 was, say, eroding, it would stop right there. We've
15 got a hard structure that is going to set, but the
16 elevation of the stream right here is not going to go
17 down. It can't because there's a hard surface there.
18 So structures are important for maintaining grade
19 control. And by keeping the channel within its
20 dimensions, it ensures that what sediment does come
21 into the system from above is able to move through the
22 system and not clog it up and cause other -- other
23 issues.

24 So I'd like to talk about a few of these
25 that you'll see. This is a boulder cross vane. The

1 way it works is there's these two walls that work on
2 either side and they are slanted slightly downstream.
3 As you go downstream, they get a little higher. So as
4 the water comes down, it hits these and rolls into the
5 middle of the channel, and that protects the left bank
6 and the right bank simultaneously by keeping the water
7 concentrated in the middle of the stream where it's
8 supposed to be and that saves your banks. And, as
9 well, there's -- just under the water, there's large
10 boulders that go right across the middle, at the
11 orange arrow, that, again, set that bed elevation so
12 you can control the level of the water by installing
13 one of these devices.

14 This is a boulder J-hook vane. It's,
15 essentially, like a half of a cross vane. And what
16 this does is sort of the same sort of thing, but only
17 for half the river. So you put this on the outside of
18 a bend where, normally, water is moving faster, it's
19 moving with more force and you always get these
20 erosional issues on the outside of the bend. Well,
21 this J-hook vane, again, as the water runs up against
22 it on the slope, it kind of folds itself back into the
23 middle of the river and it protects the outer bank.
24 It keeps the stresses of the stream from eroding that
25 outer bank.

1 This is a long J-hook vane, exact same
2 design, just different material. It does the same
3 thing. You tend to see these in smaller streams and
4 used preferentially when there is more trees than
5 quarries around.

6 So here's an example of, you know, a really
7 -- kind of nasty outside bend with probably an eight
8 to ten-foot bank that is subject to erosion, as you
9 can see. And it's hard to see, but each of these
10 yellow arrows is a log vane. And what it is designed
11 to do, again, is to keep stress off of that outer bank
12 so that this can vegetate and stabilize and you won't
13 have this continuing issue that you had prior.

14 Some other structures are constructed
15 riffles. You know, a riffle is just kind of a narrow,
16 shallow, rocky area, where you lose elevation.

17 Another important thing of this and all of
18 the structures that we talked about is they dissipate
19 energy. So if you think of a 10-foot waterfall, at
20 the bottom of that waterfall, you can imagine how much
21 force that water has. When the water falls, the
22 higher it falls, the more force it has when it gets to
23 the bottom.

24 So if you took a 10-foot waterfall, and
25 instead of having it hit all at once, broke it up into

1 tiny, little six-foot drops, you've dissipated that
2 energy without doing damage. And that's an important
3 part of nearly all these features is that they remove
4 the elevation in small steps and reduce the energy
5 without -- without the damage.

6 Here's riffles with log steps, the same sort
7 of thing. We see the log steps there and the riffles.
8 This energy is kind of safely dissipated without --
9 without damaging the stream.

10 And, finally, the last layer of this that
11 you're going to use to hold this in place is plants.
12 You want woody vegetation that has deep roots. This
13 picture is only separated by six months, so you can
14 see it really -- this was a really good one. It
15 really took off. And you can imagine in just a few
16 short years, this will have very mature riparian
17 vegetation. And it already looks great and quite
18 stable.

19 So having given you a little bit of
20 background on stream restoration, I want to talk a
21 little bit about the projects we're going to see
22 tomorrow morning.

23 The first tour stop is McDowell and Torrence
24 Creeks. I want to grab the number that I had written
25 down. So on McDowell and Torrence combined, we have

1 funded, since 2002, about 1.8 million in the various
2 streams we'll see tomorrow. It's, roughly, seven or
3 eight projects. It's quite a lot. But we've done a
4 lot in these creeks and I think to a lot of benefit.

5 This is the area of the restorations. As
6 you can see, it's a very developed area. There's all
7 neighborhoods and a shopping center, not a lot of open
8 land, forested land in this little watershed here.

