

NORTH CAROLINA LAND AND WATER FUND
BOARD OF TRUSTEES MEETING

Held at the Hotel Ballast
Wilmington, North Carolina

Wednesday, May 16, 2022
1:02 P.M.

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Pages 1 through 108

A P P E A R A N C E S

Board of Trustees:

John Wilson, Chair
Ann Browning
Amy Grissom
Renee Kumor
Mike Rusher
Darrel Williams

(via phone)
Jason Walser

Staff:

Zoe Hanson Burnet, DNCR Legal Counsel
Phil Feagan, DNCR Legal Counsel
Will Summer, Executive Director
Terri Murray, Restoration Program Assistant
Steve Bevington, Restoration Program Manager
Marissa Hartzler, Stewardship Program Manager
Marie Meckman, Acquisition Program
Justin Mercer, Eastern Field Representative
Damon Hearne, Western Field Representative
Chelsea Blount
Jill Fusco

P R O C E E D I N G S

1:02 P.M.

1
2 Chairman Wilson: Hello, I would like to
3 call today's meeting of Board of the North Carolina
4 Land & Water Fund Trustees to order. I am John Wilson,
5 the Board Chair. I would like to welcome everyone who
6 is here in person today and with us by phone or
7 otherwise. Jason, can you hear us?

8 Acquisition Committee Chair Walser: Yes.

9 Chairman Wilson: It's really great to be
10 back together in person after such a long time of
11 virtual meetings. I'd like to ask everyone to please
12 remain vigilant about COVID both for your own safety,
13 our own safety, and the safety of those around you.
14 It's widely known that cases are spiking up. I have
15 taken my mask off for the sake of the court reporters,
16 and I'm going to put it back on when I'm finished
17 talking. So now we ask everyone to please make sure
18 your mobile phones and computers won't make any noise
19 unless you are recognized to speak, and with that, I'll
20 call the roll of our Trustees; Ann Browning?

21 Vice-Chairman Browning: Here.

22 Chairman Wilson: Greer Cawood is not with
23 us today.

24 Chairman Wilson: Amy Grissom?

25 Ms. Grissom: Here.

1 Chairman Wilson: Renee Kumor?

2 Restoration Committee Chairman Kumor: Here.

3 Chairman Wilson: Mike Rusher?

4 Mr. Rusher: Here.

5 Chairman Wilson: Jason Walser?

6 Acquisition Committee Chairman Walser: Here.

7 Chairman Wilson: Jason is here; Darrel
8 Williams?

9 Mr. Williams: Here.

10 Chairman Wilson: David Womack will not be
11 with us today, and John Wilson is here. All right,
12 General Statute 138A-15 mandates that the Chair inquire
13 as to whether any Trustee knows of any conflict of
14 interest or the appearance of a conflict of interest
15 with respect to matters on the agenda. If any Trustee
16 knows of a conflict of interest or the appearance of a
17 conflict of interest, please state so at this time.
18 Okay, on our -- I'm sorry. I will now entertain any
19 suggested revisions or additions to the agenda.
20 Hearing none, I will entertain a motion to adopt
21 today's agenda.

22 Mr. Williams: So moved.

23 Chairman Wilson: So moved, Darrel.

24 Restoration Committee Chairman Kumor:

25 Second.

1 Chairman Wilson: Second, Renee; thank you;
2 any more discussion about the agenda; all right, I will
3 call the roll; Ann Browning?

4 Vice-Chairman Browning: Yes.

5 Chairman Wilson: Amy?

6 Ms. Grissom: Yes.

7 Chairman Wilson: Renee?

8 Restoration Committee Chairman Kumor: Yes.

9 Chairman Wilson: Mike?

10 Mr. Rusher: Yes.

11 Chairman Wilson: Jason?

12 Acquisition Committee Chair Walser: Yes.

13 Chairman Wilson: Darrel?

14 Mr. Williams: Yes.

15 Chairman Wilson: And John is a yes. Today
16 we have a single item on our Consent Agenda which is
17 the approval of the minutes from our March 2022 board
18 meeting. Is there any discussion regarding the
19 minutes, any suggestions for modification? Okay,
20 hearing none, I'll entertain a motion to adopt the
21 minutes from the March 2022 board meeting.

22 Vice-Chairman Browning: So move.

23 Chairman Wilson: Ann, thank you.

24 Ms. Grissom: Second.

25 Chairman Wilson: Second Amy, any more

1 discussion about the minutes; all right, how do you
2 vote; Ann?

3 Vice-Chairman Browning: Yes.

4 Chairman Wilson: Amy?

5 Ms. Grissom: Yes.

6 Chairman Wilson: Renee?

7 Restoration Committee Chairman Kumor: Yes.

8 Chairman Wilson: Mike?

9 Mr. Rusher: Yes.

10 Chairman Wilson: Jason?

11 Acquisition Committee Chair Walser:

12 Sorry, yes.

13 Chairman Wilson: Yes; Darrel?

14 Mr. Williams: Yes.

15 Chairman Wilson: And John is a yes, also.

16 All right, we've adopted the minutes, and we will now
17 move to the Executive Director's update, Will Summer.

18 Executive Director Summer: Well, thank
19 you, Mr. Chair, staff, members of the audience, and
20 guests; it's wonderful to be here with you all in
21 person. I want to welcome Mike and Darrel, who we've
22 had them on the Board for quite a while, but this is
23 the first time many of us have got to see them in
24 person, so thank you both for driving down. It's
25 wonderful to see you, and Darrel's from Charlotte, but

1 Mike is from this neck of the woods, as they say, so
2 we're in his back yard right now. I'd also like to
3 take an opportunity to introduce some new staff. Those
4 of you that have been with the Restoration and
5 Acquisitions Committee in recent weeks have heard this,
6 but let me say it again for everybody else. We're
7 really excited. Starting in the beginning of May, we
8 have two new field reps on staff; Chelsea Blount, who
9 came to us from the New River Conservancy and Jill
10 Fusco, who came to us from the Parks -- she was working
11 with the Parks and Rec trust fund in the Federal Land
12 and Water Conservation funding. Both of them come to
13 us with a lot of expertise in what they do, and we're
14 really excited to have them. Also, DNCR has hired a
15 new attorney, Zoe Hanson Burnet, right here to the
16 right of John. She also started at the beginning of
17 May. We're very excited to have her. She will be
18 serving as the real property counsel for the
19 department, which means she'll be working a lot with
20 us, and she's also going to be our lead counsel for
21 this Board, so we're going to be seeing a lot of her as
22 we meet and in person. Today's agenda, we've got a lot
23 of exciting things. We have three committee reports,
24 including the relatively new Flood Risk Reduction
25 Committee report. That committee has met six times

1 since January. We've got public feedback twice, heard
2 from numerous experts, and over, I believe, five
3 different drafts of the guidelines and the rating
4 system. So I'm really excited that all of that hard
5 work is coming to fruition and that today they get to
6 report -- to their report today, and hopefully by the
7 end of the afternoon we'll have that program officially
8 adopted and in place, and so thanks to the Flood Risk
9 Reduction Committee members. They've had a very busy
10 spring; thanks to Steve, the staff member, for who most
11 work. So we're excited to kind of have a live date as
12 well. In addition, we will read the Annual Stewardship
13 Report. This is really critical. There's -- there
14 will be a lot of numbers. It's a lot to digest, but I
15 can't overstate how important the stewardship program
16 is, and what it does. It essentially protects our
17 investment in conservation and perpetuity. So getting
18 past -- funding projects is step one, and so it's so
19 important, and I'm really looking forward to everybody
20 being involved in that presentation. Finally, I'd like
21 to talk about the budget. I am going to pass it to the
22 expert when that time comes, but before we do, let me
23 tell you a little bit about where we are today. Our
24 current appropriation as it has been for many years
25 13.2 million for this fiscal year, this coming fiscal

1 year we have additional fourteen million of
2 nonrecurring funds, and an additional 37.5 in State
3 Capital Infrastructure funds, and to date about 5.3
4 million in revenue from license plates and unspent
5 grant funds from the last cycle in grants. All totaled
6 as we sit today, we have seventy million independent of
7 any new budget action that will pass, so what Deans
8 going to tell you is all on top of that if it were to
9 go through both houses and passes as the budget. So
10 I'm going to put that in perspective. That still
11 doesn't get us to where we were fifteen years ago.
12 It's a lot of money, sounds like a lot of money. It
13 absolutely is, but it still doesn't get us to where we
14 were at in 2006 and 2007. Land cost has increased
15 substantially in those fifteen years, and we have 177
16 million in request before us right now. So it's a big
17 number. I'm excited for it. So it's something that
18 looks like if the Governor's budget passes, we can put
19 it to good use. And again, it sounds like a lot, but if
20 we've got a lot, no pun intended, we've got a lot of
21 ground to make up. So with that said, I'm pleased to
22 turn it over to Deans to tell you a little bit about the
23 Governor's budget.

24 Chairman Wilson: Thanks, Will; thank you.

25 Mr. Eatman: Good morning/afternoon,

1 whatever time it is now, everybody; thank you all for
2 having me; Deans Eatman. I think I've met most of you
3 at least on the screen. If I haven't, then it's nice
4 to meet you. I look forward to spending some time with
5 you today and tomorrow. I'm the Legislative Affairs
6 Director for the department covering all the different
7 divisions, but certainly Land and Water Fund is part of
8 what we do. As you know, when Will emailed you on
9 Saturday, the Governor did make recommendations for
10 adjustments to the current budget last week, that he
11 sent over to the legislature, and the General Assembly
12 will be coming back into session for their short
13 session, technically, this week and then over the
14 coming weeks and really getting underway with the
15 process of formulating revisions to the budget that
16 they enacted in November, and any other short session
17 priorities that they have. I'll try to be brief in the
18 summary of the things that are most relevant to the
19 Land and Water Fund, and then if you have any
20 questions, I'm happy to answer them or talk ad nauseum
21 about the General Assembly any other time that you all
22 might want to talk. First, Will referenced that 13.2
23 million dollar number and the list of places money
24 comes from in the money that you have available.
25 That's the appropriation from the General Assembly from

1 general fund revenue dollars, mostly income tax, sales
2 tax money that the State collects. 13.2 is the amount
3 you currently have. The Governor is recommending that
4 that number be raised to twenty million, so that is
5 about 6.8. There is -- it's a long number. It's not a
6 round number. I like to talk in round numbers because
7 it makes make more sense, but it's 6.8 million
8 additional recurring dollars. So that will be this
9 year and then every year in the future, that will
10 become built into the annual budget that you have
11 available to -- to make grant awards. In addition to
12 that, he's recommended twenty million dollars of
13 nonrecurring funding, one-time additional funding in
14 the upcoming fiscal year. That would be available for
15 grants just like normal, kind of like the additional
16 funding that was appropriated in November. We know
17 that the State has nonrecurring funding available
18 currently. We believe that the Land and Water Fund is
19 one of the best places that the State can invest
20 nonrecurring dollars into worthwhile long-term projects
21 that also have relatively low recurring costs to the
22 State for future maintenance and upkeep.
23 And then finally, the Governor has recommended ten
24 million dollars for what will basically be grant
25 funding for peatland restoration and pocosin inventory

1 work. So that's a partnership between the Land and
2 Water Fund and the National Heritage Program, and as
3 you all know, part of our division of land and water
4 stewardship fall in the same house, and that will
5 operate in many ways. You know, this is step one, so
6 we got to, one, convince the legislature that it's a
7 good idea, and then we'll work out the details of the
8 provision and any associated language that goes with
9 the funding, but ultimately, it will look something
10 like the flood plain money that you currently -- you've
11 been talking about over the last few months that was
12 made available in November in the budget was passed
13 last year. So that's going to be instead of the flood
14 plain work for pocosin restoration -- peatland
15 restoration and pocosin. One last thing that I do want
16 to make a note of, it's not specific to the division or
17 to the fund, but I think it's really crucial, and it's
18 not even specific to our department. Crucial across
19 State Government, just like every other workplace and
20 employer in the country, the great resignation has
21 impacted our department. It's impacted Will and his
22 staff, so we are going to really be prioritizing in all
23 of our conversations with the Legislature opportunities
24 and ways that we can make investments into our staff.
25 You know, historically in State Government, that looks

1 like an across board raise a year, 2 percent, 3
2 percent, 4 percent, 5 percent, whatever the number is.
3 We know that there's a two and a half percent salary
4 increase that's going to come to our employees in July.
5 That's thanks to the budget passed in November; that's
6 going to be a big help, but we also know that when we
7 do those across the board raises, sometimes that's not
8 the way to address inequities and long-term built in
9 problems in just when people were hired, and what their
10 jobs are and how those two things have changed over
11 time. So what we're asking for this year is a pot of
12 money, actually a couple, but these are more flexible
13 pots to go in and look at where our staff is currently
14 located within their pay ranges and then try to bring
15 folks into more competitive salaries, to keep the folks
16 that we have. We know we have great staff that are
17 doing good work, and we certainly couldn't do the work
18 that we do for the Land and Water Stewardship without
19 staff, as well as recruit good folks. We have
20 vacancies. Those are going to happen, but we want to
21 make sure that when we have them, we can fill them, and
22 we can fill them with people that are going to do the
23 job well, so finding ways to invest in our staff is
24 going to be a top priority. It's something we talk
25 about very often to the Legislature here in the short

1 sessions. I think I covered it all. Did I miss
2 anything you wanted me to say, Will?

3 Executive Director Summer: That's perfect;
4 thank you so much.

5 Mr. Eatman: Awesome, thank you all so
6 much.

7 Executive Director Summer: Mr. Chairman,
8 that concludes my report.

9 Chairman Wilson: Thank you, Deans, Will,
10 and, Deans, especially thank you for your very active
11 and effective role in the very healthy budgets that we
12 are now working with and the Governor's proposed
13 additions to the budget; thank you very much. We want
14 to thank you in person; thank you. I just want to take
15 a moment to compliment Will, and I'm sure, Steve for
16 the thunder sound effect, which coincided exactly with
17 Will mentioning the flood risk reduction. I know that
18 was not accidental; really impressive work, you guys.
19 Okay, and one last thanks, I had this written down, and
20 I just skipped right over it. I really, really want to
21 thank again our staff who have worked so hard to
22 arrange all of this in Wilmington for us today, so
23 thank you all. Okay, this is now time for members of
24 the public who would like to, to make comments to the
25 Board. Please limit your comments to three minutes per

1 person, and we may have some folks here in person or
2 perhaps somebody virtual called in or is Jason the only
3 one virtual?

