

NORTH CAROLINA LAND AND WATER FUND
BOARD OF TRUSTEES MEETING

Held at the David Steadman Education Center
North Carolina Zoo
Asheboro, North Carolina

Tuesday, May 14, 2024
2:01 P.M.

Volume 1
Pages 1 through 111

A P P E A R A N C E S

Board of Trustees:

John Wilson, Chairman
Jason Walser, Vice-Chairman
Ann Browning, Chairman Restoration, Innovative
Stormwater and Planning Committee
Amy Grissom, Acquisition Committee Chairman
Mike Rusher
Clement Riddle
Mike Rusher
Darrel Williams
David Womack

Staff:

Will Summer, Executive Director
Steve Bevington, Restoration Program Manager
Marissa Hartzler, Acquisition Program Manager
Justin Mercer, Stewardship Manager
Marie Meckman, Acquisition Project Manager
Terri Murray, Executive Assistant
Christina Benton, Acquisition Project Manager
Damon Hearne, Western Field Representative
Chelsea Blount, Central Field Representative
Jill Fusco, Eastern Field Representative
Phil Feagan, DNCR General Counsel

Also present:

Jeff Michael, Deputy Secretary of the Department
of Natural and Cultural Resources

P R O C E E D I N G S

2:01 P.M.

1
2 Chairman Wilson: I'd like to
3 call today's meeting of the North Carolina Land and
4 Water Fund Board of Trustees to order. I am John
5 Wilson, Board Chair, and I want to welcome all of you
6 who are with us today, either in person or otherwise.
7 And first and foremost, I want to thank our staff for
8 planning what I'm sure will be a great couple of days
9 here in and around Asheboro, with our board meeting
10 today and our site visits tomorrow. And I also want to
11 thank Trustee Amy Grissom for all of her work helping
12 to plan everything and in advance for hosting us
13 tomorrow. I'll now call the roll of our eight
14 trustees. Please indicate that you are here if you are
15 here; Ann Browning?

16 Restoration Committee Chair Browning: I'm
17 here.

18 Chairman Wilson: Amy Grissom?

19 Acquisition Committee Chair Grissom: Here.

20 Chairman Wilson: Clement Riddle?

21 Mr. Riddle: Here.

22 Chairman Wilson: Mike Rusher?

23 Mr. Rusher: Here.

24 Chairman Wilson: Jason Walser?

25 Vice-Chairman Walser: Here.

1 Chairman Wilson: Darrel
2 Williams?

3 Mr. Williams: Here.

4 Chairman Wilson: David Womack?

5 Mr. Womack: Here.

6 Chairman Wilson: And John Wilson

7 is here also. General Statute § 138A-15 mandates that
8 the chair inquire as to whether any trustee knows of
9 any conflict of interest or the appearance of a
10 conflict of interest with respect to matters on the
11 agenda. If any trustee knows of a conflict of interest
12 or the appearance of one, please say so at this time.
13 Okay, hearing none, let me now ask everyone to please
14 make sure that your phones and computers and watches
15 and toaster ovens won't make any noise unless you're
16 recognized to speak. And next up, I'll ask the
17 trustees if there are any suggestions or revisions --
18 suggestions of revisions or additions to today's
19 agenda. If not, I'll entertain a motion to adopt the
20 agenda.

21 Restoration Committee Chair Browning: So
22 moved.

23 Chairman Wilson: Ann, thank you.

24 Mr. Womack: Second.

25 Chairman Wilson: Second; David,

1 any discussion; all right, all in favor of adopting our
2 agenda, please say aye.

3 (Board Trustees say aye.)

4 Chairman Wilson: Any opposed;
5 okay, moving on to our minutes from the February 2024
6 board meeting, is there any discussion regarding
7 minutes from that meeting?

8 Acquisition Committee Chair Grissom: I
9 have one correction.

10 Chairman Wilson: Okay.

11 Acquisition Committee Chair Grissom: I
12 suggest -- it's on page 19. It's just an attribution
13 issue on line 5. I had asked question of Will, and it
14 is listed as Chairman Wilson. It should be Will
15 Summer.

16 Chairman Wilson: Does it say
17 that I gave a good answer?

18 Acquisition Committee Chair Grissom: Yes,
19 you can keep it if you'd like.

20 Chairman Wilson: Yeah, I'd love
21 that. Okay, thank you, Amy; any additional suggestions
22 or corrections to the minutes; how about will anybody
23 give us a motion to approve the minutes with the
24 correction suggested by Amy to page 19, line 5,
25 correcting the fact that Amy asked the question of

1 Will, not me?

2 Vice-Chairman Walser: I'll make that
3 motion; Jason.

4 Chairman Wilson: Jason makes
5 that motion.

6 Restoration Committee Chair Browning:
7 Second.

8 Chairman Wilson: Second, Ann;
9 any discussion; all right, all in favor of adopting the
10 minutes thusly, please say aye.

11 (Board Trustees say aye.)

12 Chairman Wilson: Any opposed;
13 all right, we now have an update from the Deputy
14 Secretary of the Department of Natural and Cultural
15 Resources, Jeff Michael, with us here on his home turf
16 at the zoo.

17 Deputy Secretary Michael: So thank you,
18 Chairman Wilson; welcome to not only my home turf, for
19 those of you who know me, I grew up in nearby
20 Albemarle. I still have a farmhouse out there, so I'm
21 like Amy, a native of the Uwharries. So I'm really
22 looking forward to these three days that you will be
23 here. I will apologize -- I apologize in advance. I
24 do plan to be here all three days including that period
25 of the program, but tomorrow morning when you're going

1 to be at Ridges Mountain, I'm going to have to scoot up
2 to Greensboro for a groundbreaking of a biodome at the
3 Greensboro Science Center. Secretary Wilson asked me
4 to represent the department. So I'm going to do that
5 and try to scoot back and join you at Morrow Mountain.
6 I certainly hope I can do that because that truly is my
7 home turf. That's where I grew up right around Morrow
8 Mountain. I hate that I'll miss Ridges Mountain
9 because that was important project that we did with our
10 partners, including the Land and Water Fund, and
11 partnership with the Conservation Fund, private donors,
12 Fred and Alice Stanback, but of course the North
13 Carolina Zoo was a recipient of that money. I don't
14 know if, Will, you have any greetings or wishes --
15 greetings from Pat Simmons, the director, or her team
16 over the next few days. If they were here, they would
17 tell you that the North Carolina Zoo, and you probably
18 know this, is the largest natural habitat zoo in the
19 world, and a big part of that plain comes from the land
20 that they manage through conservation in addition to
21 the six or seven hundred acres that make up what we all
22 know as the zoo, which is the -- are the exhibits
23 themselves. They've got an extensive network of trails
24 just off the premises here. Purgatory Mountain, I
25 think it's about six miles of trails. If you may want

1 to take advantage of them, they're -- they're wonderful
2 Piedmont habitat trails. They also manage, somewhat
3 south of here, the Nichols track, which is a longleaf
4 pine of about 100 acres, Jason, if that's correct.
5 Three Rivers Trust is involved in that along with the
6 Dupont Conservation Program.

7 Vice-Chairman Walser: Correct.

8 Deputy Secretary Michael: And then what
9 you will see tomorrow, Ridges Mountain which is just an
10 extraordinary project that really got started a many --
11 a couple decades ago by the work of the Piedmont Land
12 Conservancy, of course, acquiring the first part of
13 that has been for some time now, and then, of course,
14 The Conservation Fund made the other half of that
15 possible. So, again, I'm pleased that you're here,
16 and, Amy, thank you for your leadership, and we're here
17 and looking forward to the next couple days. I want to
18 also just sort of talk a little bit about what's
19 happening in the department. Will and I touched base
20 beforehand, and normally, I give you an update on the
21 budget, but I'm going to defer that to Will. He's
22 going to share with you in the first part of his report
23 what this year's budget from the Governor and what all
24 this actually means for you as the Land and Water Fund
25 as well as the Natural Heritage Program. Overall, I

1 would say that the budget is more modest. The budget
2 is more modest than what you have seen in recent years.
3 It's a reflection of projections on review that we are
4 expecting. But, nonetheless, there's some good things
5 in there for conservation and natural resource
6 protection, but Will will bring you up to speed on
7 that. But the other thing that I'll mention is many of
8 you recall back in February, Governor Cooper issued
9 Executive Order 305, which is loosely referred to as
10 the national protection of land executive order. And
11 in that, you know, if you understand executive orders,
12 they're really nothing more than directives to
13 executive branch agencies and the work that we do, to
14 really mobilize our attention and focus our energies on
15 certain stated goals and objectives. We can only do
16 that though by partnering with many of partners out
17 there, including our community and other agencies, the
18 Legislature. But the Natural and Working Lands
19 Executive Order 305 that he issued in February, it's
20 really important in terms of the work you do, because
21 in that he sort of harkened back to those of us that
22 have been around for a while, the old million acre
23 initiative that Governor Hunt issued in, I think, 1999,
24 right around 1999 or 2000, that really did mobilize the
25 conservation community across the state to kind of

1 focus our energies on trying to be more aggressive in
2 the work that we do than we have in the past. It goes
3 a little longer than his goals, his challenge, all of
4 what he would do to challenge and create based upon
5 knowledge by the year 2010. Some of the essence I've
6 heard is we didn't quite get there until closer to
7 2020, but we did. And Governor Cooper has now
8 challenged us all to work together to preserve and
9 protect another million acres by the year 2040. Now he
10 went even beyond that, though, and also challenged us
11 to restore an additional million acres of wetlands and
12 forests by the year 2040, and with nod to the
13 importance of urban trees, particularly an era of
14 rising temperatures and moisture and weather effects on
15 trees, to plant an additional million acres -- not a
16 million acres, a million trees in the urban context.
17 So lots of exciting things there, all of us folks saw
18 it. Our department, the Department of Natural and
19 Cultural Resources, is looked upon as the lead agency
20 of that executive order, and what that means is not
21 only working with our partners like the Land and Water
22 Fund and our other state agencies to figure out what we
23 need to do to get there. And now that we just had our
24 first steering committee meeting with Executive Order
25 305 last week, we had to think about how we go about

1 meeting that challenge. Part of that would be creating
2 a baseline for the board and where we currently stand
3 in regards to protected lands and to use that benchmark
4 going forward to measure our progress towards the end
5 goal. So you'll hear more about that as we go forward.
6 It's really exciting. There's all -- there is a few
7 other things there as well, including the Governor
8 building upon Secretary Wilson's native plant policy
9 which was passed last summer or that he issued last
10 summer, and the Legislature also set forth last fall
11 and issued its own legislation about native plants. So
12 there's a lot of focus right now on what we can do as
13 state agencies, state government, to encourage all of
14 ourselves by our actions in the planning and
15 preservation of native plants. So I'll stop there,
16 Will, unless there's something you think I missed.

17 Executive Director Summer: No, sir, I
18 think you covered it.

19 Deputy Secretary Michael: All right,
20 Chairman Wilson, I'll turn it back over to you.

21 Chairman Wilson: Any questions
22 for Jeff while we have him in the hot seat here; we
23 will be seeing you for the next couple of days, so
24 thank you very much. Now I will turn to our Executive
25 Director's update from Will Summer.

1 Executive Director Summer: Thank you, Mr.
2 Chair, and good afternoon, trustees and staff and
3 guests; I'd like to begin by thanking the Zoo and
4 Director Pat Simmons and her staff for hosting us
5 today. Though our meeting is going to run too long to
6 take advantage of the fact that we are here at the Zoo
7 today, we have arranged for tickets for any of you that
8 want to return Thursday after we're done with our
9 business here, and since the weather will be better
10 than today, I would recommend you take advantage of
11 that. So let myself or Terri know, and we'll make sure
12 to get that sorted because it is a spectacular zoo.
13 Just bring your walking shoes. If you want to see it
14 all, we can absolutely make it possible. So since we
15 last met, we received our 2024 applications. We have
16 113 applications, totaling over \$103 million in
17 requests. That's about \$5 million more than last year.
18 Staff are busy reviewing them, and will be -- and we'll
19 look forward to our meeting this fall to report. Of
20 course, we'll have to have a budget before we know how
21 much we will have to spend, and that process is well
22 underway. The bi-annual budget we passed last year
23 increased our recurring funding to \$28 million, and we
24 expect about \$5.8 million in license plate revenue, so
25 we anticipate almost \$34 million for the new -- in the

1 new budget as to date this year. The Governor's budget
2 recommended a recurring increase of \$2 million to bring
3 our recurring number up to \$30 million, and a non-
4 recurring increase of another \$30 million, so that
5 would take us to 60 just in appropriations, though I am
6 not sure the House is going to be quite that generous.
7 Early revenue predictions for next year were over one
8 billion dollars initially, but after April collections,
9 they were reduced to a modest \$799 million, still a
10 gracious surplus. And I think the Legislature
11 continues to signal that they think we're a good place
12 to spend one-time funds. They have faith in our
13 transparent process. They have faith in the decisions
14 that you all make and the implementation from staff, so
15 no reason to think that should change. And I've been
16 here long enough to be in this time of year thinking
17 are we going to get cut and by how much. And the
18 conversation really is almost across the board, how
19 much more can we expect? And that's just a really good
20 place to be in the State budget. It's a good place to
21 be as the State organization that has to pay all of the
22 elected officials. So, you know, it's just a great
23 conversation to have. I haven't heard one person go I
24 wonder if we'll get cut this year. It's all just how
25 much. It's have we been too optimistic, or will we get

1 some of it. So I'm really excited for that. As
2 always, they're trying to get out of town by June 30th.
3 That rarely happens, but my understanding is that this
4 year's budget adjustment process may be somewhat
5 truncated. They may skip a few steps, and there is a
6 chance that we might actually have a budget by June
7 30th. I've said that more times than I can count.
8 This time it might actually happen. Stay tuned. The
9 other big thing we're watching for this year -- this
10 session is the return of the conservation tax credit.
11 We were the first state to enact this in 1983. We were
12 the first state to get rid of it in 2013 during tax
13 reforms. That credit historically leveraged -- lost
14 tax revenue to conservation benefit at nearly 6 to 1.
15 So we got a long bang for the buck as a state in giving
16 up 10-15 million in revenue and then getting five or
17 six times that in conservation benefit. So if it comes
18 back, it will be big for conservation. It will be
19 important for leverage and bargaining sale in our
20 regular cycle grants. And it will also -- and if
21 history is proven to be repeated, mean that our
22 donation to the mini-grant program receives an
23 increased demand, so I'm excited for all that. I
24 understand this is the best chance that we've had to
25 have this conservation tax credit passed in any time in

1 the last decade. There's a lot of folks that are
2 supporting it, including Commissioner Troxler, so we
3 have good bipartisan support on this. And we'll keep
4 our fingers crossed that this comes back. The last
5 legislative item of interest would be the appointment
6 skills, and of particular interest would be the House
7 bill, which I expect an appointment for the seat
8 recently vacated by Greer Cawood. I expect other
9 current trustees up the reconsideration will be
10 reappointed, so stay tuned for that. That usually
11 comes at the end of session, which will be the end of
12 June, early July. Before I conclude I want to take
13 care of a little bit of housekeeping. If time allows
14 today after meeting, we plan to have a brief tour of
15 the stormwater project that we funded here at the zoo
16 in 2006, and tomorrow will be in the field. All you
17 need to do tomorrow is just get on the bus at eight
18 o'clock with your hiking shoes and rain jacket, and
19 we'll take care of the rest, including box lunches and
20 beverages. There is rain in forecast, not
21 surprisingly, and we'll adjust as needed, but at the
22 present, we are planning to continue as scheduled. The
23 only minor adjustment we need to announce is that
24 mealtimes are not exactly what I expected. Breakfast
25 is at 7:30, so I'm going to push back our official bus

1 departure time from 8:00 to 8:15 to give us enough to
2 eat and get on the bus. Fortunately, I already had
3 that 15 minutes built into the schedule anyway, so it
4 shouldn't actually delay us if we're actually on the
5 bus at 8:15. And the other one, dinner will be served
6 at 5:30 both evenings, which means we'll need to adjust
7 our plans slightly, so we don't miss dinner. That's
8 going to leave us plenty of time to play shuffleboard
9 and make it back in time for Jeopardy, so we'll be good
10 there. So with that said, that brings us to date in
11 time for us to see whether we will or will not head
12 back for dinner. And Mr. Chair --

13 Chairman Wilson: Okay.

14 Mr. Womack: Will, early on
15 in your budget discussion, you said the conversation is
16 around how much more we will get. Is that how much
17 more than we got last year or how much more than the
18 recurring amount?

