

AGENDA

North Carolina Land and Water Fund

Board of Trustees Meeting

August 28, 2024, 9:00 a.m. – 12:00 p.m.

This meeting will be held via teleconference and will have a physical location offered on the 4th floor of the Nature Research Center located at 121 West Jones Street, Raleigh, NC in room 4508. If any member of the public would like to join the meeting via MS Teams or in person, please contact Terri Murray at teresa.murray@dncr.nc.gov or 919-707-9400 in advance for links or directions.

Board of Trustees:

John Wilson (Chair), Jimmy Broughton, Ann Browning, Amy Grissom, Clement Riddle, Mike Rusher, Jason Walser, Darrel Williams, David Womack

COMMENCEMENT

1) Call to Order (Chair – John Wilson)

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.

d) Please put cell phones on vibrate or turn off, and if you are a guest joining remotely, please mute your audio and turn off your video unless you are called upon to speak

e) Revisions, additions, and adoption of the agenda

2) Approval of minutes from the May 2024 board meeting (Chair – John Wilson)

3) Deputy Secretary's update (Jeff Michael)

4) Executive Director's update (Will Summer)

PUBLIC COMMENTS

The public is invited to make comments to the Board (Chair – John Wilson)

The NCLWF Guidelines and Practices Manual states that comments shall be limited to subjects of business falling within the jurisdiction of the NCLWF. The NCLWF welcomes public comments on general issues. Comments will not be allowed on individual projects before the NCLWF for funding during the regular meeting. Comments will be limited to three minutes per person.

BUSINESS

1) Consideration of Acquisition Committee recommendations (Chair – Amy Grissom)

The committee will report on the following matters:

a) 2021-019 NCCLT Cashy Land and Timber budget request (Marie Meckman)

Staff will present the committee recommendation to add stewardship funds to the project budget.

b) ACQ-001 Appraisal Guidelines and Practices (Marissa Hartzler)

Staff will present the committee recommendation to amend the acquisition appraisal requirements.

2) Consideration of Executive Committee recommendations (Chair – John Wilson)

The committee will report on the following matters:

a) Consideration of additional funding through NCDEQ (Will Summer)

Staff will present the committee recommendation to consider additional funds for use on certain projects in the 2024 grant cycle.

b) Allocation of funding for 2024 applications (Will Summer)

Staff will present the committee recommendation for allocation of available funding between programs for the October funding meeting.

3) Consideration of Flood Risk Reduction Committee recommendations (Chair – Ann Browning)

The committee will report on the following matter:

a) Consideration of supplemental funding from the NC Flood Resiliency Blueprint (Steve Bevington)

Staff will present the committee recommendation to accept additional funding from NCDEQ to administer through the Flood Risk Reduction Program.

ADJOURNMENT

Action Item**Staff member: Marie Meckman**

Agenda Item 1a) 2021-019 NCCLT Cashy Land and Timber stewardship request**Background**

In 2021, North Carolina Coastal Land Trust (NCCLT) was awarded \$250,000 of a total \$935,000 to protect 348 acres on Hoggard Mill Creek in Bertie County near Windsor. The property features Exceptional Wetlands, two natural areas, and an old grist and sawmill, and will be transferred to the Town of Windsor for management as a public park.

The original conservation strategy was to use Declarations of Covenants and Restrictions on the entire property. However, to better protect natural areas, NCLWF staff requested that NCCLT instead record a Conservation Easement on approximately 314 acres, and Declaration of Covenants and Restrictions in favor of the Town on the remaining 28 acres that will be the park improvement area. NCCLT has agreed to monitor the easement for the State, which will require the addition of \$30,695 to the stewardship endowment. Because this change includes additional funding, it requires board approval.

In addition to the change in conservation strategy, a modern survey was completed in 2023 and revealed the actual acreage of the property to be 314 acres, instead of 348 acres indicated on the old surveys and legal descriptions used in the application. Despite the error in the old survey, which is common in difficult terrain such as swamps, we are still protecting the entire property as described in the application. However, the change in actual acreage does impact several metrics, documented in the attached Decision Matrix. While approval of these items is delegated to staff and the Chair per the Guidelines and Practices, we would like to make the committee aware of the following changes and request concurrent approval with the addition of the stewardship endowment:

1. The apparent change in acres results in a decrease in scope of 9.77% on paper, though NCLWF staff feel that this change does not reflect a true reduction in scope.
2. Due to the reduced acres, the purchase price will be reduced by \$50,000, which results in a shift in the budget, reflected in the attached Decision Matrix. NCCLT has requested to move \$26,450 of those matching funds from the acquisition line to the transaction cost line to better capture real expenses on due diligence. They request the remaining \$23,550 matching funds be forgiven, which combined with the additional stewardship request, result in a percent change in match of 4.17%.
3. The addition of stewardship funds and the apparent reduction of acres increases the total NCLWF cost per acre to \$894, which is an increase of 24%.

