

BOARD OF TRUSTEES MEETING

Clean Water Management Trust )  
Board of Trustees Meeting )  
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Board of Trustees Meeting  
Raleigh, North Carolina  
Monday, March 4, 2019  
3:00 p.m.

Reported in Stenotype by  
Tina Sarcia-Maxwell  
Transcript produced by computer-aided  
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APPEARANCES

Chairwoman: Greer Cawood

Board of Trustees: Frederick Beaujeu-Dufour,  
Judith Kennedy, William Toole, Charles Vine,  
Jason Walser, John Wilson and David Womack

1 CHAIRWOMAN CAWOOD: I will call to  
2 order the meeting, and we'll start with the  
3 roll call. I am here and we'll just go  
4 around.

5 TRUSTEE BEAUJEU-DUFOUR: Frederick  
6 Beaujeu-Dufour.

7 TRUSTEE KENNEDY: Judith Kennedy.

8 CHAIRWOMAN CAWOOD: Renee was here  
9 for her committee meeting but will be absent  
10 for the board meeting.

11 TRUSTEE TOOLE: Bill Toole is here.

12 TRUSTEE WILSON: John Wilson, here.

13 TRUSTEE VINES: Charles Vines is  
14 here.

15 MR. WALSER: Jason Walser is here.

16 CHAIRWOMAN CAWOOD: To begin with,  
17 we'll begin with compliance with General  
18 Statute 138A-15 which mandates that the Chair  
19 inquire as to whether any trustee knows of  
20 any conflict of interest or the appearance of  
21 a conflict of interest with respect to  
22 matters on the agenda.

23 If any trustee knows of a conflict  
24 of interest or the appearance of a conflict  
25 of interest, please state so at this time.

1 I'm hearing none.

2 Just a general reminder to make sure  
3 are cell phones are turned off or on vibrate,  
4 and we'll move on with are there any  
5 revisions, additions to the agenda? And if  
6 not, I'll seek adoption.

7 TRUSTEE BEAUJEU-DUFOUR: Move to  
8 adopt.

9 TRUSTEE WALSER: Second.

10 CHAIRWOMAN CAWOOD: All in favor?  
11 (Board trustees all agreed.)

12 CHAIRWOMAN CAWOOD: Any opposed?  
13 All right.

14 We had five items that are listed  
15 under "Consent Agenda" that were sent out  
16 earlier, and if folks want to review those,  
17 I'll move for approval of those, or if there  
18 are any of those that trustees would like  
19 additional information, we can pull it out  
20 and not have them as part of the consent.

21 TRUSTEE WILSON: So the minutes, I  
22 just noticed one thing in the minutes that  
23 was attributed to me and that was on page 45.

24 Do you want me to do this now?

25 CHAIRWOMAN CAWOOD: Sure.

1 TRUSTEE WOMACK: Page 45, line 10.

2 CHAIRWOMAN CAWOOD: And Sydney has  
3 that.

4 TRUSTEE WOMACK: It starts with  
5 "Ms. Chair," that doesn't sound like me, and  
6 then it says, "I'm not on the Acquisition  
7 Committee." I am on the Acquisition  
8 Committee.

9 CHAIRWOMAN CAWOOD: Sydney will get  
10 that exact passage for you for the record,  
11 and thank you, John, for your close reading  
12 of that.

13 TRUSTEE VINES: Motion to approve  
14 the changes and the changes made to item A?

15 CHAIRWOMAN CAWOOD: Is there a  
16 second?

17 (Board trustee seconded)

18 CHAIRWOMAN CAWOOD: All in favor?

19 (All Board trustees agreed.)

20 CHAIRWOMAN CAWOOD: Any opposed?

21 Great. Thank you everyone to that.

22 Hank, do you have anything for a  
23 legal update for that?

24 MR. FORDHAM: I don't.

25 CHAIRWOMAN CAWOOD: Thank you for

1 all your work with our committee work. Just  
2 because you don't have an update doesn't mean  
3 you haven't been working for us.

4 MR. CLARK: Bill, I would like to  
5 say that's the best legal report we have  
6 received.

7 CHAIRWOMAN CAWOOD: Walter, I know  
8 you have an executive director report for us.

9 MR. CLARK: I do want to, first of  
10 all, thank Hank. Hank joined us and our  
11 team -- or we borrowed him from the  
12 department. They were generous enough to  
13 lend him to us.

14 When I first started this job, I had  
15 the discussion with Nancy Guthrie that we  
16 need some legal oversight.

17 Clean Water used to have a full-time  
18 attorney years ago, and when the program  
19 shrank, we lost several staff, including our  
20 legal full-time staff person, and Hank is  
21 really qualified in both the application  
22 reviews, working with us on contracts, and  
23 issues like you heard about today where he  
24 can really give these things some deep  
25 thought. And it's been incredibly helpful.

1 MR. FORDHAM: It is my pleasure to  
2 work for the board and for the division, so I  
3 enjoy it.

4 MR. CLARK: I think the department  
5 is going to start sending you some bills for  
6 your time. I think Nancy would agree it's  
7 really helped us up our game.