9 This is a before picture of McDowell Creek,
10 so that when we're out there tomorrow you folks can
11 appreciate what a change it's been. You can see it's
12 variant in size. It's a very deep channel. It's got
13 very steep banks. I doubt that it gets out onto that
14 floodplain very often at all. Here's another before
15 picture, sort of similar situation.

16 Here's a before and after. And I've kind of
17 got the yellow lines in there showing you the profile
18 of the stream. So on the left, you can see the before
19 picture. It's very steep. It's very variant in size.
20 In the after picture, you can see that it's a much
21 shallower stream. It, obviously, has a much better
22 chance of getting out onto the floodplain, spreading
23 out, slowing down, dropping its pollutants, dropping
24 its sediment, and just not tearing itself up.

25 Here's another before and after, kind of a

1 similar -- similar structure. You can see how
2 homogenous the stream is on the left. And there's not
3 a lot of variation or habitat or even substrate for
4 critters to hold on to. I mean, you can imagine,
5 that's all sand and silt. Every time it rains,
6 everything moves. And if you're a small critter who
7 depends on holding on to something to stay in place,
8 you get flushed out of the system every time it rains
9 in an area like this. So there's a lot more diversity
10 in the bed forms and diversity in habitat in the
11 restored version. And, again, this is shortly after
12 restoration, so the trees are probably, you know,
13 months to maybe a year old. It's going to be much --
14 significantly taller as the time goes by. And we will
15 see some mature restoration tomorrow, as well.

16 So David Woodie with Mecklenburg County sent
17 me this slide, as well as some of these pictures. And
18 he just this week got back from a stream restoration
19 conference in Texas. And this was lifted right off
20 his summary slide, but I think there's a lot of really
21 interesting things here that I'd like to highlight.

22 So they've been working in this watershed
23 for quite a while. They've done about seven percent
24 of the stream in the watershed, which, as a whole, is
25 not -- I mean, there's still 93 percent that hasn't

1 been restored. But, obviously, they focused on the
2 areas that needed the most work, and -- and they've
3 improved their flooding conditions, and seen a 20 to
4 25 percent sediment load reduction at the cove. Now,
5 that's the cove at the lake. So at the lake, there's
6 that much less sediment getting in from these streams.
7 And I think that's really something to talk about
8 because as you may or may not know, from the second
9 you put a dam on a lake, it becomes a sediment trap.
10 When the water slows down, it drops its sand first,
11 then its silt and its clay, and every -- you know, 99
12 percent of all the sediment that goes into a lake does
13 not leave over the dam. What comes out over the dam
14 is largely clear water. And these things that we
15 depend for our drinking water supply lose their
16 capacity over time. And every one of these things has
17 a finite life span. And when you can start, you know,
18 reducing sediment that goes in, your drinking water
19 supply just lasts that many more years longer. And I
20 think it's a really tremendous benefit that they've
21 seen.

22 And another point that he made is that from
23 one of their publications, they found it is three
24 times cheaper to remove a pound of sediment through
25 stream restoration than the most cost-effective

1 alternative B&P that they've found. So I thought that
2 was really a -- a really interesting point that he had
3 made. So --

4 MR. BRAGG: Will?

5 MR. SUMMER: Yes, sir.

6 MR. BRAGG: You know, I might add, since
7 we're talking about Mecklenburg County, that McDowell
8 Creeks jumps into Mountain Island Lake right where the
9 city of Charlotte draws its water, so that's why this
10 is such an important project.

11 MR. SUMMER: That's an excellent point. So
12 our second tour stop tomorrow is Little Sugar Creek
13 Greenway down in Charlotte. This is an aerial photo.
14 This is kind of a current. And you can see there --
15 and there she is right there. Now, these are some
16 before and afters. And I think all the ones I'm going
17 to show you before are roughly 2002 and the afters are
18 2012.

19 What I didn't show you, in talking about
20 stream restoration types, is daylighting. I'm getting
21 ahead of myself here.