4 Executive Director Summer: You have three
5 folks out there. I not seeing anybody coming at the
6 moment.

7 Mr. Holman: I would like to speak.

8 Chairman Wilson: Okay, all right.

9 Mr. Holman: Good afternoon; I'm Bill
10 Holman. I'm the North Carolina State Director of the
11 Conservation Fund. I'm really here today on behalf of
12 Land for Tomorrow Coalition, and my colleague, Will
13 Robinson with the Nature Conservancy, is also an active
14 participate in the Land for Tomorrow Coalition. I need
15 to say, we're very pleased with the General Assembly's
16 budget last year and thrilled that Governor Cooper has
17 queued other additional funding, both recurring and
18 nonrecurring funding for the Land and Water Fund and
19 the other conservation programs, including your partner
20 entity, the Department of Recreation Trust Fund. I
21 just want to say the Land for Tomorrow Coalition is
22 going to work this week making the case to the General
23 Assembly to support the Governor's budget, and that the
24 General Assembly is generous and doing a lot of other
25 conservation projects in the last session, so we'll be

1 looking to those opportunities, and I just want to say
2 we -- we do agree with the Governor that this is a good
3 program to invest both recurring and nonrecurring funds
4 in. And we look forward to working with you going
5 forward; thank you.

6 Chairman Wilson: All right, hearing no
7 additional public comment, we will move to the business
8 section of our agenda, starting with the Acquisition
9 Committee report and recommendations. Jason, we're
10 going to let you talk as much as you want, and then I
11 understand we'll take it to staff.

12 Acquisition Committee Chair Walser: Thank
13 you, Chairman; how am I sounding? Is this a good tone,
14 a good level of volume to be speaking in?

15 Chairman Wilson: Can you talk a little bit
16 louder?

17 Acquisition Committee Chair Walser: I
18 will do my best. How's this?

19 Chairman Wilson: Good.

20 Acquisition Committee Chair Walser: Okay,
21 thank you for accommodating my needs today; my daughter
22 -- I think some of you know, my daughter is a senior at
23 Salisbury High School. She will be going to the award
24 ceremony tonight, the PTSA, which is the Parent Teacher
25 Student Association, will giving out a lot of awards

1 and some scholarships, and it was just a big night. I
2 know all of you understand, but I didn't want to miss
3 the opportunity for fellowship. I have not met Darrel
4 or Mike in person, and I feel bad about that. So I'm
5 going to be driving in tonight, and for those who have
6 had one too many beers or a glasses of wine tonight, I
7 might see you in the corridor of the hotel sometime
8 around midnight, so look forward to meeting you
9 tonight, but more likely tomorrow morning, I'll see you
10 at breakfast. The Acquisition Committee met two weeks
11 ago, and we had a very thorough, I thought very
12 healthy, very appropriate discussion about the three
13 items you're going to hear about. Partly because I am
14 here, and I know it's hard to listen to a presentation
15 via computer, and also partly because the staff really
16 needs to -- needs to describe and explain some of the
17 nuances, and the details of this project, we have
18 decided to let the staff lead on these discussions. I
19 just wanted to basically set the table and say that we
20 really spent a lot of time. I can't remember if our
21 meeting was two or three hours long, but these three
22 items developed a lot of discussion and a lot of
23 feedback. I think everybody on the Acquisitions
24 Committee participated and let their thoughts be known.
25 We wrestled with them. So these, unfortunately, are

1 not going to be quick and easy. You know, the
2 Acquisition Committee makes this recommendation and
3 then we can get out of here. We're going to kind of
4 rehash these because we think it's important that the
5 full board understand the issues we made, although we
6 -- we did, I think, leave that meeting as an
7 Acquisition Committee feeling very confident and with
8 consensus that we have made some good decisions. So
9 with no further ado, I'm going to turn it over to
10 staff. I don't know if Marissa is up next to talk
11 about the Viles Preserve Amendment, and I'll try to be
12 quiet, uncharacteristically.

13 Stewardship Program Manager Hartzler: Good
14 afternoon, everyone; is this an okay volume; perfect.
15 So the first item that came out of the Acquisition
16 Committee meeting is on project 1999B-020 Catawba Land
17 Conservancy Viles Preserve in Catawba County. And this
18 item is coming back to the Board, because in May of
19 2020 there was a request from NextEra, working with
20 Duke Energy, to amend a conservation easement on this
21 property owned by Catawba Land Conservancy to allow for
22 an underground passage of a utility line to connect a
23 future solar facility with the grid. And the
24 Acquisition Committee and the Board did recommend
25 amending this easement to allow for the plan that they

1 had in May 2020. However, this plan has changed
2 slightly, and I'll just summarize. The proposal still
3 does not require any surface alteration to the
4 property. It does not impact the conservation values,
5 which is a big plus for considering this. They are
6 going to use horizontal drilling instead of the more
7 standard above ground utility line. That has not
8 changed. The only elements that have changed with the
9 plan are a slight realignment of the right-of-way.
10 I'll show you what it was when it was approved in May
11 of 2020 and what it is now proposed as of today. They
12 are also giving it a much higher increase in land swap,
13 land that will be dedicated from permanently
14 conservation restriction to Catawba Land Conservancy,
15 and I just want to mention also that Catawba Land
16 Conservancy has reviewed this at both their acquisition
17 and stewardship and their board level and approves of
18 the plan pending approval from the Board. Okay, so
19 this map shows the 2020 land that the Board approved in
20 -- in blue here, you see the Viles Preserve. That is
21 the property that is protected by the State held
22 conservation easements. Adjacent, you see the proposed
23 solar property and the South Fork of the Catawba River
24 between the two properties. The plan was to,
25 approximately in this green area, run a line of about

1 415 feet, again, using horizontal drilling, so under
2 the Viles Preserve essentially coming out and tying to
3 this utility line here. And this would have been a
4 reserved right added to the conservation agreement to
5 allow for this activity, and in exchange, NextEra was
6 going to contribute fifteen acres with at least 100
7 feet riparian buffer along the river. The plan today,
8 again, you see the Viles Preserve in blue, the solar
9 property here on the west, the utility line area has
10 shifted north to cross the Viles Preserve in this area,
11 and then again in this area. It would run along the
12 neighboring property here and, again, continue to be
13 underground all the way to the above ground substation
14 right-of-way. And this would start on the adjacent
15 property well away from the river, and as I said, be
16 underground the entire length. So this does increase
17 the length of the horizontal drilling on the Viles
18 Preserve to about 1,000 feet, but in exchange, and I
19 apologize; this might be hard to see, but now there is
20 additional area here in yellow that constitutes the
21 donation to the Catawba Land Conservancy, 125-acres.
22 So this project does have the couple benefit from
23 providing solar energy to the grid, but also greatly
24 increases conservation along the river and will provide
25 for future opportunities for Catawba Land Conservancy

1 to -- to install and maintain the Catawba Thread Trail.
2 I'm happy to go back to that map, but I just wanted to
3 summarize the committee recommendation, which was to
4 approve the new approximate 1,000 foot alignment
5 proposed by NextEra as well as the 125 acres of
6 additional conservation land to be donated to CLC. I'm
7 happy to take any questions.

8 Chairman Wilson: Okay, if there are no
9 questions for Marissa, can we have -- If we could pop
10 that back up there, just so we can look at it while we
11 vote.

12 Mr. Hearne: Yep.

13 Chairman Wilson: There we go. Ann, do you
14 have the motion? Here we go.

15 Vice-Chair Browning: Yes.

16 Chairman Wilson: Okay, so this comes as a
17 recommendation from the committee to approve the new
18 1,000 foot alignment proposed by NextEra and the 125
19 acres of additional conservation land to be donated to
20 Catawba Land Conservancy. Coming from the committee,
21 we do not need a second, but we can have additional
22 discussion prior to voting. Okay, there is no
23 additional discussion. I'll call names for a vote.
24 Ann, how do you vote?

25 Vice-Chairman Browning: Yes.

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Chairman Wilson: Amy?

Ms. Grissom: Yes.

Chairman Wilson: Renee?

Restoration Committee Chairman Kumor: Yes.

Chairman Wilson: Mike?

Mr. Rusher: Yes.

Chairman Wilson: Jason?

Acquisition Committee Chair Walser: Yes.

Chairman Wilson: Darrel?

Mr. Williams: Yes.

Chairman Wilson: And John is a yes. All right, so it goes back to you now, Marissa, for Valle Crucis?

Stewardship Program Manager Hartzler: To Justin.

Chairman Wilson: To Justin, sorry.

Mr. Mercer: Thank you, and this one the Valle Crucis Conference Center Open Fields Easement amendment request is a little bit unusual for a number of reasons. So I'd like to start here by maybe giving a little bit more history on this project than we might normally go through, but in 2004 an open field's easement was recorded by the North Carolina Department of Cultural Resources as a result of a grant from the Natural Heritage Trust Fund. Since the Natural

1 Heritage Trust Fund awarded was dissolved in 2013, the
2 Land and Water Fund board became the de facto trust
3 fund board for making decisions regarding these
4 projects. So it's a little bit interesting that this
5 was a project that we didn't directly fund, but it now
6 falls to -- to this board to make a decision on this
7 request. So the Natural Heritage Trust Fund did have
8 somewhat similar values to what we consider in our
9 grants today. Among them are riparian buffer
10 resources, which this project certainly has. One thing
11 worth mentioning is that our standard minimum riparian
12 buffer width for acquisition projects today is 300
13 feet. This particular easement only requires a 30 foot
14 buffer, and I'll talk about why that is here in just a
15 minute, certainly values natural heritage elements and
16 natural communities, and then historic and cultural
17 values, which is really one of the major drivers of
18 this particular project. With it being an open fields
19 easement, the reason it's an open fields easement is
20 because of the historic open landscape here associated
21 with agriculture and this -- this historic, this Valle
22 Crucis historic district. So even though we've only
23 got a 30 foot wide riparian buffer, that was really to
24 make sure that they put the focus on the historic
25 values and the cultural value of this property, so a

1 little of a trade-off there, which we do certainly
2 still see sometimes in projects that we fund today. In
3 2021, Restoration Systems, LLC was awarded a contract
4 by the Department of Environmental Quality Division of
5 Mitigation resources to provide compensatory mitigation
6 along Dutch Creek and its tributaries, part of which
7 occur on this property. The existing easement would
8 allow for all of the proposed activities, including
9 mitigation, which is a little bit unusual for a project
10 that this board reviews. But the DMS and U.S. Corps of
11 Engineers require a mitigation easement that is free
12 and clear of any encumbrances. So the take home here
13 is that all of the proposed work -- or all proposed
14 activities are allowed by current easement, but in
15 order for Restoration Systems to be able to get the
16 mitigation credits for the project, our easement must
17 be terminated in favor of a -- and replaced by a
18 mitigation easement. So that brings us to the specific
19 request. Restorations Systems, LLC., on behalf of the
20 landowner, who is the Episcopal Diocese of Western
21 North Carolina, is requesting a termination of 8.54
22 acres of the conservation easement held by the
23 Department of Natural and Cultural Resources. This
24 request would facilitate 853 linear feet of stream
25 restoration, 2,156 linear feet enhancement, and 1.4

1 acres of wetland restoration for creation. In
2 exchange, Restoration Systems is offering to reimburse
3 the Land and Water Fund for the original contribution
4 -- funding contribution plus appreciation. So the
5 graphic that I have on the screen here is basically a
6 survey plat of the property. This light gray color is
7 the existing easement. This darker patched area is the
8 existing 30 foot stream buffer, and the orange outline
9 is the approximate footprint of impact. Two images
10 here, we can see things a little bit better on the
11 right. We have that same shade file of the -- the
12 easement boundary overlaid on top of an aerial image.
13 And so in this orange area of impact, you can see just
14 how narrow that existing buffer is, and these orange
15 areas that would essentially expand that riparian
16 buffer. The image on the left was provided by
17 Restoration Systems, and it really does a good job of
18 providing additional detail on what exactly they are
19 planning to do here. So I want to focus on this area
20 right here. It's labeled UT1, unnamed tributary one.
21 That's where they are proposing a priority one
22 restoration, and for those that may not be as familiar
23 with some of the terminology we use with restoration,
24 when we're looking at a full restoration project, we're
25 looking at -- at -- of addressing the dimension pattern

1 and profile of the stream. So in this scenario, we're
2 taking an existing stream channel that is channelized
3 and moving it to a completely new location, adding in
4 the sensousity that's going to achieve a pattern that
5 more closely resembles the natural conditions. In
6 addition, they're going to do some wetland
7 re-establishment and creation in that area as well.
8 Along Dutch Creek itself, they're primarily going to be
9 focused on enhancing the buffer, so additional buffer
10 plantings, to take that 30 foot buffer out to 50 feet,
11 removing some invasive species, and adding in some in-
12 stream structures where appropriate to increase
13 stability and provide additional aquatic habitat. I
14 won't spend a lot of time here, just to full drone
15 photo. You can really see this area where they're
16 planning priority one restoration. That stream channel
17 will be moved right in the middle of -- of that open
18 space, and essentially you're -- you're gaining that in
19 buffer if this work were to be completed. So I think
20 it's worth pausing here to just briefly chat about
21 easements in general; and this Board reviews projects
22 in the fall of every year and decides to fund some of
23 them. Many of them come with or are protected with
24 State-held easements. When we do that, it's really
25 intended to be a snapshot in time of what this Board

1 and the other parties to that easement want to see
2 correct. Unfortunately, things change. The
3 conservation community in general and this Board have
4 recognized that sometimes changing conditions warrant
5 considering an amendment to -- to a conservation
6 easement. And in that vein, the staff and the Board
7 have created our Conservation Agreement Amendment
8 Policy. That policy outlines six criteria that should
9 be considered for every major amendment. So what I've
10 done here, is I've gone through all six of those, given
11 my interpretation of how this project does or doesn't
12 fit within those six criteria. So the first we have
13 here is that the amendment should clearly serve the
14 public interest and provide a public or community
15 benefit. So we're looking at a stream restoration
16 project, and we fund stream restoration projects
17 ourselves, so we know the benefits that are associated
18 with that, reducing erosion, adding additional aquatic
19 habitat, enhancing that buffer to get better protection
20 of the water quality on that stream. So I think it's
21 -- I think it would be hard to argue against the -- the
22 public benefit there. One thing to consider here,
23 though, is that because this being a mitigation
24 project, if it's not done here, they are obligated to
25 do it elsewhere. So these benefits will be realized