NCLWF staff re-scored the project and determined that the score would drop by one point which would not have affected funding; full details are provided in the attached Decision Matrix. NCLWF staff also feel that these changes to the strategy are net beneficial to the project, as the Conservation Easement and refined map will offer a higher level of protection and monitoring via the Stewardship Program.

Committee recommendation

Recommend to the Board the addition of \$30,695 to the 2021-019 budget for the specific purpose of Stewardship and to amend the scope and budget as presented in the attached Decision Matrix.

Board action needed

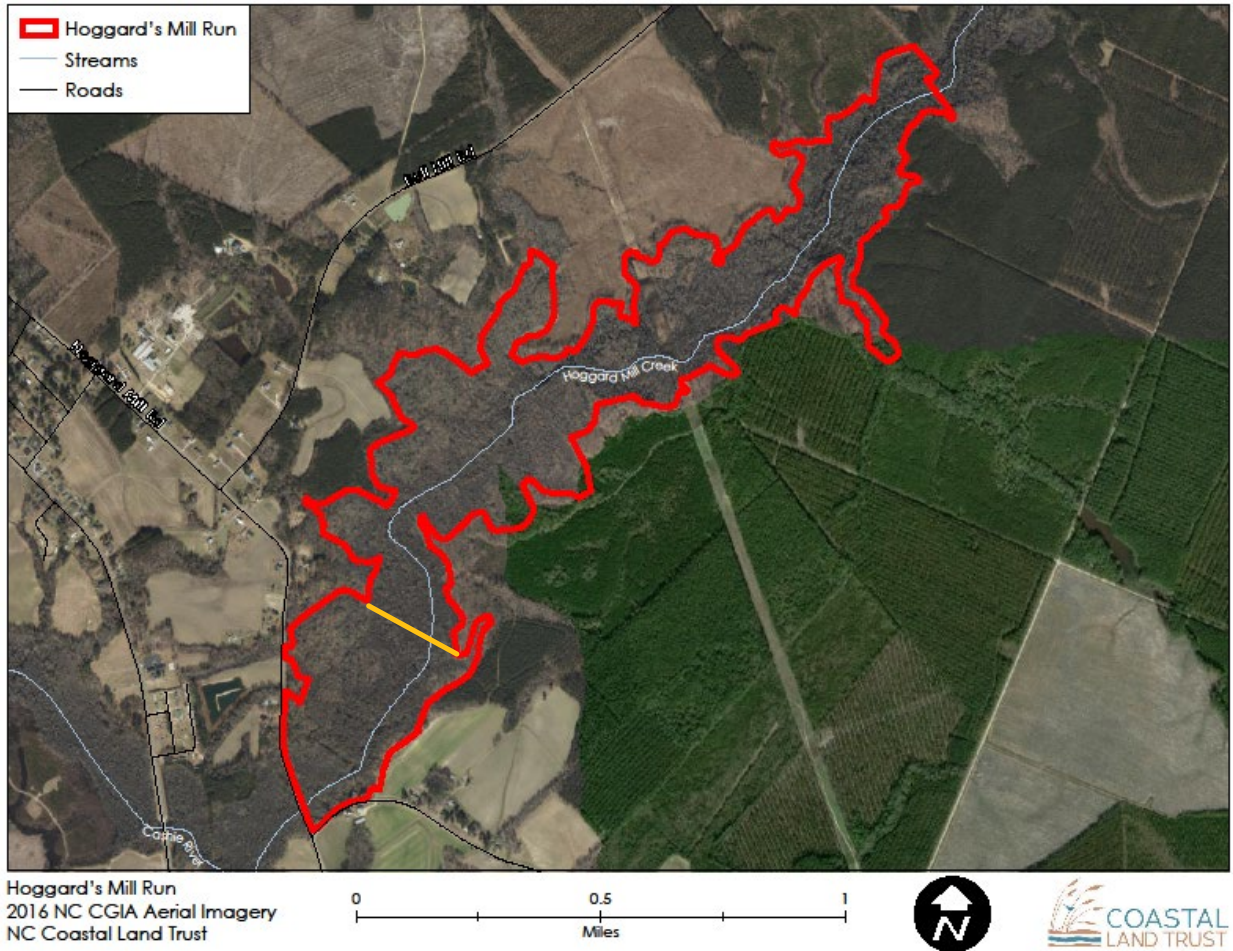
Approve, amend, or deny the committee recommendation.