8 We heard about our applications for  
9 2019, just a few comments there. Again, a  
10 real robust year, 115 applications requesting  
11 \$65 million. That's 10 million more dollars  
12 than was requested last year. I think that  
13 continues to show that there is a strong need  
14 and interest in Clean Water funding in North  
15 Carolina.

16 I think that's important  
17 particularly now that we're starting the  
18 general assembly. We did have a few less  
19 applications this year. We had 115  
20 applications, and I attribute that to the  
21 good work of our field representatives  
22 because they do such a good job of helping  
23 steer people to submitting good projects.

24 So we get the projects that are high  
25 in quality but less in quantity, so I think

1 we're in a good place with our applications.  
2 We'll see what happens with the legislation  
3 as it looks at the funding situation coming  
4 up.

5 Speaking of our legislation, Bill  
6 Morgan told you a lot of what I was going to  
7 tell you regarding the legislative update. I  
8 can say that the governor's request -- his  
9 budget was supposed to be today, but I think  
10 it's been delayed several days now. There is  
11 a significant request for increased funding  
12 for Clean Water.

13 The goal, at least that the  
14 department submitted to the governor -- I  
15 don't know whether it will be approved or  
16 not -- to raise Clean Water's budget  
17 allocation from its current level of  
18 \$12 million to \$25 million over the next two  
19 years. So that was considered to be  
20 important by the department.

21 Like I said, I don't know when the  
22 governor is going to come down with his  
23 budget request, and, of course, that has to  
24 be negotiated with the legislation.

25 In addition to that, there's been a



1 real strong interest in Clean Water  
2 addressing some of the issues of storm  
3 mitigation, hurricane mitigation. Again, the  
4 department and some of our friends at Lands  
5 for Tomorrow were looking at potentially  
6 Clean Water receiving \$25 million a year for  
7 the next two years for resiliencies in  
8 storm-related projects.

9 Again, I don't know where that's  
10 going to end up. From the governor's  
11 request, I heard his request may contain more  
12 money. That's good in a way, but, also, when  
13 you have that such money throwing through an  
14 organization like Clean Water, it needs to  
15 come with staff support because we will have  
16 to certainly up our staff capabilities to be  
17 able to address that additional amount of  
18 funding.

19 It's important, Clean Water had done  
20 some buyout applications in the past. This  
21 is not necessarily new to us, but that kind  
22 of money would be. So we'll see how that all  
23 falls out with the governor's budget and  
24 legislation over the next few months.

25 That's really about it. As Will

1           said this morning, Mr. Grady has introduced  
2           House Bill 14. That was the bill that would  
3           remedy the board and commission's situation  
4           that we currently have.

5                     You know we're all operating under  
6           this executive order that is still in place,  
7           and it is our assumption that until the  
8           legislature does something, that will  
9           continue to be the case.

10                    So Will mentioned there is some  
11           disagreement among the House and some of the  
12           house members about how to move that bill  
13           forward, but we'll see when it does.

14                    Finally, I want to mention two other  
15           things. Our next board meeting is in May,  
16           May 21st to be exact. We will be meeting in  
17           Blowing Rock. John Wilson has kindly offered  
18           his beautiful home, called Peaky Top, to host  
19           a reception that evening, the evening of the  
20           21st.

21                    I don't know how many people in this  
22           room have been to Peaky Top. I have been  
23           fortunate to have been there before. It sits  
24           out on sort of a knoll just out where the  
25           Blowing Rock attraction is. It is one of the

1           prettiest views of North Carolina.

2                       So thank you, John, for being  
3 willing to do that, and maybe one or two  
4 surprise guests. We're working on that. The  
5 meeting itself will be held at the Blowing  
6 Rock History Museum.

7                       So it is a great facility. The  
8 museum itself is interesting and worth a trip  
9 in and of itself, so we're lucky to be  
10 meeting there. We're lucky to be having a  
11 reception at Peaking Top, and then we'll have  
12 field trips scheduled for the 22nd. We're  
13 still working on those.

14                      Blue Ridge Conservatory has offered  
15 to maybe host a field trip or two, and I  
16 assume, from our discussion this morning  
17 about site visits, that a site visit  
18 associated with a board meeting, maybe we  
19 don't have to --

20                      MR. FORDHAM: If at the board  
21 meeting you announce the other activity, then  
22 I think you'll be within.

23                      MR. CLARK: One more thing, this  
24 October the Land Trust Alliance is meeting in  
25 Raleigh. The Land Trust Alliance is the

1 umbrella alliance nationally that helps  
2 basically all of the land trusts in the  
3 United States. They had worked with the Land  
4 Trust Accreditation process. They've helped  
5 out with insurance for land trusts. They've  
6 really been an integral part of the success  
7 of the land trust committee.

8 So there will be 2,000 people from  
9 across the country coming to Raleigh. It's  
10 the first time North Carolina has ever hosted  
11 it. I think it is October 17th through the  
12 19th. They are fascinating meetings.

13 It will be here in our backyard, and  
14 we'll get you an agenda so you can see all of  
15 the interesting sessions that you as trustees  
16 can attend, but I highly recommend it.

17 I've been to two or three. Usually  
18 they are in really exciting locations, like  
19 Colorado; Portland, Oregon. I think Raleigh  
20 is equally as exciting. Hopefully, we'll  
21 attract the same level of enthusiasm.