1 somewhere whether this Board approves this request or
2 not. Number two, should have a net beneficial effect
3 on the relevant conservation values protected by need,
4 and that kind of goes a little bit back to the points
5 that I just made. But Restoration Systems provides a
6 lot of information about the uplift that they intend to
7 achieve, but we like to have our own staff evaluate
8 that as well. So we did have Land and Water Fund staff
9 go out to this property, evaluate the condition of the
10 current easement and the stream, and our staff
11 interprets that this stream is currently in moderate
12 need of restoration. So this isn't a project that
13 you're going out and see -- or see pictures in a
14 presentation of these really tall incised banks that
15 are about to flatten at any moment, but we've also
16 discussed within the restoration program, particularly
17 recent years, that there is value to tackling some of
18 these moderately degraded streams early before they
19 reach that sort of an emergency level. So -- sorry,
20 and so there is some value in restoring a moderately
21 degraded stream, and given the narrow width of current
22 riparian buffers, it's very likely that this proposed
23 work would result in positive ecological benefits.
24 Number three, request for the amendment does not result
25 in private benefit other than the benefit adherent to

1 the conservation group. So when we start to talk about
2 restoration work, there is certainly profit to be made
3 that is inherent to be able to -- to realize that --
4 that benefit on the from the restoration. You've got
5 to pay an engineer to design the restoration. You've
6 got to pay a contractor to build it. You've got to buy
7 the plants to -- to recreate riparian buffers, but I
8 think where we kind of stumble a little bit on this one
9 is that all of those things are allowed by the current
10 easement. They can go out and do every bit of that
11 work without touching the easement. And so the issue
12 we run into is that they're requesting a termination to
13 facilitate the mitigation credits. And so we really
14 look at that part of it and determine that the only
15 benefit to, or the only people benefitting from
16 terminating that easement are the folks at Restoration
17 Systems in being able to fulfill their contract with
18 the Division of Mitigation Services. Number four, must
19 be consistent with the conservation purposes and intent
20 of the easement; again, this is an easement held by the
21 Department of Natural and Cultural Resources. Our
22 stewardship staff did review this with them back in the
23 fall and determined that everything that they are
24 proposing is consistent or is allowed within the terms
25 of the existing agreement. Number five, must be

1 consistent with the documented intent of the donors,
2 other grantors, and any direct funding source; so this
3 project was originally funded by the Natural Heritage
4 Trust Fund, the U.S. Department of Agriculture's
5 National Resource Conservation Service, and the Cannon
6 Foundation. I'm not aware of any objections from the
7 Cannon Foundation. I did reach out to the folks within
8 RCS, and they told me that they would not officially
9 review this request or give it any consideration until
10 all other parties for the easement had signed off on
11 it. So basically, they're not going to do an official
12 review until this Board makes its decision. However,
13 they did give us some insight on their process. They
14 indicated to me that they have not typically
15 accommodated this type of request in the past and are
16 unlikely to start doing so now. So again, that's not
17 an official decision, but we were given a little bit of
18 insight on how that review might go. Number six,
19 demonstrate that no practical alternatives exist and
20 that the impacts have been minimized; so with this,
21 went directly to the folks with the Division of
22 Mitigation Services, and they told us that they would
23 -- they would like to see this project completed, but
24 if it can't happen, there are other suitable options
25 for mitigation projects in this watershed, and also

1 indicated that if it's not allowed on this property, it
2 does not prevent Restoration Systems from completing
3 the other mitigation work that doesn't occur on this
4 property. One more thing to consider here is another
5 part of our amendments policy that really governs how
6 we approach approved projects, particularly with this
7 in regards to compensation. And just to take an
8 excerpt from that policy, it says where the approval of
9 the amendment is solely at the Board's discretion, the
10 terms of compensation whether monetary or by land swap
11 should be generously to the favor the North Carolina
12 Land and Water Fund and its conservation interests by a
13 ratio of at least three to one. So Restoration Systems
14 is proposing to reimburse only current fair market
15 value for this partial termination, which does fall
16 short of the policies three to one requirement. And so
17 as Mr. Walser indicated, there was a lot of discussion
18 in committee on this, but ultimately the recommendation
19 was that the committee found that this proposal did not
20 clearly meet the criteria outlined in policy STW-001,
21 and unanimously recommended denying the request. And
22 I'll be happy to take any questions.

23 Chairman Wilson: Okay, any questions for
24 Justin; we have a -- I'm sorry to ask you, Damon, are
25 you driving? Would you mind going back to the --

1 Mr. Hearne: I'm getting there. Yep,
2 there it is.

3 Chairman Wilson: Maybe you can -- so we
4 have a unanimous recommendation from the Acquisition
5 Committee to deny this request. Is there any further
6 discussion on this before we vote; so -- yes, Mike.

7 Mr. Rusher: Justin, thanks for
8 putting all that together; my -- my question is, it
9 seems like you've done an incredible amount of due
10 diligence. As you look back over the years and as to
11 whether a specific instance has or has not adhered to
12 STW-001, are there any other similar requests or
13 circumstances to look at that have gone one way or the
14 other?

15 Mr. Mercer: I think Will or Marissa
16 could probably answer going further back, but will say
17 that that policy -- the agreement or the amendment
18 policy dates back to, what was it, 2010, somewhere
19 around there.

20 Executive Director Summer: Sure, I'll give
21 you a brief history on that. So prior to about 2010 or
22 '11, we didn't have any policy, and then the very first
23 easement amendment policies passed and -- one for a
24 couple projects and -- found some needed improvement
25 and funding -- and I believe it was 2014 when we really

1 reworked the policy and put most of -- the six points
2 that Justin elaborated on came from the from Land Trust
3 Alliance recommendations for easement amendment. And
4 so the policy would have been in place when some of
5 those predetermined points, and we did not put any
6 projects through where it wasn't a DOT bid or wasn't
7 under this -- wasn't the policy of this Board
8 especially. So does that answer your question? Very
9 few projects have gone through since then, none that
10 are exactly how this one is.

11 Mr. Williams: I do have one question,
12 too. Was there any one thing that would have changed
13 your mind? For example, if the funding was three to
14 one, would that have changed anything?

15 Mr. Mercer: That's not really my --
16 my place to -- to answer on behalf of the committee,
17 but from -- and Mr. Walser may want to -- to speak
18 here. But from what I remember, there were -- there
19 were several things that the committee had as reasons
20 to recommend denying the request.

21 Acquisition Committee Chair Walser: Mr.
22 Chairman, may I weigh on this?

23 Chairman Wilson: Sure.

24 Acquisition Committee Chair Walser: Okay,
25 so -- so that's a great question, Darrel, and I want to

1 just give it a context, working for a -- a local land
2 trust, and a few times State conservation easements
3 have been proposed to be amended or extinguished, and
4 I've been squarely against personally and
5 professionally. And -- and in this case, I really -- I
6 know this property. I've -- I've been to the
7 conference center many times, and I wanted to find a
8 way to get there. I can't speak for the rest of the
9 committee, but I think your question is a great
10 question. I really wanted to see the stream improve
11 because I think from an agricultural perspective and a
12 wildlife perspective, that stream could use some TLC.
13 And the third point of the six points in our policy,
14 the third point and the sixth point were the ones that
15 we wrestled with the most, if somebody wants to pull
16 those up or if you can look at one. And for me
17 personally, I can only speak for myself, the no viable
18 alternative was really a challenge for me, because
19 under the terms of our conservation easement that's in
20 place, they could absolutely do a stream restoration
21 now. They just can't do it and get the mitigation
22 credit. So there's nothing that prevents it from
23 happening, and there will be stream improvements
24 somewhere else in the watershed. But I wanted to say,
25 knowing this property, I wanted it, and I use the word

1 TLC. I wanted that stream to get some TLC, because I
2 -- I don't think it's the best management practices
3 currently. I think it functions adequately, but not
4 ideally, and it would be a great demonstration project
5 in front of all the people that visit that center. But
6 when we looked at our -- our two policies, and we can
7 always amend our -- our amendment policy, but when I
8 looked at those policies, I just couldn't get around
9 the sixth point in particular. So that was me. I
10 didn't come into this looking to say no. And in fact,
11 when we had the conversation two weeks ago as the
12 chairman, and I talked to Will beforehand, I wasn't
13 sure how I felt. I wasn't sure how that vote was going
14 to go, and so when we came to this consensus
15 conclusion, it was about an hour, hour and fifteen
16 minutes of conversation about this one issue, and we
17 beat it upside and sideways. And I know it's probably
18 not helpful to listen to me on a computer from far
19 away, but I -- I wrestled with this, too, Darrel, and I
20 really appreciate your question; if anybody else on the
21 Acquisition Committee wants to additional thoughts.
22 Number three and number six were the ones I just
23 couldn't get across, but number six primarily; that --
24 that amendment requirement, I just couldn't get to.

25 Chairman Wilson: I would just like to

1 thank Mike and Darrel for asking those questions
2 because most of this goes along with the vote, and this
3 deserves more discussion and I appreciate you guys
4 initiating that. Will, could you just briefly talk
5 about the distinction between amending an easement and
6 terminating an easement?

7 Executive Director Summer: Correct, so
8 obviously, the physical boundary of this easement would
9 -- the request where it would have to be terminated for
10 those eight -- more than eight acres just to go through
11 and that -- that has a substantial value both in the
12 conservation community and the expectations amongst our
13 partners. We intend for these to be forever in
14 perpetuity with very little superseding that and only
15 from the most unavoidable need, and that's the -- the
16 reason the bar is set so high. Were it to be an
17 amendment that was just add additional writing, but
18 then I think it would be a much easier question for the
19 committee to wrestle with and members of the staff and
20 board as well.

21 Chairman Wilson: Yeah, that was a biggie
22 for me that we were talking about terminating the
23 easement on eight acres; any more discussion?

24 Ms. Grissom: I would just like to add
25 that the mitigation work is still going to happen. In

1 the flood plain there are other --

2 Board Member: We can't hear you over
3 here.

4 Ms. Grissom: My apologies. I was just
5 saying that mitigation work can still happen. In that
6 flood plain, there are other locations where our
7 easement space is intact, it doesn't have to be
8 terminated, but there is beneficial mitigation work
9 that could be done.

10 Chairman Wilson: Okay, any more
11 discussion; okay, so this is coming from the
12 Acquisition Committee, a unanimous recommendation to
13 deny the request. So if you wish to deny this request,
14 your vote should be yes; all right, a little backwards
15 dealing of things; all right, Ann Browning?

16 Vice-Chairman Browning: Yes.

17 Chairman Wilson: Amy?

18 Ms. Grissom: Yes.

19 Chairman Wilson: Renee?

20 Restoration Committee Chairman Kumor: Yes.

21 Chairman Wilson: Mike?

22 Mr. Rusher: Yes.

23 Chairman Wilson: Jason?

24 Acquisition Committee Chair Walser: Yes.

25 Chairman Wilson: Darrel?

1 Mr. Williams: Yes.

2 Chairman Wilson: And John is a yes, also.
3 Okay, moving onto item C of the Acquisition Committee
4 business is the Stewardship Endowment Proposal and back
5 to you, Justin.

6 Mr. Mercer: Thank you, and so I will
7 say again, even though the Acquisition Committee has
8 seen this, I will probably spend a little bit more -- a
9 little bit of extra time on this one because it is
10 pertinent to things that we will discuss later in this
11 meeting. So again, I think it warrants going into a
12 little bit of the history of the fund, particularly as
13 it relates to stewardship. So the fund was created in
14 1996 as the Clean Water Management Trust Fund, and in
15 1997 we recorded our first conservation easement.
16 Jumping forward to 2004, the Board recognized that
17 stewardship was a necessary part of our operations.
18 That's not to say that there hadn't been any thought
19 given to it up to that point, but stewardship was
20 primarily done by our partners. So when a project with
21 the Land Trust was closed, they would often set aside
22 some of that grant money to be added to their own
23 stewardship endowments to facilitate the monitoring and
24 stewardship of those easements and perpetuity. So at
25 this point, in 2004 was really the first time that --

that our

1 program recognized that we needed to take a more active
2 role in that. Up to this point as well, I mentioned
3 that our land trust often set money aside, but we also
4 have local governments and other organizations that did
5 not set some money aside. So there were plenty of
6 easements during this time period that had no money set
7 aside for stewardship at all. In 2005, the Board
8 resolved to establish the North Carolina Conservation
9 Easement Endowment Fund. So this was an opportunity
10 for instead of cutting a check to our partners to
11 monitor perpetuity, we held on to that money in our
12 endowment to make sure that we could pay -- we could
13 fund the stewardship forever. In 2008, we hired our
14 first stewardship staff. The bond investment funds and
15 the short-term investment funds were established, and
16 it was determined that only acquisition easements would
17 be State held. So up until this point in 2008, not
18 only did we have State held easement acquisition
19 projects, we also had State held easements on
20 restoration projects, stormwater projects, and
21 wastewater projects; many of those did not come with
22 built in the stewardship. Moving forward to 2012, the
23 Equity Investment Fund was established and that model
24 has carried us through the next decade to where we are
25 today, and so worth a little bit of a reminder as to

1 what exactly the stewardship program does, so we are
2 responsible for maintaining and improving conservation
3 values protected by State held easements. So when this
4 board decides to fund a project protected with a State
5 held conservation easement, we are obligated to make
6 sure that investment is protected forever. And so
7 that's the primary purpose here is protecting the
8 investments that -- that you are making on behalf of
9 the state taxpayer. To do this, each site is monitored
10 annually through a Memorandum of Agreement or a
11 contract with a local land trust, which allows us to
12 address the easement issues that come up. We can also
13 use some of those funds to fund management activities
14 that help to protect or improve many of these sites,
15 and it's worth pointing out that all of these
16 activities are funded by the income generated from the
17 Stewardship Endowment. So we currently, or at least at
18 the time that I put this presentation together, we had
19 840 State held easements across North Carolina. 428 of
20 these easements are monitored by partners and/or owned
21 other state agencies, so unfortunately that leaves 412
22 easements that have no stewardship funding. And so
23 this is an issue that has really been brought to light
24 in recent years by the work that Marissa has been
25 doing, and we're -- we're at a point where we recognize

