

Clean Water Management Trust Fund

Policy Manual



2018

TABLE OF CONTENTS

PURPOSE AND BACKGROUND

AUTHORITY

BOARD OF TRUSTEES

- BOT-001: By-Laws

PUBLIC NOTIFICATION

MULTIPLE PROGRAM POLICIES - APPLIES TO ACQUISITION AND RESTORATION PROGRAMS

- MPP-001: Administrative Costs and Caps Policy
- MPP-002: Decision Matrix
- MPP-003: Use of Funds for Acquisition of Real Property Interest
- MPP-004: Use of Eminent Domain Policy
- MPP-005: Minimum Criteria Policy

ACQUISITION PROGRAM

- ACQ-001: Appraisal Policy
- ACQ-002: Purchase and Removal of Structures
- ACQ-003: Transactional Costs for State Agencies
- ACQ-004: Income Generation & Mitigation Activities within the CWMTF Conservation Agreement
- ACQ-005: State Property Office Delegation
- ACQ-006: Construction of Natural Surface Trails
- ACQ-007: Property Management Costs

RESTORATION PROGRAM

- RES-001: Ag BMP Policy
- RES-002: Construction Bids and Award Reduction Policy
- RES-003: Construction Contingency Fund Policy
- RES-004: Option Agreements for Restoration Projects Policy
- RES-005: Operation & Maintenance Plans for Restoration Projects Policy
- RES-006: Resolution - Mitigation Policy
- RES-007: Restoration - Term Easements
- RES-008: Stewardship Funds

DONATED EASEMENT PROGRAM

STEWARDSHIP PROGRAM

- STW-001: Conservation Agreement Amendment Policy
- STW-002: Stewardship Funds Additional Uses
- STW-003: Resolution - Establish Endowment and Hold Stewardship Funds
- STW-004: Resolution - Invest in Endowment
- STW-005: Deposit Agreement for Endowment

PURPOSE

This Policy Manual is intended to serve as general guidance and reference material for all grant applicants and recipients, as well as those who are engaged in the administrative, financial management and stewardship responsibilities of the Clean Water Management Trust Fund. Policies in this document have been adopted by the Clean Water Management Trust Fund (CWMTF) Board of Trustees.

CWMTF application forms for grants, grant evaluation guidelines, enabling legislation, lists of the board of trustees, staff directory, news releases, and other reports and documents are available at www.cwmtf.net.

This manual is also available electronically on the CWMTF website under Policy Manual at www.cwmtf.net.

BACKGROUND

North Carolina's Clean Water Management Trust Fund (CWMTF) was established by the General Assembly in 1996 (Article 2; Part 41 of the North Carolina General Statutes). The Fund provides grant assistance to conservation non-profits, local governments and state agencies for the protection of natural, cultural and historic resources in North Carolina.

The CWMTF will fund projects that (1) enhance or restore degraded waters, (2) protect unpolluted waters, and/or (3) contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits, (4) provide buffers around military bases to protect the military mission, (5) acquire land that represents the ecological diversity of North Carolina, and (6) acquire land that contributes to the development of a balanced State program of historic properties.

The CWMTF is a division in the Department of Natural and Cultural Resources (DNCR.) A 9-member board of trustees establishes criteria, allocates funds and approves grants, and established policies. Three board members are appointed by the Governor; three by the General Assembly upon the recommendation of the President Pro Tempore of the Senate; and three by the General Assembly upon the recommendation of the Speaker of the House. An advisory council composed of the Commissioner of Agriculture, Chair of the Wildlife Resources Commission, Secretary of DNCR, Secretary of Commerce, and Secretary of Department of Environmental Quality or their designees advises the board of trustees.

AUTHORITY

Article 2; Part 41.

Clean Water Management Trust Fund.

§ 143B-135.234. Clean Water Management Trust Fund.

(a) **Fund Established.** – The Clean Water Management Trust Fund is established as a special revenue fund to be administered by the Department of Environmental Quality. The Fund receives revenue from the following sources and may receive revenue from other sources:

- (1) Annual appropriations.
- (2) Special registration plates under G.S. 20-81.12.
- (3) Other special registration plates under G.S. 20-79.7.

(b) **Fund Earnings, Assets, and Balances.** – The State Treasurer shall hold the Fund separate and apart from all other moneys, funds, and accounts. Any balance remaining in the Fund at the end of any fiscal year shall be carried forward in the Fund for the next succeeding fiscal year. Payments from the Fund shall be made on the warrant of the Chair of the Board of Trustees.

(c) **Fund Purposes.** – Moneys from the Fund are appropriated annually to finance projects to clean up or prevent surface water pollution and for land preservation in accordance with this Part. Revenue in the Fund may be used for any of the following purposes:

- (1) To acquire land for riparian buffers for the purposes of providing environmental protection for surface waters and urban drinking water supplies and establishing a network of riparian greenways for environmental, educational, and recreational uses.
- (2) To acquire conservation easements or other interests in real property for the purpose of protecting and conserving surface waters and enhancing drinking water supplies, including the development of water supply reservoirs.
- (3) To coordinate with other public programs involved with lands adjoining water bodies to gain the most public benefit while protecting and improving water quality.
- (4) To restore previously degraded lands to reestablish their ability to protect water quality.
- (5) To facilitate planning that targets reductions in surface water pollution.
- (6) To finance innovative efforts, including pilot projects, to improve stormwater management, to reduce pollutants entering the State's waterways, to improve water quality, and to research alternative solutions to the State's water quality problems.
- (7) To provide buffers around military bases or for State matching funds for the Readiness and Environmental Protection Initiative, a federal funding initiative that provides funds for military buffers.
- (8) To acquire land that represents the ecological diversity of North Carolina, including natural features such as riverine, montane, coastal, and geologic systems and other natural areas to ensure their preservation and conservation for recreational, scientific, educational, cultural, and aesthetic purposes.
- (9) To acquire land that contributes to the development of a balanced State program of historic properties.
- (10), (11) Repealed by Session Laws 2015-241, s. 14.4, effective July 1, 2015.

(d) Repealed by Session Laws 2015-241, s. 14.4, effective July 1, 2015. (1996, 2nd Ex. Sess., c. 18, s. 27.6(a); 2001-424, s. 32.17; 2003-340, s. 1.3; 2004-179, s. 4.4; 2005-454, s. 5; 2007-549, s. 2; 2011-145, s. 13.26(b); 2011-374, s. 2.2; 2013-360, s. 14.3(d); 2014-100, ss. 14.13A(b), 14.21(b); 2015-241, ss. 14.4, 14.30(k1), (r1), (u).

143B-135.236. North Carolina Conservation Easement Endowment Fund.

(a) The North Carolina Conservation Easement Endowment Fund is established as a special fund in the Office of the State Treasurer. The principal of the Endowment Fund shall consist of a portion of grant funds transferred by the Trustees to the Endowment Fund from the Clean Water Management Trust Fund for stewardship activities related to projects for conservation easements funded from the Clean Water Management Trust Fund. The principal of the Endowment Fund may also consist of any proceeds of any gifts, grants, or contributions to the State that are specifically designated for inclusion in the Endowment Fund and any investment income that is not used in accordance with subsection (b) of this section. The State Treasurer shall hold the Endowment Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall invest the assets of the Endowment Fund in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The State Treasurer shall disburse the endowment investment income only upon the written direction of the Chair of the Board of Trustees. No expenditure or disbursement shall be made from the principal of the Endowment Fund.

(b) The Trustees may authorize the disbursement of the endowment investment income only for activities related to stewardship of conservation easements owned by the State. (2008-107, s. 12.9(a); 2015-241, s. 14.30(k1).)

§ 143B-135.238. Grant requirements.

(a) Eligible Applicants. – Any of the following are eligible to apply for a grant from the Fund for the purpose of protecting and enhancing water quality:

- (1) A State agency.
- (2) A local government unit.
- (3) A nonprofit corporation whose primary purpose is the conservation, preservation, or restoration of our State's cultural, environmental, or natural resources.

(b) Criteria. – The criteria developed by the Trustees under G.S. 143B-135.242 apply to grants made under this Part.

(c) Matching Requirement. – The Board of Trustees shall establish matching requirements for grants awarded under this Part. This requirement may be satisfied by the donation of land to a public or private nonprofit conservation organization as approved by the Board of Trustees. The Board of Trustees may also waive the requirement to match a grant pursuant to guidelines adopted by the Board of Trustees.

(d) Restriction. – No grant shall be awarded under this Part to satisfy compensatory mitigation requirements under 33 USC § 1344 or G.S. 143-214.11.

(e) Withdrawal. – An award of a grant under this Part is withdrawn if the grant recipient fails to enter into a construction contract for the project within one year after the date of the award, unless the Trustees find that the applicant has good cause for the failure. If the Trustees find good cause for a recipient's failure, the Trustees must set a date by which the recipient must take action or forfeit the grant. (1996, 2nd Ex. Sess., c. 18, s. 27.6(a); 2003-340, s. 1.3; 2005-454, s. 6; 2006-178, s. 1; 2007-185, s. 1; 2014-100, s. 14.8(c); 2015-241, ss. 14.30(k1), (r1).)

§ 143B-135.240. Clean Water Management Trust Fund: Board of Trustees established; membership qualifications; vacancies; meetings and meeting facilities.

(a) Board of Trustees Established. – There is established the Clean Water Management Trust Fund Board of Trustees. The Clean Water Management Trust Fund Board of Trustees shall be administratively located within the Department of Natural and Cultural Resources.

(b) Membership. – The Clean Water Management Trust Fund Board of Trustees shall be composed of nine members appointed to three-year terms as follows:

- (1) One member appointed by the Governor to a term that expires on July 1 of years that precede by one year those years that are evenly divisible by three. G.S. 143B-135.234 - G.S. 143B-135.248 Page 3

- (2) One member appointed by the Governor to a term that expires on July 1 of years that follow by one year those years that are evenly divisible by three.
- (3) One member appointed by the Governor to a term that expires on July 1 of years that are evenly divisible by three.
- (4) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate to a term that expires on July 1 of years that precede by one year those years that are evenly divisible by three.
- (5) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate to a term that expires on July 1 of years that follow by one year those years that are evenly divisible by three.
- (6) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate to a term that expires on July 1 of years that are evenly divisible by three.
- (7) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives to a term that expires on July 1 of years that precede by one year those years that are evenly divisible by three.
- (8) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives to a term that expires on July 1 of years that follow by one year those years that are evenly divisible by three.
- (9) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives to a term that expires on July 1 of years that are evenly divisible by three.

(c) Qualifications. – The office of Trustee is declared to be an office that may be held concurrently with any other executive or appointive office, under the authority of Article VI, Section 9, of the North Carolina Constitution. When appointing members of the Authority, the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives shall give consideration to adequate representation from the various regions of the State and shall give consideration to the appointment of members who are knowledgeable in any of the following areas:

- (1) Acquisition and management of natural areas.
- (2) Conservation and restoration of water quality.
- (3) Wildlife and fisheries habitats and resources.
- (4) Environmental management.
- (5) Historic preservation.

(d) Limitation on Length of Service. – No member of the Board of Trustees shall serve more than two consecutive three-year terms or a total of 10 years.

(e) Chair. – The Governor shall appoint one member to serve as Chair of the Board of Trustees.

(f) Vacancies. – An appointment to fill a vacancy on the Board of Trustees created by the resignation, removal, disability, or death of a member shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be filled as provided in G.S. 120-122.

(g) Frequency of Meetings. – The Board of Trustees shall meet at least twice each year and may hold special meetings at the call of the Chair or a majority of the members.

(h) Quorum. – A majority of the membership of the Board of Trustees constitutes a quorum for the transaction of business.

(i) Per Diem and Expenses. – Each member of the Board of Trustees shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as applicable. Per diem, subsistence, and travel expenses of the G.S. 143B-135.234 - G.S. 143B-135.248

Trustees shall be paid from the Fund. (1996, 2nd Ex. Sess., c. 18, s. 27.6(a); 1997-443, s. 11A.119(a); 2001-474, s. 10; 2003-340, s. 1.3; 2003-422, s. 1; 2006-178, s. 2; 2013-360, s. 14.3(e); 2014-100, s. 14.8(d); 2015-241, ss. 14.30(k1))

§ 143B-135.242. Clean Water Management Trust Fund Board of Trustees: powers and duties.

(a) Allocate Grant Funds. – The Trustees shall allocate moneys from the Fund as grants. A grant may be awarded only for a project or activity that satisfies the criteria and furthers the purposes of this Part.