22 CHAIRWOMAN CAWOOD: Before I move to  
23 public comments, I want to thank you and the  
24 staff for the incredible work that y'all do,  
25 just the thoughtful ways you go about the

1 decision-making and how much you care about  
2 the trust fund, so thank you.

3 MR. CLARK: It is easy with a staff  
4 like this. I'm fortunate.

5 CHAIRWOMAN CAWOOD: No public  
6 comments. Perfect. Then we'll move on to  
7 the business of our committee. First is the  
8 consideration of Acquisition Committee  
9 recommendations.

10 MR. WALSER. We met this morning and  
11 had a very lively discussion. We had a lot  
12 of conversation about a lot of things, only a  
13 few results in action items for now.

14 The first thing that we discussed  
15 was Sand Hills Area Land Trust. We had a  
16 grant and the scope of the project has  
17 changed. We've got unanimous agreement from  
18 the acquisitions committee to change the  
19 scope of the project. Basically, some of the  
20 match dropped out, but even without that  
21 match, we rescored the project.

22 When I say "we," mostly the staff  
23 did, and it would have scored near that  
24 cycle. It would have gotten funding anyway  
25 even with the change in the match. This is

1 part of a due diligence period between two  
2 land trusts that are merging.

3 And we didn't see any problem with  
4 doing it mostly because the score was still  
5 adequate, and for those of you who know the  
6 stuff, if we go start changing the scope,  
7 match falls away, and it always raises a red  
8 flag for us.

9 So we felt comfortable bringing that  
10 up to the board, and I don't know if we want  
11 to do this piecemeal. I think that is an  
12 action item. We need to act on that today.

13 CHAIRWOMAN CAWOOD: Act on it.

14 MR. WALSER: The Acquisition  
15 Committee makes a recommendation.

16 TRUSTEE: First.

17 TRUSTEE: Second.

18 MR. WALSER: I'll answer any  
19 questions that anybody has about that  
20 project.

21 CHAIRWOMAN CAWOOD: All those in  
22 favor?

23 (Board trustees all agreed.)

24 CHAIRWOMAN CAWOOD: Any opposed?  
25 Great.

1 MR. WALSER: It did involve a state  
2 agency. This isn't like a private  
3 conservation. This is a good thing with a  
4 partner state agency that also supported us.

5 We talked a lot about military  
6 funds, following up on our discussion from  
7 November, and effectively we spent a lot of  
8 time on this trying to hash out the original  
9 intent which as many of you know is difficult  
10 to do in a state budget line item, which is  
11 basically how this showed up.

12 The million dollars that goes to  
13 four military bases just showed up on the  
14 budget one year, not a lot of written  
15 history. Will Morgan gave an excellent  
16 overview how we got to that point.

17 We all basically struggled. I think  
18 everybody said we want to do military buffers  
19 as additional, but we struggled with what  
20 happens when we've got three or four great  
21 projects that score on their own because they  
22 are great projects, and we've spent three or  
23 four million.

24 And then the additional project that  
25 might not get funded is not even in the

1 close-call category in terms of scoring, and  
2 maybe it is not a great project that none of  
3 us are excited about. We didn't really want  
4 to act today as that took away our discretion  
5 to be able to say no.

6 But we're going to continue to have  
7 feedback, and we probably will be bringing a  
8 policy proposal back in May and ask guidance  
9 on how we might pursue that.

10 Did I describe that fairly well? It  
11 is a tough one. We all want to make the  
12 General Assembly happy. We want to honor the  
13 partnerships with the military.

14 There are certain boxes we check  
15 that say "we do want this," but what we don't  
16 want to do is have great military projects  
17 and then one that is not so great and  
18 certainly meeting the million dollar match.  
19 We will discuss this in May. You'll probably  
20 get an acquisition proposal in May.

21 We talked about -- this was another  
22 hot button issue. As you know, I was  
23 brand-new to the Acquisition Committee. We  
24 were three months late meeting. There were a  
25 lot of moving parts to our last meeting, but



1            basically we felt like probably we had a lot  
2            of discussion publicly that would have been  
3            better at a committee level in advance of our  
4            board meeting in November.

5                       One of those discussions is how we  
6            move up projects, when is the right time, how  
7            do we do that so that it is not just  
8            hodgepodge willy nilly, and we don't set the  
9            standard of people in the audience thinking  
10          we're in here being ambassadors for certain  
11          projects. So we talked about.

12                     Let me share with you some of the  
13          staff recommendations that I think are going  
14          to form a policy for us. We talked about  
15          hometown strong communities which are already  
16          designated in the application. Tier 1 or  
17          tier 2 counties, which are typically less of  
18          a well off than tier 3 counties in terms of  
19          economic success.

20                     We talked about strong community  
21          support, what role that might have; imminent  
22          threat to development; unique opportunities  
23          of the project; how the project fits in the  
24          larger plans; and whether or not it is the  
25          first in our big phase project or, more

1           importantly, made the last big phase of the  
2           project that doesn't score that well but  
3           finishing off three or four years of other  
4           projects.

5                         Wrestling with that, we basically  
6           decided, as I recall, I think the staff is  
7           going to work us up some questions that will  
8           guide us in our acquisition decision-making,  
9           again, before the funding meeting, so that we  
10          know the questions to ask.