19 Executive Director Summer: How much more
20 than the recurring amount, that's a great question. So
21 our recurring amount, if they don't pass the budget, is
22 \$28 million plus our license revenue. You know, and
23 the conversation is among advocates and partners maybe
24 to ask -- it's just how much more might we get. And it
25 may be -- may be nothing, but there's just no negative

1 talk of that.

2 Deputy Secretary Michael: One thing I
3 will add to the budget conversation since I deferred to
4 Will, and I got to thinking about how some things in
5 the budget that could impact your work that aren't
6 specific to Land and Water Fund, similar state
7 agencies, and one of those is the Parks and Recreation
8 Trust Fund. Very similarly, they are around \$28
9 million in recurring funds like the Land and Water
10 Fund. There's an additional \$2 million in recurring
11 funds for build up to \$30 million, plus the \$30
12 million nonrecurring as well. So I think that's
13 important to show you parks the projects have a low
14 impact to the Land and Water Fund, so it could affect
15 nonrecurring and offset some portion to go to other
16 trust funds.

17 Chairman Wilson: Any more
18 questions related to Will's update?

19 Restoration Committee Chair Browning: Is
20 there -- I'll ask one. Is there any conversation
21 around its progression, the budget's progression?

22 Executive Director Summer: I've not heard
23 anything specific that I can share at the moment, but
24 there may be some related to other structured funds
25 coming our way from previous budgets, but I will share

1 more on that as it materializes.

2 Chairman Wilson: Anything else;
3 okay, thank you, Will; we'll move to the public comment
4 section of our meeting. Before I open the floor for
5 public comments, I'd like to remind our guests that the
6 Land and Water Fund guidelines in the procedures manual
7 states that comments should be limited to subjects of
8 business falling within the jurisdiction of the North
9 Carolina Land and Water Fund. The Fund welcomes public
10 comments on general issues, but comments will not be
11 allowed on individual projects before the Land and
12 Water Fund for funding during the regular meeting.
13 Please limit any comments to three minutes per person,
14 and with that, are there any public comments? Okay,
15 I'm not hearing anybody, or are we getting any hands up
16 or anything?

17 Executive Director Summer: We are not.
18 There are a few folks signed in attendance virtually.
19 Of the two that I spoke with, the two did not indicate
20 they had public comments.

21 Chairman Wilson: Okay, and we
22 will move on to the business portion of our meeting.
23 Item one is consideration of Acquisition Committee
24 recommendations, and I will hand it over to Chair Amy
25 Grissom.

1 Acquisition Committee Chair Grissom: Thank
2 you, John; our committee met in April. We have three
3 recommendations for the board's consideration today.
4 Marissa will be presenting the first two, and, Marissa,
5 if you don't mind me asking, if you could perhaps
6 provide just a brief update like you did at the
7 committee to the full board about where we stand in
8 terms of funding projects on the provisional list as
9 that has some relevance for those first two
10 recommendations.

11 Acquisition Program Manager Hartzler: Happy
12 to.

13 Acquisition Committee Chair Grissom: Thank
14 you.

15 Acquisition Program Manager Hartzler: So
16 I'm very happy to say that acquisition has fully funded
17 all of the projects from 2023. So we made it down the
18 provisional list having funding all of them. A few of
19 -- a few of the projects, I believe it was seven, did
20 end up withdrawing just because the projects could not
21 continue. The landowners had changed their minds, but
22 we did get through the rest of them. And I apologize.
23 I don't have the number right here in front of me, but
24 we made it through, I think, somewhere in the 50s on
25 number of contracts from 2023. So, yeah, all of those

1 -- all of those projects are now funded, which is
2 great, which is a great place with it being May.

3 Acquisition Committee Chair Grissom:

4 Great, so have it with your first item the Donation
5 Mini-Grant allocation.

6 Acquisition Program Manager Hartzler:

7 Fantastic, okay, so good afternoon, everybody; the
8 first item from the Acquisition Committee meeting was
9 revisiting the Donation Mini-Grant Program allocation,
10 and I'll start off with a bit of a recap of where we
11 are currently in the program. So the Board's recent
12 update to the program's guidelines and practices
13 allowed us to sort of relaunch the program and most
14 importantly with that increased cap per award from
15 \$25,000.00 to \$50,000.00 per project. It's also very
16 exciting to note that we've seen applications from
17 organizations that either haven't applied in a long
18 time or -- or new applicants entirely to the program.
19 So I want to thank the field team especially for
20 spreading the word about this program. So there's been
21 a lot of excitement around these changes, so thank you
22 for those at a meeting not too distant. So to give you
23 a sense of where we are with applications this year,
24 you'll see a table on the left with stats, as well as a
25 chart on the right, the blue line there representing

1 the number of applications, the orange bars
2 representing total dollars requested. So you'll see
3 that we are at nine applications for the year, a total
4 request of \$271,000.00 in round numbers, average
5 request of \$30,000.00. That looks initially like it's
6 a bit of a drop-off from last year, but we have one
7 more deadline remaining this year. So while last year
8 we received 13 applications in total for just over
9 \$192,000.00, we do anticipate that the August 15th
10 deadline will have a good bit of demand. So part of
11 that demand is because we did switch to three deadlines
12 a year, and August is really the last opportunity for
13 organizations to get an application in to accept a
14 donation before the end of the 2024 and therefore their
15 landowner get a potential tax benefit. So we're
16 sitting at about \$228,000.00 of the initial \$500,000.00
17 initial allocation remaining. And that means that if
18 you look at the cap or the average, that's funding
19 somewhere between four to seven applications with those
20 remaining funds. I think we just feel like we're going
21 to see more applications in that next deadline in
22 August than we have available. So the committee
23 recommended to the board an additional allocation of
24 \$300,000.00 of license plate revenue and/or returned
25 grant funds to the Donation Mini-Grant Program through

1 October 2024. As a reminder, that would be a total of
2 \$800,000.00 for the Donation Mini-Grant in total for
3 this year, with again those funds rolling back, if
4 they're unspent, into the general pot of funds
5 available for you all to award at the October funding
6 meeting. And again, I just want to note that
7 acquisition has completed the provisional list for this
8 year. So we do have the funds available to make these
9 awards if the applications come in in August, so with
10 that, happy to take any questions.

11 Acquisition Committee Chair Grissom: Any
12 comments at all for Marissa about the Donation Mini-
13 Grant; I mean, generally, it's been just widely
14 supportive. It's a good bang for the buck in terms of
15 money spent and acres conserved, and in this case, it's
16 not going to bump anything provisional list further
17 down and not get funded because we made it to the pot
18 (phonetic), and so it seems a no-brainer to us.

19 Chairman Wilson: Okay, so we
20 have this recommendation coming from the Acquisition
21 Committee to recommend an additional allocation of
22 \$300,000.00 of license plate revenue and/or returned
23 grant funds to the Donation Mini-Grant Program through
24 October of 2024. We don't need a second from that
25 committee recommendation, but we can have discussion

1 before we vote. So now is the time for that. Okay,
2 are we ready to vote? All right, all in favor of the
3 committee recommendation before you, please say aye.

4 (Board Trustees say aye.)

5 Chairman Wilson: Any opposed;
6 okay, thank you; that passes, and back to you, Amy.

7 Acquisition Program Manager Hartzler: Amy,
8 may I interrupt and amend my earlier statement. Marie
9 found the number for me, 67 total acquisition awards in
10 2023. So that's an incredible number.

11 Acquisition Committee Chair Grissom: Thank
12 you, and it didn't mean to put you on the spot before.

13 Acquisition Program Manager Hartzler: No,
14 okay.

15 Acquisition Committee Chair Grissom: Okay,
16 so back to Marissa again for an extension request from
17 the Conservation Fund.

18 Acquisition Program Manager Hartzler: I
19 need just one second to switch my PowerPoints here.
20 Okay; all right, so this next item is with respect to
21 2023-069, the Conservation Fund Sledge Forest. The
22 Conservation Fund has requested a short extension of
23 the grant funds for this project. And just to give you
24 a recap, they originally requested \$7.1 million of an
25 \$18.1 million budget for the conservation of 3,900

1 acres of a 4,000 acre parent tract that you can see
2 here on the map on the right. It is the piece here in
3 red. You can see it's on the Cape Fear River just
4 north of downtown Wilmington. And this project was
5 envisioned as establishing a new park. It would be
6 owned by New Hanover County for a passive recreational
7 park. So the board did approve at the 2023 funding
8 meeting a \$5 million award. So that was the cap that
9 was applied to all projects in 2023, and also added a
10 special condition that these funds were subject to an
11 expiration of May 31st, 2024, with the expectation that
12 any extension request would come directly to the board
13 and include an update on the purchase contract status
14 as well as matching fund security. So while the
15 Conservation Fund does not currently have a purchase
16 contract in hand to date, after award they had made an
17 offer on the property that was unfortunately declined.
18 So they are now awaiting an end of May deadline for
19 another potential buyer that could result in a second
20 chance for them to get the full acreage, the 4,000
21 acres, under contract for conservation as originally
22 presented to the board. So if they were presented with
23 this opportunity, the Conservation Fund would
24 immediately resume work on getting the 4,000 acres
25 under purchase contract. I estimate that would take

1 about 60 days from when they get the green light. And
2 then they would also resume match fundraising, which
3 when their offer was declined, they put those leads on
4 hold to see what would result from the other offer
5 being accepted. So should they reach the end of May
6 and that decision point and there is no path forward
7 for the Conservation Fund to buy and protect this land
8 in the format that was originally presented to the
9 board, then they will return the funds to the Land and
10 Water Fund. I also want to note that there is no 2024
11 application for this property. So if the funds expired
12 or if the board declined accepting the award, then the
13 next opportunity for funds would be through a 2025
14 grant application. So with that the committee did
15 recommend approving extension of the grant award to
16 August 31st, 2024 in the expectation of a significant
17 update for the August Acquisition Committee and board
18 meetings. I can take questions.

19 Acquisition Committee Chair Grissom: So
20 nothing for Marissa; I would just like to say that the
21 committee, you know, in funding this initially felt
22 very strongly that it's an important project that we
23 would really like to see happen, but with these
24 conditions along with this, of course, it's a big ask 1
25 percent match, whatever Marissa was saying, but, you

1 know, extending this through August, again, you know,
2 doesn't tie up the funds, but hopefully this project
3 will be viable, and we move forward. So that's it for
4 me.

5 Chairman Wilson: Okay, thank
6 you, Amy and Marissa; this is coming to us from the
7 Acquisition Committee again. This is a recommendation
8 to approve the extension of the grant award to August
9 31st, 2024 in expectation of a significant update for
10 the August Acquisition Committee and board meetings;
11 any more discussion of this before we vote on it?
12 Okay, and let me ask all in favor of this
13 recommendation, please say aye.

14 (Board Trustees say aye.)

15 Chairman Wilson: Any opposed;
16 okay, thank you, and back to you, Amy.

17 Acquisition Committee Chair Grissom: Okay,
18 so this is the last item from our committee today, and
19 it's an amendment request from the Town of Emerald
20 Isle, which Justin will be presenting. And just a
21 heads up, this is a complicated one, so time to really
22 plug in and pay attention. And I'll just say that the
23 committee has really grappled with this request in
24 depth and more than once, and it was my hope that we
25 could move it from committee to the full board. We did

1 end up voting unanimously on a recommendation, but with
2 that, there are some caveats. We typically have five
3 committee members voting. At this particular meeting
4 in April, we only had three, which was a quorum, but
5 it's a minority of the full board that is making this
6 recommendation. So I just wanted to point that out to
7 you and, you know, we do want to find a way to try to
8 work with the town, but, you know, we have some
9 questions and some unease about this. So we welcome a
10 full and lengthy detailed conversation from all the
11 board members. And with that, I'll turn it over to
12 Justin.