(b) Develop Grant Criteria. – The Trustees shall develop criteria for awarding grants under this Part. The criteria developed shall include consideration of the following:

- (1) The significant enhancement and conservation of water quality in the State.
- (2) The objectives of the various basinwide management plans for the State's river basins and watersheds.
- (3) The promotion of regional integrated ecological networks insofar as they affect water quality.
- (4) The specific areas targeted as being environmentally sensitive.
- (5) The geographic distribution of funds as appropriate.
- (6) The preservation of water resources with significant recreational or economic value and uses.
- (7) The development of a network of riparian buffer-greenways bordering and connecting the State's waterways that will serve environmental, educational, and recreational uses.
- (8) Water supply availability and the public's need for resources adequate to meet demand for essential water uses. Criteria developed pursuant to this subdivision may include consideration of the likelihood of a proposed water supply project ultimately being permitted and built.
- (9) The protection or preservation of land with outstanding natural or cultural heritage values.
- (10) The protection or preservation of land that contains a relatively undisturbed and outstanding example of a native North Carolina ecological community that is now uncommon; contains a major river or tributary, watershed, wetland, significant littoral, estuarine, or aquatic site, or important geologic feature; or represents a type of landscape, natural feature, or natural area that is not currently in the State's inventory of parks and natural areas.
- (11) The protection or preservation of a site or structure that is of such historical significance as to be essential to the development of a balanced State program of historic properties.

(c) Develop Additional Guidelines. – The Trustees may develop guidelines in addition to the grant criteria consistent with and as necessary to implement this Part.

(d) Acquisition of Land. – The Trustees may acquire land by purchase, negotiation, gift, or devise. Any acquisition of land by the Trustees must be reviewed and approved by the Council of State and the deed for the land subject to approval of the Attorney General before the acquisition can become effective. In determining whether to acquire land as permitted by this Part, the Trustees shall consider whether the acquisition furthers the purposes of this Part and may also consider recommendations from the Council. Nothing in this section shall allow the Trustees to acquire land under the right of eminent domain.

(e) Exchange of Land. – The Trustees may exchange any land they acquire in carrying out the powers conferred on the Trustees by this Part. G.S. 143B-135.234 - G.S. 143B-135.248 Page 5

(f) Land Management. – The Trustees may designate managers or managing agencies of the lands acquired under this Part.

(g) Rule-making Authority. – The Trustees may adopt rules to implement this Part. Chapter 150B of the General Statutes applies to the adoption of rules by the Trustees. (1996, 2nd Ex. Sess., c. 18, s. 27.6(a), (c); 1999-237, s. 15.11; 2003-340, s. 1.3; 2004-179, s. 4.5; 2011-374, s. 2.4; 2013-360, s. 14.3(f); 2013-414, s. 58(b); 2014-3, s. 14.14(f); 2014-100, s. 14.8(e); 2015-241, ss. 14.30(k1), (r1).)

§ 143B-135.244. Clean Water Management Trust Fund: reporting requirement.

The Chair of the Board of Trustees shall report no later than December 1 each year to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, the Subcommittees of the House of Representatives and Senate Appropriations Committees with jurisdiction over natural and economic resources, and the Fiscal Research Division of the General Assembly regarding the implementation of this Part. The report shall include a list of the projects awarded grants from the Fund for the previous 12-month period. The list shall include for each project a description of the project, the amount of the grant awarded for the project, and the total cost of the project. (1997-443, s. 7.10; 2002-148, s. 3; 2003-340, s. 1.3; 2015-241, ss. 14.30(k1), (r1).)

§ 143B-135.246. Clean Water Management Trust Fund: Executive Director and staff.

The Secretary of Natural and Cultural Resources shall select and appoint a competent person in accordance with this section as Executive Director of the Clean Water Management Trust Fund Board of Trustees. The Executive Director shall be charged with the supervision of all activities under the jurisdiction of the Trustees and shall serve as the chief administrative officer of the Trustees. Subject to the approval of the Secretary of Natural and Cultural Resources, the Executive Director may employ such clerical and other assistants as may be deemed necessary.

The person selected as Executive Director shall have had training and experience in conservation, protection, and management of surface water resources. The salary of the Executive Director shall be fixed by the Secretary of Natural and Cultural Resources, and the Executive Director shall be allowed travel and subsistence expenses in accordance with G.S. 138-6. The Executive Director's salary and expenses shall be paid from the Fund. The term of office of the Executive Director shall be at the pleasure of the Secretary of Natural and Cultural Resources.

These employees shall be exempt from the North Carolina Human Resources Act, as provided in G.S. 126-5(c1). (1996, 2nd Ex. Sess., c. 18, s. 27.6(a); 2001-424, s. 32.16(b); 2003-340, s. 1.3; 2013-360, s. 14.3(g); 2013-382, s. 9.1(c); 2015-241, ss. 14.30(k1), (r1), (v).)

§ 143B-135.248. Clean Water Management Trust Fund: Advisory Council.

There is established the Clean Water Management Trust Fund Advisory Council. The Council shall advise the Trustees with regard to allocations made from the Fund, and other issues as requested by the Trustees. The Council shall be composed of the following or its designees:

- (1) Commissioner of Agriculture.
- (2) Chair of the Wildlife Resources Commission.
- (3) Secretary of Environmental Quality.
- (4) Secretary of the Department of Commerce.
- (5) Secretary of Natural and Cultural Resources. (1996, 2nd Ex. Sess., c. 18, s. 27.6(a); 1997-443, s. 11A.119(a); 2001-474, s. 11; 2003-340, s. 1.3; 2014-100, s. 14.8(f); 2015-241, ss. 14.30(k1), (r1), (v), (x).)

BOARD OF TRUSTEES

Conflict of Interest

The members of the Board of Trustees are covered by General Statute § 138A. State Government Ethics Act.

General Statute § 138A-15 mandates that the Chair inquire at each meeting as to whether any Trustee knows of any conflict of interest or the appearance of a conflict of interest with respect to matters on the agenda. If any Trustee knows of a conflict of interest or the appearance of a conflict of interest, they are required to state so for the public record.

Legal Consultation

An attorney from DNCR is assigned to CWMTF to advise board members and staff on any parliamentary procedures during board meetings, provide legal opinions concerning CWMTF statute, and represent CWMTF on any legal matters affecting the CWMTF.

Grant Funding Allocation

Funds for CWMTF are allocated by the General Assembly in the state budget. The CWMTF Board of Trustees sets the allocation of funds among the different purposes of CWMTF for grant awards. Funding allocation is typically set on an annual basis.

Board of Trustees (BOT-001)

Internal Operating Procedures (“By-Laws”)

Background: The purpose of Internal Operating Procedures is to establish a consistent, uniform method for conducting meetings of the Board of Trustees of the N.C. Clean Water Management Trust Fund (hereinafter “CWMTF”).

N.C. Clean Water Management Trust Fund By-Laws

Article I – Purpose

The purpose of Internal Operating Procedures is to establish a consistent, uniform method for conducting meetings of the Board of Trustees of the N.C. Clean Water Management Trust Fund (hereinafter “CWMTF”).

Article II – Authority

The CWMTF operates under the authority of the North Carolina General Statutes § 143B-135.234-248.

Article III - Meetings

Section 1: Open Meetings Law. All meetings of the CWMTF, its standing committees, special committees, advisory committees, ad-hoc committees, and workgroups shall be conducted in accordance with the North Carolina Open Meetings Law as set forth in N.C. Gen. Stat. § 143-318.9 *et seq.* (hereinafter Open Meetings Law). Meetings of the Commission and its committees shall be open to the public; provided however, that closed sessions may be held only to the extent allowed by N.C. Gen. Stat. § 143-318.11.

Section 2: Schedule of Regular Meetings: Prior to the first meeting of each calendar year, the CWMTF shall approve a schedule of meetings for the CWMTF and its standing committees for the next calendar year. The approved schedule of meetings shall be filed with the Secretary of State. If a change in schedule is required, notice shall be filed with the Secretary of State at least 7 days in advance of the first meeting held pursuant to the revised schedule.

Section 3: Special Meetings. The chair of the CWMTF or a majority of members of the CWMTF may call a special meeting by providing written notice stating the time and place of the meeting and the subjects to be considered at the meeting. Likewise, the chair of any of the CWMTF’s committees or workgroups may call a special meeting by providing written notice stating the time and place of the meeting and the subjects to be considered at the meeting. The person or persons who call the meeting shall cause the notice to be delivered to the Chair and all other Trustees of the CWMTF by US Mail or email at least 48 hours before the meeting and shall cause a copy of the notice to be posted in the administrative offices of the CMWTF and/or on its website at least 48 hours before the meeting as required by N.C. Gen. Stat. § 143-318.12. Only those items of business specified in the notice may be transacted at a special meeting.

Section 4: Emergency Meetings. If a meeting is called to deal with an emergency, the person or persons

who call an emergency meeting shall take reasonable action to inform the public and other trustees as required by N.C. Gen. Stat. § 143-318.12. Only business connected with the emergency may be discussed at the meeting. For purposes of this section, an "emergency meeting" is one called because of generally unexpected circumstances that require immediate consideration by the public body.

Article IV – Agenda

Section 1: Preparing the Agenda. The Executive Director, in consultation with the Chair, shall prepare the agenda for each meeting. A request to have an item placed on the agenda for a meeting should be provided to the Executive Director no later than 5:00 p.m. fourteen days prior to the meeting.

Section 2: Order of Business. The chair will set the order of business for each meeting. The following items are those usually included in the agenda:

- a. Call to Order
- b. Approval of Minutes
- c. Discussion/Adjustment of Agenda
- d. Administrative and Committee Reports
- e. Old Business
- f. New Business
- g. Informal Public Comment
- h. Closed Session (if required)
- i. Closing Comments from Trustees

Section 3: Posting the Agenda. The agenda shall be posted on the CWMTF website seven days before the meeting. However, if a meeting is scheduled to take place less than seven days after it is noticed as may be allowed by the Open Meetings Law, then the agenda shall be posted when it is available.

Section 4: Amending the Agenda. During a meeting of the CWMTF or its committees, the CWMTF or its committees may by majority vote, add or delete agenda items.

Article V - Informal Public Address to the CWMTF

Section 1: Process. The Executive Director shall include on the agenda for each regular meeting of the CWMTF a total of up to 15 minutes for informal comments from the public in attendance with each individual comment limited to a maximum of 3 minutes. The Chair will first recognize individuals or groups who have made a prior request to be heard and then may recognize others, subject to time available. The Chair may specify the time allotted to each individual or group. After the time for informal comments has expired, the Chair will recognize further speakers only upon motion duly made, seconded and carried.

Section 2: Subject matter: Comments shall be limited to subjects of business falling within the jurisdiction of the CWMTF. The CWMTF welcomes public comments on general issues. Comments will not be allowed on individual projects before the CWMTF for funding during the regular meeting.

Article VI - Record of Meetings

Minutes and other records of the CWMTF shall be kept under the direction of the Executive

Director, said record to be supplemented, where possible, by electronic recording.

Article VII – Officers

Section 1: Officers. The officers of the CWMTF are the Chair, appointed by the Governor, and the Vice-Chair, appointed by the Chair.

Section 2: Duties.

The Chair shall preside at meetings of the CWMTF and shall have the following duties:

1. To rule motions in or out of order including the right to rule out of order any motion patently offered for obstructive purposes.
2. To determine whether a speaker has gone beyond reasonable standards of courtesy in his remarks and to entertain and rule on objections from other members of the CWMTF on this ground.
3. To call a brief recess at any time.
4. To adjourn in an emergency.
5. To appoint advisory and ad hoc committees as the Chair shall from time to time deem necessary. Such committees shall have no powers or authority to act on behalf of the CWMTF, unless approved by the CWMTF.
6. To participate in any committee meetings as an *ex officio* member of the Committee.

The Vice-Chair shall preside at meetings of the CWMTF if the Chair is absent, incapacitated, or when the Chair steps aside to avoid a conflict of interest, a potential conflict of interest or the appearance of a conflict of interest.

Article VIII - Standing Committees

The CWMTF shall have the following standing committees appointed by the Chair:

Acquisitions Committee
Restoration, Innovative Stormwater, and Planning Committee
Executive Committee

Article IX – Special Committees

The Chair may establish advisory, ad-hoc, and workgroups as special committees from time to time to address specific issues as deemed necessary. When special committees are established, the action establishing the special committee shall include the purpose of the committee, the number of members, and the term. The Chair shall make appointments to special committees from among the trustees of the CWMTF. The Chair shall designate the chair of each committee from among its members and shall be an *ex officio* member of all committees.

Article X - Quorum

A quorum is required to conduct a meeting of the CWMTF or its committees. A simple majority shall constitute a quorum. Vacancies on the CWMTF or its committees shall not be considered in computing a majority.

Article XI - Voting

Each member of the CWMTF shall be authorized to make motions, second and vote on all matters coming before the CWMTF. Votes shall be recorded.

Article XII - Reference to Robert’s Rules of Order and Applicable Law

The rules contained in the current edition of *Robert’s Rules of Order Newly Revised* shall govern the CWMTF in all cases to which they are applicable and not inconsistent with these procedures, any special rules of order the CWMTF may adopt, or with any statues or rules applicable to the CWMTF.