Attachments: Maps, Decision Matrix

2021-019 NCCLT CASHY LAND AND TIMBER

ORIGINAL PROJECT MAP

With Planned Improvement Area Approximately 50 acres



DECISION MATRIX EVALUATION WORKSHEET

Project Number:	2021-019	Date of Request:	8/1/2024
Project Name:	NCCLT Cashy Land and Timber		
Program:	Acquisition		

Criteria	REQUIRED APPROVALS				Change
	Program Manager	Executive Director	Chairman	Full Board	
Percent change in NCLWF cost (e.g., \$/acre, \$/LF, \$/gal)	Less than 5% if the score is still above minimum funded	5% to 10% if the score is still above minimum funded	10% to 25% OR results in a score lower than the lowest funded	Greater than 25%	24.44%
Percent change in total project scope	Less than 5% if the score is still above minimum funded	5% to 10% if the score is still above minimum funded	10% to 25% OR results in a score lower than the lowest funded	Greater than 25%	-9.77%
Percent change in match	Less than 5% if the score is still above minimum funded	5% to 10% if the score is still above minimum funded	10% to 25% OR results in a score lower than the lowest funded	Greater than 25%	-4.17%
Within budget reallocation of funds between standard project budget line items	Less than 10% of total NCLWF award	10% to 20% of total NCLWF award not to exceed \$100,000	More than 20% of total NCLWF award not to exceed \$100,000	Greater than \$100,000	3.80%
Addition of a new, non-standard project budget line item			Any new, non-standard project budget line item	Greater than \$100,000	n/a
Donated Mini Grant budget reallocation/ reduction where match is greater than or equal to award	All reallocations within the program limits				n/a

Explanation of request and impacts to natural or cultural resources:

The original estimated acreage for this project was 348 acres, with 298 acres encumbered by a Declaration of Covenants and Restrictions in favor of the State, and 50 acres encumbered by a Declaration of Covenants and Restrictions in favor of the Town of Windsor. A modern survey revealed the actual acreage to be 314 acres. The restricted areas will decrease to 286 acres for the State, and 28 acres for the Town, to be developed as a park.

This 2021 project did not originally include funding for Stewardship because the property was to be protected by a Declaration of Covenants and Restrictions. NCLWF would prefer that the Property be protected by a Conservation Easement which will provide a higher level of protection and require a stewardship contract. The Grant Recipient has agreed to monitor the property after closing.

Adding stewardship to the budget will increase the award by \$30,695. Due to the reduced acres, the purchase price will be reduced by \$50,000, which results in a shift in the budget. NCCLT has requested to move \$26,450 of those matching funds from the acquisition line to the transaction cost line to better capture real expenses on due diligence, and request the remaining \$23,550 matching funds be forgiven. The score drops by one point due to the decrease in match, but would have been funded.

Program staff recommendation:

Recommend to the Board to approve a motion to add \$30,695 to the 2021-019 budget for the specific purpose of Stewardship and to amend the scope and budget as presented in this Decision Matrix.

Approvals	Printed Name	Signature	Date
Preparer	Marie Meckman		
Program Manager	Marissa Hartzler		
Executive Director	William B. Summer		
Chairman	n/a		
Board Approvals	Motion (summary)		Date
Committee action			8/12/2024
Board action			

Summary of amendment, if applicable:

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Overall Proposed Impacts to Score		
	Points	Notes
Original Score	74	
Change in Scope	0	No change to score from scope
Change in Budget	-1	From decrease in match
Proposed Change	73	
Lowest Funded	59	

Scope Outputs	
	Acre
Original	348.00
Proposed	314.00

Unit Costs			
	NCLWF Project Cost	Acre	Cost/Acre
Original	\$ 250,000	348	\$ 718
Proposed	\$ 280,695	314	\$ 894