13 Stewardship Manager Mercer: Thank you; so
14 this is 2000B-703, Emerald Isle Woods amendment request.
15 Just as a refresher, I typically start these by giving a
16 little bit of the history of the project itself. Then
17 we'll go through the request at hand and sort of my take
18 on how this request does or doesn't fit within our
19 established conservation agreement amendment guidelines
20 and practices. So as Amy was mentioning, we have been
21 working on this one for quite a while. I think I was
22 first contacted about it back in December of 2022. It's
23 been through at least three committee meetings, I
24 believe, and lots of discussion. I have no doubt there
25 will be plenty more discussion today, but

1 we'll go ahead through here. The project was funded in
2 the year 2000. It's a grant in the amount of 2.4
3 million dollars awarded for the acquisition of
4 approximately 41 acres. I think it's worth pointing
5 out here with a 703 project number, this was a
6 stormwater grant, but because the entirety of that 2.4
7 million dollar award went towards the purchase of the
8 property, we are treating it more like an acquisition
9 grant, which is why it's been through acquisition
10 committee up to this point. In 2002 the state-held
11 conservation easement was recorded on approximately 37
12 and a half acres. A little bit of discrepancy there,
13 the easement says 37.5, but when you look at the
14 survey, a legal description, it includes wetlands that
15 were not included in that original number. So we stand
16 by the 41 acre number, which is what our easement is
17 actually covering. In 2004 the easement was amended
18 once to release 1.1 acres for construction of a
19 municipal water tower. And in 2023, the Town finalized
20 their identification of a need for a new fire and EMS
21 station and submitted that request formally for a
22 second easement amendment for consideration by the Land
23 and Water Fund staff and trustees. So on to the
24 request itself, the Town of Emerald Isle is requesting
25 consideration to amend the existing conservation

1 easement to release three acres to facilitate
2 construction of a state-of-the-art fire EMS response
3 station. The new facility would serve a number of
4 different purposes. It's not necessarily your run-of-
5 the-mill fire station. It would include fire, EMS
6 response, ocean rescue, an emergency operations center,
7 a hurricane response center, and bunk housing for
8 emergency personnel. So this is really intended to be
9 sort of an all-in-one facility to meet all of these
10 different needs. I do have a map on the screen here.
11 The red outline shows the existing easement boundary.
12 This yellow, roughly, rectangle down here is the three
13 acres that the Town is proposing or requesting to have
14 released from that easement. So on to the offer
15 itself, going a little bit out of order here in terms
16 of our guidelines and practices, but in order to see
17 how it fits within those guidelines, we need to know
18 what is being proposed to us, so jumping forward to
19 section four, requirements for approved amendments.
20 Assuming that because we're here at the board, there's
21 at least consideration for approving this. There are
22 certain things that we need to consider as we're going
23 down that path. Specifically in regards to offset of
24 conservation impacts, those guidelines state that
25 exchange of land is preferred to monetary compensation

1 unless deemed impractical. Any proposed exchange of
2 land should be at least three times the acreage of the
3 impact area, of like conservation value as determined
4 by the resource score of the current Land and Water
5 Fund application rating system, and at least equal in
6 monetary value. Proposed exchange land must be
7 restricted to a level equal to or greater than the
8 original conservation agreement. Now so a couple key
9 points there, first, we have expressed a preference for
10 exchange of land. That land must be at least three
11 times the acreage, and it must be at least equal in
12 monetary value. So we want three times the
13 conservation value, and at the very least, we want to
14 make sure that the State is not losing monetary value.
15 So with that in mind, we do have an offer in front of
16 us from the Town. They have offered additional
17 protection of nine plus acres at McLean-Spell Park,
18 which is a little bit further up the island, as offset
19 with the three acres of proposed impact at Emerald Isle
20 Woods. In addition, they are offering one-to-one
21 monetary offset proportional to the Land and Water
22 Fund's original investment for the value of the acreage
23 at Emerald Isle Woods as determined by tax value. So
24 that's a little bit of -- a little bit of an odd fit.
25 It's a little bit of a combination of both, and we'll

1 cover why that is here in just a minute. So looking
2 first at McLean-Spell Park, the first thing that you
3 might notice is there is a Land and Water Fund project
4 number associated with that, 2017-022. So this project
5 was funded by the Land and Water Fund via a direct
6 appropriation in 2017. It was protected with a
7 Declaration of Covenants and Restrictions recorded in
8 favor of the Town on 29.4 acres. So it's not a state-
9 held conservation agreement. We do hold third party
10 rights of enforcement. But it allows for -- that
11 agreement allows for up to 10 acres of maritime forest
12 to be developed for active recreation. So the fact
13 that there are 10 acres that are -- that can be
14 developed for active recreation does demonstrate that
15 there is some amount of conservation value left on that
16 property. However, because we already have money in
17 it, and the remainder of the funding, I believe it was
18 from the Town of Emerald Isle and from the rec program,
19 went towards that money and was counted as match
20 towards our grant. It's staff's opinion there is no a
21 monetary value left in that track for us. So we have
22 potential additional conservation value, but no
23 monetary value. So that's where the addition of
24 monetary offset from the Town toward the land in
25 Emerald Isle, which comes into play, essentially to

1 make sure that the State is not losing monetary value
2 through any potential land swap. The proposal for
3 additional protection here is an overlapping
4 conservation easement recorded in favor of the North
5 Carolina Coastal Federation that would remove the
6 rights to clear and develop for active recreation, but
7 would maintain the right to install a public drinking
8 water well. So this proposal essentially gets us
9 functional protection of an additional nine plus acres
10 of maritime forest at McLean-Spell Park. So just to
11 compare the two briefly here, we've got two maps on the
12 screen. On the left side, we've got Emerald Isle
13 Woods, again, our easement boundary in red, the
14 proposed release area in yellow. And all these other
15 shapes are natural heritage element occurrences. So
16 we'll go through in a little bit more detail in those
17 later, but we certainly have a fair amount of natural
18 heritage value within that proposed release area. And
19 I'll also draw attention to this little circle up here.
20 That is a Painted Bunting element occurrence, which is
21 not specifically within that three acres. But the
22 Natural Heritage Program does indicate to us that it's
23 their opinion that impacts to those three acres would
24 negatively impact the foraging habitat for that species
25 as well. So even though it's not occurring

1 specifically within those three acres, we are
2 considering that as a potential impact. Looking over
3 at McLean-Spell Park, it's a little bit difficult to
4 see on this screen, but we've got our -- or we have the
5 Town's declaration of covenants and restrictions
6 covering that entire property. We do have a fair
7 amount of maritime evergreen forest on this property,
8 as well as some salt shrub down near Archers Creek. So
9 moving on from that, that's sort of the offer in front
10 of us that is under consideration. And so now we have
11 to go through the six considerations for major
12 amendment requests. So the way I typically structure
13 this is I've got each consideration shown in white on
14 the screen and my interpretation of how this request
15 does or doesn't fit with that in orange, so the first
16 consideration being that it must clearly serve the
17 public interest and provide a public or community
18 benefit. So the reason that the Town identified this
19 as a need is they were -- their response plan was
20 reviewed by the state fire marshal, and it was
21 determined that their response times were insufficient
22 for the community. So I've got two graphics on the
23 screen here. The one on top shows their current
24 configuration where they have a center outward model.
25 So in other words, the fire -- the main fire station is

1 in the middle of the island and when they get calls,
2 they are responding outward. So you see a good bit of
3 the eastern side of the island is in this green area.
4 Those are the fast response times. That's what they
5 consider to be adequate response times. The blue areas
6 -- oh, I apologize. I had something pop up on my
7 screen. There we go. The blue areas are the -- those
8 moderate response times, so still determined to be
9 adequate but sort of approaching something that's a
10 little bit longer. And then these yellow areas towards
11 the western side of the island are the slower response
12 times and what they determined with the state fire
13 marshal to be inadequate. What they are proposing is
14 in this lower graphic where they have -- they have
15 another fire station here on the western side of the
16 island and they are proposing this new fire and EMS
17 response station here at Emerald Island Woods. So that
18 allows -- would allow them to adopt an outward center
19 response model, where they're stationed on either side
20 of the island and can respond inward. And what this
21 does is it gives a more equitable distribution of those
22 green response times. We've got better distribution of
23 those blue response times and those yellow times are
24 all but eliminated. So in looking at this and talking
25 with the Town, we've determined the new fire and EMS

1 station would provide for an improved emergency service
2 response plan, more evenly distributed response times,
3 and better protection for the community. So I think
4 that -- for that one consideration at least, it
5 certainly meets the bar for serving public interest and
6 providing a community benefit.

7 Vice-Chairman Walser: Justin, if I
8 may.

9 Stewardship Manager Mercer: Yes.

10 Vice-Chairman Walser: The committee
11 is tired, even tolerate. My in-laws used to have a
12 house on the southern end of the island. And just for
13 some context, it's a two-lane bridge that crosses the
14 Intracoastal Waterway and this is about a 20-mile
15 stretch to Atlantic Beach and Pine Knoll Shores,
16 whatever other beaches, Indian Beach. You've got all
17 these beaches. So what happens is the traffic on
18 Saturday and Sunday backs up on the two-lane road to
19 the main road, every Saturday and Sunday most of the
20 season. I've experienced it. It clogs. There's
21 nowhere to go because it's not just the side. And I
22 think this picture sort of implies it's just an island
23 situation. It's really a Crystal Coast situation, the
24 traffic situation. I just wanted to put that in
25 context. It is a problem. The fire department cannot

1 get to the southern end because of the road stop.
2 There's no other lanes to get a fire truck to through.
3 It's just stopped traffic.

4 Stewardship Manager Mercer: Thank you; I
5 appreciate the excuse to get a drink of water. All
6 right, moving on to consideration number two, has a net
7 positive benefit on the conservation values as
8 determined by the conservation benefit analysis. If
9 you recall at this meeting last year, we adopted a
10 revised version of our amendments, guidelines, and
11 practices, and part of that was codifying this idea of
12 a conservation benefit analysis, something we had been
13 doing informally for a number of years. But now we
14 have a formal process that we go to. And what we've
15 got on the screen is just a visual representation of
16 that process, by which we focus on the resources
17 present both on the site that we are being asked to
18 allow impact to and the potential exchange site. So
19 focusing first on the riparian buffer resources
20 associated with this project, on the left side here we
21 have Emerald Isle Woods. On the right side, we have
22 McLean-Spell Park. At Emerald Isle Woods that three-
23 acre impact area does include coastal wetlands, which
24 are classified as substantial and running through our
25 scoring system would result in a resource score of 25

1 points out of 50 for riparian buffer. Conversely, at
2 McLean-Spell Park, it does border on the southern side
3 of Archers Creek, which is outstanding resource waters.
4 But the existing conservation agreement there does
5 effectively protect that riparian buffer resource. So
6 the additional nine plus acres that's being offered
7 really is not adjacent to that water volume. And so
8 there's no additional riparian buffer value to that in
9 the way we would typically score this project, so did
10 not see it appropriate to assign a riparian buffer
11 value to that proposal. So that results here in a
12 negative 25 point score differential for riparian
13 buffer values.

14 Vice-Chairman Walser: To be clear,
15 because we're talking about active recreation as an
16 option, I don't -- I know the details matter. So in
17 the easement that exists, is there a 100-foot buffer, a
18 150-foot, a 300-foot buffer, regardless of where they
19 put their ball fields? Is there something intact that
20 guarantees that buffer?

21 Stewardship Manager Mercer: Yes, I don't
22 believe there is a specific number tied to it. But it
23 does specify that it must be done in a way to maximize
24 water quality and other conservation values. So that
25 is one thing we've looked at. When we're going through

1 our scoring system, if it -- if a project does not
2 specifically border that water volume, it doesn't get
3 credit. So I don't know that there's -- I don't recall
4 that there's a specific buffer width requirement, but
5 that agreement does protect the immediate buffers that
6 it has. There are no historic and cultural or riparian
7 greenway resources known associated with either of
8 these projects, so we'll skip over those. But we can
9 see there is natural heritage value for both sites. At
10 Emerald Isle Woods, we have the Emerald Isle Woods
11 natural area, which is rated exceptional, which
12 includes interdune ponds element occurrence, which is
13 an S1 occurrence, as well as maritime evergreen forest,
14 maritime swamp forest, and that Painted Bunting that we
15 spoke about earlier. All of this combines to give a
16 resource score of 48 points out of 54 natural heritage.
17 Conversely at McLean-Spell Park, you have the Emerald
18 Isle Archers Creek natural area, which is rated
19 moderate. You've got that same maritime evergreen
20 forest element occurrence that we see at Emerald Isle
21 Woods, and also salt shrub. So that comes out to a
22 resource score of 33. So that's not to say that the
23 maritime evergreen Forest at McLean-Spell Park isn't
24 worth protecting. It certainly is something worth
25 pursuing. But this shows us that the collective value

1 of what we see at Emerald Isle Woods doesn't
2 necessarily stack up favorably next to what would be
3 offered at McLean-Spell Park. Certainly at McLean-
4 Spell Park, we're seeing that additional protection,
5 but the purpose of this conservation benefit analysis
6 is to do our best to quantify what's at each site and
7 see how it compares. So ultimately, that comes out to
8 a score differential of negative 15 points for riparian
9 -- or for natural heritage values. For those of you
10 that are not on the Acquisition Committee, just a quick
11 refresher on how we ultimately score these things, with
12 the resource value, whichever category scores highest
13 in, it gets four points. For any other category that
14 it scores points in, it gets partial credit up to an
15 additional four points, depending on that exact score.
16 So in this case for Emerald Isle Woods, we take the
17 full 48 points for natural heritage, the 25 points at
18 riparian buffer. It equates to an additional 2 points.
19 So we get a total resource score at Emerald Isle Woods
20 of 50 points compared to McLean-Spell Park, which only
21 has the natural heritage, is 33 points. So comparing
22 these two sites, we still get a negative 17 point score
23 differential overall, which again shows us that while
24 there is value to McLean-Spell Park, it's not as good
25 as what we're being asked to give up at Emerald Isle

1 Woods. That said, there is not a lot of maritime
2 evergreen forest left, particularly on that island. So
3 if we are intent on an exchange of land, this is likely
4 the best option that we have left if we want something
5 on that island. The other thing worth pointing out
6 here is that this does a reasonable job at quantifying
7 the resource values, but does not take into account the
8 impacts of additional monetary funds, which are
9 included with this proposal. Moving on, consideration
10 number three does not result in an impermissible
11 private benefit, other than the benefit inherent to the
12 conservation agreement. We are not aware of any
13 impermissible private benefit associated with this
14 request. Number four is consistent with the
15 conservation purposes and documented intent of the
16 conservation agreement. The purposes of the easement
17 are defined as providing environmental protection for
18 surface waters and to protect the wildlife and natural
19 heritage values. Obviously, putting up a fire station
20 does not protect wildlife and natural heritage values,
21 but the offset in McLean-Spell Park does. So even
22 though those resources don't necessarily stack up
23 evenly, there is still something to be said about the
24 additional protection there. The other thing here
25 worth mentioning, the purpose of the original grant --