11                        Staff is going to help us sort of  
12          identify some of the stories that go beyond  
13          the score which we need to be aware of, and  
14          we're going to rely on staff to talk about  
15          these more.

16                        And related to that, we talked about  
17          letters of support and opportunities for  
18          resolutions of support from local government  
19          agencies. The idea being we typically not  
20          wanting to necessarily invite a lot of  
21          needless letters of support from especially  
22          neighboring landowners and other land trusts  
23          and even government agencies.

24                        However, we were all persuaded last  
25          November from the resolution of support we

1 got from the county project, which we got  
2 sort of last minute, but they were very  
3 persuasive, and we basically said we do want  
4 to see resolutions, but probably all letters  
5 of support and maybe start seeing them in a  
6 separate designated file on our thumb drives  
7 when we get these projects.

8 It is up to us whether we want to  
9 look through them or ascribe them any weight.  
10 We don't want to invite applicants and  
11 grantees to go out and solicit a bunch of  
12 letters of support.

13 But to the extent we do get letters  
14 of resolution from county commissioners we  
15 think are relevant -- and right now, those  
16 letters often are buried in the digital  
17 applications. You have to click on the file  
18 button and pull them up, and if you're not  
19 doing that, or if you don't read far enough  
20 along -- you're looking at however many  
21 100-and-something projects.

22 We wanted to be able to peruse those  
23 letters -- and typically not all projects,  
24 but we can do it separately and have the  
25 ability to see pretty quickly where the local

1 resolutions of support are.

2 Did I get that right?

3 TRUSTEE VINE: Yes.

4 MR. WALSER: We do not have an  
5 action item today, but we will be looking at  
6 that in the future.

7 Again, trustee site visits. A  
8 little bit of a changing theme on trustees  
9 going to visit sites, especially before they  
10 have been visited by field staff. We used to  
11 do it all the time evidently, and then we  
12 didn't do it at all.

13 Now we're sort of trying to figure  
14 out what is appropriate and how do we manage  
15 this from a staff level, from a public  
16 perception level, and then from a legal  
17 level. Certainly, with legal we had a  
18 conversation about making sure we don't want  
19 to violate public meeting laws of more than  
20 two members of the Acquisition Committee or  
21 more than half the board.

22 If five members of the board were to  
23 go to an event, we would need to make public  
24 notice. An event could be a hike, a tour,  
25 but if we're going to see projects that are

1 going to be considered by the Clean Water  
2 Management Trust Fund, we have to be very  
3 careful about the legal.

4 The other issue I think is a concern  
5 of staff is the transparency, maybe not  
6 legal, but who is getting invited, how do we  
7 determine, and we basically came up with  
8 protocol that I think we did adopt today  
9 saying that these basic things will be done.

10 And we're going to ask the board to  
11 vote on this today. These things would be  
12 done when we're invited we take tours of  
13 properties for funding. First, we notify  
14 Walter, or whoever the executive director is,  
15 We've been invited and staff needs to be  
16 aware of it.

17 Secondly, we need to include the  
18 field reps and the invitation to go be a part  
19 of that so they hear the whole story, and we  
20 hear the whole story because they are going  
21 to make site visits, too, and sometimes the  
22 conversations and tours can be different. We  
23 think it is important we have transparency  
24 with the staff.

25 Lastly, we think it is important

1           that the entire committee be aware at the  
2           time of notice of consideration of funding if  
3           we've taken a site visit, whether it is  
4           relevant, whether it scored well or not. We  
5           need to let each other know about the  
6           property. So we made that as a  
7           recommendation that we all agree to that.

8                        There are some other things we are  
9           looking at that we will add in the future,  
10          such as trying to be respectful of field  
11          staff's time when we go see these properties  
12          and how we fit in with their schedules.

13                      We're not prepared to act on that  
14          today, but those three things, notify the  
15          executive director, include field reps  
16          invited to the hike, and inform other  
17          committee members, Acquisition Committee or  
18          whatever committee, at the time we're making  
19          decisions that we've taking these hikes; so  
20          that comes as a recommendation from the  
21          Acquisition Committee that we start with that  
22          protocol.

23                      TRUSTEE BEAU-DUFOUR: We mentioned  
24          earlier, can we just offer it to the group  
25          and that way it is not individual. It is not

1           those two people can only go to that day or  
2           that one goes to the mountain, and I think  
3           you can offer it to everybody from the staff.  
4           It think it would be easier.

5                     MR. WALSER: Certainly we can do  
6           that, and we can make that part of the  
7           protocol.

8                     TRUSTEE BEAU-DUFOUR: If you say no,  
9           you have to go through Clean Water, and then  
10          the rep knows exactly who needs what; and  
11          they can talk to us and say we have five  
12          offers, we would like to invite you to come  
13          up and see. And it can be organized it that  
14          way.

15                    MR. WALSER: I think staff would be  
16          supportive of something like that.

17                    MR. CLARK: That way all the  
18          trustees would know about the visit and could  
19          come along, if they wanted to, as long as  
20          they weren't violating the open meeting law,  
21          but I think it is good that the staff and  
22          trustees know when it is taking place.