Effective Date

Versions	Revisions
April 28, 1997	Original Effective Date
May 1, 2000	Revised and Adopted
March 9, 2015	Revised and Adopted
November 8, 2017	Revised and Adopted

PUBLIC NOTIFICATIONS

Regular Meetings

Prior to the first meeting of each calendar year, the CWMTF shall approve a schedule of meetings for the CWMTF and its standing committees for the next calendar year. The approved schedule of meetings shall be filed with the Secretary of State. If a change in schedule is required, notice shall be filed with the Secretary of State at least 7 days in advance of the first meeting held pursuant to the revised schedule.

Special Meetings

The agenda shall be posted on the CWMTF website seven days before the meeting. However, if a meeting is scheduled to take place less than seven days after it is noticed as may be allowed by the Open Meetings Law, then the agenda shall be posted when it is available.

Notifications by Email

CWMTF will send meeting and other notifications to a distribution list. Anyone may subscribe to the list through the CWMTF website at www.cwmtf.net

Website

Information concerning CWMTF may be found at www.cwmtf.net

MULTIPLE PROGRAM POLICIES

The policies in this section (MPP-001 – MPP-004) apply to Acquisition and Restoration Programs.

Multiple Program Policies (MPP-001)

Administrative Costs and Caps for Grant Contracts

Background: The CWMTF recognizes that grant recipients incur administrative costs in the process of managing projects. The purpose of this policy is to 1) clarify that only administrative costs directly necessary to the management of a CWMTF grant contract are reimbursable and 2) establish a cap on administrative costs for acquisition projects.

Policy:

1. Eligible administration costs include the direct labor costs associated with progress reporting, reimbursement requests, and project scope, budget and schedule management.
2. Costs not eligible for reimbursement include audits, direct phone costs, direct postage costs, grant recipient’s overhead (indirect) cost, including, rent, utilities, insurance costs, facility costs, general office, general phone and general postage costs.
3. For acquisition projects, the total amount to be reimbursed will be up to 10% of the total transaction costs (e.g. appraisal, survey, baseline documentation report, legal fees for preparation and recordation of easement) of the project not to exceed \$25,000.

Effective Date

Versions	Revisions
February 3, 2003	Original Effective Date
March 9, 2015	Revised and Adopted

Multiple Program Policy (MPP-002)

Decision Matrix

Background: To clarify at which level (staff, chairman, or board) a decision concerning a project may be made. The Decision Matrix does not determine the decision, but considers the degree of change being requested in assigning the decision to staff, chairman, or board level.

The current Decision Matrix form is found on the following two pages.

Effective Date

Versions	Revisions
November 10, 2008	Original Effective Date
February 10, 2014	Revised and Adopted

DECISION MATRIX EVALUATION WORKSHEET

Project Number:	Project Name:		Date of Request:
	REQUIRED APPROVALS		
Criteria	CWMTF Staff	Chairman	Full Board
Increase in CWMTF funds Grant Funds Available: YES NO Verified by Administrative Officer:	\$0	0% to 25%, but not to exceed \$100,000	> 25% or over \$100,000
Change in scope outputs*	up to 10%	10% to 25%	> 25%
Decrease in match % (Calculations page 2) **	up to 10%	10% to 25%	> 25%
Change in unit cost (for example, \$/acre, \$/LF, \$/gal)	up to 10%	10% to 25%	> 25%
Within budget reallocation of funds without adding a new budget line item and no loss of outputs*	10% to 20% of total CWMTF award reallocated to any one line item OR if > \$100,000 reallocated to any one line item*	More than 20% of total CWMTF award reallocated to any one line item	
Within budget reallocation of funds with adding a new budget line item and no loss of outputs*			Any request that adds a new budget line item
Withdrawal of Any Funded Project or Minigrant	Any Withdrawal Request		
If Request requires Full Board Approval, please enter the date of the Board meeting for which the request will be considered.			
Explanation of request and impacts to natural or cultural resources (Attach request, original budget and revised budget).			
Program Staff Recommendation:			
	Printed Name	Requisite Signature	Date
Approvals:			
CWMTF Staff			
Deputy Director			
Executive Director			
Chairman			

The Board should consider grant reductions that accompany a decrease in scope, even if the unit cost remains the same. Reductions that are due to lower construction bids than budgeted can be processed by Staff.

*The following budget reallocations and match reduction can be approved and processed by the Project Managers without submitting a decision matrix evaluation form.

- 1) For donated easement minigrants:
 - a) Any budget reallocations
 - b) Shift of funds to a previously used eligible line item on the application template
 - c) A reduction of match that still meets the minimum requirement. Reductions that do not meet the minimum match requirement must go to the Chairman for approval.
- 2) For all project types other than minigrants (M,D,S), less than 10% of the total CWMTF award reallocated to any one line item up to \$100,000 reallocated to any one line item.

**On 10/11/10, the Board gave the Chairman and R/S/G Co-Chairs the authority to approve match reductions when the tax card value (or appraisal) is less than the amount in the project budget for easement value.

DECISION MATRIX EVALUATION WORKSHEET

Decrease in Match Calculations

		Percentage Contract
CWMTF Contract Amount	\$0.00	
Match Contract Amount	\$0.00	
Total	\$0.00	
		Percentage Actual
CWMTF Actual Pay-Out	\$0.00	
Match Actual Pay-Out	\$0.00	
	\$0.00	
		Percent Change

Additional Comments:

Staff Level Revisions	Chairman Level Revisions	Board Level Revisions
<p>Revised 2-10-14 to reflect 2014 board review; and remove reference to minigrant programs no longer funded</p> <p>Revised 11-21-08 to clarify matching decrease calculation.</p> <p>Revised 1-7-09 to add Note #2.</p> <p>Revised 1-22-09 to add Note #3.</p> <p>Revised 11-5-09 to change titles of Deputy Directors to match Sept 09 reorganization.</p> <p>Revised 7-12-11 to remove Deputy Director for Acquisitions.</p> <p>Revised 2-10-2015 Update worksheet</p>	<p>Revised 2-10-14 to reflect 2014 review of decision matrix; reorganization of Board; % change clarification; and allow new line item reallocation.</p> <p>Revised 11-21-08 to reflect Nov 2008 Board decision on admin costs.</p> <p>Revised 11-21-08 to clarify matching decrease calculation.</p> <p>Revised 11-5-09 to change titles of Deputy Directors to match Sept 09 reorganization.</p> <p>Revised 12-15-2010 to add Chairman/Co-Chair approval of restoration & stormwater match reductions due to lower easement values than expected (based on Oct 11, 2010</p> <p>Revised 7-12-11 to remove Deputy Director for Acquisitions.</p>	<p>Revised 11-21-08 to clarify matching decrease calculation.</p> <p>Revised 11-5-09 to change titles of Deputy Directors to match Sept 09 reorganization.</p> <p>Revised 12-15-2010 to add Chairman/Co-Chair approval of</p> <p>Revised 7-12-11 to remove Deputy Director for Acquisitions.</p> <p>Revised 1-9-13 to clarify need for Board approval to reduce grant if other than related to construction bids.</p>

Multiple Program Policy (MPP-003)

Use of Funds for Acquisition of Real Property Interest

Background: It is the interest of the CWMTF board to focus on land acquisition that directly protects surface water, ecological communities, historic sites or military installations.

It is also the interest of the board to make certain funds are not paid above an appraised value while providing local governments with some flexibility when developing greenways or local parks.

Lastly, for stream restoration projects, the interest of the board is to direct funds to the restoration of stream banks and require the necessary easements to be donated for the project.

Policy

1. Funds from the CWMTF are typically used for purchase of property fee simple or conservation easements on property as describe as one or more of the following:
 - a. Land that is within the first 300 feet from the top of the stream bank, or the width of the 100-year floodplain, whichever is greater.
 - b. Land containing natural areas, element occurrences, or species of concern as defined by NC Natural Heritage Program or adjacent buffer land that is critical to the viability of those areas
 - c. Land buffering military bases or land identified for federal funds through the Readiness and Environmental Protection Initiative
 - d. Historic properties or the viewshed of historic properties
2. Acquisition of land or easements outside any of the above areas should be considered with matching funds, or be donated as match value to the project.
3. Funds from the CWMTF typically may not be used to purchase any improvements on property. The CWMTF will consider purchase of historic structures case-by-case.
4. Funds from the CWMTF may not be used to remove any debris from property.
5. For acquisitions by non-profit corporations, the CWMTF will not reimburse any portion of any purchases for which the price is in excess of the appraised value.
6. For acquisitions by municipalities and counties, the CWMTF will reimburse up to the appraised value and no more for which the purchase price, paid by the municipality or county exceeds the appraised value by no more than \$5,000 or 20% of the appraised value, whichever is greater.
7. For municipal or county greenway projects, where partial linear acquisitions from multiple owners are required to complete a project and where the municipality or county has demonstrated a willingness to

use its eminent domain authority in order to accomplish the acquisition of intervening properties, CMWTF will reimburse a reasonable amount not to exceed \$5,000 in excess of the appraised value, for the reasonable cost of avoided litigation and the uncertainty of ultimate valuation.

- 8. Funds from the CWMTF may not be used for purchase of easements for stream restoration projects. Easements for stream restoration projects must be donated as match to the project.

Effective Date

Versions	Revisions
February 18, 2015	Original Effective Date

Multiple Program Policy (MPP-004)

Use of Eminent Domain

Background: It is the purpose of the CWMTF to “finance projects that clean up or prevent surface water pollution and for land preservation”. (N.C. Gen. Stat. § 113A-253(c)). The statute requires that CWMTF consider eleven specific factors when awarding grants. N.C. Gen. Stat. § 113A-256 (b). In addition, the statute provides that “Trustees may develop guidelines in addition to the grant criteria consistent with and as necessary to implement this Article.” N.C. Gen. Stat. § 113A-256 (c).

CWMTF does not have the legal authority to acquire lands by condemnation. Specifically, N.C. Gen. Stat. § 113A-256(d) provides that the Trustees may acquire land by purchase, negotiation, gift, or devise.” However, “[n]othing in this section shall allow the Trustees to acquire land under the right of eminent domain.” This language limits CWMTF’s ability to acquire land. Other State Departments and agencies are not limited in this manner. For example, the North Carolina Department of Administration, an agency of the State of North Carolina, may acquire lands by exercise of the power of eminent domain for all state agencies subject to the approval of the Governor and the Council of State pursuant to N.C. Gen. Stat. § 146-341(4)(d).

The CWMTF can legally award grant funds for the purpose of acquiring property to other governmental entities with the power of condemnation. The CWMTF statute does not preclude the Trustees from awarding grants for projects that include credits for land acquired by condemnation or acquisition of land through condemnation by the grant recipient. However, it is the preference of the CWMTF to fund projects in which landowners are ready and willing to sell or donate land in a timely manner.

Policy:

CWMTF grant funds may be used to pay for the cost of the land acquired by a grant recipient regardless of whether the land was acquired through that grant recipient’s right of eminent domain as long as the grant award is consistent with the objectives for use of CWMTF grants which are set forth in N.C. Gen. Stat. § 113A-256 (b). CWMTF grant funds may not be used to pay for legal fees or costs incurred by the grant recipient to acquire land through condemnation actions under the grant recipient’s right of eminent domain unless approved by the Board of Trustees of the CWMTF in writing prior to the action. The Trustees shall review a grant recipient’s request to use funds for legal fees and costs to acquire land through condemnation on a case-by-case basis. Any request shall be provided in writing by the grant recipient.

Versions	Revisions
September 22, 2003	Original Effective Date
June 3, 2015	Revised and Adopted

The CWMTF history with eminent domain 2000-2008

1. The Board considered eminent domain issues in 2000 and 2001 as part of their funding decision for the Division of Forest Resources- Sterling Tract/Dupont Forest.
2. In September 2001, the Board approved the following statement related to eminent domain in their appraisal policy: “For municipal or county greenway projects, where partial linear acquisitions from multiple owners are required to complete a project and where the municipality or county has demonstrated a willingness to use its eminent domain authority in order to accomplish the acquisition of intervening properties, CMWTF will reimburse a reasonable amount not to exceed \$5,000 in excess of the appraised value, for the reasonable cost of avoided litigation and the uncertainty of ultimate valuation.”
3. In July 2003, the Board approved Rocky Mount’s request to use remaining funds in their contract to pay for legal expenses related to the eminent domain actions they were pursuing on six tracts in their Tar River greenway project. The Board specifically noted that their approval was made “with the understanding that this represents an exception to the Board’s standard policy.”
4. In September 2003, the Board adopted the following language related to eminent domain and requested that staff insert the language in all new contracts with local governments, beginning with the July 2003 approvals: “Clean Water Management Trust Fund grant funds may not be used for any eminent domain litigation or any action or expenditure related to eminent domain, unless approved by the Board of Trustees of the Clean Water Management Trust Fund in writing prior to the action. The Board of Trustees shall review requests to use funds for eminent domain action on a case-by-case basis. Requests shall be provided in writing by the Grant Recipient.”
5. In November 2004, the Board denied a request by New Bern (1998B-504) to reimburse them for a \$158,000 expense they had incurred in obtaining a tract by eminent domain.
6. In February 2008, the Board voted to allow Trenton to use eminent domain to acquire property for a wastewater land application site, however the CWMTF funds could not be used in any action of the condemnation, including deposit for the condemnation proceedings. Furthermore, the CWMTF would not reimburse Trenton for the property (purchase or transaction costs) until the condemnation proceedings were concluded (final award or dismissal of the court action).