Change in Scope Output (Acre) -9.77%

Change in Unit Costs 24.44%

Original Budget			
Item	NCLWF Grant Amount	Matching Funds	Total Project Cost
Acquisition	\$ 250,000	\$ 650,000	\$ 900,000
Transaction Costs	\$ -	\$ 35,000	\$ 35,000
Contract Administration	\$ -	\$ -	\$ -
Property Management	\$ -	\$ -	\$ -
Stewardship	\$ -	\$ -	\$ -
Total	\$ 250,000	\$ 685,000	\$ 935,000
Funding Percentages	27%	73%	100%

Proposed Budget			
Item	NCLWF Grant Amount	Matching Funds	Total Project Cost
Acquisition	\$ 250,000	\$ 600,000	\$ 850,000
Transaction Costs	\$ -	\$ 61,450	\$ 61,450
Contract Administration	\$ -	\$ -	\$ -
Property Management	\$ -	\$ -	\$ -
Stewardship	\$ 30,695	\$ -	\$ 30,695
Total	\$ 280,695	\$ 661,450	\$ 942,145
Funding Percentages	30%	70%	100%

Change in Match Percentage -4.17%

Original Matching Resources Scoring					
Line Item	Source	Amount	Percent	Multiplier	Points
USFWS	Federal/Local Government funds	\$ 335,000	36%	0.18	6.449
EEG	Private funds	\$ 50,000	5%	0.22	1.176
Town	Federal/Local Government funds	\$ 100,000	11%	0.18	1.925
Landowner	Private funds	\$ 100,000	11%	0.22	2.353
Enviva	Private funds	\$ 100,000	11%	0.22	2.353
Total	-	\$ 685,000	-	-	15

Proposed Matching Resources Scoring					
Line Item	Source	Amount	Percent	Multiplier	Points
USFWS	Federal/Local Government funds	\$ 341,450	36%	0.18	6.524
EEG	Private funds	\$ 50,000	5%	0.22	1.168
Town	Federal/Local Government funds	\$ 120,000	13%	0.18	2.293
Landowner	Private funds	\$ 50,000	5%	0.22	1.168
Enviva	Private funds	\$ 100,000	11%	0.22	2.335
Total	-	\$ 661,450	-	-	14

Change in Matching Resources Score -1

Action Item**Staff member: Marissa Hartzler**

Agenda Item 1b) ACQ-001 Appraisal Guidelines and Practices**Background**

NCLWF is authorized to acquire land and interests in land when landowners are not paid more than fair market value. As such, appraisals are integral to the operations of the Acquisition Program, and NCLWF is fortunate to partner with the State Property Office (SPO) in determining valuation.

SPO staff made recommendations to NCLWF regarding ACQ-001 Appraisal Guidelines and Practices, which was first authorized in 2001 and is still in effect substantially unchanged. These recommendations include:

- **Number of Appraisals Required** - The number of appraisals required is based on the value of the interest being purchased. Since 2001, if that value exceeds \$500,000, two appraisals are required. When two appraisals are required, SPO reviews, reconciles, and approves a conclusion of value. SPO recommends this threshold be increased to \$1M.
- **Authority to Review Appraisals** - While much of the Acquisition Program's closing work is delegated to NCLWF, SPO has retained the sole responsibility to review and conclude valuation. SPO uses outside contractors for some assignments, which should apply to NCLWF reviews as needed and therefore be reflected in ACQ-001.

NCLWF staff identified two additional areas for improvement in the Guidelines and Practices:

- **Use of Tax Value** - Given SPO's recommendation to double the two-appraisal threshold to \$1M, and the rising cost of land, staff recommends accepting tax value up to \$200,000 in lieu of an appraisal.
- **Donated Matching Funds** - When matching interests in land are donations, staff recommends allowing 100% of tax value for fee simple absolute acquisitions and 80% of tax value for conservation agreement acquisitions as substantiation of the value lieu of an appraisal, which is in line with procedures used in the Donation Mini-Grant Program.

Committee recommendation

Recommend to the Board the adoption of revisions presented in the draft ACQ-001 Acquisition Guidelines and Practices, with a revision suggested in the meeting by John Wilson.

Board action needed

Approve, amend, or deny the Committee recommendation and make a recommendation.

Attachments: markup of recommended revisions

Appraisal Guidelines and Practices (ACQ-001)

Background: The acquisition of all real property interests, including fee simple and conservation agreement interests, through an Acquisition Program award must have substantiation of fair market value per the requirements of these Guidelines and Practices. These Guidelines and Practices apply to all acquisitions made using NCLWF and matching funds, including ~~any~~ bargain sales, ~~and donations~~.