23                    MR. WALSER: We've got this motion  
24          to recommend. We have a recommendation on  
25          those three things. If we want to add this

1 fourth, I think that is completely proper for  
2 the Board to discuss that.

3 CHAIRWOMAN CAWOOD: Any additional  
4 thoughts from anybody?

5 MR. WALSER: So my recommendation  
6 and, Hank, can help me entertain a new motion  
7 that would include this fourth additional  
8 that would basically allow trustees or not  
9 allow -- require trustees share the  
10 invitations for site tours with field staff  
11 to then determine how the invitation would be  
12 issued with everybody. Is that a fair  
13 assessment?

14 TRUSTEE BEAU-DUFOUR: Yes.

15 CHAIRWOMAN CAWOOD: We will need a  
16 second.

17 (Trustee second the motion.)

18 CHAIRWOMAN CAWOOD: Since we have a  
19 motion and we have a second call for a vote,  
20 all in favor?

21 (All trustees in favor.)

22 CHAIRWOMAN CAWOOD: Any opposed?

23 No. Okay.

24 MR. WALSER: Full disclosure, part  
25 of the reason this came up in a timely



1 fashion, John and I are going to be hiking  
2 the property that was applied for last year  
3 and has been applied for again this year in a  
4 few weeks, and we didn't have this protocol  
5 as of five minutes ago, but talking with  
6 Walter and talking with others, it is pretty  
7 clear we need this protocol. And I wish we  
8 had that directive earlier that I would have  
9 said, "Here, schedule this with the staff."

10 But moving forward, I want you to  
11 know we are going to take that hike unless  
12 there is some reason why the Board doesn't  
13 feel comfortable, or, Walter, you can provide  
14 it to the full staff. If other people want  
15 to go, that would be fine. I do want to be  
16 transparent. It is 2:00 on the 17th.

17 MR. CLARK: This is a question for  
18 Hank. So determining the majority, are we  
19 looking at the Acquisition Committee or the  
20 board as far as numbers go?

21 MR. FORDHAM: You look at both,  
22 either majority of the whole board or the  
23 majority of the Acquisition Committee. It is  
24 a public meeting.

25 MR. CLARK: That would limit us to

1 two people?

2 MR. FORDHAM: You could notice it  
3 and have it as a public meeting.

4 MR. CLARK: We could.

5 MR. WALSER: Next on our agenda item  
6 was discussing caps. We are operating, of  
7 course, without knowing what our budget is  
8 going to be, but we've had caps for  
9 individual projects for the last five or six  
10 years, maybe more.

11 It has kind of crept up to  
12 \$1.2 million, and we did not make this  
13 decision in November. We've got all these  
14 applications that came in February. It turns  
15 out that most of the applicants sort of had  
16 that in mind, that based on the history of  
17 1.2 million, that we had in the past, was  
18 going to be our maximum per project funding.

19 They would do multiple grants over  
20 time to fulfill the needs, so we felt  
21 comfortable making a recommendation, and I  
22 think we make that as a recommendation from  
23 the acquisitions committee that we have a cap  
24 of \$1.2 million in consideration for this  
25 year's funding cycle.

1 CHAIRWOMAN CAWOOD: Didn't we have  
2 the caveat if our funding is very different,  
3 then it would be revisited?

4 MR. WALSER: Correct.

5 TRUSTEE TOOLE: What is your  
6 thinking about the need for establishing the  
7 cap early as opposed to waiting until --

8 MR. WALSER: We said we need to do  
9 that, and we need to make sure that our  
10 meeting in September will go ahead and try to  
11 set a cap for the applications in February  
12 just in case -- February 2020 just in case we  
13 don't meet again, so the expectations can be  
14 set.

15 TRUSTEE TOOLE: Is it possibly moved  
16 for this year?

17 MR. SUMMER: It helps staff a little  
18 for planning.

19 MR. WALSER: Again, the conversation  
20 in front of the public, we need to look like  
21 we're consistent, and I think altogether if  
22 we can make decisions because there were a  
23 few grants that were applied for that were  
24 for more than \$1.2 million, so that gets us  
25 into dicey territory because you are saying

1 no to those projects.

2 I don't know what they are, but I  
3 think as a concept and a theory, I'd rather  
4 make the decision now before we get to  
5 project by project.

6 None of us like that -- let's state  
7 that up front. It would be great if we had  
8 enough funding, and we didn't have to do  
9 that. It is an uncomfortable exercise. If  
10 we think it adds value in a world with  
11 limited funding, then I think making a  
12 decision now makes a lot of sense.

13 STAFF MEMBER: Knowing now also  
14 helps us as staff talk to the applicants.  
15 Hopefully they'll have a plan going into the  
16 September meeting.

17 MR. WALSER: Again, the Acquisition  
18 Committee makes recommendation for cap at  
19 \$1.2 million, and yes, we can change our mind  
20 later.

21 If we got \$30 million from Clean  
22 Water, we may feel differently. We have way,  
23 way, way more application requests, more than  
24 funding.

25 TRUSTEE: Let's say we got the

1           1.2 million cap, do you feel like we would  
2           have flexibility to change it for whatever  
3           reason during the evaluation?