Multiple Program Policy (MPP-005)

Policy Establishing Minimum Criteria Under N.C.G.S. 143b-135.242 for Approval of Grants for Projects

Background: In order for the Clean Water Management Trust Fund to approve the award of a grant for a project, the project must meet the minimum criteria stated in this Policy. If a project meets the minimum criteria, a grant may be awarded for the project, but neither the project nor the applicant is entitled to a grant. Whether or not a project that meets the minimum criteria in this Policy is awarded a grant is within the sound discretion of the Clean Water Management Trust Fund Board of Trustees taking into account all the purposes of Part 41 of Article 2 of Chapter 143B of the North Carolina General Statutes.

Policy:

In order for a project to be eligible for a grant, the project must meet the requirements of the following sections:

1. A Project must be submitted by an eligible applicant, per G.S. 143B-135.238
 - a. A State agency.
 - b. A local government unit.
 - c. A nonprofit corporation whose primary purpose is the conservation, preservation, or restoration of our State's cultural, environmental, or natural resources.

2. A Project must meet one of the purposes established for the Fund in G.S. 143B-135.234:
 - a. To acquire land for riparian buffers for the purposes of providing environmental protection for surface waters and urban drinking water supplies and establishing a network of riparian greenways for environmental, educational, and recreational uses.
 - b. To acquire conservation easements or other interests in real property for the purpose of protecting and conserving surface waters and enhancing drinking water supplies, including the development of water supply reservoirs.
 - c. To coordinate with other public programs involved with lands adjoining water bodies to gain the most public benefit while protecting and improving water quality.
 - d. To restore previously degraded lands to reestablish their ability to protect water quality.
 - e. To facilitate planning that targets reductions in surface water pollution.
 - f. To finance innovative efforts, including pilot projects, to improve stormwater management, to reduce pollutants entering the State's waterways, to improve water quality, and to research alternative solutions to the State's water quality problems.
 - g. To provide buffers around military bases or for State matching funds for the Readiness and Environmental Protection Initiative, a federal funding initiative that provides funds for military buffers.

- h. To acquire land that represents the ecological diversity of North Carolina, including natural features such as riverine, montane, coastal, and geologic systems and other natural areas to ensure purposes.
 - i. To acquire land that contributes to the development of a balanced State program of historic properties.
3. A Project must contribute to at least one of the goals stated below:
- a. The significant enhancement and conservation of water quality in the State,
 - b. The objectives of the various basinwide management plans for the State's river basins and watersheds,
 - c. The promotion of regional integrated ecological networks insofar as they affect water quality,
 - d. The specific areas targeted as being environmentally sensitive,
 - e. The preservation of water resources with significant recreational or economic value and uses,
 - f. The development of a network of riparian buffer-greenways bordering and connecting the State's waterways that will serve environmental, educational, and recreational uses,
 - g. Water supply availability and the public's need for resources adequate to meet demand for essential water uses. Criteria developed pursuant to this subdivision may include consideration of the likelihood of a proposed water supply project ultimately being permitted and built,
 - h. The protection or preservation of land with outstanding natural or cultural heritage values,
 - i. The protection or preservation of land that contains a relatively undisturbed and outstanding example of a native North Carolina ecological community that is now uncommon; contains a major river or tributary, watershed, wetland, significant littoral, estuarine, or aquatic site, or important geologic feature; or represents a type of landscape, natural feature, or natural area that is not currently in the State's inventory of parks and natural areas,
 - j. The protection or preservation of a site or structure that is of such historical significance as to be essential to the development of a balanced State program of historic properties, or
 - k. Significant contribution to the geographic distribution of funds as appropriate in relation to a project that serves at least one of the purposes listed in Section 2 hereof.
4. A Project must be supported by a complete application on the forms provided by the Clean Water Management Trust Fund.
5. A Project must not use any grant funds to satisfy compensatory mitigation requirements under 33 USC §1344 or G.S. 143-214.11.

Versions	Revisions
June 5, 2018	Original Effective Date

ACQUISITIONS PROGRAM POLICIES

Acquisition Program

The Acquisition Program includes the acquisition of land for the following purposes:

- riparian buffers for the purpose of providing environmental protection for surface waters and urban drinking water supplies and establishing a network of riparian greenways for environmental, educational, and recreational uses
- protecting and conserving surface waters and enhancing drinking water supplies, including the development of water supply reservoirs;
- to provide buffers around military bases or for State matching funds for the REPI;
- that represents the ecological diversity of NC; and
- contributes to the development of a balanced State program of historic properties

Acquisition Program (ACQ-001)

Appraisal Policy

Background: In order to determine the state is paying fair market value and no more for acquisition of real property interests, the following policy applies to fee simple acquisitions and conservation easement acquisitions. The policy is applicable to acquisitions made using CWMTF funds, matching funds, and through donations, bargain sales, etc.

Policy:

1. For acquisitions for which the total price of the fee title or conservation easement exceeds \$500,000, two appraisals will be required. All appraisals must be reviewed and the value of the acquisition approved by State Property Office. All appraisals must be ordered in consultation with the CWMTF's Real Property Agent in the State Property Office. If either or both appraisals are not satisfactory State Property Office, an additional appraisal may be required.
2. For acquisitions for which the total price of the fee title or conservation easement is greater than \$100,000 and less than \$500,000, one appraisal will be required. All appraisals must be reviewed and the value of the acquisition approved by State Property Office. All appraisals must be ordered in consultation with the CWMTF's Real Property Agent in the State Property Office. If the appraisal is not satisfactory to State Property Office, an additional appraisal may be required.
3. For acquisitions for which the total price for any given parcel or interest in any parcel does not exceed \$100,000, the ad valorem assessed valuation (prorated on a reasonable basis for partial acquisitions) will be acceptable in lieu of an independent appraisal.

Effective Date

Versions	Revisions
Sept. 24, 2001	Original Effective Date
Feb. 17, 2003	Revised and Adopted
Sept. 22, 2003	Revised and Adopted
March 9, 2015	Reauthorized

Acquisition Program (ACQ-002)

Purchase and Removal of Structures

Background: Prior to the merger of CWMTF and Natural Heritage Trust Fund (NHTF) in 2013, the CWMTF board had a policy to not purchase any improvements (houses, structures, etc.), or pay for the removal of any unwanted structures or debris, on any property purchased with CWMTF funds. Neither the purchase of structures nor the removal of debris was credited as matching value to a CWMTF project.

The revisions to CWMTF’s statute in 2013 authorized the use of CWMTF funds to acquire “land that contributes to the development of a balanced State program of historic properties.” N.C.G.S. § 113A-253(c)(8d).

The NHTF did not have a policy concerning the purchase of improvements. It was not common practice to purchase improvements but there was no prohibition. The NHTF focused on the purchase of land but recognized historic structures were often integral to a site purchased for the purpose of preserving historic and cultural resources and developing a program of historic properties.

In 2014 the CWMTF board decided not to adopt a policy but did agree on the guidance below concerning purchase of structures on historic sites.

Guidance: It is the intention of the CWMTF board to focus on the acquisition of land that contributes to the development of a balanced State program of historic properties and consider improvements on these properties on a case-by-case basis.

Guidance on purchase of improvements:

- The Fund may consider the purchase of historic structures case by case.
- The purchase of historic structures may be used as match to CWMTF grants.
- CWMTF funds may not be used for rehabilitation, repair, restoration, operation, or maintenance of a historic structure.
- Applications proposing the use of any CWMTF funds or matching funds for the purchase of a historic structure must include plans on the use and maintenance of any structures

Effective Date

Versions	Revisions
June 2, 2014	Original Effective Date

Acquisition Program (ACQ-003)

Transaction Costs for State Agencies

Background: Prior to the merger of CWMTF and Natural Heritage Trust Fund (NHTF) in 2013, the CWMTF board had a policy to not reimburse transaction costs for state agencies, but did reimburse these costs for non-profit and local government grant recipients. The NHTF board allowed transaction costs as an eligible reimbursement for State agencies.

The purpose of this policy is to reconcile the difference between CWMTF and NHTF boards regarding reimbursement of transaction costs to state agencies.

Policy: CWMTF will reimburse up to \$25,000 per project for transaction costs incurred by State agencies.

Transaction costs eligible for reimbursement include: surveys, legal descriptions, appraisals, Phase I Environmental Site Assessments, legal fees and closing costs, title insurance, recording fees, ad valorem taxes (Grant Recipient’s portion), and baseline documentation report.

Effective Date

Versions	Revisions
February 10, 2014	Original Effective Date

Acquisition Program (ACQ-004)

Income Generation and Mitigation Activities within the CWMTF Conservation Agreement Areas

Background: The Clean Water Management Trust Fund (CWMTF) was established in 1996 primarily to protect water quality interests in the State. In 2013, the purpose of the CWMTF was expanded to include the protection of natural heritage, historic and cultural resources as well as buffering military installations.

When the CWMTF Board elects to fund a land protection project, there are two arrangements in which the State retains an interest in perpetuity: 1) a State-held conservation easement, and 2) dedications under either the State Nature Preserves Act or State Nature and Historic Preserve Dedication Act. There may also be term agreements that exist only for a set number of years or restrictive covenants. These instruments are hereafter referred to broadly as “conservation agreements”.

It is the intention of the CWMTF that real property interests purchased with funds from the CWMTF shall produce no income or produce income that is incidental to and not inconsistent with the purpose or purposes for which the land is held and used.

It is also the intention of the CWMTF to provide net benefits to environmental and conservation values including, but not limited to water quality and ecological diversity.

NCGS §113A-254 (c) prohibits the CWMTF from awarding grants to satisfy compensatory mitigation requirements under 33 USC §1344 or G.S. 143-214.11.

By this policy the CWMTF defines when income may be generated within a conservation agreement area and broadly limits mitigation activity or mitigation credits in the CWMTF conservation agreement areas. This policy applies to conservation agreements on property owned by private individuals, non-profit groups, and government agencies.

Policy:

A. Income Generation within conservation agreement areas

Conservation agreements shall only allow income from activities that are incidental to and not inconsistent with the purpose or purposes for which the land is held and used.

B. Mitigation Activities within conservation agreement areas

The CWMTF will not authorize a conservation agreement to be recorded that allows mitigation activity or mitigation credits, nor be recorded where existing mitigation activities or credits would be allowed to continue, except when the mitigation activity directly supports the CWMTF's purpose and does not result in financial benefit to any party.

Effective Date

Versions	Revisions
March 9, 2015	Original Effective Date

Acquisition Program (ACQ-005)

State Property Office (SPO) Delegation

Background: The Department of Administration delegated authority to the Department of Environment and Natural Resources to enter into and acquire conservation easements for the Clean Water Management Trust Fund program utilizing funds from CWMTF.

The practical application of this delegation is CWMTF conservation easements do not need to be approved by the COS, expediting the process of contract administration and easement acquisition.

A copy of the Council of State resolution is on the following four pages.

Effective Date

Versions	Revisions
December 30, 2003	Original Effective Date



North Carolina
Department of Administration

Michael F. Easley, Governor
Gwynn T. Swinson, Secretary

State Property Office
Joseph H. Henderson, Director

December 30, 2003

Secretary William G. Ross, Jr.
Department of Environment and Natural Resources
1601 Mail Service Center
Raleigh, NC 27699-1601

RE: Clean Water Management Trust Fund

Dear Secretary Ross:

Effective January 1, 2004, The Department of Administration hereby delegates authority to the Department of Environment and Natural Resources to enter into and acquire conservation easements for the Clean Water Management Trust Fund program utilizing funds from that program. A copy of the Council of State resolution of September 9, 2003, is attached to show the authority. Please provide the State Property Office with all original easements and all other pertinent information as required by the Council of State resolution. If additional delegation of authority is granted within your Department, please provide a copy of that delegation to our office.

Sincerely,

A handwritten signature in black ink that reads "JH Henderson".