1 even though the conservation purposes associated with
2 the easement are defined by that document, the purpose
3 of the original grant was to facilitate treatment of
4 stormwater entering Bogue Sound. The proposed project
5 would increase impervious surface, but that would be
6 offset from a stormwater perspective by the
7 installation of an \$850,000.00 dune infiltration
8 system. That has no bearing on this request. It's
9 just an extra piece of information. The Town has this
10 other project in the works anyway, so whether this fire
11 station moves forward or not, they are already in the
12 process of reducing the utilization of Emerald Isle
13 Woods for stormwater management because that's being
14 handled at another offsite location. Number five, to
15 the extent verifiable, is consistent with the
16 documented intent of the donors, other grantors, or any
17 direct funding source. So this acquisition was
18 originally funded by Land and Water Fund and the Town
19 of Emerald Isle with a little bit of a Land and Water
20 Fund donation. We don't have contact from -- for the
21 original landowner, but we are not aware of any
22 objections on that front. So it's really just between
23 the Land and Water Fund at this point and the Town of
24 Emerald Isle. Lastly, we have number six, demonstrates
25 that no practical alternatives exist and that the

1 impacts have been minimized, and this has probably been
2 the biggest focus of discussions up to this point. So
3 I'll give the -- I'll give the Town's response to this
4 one. According to the Town, they established the
5 Emergency Services Task Force in 2021 that was
6 comprised of key department heads, the Emerald Isle
7 mayor, and two appointed commissioners. Despite 18
8 months of coordination with the UNC School of
9 Government, local realty experts, fire service
10 professionals, and other outside consultants, no
11 alternative could be identified. So a couple things
12 worth mentioning there, they did originally explore
13 another site. They had, I think, it was six acres
14 adjacent to the Emerald Isle Bridge that they were
15 considering. Ultimately, they could not come to an
16 agreement on price with that landowner. They had
17 concerns over the terrain and the amount of that
18 property that was actually usable to build the fire
19 station and also concerns about the eventuality that
20 that bridge would have to be replaced and then NCDOT
21 might come knocking for further impacts there. So they
22 deemed that property to be impractical, which left them
23 with Emerald Isle Woods. I did personally look,
24 largely through a desktop review, at other projects or
25 other parcels in the area that seemed to me might be

1 options. One of them, their response was that it was
2 outside of their study area and would not allow them to
3 achieve the desired response times. The other piece
4 that I looked at, turns out it was -- it is currently
5 being utilized for stormwater management for another
6 community. So it was essentially wetland at this
7 point. So the Town is adamant that this is the only
8 option they have left. I did ask them about the
9 potential for condemnation, and for political and other
10 reasons, they did not deem that to be a viable option.
11 We did talk about the potential to reduce the impact
12 below three acres. They did explore a two and a half
13 acre option and kind of pushing back in towards that
14 water tower site. Ultimately their response to that
15 was they felt like it would have a greater impact to
16 the wetlands than if they were to have the entire three
17 acres to work with, the idea being that they don't want
18 to go in and cut every single tree and remove all the
19 natural features. They want to be able to work around
20 some of those features, and the three acres is what
21 they felt would give them that. So they have discussed
22 other options, but in their opinion, there would be
23 greater impact to the conservation values by doing that
24 than if they were to have the three acres. Full
25 disclosure for this group, once we agree to release a

1 portion, there's really not a good way to ensure that
2 they follow through on that. So if we were to -- if we
3 are considering this, we have to approach it from a
4 standpoint that whatever we choose to release or choose
5 not to release, if it's released we have -- we have no
6 control over what they do with it after that. So just
7 to summarize here, the request for Emerald Isle Woods
8 is to release three acres of existing conservation
9 easement that protects coastal wetlands, an
10 exceptionally rated Emerald Isle Woods natural area,
11 interdune pond, maritime evergreen forest, and maritime
12 swamp forest. The proposed offset, McLean-Spell Park,
13 would give us overlapping conservation easement on
14 roughly 29.4 acres and that is to functionally protect
15 that additional nine plus acres from development. The
16 Emerald Isle Archers Creek natural area is rated
17 moderate. We've also got maritime evergreen forest and
18 salt shrub. And the Town has offered approximately
19 \$312,000.00 in monetary compensation based on tax
20 value. This was another point of discussion with the
21 committee, that that \$312,000.00 valuation for tax
22 value seemed really low. And so we did ask the Town to
23 go back and have that three acres appraised before
24 making a decision. So the Town did move forward with
25 that, brought back an appraisal. The original purchase

1 price back in 2002 was just under \$3.5 million. The
2 Land and Water Fund contribution to that was \$2.4
3 million, giving us a percentage of 69.36 percent paid
4 for by Land and Water Fund. The appraisal report
5 looked at that three acres and determined that the
6 highest and best use of that property would be to
7 subdivide it further for residential development and
8 assigned a value for that three acres at just over 1.5
9 million dollars. Applying that 69.36 percent
10 contribution to that gives us a Land and Water Fund
11 share of just over one million dollars for three acres.
12 So obviously that is a significantly larger number than
13 that \$312,000.00 that was offered based on tax value
14 alone. So after much discussion, the committee did
15 come up with a recommendation. It's a mouthful, so I
16 will read through it here for you. I suspect there
17 will be some additional questions or discussion after
18 that. But the recommendation brought forth by the
19 committee is to approve the release of up to three
20 acres at Emerald Isle Woods in exchange for a new
21 easement recorded on McLean-Spell Park that
22 functionally protects the additional nine plus acres
23 subject to active recreational development to be held
24 by the North Carolina Coastal Federation and monetary
25 compensation for Emerald Isle Woods at a rate of

1 \$350,289.00 per acre, which is proportionate to NCLWF's
2 original contribution based on the recently appraised
3 valuation of \$505,000.00 per acre. Any adjustments to
4 the boundaries of the area to be released, as
5 illustrated in the appraisal report, must be approved
6 by NCLWF staff. All expenses associated with the
7 amendment, including but not limited to survey,
8 boundary marking, and recording fees, are the sole
9 responsibility of the Town of Emerald Isle. The Town
10 shall design and manage the EMS Center in such a way as
11 to minimize the impact on the conservation resources of
12 the three acre released property and the adjacent
13 conservation property and to maximize continued public
14 access to the adjacent conservation property. The last
15 thing that I will add in here just as a reminder, all
16 major amendment requests must be affirmed by a two-
17 thirds vote by the board in order to pass. So in order
18 to approve this, it would require a minimum of six
19 votes from the board. And with that, I will turn it
20 back to the committee chair for questions and
21 discussion.

22 Acquisition Committee Chair Grissom: Okay,
23 so it's a lot on the table. This recommendation, the
24 skeletal bit of it came from staff and the three
25 committee on tweaking it to try to move it a little

1 closer to what we were comfortable with. I can't say
2 that in the end we were 100 percent thrilled with all
3 of this, but we did vote unanimously, but there's some
4 talk of continuing to work on tweaking the language.
5 So there might be some, you know, possible amendments
6 that we will -- even on our committee might want to put
7 forward. But really, I just kind of want to know how
8 people feel about it and, you know, ask any questions
9 to Justin; yes.

10 Mr. Williams: Justin, it
11 seems like a lot of time was spent on this.

12 Stewardship Manager Mercer: Yes, sir.

13 Mr. Williams: And good
14 reservation and it looks like they've come up with the
15 best possible solution, I guess, to locate a -- so I
16 was rather surprised to hear is that once it's
17 approved, there's nothing -- nothing you could do, so I
18 see that comment at the bottom here saying it has to be
19 done in a way that minimizes impact the conservation
20 resources of the three acres. So once this is
21 approved, you all don't get to review the site plans or
22 anything like that to try to ensure that that happens?

23 Stewardship Manager Mercer: So I think the
24 intent of putting this in there is to give us the best
25 shot possible at being able to negotiate because

1 ultimately we don't process the -- we don't process the
2 amendment request. We don't release that until --
3 unable we have been paid in full, so until they have --
4 they have protected the additional acreage in McLean-
5 Spell Park, and we have received and deposited a check
6 for whatever amount additional that the board requires.
7 And so that's kind of our -- that's kind of where our
8 ability to negotiate or continue negotiating perhaps
9 comes in because there is still work to be done as far
10 as designing this. There's possibly a scenario where
11 we don't actually release it until we are comfortable
12 with the end result, and I think that's what the -- and
13 please correct me, committee members, if I'm wrong. I
14 think that's sort of the rationale here, is that we --
15 if this were to be approved, it's approved with the
16 understanding that the Town is going to continue
17 working with staff to fine tune things and come out
18 with the best possible end result, but you're correct.
19 Once we officially release something, it's gone. We
20 don't have an easement any more on it. It's difficult
21 for us to have any say once we cross that threshold.

22 Acquisition Committee Chair Grissom: I
23 guess, I would just add a little bit more information.
24 When this first came to us, there was the floating
25 green rectangle over that road frontage from the water

1 tower to the side boarder. That was clarified somewhat
2 in the appraisal, that did get the yellow rectangle.
3 But it's very hard for me to see exactly how much
4 impact there would be those interdunal ponds, which I
5 believe were the S1/G code, which we're never going to
6 get at McLean-Spell Park if we sign the papers. So,
7 you know, my sense is that we really would need a
8 survey to know exactly what's going to be released and
9 with, you know, that prorated per acre amount that they
10 would pay us based on appraisal. So that's where I
11 kind of feel like there's still some nuance in there
12 perhaps about what that survey could look like, what
13 does it protect that maybe thread -- help to thread
14 that needle a little bit to get the Town what they
15 need, but also to protect and minimize impact both on
16 any land we might be releasing and the adjacent
17 property that we still hold because this is also with
18 that appraisal or just going with the map. You know,
19 it also encompasses the public access to all of the
20 land behind that has an existing trail system in the
21 county. Does that help with a little bit of
22 information?

23 Mr. Williams: Yeah, the only
24 question I have is, do you -- because of where the town
25 is located, do you trust them to do the right thing, or

1 do you require them to put some language in there to
2 require them -- that requires you all to approve the
3 site plan, because the way you orient the building, the
4 way you design the parking lot, all of that has to do
5 with potential impact of the property. So that's the
6 only question I have. Do you trust them?

7 Restoration Committee Chair Browning: My
8 head was going in the same direction in terms that it
9 felt like they are very early designing facility, and
10 we could learn more if they were further along. I
11 understand that they wanted us to sign without knowing
12 whether that they have final approval. Is there a way
13 to step back so that we can get more information and
14 have more input before we just release it?

15 Mr. Womack: Yeah, I'm
16 really surprised that they've been looking for property
17 and had this in their mind since '21 and they don't
18 have a site plan or any kind of drawing for the edifice
19 itself. You know, I have -- there's a lot of problems
20 with this at so many different levels. You know, my
21 specifics, number one, we're just going to give them a
22 yellow outline on the property, like we don't have a
23 survey to find out exactly what that is. And secondly,
24 there's no site plan to look like what this -- how this
25 is going to fit on that property, the extension of it.

1 And third, I realize this is not a conservation
2 easement that can be monitored by our partners with
3 boots on the ground, and there will be no validation of
4 how they proceed with what they tell us they're going
5 to do. I see nothing wrong with at least asking them
6 to be a little more specific about that yellow line,
7 rather than just to throw that on an aerial photo and
8 say we want that. You know, what's it going to look
9 like? Where's the weatherboard? Where's the
10 perimeter? Where's the parking lot going to be? How
11 big is the -- is the public going to still have access
12 off of Coast Guard Road, or is it going to be blocked
13 and they've got to go around another way? You know,
14 that -- there's so many things that none of us on the
15 the committee -- I apologize. I wasn't there. I was
16 one of the ones that wasn't there. But I am familiar
17 with this and I was brought up to speed right after the
18 vote was taken. But there's so many little ambiguous
19 things out there that in theory they'll figure that
20 we're not aware of. And this is a big move if we are
21 doing this because it goes totally against the grain of
22 who we are. We save property. We don't degrade it.
23 We don't give permission for it to be degraded. Having
24 said all that, I understand the community value. I
25 understand the politics involved. I get all of the

1 parameters, and I think that's a big consideration. I
2 don't see any reason why we can't expect them to at
3 least come up with a little more details, you know,
4 what they intend to do, rather than just say we want
5 three acres, and we want it there. And then we can
6 make a decision based on that. I just don't feel like
7 we have enough true information necessarily.

8 Mr. Riddle: I agree with
9 David on a lot of that, and I think I was going to
10 focus sort of on that point six, that alternative
11 analysis. You know, this acreage might not be a right
12 of way that might impact something, but we don't have a
13 good central plan to know how many square foot of this
14 building is going to be, and how many square foot of
15 the parking is going to be. How can we even do an
16 alternative analysis to compare to a different site?
17 So to me it seems to fall real short. I think item six
18 for me just gives me a level of concern that they just
19 haven't brought enough to the table.

20 Stewardship Manager Mercer: And for
21 what it's worth, I can only share what the Town has
22 shared with me, and they have told me they don't have a
23 site. That is something we have asked for, so that we
24 have those details. They've told me that they don't --
25 they don't have it, basically the idea being that

1 they're not going to invest those funds into something
2 that they don't know is viable at this site. So beyond
3 that, that's all the information I've been able to get
4 out of them on that. And just for what it's worth,
5 when they first -- when they first approached me on
6 this in December, my initial answer then was the same
7 as my initial answer for any amendment request in a
8 town. But when folks push on that and when they have a
9 case to be made for public benefit, that's when it
10 rises to the level of bringing it to the committee, and
11 that's where -- that's where we ended up on this. I
12 will do my best to answer any other questions you have,
13 but again, I am limited to the information that the
14 Town has given me.

15 Chairman Wilson: I would just
16 like to reiterate what we said in the committee meeting
17 to Justin, which is thank you, thank you, thank you for
18 -- you did it again here, for presenting something so
19 incredibly complicated and serious in such an effective
20 and efficient way; also the sort of shuttle diplomacy
21 you have been doing, gathering needed information from
22 the Town and bringing it back to the trustees who then
23 ask the question in a different way or for additional
24 information and going back. It has really been helpful
25 to us, and we are grateful to you. Also, keeping in

1 mind and at the forefront the importance of public
2 safety, but also the importance of an easement like
3 this; this is -- there is nothing more important that
4 we do as trustees of the North Carolina Land and Water
5 Fund than discuss the possibility of releasing land
6 currently held with an easement. You can make a case
7 that appropriating many millions of dollars is as
8 important, but I would say and I think everybody would
9 agree here, that releasing easement, that is something
10 that always must be incredibly serious for this board.
11 I agree with pretty much everything I've heard from the
12 trustees today. I agree that we can and should try to
13 get additional information about what the plan is and
14 how much land is needed. Would it be possible to pop
15 up our easement amendment policy?