22 So as you can see on the left, the stream,
23 itself, is buried under a parking lot and underground,
24 and it gets -- you know, every foot of stream that you
25 restore there and bring back to daylight is a foot of

1 stream did not exist effectively at all. So you can
2 see on the right-hand side, all that stream has been
3 created, you know, from underneath parking lots. And
4 that's not a cheap thing to do either.

5 Here's another before picture, again. The
6 blue line on the left is where the stream is, or my
7 best guess at it, underneath all of these buildings
8 and parking lots. And on the left you can see Little
9 Sugar Creek, as well as the greenway along the right-
10 hand side.

11 Again, let's see if we can find it. My
12 little blue line should show up here in a minute.
13 There we go. Just a stark difference in the before
14 and the after on this. So this is kind of the
15 wholesale view of it. It went from something that was
16 under a parking lot, under a mall, that no one really
17 thought of or knew of, and as you'll see when we go to
18 this greenway tomorrow, it is a well-loved greenway.
19 And this thing that people didn't know existed,
20 wouldn't have thought twice about, it's now a
21 destination. People are running here. When we go to
22 these store fronts that are along the greenway,
23 they're facing the greenway. That's not the back of
24 their store. That's the front of their establishment,
25 which I think is just -- it's just a remarkable

1 turnaround for these urban streams. And, you know,
2 urban streams, they've kind of been beat up and they
3 take a lot of love to get back to this point. But,
4 you know, with the help of Clean Water -- and over the
5 years, we've put, I think, 2.8 million into Little
6 Sugar Creek through all of its many phases of
7 restoration. And Charlotte and Mecklenburg put in
8 much more. It's really -- you know, they've turned
9 something into what I think is a real resource and a
10 destination for folks.

11 So let me just talk to you a minute or two
12 about logistics, and then I will be -- I will be done.
13 So the third and fourth pages of your Board map have
14 addresses, as well as maps that you can use to get to
15 where we need to go. But on the first stop, we're
16 going to meet at Earth Fare. And there's an address
17 and some simple directions in there.

18 Mecklenburg County has a 15-passenger van
19 for us because there's so many stops, as you can see
20 from all the red arrows along this tour. We're going
21 to try to get into one van, maybe one van and a
22 vehicle, but this will allow us to drive to all these
23 places and not having, kind of, parking nightmares
24 when we get there. So we'll do this circuit in the
25 morning. I think we'll meet onsite at nine, if I'm

1 correct on the agenda, and then get in the van. And
2 then for the second site, we will be getting back into
3 our own cars and just parking and walking.

4 So site number two, again, there's
5 directions and an address for the parking deck in your
6 packet. And at the first site, I'm going to get a
7 printout of this picture to hand out to folks, just so
8 they know how to walk from the parking deck. There's
9 a parking deck located at the corner of Charlottetowne
10 and Kings Street. And from the parking deck, just
11 walk right behind the Wendy's and we're going to meet
12 right over here. There's the greenway. There's
13 Little Sugar Creek. We're going to meet right here at
14 this little greenway roundabout sort of feature.

15 At the second spot, we'll walk along the
16 greenway, see some of Little Sugar. And then right
17 down here there's a restaurant called The Hickory
18 Tavern where Hailey has made some reservations for the
19 folks that want to stay for lunch along the greenway.
20 And those that don't, I anticipate we'll be done
21 around 12 or 12:15 or so. And I think that is all
22 that I've got to say about logistics.

23 Since we are here at Lake Norman, there's
24 some nice things to see here. There's a few trails
25 that lead -- leave right from this end of the

1 building. There's a nice paved walking trail that's
2 very short on this section, as well as a slightly
3 longer dirt trail for folks that are inclined to enjoy
4 the weather and see a little bit.

5 And aside from that, let me just put my
6 phone number up on the board for folks to write down.
7 In case you get lost at any point tomorrow, you can
8 get in touch with me. And with that, I will turn it
9 back over to Dr. Kickler. Thank you.

10 CHAIRMAN KICKLER: Thank you, Will. It
11 looks like an eventful Friday morning. If you have
12 any questions for Will regarding logistics, please ask
13 him after our meeting is over with.

14 Are there any -- excluding the logistics for
15 the trip tomorrow, are there any comments or questions
16 that any Board member has at this time?