Joseph H. Henderson

JHH/jmw
enclosures

cc: Bill Holman

Mailing Address:
1321 Mail Service Center
Raleigh, N.C. 27699-1321

Telephone (919) 733-4346
Fax (919) 733-1431
State Courier #52-71-78

Location:
116 West Jones Street
Raleigh, North Carolina

An Equal Opportunity / Affirmative Action Employer
Web: <http://po.doa.state.nc.us>

STATE PROPERTY MATTERS - Continued

RESOLUTION - Continued

ITEM 1

WHEREAS, N.C.G.S. §146-22 provides that every acquisition of land on behalf of the State or any State agency shall be made by the Department of Administration and approved by the Council of State; and,

WHEREAS, N.C.G.S. §143-341(4)d provides that the Department of Administration has the power and duty to acquire all land for all State agencies, subject to the approval of the Governor and Council of State in each instance; and,

WHEREAS, N.C.G.S. §146-32 authorizes the Governor, acting with the approval of the Council of State, to adopt rules exempting from the requirements of Subchapter II, Chapter 146 of the General Statutes of North Carolina, such classes of easements as may be deemed advisable; and,

WHEREAS, N.C.G.S. §143-341(4)d authorizes the Governor, acting with the approval of the Council of State, to adopt rules exempting from the requirements of N.C.G.S. §143-341(4)d such classes of easements as may be deemed advisable and to authorize any State agency to enter into and/or approve the classes of transactions thus exempted from these requirements; and,

WHEREAS, on February 8, 2000, the Governor and Council of State approved a Resolution authorizing the Department of Administration, without further approval from the Governor and Council of State, to enter into conservation easement agreements and hold such conservation easements for the Conservation Reserve Enhancement Program, the Confined Animal Operations Program and the Wetlands Restoration Program; and,

WHEREAS, the Clean Water Management Trust Fund, pursuant to N.C.G.S. §113-145.1, has been established in order to help finance projects, including the acquisition of conservation easements, that specifically address water pollution problems and focus on upgrading surface waters, eliminating pollution, and protecting and preserving unpolluted surface waters, including urban drinking water supplies; and,

WHEREAS, the Clean Water Management Trust Fund anticipates the acquisition of numerous conservation easements under the Clean Water Management Trust Fund program; and,

WHEREAS, adherence to standard acquisition requirements set out in Chapters 143 and 146 causes delay in the acquisition of conservation easements necessary to protect the State's water supplies and creates a burden upon the resources of the State Property Office, Department of Administration, and the Council of State.

NOW, THEREFORE, BE IT HEREBY RESOLVED:

1. The Department of Administration is authorized, without further approval of the Governor and the Council of State, to enter into conservation easements and to acquire and hold such conservation easements for the Clean Water Management Trust Fund Program utilizing funds from that Program.
2. To the extent it deems appropriate, the Department of Administration is further authorized to delegate to the Department of Environment and Natural Resources the authority to enter into conservation easements agreements as set forth above.
3. All easements shall be acquired in the name of the State of North Carolina. Copies of all easements and such other pertinent information as may be required by the Department of Administration, shall be promptly furnished to the Department.
4. Nothing contained in this Resolution shall require the adoption of rules pursuant to the Administrative Procedures Act to implement the provisions herein.

Council of State

Page 17

September 9, 2003

PROPERTY MATTERS NOT SUBJECT TO N.C.G.S. §146

ACQUISITION BY DEED

On a motion by Commissioner of Insurance Long, seconded by Superintendent of Public Instruction Ward, the Council of State unanimously approved the following Acquisition by Deed:

ITEM 1

GRANTOR: Chaucer Investments, LLC
GRANTEE: North Carolina Real Estate Commission
LOCATION: 1313 Navaho Drive, City of Raleigh, Wake County
AREA: 1.3 acres improved with a 17,232 sq. ft. two-story brick office building
UNIT COST: \$5.03/sq. ft. - land
\$72.24/sq. ft. - improvements
CONSIDERATION: \$1,530,000

COMMENTS: The property proposed for acquisition has been leased by the State of North Carolina for the N.C. Real Estate Commission since 1987. Subsequent to acquisition, the property will continue to be occupied by the N.C. Real Estate Commission. Pursuant to N.C.G.S. §93A-3(f), funds for this acquisition will be provided from the grantee's assets.

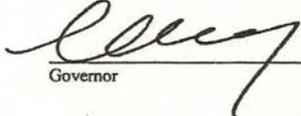
N.C. GLOBAL TRANSPARK AUTHORITY

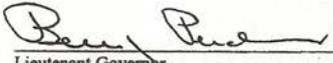
On a motion by Lieutenant Governor Perdue, seconded by State Auditor Campbell, the Council of State approved the NC Global TransPark request that the Global TransPark be authorized to exercise power of eminent domain on the 28 properties indicated on the map presented to the Council for their review, see attachment on file. (Commissioner of Labor Berry voted no).

OTHER DISCUSSION

Ms. Jennifer Wilder from North Carolina Central University provided an update on the mold issue at the NCCU. She informed the Council that students had been placed in hotels and apartments, and transportation was being provided for the students by the university. Governor Easley stated that NCCU was authorized by the General Assembly to redirect proceeds from Bond Sale to address the mold issue.

There being no further business, a motion to adjourn was made by Lieutenant Governor Perdue, which the Council of State unanimously approved.


Governor


Lieutenant Governor

Council of State

Page 18

September 9, 2003

Ralph Campbell, Jr.
State Auditor

Michael McWard
Superintendent of Public Instruction

Roy Cooper
Attorney General

Brett Cobb
Interim Commissioner of Agriculture

Cherie Berry
Commissioner of Labor

James E. Fay
Commissioner of Insurance

APPROVED:

Roy Cooper
Attorney General Roy A. Cooper, III

This is to certify that the foregoing comprises the minutes of the Council of State at a meeting held September 9, 2003.

Witness my hand, this 7th day of October, 2003

David McCoy
Secretary

Acquisition (ACQ-006) Construction of Natural Surface Trails

Background:

The CWMTF has allowed for construction of hiking trails as a standard right and on occasion other trails approved on a case-by-case basis, such as mountain bike trails. Staff and trustees recognize that proper trail construction is as, if not more, important than the impacts of the trail users. This policy is to ensure that new trails, when intended for general public use, or subject to frequent use by large numbers of individuals, are planned and constructed to the most up-to-date, sustainable standards and prioritize protection of the conservation values. This policy will apply to State-held conservation easements and other conservation instruments that CWMTF must approve, such as restrictive covenants. Private trails for personal use by the landowner and a small number of guests that will not have more than a de minimis impact on the land, water quality, or environment are excepted from the application of this policy. Trails on land outside of the CWMTF easement area(s) are also excluded from the application of this policy.

Policy:

1. Easements recorded after July 1, 2017 will include language that requires all new trail construction and realignment requiring soil disturbance to follow best practices for sustainable trail design and construction and to have prior written approval by CWMTF staff, per the guidance below. Private trails for personal use by the landowner and a small number of guests that will not have more than a de minimis impact on the land, water quality, or environment are excepted from the application of this policy.
2. Design and Construction Guidance:
 - a. Trails must be constructed so as to have minimal adverse impact on the Conservation Values of the easement area either during or after construction;
 - b. Boardwalks, ramps, and handrails are permitted as required by terrain;
 - c. Park benches, litter receptacles, and trail/feature signs may be constructed along trails; and
 - d. CWMTF does not require trails to be built to ADA standards, but will allow trails to be constructed to ADA standards if required by local ordinances or other funding sources or if desired by the landowner(s).
3. In approving trail design, CWMTF staff will consider:
 - Designer qualifications – The trail design should be prepared by a qualified trail designer, approved by staff. In determining qualifications, staff will review previous trails designed by the trail designer and must see a proven track record of sustainably designed trails.
 - Builder qualifications – The building team should be led by a qualified builder, approved by staff. In determining qualifications, staff will review previous trails constructed by the trail builder and must see a proven track record of sustainably constructed trails. CWMTF prefers a member of a recognized trail building group, such as the Professional Trail Building Association.

- Trail alignment - The trails should be a minimum of 30 feet from the top of bank of any streams except at stream crossings and should avoid other sensitive areas, such as wetlands, natural heritage elements, and historic and cultural sites. Planned access points to streams and other features of interest are permitted where appropriate.
 - Planned trail width - Current design standards and equipment are not more than 48” for a single track trail; paved greenways should follow guidelines established by local ordinances or other requirements set by funding sources such as Dept. of Transportation.
 - Stream crossings - The number of stream crossings will be minimized as will the impact to the stream and they shall be located and constructed in such a way as to maximize water quality protection.
 - Trail length – Trails should be long enough to distribute impact. For biking trails, the suggested minimum is a trail length of at least 5 miles on the subject tract or connection to a trail network of at least 5 miles.
 - Topography – Trails shall be constructed utilizing the then-current best practices. For example, current sustainable trails guidelines include:
 1. Trail grade less than half of the side slope grade;
 2. Average trail slope not more than 10%;
 3. Maximum sustainable grade;
 4. Frequent grade reversals; and
 5. Outsloping trails.
 - Management and maintenance – A trail management plan that includes regular inspection and maintenance activities, such as de-berming, shall be submitted with the design and construction request.
 - Subject matter experts – Staff will utilize available resources to assist in trail design review. These can include NC Division of Parks and Recreation Trail Planners, Natural Heritage Program staff, and State Historic and Cultural resources staff, among others.
4. CWMTF will retain the right to deny new trails or require maintenance or closing of any existing trails that are considered detrimental to conservation values.

Easements recorded after July 1, 2017

1. Easements will continue to have construction of walking and hiking trails as a standard reserved right. Mountain biking trails will be a standard optional right. Any other uses of trails must be requested and approved by the board at the time of grant award.
2. The prohibition on uses of motorized vehicles except for management and stewardship will remain as standard language in the easement.
3. Any grant recipient or landowner may ask that biking, or other trail use be excluded from the conservation easement.

Easements recorded prior to the passage of this policy

When an existing easement is silent on construction of biking trails as a reserved right, staff will have full discretion in allowing trail rights not explicitly reserved under the terms of the easement. Staff will consider all of the requirements listed above, and any additional information specific to the easement, including intent of the original landowner if the fee ownership has changed.

Effective Date

Versions	Revisions
3/1/2017	Original Effective Date
6/5/2018	Revised and Adopted

Acquisition (ACQ-006)

Property Management Costs (ACQ-007)

Background:

Grant Recipients sometime purchase property with the intention of transferring it to another organization for ownership and/or management in the future. It is often necessary to restrict access to the property or address immediate resource concerns before a long-term managing entity can take responsibility for managing the property.

Policy:

1. Property Management costs are defined as funds needed for securing a property or protecting resources for short-term management.

Examples of eligible costs include: purchase and installation of gates or other barriers to prevent trespass; management/restriction of access points to areas with conservation values (streams, natural heritage areas, cultural or historic areas); immediate stabilization of eroding streambanks.

2. Local governments, non-profit organizations, and state agencies without a dedicated land acquisition funding mechanism are eligible for property management costs.
3. Total property management funds reimbursed by CWMTF or credited as match is \$5,000.
4. All expenses for property management must be incurred during the contract period, be substantiated by an invoice from a vendor or signed form attesting to in-kind work, be identified in the application, and not pay for any activities prohibited by another CWMTF policy.

Effective Date

Versions	Revisions
11/8/2018	Original Effective Date

Acquisition (ACQ-007)

RESTORATION PROGRAM POLICIES

Restoration Program

The restoration program consists of new and in-progress of stream restoration and innovative stormwater projects; and wastewater and stormwater infrastructure projects funded in previous cycles that are in-progress.

Stream Restoration Projects are for the following purposes:

- to restore previously degraded lands to reestablish their ability to protect water quality.
- to facilitate planning that targets reductions in surface water pollution.

Innovative Stormwater Projects are for the following purposes:

- to finance innovative efforts, including pilot projects, to improve stormwater management, to reduce pollutants entering the State's waterways, to improve water quality, and to research alternative solutions to the State's water quality problems.

Wastewater Projects are for the following activities that were previously a part of CWMTF's purpose but have been removed by legislation by the General Assembly:

- to repair failing wastewater collection systems and wastewater treatment works if the repair is a reasonable remedy for resolving an existing waste treatment problem and the repair is not for the purpose of expanding the system to accommodate the anticipated growth of the community.
- to repair and eliminate failing septic tank systems, to eliminate illegal drainage connections, and to expand a wastewater collection system or wastewater treatment works if the expansion eliminates failing septic tank systems or illegal drainage connections.
- to facilitate planning that targets reductions in surface water pollution.

Stormwater Projects are for the following activities that were previously a part of CWMTF's purpose but have been removed by legislation by the General Assembly:

- to finance stormwater quality projects.
- to facilitate planning that targets reductions in surface water pollution.

Restoration Program Policy (RES-001)

Construction Bids and Award Reductions Policy

Background: In an effort to recover funds in construction projects, before the grant closeout end of the project, the CWMTF may reduce the grant amount, if appropriate, based on construction bids. The amount of reduction is based on a negotiated revised budget, which takes into account areas where the project costs may increase, and includes contingency funds. The contingency line item is usually 5% of construction costs, unless the grant recipient can provide a reason for a higher percentage.