16 Stewardship Manager Mercer: Give me just a
17 minute, and I'll have that set up for you.

18 Chairman Wilson: Okay, I specifically
19 want to go to section five, the requirements of an
20 amendment request. I'll read this one line item out
21 loud just in the interest of time and then maybe it can
22 be popped up on the screen. But section five, item E
23 says that the following is required in an amendment
24 request, explanation of why the plan for this activity
25 cannot be practically accomplished, reduced, or

1 reconfigured to avoid the need to amend the
2 conservation agreement or alternatively to better
3 minimize disturbance to the conservation area and its
4 identified conservation values, so as part of the
5 documentation that we have received as part of this
6 request, there is a memo from December of last year
7 from, I believe, the town manager --

8 Stewardship Manager Mercer: Yes.

9 Chairman Wilson: -- in which
10 they talk about the committee, the emergency services
11 task force. It says that the group has determined that
12 the highest and best placement for a new emergency
13 operations center is along Coast Guard Road. The
14 emergency services task force further researched every
15 possible location for the new EOC and fire station.
16 The only location that meets the necessary geographic
17 response criteria is the road frontage at Emerald Isle
18 Woods. I would like for us to ask them for more. That
19 first word, explanation, they've said there's no other
20 place. This is the only place we can go, but they
21 haven't explained what that means. They've said we've
22 researched it. We've looked around, and I believe
23 them. But this is precedent setting. This is
24 important, and the next time somebody comes to us and
25 says, hey, we want to put an emergency response station

1 or whatever, if it was a frisbee golf course we'd say,
2 sorry, but an emergency response station, that gets our
3 attention. And we've looked everywhere else. We need
4 to ask a little bit more about where did you look.
5 What was wrong with the top two or three other places
6 that you looked at? Just give us more. Give -- we
7 need more. And then I think we also -- as David and
8 others have said, we need more about why does it just
9 have to be the three acres, you know, extending that
10 back line from the water tower, 1.1 acres that we
11 already released, extending that line all the way
12 across completely, I'm not going to say cuts off public
13 access, but you're going to have EOC all the way across
14 the rest of that road frontage. Does it have to be all
15 of that? I think we need more about that. I am not
16 only willing to go to Emerald Isle. I want to go to
17 Emerald Isle and stand on this property with whoever
18 the Town wants to be there and ask these questions in
19 person, and maybe this can all be worked out in person.
20 I'm just going to speak for myself. Maybe they could
21 in a -- I don't even know how long, 30 minutes, 60
22 minutes, 90 minutes, two hours. I could walk away
23 there saying, I get it. I'll vote for -- and I'm not
24 even going to say what it is I would vote for, but I
25 think I could vote for something and approve it. But I

1 -- having voted for this in committee, I would like to
2 recommend that we table the committee motion, not vote
3 on it, because frankly, I would vote against it today.
4 And I don't want to -- and I don't want to -- I hope we
5 don't have to vote it down. So I would like to propose
6 that we table it, which as you may all remember means
7 set it aside and return to it if and when the board
8 decides to, which of course we're going to. We're
9 going to get back to this. But I would like to also
10 include some language saying what it is that we feel we
11 need more of, which is additional information about
12 explanation right up there of what's highlighted, and
13 then also about how much of the land is needed. I took
14 the liberty of drafting something just to try to get my
15 own thoughts straight, and we can put it up there, but
16 I think maybe at this point I'll just be quiet and let
17 other people talk, but that's where I am right now.

18 Mr. Williams: I second the
19 motion, and the reason why I do it is because I guess
20 if they've done an analysis to look at different sites,
21 they had to pay for that, right? They paid for the
22 analysis to look at different sites. Then they
23 probably paid for a conceptual plan to see which site
24 works best. And so if they didn't -- and if they
25 didn't pay for that, then they went the easy route.

1 They said, well, this is -- we didn't consider the
2 rest, but I don't know. I don't know what they did,
3 but it seemed to me that as important as this is, that
4 they would be willing to spend the money to do the
5 proper analysis and share it with the this
6 organization.

7 Acquisition Committee Chair Grissom: I
8 would just add that our next board meeting is scheduled
9 for August, so decoupling that it's more business from
10 our big money meeting which is happening a little bit
11 later in October, so that's when we could take pause
12 and get back to it, just to give people some sense of
13 time as we consider potentially tabling, and it sounds
14 like people really want or are looking for a little
15 more specific and nuanced ask that takes into account
16 the natural heritage that would potentially be lost
17 that we're not going to get back from McLean-Spell
18 Park. Does that sound -- sound like what people are --
19 Jason, we haven't heard from you or Mike how you --

20 Mr. Rusher: Yeah, I'll
21 weigh in here. I think I agree with some of the
22 sentiments that were offered, like help us get to the
23 yes.

24 Acquisition Committee Chair Grissom:
25 Right.

1 have you looked at? What research have you done? Open
2 that can up for us to take a look. So I think we've
3 got three things to consider at least for additional
4 information, but overall, you know, help us. Give us a
5 little more information to help us get there, continue
6 moving in this direction. I've, you know -- encourage
7 staff to reach back out and say, hey, it looks like
8 there's some daylight here, but you've got a lot of
9 work to do.

10 Acquisition Committee Chair Grissom: Mr.
11 Walser, I think we haven't heard from you yet.

12 Vice-Chairman Walser: Yeah, I've
13 talked a lot in the committee meeting. I don't want to
14 waste people's time today. Some thoughts that I shared
15 at the committee meeting and I'll share now, you know,
16 if you bought one of those houses next to this nature
17 reserve, now not only is it being developed, but
18 there's sirens and loudspeakers calling you from trucks
19 at three o'clock in the morning, we're all going to be
20 pretty upset, and maybe even at us for allowing that to
21 happen. So I think we have to be -- we have to play
22 defense. I'm proud of us for trying to find a way to
23 get to yes. I'm where everybody else is. I think we
24 need more. We need to be convinced they've made every
25 best effort. At the end of the day, we're all trying

1 to keep people from dying. This isn't just
2 firefighters. This is emergency rescue. This is
3 people drowning. That's what it is, and response time
4 matters in that. And I think everybody knows that, but
5 at the very beginning, Justin, they're boats. There
6 are going to be wheelchairs. There are going to be
7 boats. There's more than just fire trucks in this
8 thing. There's going to be a rescue squad and so on.
9 Our park that we did in Salisbury that I've been
10 working on the last few years is 3.65 acres. Moore
11 Square in Raleigh is four, a little over four. That's
12 a lot of land. I just keep -- everything we're saying,
13 like I think we can find a way to get less than 3 acres
14 and accommodate what they need. Three acres is a lot
15 of land. I'm good with tabling. I'm good with
16 visiting. I'd like to. I think we're heading in the
17 right direction. I'm proud of this board. This is not
18 easy.

19 Mr. Williams: Great work,
20 Justin.

21 Acquisition Committee Chair Grissom: So,
22 Mr. Chairman, I think it's in your hands now, where
23 we're going now that you've heard from the committee.

24 Chairman Wilson: Okay, so this
25 is -- yes, so this is what I drafted, which feel free

1 to make any suggestions for changing it, but to table
2 the motion from the Acquisition Committee regarding the
3 Town of Emerald Isle's conservation easement amendment
4 request, and to request the following from the Town in
5 keeping with section five of our Conservation Agreement
6 Amendment Guidelines and Practices, which is what we
7 put up on the screen a moment ago, particularly with
8 that highlighted section, additional information and
9 assurance regarding the following from the November
10 2023 memo from the Town to Justin. And that's the
11 section that I read that basically says their Emergency
12 Services Task Force after 18 months of comprehensive
13 investigation determined that the best placement is
14 along Coast Guard Road. They researched every possible
15 location for the new station. The only location that
16 meets the necessary geographic response criteria is the
17 road frontage at Emerald Isle Woods. So additional
18 information and assurance, just more, you know that
19 word explanation, which is in our policy, explain what
20 that means, please. And then number two, a more
21 precise understanding of how much land the new
22 operations center will require and what efforts have
23 been made -- that have been or will be made to minimize
24 the amount of land requested and to minimize
25 disturbance to the conservation area and its identified

1 conservation values. Land and Water Fund Board and
2 staff will continue to work with the Town to assist it
3 in satisfying the two above requests, including making
4 trustees and staff available for an on-site meeting at
5 Emerald Isle. So that's something that I could vote
6 for, but if people can think of ways to make it better
7 or different or something else, I'll --

8 Acquisition Committee Chair Grissom: I
9 think I would just suggest perhaps in number two,
10 advising about the plan related to disturbance to the
11 conservation area. Yeah, that I'm totally great with,
12 but I might also add something about continuing to
13 provide access to the remaining property.

14 Chairman Wilson: Yes, like we
15 had in the motion that the committee wrote.

16 Acquisition Committee Chair Grissom:
17 Perhaps, I don't remember the exact language that.

18 Chairman Wilson: Yeah, yeah, no,
19 that last sentence in the --

20 Acquisition Committee Chair Grissom:
21 Because the primary access to all of the trails behind
22 are off Coast Guard Road and would now be impacted by
23 the ask.

24 Executive Director Summer: So something
25 like comma and share access, continue public access to

1 the park.

2 Acquisition Committee Chair Grissom: Yes.

3 Mr. Williams: Well, I think
4 -- you know, one thing I would recommend, I think it
5 starts -- number two starts out saying a more precise
6 understanding, and I think the way to get a better
7 understanding of the site -- so I think just be
8 specific and ask for a site plan because I think it
9 would also help you with the access question.

10 Mr. Womack: I would -- just
11 to build on that, I mean, I'm having trouble coming to
12 grips with how serious they are about this if they
13 haven't even got a site to give you, some type of
14 preliminary site plan. They've got to do it anyway.
15 They are going to have to spend the money at some
16 point. They might want to spend it now, and it would
17 help us get to the yes.

18 Mr. Williams: They may get a
19 local landscaper architect would do it for free.

20 Mr. Womack: I'm not trying
21 to worsen anything, but I agree with Darrel.

22 Mr. Williams: Yeah, right.

23 Mr. Womack: Just be a
24 little -- be a little more specific in number two about
25 how that definition is arrived at.

1 Chairman Wilson: So regarding
2 what Amy said, adding in continuing public access, I
3 think number two could be three parts. I don't know,
4 Justin. Do you want to type? Does somebody want to
5 type this on the fly, or how do we want to -- how do we
6 want to edit this?

7 Stewardship Manager Mercer: Sure, I -- it's
8 okay. I typed it as amend, but I can certainly delete
9 that and start where you had it. I just tacked that
10 onto the end, but I'm happy to delete that and start
11 over if you want.

12 Chairman Wilson: Oh, no, no,
13 that -- I think that's going to be good. So let me
14 tell you what I tried to do here, and what efforts have
15 or will be made to minimize the amount of land
16 requested, to minimize disturbance to the conservation
17 area and its identified conservation values, and to --
18 what you say, to ensure continued, and I said and to
19 maximize continued public access to Emerald Isle Woods.
20 And then I didn't get to the part about adding in the
21 site plan. What I was thinking is tabling this and not
22 being too terribly specific about what we're asking for
23 right now. We follow up with them and -- perhaps with
24 the site visit, et cetera, and then get more into nitty
25 gritty of what we need. But if you all want to add in

1 another sentence or maybe even make it item number
2 three or part of number two that we want to see a site
3 plan, then that's up to you.

4 Mr. Womack: Well, I think
5 as long as there's a consensus from the board that that
6 would be some type of example with the understanding
7 what boundaries are.

8 Chairman Wilson: Yeah.

9 Mr. Womack: That could be
10 in a conversation, just that we would like to have
11 something to look at. You're going to have to do it
12 anyway. Let's see where it's going to sit, how far
13 back it's going to be, the height, and some other
14 things, if they're going to put up radio towers that
15 would be pretty high, so -

16 Stewardship Manager Mercer: I would add
17 one --

18 Mr. Riddle: I'm sorry. I
19 was going to say most developers, they will do a
20 preliminary site plan before they buy a piece of
21 property, do them, so it's a very fair ask.

22 Chairman Wilson: Should we --
23 can you phrase something that we could put on as one
24 more sentence on number two, like do we need to add the
25 word preliminary?

1 Mr. Riddle: Yeah, instead
2 of putting more precise, just say preliminary site
3 plans of how or you can say how much or how the land
4 will be -- how the land -- preliminary site plan.

5 Mr. Hearne: Demonstrating?

6 Mr. Riddle: Demonstrating
7 plans, use, what are the words that we should say?

8 Executive Director Summer: Well, you can
9 put in what the staff would require including a site
10 plan, but it's also not necessary to -- to have the
11 precise language in motion, I think, just regarding
12 staff to relay the --

13 Chairman Wilson: Exactly, and have
14 the staff communicate to the Town.

15 Executive Director Summer: Yes.

16 Chairman Wilson: We're pretty
17 confident the board is not going to approve this unless
18 you show them the preliminary site plan. That was my
19 thinking, and I think --

20 Mr. Womack: I like that.

21 Chairman Wilson: Okay, sort of
22 an inverse approach.

23 Executive Director Summer: Yes.

24 Mr. Riddle: I'm glad we're
25 going this way because it sets a huge precedent that

1 conserved land is just going to become an easier target
2 -- an easier target whether it's in Raleigh or the
3 beach or the mountains. Oh, look, it's right there.
4 It's easy. It's the easy thing. And, you know, I
5 don't know their alternative analysis, and I think the
6 board made this decision, but, you know, we don't want
7 to just make this easy because this is a million dollar
8 out. And if they have to spend \$2 million to do it, I
9 think the taxpayers on the beach -- you know, that's
10 within the budget, and that's the totally correct
11 decision, too. So I really like the way we're going.
12 I know we've got to move on the motion, but I just -- I
13 just can't emphasize the definite precedent setting of
14 this. It's going to come up more and more as North
15 Carolina continues to grow.

16 Mr. Feagan: I will tell you
17 from a legal perspective, I think the board's already
18 moving in that direction, but if you think about any
19 deviation from the normal practice and anything you
20 grant in this situation will be compared to any future
21 denials and consideration of whether it can be
22 arbitrated in the future, so it's something to think
23 about.