1 that we need a plan moving forward to get some of the
2 unfunded sites addressed. And so the -- the proposal
3 here is, assuming that no other decision is made today,
4 and that will have Land and Water Fund staff targeting
5 and monitoring seventy-five projects per year
6 ourselves. I should point out that's not really a true
7 representation of what our task is. That's really a
8 recommendation by staff that we have this issue. We
9 all have an interest in helping to tackle it. And to
10 be perfectly honest, folks, they sit at a desk all day
11 and would really love an opportunity to get out in the
12 field a little bit more. So I think that seventy-five
13 is probably a little bit of a stretch, but in talking
14 to other staff, it's what we feel like might be a
15 reasonable amount to tackle in a given year. At 412
16 projects that gives us a rotation of seeing every
17 project once every six years. I should mention here
18 that that is assuming that we go out and see these and
19 there are absolutely no issues. So we -- we go out and
20 see it, check it off, and we go see it six years later.
21 In reality, probably what we're going to see when we
22 start to see some of these projects that they haven't
23 been monitored in -- in fifteen or twenty years, is
24 we're going to start seeing some -- some potential
25 issues that either warrants a follow-up or rise to the

1 level of having a substantial possibility of being a
2 recurring issue. And so as we go through this, there's
3 really going to be a need to constantly reevaluate and
4 do a little bit of risk assessment to see how we need
5 to reprioritize those site visits. So this six-year
6 rotation is very easily going to turn into a seven or
7 eight-year rotation by the time we go through
8 everything. In addition as retired principal becomes
9 available, funds will continue to be assigned to
10 individual projects per the retired principal policy
11 that was passed within the last couple of years. And
12 so this will allow us to slowly chip away at this 412
13 number, but up to this point, that's not really
14 amounted to substantial enough money to take a more
15 strategic approach, and so we kind of take the low --
16 main group and move forward with those. So the next
17 question we ask ourselves is, can we monitor easements
18 at the same standard that we expect from our land trust
19 partners, and so we look at what it would take to do
20 that. Fortunately, we have several years worth of
21 invoices that we can look back at and find out what
22 exactly it does cost to monitor these every year. On
23 average, our stewardship partners spend twenty hours
24 per property per year monitoring Land and Water Fund
25 projects. At 412 unmonitored properties, that gives

1 you 8,240 work hours per year needed to get all these
2 monitored, and when you account for holidays, that's an
3 additional five full-time employees being needed to get
4 this done at the level that -- the standards that it
5 should be in. I'll point out again, five is a low
6 number. It came out -- it's just some fraction that I
7 rounded it down to five, but that also doesn't take
8 into account any vacation leave or sick leave or
9 anything like that. So five is really a stretch. You
10 also have to consider the travel would be more
11 expensive assuming that these employees would be coming
12 from Raleigh rather than reasonably spaced like our
13 land trust partners are. Combine that with the fact
14 that we really don't have the authority to go and
15 decide we want to hire five new employees, we turn to
16 our preferred method which is partnering with our local
17 land trust who we -- we have contracted them here to do
18 a lot of this work. And so what would it cost to use
19 that preferred model of contracting with our land trust
20 on an annual basis? Based on the last five years of
21 invoices, we can estimate an annual cost of about
22 \$500.00 per property. Board policy requires that the
23 annual cost be multiplied by twenty-five to get the
24 program amount to -- to transfer to the Endowment Fund.
25 So that multiplier of twenty-five is just to ensure

1 that the interest generated from that principal can
2 fund this work in perpetuity, and that comes out to a
3 need of \$12,500.00 per property. At 412 that gives us
4 roughly a need of 5.2 million dollars contributed to
5 the Endowment Fund if we want to tackle all 412 of
6 these and get them monitored annually by our land trust
7 partners. And so I will mention here that the -- the
8 committee discussed several different options, but
9 ultimately this is -- is where they landed with their
10 recommendation and that being the committee unanimously
11 recommended approving 2.5 million dollars to be
12 deposited into the endowment to address unfunded
13 monetary needs and up to an additional three million
14 dollars over the next three years with a goal of
15 funding all unmet monitoring needs. And before I -- I
16 turn it back to you for discussion, I did this add this
17 table in here, which just gives a very rough estimate
18 of what 2.5 million dollars might to be able
19 accomplish. And with that, I'm happy to answer any
20 questions.

21 Chairman Wilson: Okay, any questions for
22 Justin; we have this unanimous recommendation from the
23 Acquisition Committee to approve 2.5 million dollars to
24 be deposited in the endowment to address unfunded
25 monitoring needs and up to an additional three million

1 dollars over the next three years for the goal of
2 funding all unmet monitoring needs; any discussion
3 before we vote, okay. I'll call the roll for the vote;
4 Ann?

5 Vice-Chairman Browning: Yes.

6 Chairman Wilson: Amy?

7 Ms. Grissom: Yes.

8 Chairman Wilson: Renee?

9 Restoration Committee Chairman Kumor: Yes.

10 Chairman Wilson: Mike?

11 Mr. Rusher: Yes.

12 Chairman Wilson: Jason?

13 Acquisition Committee Chair Walser: Yes.

14 Chairman Wilson: Darrel?

15 Mr. Williams: Yes.

16 Chairman Wilson: And John is a yes, also.

17 Thank you; let this moment in history be noted. This
18 is a very important move we are making. Do you see
19 there are smiles behind several of the staff members;
20 thanks for all the hard work leading to this moment,
21 Will, Marissa, Justin, and everybody. Okay, we will
22 now move to the Restoration, Innovative Stormwater, and
23 Planning Committee report and recommendations with your
24 Chair, Renee Kumor.

25 Restoration Committee Chairman Kumor: I'd

1 like to say thank you very much to my crew because they
2 worked very hard, and that's Ann and Mike and Darrel
3 and Steve. I don't know, but if you work this hard,
4 that you've got to feel like -- I think he has an issue
5 to address. So Steve's going to put our first item up
6 for you, and I want to tell you that our recommendation
7 will also reflect a lot of discussion, all those little
8 talks we had, and this first project --

9 (Discussion concerning issues with visual
10 presentation and file updates to present the documents
11 on screen.)

12 Mr. Bevington: All right, thank you,
13 Will and Damon; I appreciate that. As Renee said,
14 three scope modifications were considered during the
15 Restoration Committee meeting last -- a week ago. And
16 this is -- that's not the correct topic. It's a
17 summary; thank you very much. All right, so the first
18 of these was a request to modify -- all three scope
19 modifications that are in front of you today, the first
20 of these is -- is scope a modification from Haywood
21 Waterways Association, a project they have in Chestnut
22 Park. This was approved by this board in September of
23 last year. This is not yet under contract. Before we
24 think about this -- I'm not sure what we're viewing
25 right this second.

1 Mr. Hearne: So I'm getting the files
2 local here. So, Steve, what would you like me to be
3 doing right now, the Word document?

4 Mr. Bevington: I think -- I think if you
5 have it; the slide shows.

6 Mr. Hearne: You want the slide show.

7 Mr. Bevington: Yeah, let's stay on this
8 for one second.

9 Mr. Hearne: Okay.

10 Mr. Bevington: I apologize. Haywood
11 Waterways Association has requested, however, that the
12 scope be modified, essentially dropping the project in
13 half by linear feet from about -- a little over 2,200
14 feet to 1,100 feet, and it sounds like a dramatic
15 reduction in scope. The project, however I'll show you
16 in just a minute, is broken into the two halves, with
17 the upper -- upper section being a more intensive part
18 of the work and the lower section being less intensive
19 work. And the project essentially is under -- the
20 obligation is under the spring budget, but they asked
21 for a relief to group some of the less important
22 portion projects in terms of the environmental benefit
23 together. Again the slide -- so they requested only
24 \$177,000.00. Again, this is a fiscal year. Last year,
25 we had sufficient extra funds. In hindsight, I wish

1 they had asked for a full budget to accommodate the
2 full project.

3 Mr. Hearne: I have absolutely no
4 idea what it's doing; sorry. Go ahead, but it's just
5 taking --

6 Mr. Bevington: They only requested
7 \$177,000.00 where many of our projects requested up to
8 our cap of \$400,000.00. I'm sorry. This is too
9 stable. Is it okay like that?

10 Mr. Hearne: I'm going to have to stop
11 sharing with the group; sorry about that.

12 Mr. Bevington: I apologize. It's my
13 fault essentially.

14 Mr. Hearne: All right, go ahead,
15 Steve. We'll see what happens.

16 Mr. Bevington: All right, here's
17 essentially their scope. They have -- and I apologize
18 for this blinking on and off. I don't really know what
19 to do about this. All right, well, let me go back to
20 the summary, and I'll try and describe this to you, and
21 if there are questions about the specific projects, I
22 can bring the slides back up.

23 Mr. Hearne: Well, I think if we just
24 -- let's just stop and try it with the projector view.
25 We'll do this view, and we'll see how it goes.

1 Mr. Bevington: All right, is this the
2 view you -- okay, all right, so as you may be able to
3 see here on the screen, I hope it stays up there. The
4 upper end of the project is a restoration project that
5 is also the town of -- excuse me. I'm sort of rattled.

6 Mr. Hearne: Canton.

7 Mr. Bevington: What was that?

8 Restoration Committee Chairman Kumor:
9 Canton.

10 Mr. Bevington: The town of Canton has a
11 -- is developing as a public access place for the river
12 and has -- is developing this as part of their
13 connection with Chestnut Park. The project is -- the
14 lower half of that is lands that are already protected
15 by a conservation. It originally intended to go in and
16 remove invasive species primarily, not these -- a
17 couple of plants from the shoreline only on one side of
18 the stream.

19 Mr. Hearne: When you say lower half,
20 you meant the right, the purple X's.

21 Mr. Bevington: The purple X's --

22 Mr. Hearne: Yeah.

23 Mr. Bevington: -- to the left which is
24 downstream would be removed from the project. So
25 essentially what's being proposed here is to drop the

1 project and cut it in half, but the most intensive part
2 of the restoration would remain intact. Here's a
3 little park. The figure that -- what the anticipated
4 development of this -- of this waterside park would be
5 like for the town of Canton and Hominy Creek. Chestnut
6 Park is down at the bottom, partially in this project,
7 and it would be retained conservation easements
8 throughout, so that's already a protected area. So
9 again, if we go back to the Word document very quickly,
10 and I apologize.

11 Mr. Hearne: You're okay. It's all
12 good.

13 Mr. Bevington: So the committee
14 recognized, and I think through staff encouragement,
15 which was a little more clearer that time around, that
16 the scope -- that it will not significantly impact the
17 natural resources of this project even though they've
18 dropped down half the stream length, they actually
19 still accomplish the social -- the ground health and
20 social benefits will be protected. So the committee
21 unanimously recommended approval of the scope
22 modification. With that, I'll ask if there are any
23 questions, and I apologize. I know it's not very
24 clear, and, Renee, feel free to correct me.

25 Restoration Committee Chairman Kumor: I'd

1 have to say that, Mr. Chairman, that it is our
2 recommendation that we follow the request to do the
3 modification of the scope.

4 Chairman Wilson: All right, any questions
5 for Steve or Renee or discussion coming to us from the
6 Restoration, Innovative Stormwater and Planning
7 Committee recommendation to approve this particular
8 scope modification; hearing none, I'll ask you how you
9 vote; Ann?

10 Vice-Chairman Browning: Yes.

11 Chairman Wilson: Amy?

12 Ms. Grissom: Yes.

13 Chairman Wilson: Renee?

14 Restoration Committee Chairman Kumor: Yes.

15 Chairman Wilson: Mike?

16 Mr. Rusher: Yes.

17 Chairman Wilson: Jason?

18 Acquisition Committee Chair Walser: Yes.

19 Chairman Wilson: Darrel?

20 Mr. Williams: Yes.

21 Chairman Wilson: And John is a yes, also;
22 all right, back to you, Renee.

23 Restoration Committee Chairman Kumor:

24 Thank you, Mr. Chairman; the next is another
25 interesting proposal or request in that we are being

1 asked to -- we had originally been asked to remove
2 three dams, and the cost came in higher than expected,
3 and the request is that one of the dams be removed from
4 that request and that the project can move forward, and
5 although we'd only begun -- we moved from restoration,
6 the staff brought to us because it had an issue of
7 having a dam involved, which led us down the yellow
8 brick road to something I will tell you about. We have
9 this -- as a Restoration Committee that we have set up
10 a work plan for the fall because we've run into issues
11 that nobody thought about a few years ago, and so we to
12 address them in a much better manner than we felt
13 comfortable addressing. Specifically, among the ---
14 the dam issue, and of course we deal with other issues
15 and supporting things that came up, but stay focused on
16 this issue. We felt that it merited the motion that we
17 made to move forward with the request part of the
18 request to modify the scope, but it also merited
19 further discussion should issues such as this come up
20 again in the future. So our motion is that we
21 recommend the modification of the scope of this
22 project. You might have some questions; Mr. Bevington,
23 if you want to ask them.

24 Mr. Bevington: So the materials are in
25 your packet, but if you'd like to see the original

1 slide show that was presented to the committee, I'd be
2 happy to do that, and I'm sorry about the technical
3 difficulties on the last one. So I think one point
4 that wasn't made when Renee excellently covered that
5 project was that this -- this project originally, as
6 Renee did point out, if you can see those little dots
7 up here, there's dot number two, which is the second
8 dot from your right, is a small pond that would now be
9 left in the project. It's only 170 feet left out of
10 the project. Typically, when we see small scope
11 modifications like that, it's handled at the staff
12 level. We don't bring them to this board, but since it
13 did involve the significant change of removing a large
14 concept of the project, removing these permanent dams
15 that are holding back water, we thought we'd bring it
16 to the committee and then to the board. And then if we
17 can go to the recommendations, the important change
18 that was made by the committee, bringing it into, was
19 to require additional match because there will be some
20 change in the environmental results of this project,
21 but with less continuity between the lower and upper
22 portions of the stream as the dam remains in place.
23 There's less chance of fish passage. The HOA will also
24 have some responsibility to maintain this dam in the
25 future, the HOA that owns it. But a key thing is the

1 committee has added the request that \$50,000.00 be
2 added to the match before we consider moving forward
3 with this project, so that's in addition. So that's
4 the form of committee recommendation with staff
5 agreement.

6 Restoration Committee Chairman Kumor:

7 Excuse me. I'm sorry. I forgot that that was part --

8 Mr. Bevington: Yeah, and it was brought
9 up in committee that the applicant has some hope of
10 proceeding with this project. They're optimistic that
11 they can secure those funds, but we would not
12 participate any further in this project unless they do
13 come up with an additional \$50,000.00 match.

