

**State Water Infrastructure Authority**  
**North Carolina Department of Environmental Quality**  
**July 19, 2017**  
**Meeting Minutes**

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**State Water Infrastructure Authority Members Attending Meeting**

- Kim Colson, Chair; Director, Division of Water Infrastructure
- Melody Adams, Director, Rural Grants/Programs, Rural Development Division, NC Dept. of Commerce
- Johnnie Carswell, Burke County Commissioner
- Greg Gaskins, Deputy Treasurer, State & Local Finance Division; Secretary, Local Government Commission
- Leila Goodwin, Water Resources Engineer
- Maria Hunnicutt, Manager, Broad River Water Authority
- JD Solomon, Vice President, CH2M
- Cal Stiles, Cherokee County Commissioner
- Charles Vines, Mayor of Bakersville

**Division of Water Infrastructure Staff Attending Meeting**

- Julie Haigler Cubeta, Community Development Block Grant – Infrastructure Unit Supervisor
- Francine Durso, Special/Technical Issues Unit Senior Program Manager
- Jennifer Haynie, Environmental and Special Projects Unit Supervisor
- Jessica Leggett, Project Manager, Environmental and Special Projects Unit
- Anita Reed, SRF Wastewater Unit Supervisor
- Seth Robertson, State Revolving Funds Section Chief
- Amy Simes, Senior Program Manager
- Vince Tomaino, SRF Drinking Water Unit Supervisor
- Cathy Akroyd, Public Information Officer

**Department of Justice Staff Attending Meeting**

- Mary Lucasse, North Carolina Department of Justice; Special Deputy Attorney General, Environmental Division

**Item A. Call to Order**

Mr. Colson opened the meeting and reminded the members of the State Water Infrastructure Authority (SWIA) of General Statute 138A-15, which states that any member who is aware of a known conflict of interest or an appearance of a conflict of interest with respect to matters before the Authority today is required to identify the conflict or appearance of a conflict at the time the conflict becomes apparent.

**Item B. Approval of Meeting Minutes**

Mr. Colson presented the draft meeting minutes from the April 2017 Authority meeting for approval.

**Action Item B:**

- Mr. Vines made a motion to approve the April 19, 2017 Authority meeting minutes. Ms. Goodwin seconded the motion. The motion passed unanimously.

**Item C. Attorney General's Office Report**

Ms. Lucasse informed the Authority that the legislature's recent \$10 million cut to the budget for the NCDOJ will result in the elimination of positions through a reduction of force. This could negatively impact staffing to support the Authority. She is unsure of the future impacts of this budget cut and was providing this for informational purposes.

#### **Item D. Chair's Remarks**

Ms. Goodwin has been reappointed with her term ending June 30, 2018.

Ms. Hunnicutt has been reappointed with her term ending July 31, 2019

The Chair prepared a Division funding worksheet related to the 2017-2018 and 2018-2019 fiscal years' budget. Mr. Colson went through the budget for the Division of Water Infrastructure detailing allocations made by the legislature have wiped out a lot of the funds that were previously used for state funds. Also, the CDBG-I funding decreased annually from \$27 million to \$21 million.

The following questions/statements posed by the Authority were discussed:

- Question: The Division has a good structure internally, like having a Public Information Officer. Will that be threatened by the current budget? Answer: Mr. Colson does not see the Division structure being impacted. Training and outreach are a part of doing business. If anything, it's a reason to increase outreach and to highlight projects. The Division hopes to promote site visits that are more marketing focused, maybe starting with Burke County.
- Statement: The Division and Authority are still fighting the perception that there is a big fund available that people can carve out funding for different things. We do need to get the message out better. Response: Mr. Colson responded that we are trying to get a handle on the infrastructure needs of the state. Budget allocation may be significant, but it's relative to the need.

Report requirements have changed and now the Authority's Annual Report and Division's Annual Report will be combined and submitted as one report. Staff is working on that format now.

Mr. Gaskins gave a legislative update on frequently discussed topics during this legislative session including fee structures for inside and outside jurisdictions and competing utilities inside the same county competing over territory. Mr. Gaskins also said there was a lot of interest in water and sewer enterprises.

The following questions/statements posed by the Authority were discussed:

- Question: Do we think the General Assembly will put money in for counties to figure out solutions for some of these issues discussed? Answer: Unclear. However, the Division's Fair Bluff initiative is a start. We need to find the best way to successfully address these issues.