Policy: Excerpt from current restoration Grant Contract:

a. Reduction of the Grant based on Construction Cost less than Budgeted Construction Cost. The Fund may reduce the Grant amount if the Grant Recipient expects actual construction costs to be less than budgeted construction costs, as follows:

- (i) The Grant Recipient shall provide to the Fund construction contract pricing information consisting minimally of a statement of the scope of the construction work, agreed-upon constructor or vendor pricing for the construction work, and a total anticipated construction cost based on the pricing.
- (ii) The Grant Recipient shall deliver the construction contract pricing information to the Fund’s Contract Administrator within 30 days of executing a construction contract for the Project.
- (iii) The Fund may, at its discretion after comparing the total anticipated construction cost with the Grant Contract project budget, choose to reduce the Grant. If the Fund chooses to reduce the Grant, the Fund’s Contract Administrator will prepare an amendment to the Grant Contract for this purpose, and the Fund will approve requests for reimbursement of the Grant Recipient’s construction costs only after the amendment has been signed by both the Grant Recipient and the Fund.

Effective Date

Versions	Revisions
	Original Effective Date
March 9, 2015	Revised and Adopted

Restoration Program Policy (RES-002)

Construction Contingency Funds Policy

Background: Construction contingency funds allow the project to cover unanticipated construction costs, often resulting from unexpected conditions encountered during construction. Construction contingency funds are not intended to be used for work that is not construction (e.g., design or construction administration) nor for construction that is not part of the project scope of work (e.g., add-on work).

Policy: Contingency funds are to be matched by at least 50 percent (50%) in funds provided by the grant awardee or project partners other than CWMTF. Construction contingency funds will be disbursed only after the Grant Recipient has demonstrated to the Fund that it has expended 100 percent of funds in Construction line items, 100 percent of local matching funds, and at least 90 percent of all other matching funds, including matching grant and/or loan funds.

Effective Date

Versions	Revisions
March 16, 2006	Original Effective Date
March 9, 2015	Reauthorized
June 5, 2018	Contingency match requirement

Restoration Program Policy (RES-003)

Operation & Maintenance Plans for Stormwater Projects Policy

Background: CWMTF requires permanent restrictions on activities and uses on land that is the footprint of stormwater BMPs that are or might be constructed with CWMTF funding, unless an acceptable alternative is available. The policy below is intended to be an alternative for local government units and municipal corporations that agree to maintain stormwater facilities in lieu of recording a stormwater easement.

Policy: A stormwater Best Management Practice (BMP) operation and maintenance (O&M) agreement may be used in place of a conservation easement.

Operation and maintenance plans for stormwater projects apply only to BMP projects for which the grant recipient is a local government, and funds from the CWMTF are used for BMP construction. Easements are no longer required and the grant recipient agrees to maintain the BMP for 10 years and prepare a BMP O&M plan.

For most applicable projects, this is accomplished via a stormwater BMP O&M plan submitted as a deliverable under the CWMTF grant agreement, consistent with the grant agreement requirement to maintain the BMP for 10 years.

This arrangement is standard for applicable projects beginning with projects resulting from 2010 grant awards. This arrangement is being used selectively on projects awarded before 2009 via grant agreement amendments.

Beginning with 2010 grant applications, projects that are eligible to use a stormwater BMP O&M plan should not propose to use a conservation easement to protect the land of the BMP and should not include the value of a donated easement in the project’s matching funds budget.

Effective Date

Versions	Revisions
	Original Effective Date
March 9, 2015	Reauthorized

Restoration Program Policy (RES-004)

Option Agreements for Restoration Projects Policy

Background: The CWMTF requires grant recipients to have restoration easements recorded for all buffer properties before receiving any reimbursement for restoration construction costs. Also, some of the CWMTF restoration grant contracts include recordation of restoration easements in a scope of work for preparing for construction at a later time with new funding and do not include funding construction.

The CWMTF began making option agreements available for CWMTF-funded stream restoration projects in 2010 to accomplish one or both of the following purposes:

- 1) Allow CWMTF grant recipients and riparian property owners to commit to encumbering their properties only if funding for constructing the restoration project is made available before a date specified in the option agreement (a “sunset date”); and/or
- 2) Allow CWMTF grant recipients and riparian property owners to defer committing to exact streambank and easement locations until after restoration construction has been completed.

Policy: The CWMTF will allow option agreements as an optional intermediate step toward recording easements on stream restoration projects.

Effective Date

Versions	Revisions
	Original Effective Date
March 9, 2015	Reauthorized

Restoration Program Policy (RES-005)

Agricultural Best Management Practices Resolution

Background: The intent of the resolution is to improve the consistency of the level of funding provided by the Clean Water Management Trust Fund for various BMP options for Soil and Water Conservation Districts and other grantees for the protection of setbacks on agricultural lands.

RESOLUTION

Authorizing the Funding of Several Best Management Practice Options for Soil and Water Conservation Districts and Other Grantees for the Protection of Setbacks on Agricultural Lands

Whereas, the Board of Trustees of the Clean Water Management Trust Fund has funded a number of projects with Soil and Water Conservation Districts and other grantees for the installation of Best Management Practices (BMPs) on agricultural lands; and

Whereas, the Board of Trustees of the Clean Water Management Trust Fund will likely continue to fund such projects; and

Whereas, there is a need for consistency on the level of funding provided by the Clean Water Management Trust Fund for various BMP options,

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CLEAN WATER MANAGEMENT TRUST FUND MEETING IN CORNELIUS ON MARCH 18, 2002:

The Clean Water Management Trust Fund adopts the following scope of work options:

1. For landowners agreeing to permanent Conservation Easements on at least 30-foot wide setbacks on each side of the stream, the Clean Water Management Trust Fund will fund 100% of the cost of the BMP.

2. For landowners agreeing to provide a 30-year signed agreement for protection of at least 50-foot wide setbacks on each side of the stream, the Clean Water Management Trust Fund will fund 100% of the cost of the BMP.

3. For landowners agreeing to provide a 30-year signed agreement for protection of at least 30-foot wide setbacks on each side of the stream, the Clean Water Management Trust Fund will fund 85% of the cost of the BMP.

4. For livestock exclusion BMPs, the minimum setback widths and funding options listed above shall be applied to streams greater than 3-feet wide. Livestock exclusion BMPs shall include alternative watering facilities.

5. For livestock exclusion BMPs applied to streams 3-feet wide or less, a minimum 15-foot wide setback on each side of the stream, as measured from top-of-bank, is required and the following funding options are allowed:
 - a. For landowners agreeing to permanent Conservation Easements, the Clean Water Management Trust Fund will fund 100% of the cost of the BMP.
 - b. For landowners agreeing to provide a 30-year signed agreement, the Clean Water Management Trust Fund will fund 85% of the cost of the BMP.
 Livestock exclusion BMPs shall include alternative watering facilities.

Robert Howard 3-18-02

Effective Date

Versions	Revisions
March 18, 2002	Original Effective Date
June 3, 2014	Reauthorized

Restoration Program Policy (RES-006)

Resolution Clarifying the Role of the CWMTF in Mitigation Projects

Background: The resolution is intended to clarify when land previously acquired with funds from the Clean Water Management Trust Fund may be used for complementary wetland, stream, and endangered species mitigation projects.

Resolution

Clarifying the Role of The Clean Water Management Trust Fund In Mitigation Projects

Whereas the 1996 General Assembly established the Clean Water Management Trust Fund to provide incentives to help local governments, state agencies, and nonprofit conservation organizations go beyond compliance with regulations to protect and restore surface water quality; and

Whereas G.S. 113-145.4 c) sets out that "No (Clean Water Management Trust Fund) grant shall be awarded under this article to satisfy compensatory mitigation requirements under 33 USC S 1344 or GS 143-214.11"; and

Whereas sites suitable for quality compensatory wetland, stream, and endangered species mitigation projects are difficult to find; and

Whereas finding suitable sites for mitigation projects is a significant source of delay in implementing mitigation projects; and

Whereas the Department of Transportation, the Wetlands Restoration Program, and private wetland bankers have approached some CWMTF grantees after the acquisition of riparian buffers and wetlands about mitigation projects; and

Whereas some CWMTF-funded riparian buffer and wetland projects could be further improved by restoration and enhancement; and

Whereas CWMTF grantees are prepared for permanent stewardship of these properties;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CLEAN WATER MANAGEMENT TRUST FUND MEETING AT JEFFERSON LANDING ON THE NEW RIVER IN ASHE COUNTY ON SEPTEMBER 16, 2002:

The Board of Trustees approves the use of land previously acquired with funds from the Clean Water Management Trust Fund for complementary wetland, stream, and endangered species mitigation projects provided that: 1) the mitigation project improves surface water quality, 2) the mitigation project is

consistent with the purpose of the original project, and 3) the sponsor of the mitigation project will reimburse either CWMTF or its grantee for the full value, plus appreciation, of the CWMTF investment in that portion of the land to be used for the complementary wetland , stream, and endangered species mitigation so that CWMTF does not directly or indirectly subsidize the mitigation project.

The Board of Trustees directs the Executive Director to consult with the Chairman of the Acquisition Committee, and if necessary, the Acquisition Committee and Board, before approving the use of CWMTF-funded land for mitigation projects. The Board further directs the Executive Director to periodically report to the Acquisition Committee and the Board on the use of CWMTF-funded land for mitigation projects.



Robert D. Howard, Chairman

Effective Date

Versions	Revisions
September 16, 2002	Original Effective Date, Signed by Robert D. Howard, Board of Trustees Chairman
June 2, 2014	Reauthorized

Restoration Program Policy (RES-007)

Policy to Allow Term Conservation Easements on Restoration Projects with In-Stream Structures

Part One - Policy for Term Easements on Restoration Projects

Background: CWMTF policy required permanent conservation easements on restoration projects, which utilize in-stream structures, with a 50' minimum buffer along the project area. This policy had been effective, but feedback from our partners (SWCD, Watershed Associations) was that more water quality improvement and conservation could be accomplished if a policy of term easements was established. While the policy is intended to be used with all restoration projects, it is anticipated more agriculture lands would become enrolled in the program by making CWMTF policy more compatible with programs like the NC Cost Share Program and the Federal NRCS EQUIP which currently use term easements for many projects. Another anticipated benefit of making the program requirements more closely aligned, is that local service providers will become more comfortable in promoting CWMTF to their customers and with the long term monitoring of each site. Thus, allowing more conservation to protect water quality.

Part One Policy: This policy modification determines how much of the associated costs CWMTF will cover for Stream Restoration Projects with in-stream structures without requiring a permanent easement. The proposed CWMTF policy to accommodate term easements for restoration projects with in-stream structures is as follows:

- CWMTF would pay 100% of costs on a permanent conservation easement. (Match is the value of the buffer.)
- CWMTF would pay 70% of costs on a 50 year conservation easement.
- CWMTF would pay 30% of costs on a 30 year conservation easement.
- CWMTF would not provide funding for any restoration costs for projects with less than a 30 year term easement.

All projects would be required to have a minimum riparian buffer width of 50 feet from the top of the stream bank; if property is in agricultural usage, then any livestock must be excluded from the buffer area.

Matching funds could be cash, NC AG Cost Share or EQUIP funding for BMPs (like exclusionary fencing), or sweat equity (labor, equipment) from the land owner to supplant the shortage of CWMTF funds.

This policy modification applies to stream restoration projects located anywhere in the state.

Part Two - Policy for Term Easements on Restoration Projects with Match Funding from the NC Farmland Trust for Conservation Easements

Background: This policy is for the special case of lands participating in the NC Farmland Preservation Trust (FPT) Program. The FPT was established with a goal of protection of prime agricultural lands in NC. The program purchases term conservation easements from agricultural landowners in a competitive process, much like CWMTF. FPT easements typically cover much more than the riparian area. In an effort to reach a broader population of the agricultural community and thus, protect more farm land, the program has established a schedule and payment structure for term easements. Once a farm is enrolled in the Ag Trust and CWMTF funds are used to restore stream buffers and stabilize eroding streambanks, there is minimal incentive to disturb the restoration work after the easement expires and there is the possibility that the landowner may place the property in a permanent easement later after expiration of the FPT term. The FPT program has established the following guidelines for purchase of term conservation easements:

- Will pay 60% of the value of a conservation easement for a 50 year term.
- 40% of the value for a 40 year term easement
- 30% of the value for a 30 year term easement
- 20% of the value for a 20 year term easement
- 10% of the value for a 10 year term easement

Part Two Policy: If a CWMTF project is associated with a Farmland Preservation Trust easement, then the following structure for grants will apply:

- CWMTF will pay 80% of restoration project cost when coupled with a 50 year Farm land Preservation Trust term easement.
- CWMTF will pay 65% of restoration project costs when coupled with 40 year FPT term easement.
- CWMTF will pay 50% of restoration project costs when coupled with 30 year FPT term easement.
- CWMTF will not provide funding for any restoration costs for projects with a FPT easement term of less than 30 years.