24 Acquisition Committee Chair Grissom: Yes,
25 it's a big ask, and I'm glad we're having this form of

1 detailed conversation.

2 Vice-Chairman Walser: And I would
3 start, there aren't many towns with -- it's completely
4 foreseeable for 15 years since they ran out of land and
5 needed another fire station. We've said that before,
6 but it's true which is very frustrating.

7 Chairman Wilson: Okay, so what
8 is the sense of the board here? Do we want to vote on
9 this? Do you want to have more discussion? Do you
10 want to vote on something different?

11 Mr. Williams: I'm okay voting
12 on this, and just let staff work it out.

13 Chairman Wilson: Yes, but I'm
14 going to say again, I really want to go there, and I
15 welcome any other trustees that want to, although I'm
16 not saying that anybody has to, but I really want to go
17 there with staff, and of course, ask Justin a million
18 more questions because he knows this better than
19 anybody, and we're just grateful to him.

20 Stewardship Manager Mercer: For what it's
21 worth, I did -- I did speak with the fire chief
22 yesterday and told him to expect some follow-up of some
23 sort on Thursday. So if this is the direction the
24 board ends up going, I will follow up with him on
25 Thursday, and start -- start the process of trying to

1 identify a time to go down there.

2 Chairman Wilson: Okay, we edited
3 number two, but we edited out loud, so I don't think we
4 need to read that out loud again. Is everybody ready
5 to vote? Okay, all in favor of this alternate motion
6 to table that is before you now, please say aye.

7 (Board Trustees say aye.)

8 Chairman Wilson: Any opposed;
9 okay, thank you; thanks, again, Justin; Amy, any
10 concluding thoughts, any more fun issues?

11 Acquisition Committee Chair Grissom: I
12 would just say how much I respect and appreciate every
13 board member and our fine staff in grappling with
14 issues, and yeah, it's a wonderful board. I happy to
15 be a part of it with all of you.

16 Chairman Wilson: And I will say
17 that it has been said out loud, and I'm sure thought a
18 time or two during a complicated conversation like
19 this, I know I have said, what would Greer do, and --
20 because she's amazing, amazing mind and trustee who we
21 miss. Okay, time to move to the Restoration Committee
22 recommendations, and I'll turn it over to Chair Ann
23 Browning.

24 Restoration Committee Chair Browning: The
25 Restoration Innovative Stormwater and Planning

1 Committee met today at one o'clock, and we were greeted
2 with some good news to be shared. It's kind of fun
3 thing to share after our discussion that Keith
4 highlighted four projects came in under -- either under
5 budget or exceeded the resource impaction that we
6 require in our grants, so that was, you know, nice to
7 know that -- that our partners are out there really
8 giving great packages, so I appreciate that. And then
9 we looked at two requests for extensions, and what I'd
10 thought we'd do, or in consultation with Chairman
11 Wilson, is I can just give you a very brief -- these
12 were both unanimously approved. If anybody would like
13 to detail, to have Steven to go through the slides and
14 share them, do not hesitate to ask that, but since so
15 many of you were part of those conversations, I'll just
16 give you a brief summary. There was -- staff received
17 a request for an extension for 2022-425, North Carolina
18 Coastal Federation Living Shoreline Project, and also
19 an extension for 2022-447 Trout Unlimited, Matthews
20 Creek Waters Pike Passage Project. So the staff gave
21 us some good information. Both projects were tracking
22 towards successful and long time completion they got
23 based on these extensions. Both were relatively high-
24 scoring applications, and really both of the delays
25 are, you know, permitting related or in the case of the

1 Trout Unlimited one because of some delays they ran
2 into, the drought delayed them. So we voted
3 unanimously to -- upon the staff recommendations, to
4 approve these extensions. So that is our
5 recommendation. That was the first report.

6 Chairman Wilson: Okay, thank
7 you, Ann; so this comes to us from the Restoration
8 Innovative Stormwater and Planning Committee, the
9 committee recommending to approve the request from the
10 Coastal Federation for project 2022-425, the deadline
11 to enter into a construction contract to November 30th,
12 2024; also, the request from Trout Unlimited to extend
13 2022-447 until December 31st, 2024; any feeling like
14 people need more information before we can vote on
15 this? Everybody felt about it, are we good? Okay, all
16 in favor of this committee recommendation in front of
17 you, which has two parts to it, please say aye.

18 (Board Trustees say aye.)

19 Chairman Wilson: Any opposed; I'm an aye;
20 any opposed, okay.

21 Restoration Committee Chair Browning: Yes,
22 and then the second business matter we voted on was a
23 request to transfer a grant award by The Conservation
24 Fund project 2022-447 -- 445 and the staff presented
25 this request to transfer contract duties and

1 responsibilities from The Conservation Fund for the
2 Jessup Mill Dam Removal to the Piedmont Conservation
3 Council. The reason for transfer is sort of changes in
4 personnel and we had communications with both The
5 Conservation Fund and Piedmont Conservation Council
6 kind talking about either, you know, the make of this
7 transfer, handing it off and working together to make
8 that happen, and we felt like the Conservation Council
9 had the experience and the staff to be able to
10 successfully complete the project. So if we have
11 questions about the scope and the budget and then any
12 changes that would result as a matter of this transfer,
13 all of the committee members were comfortable with
14 that, this is a request that needs to vote unanimously
15 to support this request for a grant transfer.
16 Questions or do you want to hear more from Steve on
17 this request?

18 Chairman Wilson: Okay, this
19 comes to us from the committee to approve the request
20 to transfer project 2022-445 from the Conservation Fund
21 to the Piedmont Conservation Council; any more
22 discussion of this? It does not need a second, okay,
23 before we vote. All in favor, please say aye.

24 (Board Trustees say aye.)

25 Chairman Wilson: Any opposed?

1 Restoration Committee Chair Browning: That
2 concludes our business.

3 Chairman Wilson: All right.

4 Ms. Browning: It's nice to
5 see Bill Holman tuning in. Bill, obviously glad to see
6 that you're still engaged and then that last agenda
7 item was partly because of your retirement. I hope all
8 is well.

9 Chairman Wilson: Okay, item
10 three on our -- hi, Bill; item three on our business
11 agenda is the allocation of monitoring funds, and I'll
12 kick it over to Justin for this presentation.

13 Stewardship Manager Mercer: You all thought
14 you were done hearing from me. Agenda item three,
15 allocation of monitoring funds, as you recall in recent
16 years the board has contributed a significant amount of
17 additional funding to our stewardship endowment with
18 the intent of using those funds to ensure that we can
19 monitor all of our easements in perpetuity. Part of
20 the strategy for using those funds is to assign as many
21 of those easements -- the monitoring of as many of
22 those easements to our conservation partners for annual
23 monitoring as we can. This year we just have one
24 additional easement that we are looking to assign to
25 Conserving Carolina. We've got several others

1 potentially in the works, and have had some of our
2 partners express interest in knowing what's out there
3 before they agree to take them on. So we are in the
4 process of getting as many of those monitored ourselves
5 as we can, which I'll expand on more here in a few
6 minutes. But as it is now, we have one ready to move,
7 to be assigned, and it's 392 acres of property owned by
8 the City of Brevard, project 2004B-002 Bracken
9 Mountain. It's got nearly four miles of boundary.
10 We're estimating an annual cost of \$700.00, which
11 equates to \$17,500.00 of endowment being assigned. So
12 just to make it clear, this is not a request for
13 additional funds. This is a request to assign or to
14 allocate the funds that we have specifically to this
15 project. With that, the staff recommendation here is
16 to assign \$17,500.00 of unallocated principal in the
17 stewardship endowment for the monitoring of the
18 concentration easement associated with project 2004B-
19 002 to be monitored by Conserving Carolina and
20 reimbursed through their annual monitoring contract
21 with the North Carolina Land and Water Fund. A pretty
22 short agenda item, but happy to answer any questions, I
23 will turn it back to the chair for further discussion.

24 Chairman Wilson: Thanks, Justin;
25 any questions for Justin or discussion of this?

1 and the road are we going to have the accounting
2 efficiency to monitor this? I mean, most endowments
3 wouldn't -- if you're a nonprofit, you wouldn't accept
4 \$17,000.00 as a restricted endowment if you were
5 offered \$700.00 a year for a certain endeavor -- for a
6 certain usage because the accounting issues would be
7 difficult. And, you know, if it had 100 of these or
8 two 200 of these, then it really gets to be a nightmare
9 from an accounting standpoint to keep up with these
10 small amounts. So if this is what we're going to be
11 what we look like going forward for an average of
12 \$500.00 to \$700.00, do we have a procedure where we
13 could monitor these and break them out without putting
14 a lot of stress on the accounting system as we grow?

15 Stewardship Manager Mercer: Yes, we have a
16 database set up that tracks all of this for us. So if
17 this were to be -- if this request were to be approved,
18 I would go in our database, assign this specific amount
19 of principal to that project, and so year after year
20 when I get those monitoring reports and invoices in, I
21 would look at the maximum allowable and make sure we
22 are staying within that amount allotted by the
23 endowment. I'm not sure if that quite got at what you
24 were looking for. Our annual expenses or our annual
25 budget, which we'll talk about a little -- in a little

1 while, is also structured so that we are generating
2 enough interest every year to be able to fully fund our
3 obligations.

4 Mr. Womack: What I'm
5 hearing is that right now this is not an issue to
6 track --

7 Stewardship Manager Mercer: Right.

8 Mr. Womack: -- expenditures
9 of \$500.00 to \$700.00 for the endowment, but just
10 caution you as we grow this and it get to be a million,
11 two million, three million and we've got 50 or 60 of
12 these things, we got to have, you know, procedures in
13 place to be able to track them without creating a lot
14 of stress for the people that have to look at them.

15 Stewardship Manager Mercer: Right, and it
16 is a lot to track, and we'll see more of that here in
17 the next couple of presentations. But I've certainly
18 been in discussions with Will on building capacity
19 within a stewardship program, as well as within the
20 agency as a whole. So we are certainly looking at
21 those things and trying to make sure we are prepared as
22 these things continue to occur.

23 Executive Director Summer: And, David,
24 I'll just have to be clear because I hear your
25 question. We do this same process -- for every single

1 easement we monitor it has a specific to the dollar
2 amount of principal associated with it. So it's
3 already -- it's already in a database, as Justin said.
4 So every one of the several hundred easements he
5 already has monitored has exactly what this number is,
6 just normally it happens at the time to grant award,
7 and now we're kind of going back and trying to sweep
8 some of these old ones with that money that you folks
9 made available last year. But to your point, it is a
10 big task, but we've already done the work with that.

11 Mr. Womack: Okay.

12 Chairman Wilson: And you
13 continue to do more.

14 Executive Director Summer: That's right.
15 Justin does.

16 Chairman Wilson: Okay, any more
17 discussion, and if not, can we have a motion to approve
18 -- a motion to do whatever somebody wants to make a
19 motion to do.

20 Mr. Williams: So moved.

21 Chairman Wilson: Okay, Darrel,
22 you're moving that we approve this, I assume?

23 Mr. Rusher: Second.

24 Chairman Wilson: Any more
25 discussion; okay, this is the motion before you that

1 Justin read out loud, so I'm not going to read it out
2 loud again. There it is in front of you. If there's
3 no more discussion, I'll ask how you vote. All in
4 favor, please say aye.

5 (Board Trustees say aye.)

6 Chairman Wilson: Any opposed; okay,
7 thanks, Justin; back to you again for number four, for
8 the stewardship report.

9 Stewardship Manager Mercer: I'll admit that
10 was a little bittersweet. I love to see the progress,
11 but I would also love an excuse to go visit that
12 property up there. All right, on to our stewardship
13 program report, we'll go through a few things here, but
14 just as a reminder, this is the same report that I give
15 you every year that updates you on what our expenses
16 are, what properties are being monitored, what our
17 violations are, and added last year an update on
18 amendments process within the -- or approved within the
19 last year. So just off the back here looking at our
20 numbers, I will give one big caveat with all of this.
21 This is intended to be a fiscal year '23-24 report, but
22 we are still a month and a half away from the end of
23 the fiscal year. And with all the great work that our
24 partners are doing for us, a lot of times they save
25 those invoices until the end of the fiscal year. So

1 there's a lot of -- a lot of estimation and projecting
2 here, particularly with that monitoring line item.
3 I've got an estimate or a projection here of
4 \$182,600.00 for our monitoring expenses this year.
5 That was figured through a combination of looking at
6 what we've already spent year-to-date and what we still
7 have left on contract. So this number assumes that
8 everything we are still contracting for we're going to
9 spend. In reality, quite a few of those are going to
10 come in under budget, and so these numbers will be
11 adjusted and more accurate as we see the actual numbers
12 come in over the next couple of months. I do have
13 \$23,500.00 listed for management expenses. Most of
14 those have already been done. I've got a couple of
15 outstanding projects there, but am told that all of
16 those management projects aren't going to be completed
17 this year. And I'll expand on what those were here in
18 a few minutes. I do have \$4,000.00 listed there for
19 contingency. That particular project was an emergency
20 survey and boundary marking project that we decided to
21 fund due to an impending timber harvest on a
22 neighboring property. We needed to make sure we knew
23 where that boundary was before they cut timber to
24 ensure that easement was not going to be impacted,
25 still waiting on final invoices for that one, but did

1 approve an expense up to \$4,000.00. I suspect it will
2 come in under budget on that. So that gives us a total
3 projected expense this year of \$210,100.00 for
4 stewardship operating costs. The approved cap that the
5 board approved back last May was \$268,890.00, which
6 shows us we expect to come in well under budget for
7 what was approved last year. Moving on to what that
8 money helped us to accomplish, we currently hold 866
9 easements across the state. 496 of those we anticipate
10 being monitored by our partners, largely through the
11 annual monitoring contracts that we have with those
12 partners, some through MOAs that we had that we had
13 with those partners before money was contributed to our
14 own endowment, and others where the monitoring
15 agreement is just codified in the easement itself. But
16 all in whole, we expect 496 easements to be monitored
17 by those partners. And so to your earlier point,
18 David, we are already tracking nearly 500 projects with
19 those individual endowment amounts assigned to them.
20 We had 22 easements monitored year-to-date by Land and
21 Water Fund staff. I'll touch on that here a little bit
22 more in a second, and I do have zero listed monitored
23 remotely by Land and Water Fund staff. On that zero,
24 that doesn't mean we didn't look at anything. That
25 just means I didn't file a report based on what we