Guidelines and Practices:

1. A minimum of one appraisal is required to determine the fair market value of all real property interests being acquired.
 - Exception for NCLWF requested funds: When the tax assessed land value (“tax value”) of a real property interest is less than \$~~100~~200,000, the tax value will be acceptable in lieu of an appraisal. For fee simple absolute acquisitions transactions, up to 100% of the tax value may be used as substantiation of value. For conservation agreement-only transactionsacquisitions, up to 80% of the tax value may be used as substantiation of value.
 - Exception for matching funds: When a fee simple absolute interest is donated, 100% of the tax value may be used as substantiation of value. When a conservation easement is donated, 80% of the tax value may be used as substantiation of value. This exception does not apply to bargain sales.
2. A second appraisal is required when the value of a real property interest, irrespective of any bargain sale, exceeds or is expected to exceed \$~~500~~1,000,000.
3. All appraisals must adhere to NCLWF appraisal guidelines. Appraisals ~~and~~ will be reviewed by the State Property Office or another reviewer approved by the State Property Office. If any appraisal is not satisfactory to the State Property Office or its designated reviewer, or if the reviewer cannot reach a conclusion of value ~~to the State Property Office~~, additional appraisals may be required.

Action Item

Staff member: Will Summer

Agenda Item 2a) Consideration of additional funding through DEQ

Background

In 2021, NC Session Law 2021-180 directed the NC Department of Environmental Quality (DEQ) to develop a Statewide Flood Resiliency Blueprint (Blueprint) to inform flood planning at the state level. The NC General Assembly also appropriated \$96 million to DEQ to be used for flood mitigation projects after the initial draft of the Blueprint was completed, and authorized DEQ to contract with third parties for implementation of the Blueprint as needed. In May, DEQ staff reached out to NCLWF to inquire about projects that would be appropriate for the river basins in which they were directed to work: Cape Fear, French Board, Lumber, Neuse, Tar-Pamlico, and White Oak. In addition to considering additional needs from the NCLWF flood risk reduction projects funded in 2023, DEQ identified four 2024 grant cycle projects that met the DEQ criteria for flood resiliency projects:

Project No.	Applicant	Project Name	River Basin	DEQ Funding
2024-038	NC Wildlife Resources Commission	Big Swamp	Lumber	\$800,000
2024-051	The Conservation Fund	Schoolfield	Lumber	\$800,000
2024-056	Triangle Land Conservancy	Lowgrounds	Neuse	\$800,000
2024-428	City of Wilmington	Wisteria and Clearbrook - Restoration	Cape Fear	\$800,000
			Total	\$3,200,000

If the board agrees to consider these funds, they will be added as potential available funds at the October meeting. If the board decides to fund any of these projects at that meeting, funds will first come from the DEQ funds in the amount specified below. It will not change the total amount of the grant award for each project. Any funds identified here will be transferred from DEQ to NCLWF to be administered as part of our regular contract and payment process per an interagency MOA (pending).

Committee recommendation

Recommend to the board that DEQ funds in the amount of \$3,200,000 be considered at the October funding meeting.

Board action needed

Approve, amend, or deny the Committee recommendation.

Action Item

Staff member: Will Summer

Agenda Item 2b) Allocation of Funding for 2024 Applications

Background

In 2021, 2022, and 2023 the board allocated 80% to the Acquisition Committee and 20% to the Restoration, Innovative Stormwater and Planning Committee, generally reflective of the demand for those years. For the eight years prior to that, the board allocated 75%/25% to the committees respectively. For the past six years, the Executive Committee has recommended that the Restoration, Innovative Stormwater and Planning Committee be responsible for determining the funding between their three program areas at the board meeting based on the merit of the applications, rather than determine a set percentage ahead of the review meeting.

The breakdown of the 2024 applications between the programs is as follows:

	# of apps	% by number	requested \$	% by amount requested
Acquisition	56	57.7%	\$ 64,688,267	82.6%
Restoration	26	26.8%	\$ 11,376,321	14.5%
Innovative Stormwater	6	6.2%	\$ 1,692,225	2.2%
Planning	9	9.3%	\$ 564,843	0.7%
Total	97		\$ 78,321,656	

The committee reviewed the current program demand and allocations from previous years and came to the following recommendation after discussion.