14 Chairman Wilson: I think it's worth
15 mentioning that part of our discussions may be for each
16 of these three requests for modification in the scope
17 included looking back in time to whatever year these
18 projects were funded and looking at the ratings of
19 these projects in context and what would have happened
20 if the scope had been changed and the project would
21 have been submitted with the changed scope, how would
22 it have scored, and -- and that was a big part of our
23 discussion, and also it relates to this \$50,000.00 in
24 additional match being required.

25 Mr. Bevington: That's correct, John, and

1 thank you for pointing it out. This project would have
2 scored an eight out of sixteen to be funded. So it's
3 right in the middle of the pack. With this reduction
4 in scope because the cost would go up, it actually
5 would have lost two points. It would have still been
6 in the funding range, but with this \$50,000.00 match,
7 it actually only loses one point. And it wouldn't be a
8 change in position, so it would have been funded in
9 2019, so thank you for pointing that out.

10 Restoration Committee Chairman Kumor:

11 Which brings up that -- how we recently designed a
12 board plan for the fall; this raises several issues and
13 I think that it was -- shows that their commitment to
14 doing well and respecting those who the lack of funding
15 in a parcel but still wanting to move forward with
16 something that we felt was a good project and the
17 staff, on the fly, worked very hard to try to answer
18 those questions for the committee. Does anyone else
19 from the committee have anything else that you want to
20 add? And, Mr. Chairman, that's our motion.

21 Chairman Wilson: All right, any more
22 questions or discussion; okay, this is a unanimous
23 recommendation approving the request to modify the
24 scope of project 2019-414 Piedmont Conservation Counsel
25 - Black Creek Watershed Dams (Williams, Browning) with

1 the condition that \$50,000.00 in additional match to be
2 added to the project budget; last chance for discussion
3 before we call the roll for votes; Ann?

4 Vice-Chairman Browning: Yes.

5 Chairman Wilson: Amy?

6 Ms. Grissom: Yes.

7 Chairman Wilson: Renee?

8 Restoration Committee Chairman Kumor: Yes.

9 Chairman Wilson: Mike?

10 Mr. Rusher: Yes.

11 Chairman Wilson: Jason?

12 Acquisition Committee Chair Walser: Yes.

13 Chairman Wilson: Darrel?

14 Mr. Williams: Yes.

15 Chairman Wilson: And John is a yes, also;

16 Renee, back to you Madam Chair.

17 Restoration Committee Chairman Kumor:

18 Our last item is a request to modify a planning grant,
19 to modify the scope of a planning grant which we had
20 given \$25,000.00, and our recommendation is based on
21 the loss of match and other issues with consideration,
22 we reject this request to modify the scope of the
23 project. Steve is going to go through it.

24 Mr. Bevington: I would just like to say
25 that the committee deliberated this, and I think from

1 this slide -- if you could maybe blow up further by
2 making a slide show. If that's difficult, don't worry
3 about it. The extremely attractive part of this was
4 the fantastic match from the Conservation Fund before
5 this project took off. It was going to be federal
6 moneys directed to communities that have been
7 previously devastated by flooding in North Carolina.
8 We really rarely ever see such completely wonderful
9 matches, half a million bucks to a \$25,000.00 planning
10 effort. It's pretty similar to the project, and I'll
11 show you some quick slides of what they're hoping to
12 alleviate. They realize the federal money is -- that
13 is supplied to this match is not going to show up in
14 timely fashion, in sort of a red tape world, but also
15 just how different agencies move at different paces,
16 and the difficulty it is essentially that \$25,000.00
17 slowly became unmatched. We discussed whether this
18 project was viable at all. Just as we sort of thought
19 project would go nowhere, an incredible opportunity
20 came up, and it's in your package describing -- to look
21 at. Over 500 acres of flood plain land that could
22 potentially be used as a match. The applicant has a
23 plan to finish this design work and the planning work
24 with help from North Carolina State University by
25 August of this year. So it's a very attractive to the

1 State -- to the staff to move forward with this
2 project, but the difficulty is the match goes from sort
3 of being a guaranteed part of the contract secured to
4 be unsecured, to being a future hole. And while that
5 seemed extremely attractive, even if it's likely to
6 happen, to change that contract is simply too much for
7 us, I think, was sort of the sentiment. But I did just
8 want to show that the original plan was really to -- to
9 address something that the Flood Risk Reduction
10 Committee is working with that all of us, I think in
11 this room, understand the importance of looking at
12 flooding across North Carolina. Whether you're worried
13 about existing conditions or conditions in the future,
14 it's on almost everybody's mind these days. There are
15 two fantastic examples from eastern North Carolina of
16 the -- and I don't know if you can see the slide too
17 well, but the level of efforts involved to avoid these
18 floods. So there's an elevated foundation, one of
19 probably nineteen here, that are trying to address the
20 problem. There's flooding in many of our communities
21 across the state. So staff brought this with the hope
22 that the committee would just consider it,
23 understanding that it's kind of extremely unusual and
24 potentially dangerous precedent, and staff had to
25 acknowledge that especially, so, Damon, if you could

1 just go back to the conclusion. I -- I just want,
2 again, compliment -- we heard this from committee
3 members in our notes we have, saying that they hope to
4 see projects like this here in the future, just the
5 change from half a million dollar match to zero is
6 essentially too large of a change, so that was really
7 where the effort -- the concept to -- to deny this
8 request came from, but I was very happy and proud
9 really to bring this project to the Board as a planning
10 effort that could be -- could pay huge dividends just
11 the way it was originally proposed without the
12 guarantee -- with the guarantee and no longer have a
13 guaranteed match.

14 Restoration Committee Chairman Kumor:

15 And that's where we feel like we just kicked a baby.

16 Mr. Bevington: Well, staff's

17 recommendation was to look upon it favorably, and I
18 think to be fair to the committee, and I think they
19 did. I think it was an awesome project, but the
20 recommendation I would say is -- is not to relieve the
21 people of half a million dollar request and match it.

22 Restoration Committee Chairman Kumor: Mr.

23 Chairman, that's -- our motion is to deny the request
24 to modify the scope of the project.

25 Chairman Wilson: I'd like to ask for a

1 little more clarification about the difference between
2 recommending -- staff recommending that it be looked
3 favorably upon a unique request versus that we approve
4 a request.

5 Mr. Bevington: I think that was -- you
6 could sense the Executive Director's thumb squeezing
7 you during the meeting, where there was a little wiggle
8 room for me still keep this on the agenda, yeah. I do
9 want to apologize to Conservation Fund if I led them
10 down a rosy path so to speak, and that's where we are;
11 thank you.

12 Chairman Wilson: Any questions for Steve
13 or Renee or any discussion on this; this is unanimous
14 recommendation to deny the request to modify the scope
15 of the project 2019-811, the Conservation Fund -
16 Matthew & Florence Recovery. If not, I will call roll
17 to ask for your vote, please. And again, this is a
18 motion to deny, so a yes vote means that you agree that
19 it should be denied; Ann?

20 Vice-Chairman Browning: Yes.

21 Chairman Wilson: Amy?

22 Ms. Grissom: Yes.

23 Chairman Wilson: Renee?

24 Restoration Committee Chairman Kumor: Yes.

25 Chairman Wilson: Mike?

1 Mr. Rusher: Yes.

2 Chairman Wilson: Jason?

3 Acquisition Committee Chair Walser: Yes.

4 Chairman Wilson: Yes for Jason; Darrel?

5 Mr. Williams: Yes.

6 Chairman Wilson: And John is a yes, also;
7 okay, Renee anything?

8 Restoration Committee Chairman Kumor: Just
9 that we're working on some decisions that we aimed to
10 this discussion and we hope to report that to you in
11 December.

12 Chairman Wilson: And I will not speak for
13 Vice-Chair Ann Browning, but I will speak for myself
14 having participated in both of these two committee
15 meetings, the Acquisition and the Restoration
16 Committee. Those are two of the best committee
17 meetings I've ever been a part of, really, really
18 interesting, great staff work, great questions from
19 committee members, tough decision-making; thank you.
20 Okay, and over to Ann for item three on our agenda, the
21 Flood Risk Reduction Committee Report and
22 Recommendation. Ann Browning has capably chaired our
23 committee of the last six weeks plus, and here she is.

24 Vice-Chairman Browning: Okay, I'll just make
25 a couple of brief comments, and Steve can take us

1 through our two recommended documents and our process.
2 I don't think I was the only committee member that was
3 a bit daunted by this task to start with a blank piece
4 of paper and develop a new program for such a large and
5 growing problem in our state. We took on this
6 challenge with gratitude to the Legislature for giving
7 us this opportunity and the hope that if we did our job
8 well, this could be an ongoing program to aid our
9 communities in --

10 Mr. Walser: Do you mind speaking up
11 just a little bit for the court reporter? I'm sorry.

12 Vice-Chairman Browning: Okay, sorry about
13 that, and I can share with you my data. Is that
14 better? Okay, but our hope is that this will be an
15 ongoing program to aid our communities with reducing
16 the loss of life, property, and natural assets from
17 flooding. Since our first meeting on January 13th, we
18 have had really informative conversations with experts.
19 We've received two rounds of robust feedback from our
20 partners, and through much deliberation have gone from
21 a vague and conceptual to the specific, and all with
22 all the excellent support of staff. I feel really good
23 about the process that has led us to this point. One
24 thing we talked about as we're finalizing our documents
25 is that we really do not know how many applications

1 we'll receive. We really don't know what the nature of
2 those applications will be. Our intent with these
3 documents that we are proposing is to communicate to
4 our partners our priorities for allocating funds and
5 receive through the applications the information that
6 we need to make smart decisions. But in comparison to
7 our other programs that have been honed over time, we
8 realize that we're going to need some flexibility and
9 have a measure of subjectivity as we're evaluating
10 opportunities. So, hopefully, we'll be able to apply
11 what we learned through this process to future rounds
12 the Legislature willing. So this was a hard-working
13 committee, and I'm so grateful to Amy and Renee and
14 Mike and Jason and John for their thoughtful
15 deliberations and for their very significant time
16 commitments. Steve and Will have been outstanding in
17 supporting us, by ensuring that we had everything that
18 we needed and offering up very constructive drafts that
19 helped us move along. So during an already
20 extraordinarily busy time of work, you just were very
21 accommodating; thank you, guys; so with no further ado,
22 Steve.

23 Mr. Bevington: I'm sure you all are glad
24 to see me again. Damon, if I could get that slide show
25 up, we'll be ready to go.

1 Mr. Hearne: Okay.

2 Mr. Bevington: Okay, so I'm going to go
3 through three things really quickly. Essentially, I'm
4 going to talk about the legislative intent for this,
5 our process, and then the three recommendations that
6 are sort of merged to one for you to move forward. So
7 let's look at the slides; thank you. So in the state
8 budget last year, a provision that you're probably all
9 familiar with; oh, no, are we doing this again?

10 Mr. Hearne: I don't know. I guess;
11 sorry.

12 Mr. Bevington: Let me know. I'll keep
13 talking, you know, if you --

14 Mr. Hearne: We'll go for it. We'll
15 try that.

16 Mr. Bevington: All right; in addition to
17 Land and Water stewardship, we received funds provided,
18 just as we usually do, monies -- with non-profit
19 corporations and other state agencies, monies, fifteen
20 million dollars directed at an area that we already
21 work. So in 2019, the second bullet there, is we have
22 an area of our programs that standardly looks at, one of
23 our purposes is to protect and restore flood plains and
24 wetlands for purposes of storing water, reducing
25 flooding, and improving the water quality along with

1 other wildlife and aquatic benefits and recreational
2 opportunities. So this fifteen million dollars was
3 new. It was targeted to this existing program area
4 that we don't really have a specific set aside for,
5 this would be, and also that has a reporting
6 requirement that the amount of flood water stored is
7 essentially reported to the State Legislature now,
8 which is a new requirement for us. So again, just to
9 summarize it very quickly, the division that we had
10 were required to develop criteria to score projects
11 based on their ability of such projects to reduce flood
12 risk. So that's the second bullet there. It's really
13 a new part to us, is to develop criteria and score
14 projects and bring the ability to reduce the flood risk
15 in the State of North Carolina. I just want to put out
16 again the legislative background very quickly. We're
17 the second bullet from the bottom here, our fifteen
18 million dollars here. There was a lot of money in the
19 last state budget put towards -- you know over one
20 hundred -- actually over 400 million dollars related to
21 flooding in one way or another, but specifically
22 programs that actually have something on the ground was
23 over one hundred million dollars. So we're a small
24 piece of it, but I think the beauty of this is that we
25 get to put our own little imprint on it since it does

1 fit into our efforts to keeping the natural resource,
2 the natural and cultural resources intact. So
3 understand we're in concert with a lot of agencies and
4 areas going forward. Our Chair established a
5 committee, an ad-hoc committee, the Flood Risk
6 Reduction Committee, and he did that in December -- on
7 December 18th, so these last steps of the budget was
8 passed, as you recall last year -- last year, the State
9 budget was ratified on December 18th. Within two
10 weeks, we had a Flood Reduction Committee together.
11 And they met for the first time in January, right after
12 New Year's practically. It seemed like the holidays
13 all snuck in on this whole process. And it made a
14 recommendation now by April 22nd. So I really want to
15 point to not only is this a very rapid turnaround, I
16 think it's a great comprehensive and complete report as
17 well, but you will see. It's in your whole packet.
18 You'll see summaries in here today. So they met six
19 times before, and key to it, it was solicited twice
20 comments from our -- the public. I think on average,
21 we averaged almost thirty people listening in from the
22 public to our meetings, and we had around sixty-five
23 respondents to our surveys. The objectives early on
24 were pretty clear, define expectations of flood risk
25 reduction at the Land and Water Fund. We're not a

1 standard agency maybe to deal with flooding, so what
2 are -- what would we do? What would our input be? The
3 second really objective would be to determine what
4 types of projects. The Committee Chair Browning just
5 said, you know, we -- it was a little daunting. We
6 don't -- this isn't something we routinely do, so what
7 kind of projects would really make us proud to see them
8 come in. What might -- what might we envision having
9 there. Quickly, we had to identify, we being the
10 committee and the staff support, but identify what
11 information we needed to make these decisions. In the
12 committee, what do they really have to have in front of
13 them from flood experts throughout the state to
14 determine whether the existing programs could do this.
15 You know, is this something for the Acquisition
16 Committee and the Restoration Committee could be sort
17 like on the backup. They addressed this, and I think
18 they found out very quickly probably a new program area
19 was the way to go, and that's what we're asking for,
20 your consideration of their recommendation today
21 essentially; develop guidance and documents, so people
22 would know what we're talking about; developing the
23 criteria as demanded in the legislation that created
24 this fund an application rating system, so we can rank
25 -- rank them as we do other projects. We obviously

1 wanted to seek input from partners, so we heard and
2 developed a time line to get this all done. So I'm
3 going to go through it very quickly today. So in late
4 January we already had a survey out with some
5 questions, and the real questions we wanted to know who
6 -- who was paying attention, who was out there, so
7 asked people first to tell us a little bit about
8 themselves, but what types of projects would they hope
9 we would fund. That was the biggest question we had in
10 front of them. What would you like to see. We heard
11 things -- everything from a new term to us, water
12 farming, where people would actually be paid on
13 agricultural lands to hold water back in an emergency.
14 We heard of sort of standard stormwater projects. We
15 heard many different ideas that we will get into a tiny
16 bit of those in a minute. And then what kind of
17 controlled practices that they think might be most
18 effective as well. And -- and then we did ask them,
19 you know, of you were generally considering just
20 weighting applications, what do you think is the most
21 important criteria to put out there, and is there
22 anything we're missing. So again, we heard from
23 fifteen respondents in our first round, and I just want
24 to give you a quick idea of what happened. We put a
25 lot of ideas. We put a list. For example, we had six

1 -- I hope this stabilizes here a little bit.