1 looked at. To this point when I'm looking at aerial
2 photography, those photos might not be incredibly
3 recent. So there's a little bit of a limitation as to
4 what we can do with what we have at our disposal right
5 now, but when I have been looking at those, it's either
6 to review it before I go out and do a fiscal monitoring
7 visit. It's to review it before we ask one of our
8 partners to take on the monitoring for us, or I review
9 it and find a potential issue, and so I add it to the
10 top of my priority list for an in-person site visit. I
11 think that's a number that certainly will grow as we
12 build capacity in the stewardship program. So I don't
13 want you to think that zero means we're not looking at
14 aerial imagery and attempting to do some of this. It's
15 just we haven't gotten to the point of filing reports
16 based on those findings because we're doing that
17 otherwise. That 22 number monitored by Land and Water
18 Fund staff, you may remember that is significantly
19 lower than the number I presented to you last year. I
20 think last year we were around 74 projects. I did
21 touch on at that time some of the challenges that we
22 expected to face this year based on capacity. We had
23 this great idea of trying to involve other staff in
24 getting out and doing monitoring for us. And while
25 everybody was really excited about that idea, really

1 wanted to get out and do that work, everybody has
2 capacity issues. So as much as folks love the
3 opportunity to get outside, it just turned out not to
4 be. Last year we did sort of make up for that by
5 having access to Nancy Guthrie who came back part-time
6 to work for us, and she really bolstered our numbers
7 last year. Unfortunately for us, great for State
8 Parks, Nancy did transition into a role with State
9 Parks for a number of months helping them get one of
10 their new grant programs up and running. And so our
11 stewardship -- our monitoring numbers took a little bit
12 of a hit due to that. Nancy was able to get a handful
13 monitored for us last month. But we have been a little
14 bit limited so far this year in what we've actually
15 been able to get out to, or rather what I've been able
16 to get out to and see myself. There is a very real
17 reason for optimism going forward on this, though. As
18 of last week, we hired a new temporary stewardship
19 specialist, Nicolle Montero. She was unable to be here
20 in person today due to a prior commitment, but she has
21 joined virtually today. So Nicolle will be primarily
22 focused on getting out and monitoring these easements
23 over the next 11 months. And so with a month and a
24 half left in the fiscal year, I don't want to over
25 promise what she'll be able to get done, but we're

1 going to see an immediate increase in these numbers
2 between now and the end of June. And certainly going
3 into the next fiscal year, this number should be
4 significantly higher by the time I present to you again
5 a year from now. Management funds this year, we did
6 fund eight management projects. These -- without going
7 project by project, sort of broadly these were projects
8 that will help prevent trespass and encroachment
9 through surveys and boundary markings. I did mention
10 the one emergency project we funded for boundary and
11 survey marking. We funded some surveys on other, or
12 partial surveys rather, other properties to help
13 identify potential encroachments. We paid for the
14 installation of fencing or other boundaries. One who
15 comes to mind, we paid for a more natural spruce hedge
16 to help serve as a more natural barrier there, and we
17 did fund a handful of projects to control -- help
18 control of invasive species and reforest previously
19 cleared areas, so reestablish riparian buffers. On to
20 violations, this is a thing nobody really likes to talk
21 about, but here we are. We've had 37 potential and
22 confirmed violations active in fiscal year '23-24.
23 I'll point out right from the start, 25 of those
24 violations were carried over from previous years.
25 Dealing with violations and ultimately getting to a

1 proper resolution takes time, whether it's identifying
2 a potential violation that we then have to go through
3 the process of confirming, whether it's negotiating
4 with landowners to find the proper resolution, or
5 whether it's seeking legal consultation to help us
6 determine the correct path. These things do take time,
7 sometimes years to find and to find and complete the
8 right solution. Twelve of those 37 violations are new
9 reports this year. That is a little bit of an increase
10 over the last year, which is to be expected as we go
11 out and catch up on some of these that have not been
12 monitored for 20-plus years, so not overly concerned
13 about that number, but as we identify those, we are
14 actively looking for solutions and trying to get those
15 resolved on an appropriate time frame. A couple of
16 other notes here, of those active violations, six were
17 resolved in this year '23-24. That is comparable to
18 the number we were able to resolve last year.
19 A couple of those six were issues that we actually
20 identified through monitoring visits this year, and
21 they were minor. They were solved by having
22 conversations with the landowner and getting a
23 relatively immediate solution. The other four were
24 violations that took a significantly longer amount of
25 time to resolve, largely involving timber harvest and

1 other similar activities, but we were able to kind of
2 put a final check mark on those as a result, so some
3 pretty big things that we made progress on this year.
4 Twenty-five of the confirmed violations that we have
5 are in progress. So we are actively working towards
6 that resolution. And if we were having this meeting
7 two months from now, I suspect that the number of
8 resolved violations would be significantly higher.
9 We're very close on a handful of them, but not quite at
10 the point where I was comfortable calling them done.
11 So we'll have a little bit of an update for you next
12 time we do a stewardship report, and then six of our
13 suspected or potential violations are still in the
14 research phase. So these are situations where we
15 suspect maybe there's an encroachment, but the boundary
16 line isn't well marked. We -- maybe there were
17 calculated points used for a survey instead of having
18 iron pins installed. And so those are, we are actively
19 researching trying to determine whether or not they are
20 in fact violations. I've got this other graphic on the
21 board here, just a visual representation of what types
22 of violations we're dealing with. 43 percent of the
23 violations that we see are third-party violations.
24 Those can be tricky to deal with, but I take solace in
25 the fact that for the most part on those it's not our

1 landowners. It's not the folks that are party to the
2 conservation easement that are running afoul. So
3 that's where the emphasis on proper boundary marking
4 comes in, to help ensure that we're doing everything we
5 can to prevent some of those third-party violations.
6 We've got 30 percent that are vegetation related. In
7 some cases, that's as minor as the neighbor mowed a
8 little bit too far over the line, and we need to make
9 sure that line is being respected. In other cases, we
10 do occasionally run into timber harvests or restoration
11 projects that didn't receive approval, that sort of
12 thing. We'll kind of lump legal, procedural and
13 subdivision together just for the fact that roughly 22
14 percent of violations does not necessarily have an
15 impact to the conservation values. So they are
16 certainly things we don't want to ignore, but they're
17 not necessarily damaging to the resources that we are
18 trying to protect. So sometimes those are particularly
19 for procedural violations. That's a situation where
20 somebody has a reserve right that requires approval by
21 the Fund, and maybe they go ahead and do it without
22 proceeding -- without getting that prior approval. So
23 it's not something that is impermissible under the
24 easement. They just didn't follow the right procedure,
25 and so relatively minimal in that sense, but we do try

1 to go back and correct those as we can. We do have a
2 couple of improvements. I've actually lumped
3 improvements and dumping in that same category. We've
4 just got two of those active right now that we are
5 working to address and get cleaned up. Just a couple
6 of other stats that I want to share with you, the bulk
7 of these violations that were identified fall into
8 either the minor or moderate categories, minor being
9 those that have minimal impacts to conservation values
10 and can be remedied very easily. Those minor
11 violations have measurable impacts to conservation
12 values, but they are at a point where they can be
13 restored back to their original condition. We do,
14 unfortunately, have one major violation that we are
15 working with right now, a major violation being those
16 that have done irreparable damage to a conservation
17 agreement, and I will refrain from sharing the specific
18 details on that at this meeting because we are still in
19 the process of working through our enforcement
20 guidelines and practices. But as that situation
21 develops and we engage trustees as required by those
22 guidelines, we will update you accordingly. The last
23 piece of this report is an update on conservation
24 agreement amendments. This is the piece that we added
25 to this report a year ago, and this year, it's almost

1 not even worth a slide. But I know it's something the
2 board is interested in, so we included just a little
3 bit here. We have only approved two amendment requests
4 this year. Both of those were major amendment requests
5 that went to the board back in December. If you
6 recall, it was -- they were both part of the same DOT
7 bridge replacement on Fishing Creek in Nash and Halifax
8 counties. There's been nothing else that has been
9 approved by staff this year. It was a surprisingly
10 quiet year for DOT projects as far as overlap with our
11 projects goes, so again not even worth a graphic on
12 this slide. In addition to the Emerald Isle request
13 that we are currently working through, I'm currently
14 aware of one additional minor amendment request that's
15 pending. We're still working on the details to that.
16 It's possible that it could be approved before the end
17 of the fiscal year, but I heavily suspect that that
18 will bleed over into next year, and you'll see the
19 update on next year's report. That concludes our
20 stewardship program report. I'm happy to answer any
21 questions and will turn it back to the Chair for
22 discussion.

23 Chairman Wilson: Questions for
24 Justin?

25 Acquisition Committee Chair Grissom: I

1 have one about the management funds. You mentioned
2 eight projects, and how much was spent. I saw in the
3 pie chart later a \$10,000.00 figure. Is that what that
4 one was?

5 Stewardship Manager Mercer: All right, so
6 the one later is for this upcoming year.

7 Acquisition Committee Chair Grissom: I
8 thought so.

9 Stewardship Manager Mercer: The figure that
10 we're working with here, we spent or we intend to spend
11 this fiscal year \$23,500,00. That \$10,000 figure is
12 what we anticipate in the upcoming year.

13 Acquisition Committee Chair Grissom: For
14 next year?

15 Stewardship Manager Mercer: Yes.

16 Acquisition Committee Chair Grissom: So
17 this is '23-24, and how is that prioritized in terms of
18 how do you figure out what gets funded?

19 Stewardship Manager Mercer: Sure, and so
20 usually in the month or so leading up to this meeting,
21 I send out a request or proposals to our conservation
22 partners. That's mostly our land trust partners that
23 are monitoring easements for us. It does go out to a
24 couple of other folks that hold easements, and they are
25 invited to submit requests for projects -- for most

1 projects up to \$2,500.00 per easement. In the case of
2 boundary marking type projects, we'll go up to
3 \$5,000.00, but our partners submit requests. When
4 those come in, I look them over to see what is an
5 appropriate project versus not and weed them out that
6 way. And then as far as prioritizing, we give highest
7 priority to those projects that are going to improve
8 the integrity of our easement. So boundary marking
9 type projects or surveys are going to receive the
10 highest priority because that helps us as the Land and
11 Water Fund to ensure that our easements are being --
12 are enforceable by having good boundary markings.
13 Other projects, such as installation of gates or
14 fences, rank fairly high priority as well if we're
15 addressing a specific known issue with trespass or
16 third-party encroachments. And then the projects like
17 invasive species treatments or reforestation are a
18 lower priority because they are -- while they are
19 beneficial and enhance the resources themselves, we
20 just -- we place a higher priority on those activities
21 that will improve the integrity of our easement
22 boundaries.

23 Acquisition Committee Chair Grissom: Is
24 that \$23,000.00 about what we anticipated in budgeting
25 last year?

1 Stewardship Manager Mercer: So last year,
2 yes, that's what we anticipated.

3 Acquisition Committee Chair Grissom: Okay.

4 Stewardship Manager Mercer: The way it's
5 structured that comes in before I set the budget, and
6 so we can incorporate that into what I've asked you all
7 for approval. That one contention, line item, that
8 \$4,000.00 for surveying boundary marking was not
9 anticipated, and so we funded that out of the extra
10 funds that we had available.

11 Acquisition Committee Chair Grissom: Okay,
12 I'm just trying to learn.

13 Stewardship Manager Mercer: Sure, and I'd
14 be happy to share. We do have a set of guidelines. It
15 doesn't rise to the point necessarily of having all of
16 that outlined in our guidelines and practices manual.
17 But I do have a guideline sheet that I send to our
18 partners that informs them what we will fund, what we
19 won't fund, and how we prioritize those. I would be
20 happy to share that if that's helpful.

21 Chairman Wilson: Justin, the
22 slide that you had that showed the total number of
23 easements and the total -- there you go. Why -- in
24 that second group of 496, why is the word expected in
25 there?

1 Stewardship Manager Mercer: Because we are
2 not at the end of the fiscal year yet, not all of those
3 have been monitored as of May 14th. We've still got a
4 month and a half that they are continuing to do that
5 work. So I can't say they have been done, but we
6 expect our partners to do that before the end of this
7 year.

8 Chairman Wilson: Okay, and then
9 the previous slide, if we would go back one, why is it
10 July 15th because our fiscal year is June 30th, right?

11 Stewardship Manager Mercer: Yes.

12 Chairman Wilson: Why is it July
13 15th?

14 Stewardship Manager Mercer: So the fiscal
15 year ends July 30th. Our monitoring contract runs
16 through June 30th. So they must complete the work by
17 June 30th, but if they complete the monitoring work on
18 June 30th, they're not getting an invoice on June 30th.
19 So we give them that extra two weeks to be able to
20 submit invoices to us, so we can pay that from the
21 previous fiscal year.

22 Chairman Wilson: Thank you.

23 Acquisition Committee Chair Grissom: If we
24 stick with August board meeting with the planning for
25 this year, would it be helpful to bump the stewardship

1 to that meeting instead of the May one, so that we have
2 the end of fiscal year hard number scores?

3 Stewardship Manager Mercer: That's
4 something that we can discuss. It's something that
5 would be probably -- it would be beneficial from the
6 standpoint of having numbers finalized.

7 Acquisition Committee Chair Grissom: But not
8 for the projecting.

9 Stewardship Manager Mercer: Right, it would
10 be challenging as far as being able to set a budget
11 before I have to enter into new monitoring contracts
12 for the next physical year.

13 Acquisition Committee Chair Grissom: Got
14 you.

15 Stewardship Manager Mercer: So it's not a
16 great fit either way.

17 Acquisition Committee Chair Grissom: Yes.

18 Stewardship Manager Mercer: But we work with
19 what we have.

20 Acquisition Committee Chair Grissom:
21 Sounds good, thanks.

22 Chairman Wilson: Any more
23 questions for Justin regarding the stewardship report;
24 you're going to have another shot at time with number
25 five, but anything else on the stewardship report?

1 Okay, Justin, does that wrap that up?

2 Stewardship Manager Mercer: Yes.

3 Chairman Wilson: Okay, our final
4 item on our business agenda is the endowment report and
5 the annual deposit withdrawal request, and this is from
6 Justin also.