17 MR. TOOLE: Will, what can you say is the
18 success and failure rate of these stream restoration
19 projects?

20 MR. SUMMER: I'll have to get an engineer to
21 tell you whether or not it succeeded or failed, but

22 MR. TOOLE: And I'm sure that's a big
23 question, you know, what's the success.

24 MR. SUMMER: So, certainly, the science has
25 evolved quite a bit since -- I mean, this was in its

1 infancy in the late '90s. And, really, North Carolina
2 was one of the states, because of the -- what was a
3 Wetland Restoration Program, then Ecosystem
4 Enhancement Program, now DMS, and Clean Water, we kind
5 of helped figure out and guide the science to figure
6 out what works and doesn't work.

7 Now I would say of the ones that we've
8 funded, I am aware of one that Larry and I were just
9 working on, having the contractor go back in and
10 repair. But aside from that, we don't have a lot of
11 total failures. You know, one structure out of 10 may
12 have an issue, but by and large, I've never seen
13 anything go back to anything near like it was before
14 restoration. So I, honestly, can't put a number on
15 it, but it is -- today it's quite good.

16 MR. TOOLE: Do we have enough experience
17 here to know whether there's, like, maintenance
18 required. I'm thinking like --

19 MR. SUMMER: So they're designed to be self-
20 sustaining. And that's what the designers are trying
21 to do. And in order to get that, what they do is they
22 go and find what they call a reference stream, which
23 is a stream that is as it should be, and they build to
24 that floodplain dimension, that channel depth. I
25 mean, they kind of put it on a curve. There is not

1 meant to be maintenance on these things.

2 MR. BRAGG: Will --

3 MR. SUMMER: Yes, sir.

4 MR. BRAGG: -- the piedmont was pretty much
5 devastated, by according to this, the channel of these
6 creeks. I mean, almost every creek in Mecklenburg
7 County, including the one I'm thinking that we're
8 going to see tomorrow, was channeled, which meant they
9 just dug it out and made a ditch, straightened it,
10 piled all the dirt on the sides. It looks like there
11 ought to be a restitution of the Federal government.
12 I'm serious. The creek where I live has been
13 channeled and it's just a disaster. After 60 years,
14 you would think it could reclaim, but it can't.

15 MR. SUMMER: Well, once it gets channelized,
16 it only hurts itself more. Now, in the long term, I
17 will tell you the way that this works. A stream gets
18 very channelized and it starts -- the banks start
19 failing, and the stream starts to build back up.
20 Eventually, that narrow channel, from years of bank
21 failure -- I mean, the water is going to get its
22 floodplain back, but it's going to take hundreds of
23 years. And in the process, all of that sediment is
24 going to end up in our lake.

25 MR. BRAGG: Yeah.

1 MR. SUMMER: So what we're doing is skipping
2 ahead 200 years and keeping untold millions of tons of
3 sediment -- we put it where we want to. We put it
4 back on the landscape. We don't dump it in the
5 reservoir.

6 MR. BRAGG: And tomorrow, I mean, if we had
7 an extra 15 minutes, right past McDowell Creek there
8 is a creek in this county that was not channeled
9 called Gar Creek. And it's absolutely beautiful. And
10 Clean Water has funded many projects along Gar Creek
11 because it dumps into the lake close to McDowell,
12 right down at Mountain Island Lake and Latta
13 Plantation Park. But it's lovely. I mean, and that's
14 the way the creeks used to be. But, anyway, Clean
15 Water did fund a lot of protection along that creek,
16 too.

17 MR. GOSSAGE: And there are a couple things
18 that I would add. You know, we're always trying to
19 explain why this is important. And Will, when he
20 touched on -- you know, he had the photo there with
21 the fishermen and the trout. I did a radio interview
22 with NPR a year or so ago and made the same point. I
23 got a lot of positive feedback on that, right, you
24 know, trout love clean water; but so do we.

25 And so there's a cost that's associated with

1 all of that sediment going down in the stream to where
2 a city, a municipality, has to clean out that water
3 before it can be turned into clean drinking water. So
4 it's -- you know, yes, there's an impact, maybe on a
5 dam, but there's -- there's sometimes a real cost to
6 actually cleaning out that water so that it's suitable
7 for drinking.