2 Mr. Hearne: Sorry, Steve.

3 Mr. Bevington: We had six areas -- so
4 six areas of what are the general purposes. What's the
5 general target of this, everything from hazarding where
6 real floods are, to enhancing our existing projects,
7 making our projects that do natural, cultural resources
8 a little more directed towards flooding. So this pie
9 chart off to your left shows people's agreement and
10 what they thought, and this is the worst scoring one,
11 okay? So I don't mean it in a bad sense because the
12 blue over there is considered very important, but the
13 red is somewhat important. So way more than half the
14 people who participated in our survey thought the
15 lowest ranking part of our hazard target was very --
16 was somewhat or very important. So in other words, the
17 ideas that we had right away, people seem to believe
18 we're on target, much higher numbers for the ones above
19 that, the same with the type of projects that we
20 propose. This is again is the first user survey. We
21 sort of said, you know, is wetland restoration what
22 you'd like to do. Installation of living shorelines,
23 is that what you want to do? Water farming was down
24 here. So that pie chart over there with the blue being
25 very important, that's from the median score in here.

1 So again, the overwhelming support of the kind of ideas
2 this committee enlisted early on how to achieve flood
3 reduction was somewhere on target, and we tweaked them
4 a lot based on these results. But I was very
5 encouraged that the kind of ideas we had out there for
6 storm reduction were very important. So based on what
7 the legislative instructions to us, which are short and
8 sweet but pretty clear, committee comments during these
9 meetings, partner inputs from two different surveys,
10 and I'll show the other survey in just a minute, and
11 our standing program materials. We relied heavily on
12 what's worked for us in the past over the past twenty-
13 five years. The committee -- staff drafted, and the
14 committee approved early versions of the program
15 guidance, an application rating system, and a time
16 line. We put that out there to our partners again.
17 The committee also discussed the application review
18 process, and this is an important decision for you to
19 think -- to consider today. The time line now has a
20 two-step process that the -- the uncertainty of what we
21 will receive in applications is out there. We don't
22 know. This probably is the first year of the Clean
23 Water Management Trust Fund then, the Land and Water
24 Fund, the first year, didn't know how many applications
25 they were going receive asking for how much money.

1 Flood Risk Reduction to me was in exactly the same
2 boat. Are we going to get ten applications? Are we
3 going to get fifty applications? Are they going to ask
4 for twenty million dollars or seven million? It's
5 anybody's guess. So they did a lot of thinking about
6 that, and I think we've got a really solution that I'll
7 show you in a second. The second, so that with
8 guidance restoration, a time line, and an application
9 ranking system together, we put that out. We
10 essentially asked is your guidance clear and helpful or
11 are the eligible practices we're considering useful?
12 Are they the right ones? What's -- we struck some
13 things off of the list as ineligible. Are they the
14 right ones, and we ask them to describe the perfect
15 project. We thought it was a nice idea and asked them
16 for comments. And, again, sort of bragging on the
17 committee a little bit, they are right on target.
18 Again, it's another example of the kind of things that
19 out of thirty-two respondents, thirty said that the
20 eligible practices we described in the guidance are
21 appropriate. So I think that it is very typical in
22 some of the responses like that. And we also asked
23 them about specific scoring systems. So, you know, we
24 -- we put out there the scoring system that had these
25 components in it. How effective is the project

1 received a lot of weight, projects that targets exact
2 flood hazard; public benefits, recreational
3 opportunities, these sort of things are part of our
4 score metrics that were put out there to the public to
5 allow them to provide comment. And there was a lot of
6 useful rearrangement that we did after these comments.
7 So I just want to give you sort of examples, so again,
8 where people really felt -- this is a little more
9 varied, but again most -- most people felt the scoring
10 areas were very important. There were some that they
11 had higher level expectations of where they should fall
12 in the ranking system, and the scoring system was
13 adjusted essentially with that input in mind. So this
14 is where the committee came down in terms of the
15 application grading system. So the effectiveness and
16 measurable outcomes of the project, which was highly
17 supported by public comment to the committee, is 50
18 percent of the weight. And I have this in detail if
19 you would like to see it. The resource significance
20 since -- well, they got to remember this is -- this is
21 our individual stamp on it. This is -- a lot of people
22 across the state and across the world are worried about
23 flood reduction. We got to make sure we achieve that
24 as well. That's where those fifty points were
25 represented in committee. The resource significance is

1 sort of the Land and Water Fund magic sauce. This is
2 where our project will potentially attract different
3 projects and other ones, because frankly, there's a lot
4 of concern with the Natural Heritage Program that some
5 of these projects may damage natural flood choices, and
6 how do you avoid that. So that scoring deficit
7 difference is in there to really point out that, you
8 know, that's what could make the Land and Water Fund
9 Project different than the others. I know there was a
10 very -- the last week -- we'll see how the ranking
11 system, so I'm going to go through the ranking system
12 and guidance in just a minute very briefly. But what I
13 would like to say is that the -- the schedule here,
14 again, we legislatively need to allocate all of these
15 funds under contract or more importantly award -- you
16 guys would make an award before the end of fiscal year
17 of 2023. March 15th is the last opportunity for board
18 meetings before the May board meetings, which would
19 really be cutting it close in 2023. So the schedule
20 begins with what I think is a fascinating approach to
21 review. Since we don't know exactly how many projects
22 we're going to get, they -- we would develop and
23 publish by June 1 a letter of interest. So it would be
24 about a two-page paper people would send us describing
25 their project, showing their interest, and this would

1 be a mandatory step in the process. They would have
2 two months to complete it. We would provide in the
3 middle of June -- in early June sometimes some feedback
4 to the public, an opportunity to allow people questions
5 and provide them further instruction on how to fill out
6 such a letter of interest. So on July 31st of this
7 year, that would close, and we will have an opportunity
8 with the committee if they chose to review them, and
9 staff will certainly review them. And the idea is no
10 one's lost out at this point, but we would perhaps be
11 able to rank the different projects, and sort of say
12 this looks very promising. It's an okay idea. It's
13 not a perfect fit, and these projects are clearly a no
14 at this point. The idea is to return comment back and
15 invite anyone to participate further in the next round,
16 where they develop a full application that would look
17 somewhat like what we see in the restoration and
18 acquisition programs. You would bring that, in
19 September 1 those materials would be ready to go, but
20 they would know sort of where staff and committee, if
21 they chose to weigh in, where we are sitting on this.
22 There is a committee meeting, I'm sure, that would be
23 scheduled for that. Again, they're given two months
24 then, which they have some heads-up on how likely it is
25 to be funded. They will have spent two months on the

1 full application and have that period. And October
2 31st would be the deadline for that this year. January
3 13th, we would hope to have the new schedule with our
4 own internal assessment completed. That's sort of --
5 there's no such thing as a law around here for staff,
6 but at least it's not in the midst of the other program
7 decisions that are taking place around that time; allow
8 the committee some time to see in January and then
9 bring this to the full board in March. Damon, did I
10 put those Word files in that document? Yeah, I don't
11 want to take much of your time. You have -- many of
12 you know these documents well, but others -- others who
13 haven't saw them only a week ago in their package and
14 the materials for this meeting, but essentially, we
15 have this -- a two-page guidance form by the committee
16 that describes the purpose of flood reduction. The key
17 articles in here that was written that's implied in the
18 legislation, but not directly in there as it is
19 written, is the nature-based solutions. So the --
20 again, the Land and Water Fund footprint is coming in
21 to say this is our kind of direction that the program
22 is. It's going to be nature-based; thank you, Damon.
23 All of the applicants would be the same as we see in
24 our other programs, and as we get on to eligible
25 projects, both acquiring land and restoration would be

1 possible. I think that's one of the brilliant parts of
2 this proposal is that Restoration can do a lot of
3 things but has constraints. The Acquisition program
4 can do a lot of things but also has constraints. I
5 could go through -- I think many of you know this as
6 well as I do. For example, in the Restoration program,
7 we take land as a match, but we don't buy it. So if
8 it's a flood risk reduction that needs to build some
9 structures, but also has to buy the land, it's not
10 going to fit in our existing programs. So also this
11 would allow that to happen. So both acquisition and
12 restoration projects are seen as possible and a blend,
13 and then things to go down. Ineligible practices, we
14 essentially identified a number of projects that are
15 ineligible, not because they're terrible ideas, but
16 because other agencies fund them regularly and because
17 they don't necessarily align with our other purposes in
18 the Land and Water Fund. All right, with that if
19 you'll go to the ranking system, I'll go through it
20 very quickly. So the detail on this, we saw the
21 bullets earlier in a slide I had up of effectiveness
22 being the major part of this. Again, showing the
23 legislature, showing the people of the state, we can
24 make a difference in flooding. It's the rubber hitting
25 the road, so to speak. Our natural resource

1 significance is very similar to what we have in both of
2 our other programs. These -- these scoring methods
3 came based on our other systems, including the same
4 with public benefits. And if you keep going down to
5 readiness, they all ring sort of, are very familiar to
6 people in which -- to our scoring systems. But
7 however, the biggest change on this whole metric comes
8 down in value, if you'll go down to the bottom. So
9 value now has three components, and it -- the key thing
10 here for those of you who are not on the committee is
11 that we know have an option. This is pretty much the
12 same exact metric. Matching resources is exactly what
13 we see in other programs. There's different levels of
14 weight on them, but if you get a certain amount of
15 matching, you get a certain amount of points, up to
16 three points or ten points, depending again on what
17 program. Here it would be ten points, or if you're not
18 able to -- so maybe in a community that doesn't have
19 this kind of resources. The Board would allow you to
20 describe yourself as a -- somehow as a distressed, an
21 economically distressed community. So this would be a
22 new to the Land and Water Fund. But the two ways of
23 describing this is one, is the project was within the
24 tier 1 designated counties, which are forty counties of
25 the state that are maintained by the Department of

1 Commerce. You get -- you could get points for that.
2 You could also get points if you are in a what's called
3 an opportunity zone. These are smaller chunks of
4 economically distressed communities as described by,
5 again, our Department of Commerce and the -- the -- the
6 federal government uses it. The IRS uses it as well to
7 give people tax incentives to start businesses in these
8 communities. If you would -- in both of those
9 communities, I think it's pretty clear you're at a
10 disadvantage, and maybe match isn't important. So a
11 lot of people consider match -- match free
12 applications, but you get maximum points. So I do want
13 to point to that as a high-level difference from any
14 other program that we have. I think it's consistent
15 with where a lot of other agencies are going, and if we
16 could go down to cost per acre. And then we're also
17 just considering cost. So again, efficient projects
18 that get a lot done for less money is a real plus for
19 us. So with that, I think our ranking system is
20 similar to what you might be familiar with in the other
21 programs but changed, and if we can go to the slides
22 again, Damon, we'll go to my recommendations. That's
23 better.

24 Mr. Hearne: Is that it?

25 Mr. Bevington: Thank you; with these

1 materials in front, I'd be happy to answer any
2 questions. I know it's a lot to take in one go, but I
3 am really proud of how the committee came from
4 essentially almost out left field. There was some
5 nervousness about not knowing any -- even at staff
6 level, you know, what was really going to be
7 anticipated and what was necessary to pull this program
8 together. But there are three documents you've had in
9 front of you that's sortof described here in the
10 slides, and they're in your information packet. They
11 were made as three recommendations, but the committee
12 chair and I agree that it's probably clearer just to
13 make -- to approve, if it's okay with our legal
14 counsel, all of these motions at once if you care, or
15 you can do them each separately, if you want to
16 introduce one of these documents officially and not the
17 others, but with that concludes my remarks, and I'm
18 happy to answer any questions. I know it was sort of a
19 whirlwind tour of the six other meetings.

20 Mr. Williams: Well, I just want to
21 commend Ann and the committee. I mean, that's a lot of
22 work. I know -- I know Steve's presentation didn't
23 really show the depth of you all's meetings. I know
24 that I saw the meetings on the calendar and I had every
25 intention of wanting to participate, but I didn't get a

1 chance. But I just want to thank you all and the staff
2 for all the hard work and putting this information
3 together.

4 Chairman Wilson: I have a question, and
5 this is sort of for Justin and Steve. Justin, when you
6 were talking about stewardship, you were talking about
7 how the State holds easements on acquisition projects
8 only now, no longer innovative stormwater or
9 restoration projects. Can you just share with the
10 Trustees why that is? And then, Steve, can you please
11 talk about -- since, you know, when you were talking
12 about how these projects may very well be hybrids of
13 acquisition and restoration, what are we going to ask
14 for, if anything, regarding easements?

15 Mr. Mercer: Sure, on the -- on the
16 stewardship projects, I think Will may be the -- the
17 only person that was -- was here then. So my -- my
18 impression is that, as Steve mentioned, we don't
19 actually have any money in the land acquisition on
20 those funds, and so it's -- it's less appropriate for
21 us to hold a State held easement when the land is being
22 donated than it is when we actually have money in that
23 acquisition, and, Will, please feel free to add
24 anything to that.

25 Executive Director Summer: You said it

1 well, Justin.