7 Stewardship Manager Mercer: Thank you; this
8 is our annual endowment report. A couple things I will
9 go ahead and point out here on the screen, we've got a
10 -- we've got a graphic showing the monthly total value
11 of our endowment in millions from March of '23 to March
12 of '24. Just a quick note on that, we end this -- for
13 sake of this presentation, we end things at March 31st
14 because that is the most recent statement that we have.
15 Statements for April should be coming in any day now,
16 but as far as real numbers go, March is the latest that
17 we've got. So just to point out here, we started at
18 March of 2023 just over nine million dollars in total
19 endowment value. Between March and October, we were
20 largely flat. We had some gains in there followed by
21 losses and that sort of ended us back at that same
22 point. We did start seeing some growth again in
23 October, and you see in December a huge jump. That's
24 that 2.8 million dollars that was approved by the board
25 last September to add to the endowment principal. We

1 got that deposit in December, a little bit later than
2 we had hoped due to some delay in transition to the
3 State's new accounting system, but did get that money
4 into the endowment in December and have continued to
5 gain since then. So our current total value is right
6 around 13.4 million dollars. And so just to -- I'm
7 getting a little bit ahead of myself there. I'll cover
8 that on the next slide. But we are up 4.39 million
9 dollars as of March 2024 over the same time last year.
10 Again, \$2.8 of that was that one time contribution to
11 the board. But we've gained 1.5 million dollars in
12 investment income over the last year for a total amount
13 of investment income of 3.8 million dollars. The way
14 we typically set our budget, though, is based off of a
15 36-month average rather than a 12-month average. So
16 this represents our 36-month average here from April or
17 from -- basically from March of 2021 through March of
18 2024. And so we've got those two big jumps in there,
19 which were the -- that influx of additional principal
20 that the board approved in consecutive years. So we
21 had in October of 2022 the addition of 2.5 million
22 dollars in principal and in December of 2023 the
23 addition of 2.8 million dollars in principal, but are
24 still steadily increasing. And we can see here that
25 our total endowment value in April of 2021 was roughly

1 6.6 million dollars. So over the last three years, we
2 have more than doubled the total value of our
3 stewardship endowment. But taking that 36-month
4 average, we are at right about \$8.2 million. So
5 working with that number of \$8,239,566.00 we -- our
6 practices set a cap in annual spending at 4 percent of
7 that 36-month average. The recommended spending cap
8 for fiscal year '24-25 is slightly below that 4
9 percent, recommending 3.98 percent, which gets us
10 \$328,256.00 for our annual proposed spending.
11 \$218,256.00 of that is what we anticipate for our
12 monitoring contract obligation, both what we've had in
13 past years and what we anticipate or what has closed,
14 rather, within the last year. We are proposing
15 \$10,000.00 for management requests. That is the lowest
16 I've seen in a while, didn't get a whole lot in the way
17 of requests this year, only \$10,000.00, but still
18 suspect we have some good projects in the mix for that.
19 The other number to look at here is the additional
20 stewardship expenses. In the past, we referred to this
21 as contingency. I don't know if that's quite the right
22 word anymore, but as we sort of go forward and start
23 assuming some more monitoring responsibility ourselves,
24 we are going to have more expenses associated with
25 that. So we are proposing an additional \$100,000.00 to

1 fund additional stewardship expenses. That could be
2 surveys and boundary marking for the easements that
3 we're responsible for monitoring. That could be the
4 addition of some more current aerial imagery to
5 facilitate more remote monitoring. That could be other
6 emergency situations as they come up with our partners.
7 For sake of comparison, the DEQ stewardship program
8 sets aside \$250,000.00 each year for boundary marking.
9 So this proposal or this request is still well below
10 what at least one of our sister agencies is spending in
11 a similar capacity. So a couple of things on this next
12 slide, the first thing I want to draw attention to is
13 884 State-held easements. So in the previous
14 presentation, I referred to 866 easements that we had
15 or that we were responsible for and attempting to
16 monitor. This 884 includes all the easements that have
17 been closed within the last -- within the last year or
18 I'm sorry, within this fiscal year, as well as what we
19 anticipate to close within the first couple of months
20 of the new fiscal year. So we are looking at adding 18
21 easements associated with 12 projects that either have
22 closed or will close in the coming months. And the
23 principal to be added to that is \$191,392.00. But we
24 are responsible for 136,000 acres of conservation
25 easement across the state. Just to clarify, that does

1 not include all the many hundreds of thousands of acres
2 that we have funded that are owned by state agencies
3 and subject to nature preserve dedication. That just
4 represents the conservation easements that we are
5 responsible for. So in the table on the left, the
6 first number there is cash reserve. Again, like I said
7 earlier, these are all estimates. And admittedly, that
8 is probably a very conservative estimate of what we
9 will have in cash reserve. I anticipate that actual
10 number to be tens of thousands of dollars higher than
11 that. So rest assured, we will adjust these numbers as
12 things firm up towards the end of the fiscal year. We
13 do anticipate an obligation for monitoring contracts of
14 just over \$218,000.00. We've got that \$10,000.00 for
15 management funds. The proposed additional stewardship
16 expenses of \$100,000.00, again, it's very likely that
17 or it's possible at least that we would not spend all
18 that money. We would only spend -- what we have in the
19 past to accomplish or what is needed throughout the
20 fiscal year. But taking all that into account, the
21 amount to withdraw from the endowment would be just
22 over \$300,000.00. So \$300,000.00 is the amount needed
23 to be withdrawn from investment income to fund
24 operations for the next year. The \$191,000.00 would
25 then be added to endowment principal to cover these new

1 projects that have closed. And then that \$17,500.00 is
2 not factored into these calculations, but just an added
3 note there for what the board earlier today voted to
4 allocate to that Bracken Mountain project. So to put
5 all that in a little bit more context, we've got the
6 structure of how we or how we intend to structure the
7 annual transaction for our endowment. And you'll see
8 another very similar slide of this in a minute.

9 Because of the timing of our annual deposit this year
10 being in December and the time -- the subsequent timing
11 of our reallocation transaction, all that has been
12 done, but recently enough that it isn't yet reflecting
13 on statements. So what I've shown you here is the real
14 numbers of the different funds as of March 31st of this
15 year, and then reflected the actual reallocation
16 transaction that we initiated with the Treasurer's
17 office within recent months. So as of March 31st, we
18 had \$650,000.00 in our bonds, \$5.6 million in our
19 short-term investment fund, and 7.1 million dollars in
20 equities. That gave us a balance for a distribution of
21 42 percent in short-term, 53 percent in equities, and
22 just under 5 percent in bonds. That is significantly
23 out of balance in regards to what our target
24 percentages are. With so much money added to the
25 endowment this year, we had more than enough to move

1 around to get us in balance. So the transaction
2 initiated back in April moved enough money around so
3 that we now have just over a million dollars in bonds.
4 We have 2.9 million dollars in short-term. We have
5 just under 9.4 million dollars in equities for a total
6 endowment value of \$13.4 million, and that got us
7 perfectly in balance with our targets with 70 percent
8 equities, 22 percent short-term, and 8 percent bonds.
9 Building on those numbers with the transaction for the
10 upcoming fiscal year, we have the addition of that
11 \$191,000.00 into endowment principal. We are proposing
12 to put all of that \$191,000.00 in equities and then
13 distributing the withdrawal across all three funds to
14 maintain that 70 percent, 22 percent, 8 percent
15 balance. So we're looking at a deposit of \$191,392.00
16 in equities principal. We're proposing withdrawal of
17 just over \$267,000.00 from investment, income and
18 equities, \$24,000.00 in short-term, and \$8,700.00 in
19 bonds to fund the upcoming operations for fiscal year
20 '24-25. With all of that comes three actions needed,
21 staff recommendations here I will read through and then
22 turn back to the board here for any discussion or
23 questions. Recommendation number one is to authorize
24 fiscal year '24-25 stewardship spending up to
25 \$328,256.00 for monitoring contracts, management

1 awards, and other stewardship operating costs.
2 Recommendation number two is to deposit up to
3 \$191,392.00 into the endowment principal and withdraw
4 up to \$300,256.00 from investment income to fund
5 program expenses. And recommendation number three is
6 to structure the annual transaction between the funds
7 reinvestments to meet the targets set based on prior
8 professional advice based on most current available
9 data when the transaction is made. In other words, the
10 figures that you saw on prior slides are basically a
11 snapshot of where we are today, but as soon as I put
12 those in writing, they were out of date. So as we go
13 through from the time between now and September or
14 October when this transaction actually takes place,
15 those numbers will inevitably be different, but we will
16 update those to reflect the most current available data
17 based on these recommendations. And with that, I'll be
18 happy to answer any questions, and we'll turn it back
19 to the Chair and the board for any discussion.

20 Chairman Wilson: Okay,
21 discussion or questions, everybody got numbers swirling
22 in their head? Can you just, Justin, summarize again
23 for us the distinction between the \$328,000.00, and the
24 \$191,000.00, and the \$300,000.00 figure?

25 Stewardship Manager Mercer: Yes, the

1 \$328,000.00 is what we are proposing for our -- to
2 cover our operating expenses for the next fiscal year.
3 The \$191,000.00 is what is needed from projects that
4 have closed to be transferred from grant funds into the
5 stewardship endowment. So when those projects close,
6 we are obligated to set that stewardship funding aside
7 as principal.

8 Chairman Wilson: The list of
9 eight projects?

10 Stewardship Manager Mercer: The list of 12
11 projects, yes, that we've --

12 Chairman Wilson: Twelve, okay.

13 Stewardship Manager Mercer: Yep, that have
14 closed in the last year, the \$300,000.00 is the number
15 that we need to withdraw from interest because we don't
16 spend principal. We spend interest. That's the amount
17 we withdraw from principal to -- when combined with our
18 anticipated cash reserve, to give us this \$328,000.00
19 for operating expenses.

20 Chairman Wilson: Right, because
21 you've got \$28,000.00 in cash.

22 Stewardship Manager Mercer: Estimated, yes,
23 correct.

24 Chairman Wilson: Okay, got it;
25 thank you.

1 a cash reserve going forward to next year, is that
2 correct?

3 Stewardship Manager Mercer: We likely will
4 because we --

5 Mr. Womack: Likely, okay.

6 Stewardship Manager Mercer: Yeah, because
7 we won't -- we probably won't spend everything that we
8 are obligated to on contracts for.

9 Acquisition Committee Chair Grissom: Just
10 as a quick aside, you know, we generally have just been
11 sticking with the 70, 22, 8. At least that's what we
12 want, but it would be kind of nice at some point to see
13 what the performance those different pots is now with
14 what the trajectory has been as just part of the moving
15 forward from this point.

16 Stewardship Manager Mercer: Sure, and we
17 can certainly do that.

18 Acquisition Committee Chair Grissom: Okay.

19 Stewardship Manager Mercer: For what it's
20 worth, I did have a conversation with the DEQ
21 Stewardship Manager last week, who operates a very
22 similar endowment, and they are following the same
23 strategy, 70, 22 and 8, and theirs has been performing
24 very well.

25 Acquisition Committee Chair Grissom: But

1 just to see what those rates are, going bonds are.

2 Stewardship Manager Mercer: Sure.

3 Acquisition Committee Chair Grissom: Okay,
4 thanks.

5 Chairman Wilson: Okay, we have
6 three action items before us. We can continue
7 discussion. I don't mean to rush our voting or action.
8 Are you all ready to vote? Let's do these one at a
9 time. Is there a motion related to number one?

10 Vice-Chairman Walser: I move to
11 approve.

12 Chairman Wilson: A move to
13 approve from Jason.

14 Mr. Williams: Second.

15 Chairman Wilson: A second from
16 Darrel to approve, the staff recommendation to
17 authorize fiscal '24-25 stewardship spending up to
18 \$328,256.00 for monitoring contracts, management
19 awards, and other stewardship operating costs; any more
20 discussion on that; all in favor, please say aye.

21 (Board Trustees say aye.)

22 Chairman Wilson: Anybody
23 opposed; okay, any more discussion or a motion for
24 number two?

25 Mr. Womack: I'll make a

1 motion.

2 Chairman Wilson: A motion from
3 David to approve; yes.

4 Ms. Browning: I second.

5 Chairman Wilson: Okay, and a
6 second from Ann; any more discussion; all right, this
7 is to approve the staff recommendation to deposit up to
8 \$191,392.00 into the endowment principal and withdraw
9 up to \$300,256.00 from investment income to fund
10 program expenses; any more discussion on that before we
11 vote; okay, all in favor, please say aye.

12 (Board Trustees say aye.)

13 Chairman Wilson: Anybody
14 opposed; all right, that's approved; also, discussion
15 or a motion for number three?

16 Mr. Williams: Move approval.

17 Chairman Wilson: Move approval;
18 is that Darrel?

19 Mr. Williams: Yes.

20 Chairman Wilson: Okay.

21 Mr. Riddle: I second.

22 Chairman Wilson: A second from
23 Clement, any discussion; this is a motion and a second
24 to approve the staff recommendation to structure the
25 annual transaction between the funds' three investments

1 to meet the target set based on prior professional
2 advice based on the most current available data when
3 the transaction is made; any more discussion before we
4 vote; okay, all in favor, please say aye.

5 (Board Trustees say aye.)

6 Chairman Wilson: Anyone opposed;
7 okay, that carries also. We have approved all three of
8 those. And before we adjourn, Will, I bet you've got
9 some logistical announcements.

10 Executive Director Summer: I do, but if
11 you want to adjourn and stop our court reporter, I'll
12 share all of that off the record. I think it needs to
13 be off the record.

14 Chairman Wilson: Sure; okay,
15 anybody want to say anything else on the record, other
16 than a motion to adjourn. Does anybody want to make
17 that?

18 Mr. Womack: I'll make a
19 motion.

20 Chairman Wilson: David.

21 Acquisition Committee Chair Grissom: I'll
22 second that one.

23 Chairman Wilson: Amy second; any
24 discussion; all in favor, please say aye.

25 (Board Trustees say aye.)

1 Chairman Wilson: Opposed, nope; we're
2 adjourned.

3 (The proceedings were concluded at 4:34 P.M.)
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

NORTH CAROLINA

WAKE COUNTY

C E R T I F I C A T E

I, Dona E. Overby, Notary/Reporter, do hereby certify that this Board of Trustees Meeting was taken by me and transcribed under my direction and that the one hundred eleven pages which constitute this Board of Trustees Meeting are a true and accurate transcript.

IN WITNESS THEREOF, I have hereunto set my hand this 22nd day of August, 2024.

Dona E. Overby

Dona E. Overby
Notary Public
Certificate No.: 19971920107