8 And the other one that he, you know, touched
9 on here a moment ago in terms of once that stream that
10 should look like this starts to go like this, then it
11 goes like this, and it starts to eat away at the
12 banks. And the next thing you know, you have a farm
13 use that -- you know, an agriculture use, or whatever
14 it is that might be there, where that bank has eroded
15 and pushed itself into that area that now you can't
16 use. So there is -- there may be a productivity
17 issue. So there's an economic impact from that or
18 some sort of a land use impact from that stream bank
19 that has pushed itself in. And my understanding is
20 there's also, maybe, some tax implications there, too,
21 where someone is still getting taxed on property that
22 they no longer have control over because of how that
23 stream has eroded.

24 So there are some -- you know, some other
25 issues that go along with this that once you start

1 explaining to people, here's why this is important, it
2 just makes them aware of things that they've never
3 really thought.

4 CHAIRMAN KICKLER: Are there any other
5 comments? I'm sure we can continue this at dinner or
6 on the site trips tomorrow. But if there aren't
7 any --

8 MR. MARTIN: This is Johnny. I just -- I
9 don't know if you guys can hear me. Can you guys hear
10 me?

11 MR. GOSSAGE: We can.

12 CHAIRMAN KICKLER: Yes.

13 MR. MARTIN: Yeah. So, you know, just given
14 the conversation, I think Will did a great job. But,
15 you know, just given my engineering background, I do
16 want to say how important these projects are, and just
17 to kind of jump on with what Frank was saying. You
18 know, I started my engineering career about 20 years
19 ago with Dr. Rooney Malcom at State. And it was kind
20 the tail end, but -- and we were taught back in that
21 time to get the water down as quickly as possible. So
22 it's really only been within the last 15 years that
23 the mindset has changed to do this. So, you know, I'm
24 really happy that we are continuing to do these
25 projects that, you know, help to kind of keep the

1 sediment in place and sort of dissipate the energy.

2 You know, there was a question made about do
3 these help, you know, what's the failure rate is.

4 And, you know, I would just say, from an engineering
5 perspective, is that -- and Will kind of got into
6 this, too -- that when we have adequate space to put
7 in these floodplains as -- you know, with the amount
8 of the water that pass -- that's going to go through
9 them, they are more susceptible.

10 Where we -- where we have our challenges is
11 in urban settings where the -- where we have tighter
12 spaces to work within. And, you know, it's always
13 sort of a -- you know, a weighing of how much can we
14 get people to give up on easements to fit as much as
15 we can in.

16 So, you know, I think it's still a
17 relatively new way, you know, of doing this, so we're
18 continuing to learn. But, you know, I think that
19 we're getting better every day at it, you know,
20 dissipating structures, things of this nature to try
21 to get these things to work even in urban settings.

22 But, you know, I think the scientific basis
23 by these -- about these projects is very solid. And,
24 you know, just wanted to add that to the -- all that
25 information for everybody.

1 CHAIRMAN KICKLER: Thank you. All those --
2 well, is there a motion to adjourn?

3 MS. CAWOOD: So moved.

4 CHAIRMAN KICKLER: Thank you --

5 MR. GOSSAGE: You're ready to go.

6 CHAIRMAN KICKLER: -- Trustee Cawood. Is
7 there a second?

8 MR. BRAGG: Second.

9 CHAIRMAN KICKLER: Second. Now, again, I
10 continue -- I encourage you to continue the
11 conversation after the meeting at the site visits
12 tomorrow. Thank you for a protective Board meeting.
13 We have a motion and a second to adjourn. All those
14 in favor to adjourn, say "Aye."

15 BOARD MEMBERS: Aye.

16 CHAIRMAN KICKLER: All those opposed?

17 MR. MARTIN: Aye.

18 CHAIRMAN KICKLER: All those opposed?

19 (No response.)

20 CHAIRMAN KICKLER: Thank you. We are
21 adjourned.

22 *(Meeting adjourned at 3:32 p.m.)*

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