Committee recommendation

The committee recommends for the 2024 grant cycle that all available funds be allocated as follows: 80% of funds to the Acquisition Committee, 20% of funds to the Restoration, Innovative Stormwater, and Planning Committee. The Acquisition Committee will be charged with allocating funding for the Donation Minigrant Program. The Restoration, Innovative Stormwater and Planning Committee will be charged with allocating funding for each of their three program areas based on the merit of the applications during project review. All returned or unspent grant funds received after the funding meeting will revert to their respective programs to be used for provisional awards for the remainder of the fiscal year.

Board action needed

Approve, amend, or deny the Committee recommendation.

Action Item**Staff member: Steve Bevington**

Agenda Item 3a) Consideration of Supplemental Funding from the NC Flood Resiliency Blueprint**Background**

In 2021, session law 2021-180 allocated \$15,000,000 to the North Carolina Land and Water Fund (NCLWF) to provide grants to counties, municipalities, nonprofit corporations to protect and restore floodplains and wetlands for the purpose of storing water, reducing flooding, improving water quality, providing wildlife and aquatic habitat, and providing recreational opportunities. Further, the law required NCLWF to develop criteria to score projects based on the ability of a project to reduce flood risks.

A Flood Risk Reduction Committee was formed and a novel application review ranking system was developed and approved by the board. Sixty-one letters of intent were received requesting \$82 million. Of these, 31 of the most competitive applicants were invited to submit a full application for review and 19 completed applications were received.

At its meeting of February 28, 2023, the NCLWF funded 17 flood risk reduction projects at a total of \$15,000,000 with projects capped at \$2,000,000 and one project partially funded. Projects have been contracted and are underway, generally on a three-year schedule.

In May 2024, NCDEQ staff approached NCLWF to discuss the use of NCDEQ funds to further the results of the NCLWF Flood Risk Reduction Program, specifically in the six river basins in which NCDEQ was authorized to use their funds: Cape Fear, French Board, Lumber, Neuse, Tar-Pamlico, and White Oak.

NCLWF staff worked closely with NCDEQ staff to identify opportunities where supplemental funding could enhance the flood risk reduction benefit of NCLWF projects. NCDEQ has identified 11 projects and is prepared to provide up to \$5,847,404 in supplemental funds to produce an estimated 460 acre-feet of additional flood water retention.

On August 14, 2024, the Flood Risk Reduction Committee met to consider accepting supplemental funding to the NCLWF Flood Risk Reduction Program. Staff presented opportunities to expand the flood risk reduction benefits of 11 previously considered NCLWF projects. The Flood Risk Reduction Committee reviewed ten of these projects as a group and, separately, considered one project, 2022-FRR24 – Hendersonville, as Committee member Clement Riddle recused himself and stepped away from the meeting for this discussion.

The Committee made and approved two separate motions in support of accepting supplemental funding.

Committee recommendations

- 1) Recommend to the Board that they accept \$5,242,779 from NCDEQ’s Flood Resiliency Blueprint funds to apply to the following NCLWF flood risk reduction projects.

Project	Applicant	Supplemental DEQ funds (\$)	Flood storage as contracted (acre-feet)	Flood storage w/ supplemental funds (acre-feet)
2022-FRR02	Aurora - Town	\$704,809	0	4
2022-FRR03	NC State University	\$305,206	18.6	31.1
2022-FRR12	Durham - City	\$500,000	50	65
2022-FRR16	NC State University	\$107,600	37	46
2022-FRR20	Haywood Waterways Association	\$800,000	224	300
2022-FRR26	Kinston - City	\$472,750	10	12.3
2022-FRR28	Lumberton - City	\$800,000	23	32
2022-FRR29	Maysville - Town	\$355,600	2	4
2022-FRR35	NC Coastal Federation	\$800,000	500	750
2022-FRR61	Whiteville - City	\$396,814	1.5	2.4

- 2) Recommend to the Board that they accept \$604,625 from NCDEQ’s Flood Resiliency Blueprint funds to apply to the following NCLWF flood risk reduction project (Clement Riddle recused).

Project	Applicant	Supplemental DEQ funds (\$)	Flood storage as contracted (acre-feet)	Flood storage w/ supplemental funds (acre-feet)
2022-FRR24	Hendersonville - City	\$604,625	145	224

Board action needed

Approve or amend the recommendations of the Flood Risk Reduction Committee.