4                   MR. WALSER: I don't see a reason  
5           why we wouldn't. Staff is going to be  
6           planning. The grantees are going to be  
7           planning the phasing, the options. There are  
8           repercussions to six months from now changing  
9           their mind.

10                   Again, in our opinion we can do  
11           that, and if we've got \$25 million or \$30  
12           million, to be honest with you, I would be  
13           very open to making the first motion to do  
14           that, whether it is raising the cap a little  
15           bit or raising it a lot, but in a world with  
16           \$16, \$17 million, 1.2 starts eating up our  
17           funding really quickly.

18                   CHAIRWOMAN CAWOOD: Any more  
19           discussion? If not, we'll vote. All in  
20           favor of Acquisition's recommendation?

21                   (All trustees in favor.)

22                   CHAIRWOMAN CAWOOD: Any opposed?

23                   (No opposition.)

24                   CHAIRWOMAN CAWOOD: Good.

25                   MR. WALSER: I'm going to breeze

1 through this, but the Acquisition Committee  
2 is going to take a deep dive and the full  
3 board is invited to join us into conservation  
4 agreements and the legal means by which we're  
5 doing conservation for perpetuity, and that  
6 includes everything from deed restrictions to  
7 conservation agreements to dedicated nature  
8 preserves with the state to transferring it  
9 to federal agency to let them manage it.

10 Right now our policies are limited,  
11 and even if it is existent, the staff is kind  
12 of handling the decisions one by one, and  
13 we're voting on our meeting in November where  
14 we're transferring property to the Fish and  
15 Wildlife Service instead of Conservation  
16 because some agencies will take the state  
17 encumbrances and some won't.

18 And lastly, we talked about the  
19 flexibility within some of these documents  
20 with working lands and parking lots and  
21 kiosks and trailheads. These conservation  
22 easements -- when we first started as an  
23 organization in 1996, our first project was  
24 the Neuse River Basin, and we really focused  
25 on 300-foot buffers.

1                   And since that time, we are now  
2                   doing military buffer and historic and  
3                   cultural properties. We're doing a lot of  
4                   different things that aren't necessarily  
5                   buffers on waterways. So it is time for us  
6                   to really look at these, and we're going to  
7                   do a deep dive.

8                   I'll shut up now and answer any  
9                   questions, but you'll be seeing this in May.  
10                  We're going to meet separately in April.  
11                  Nancy is going to lead us by showing some of  
12                  the examples where maybe the language hasn't  
13                  been perfect and whatever type of models to  
14                  try to recognize perpetual conservation.

15                  Is that fair, Nancy?

16                  MS. GUTHRIE: Yes.

17                  MR. WALSER: It is not going to be  
18                  fun or easy, but I think it is important that  
19                  staff be able to answer when they get a call  
20                  from Fish and Wildlife to know what is a  
21                  policy. Right now it is a tough answer.

22                  Okay. We talked a lot about the  
23                  stewardship funds, and we're going to have  
24                  policy in May. Basically, our stewardship  
25                  endowment is generating interest, and we're

1           luckily going to have an extra interest we  
2           can allocate and dividend interest that John  
3           said.

4                       We'll make that decision at the May  
5           meeting if I'm not mistaken, and we talked  
6           about a policy that is going to be written  
7           and provided to us, about a 4 percent payout  
8           of the income earned so that we can continue  
9           to grow the corpus, and in theory, at least  
10          grow some of the income as well.

11                      I've got notes. There were other  
12          funds that come into our stewardship  
13          endowment where they're secured by properties  
14          that they get transferred to the federal  
15          government. We can't take the money back  
16          out, so figuring out how we allocate. We  
17          don't need to go down that rabbit hole now.  
18          We'll talk about that in May.

19                      What to do if something is held in  
20          the stewardship endowment that's not really  
21          there for any particular project. We're  
22          getting money paid for that. We basically  
23          decided we would like money for conservation  
24          projects to go back into conservation  
25          projects.



1                   But the interest projects, the  
2                   stewardship funds, I think we want to take  
3                   interest income off to keep trying to grow  
4                   the stewardship funds as best we can go.  
5                   That's my report unless I left something out.

6                   CHAIRWOMAN CAWOOD: I'd like to do a  
7                   thank you to former trustee Frank Bragg for  
8                   helping on stewardship and what is prudent  
9                   and the right direction to take.

10                  Great. We will move on to --  
11                  Trustee Womack is nicely doing our  
12                  consideration of Restoration, Innovation  
13                  Stormwater, and Planning Committee  
14                  recommendations since our chair of that  
15                  committee needed to leave early.

16                  TRUSTEE WOMACK: The committee does  
17                  have a specific recommendation, but if you'll  
18                  allow me to go through the committee report  
19                  and the recommendations at the last part, so  
20                  we'll sort of flow.

21                  In a great number of ways, the  
22                  committee discussion mirrored the discussion  
23                  in the previously adjacent committee, so I'll  
24                  do my best not to be redundant, and Jason did  
25                  a great job of synopsis. I might just add

1           what little bit that the committee discussed.

2                       The first thing we discussed was the  
3           2019 grant cycle, 49 restoration projects  
4           request of a \$16.6 million. Most of the  
5           discussion around the applications was  
6           considering elevating projects, and we asked  
7           the staff to give us a list of potential  
8           questions that we might ask about each  
9           individual project how worthy of elevation.