2 Mr. Bevington: All right, so I answer
3 the unanswered question, which is how will these
4 contracts look should this program go forward as a
5 hybrid issue project, and Marissa and I spoke very
6 briefly about it. She mostly warned me there's a lot
7 of work to do into pulling off competent state of the
8 art conservation easements on projects this like this.
9 In the past it would be our standard. Okay, if they
10 are when implementing these projects, there will be
11 parts of it they have a like, so if they're building
12 weir of water, it's mechanical a little bit. It's
13 nature-based, but it has some -- like we would probably
14 put a term on how long you would have to maintain or
15 how long that would be required to be in place, but the
16 land is secured. Hopefully, we're moving towards a
17 wetland or other sort of flood plain -- towards the
18 flood plain or a recreational position that might allow
19 a lot of people to approach the water safely as opposed
20 to the hazards that we have now. We would put a
21 forever wild agreement, state of the art conservation
22 agreements in place stipulated at the time.

23 Chairman Wilson: Will there be both State
24 held easements with these projects and non-State held
25 easements?

1 Mr. Bevington: I'll let -- Will could
2 probably answer that.

3 Executive Director Summer: I think we've
4 gotten into a detail that we haven't seen what's in
5 front of us. In the short, I envision that we'll be
6 spending the State's money on land acquisitions as this
7 program -- we'll be allowed to do. And I think that it
8 will come -- the way to be done, what's best for the
9 program. It's our money. And even if the State were
10 to match or some other thing and there will be -- there
11 will be some decisions to be made by the committee and
12 the Board when we see what is in front of us, okay.

13 Chairman Wilson: I'm sorry that did not
14 occur to me to ask during the committee -- during
15 program six committee meetings, but you two -- you two
16 bringing up those good points about who holds what kind
17 of easements.

18 Mr. Bevington: Yeah, to be fair to
19 Marissa, she tapped me on the shoulder. We're aware.
20 We -- I do not have an exact answer, but I think our
21 intent is pretty clear.

22 Chairman Wilson: Okay, and then I just
23 have one minor suggested tweak to the schedule. If you
24 could look at the schedule, two different places you
25 said open the LOI period of two months with a deadline

1 of -- it's a little bit confusing, like when did we
2 open it -- I think if we just changed the word open to
3 close.

4 Mr. Bevington: Close is on it, right.

5 Chairman Wilson: Just change open to close
6 in both the third line, and what is that a gray line?

7 Mr. Bevington: Yeah, and, again, I
8 didn't show it, but we did show the committee a -- not
9 a chart, not a numbered chart a -- what do you call
10 those?

11 Vice-Chairman Browning: Gantt.

12 Mr. Bevington: Gantt chart, the
13 print is so small I don't think anybody can read it,
14 but it makes it a little more clear, and I do
15 appreciate those comments because clarity is going to
16 really help us, and I -- it's one thing I'm attracted
17 to about this sort of two-step application process for
18 this program. It will allow us to redirect applicants.
19 But our first time, to be honest, we're going to have
20 to readjust our own expectations as we proceed, but
21 thank you, John; any further comments are encouraged?

22 Chairman Wilson: Does that suggestion work
23 for you?

24 Mr. Bevington: Oh, yeah.

25 Chairman Wilson: Okay.

1 Mr. Bevington: Yeah, it should -- if --
2 if it's not clear to you, it's not going to be clear to
3 somebody else, so thank you.

4 Vice-Chairman Browning: It's going to say
5 closed LOI period of two months, deadline.

6 Chairman Wilson: How about just closed LOI
7 period of two months and then delete the last three
8 words?

9 Mr. Bevington: Close the application
10 period of two months, October 31st.

11 Chairman Wilson: Yes, okay.

12 Mr. Williams: John, I have one other
13 point. Steve, some of the later slides, and you showed
14 a slide that showed the criteria, and some points for
15 getting the score. And the question that I have is,
16 one of them had 10 percent for being able to be in the
17 tier one distressed area.

18 Mr. Bevington: Yeah.

19 Mr. Williams: And I'm assuming that you
20 all used similar percentages for other grants. So my
21 question is, this 10 percent, is it enough to encourage
22 someone to do something in distressed areas? I mean,
23 is that enough?

24 Mr. Bevington: Yeah, I -- I don't know
25 this program --

1 Mr. Williams: Ten points, I mean --

2 Mr. Bevington: The other programs, yes,
3 it is -- is -- we often find in -- in the areas with
4 competitive resources that a couple points can swing a
5 big difference. So that would be ten points available,
6 and I do -- I do think it would make a difference,
7 especially for a community that -- we have communities
8 that struggle in the restoration program, just as in
9 acquisition to come up with anything. And they come up
10 with \$50,000.00 just to show good intent, and that's a
11 hardship on them, and they get one or two points out of
12 ten, and so I -- I do think there's some serious weight
13 that maybe that we could find some super competitive
14 projects in the areas that aren't economically
15 distressed, but they would need to some match, I think,
16 for a favor with -- with review. Where -- it's sort of
17 an out for people that just can't have it. Anyway, my
18 sense is 10 percent is -- is desirable, because it's
19 one thing you can change.

20 Vice-Chairman Browning: Right, of course,
21 the end is that it's either the match or the
22 economic --

23 Mr. Bevington: Distress; right, so that
24 is -- that is the thing, and I don't know -- we would
25 certainly note if a project in economically distressed

1 community came up with a big match, they would already
2 have their ten points, and we would say -- and they
3 have all this funding, and all I can do is, at this
4 point, suggest that staff would be an asterisk on that
5 saying double, but you would still only get ten points.

6 Executive Director Summer: And, Steve, if
7 I can -- I can add, I think it's a great question.
8 This -- you know, county tiers is something that the
9 Board has looked at and considered and noted for the
10 last ten years. This -- this is new program will
11 particularly expound opportunities, and it's the first
12 time that we're putting that sort of criteria in this
13 way, so I've got hope that -- that it works well, and
14 that it doesn't hurt folks, and right now that you're
15 -- in City of Charlotte, they've got resources. They
16 can do a strong match, but a smaller community might
17 not. This gives them the opportunity to be on an even
18 footing with the heavy hitters. But if this works, it
19 might be something that the other committees,
20 acquisition and restoration, could consider putting
21 that before -- in their matching area as well. So
22 there is certainly a part of this that's -- we've not
23 done, but I think this is promising.

24 Ms. Grissom: I would just like to add
25 that during the committee meetings, we had a lot of

1 discussion about the letter of interest --

2 Mr. Williams: Amy, I'm sorry. Can you
3 speak up a little so she can hear you?

4 Ms. Grissom: Sorry, I took my mask off
5 and hoped she could hear me. I just wanted to add that
6 we had a lot of discussions about the two-paged letter
7 of interest being before the applications. And I think
8 it's just going to be really important for us to find
9 out why certain applicants or potential applicants
10 decide they may not proceed. It would help us if we
11 were fortunate enough to have another -- funds, so that
12 might capture that as well as other --

13 Chairman Wilson: Any more questions
14 on this; we have a recommendation of -- Ann, anything
15 before we move forward from the committee chair?

16 Vice-Chairman Browning: I don't think so.

17 Chairman Wilson: Okay, we have a
18 recommendation from the Flood Risk Reduction Committee
19 that the Board approve the attached version, so the
20 following three documents. They describe the Flood
21 Risk Reduction Program and the North Carolina Land and
22 Water Fund. They are the draft for the Flood Risk
23 Reduction Program Guidelines, the draft Flood Risk
24 Reduction Application Rating System, and a draft Flood
25 Risk Reduction application and review process and time

1 line, which we had a couple of requested tweaks to; any
2 final discussion? I'm okay with taking all of these
3 together if everybody else is all right with that.
4 Okay, last chance for conversation, I'll ask you how
5 you vote on these; Ann?

6 Vice-Chairman Browning: Yes.

7 Chairman Wilson: Amy?

8 Ms. Grissom: Yes.

9 Chairman Wilson: Renee?

10 Restoration Committee Chairman Kumor: Yes.

11 Chairman Wilson: Mike?

12 Mr. Rusher: Yes.

13 Chairman Wilson: Jason?

14 Acquisition Committee Chair Walser: Yes.

15 Chairman Wilson: Darrel?

16 Mr. Williams: Yes.

17 Chairman Wilson: And John is a yes;
18 another momentous day in the history of the North
19 Carolina Land and Water Fund. Steve, just
20 extraordinary work and, Will and the staff and
21 committees members, for this.

22 Mr. Bevington: Well, thank you.

23 Chairman Wilson: Okay, now to item four
24 and to Justin for the stewardship report.

25 Mr. Mercer: I promise I will do my

1 best to get these -- get these next two agenda items in
2 thirty minutes.

3 Mr. Hearne: Justin, I'm not going to
4 do full slide because it is being fickle, so.

5 Mr. Mercer: That -- that was just
6 Steve slides.

7 Mr. Hearne: Yeah.

8 Mr. Mercer: All right, so every year
9 at this May meeting, we give an update on the status of
10 the Stewardship Program. And so I will start here by
11 just giving a little bit of a breakdown of what we
12 expect to spend from stewardship through the end of the
13 current monetary contract period, which is June 15th.
14 I'll point out, the work must be done the end of this
15 year on June 30th, but -- I mis-spoke there. July 15th
16 is the end of the contract period, because we give an
17 extra two weeks there to get invoices processed or get
18 folks to submit invoices for work that they did in the
19 fiscal year '21/'22. So again, these are projections
20 because we still have about two months for the -- the
21 end of this contract. As expected, the bulk of our
22 expenses we expect to come from monitoring -- the
23 monitoring line item through the contracts that we have
24 annually with our local land trust partners. We're
25 expecting to spend a little over \$148,000.00 in

1 monitoring this year, \$23,000.00 on management
2 projects, \$515.00 on GIS support, which I will mention
3 that is actually a much larger expense, but we were
4 able to cover most of that out of administrative funds
5 for the division with just a little bit of a gap in
6 funding. We needed to cover \$515.00, and then just
7 \$52.00 in contingency funds, for a total of about
8 \$173,000.00. We anticipate spending on stewardship
9 this fiscal year. I'll also point out that the
10 approved cap for the year was \$205,000.00, so we -- we
11 came in a little over a thirty, or we're expecting to
12 come in rather, a little over \$30,000.00 below what the
13 Board set as a cap last year. So starting with
14 monitoring, we covered a little bit of this in the
15 earlier presentation, but we currently hold 840
16 easements. 428 of those, we expect to be monitored by
17 our partners through the end of this contract period.
18 So that's kind of the -- that's kind of the standard of
19 what we expect every year. In addition to that, this
20 fiscal year, Land and Water Fund staff was able to
21 monitor an additional eleven properties, and I will
22 point out that this isn't something that we have --
23 have typically done in the past. We had the discussion
24 earlier today about what we expect to do going forward,
25 and so I just want to point out here that we -- we've

1 got eleven extra this year that were more opportunistic
2 in approach. These were projects that either had
3 potential issues that we needed to go investigate or
4 amendment requests or other inquiries on reserve rights
5 that we had staff go out to and were able to actually
6 get those monitored and reports filled for those
7 projects, some of which was done for the first time
8 this fiscal year, and then we have this zero down here
9 under projects monitored remotely. It's unfortunate
10 that number is zero. I believe it has been higher than
11 that in recent years. But a couple reasons for that
12 zero, first of all, the Stewardship Manager position
13 was vacant for a good four or five months. In the last
14 five months that I've occupied the position, I've also
15 spent a pretty good chunk of my time handling residual
16 field rep duties. So unfortunately there has not been
17 a lot of additional time for remote monitoring this
18 year, but I think the take-home from this is that all
19 of these numbers are going to be higher next year,
20 particularly this eleven right here, hopefully be at
21 least seventy-five, that we talked about earlier having
22 Land and Water Fund staff do it on an annual. And then
23 as time allows, we will get additional remote
24 monitoring done as well. This 428 certainly will grow
25 a little bit as we get the new contracts for recently

1 closed projects on the books, but I think in two years
2 is where we -- when we're going to a significant jump
3 in that 428, but we'll be able to take this year to
4 coordinate with our partners and hopefully get some of
5 those previously unfunded projects on the books with
6 contracts. Then we can really start to see that 428
7 grow in fiscal year '23/'24. Management funds; so this
8 year we funded twelve management projects, and these
9 included a variety of different types of projects, but
10 mostly centered on preventing trespass and encroachment
11 through gate installation and boundary markings;
12 through enhancing the natural resources by controlling
13 invasive species, and reinforcing previously cleared
14 areas, and lastly bringing older easements up to
15 current documentation standards through current
16 condition reports. And when we -- we close a project
17 now, it comes with the expectation if there's a State-
18 held easement that a baseline documentation report is
19 completed and there should be funds for that in the --
20 in the grant. What we have seen with a lot of these
21 previously unfunded projects, or monitoring projects,
22 is either baseline documentation reports were never
23 done, or they're so old and the gap in monitoring has
24 been so long that they're really not relevant anymore.
25 So these current condition reports are an effort to

1 sort of reestablish a baseline for some of these
2 projects so that we have an adequate comparison when
3 things come up to figure out, okay, has this changed
4 from the previous year, or has this changed from a
5 specific date and time when we really started
6 monitoring? And so that's something that I really hope
7 we can start to see more of in future years as we get
8 some of these other projects caught up. Our easement
9 mapping projects is something that I am -- I am
10 particularly excited about even though I have had
11 little to nothing to do with it, but this is a project
12 that Marissa started within the last few years with the
13 bulk of the work being done by Jim, who is our -- our
14 part-time GIS staffer. And what this is targeted at is
15 looking at the state county by county, looking at all
16 of the legal documents for projects that we have
17 protected in those areas and converting that to a
18 reliable updated Shape file for each project. And I
19 will say that we have always, or at least in recent
20 memory, have maintained a funded projects layer here.
21 But that doesn't always translate well to projects that
22 actually closed or projects that had scope changes
23 after they were originally funded. So in -- in modern
24 times of how we do things, having a solid reliable data
25 source for every project that we -- we have funded or