CWMTF percentages are shown as higher for projects with a longer term easement to reward and encourage the longer term commitment. The two programs (CWMTF and FPT) would be additive for a project, which means that the landowner would receive a direct payment from FPT for the value of the land placed under the term easement, plus CWMTF would fund construction of restoration work at the appropriate percentage based upon the length of the term easement.

Example: Farmer Brown agrees to a 40 term easement with FPT and receives a direct payment equal to 40% of the appraised land value. The local SWCD has also applied to CWMTF for restoration work on Farmer Brown's stream with a 40 year term easement. If the project is funded it would qualify for a CWMTF grant equal to 65% of the total cost of installation of the project (including

design, permitting, construction, etc). The applicant (SWCD) is responsible for the 35% matching funds for the project. So, Farmer Brown gets a direct payment from FPT, while CWMTF will indirectly finance the restoration work on his property through the SWCD.

All projects will be required to have a minimum riparian buffer width of 50 feet from the top of the stream bank. Any livestock must be excluded from the buffer area.

Matching funds may be cash, NC AG Cost Share or EQUIP funding for BMPs (like exclusionary fencing), or sweat equity (labor, equipment) from the land owner to supplant the shortage of CWMTF funds.

This policy applies only to those CWMTF projects located on property that is covered by a FPT conservation easement.

Effective Date

Versions	Revisions
June 3, 2014	Original Effective Date

Restoration Program Policy (RES-008)

Policy to Allow Award of Funding for Stewardship of Restoration Easements

Background: When CWMTF funds a stream restoration project, the grantee is required to record a conservation easement over the restored segment of stream to protect the State’s investment. The grantee is obligated to monitor the easement for compliance, which has costs associated with the project in perpetuity. This policy allows for lump sum payment to the grantee under certain circumstances to assist with the ongoing stewardship cost.

Policy: For Restoration Projects where conservation easements meet or exceed CWMTF guidelines and where a certified land trust organization has agreed to steward the easements in question, applicants may request up to 50% of endowment funds established to monitor the project easements in perpetuity. If awarded, stewardship funds provided by the applicant organization must be deposited into a stewardship endowment before receiving funds from CWMTF.

Effective Date

Versions	Revisions
February 28, 2018	Original Effective Date

DONATED EASEMENT PROGRAM

Donated Easement Program

Background: The Board of Trustees established the Donated Easement Program to provide up to \$25,000 to pay transaction costs associated with the donation of a permanent conservation easement for the purpose of protecting conservation values. This program was developed to expedite permanent conservation easements and is intended to facilitate a donation in situations where the landowner or a conservation non-profit or local government does not have funds to cover transaction costs necessary to donate an easement.

Guidelines, forms and requirements are available at www.cwmtf.net

Effective Date

Versions	Revisions
November 18 2003	Original Effective Date

STEWARDSHIP PROGRAM POLICIES

Stewardship Program (STW-001)

Conservation Agreement Amendment Policy

Background: On rare occasions, permanent conservation agreements may need to be modified or amended. This policy was established and approved by the Board to provide a consistent and predictable process for these cases.

Policy:

The Clean Water Management Trust Fund (CWMTF) was established in 1996 primarily to protect water quality interests in the State. In 2013, the purpose of the CWMTF was expanded to include the protection of natural heritage, historic and cultural resources as well as to buffer military bases. In addition, with the dissolution of the Natural Heritage Trust Fund (NHTF) in 2013, the Clean Water Management Trust Fund became the de facto appointed body for matters that would have gone before the NHTF in the past. Therefore, this document pertains to changes to conservation agreements initially entered in to by either of the aforementioned funds.

When the Board elects to fund a land protection project, there are two arrangements in which the State retains an interest in perpetuity: 1) a State-held conservation easement, and 2) dedications under either the State Nature Preserves Act or State Nature and Historic Preserve Dedication Act. There may also be term agreements that exist only for a set number of years. These instruments, hereafter referred to broadly as “conservation agreements”, should be designed and written so as to avoid the need for an amendment or modification of the agreed upon terms. It is the State’s presumption that they will not be amended or modified. In exceptional cases or in unforeseen circumstances, this presumption may be rebutted provided the procedures outlined below are met. Among other factors, the original intent of the agreement will be considered.

Because every property is unique, no decision by the Board with respect to an amendment of a conservation agreement shall form a precedent with respect to any other request for an amendment. Although this amendment policy sets forth certain guidelines and procedures, nothing herein shall be deemed to impair the sole and absolute discretion of the Board of Trustees. An amendment is an extraordinary procedure and not available to a landowner as a matter of right. All amendments must comply with applicable federal, state and local laws.

1. **Minor amendments** – These amendments, as described below, have been deemed to be small in scale or impact, and the Board has delegated consideration and approval to staff.
 - A. Amendments to language – Changes to the language of a conservation agreement that do not affect the spatial boundaries.
 1. *Technical amendments or corrections* – Adjustments that have no effect on the conservation values or correct a clerical error in the language may be approved at the staff level.

2. *Other amendments* – All other amendments to language not covered under section I.A.1 must be taken to the CWMTF Board for consideration per the guidance in section II.
- B. Amendments to boundary_– Changes to the spatial boundary of an agreement.
1. *Amendments to accommodate public works projects* (i.e. roads, bridges, sewer and water lines or associated infrastructure) may be approved at staff level if the following conditions are met:
 - a. The amendment would affect less than 1 acre or 5% of the easement area, whichever is smaller.
 - b. The project would be perpendicular or minimal distance parallel to surface water if any riparian buffers are affected.
 2. *Other boundary amendments* – All other amendments to the boundary not covered under section I.B.1 must be taken to the CWMTF Board for consideration per the guidance in section II.
- II. **Major amendments** – All amendments not explicitly covered above will be considered by the Board and must be affirmed by a two-thirds vote in order to pass.
- A. Public works projects – Amendments to accommodate public works projects that are not covered above may be adopted by the CWMTF Board.
- B. Public Drinking Water Supply Reservoir – After the Record of Decision has been issued (final location has been permitted) an easement or portions of an easement may be amended by the CWMTF Board for development of a public drinking water supply reservoir.
- C. Other Circumstances – All proposals for amendment of easements for circumstances not covered above must meet the following criteria:
1. Clearly serve the public interest and provide a public or community benefit
 2. Have a net beneficial effect on the relevant conservation values protected by the easement
 3. Not result in private benefit other than the benefit inherent to the conservation agreement.
 4. Must be consistent with the conservation purpose(s) and intent of the easement
 5. Must be consistent with the documented intent of the donor(s), other grantors and any direct funding source
 6. Demonstrate that no practicable alternatives exist and that the impacts have been minimized
- III. **Approved amendment requirements** – The following outlines the expectations for approved amendments:
- A. Compensation – The CWMTF must be made whole from any loss of monetary or conservation value resulting from an amendment. In the case of an amendment required as the result of the State or a municipalities' power to take private property for public use, the CWMTF may elect to

be reimbursed, at minimum, the current fair market value, as determined by the State Property Office, or pro-rated amount of the investment at the time of the grant contract, whichever is greater. In other cases where the approval of the amendment is solely at the Board's discretion, the terms of compensation, whether monetary or by land swap, should be generously to the favor of the CWMTF and its conservation interests by a ratio of at least 3:1. Any exchange of land shall consist of land of equal or greater conservation value.

- B. Other costs_– All costs associated with the amendment, including survey, transaction, increased stewardship, and any fees charged by the State Property Office, will be paid by the party making the request.

IV. **Amendment request requirements** – The following outlines the required information for amendment requests:

- A. The name, address, and phone number of the property owner.
- B. The nature of the activity proposed to be conducted
- C. The location of the activity.
- D. A map of sufficient detail to accurately delineate the boundaries of the land proposed to be impacted to carry out the activity, the location and dimensions of any disturbance associated with the activity.
- E. An explanation of why this plan for the activity cannot be practically accomplished, reduced or reconfigured to better minimize disturbance to the easement, preserve aquatic life and habitat and protect water quality.
- F. Plans for any best management practices proposed to be used to control the impacts associated with the activity.

V. **Notifications** – For any major amendments, the following parties will be notified at least two weeks before a Board decision is scheduled:

- A. The original parties associated with the conservation agreement that is proposed to be amended.
- B. The general public and other interested parties.

Versions	Revisions
July 10, 2013	Original Effective Date
September 16, 2014	Revised and Adopted
March 9, 2015	Revised and Adopted
September 14, 2016	Revised and Adopted

Stewardship Program (STW-002)

Stewardship Endowment Funds Use Policy

Background: The CWMTF Stewardship Program uses endowment funds for two purposes: 1) stewardship management activities to protect and enhance the conservation values of the easements, and 2) contracts for annual monitoring of the conservation easements. The former was done through a formal board policy (June 2, 2014), and the latter was done through an understanding with the Board when the transfer of endowment funds is made each year. On occasion, there are additional easement stewardship activities that do not fall under the previous cases, but are within the purview of the statute. Two examples are: 1) activities that would normally fall under a stewardship management grant, but where waiting until the award cycle would cause additional damage to the resource; and 2) in cases where some proactive legal measures (i.e. recording an updated or amended easement or plat for clarification) may prevent future easement violations.

The purpose of the following policy is formalize all Board approved uses of the endowment fund, within its statutory boundaries, and outline the processes through which this may accomplished.

Policy: The Board will authorize the disbursement of endowment investment income annually and delegate staff the authority to use available stewardship funds for conservation easement activities described below:

1. Annual monitoring of state-held easements through contracts with land trusts and other appropriate stewards.
2. Oversight of conservation easement management funds allocated by the board each year. The Board will delegate to staff the authority to request proposals for Stewardship Management Funds for State-held easements, prioritize the requests, and make awards to those projects provided that:
 - a. The award not exceed \$2,500 per easement per year;
 - b. The combined total of individual grant awards does not exceed the total award amount approved by the board each year;
 - c. The project protects or enhances the conservation benefit of the easement.
3. Miscellaneous stewardship management and administrative activities that may fall outside the scope and timeline of annual monitoring contracts and stewardship management awards. These expenses not to exceed \$5,000 and shall be approved by the Executive Director or his designee. Funds for these activities may come from unspent funds from previous year’s monitoring contracts.

The Board must approve all expenditures not explicitly enumerated in the policy above. Any expenditure made by staff on items 2 & 3 will be reported to the Board at their next meeting.

Effective Date

Versions	Revisions
Sept 16, 2014	Original Effective Date
	Revised and Adopted

Stewardship Program (STW-003)

Board Resolution to Establish Endowment

Background: This resolution was passed by the board to provide support for pursuing necessary legislation and direction for staff to establish the Stewardship Program as it exists currently.

Resolution: Sense of the Board of Trustees of the Clean Water Management Trust Fund Regarding Stewardship of Conservation Easements

The Board recognizes that stewardship and management of conservation easements are essential to protect both water quality and the public’s investment.

The Board is committed to providing adequate funds for stewardship of permanent conservation easements.

The Board appreciates and supports the work of land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds in monitoring and stewarding permanent conservation easements.

The Board desires to increase accountability and control of the funds that the Clean Water Management Trust Fund provides to land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds for stewardship.

The Board will not provide any new stewardship funds directly to land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds to be managed as private endowments.

The Board supports legislation authorizing establishment of a Clean Water Management Trust Fund Stewardship Endowment Fund as a nonreverting special revenue fund in the 2005 General Assembly.

The Board directs CWMTF staff and land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds to work together to address concerns raised by land trusts and other grantees that receive Clean Water Management Trust Fund stewardship funds and to report back to the Board in 2005.

Effective Date

Versions	Revisions
July 11, 2005	Original Effective Date

Stewardship Program (STW-004)

Board Resolution to Invest Endowment

Background: In 2008, legislative changes to the statute language permitted CWMTF to utilize a broader range of investment tools for its endowment. After meetings with staff and representatives from the State Treasurers Office, the Board deliberated and passed the following policy.