10                    I think they were the same six items  
11           that were listed in the previous committee  
12           meeting and discussion with Roy Robust about  
13           that. We may have spent a little bit more  
14           time on including the conclusions of it being  
15           a compelling story to allow for us to elevate  
16           this as opposed to the data and metrics.

17                    Let's look at the nuts and bolts,  
18           how does it fit into what we want to do, and  
19           is it an overarching compelling story that  
20           lets us answer all the requirements or all  
21           the questions that are asked, or is it a  
22           compelling story in and of itself, the main  
23           reason to look at what we're doing.

24                    We talked about the protocol for  
25           distributions for letters of support, and the

1 relative weight of resolution versus  
2 individual letters. Primarily the  
3 resolutions were to be more important, and  
4 then we would give the executive director  
5 discretion for the cutoff for these letters  
6 to be disseminated to the board.

7 We also like the recommendation of  
8 the Acquisition Committee that it be put in  
9 nice and precise and in all of the same  
10 format so it wouldn't be spread out all over  
11 the arena.

12 Trustee site visit protocol, quite a  
13 robust discussion about that. A great number  
14 of the same conclusions that it would -- I  
15 guess the overarching conclusion was that a  
16 site visit should promote the public purpose  
17 and the proper benefit, and that would be the  
18 number one funnel down rationale that the  
19 trustees should consider before embarking on  
20 a site visit.

21 The staff should be invited. It  
22 should be informed. We discussed whether the  
23 applicant should be a part of the process,  
24 and certainly a great deal of discussion was  
25 around adhering to the open meeting laws and

1           what can constitute a quorum; also, what the  
2           penalties for violating that, what that law  
3           was. And so to my mind, it was like, well,  
4           is the stick enough to warrant the adherence?

5                       We also talked about transparency.  
6           Here again, it is the public interest and  
7           taking no benefit in the applicant no matter  
8           how big or small.

9                       The part of the agenda that diverged  
10          from the acquisition was a discussion around  
11          repair and maintenance of restoration  
12          projects. We put have we revisited these  
13          sites, after five years, after ten years, was  
14          it -- were they still fulfilling the function  
15          that they were designed to fulfill.

16                      The committee agreed to look over  
17          this and put the issue back to the staff to  
18          come up with some type of policy and  
19          recommendation.

20                      Bids versus to design and built  
21          project, that stimulated a great deal of  
22          discussion. From a cost-savings standpoint,  
23          it's a worthy endeavor. From a practical  
24          standpoint, putting all the pieces in place  
25          to doing it appropriately is going to be a

1 real can of worms.

2 So here, again, we put the decision  
3 back in the staff's lap to move forward and  
4 report back but, also, to move with extreme  
5 caution because even though it's a  
6 cost-saving measure, it may be a very high  
7 priority.

8 As a project for the staff to come  
9 up with a successful resolution, it may  
10 not -- it may fall a little bit below the  
11 priorities of some of the other things we  
12 discussed.

13 Consideration of previous project  
14 phases, when you had a project that was in  
15 multiple phases, how obligated are we to  
16 continue if the first approval doesn't take  
17 them all the way. Are we obligated to take  
18 them -- continue down a road? Do we monitor  
19 their progress if they say this will get us  
20 50 percent of the way or 90 percent of the  
21 way? How do we look at that and say you're  
22 only 40 percent.

23 So where is this Board in terms of  
24 its obligation or not obligation to move  
25 forward with these projects? The discussion

1           was to go back to the Stanford Inn and come  
2           back to the Board with a full report at a  
3           later date.

4                         We discussed restoration easement  
5           stewardship. It is not only conservation  
6           easements but also covenants, also adhering  
7           to the government regulations of entity where  
8           we pass the possession of the land on to  
9           them; and, also, dealing with working land  
10          environments where we allow certain things to  
11          occur on properties and what was going to be  
12          policy or definitive consideration of these  
13          projects going forward.

14                        And here, again, the time-honored  
15          tradition of most committees, we send it back  
16          to the staff to discuss and come back, and  
17          later on, we'll have some type of  
18          recommendation if it is warranted.

19                        And, finally, Madam Chair, we do  
20          have one request, we received the request  
21          from the North Carolina Coastal Federation.  
22          It seems that project has diversified in  
23          scope, and they requested that we allow them  
24          to change the scope in the work of a  
25          particular project that we approved because

1 the cost is going to be the same and the  
2 overarching philosophy of what the program  
3 was attempted to accomplish will actually be  
4 enhanced.

5 So the recommendation of the  
6 Restoration Innovative Stormwater and  
7 Planning Committee is that we approve the  
8 request for the North Carolina Coastal  
9 Federation for their change in the concept of  
10 the previously approved program.

11 CHAIRWOMAN CAWOOD: Wonderful.  
12 Thank you. Any questions?

13 If not, we need to vote on the  
14 change of scope, so it comes from committee.  
15 It doesn't need a second. All in favor?

16 (Board trustees all agreed.)

17 CHAIRWOMAN CAWOOD: Any opposed?

18 (No opposition.)