1 that we have easement on in the state is going to be
2 vital moving forward for getting projects monitored,
3 not only by our staff, but by our partners as well.
4 And I will point out that at this point, we got
5 eighteen additional counties completed this year, which
6 leaves just nine; Mecklenburg, Union, Rowan, Orange,
7 Wake, Pender, and Tyrrell County. So we're getting
8 really close here, and I'm really looking forward,
9 somewhat selfishly, because that makes my job a lot
10 easier. And that brings us to violations, and I think
11 this is a -- a relatively new addition to this
12 presentation. We now have a violations policy, which
13 requires us to or requires me to give you an update on
14 violations at this meeting every year. So for fiscal
15 year '21/'22, we have a total of twenty-three potential
16 and confirmed violations. Of those twenty-three,
17 fourteen violations carried over from previous years,
18 and I want to point out that's not because nobody was
19 doing anything about them, but sometimes violations
20 take a bit of time to resolve. It's not exactly a
21 scenario where we can go out one day and have it fixed
22 the next. So these are -- these fourteen are not
23 projects that were being ignored. They're just
24 projects that take a little bit of time to resolve. We
25 had nine new reports of violations this year. Of the

1 active violations, we were able to resolve three of
2 them completely in the fiscal year of '21/'22. So
3 those are three that come off the list for next year.
4 We don't have to worry about them until somebody goes
5 out to do a -- another monitoring this next year.
6 Seventeen of those confirmed violations are in
7 progress. So these are ones that we have been out or
8 we had somebody go out and confirm that it is indeed a
9 violation. And we are in progress of either
10 identifying steps to remedy that solution or the -- the
11 other parties are actively involved in -- in
12 implementing those solutions. So once -- once those
13 move to completion, we'll be able to take them off the
14 list. And then we have three that remain in the
15 research stage. Again, I don't want to characterize
16 those as projects that nobody's doing anything about,
17 but sometimes we run into situations where, you know,
18 we're not 100 percent sure that it is a violation.
19 Sometimes they need somebody to go out and inspect in
20 person. Sometimes they require a new line to be
21 surveyed to -- to figure out whether -- whether it's on
22 the easement side of the boundary or -- outside of it.
23 So those three are in the research stage, and we will
24 continue working on them as we move forward. Now of
25 course, I would much rather that be a zero instead of a

1 three, but it's worth pointing out that three projects
2 out of the 439 that we have monitored in this fiscal
3 year, I think that comes out to be 0.68 percent number
4 there. So that's -- that's really a very small
5 percentage of the projects that we're going out and
6 seeing every year. So definitely, we'll will work on
7 -- on keeping that as small as possible. And I regret
8 now that I didn't make the text on my graphic a little
9 bit bigger here, but I will -- will point out that of
10 the twenty-three violations we have, the largest share
11 is third-party violations. So 26 percent of all the
12 violations that we saw this year were third-party,
13 which means it's not the landowners that are -- are
14 creating these issues. It's somebody encroaching on a
15 boundary line, which really is a -- is a good sign that
16 we have landowners that are -- that regularly volunteer
17 to place an easement on their property or sell an
18 easement on their property and are -- are following the
19 rules as were told to them. We do have 18 percent that
20 were related to vegetation; somebody put trees where
21 they weren't supposed to or was mowing somewhere they
22 weren't supposed to. 17 percent are legal. I think
23 most of those are tied to title work that needs to be
24 done. And then the other remainder that are either
25 legal subdivisions, improvements -- legal improvements

1 for procedural violations, and these procedural
2 violations are situations where certain reserved rights
3 are allowed, but they might require notice to be given
4 to the Fund before they proceed with those or before
5 they exercise those reserved rights. So these are
6 situations where they did something that was allowed,
7 but they forget the intermediary step of notifying the
8 Fund. So we certainly would prefer to not see that
9 happen, but it is certainly not the -- the most
10 egregious thing that we -- we see on a regular basis.
11 And that is really -- really it for the Stewardship
12 Program report. I'm happy to take any questions on any
13 of that if you have them, no decisions to be made.

14 Vice-Chairman Browning: I have one question,
15 as you think about making progress on those -- on those
16 projects that are not being monitored, do you
17 anticipate these numbers to go up? I mean, things that
18 have kind of been laying unsupervised for a while might
19 have a higher probability.

20 Mr. Mercer: I -- I do. I would not
21 be surprised if you see higher numbers next year. I
22 think that is -- that is something that we -- we
23 recognize as we go out and see some these projects.
24 Again, some haven't -- haven't been monitored perhaps
25 for ten, fifteen, twenty years. We're going to run

1 into -- into additional issues. So we -- we've already
2 tackled some of those. The eleven that staff actually
3 went out and monitored this past year, several of them
4 were in that vein. Marissa probably in -- in the
5 previous fiscal year identified potential issues for
6 remote monitoring, and I sent myself or Damon out to --
7 to take a look, and unfortunately that's the situation
8 they were in. It was maybe an easement that was
9 recorded fifteen or twenty years ago that nobody had
10 seen, and it just kind of got forgotten about. So
11 unfortunately, I think we're going to run into that,
12 but again that kind of reinforces the idea that -- that
13 this additional stewardship work is -- is needed, and
14 we can start working to correct any of those issues
15 that might have come up.

16 Chairman Wilson: Any more questions for
17 Justin regarding the Stewardship Report; well, if you
18 think of any, feel free to ask them while he remains on
19 the firing lines to give us the Endowment Report and
20 the Annual Deposit and Withdrawal Request.

21 Mr. Mercer: I -- I will preface this
22 and ask for you to -- to excuse the extra slides that
23 are in this one. I didn't want to get ahead of the
24 Board and assume that the earlier -- the earlier
25 committee recommendations were going to be approved, so

1 bear with me while I skip over slides that are no
2 longer -- all right, so what we have here is a -- just
3 a snapshot for the last year of where our Endowment
4 Fund value has been, and I'll -- I'll try to -- try to
5 use the best of my memory here. When we -- when we
6 look at this, we -- we evaluate from March to March.
7 So in March '21, the value of the endowment was right
8 about 6.4 million dollars. We can see it moved up and
9 down a little bit over the course of the year, peaking
10 in December at right around 7.1 million and then
11 settling out in March of this year right around 6.8
12 million. So the point of that is to show that it's a
13 relatively flat terrain for -- for this past fiscal
14 year, but still generally moving in a positive
15 trajectory. As of March 2022, we -- the value of the
16 endowment was up \$398,000.00 over the same time last
17 year. Of that 6.8 million dollar value, 2.78 million
18 of that is investment, so a pretty good buffer there in
19 investment income on the principal. When we look at
20 making decisions on what we can spend in a given year,
21 we -- we target 4 percent of the -- the current value
22 of -- not the current value, of the value of the
23 endowment. And to get a reasonably accurate value, we
24 don't look at what it is today. We look at the thirty-
25 six month average. So we can see that thirty-six month

1 value in this chart here. We can see a pretty
2 significant dip in March 2020, and I think we all know
3 what was happening then. But it has rebounded very
4 well since then with a thirty-six month average of 5.9
5 million dollars I specifically have outlined here. So
6 of that 5.9 million, we can -- we can set a cap for
7 spending of 4 percent, which gives us a recommended cap
8 of \$236,170.00. Of that money, we are proposing
9 \$164,000.00 or roughly \$164,000.00 to go towards
10 monitoring expenses through those annual contracts.
11 \$20,000 will go towards management projects, and the
12 remaining \$52,000.00 will be for additional stewardship
13 expenses. And that -- that's a little bit of a catch-
14 all as -- as Ms. Browning was saying, we do anticipate
15 in taking a more active approach to monitoring that
16 we're going to come across some issues that maybe we
17 haven't seen in the past. So building extra funding in
18 here allows us the flexibility to address some of those
19 more effectively as they come up. So I anticipate that
20 there are going to be some additional startup costs
21 with sort of taking this step towards active monitoring
22 for the first time really in the Fund's history, at
23 least to this level. So this is a breakdown of what
24 our expenses are and what we anticipate needing to both
25 withdraw and then deposit into the endowment principal.

1 So we're estimating, and again because the fiscal year
2 isn't over yet, we're -- we're using estimates here.
3 We are estimating that we'll have about \$30,000.00 in
4 reserves by the time we reach -- reach the end of the
5 fiscal year. We have our expenses for monitoring,
6 management funds and additional stewardship funds and
7 taking into account that existing \$30,000.00 to reach
8 the -- the funding or the proposed funding cap. We
9 would then need to withdraw \$206,170.00 to fund our
10 operating expenses for the coming fiscal year. What we
11 have here are the projects that are projected to close
12 by the end of this year. So when a project closes, it
13 -- it transfers -- or that stewardship money set aside
14 in the grant gets transferred into the endowment as
15 well. So for these roughly nine new projects here that
16 are closing this fiscal year, we'll have about
17 \$139,000.00 that needs to be transferred into the
18 endowment principal. With the decision earlier today
19 to add an additional 2.5 million to the endowment
20 principal, that results a need of just over 2.6 million
21 dollars transferred to the endowment principal for this
22 fiscal year. So in doing so, we need to make sure that
23 the funds are appropriately balanced between our three
24 different pieces of the endowment. So we have the
25 equity investment fund, the short-term investment fund,

1 and the bond investment fund, and prior Board decision
2 and agreement with the Treasurer's office says that
3 those should be balanced with 70 percent in equity, 22
4 percent in short-term investment, and 8 percent in bond
5 funds. So just to give you an idea for what the -- the
6 transfers could look like, and I will -- will preface
7 this by saying that the actual transition or transfer
8 will -- will vary depending on the values at the time.
9 So this transfer likely won't happen until at least
10 September, and so the numbers are going to change a
11 little bit between now and then. But just to give you
12 an idea for what things might look like, that's a
13 deposit of \$231,127.00 in the bond funds, a little over
14 \$515,000.00 into short-term investment, and just shy of
15 1.9 million dollars into the equity fund. On top of
16 that, we will withdraw \$206,000.00 of investment income
17 to fund operating expenses for the coming year, so all
18 of that to say that our principal at the end of these
19 transactions will be roughly 6.7 million with just shy
20 of 2.6 million in investment income, and a total
21 investment -- or a total endowment value of just shy of
22 9.3 million dollars. And so we have four items that
23 need approval by the Board; the staff recommendation to
24 authorize the fiscal year '22/'23 stewardship spending
25 up to \$236,170.00 for monitoring contracts, management

1 awards, and other stewardship operating costs; number
2 two, the staff recommendation to deposit up to
3 \$139,094.00 into the endowment principal and withdraw
4 up to \$206,170.00 in investment income to fund program
5 expenses. We've got a third item here, which is --
6 which will a little bit confusing. The Board approved
7 the -- approved an additional 2.5 million dollars for
8 stewardship, but we still have to approve the -- or you
9 still have to approve the deposit and transfer it into
10 the endowment fund. So this is to recommend or the
11 recommendation to deposit up to an additional two and a
12 half million dollars in available funds into the
13 endowment principal, and then number four, the
14 recommendation to structure the annual transaction
15 between the staff's reinvestment funds to meet the
16 targets set per the deposit agreement with the
17 Treasurer's office based on the most current available
18 data when the transaction is made. Again, it's worded
19 that way to give us the flexibility to kind of shift
20 those numbers as the numbers change between now and
21 next session. And with that, I'm happy to take any
22 questions.

23 Chairman Wilson: I have a quick question
24 about number four.

25 Mr. Mercer: Yes.

1 Chairman Wilson: The Treasurer's office
2 collaborates with us. I mean, if we said put 2.5
3 million and stick it all in bonds, then they're going
4 to say that's not in keeping with your investment
5 obligation plan, right?

6 Mr. Mercer: Well, I -- I believe so.
7 I've not been through that before, so MARRISA can take
8 over.

9 Ms. Hartzler: That's correct. That
10 agreement was set by the Board to keep things
11 accountable. We normally get advice through the
12 Treasurer's office. If it were to come through our
13 office, it would have to be an action of the Board to
14 change --

15 Chairman Wilson: Any more questions on
16 this, comments?

17 Ms. Grissom: I guess I just have one
18 question. So do we get advice from the Treasurer's
19 office regarding this breakdown or is this something
20 that --

21 Mr. Bevington: So this has historically
22 been Board directed, but it has been done with advice
23 from -- I believe the current situation was advised by
24 a former Trustee, Frank Bragg, who I believe was an
25 investment banker, and so it is not just at the whims

1 of the folks in this table. It is -- it's based on
2 advice from him.

3 Chairman Wilson: And Frank also suggested
4 the 4 percent withdrawal of the total endowment value,
5 so that when previously submitted, it was much more
6 complicated and frankly not -- not as effective as this
7 way, so it was great idea in a number of ways.

8 Mr. Mercer: Yes, and I believe that
9 was his recommendation as well, and from I understand
10 that is still a -- a relatively conservative spending
11 cap. Specifically, as you can see the -- the
12 investment income is -- is at 2.78 million, so we are
13 obviously not spending all of the investment income.

14 Chairman Wilson: Okay, any more questions
15 or suggestions or modifications; instead of me reading
16 all four of those, can we just vote on them, or do you
17 want me to read it?

18 Restoration Committee Chairman Kumor: Mr.
19 Chairman, I'm going to make a motion that we adopt the
20 four recommendations before us as written by staff.

21 Chairman Wilson: As written by staff and
22 those are the same -- exact same wording that were in
23 our packets that were sent to us.

24 Mr. Walser: Correct.

25 Chairman Wilson: Perfect, great; is

1 everybody good with that? All right, this is on all
2 four of these items.

3 Mr. Rusher: I second.

4 Chairman Wilson: All right, there was a
5 second by Mike; all in favor; Ann?

6 Vice-Chairman Browning: Yes.

7 Chairman Wilson: Amy?

8 Ms. Grissom: Yes.

9 Chairman Wilson: Renee?

10 Restoration Committee Chairman Kumor: Yes.

11 Chairman Wilson: Mike?

12 Mr. Rusher: Yes.

13 Chairman Wilson: Jason?

14 Acquisition Committee Chair Walser: Yes.

15 Chairman Wilson: Darrel?

16 Mr. Williams: Yes.

17 Chairman Wilson: And John is a yes. We
18 just approved all four of those action times in one
19 fell swoop; any more business? All right, so I am
20 going to entertain a motion that we adjourn, but don't
21 run away after the adjournment because we've got some
22 announcements; motion to adjourn; Ann, thank you.

23 Ms. Grissom: Second.

24 Chairman Wilson: Amy, second; all in
25 favor, please say aye.

1 All board members: Aye.

2 (The proceedings were concluded at 3:28 P.M.)

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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 eight pages which constitute this Board of Trustees Meeting are a true and accurate transcript.

IN WITNESS THEREOF, I have hereunto set my hand this 6th day of September, 2022.

Dona E. Overby

Dona E. Overby
Notary Public
Certificate No.: 19971920107