Resolution:

RESOLUTION OF THE BOARD OF TRUSTEES OF THE NC CLEAN WATER MANAGEMENT TRUST FUND DECLARING OFFICIAL INTENT TO INVEST FUNDS OF THE NC CONSERVATION EASEMENT ENDOWMENT FUND WITH THE NORTH CAROLINA STATE TREASURER PURSUANT TO NCGS SECTION 147-69.2

THE BOARD OF TRUSTEES OF THE NC CLEAN WATER MANAGEMENT TRUST FUND HEREBY FINDS, DECLARES AND RESOLVES AS FOLLOWS:

WHEREAS, the North Carolina Conservation Easement Endowment Fund ("Endowment") was established by North Carolina General Statute ("NCGS") 1 13A-253.2 on July 16, 2008; and

WHEREAS, the Clean Water Management Trust Fund ("CWMTF") Board of Trustees authorized initial investment of the Endowment with the NC State Treasurer in the Long-Term Investment Fund ("LTIF"); and

WHEREAS, the Equity, Long-Term and Short-Term Fixed Income Funds ("Funds") pursuant to NCGS Section 147-69.2-consists of contributions made by local governments, public authorities and other entities authorized to make contributions to the Funds, which contributions are subject to the withdrawal terms of the Funds; and

WHEREAS, the Endowment is listed as an eligible participant in the Funds on line 1 7i of NCGS Section 147-69.2; and

WHEREAS, the CWMTF Board of Trustees has reviewed the Funds and the investment options available with the NC State Treasurer.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE NC CLEAN WATER MANAGEMENT TRUST FUND (THE "BOARD") BY A MOTION PASSED BY A MAJORITY AT THEIR MEETING AT THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER IN RALEIGH, NORTH CAROLINA ON FEBRUARY 13, 2012:

The Board authorizes diversifying the investment of the Endowment into equity, long term and short term investments as a prudent investment strategy; and

The Board acknowledges and approves the investment of the Endowment with the North Carolina Department of State Treasurer in the Funds (the "Investment") pursuant to the terms and conditions of a deposit agreement for

investment in public equity, long term and short term fixed income ("Agreement") between CWMTF and the NC State Treasurer; and

The Board authorizes the CWMTF Board of Trustees Chair ("Board Chair"), the CWMTF Board Stewardship Committee Chair, and any appropriate officers, managers and representatives of CWMTF designated by the CWMTF Board Chair ("Authorized Representatives") to finalize said terms of the Agreement with the Treasurer in a manner consistent with action by the Board of Trustees as this meeting and to execute and deliver the Agreement, to take any other actions deemed necessary or appropriate to consummate the transactions provided for therein, and to cause the investment to be made; and

The Board acknowledges that all actions heretofore taken by any of the Authorized Representatives of CWMTF acting on behalf of CWMTF in furtherance of the foregoing resolutions are hereby ratified, adopted, approved and confirmed in all respects; and

The Board acknowledges that the Authorized Representatives of CWMTF acting on behalf of CWMTF are hereby authorized to take all such other actions as they may deem necessary or appropriate to give effect to the forgoing resolutions.

Effective Date

Versions	Revisions
Feb 13, 2012	Original Effective Date

Stewardship Program (STW-005)

NC Conservation Easement Endowment Fund Deposit Agreement

Background: The following agreement outlines the terms and conditions under which the CWMTF Board and the Office of the State Treasurer will manage operations regarding the endowment.

Agreement:

For Use by The North Carolina Conservation Easement Endowment Fund Established Pursuant to NCGS § 113A-253.2

Treasurer of the State of North Carolina Deposit Agreement for Investment in Public Equity Pursuant to NCGS § 147-69.2(b)(8), (d); Long Term Debt Pursuant to NCGS §§ 147-69.2(b)(1)-(6), (d); and/or Short Term Investments Pursuant to NCGS §§ 147-69.2(b)(1), (d)

Section 1. General. The undersigned North Carolina Clean Water Management Trust Fund (the "Trust Fund") has deposited assets of the Trust Fund into the North Carolina Conservation Easement Endowment Fund (the "Endowment Fund") and may make other such deposits, all to be held and invested by the Department of State Treasurer (the "Treasurer"). The Trust Fund and the Treasurer desire to confirm certain terms and conditions and other relevant matters with respect to the deposits. Pursuant to North Carolina General Statute Section 147-69.2(d), the deposits may be invested in (i) preferred and common stocks ("Public Equity") as permitted by North Carolina General Statute section 147-69.2(b)(8), (ii) certain obligations, asset-backed securities, repurchase agreements, time deposits and/or commercial paper (collectively "Long Term Debt") as permitted by North Carolina General Statute sections 147-69.2(b)(1) through (6) and/or (iii) certain obligations, repurchase agreements, time deposits, certificates of deposit and/or commercial paper as permitted by North Carolina General Statute section 147-69.2(b)(1) ("Short Term Investments"). All deposits are currently invested in Long Term Debt but will be reallocated in accordance with the Investment Guidelines (as defined in Section 2 and attached as Attachment A hereto) as soon as practicable following the execution hereof.

The undersigned understands and acknowledges that investments in Public Equity are to be effected through investments made by the Treasurer in individual, common, or collective trust funds of banks, trust companies, and group trust funds of investment advisory companies as long as the investment manager has assets under management of at least \$100 million. The trustee of each such third party trust ("Third Party Trustee") shall be appointed by the Treasurer. The undersigned further understands and acknowledges that investments in Long Term Debt and Short Term Investments are effected by the Treasurer through third party custodial, underwriting and brokerage arrangements ("Third Party Custodians and Brokers").

Section 2. Representations and Warranties. As a condition to this Deposit Agreement, the undersigned acknowledges, represents, warrants and agrees that:

(i) Deposits in the Endowment Fund are irrevocable and that investment income may be disbursed from the Endowment Fund only for activities related to stewardship of conservation easements owned by the State of North Carolina.

(ii) The Endowment Fund is indirectly investing in Public Equity, Long Term Debt and/or Short Term Investments and that investments in Public Equity, Long Term Debt and/or Short Term Investments are subject to, among other things: general investment risks (including the risk of the loss of capital); investment manager risk (which includes the risk that poor security selection by the manager will cause the investment to

underperform relevant benchmarks or other investments with similar objectives); interest rate risks; and credit risks (including, where applicable, custodial credit risks, which is the risk that in the event of the failure of the counterparty, the Treasurer will not be able to recover the value of its investments. or collateral securities that are in the possession of an outside party).

(iii) The undersigned has taken full cognizance of and understands all of the risk factors related to investments in Public Equity, Long Term Debt and/or Short Term Investments.

(iv) The undersigned has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of investment in Public Equity, Long Term Debt and/or Short Term Investments.

(v) The Endowment Fund is established as a special fund in the office of the Treasurer. Funds deposited into the Endowment Fund shall remain the funds of the Endowment Fund, and interest or other investment income earned thereon shall be prorated and credited to the Endowment Fund on the basis of the amounts deposited in the Endowment Fund, figured according to sound accounting principles.

(vi) The Treasurer is solely responsible for determining the allocation of investments in the Endowment Fund between Public Equity, Long Term Debt and/or Short Term Investments, subject to the limitations described herein, and the Treasurer will allocate investments in the Endowment Fund in accordance with the investment guidelines attached hereto as Attachment A (the "Investment Guidelines"). The Treasurer will consult with the Trust Fund on a semi-annual basis regarding its general investment objectives for the Endowment Fund.

Further, the undersigned acknowledges, represents, warrants and agrees that:

(i) The Endowment Fund is exempt from federal income tax under Section 115 of the Code and the Constitution of the United States as an organization performing an essential government function;

(ii) The deposit described herein has been duly authorized by all necessary corporate action of the Trust Fund;

(iii) the undersigned has the requisite corporate power and authority to execute and deliver this document and to deposit the funds for investment as described herein; (iv) the Treasurer has the power and authority under applicable law and the documents or instruments governing the Endowment Fund to appoint a Third Party Trustee or Third Party Trustees to hold the funds of the Endowment Fund; and (v) Endowment Fund has been established pursuant to and in accordance with North Carolina General Statute section 113A-253.2

The Endowment Fund will notify the Treasurer immediately if it has reason to believe that the foregoing acknowledgements, representations, warranties and agreements may cease to be true.

Section 3. Fees. The undersigned understands, acknowledges and agrees that fees will be charged against the Endowment Fund by Third Party Trustees and/or Third Party Custodians and Brokers. The Treasurer will also charge fees to the Endowment Fund as permitted by NCGS § 147-69.2(d) equal to fifteen (15) basis points per year. The amount of fees to be charged is set forth in Attachment B to this Agreement and may be changed following written notice to the Authorized Representative of the Endowment Fund. All third party and Treasurer Fees shall be deducted from the funds deposited pursuant hereto on a monthly basis in arrears, unless other arrangements are made in writing.

Section 4. Deposits and Withdrawals. In order to deposit assets into the Endowment Fund, the Trust Fund is required to maintain a Short Term Investment Fund ("STIF") account with the Treasurer. Additional information regarding STIF accounts can be found at <http://www.treasurer.state.nc.us>. The STIF account will be used to move funds into and out of the investments in Public Equity, Long Term Debt and/or Short Term Investments, as further described below.

- (i) **Minimum Deposits.** The minimum initial deposit required to make an investment in the Endowment Fund is \$100,000. Each subsequent deposit in the Endowment Fund must be at a minimum \$25,000.
- (ii) **Minimum Account Balance.** The minimum account balance that must be maintained in the Endowment Fund is \$100,000, unless overall market valuation has caused the balance in such account to drop below \$100,000.
- (iii) **Procedures for Deposits and Withdrawals.** The Treasurer must be provided with at least five (5) business days' notice of any deposit into or withdrawal from the Endowment Fund. Deposits into and withdrawals from investments in Public Equity and/or Long Term Debt are permitted only on the first business day of each calendar month. If a notice of deposit or withdrawal is received during the last five (5) business days of any calendar month, such deposit or withdrawal request will not be processed until the first business day of the calendar month after the next ensuing calendar month.
- (iv) **Other Limits on Withdrawals.** Only investment income may be withdrawn from the Endowment Fund. Such withdrawals shall be made only upon the written directions of the Chair of the Board of Trustees of the Trust Fund and must be used for stewardship activities related to conservation easements owned by the State of North Carolina. No withdrawals shall be made from the principal of the Endowment Fund. No more than two (2) withdrawals of investment income shall be made from the Endowment Fund during any twelve (12) month period. Notwithstanding the foregoing, emergency withdrawals may be permitted, subject to the approval of a Deputy State Treasurer (determined in their sole discretion, on a case-by-case basis) and provided that the requesting Trust Fund (i) reimburse the Treasurer for any expenses associated with such emergency withdrawal and (ii) pay any penalties charged by the Treasurer.

Section 5. RELIANCE BY THIRD PARTY TRUSTEES. THE UNDERSIGNED EXPRESSLY AGREES THAT ALL OF THE ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS MADE HEREIN MAY BE RELIED UPON BY ANY THIRD PARTY TRUSTEE APPOINTED BY THE TREASURER.

ATTACHMENT A

INVESTMENT GUIDELINES FOR ENDOWMENT FUND

The Endowment Fund may be invested in Public Equity and both Long Term Debt and Short Term Investments as provided in the Deposit Agreement with the North Carolina Clean Water Management Trust Fund.

The assets of the Endowment Fund will be invested within the following ranges:

Allocation Range	Bottom Top	
Long Term Debt	5.0%	25.0%
Short Term Investments	0.0%	35.0%
Total Fixed Income Obligations	25.0%	45.0%
Public Equity	55.0%	75.0%

Temporary imbalances may occur as a result of withdrawals, contributions and changes in asset values. Rebalancing will occur as soon as practicable. Investments may be held temporarily in Short Term Investments pending reinvestment in Long Term Debt and/or Public Equity.

ATTACHMENT B

INVESTMENT FEES FOR ENDOWMENT FUND

1. Investment Fees Charged by Department of the Treasurer: The 15 basis point fee specified in the statute will be charged on 100% of the market value of the Endowment Fund on an annual basis. There will be no additional fees charged to the portion of the Endowment Fund held in the Long Term Investment Fund or Short Term Investment Fund. However, as set forth below an additional fee that will be charged to the Endowment Fund by BlackRock on the portion of the Endowment Fund held in the public equity investment funds.
2. Investment Fees Charged by BlackRock: The Treasurer of the State of North Carolina and BlackRock Institutional Trust Company, N.A.(BlackRock) have a separate agreement relating to that portion of the Endowment Fund invested in public equity funds by BlackRock. As of the date of this Agreement, 75% of the public equity funds will be invested in the Russell 3000 Alpha Tilts Fund B and an investment fee of 30 basis points will be assessed on the market value of the fund per year. The remaining 25% of the public equity funds will be invested in the Global Ex-US Alpha Tilts Fund B and the investment fee assessed on the market value of that fund will be 55 basis points per year. The basis point fees charged by BlackRock will be charged only on the portion of the Endowment Fund held in public equity. These are the only fees that will be charged by BlackRock on the public equity funds. BlackRock has agreed to waive its minimum quarterly fee in consideration of its relationship with the Department of State Treasurer.
3. The fee structure for the Endowment will work as follows.

Fee Schedule	(per year)
Fees charged by Treasurer's Office (100%)	0.15%
Investment with Blackrock (65%)	
Russell 3000 Alpha Tilts Fund B (75% of 65%)	0.30%
Global Ex-US Alpha Tilts Fund B (25% of 65%)	0.55%

Effective Date

Versions	Revisions
June 21, 2012	Original Effective Date