19 CHAIRWOMAN CAWOOD: Great. Thank  
20 you very much, and especially stepping in for  
21 Trustee Kumor.

22 The next discussion is of the 2019  
23 grand cycle, and a lot of that has already  
24 been covered. Is there anything else that  
25 you wanted to talk about?

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MR. CLARK: I think we've done it.

CHAIRWOMAN CAWOOD: Any other  
business or thoughts from trustees before we  
adjourn? Wonderful. Thank you everyone for  
being here.

I call for adjournment.

MR. CLARK: So moved.

CHAIRWOMAN CAWOOD: All in favor?

(Board trustees all agree.)

CHAIRWOMAN CAWOOD: Thank you.

(Whereupon the hearing was concluded  
at 3:51 p.m.)



C E R T I F I C A T E

I, Tina Sarcia-Maxwell, Registered Professional Reporter and Notary Public, do hereby certify that the foregoing record, pages 1 through 40, is a complete, accurate, and true transcription of the matter taken in the aforementioned matter to the best of my skills and ability.



Tina Sarcia-Maxwell

## McDaniel, Sydney

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**From:** John Wilson <johnwilsonproductions@gmail.com>  
**Sent:** Saturday, March 2, 2019 3:30 PM  
**To:** Clark, Walter F; McDaniel, Sydney  
**Subject:** [External] 11/15/18 meeting minutes question

**CAUTION:** External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to [report.spam@nc.gov](mailto:report.spam@nc.gov)

Walter and Sydney,

I think a comment in the 11/15/18 meeting minutes that I did not make is attributed to me. It starts on p45, line 10.

Do you know who might have said that?

Pardon the error if in fact I said it!!!

Thanks.

John

## Clean Water Management Trust Fund Meeting

1 MR. TOOLE: Yeah, right. So, if the  
2 recommendation comes out without a second, we need to  
3 vote on it after discussion, then after the vote see  
4 what happens.

5 TRUSTEE WALSER: So, I've made the  
6 recommendation for funding that is the gist of the  
7 projects for the allocation, not provisional funding.  
8 And that is on behalf of the Committee yesterday.

9 TRUSTEE KENNEDY: I will second.

10 *David Womack* TRUSTEE WILSON: Ms. Chair, I'm not on the  
11 Acquisition Committee, but I was at a meeting and did  
12 participate in this conversation. And my stance was  
13 to include it in the -- at that time -- was to include  
14 the 1.1 million in the block of projects. That was  
15 made in a vacuum and in a rookie scenario. I didn't  
16 have the background, I didn't have the history, nor  
17 did I have the real sense of what the intent of the  
18 General Assembly.

19 Having thought about that for quite sometime  
20 like the others of us have, I would be inclined to  
21 agree with your secondary recommendation that we take  
22 that 1.1 million out of the original allocation and  
23 put it towards the military endeavor. And we would  
24 necessarily have to take some other projects, and as  
25 you said, put them down into a provisional status that

end  
nomack

1 we already have recommended funding. But I'd be in  
2 favor of that scenario, which would be against the  
3 motion that we just presented if I'm correct in  
4 following the word trail. Right?

5 CHAIRWOMAN CAWOOD: Yes.

6 TRUSTEE TOOLE: So, I'm going to move the  
7 question.

8 TRUSTEE WALSER: I believe that's up to you.

9 CHAIRWOMAN CAWOOD: Okay, and we'll not  
10 accept.

11 TRUSTEE TOOLE: Well, moving the question  
12 means I want to put it to a vote.

13 TRUSTEE WALSER: So go ahead and ask for the  
14 vote on the recommendation.

15 CHAIRWOMAN CAWOOD: Okay. So, all in favor  
16 say "Aye."

17 All opposed?

18 TRUSTEES: "Aye."

19 TRUSTEE WALSER: Okay. So, it's up to the  
20 Committee to make another recommendation. And, again,  
21 we're making this up on the fly, but I'm going to need  
22 staff's help. I've been using round numbers with 1.1  
23 million. I need to know some exact numbers of pulling  
24 out, and where that leaves us in the recommendation of  
25 which numbered projects.

1 MR. SUMMER: Go back to the first page,  
2 Terri, and do exactly what you're trying to do.

3 So, the number will appear shortly to what  
4 we will have without the military conversation and  
5 funding that takes you right into 31 instead of 33.

6 TRUSTEE WALSER: That takes us through 31,  
7 which is North Carolina Department of Natural and  
8 Cultural Resources, the Sharpe & Drake tract, Alamance  
9 Battleground, which would mean The Land Conservancy in  
10 Orange County would drop off the recommended funding  
11 amount and hopefully presumably to provisional. We'll  
12 have that conversation in a second.

13 All right, is everybody -- Mr. Toole, I want  
14 you to see this. You're being a great waiter, but  
15 this is important --

16 MR. TOOLE: This is service.

17 TRUSTEE WALSER: -- and we need to all  
18 understand the support of what we're about to do  
19 because it's a big deal. If I were The Land  
20 Conservancy of Orange County I would be nervous right  
21 now.

22 So, Project 32 and 33 still would go down to  
23 provisional, correct? Is that not right? Tell me if  
24 I'm wrong.

25 MS. GUTHRIE: Line 32.