Mr. Colson gave an update on EPA. There are significant cuts expected but the EPA interior and appropriations bill appears to be very supportive of the State Revolving Fund. It appears the funding level will probably remain unchanged.

Mr. Colson gave an update on Master Plan presentations and interest:

- Mr. Colson presented the Master Plan at the CIFA conference in Washington, DC. There was a lot of interest from other states including New Jersey and Alaska.
- Sheila Holman attended a water directors meeting and Tennessee is interested in implementing something similar to our Master Plan and requested copies.
- At the Rural Water Association Annual Conference Mr. Colson and Ms. Francine Durso presented the Master Plan. It was very well received and there was a lot of interest.
- Ms. Francine Durso presented the Master Plan at a Councils of Government meeting.
- Mr. Colson presented at the Water Quality Committee of the EMC in May.

- Mr. Colson also presented the Master Plan at the EPA Region 4 All States Meeting.

Mr. Colson discussed the upcoming application round and the upcoming training sessions:

- Applications are due September 29, 2017 for the next funding round.
- Funding programs included in this round are:
  - CWSRF
  - DWSRF
  - CDBG-I
  - State Reserve Project Loans and Grants:
    - Wastewater State Reserve
    - Drinking Water State Reserve
  - Asset Inventory and Assessment Grants
  - Merger Regionalization Feasibility Grants
- 7 training sessions are scheduled and currently have around 75 attendees registered

Ms. Jessica Leggett discussed the per diem changes and gave instructions to Authority members on how to proceed and how to complete the necessary forms.

#### **Item E. Communications Update**

Ms. Cathy Akroyd, the Division's Public Information Officer, presented an update about the Division's communications activities. Communication efforts have been focused on major events. April 26<sup>th</sup>, the Division formally introduced the Master Plan at the Oxford Wastewater Treatment Plant. Secretary Regan attended and praised the Authority for its development of the plan.

The Governor and Secretary Regan toured the towns of Fair Bluff and Fairmont and spoke with town officials regarding the Governor's Hurricane Recovery Tour and Fair Bluff Initiative.

#### **Item F. Presentation by the EFC on their work for SWIA/Division**

When the Authority was working on the Master Plan and needed to be able to identify the cost of infrastructure needs for the next 20 years, the Division contracted with the UNC Environmental Finance Center. They developed the cost and researched several other related issues. They completed all this work earlier this year and an Executive Summary of their work on Assessing Water and Wastewater Infrastructure Needs was provided. Jeff Hughes, Director of the UNC Environmental Finance Center, presented an overview of the work they have completed for the Division.

The following questions/statements posed by the Authority were discussed:

- Question: What are the proposed uses for the information presented? Answer: Mr. Colson said these will give us reliable numbers for the legislature and give the Division intelligence on future projects.
- Question: Does this include growth over the next 20 years? Answer: Mr. Hughes said growth was included if it went along with rehabilitation
- Question: How do other states assess needs and how does NC improve needs assessment? Answer: Mr. Solomon says maybe there is a relationship with being proactive with asset management. Mr. Hughes says the COGs have been more involved which is helping in multiple areas and assessing needs.
- Statement: We should also look at neighboring state issues, as sometimes LGUs in two states are closer to one another than LGUs within the same state.
- There is a lot of interest at looking at possible partnerships between larger and smaller entities. Larger systems could provide management and technical support to smaller systems. The EFC is learning more about how LGUs work together in terms of management partnerships.

**Item G. Introduction to Funding Decisions for April 28, 2017 Application Round**

The funding available for this round was State Reserve loans and grants via the Connect NC Bond dollars for drinking water and wastewater projects as well as the Clean Water State Revolving Fund. There was a total of approximately \$169.5 million available from these two funding sources. Applications received in April 2017 totaled approximately \$326.7 million in funding requests. Mr. Seth Robertson reminded the Authority the methodology and funding decision order for this round. Mr. Robertson reviewed the materials given to Authority members in their packets.

**Item H. Example Funding Scenario for Drinking Water Projects**

At the beginning of the meeting, the Chair requested Authority members to identify conflicts of interest or potential conflicts of interest. No conflicts or potential conflicts were identified for the drinking water funding scenario.

Projects eligible for funding under the Drinking Water State Reserve (DWSR) program which provides both loan and grant funds were reviewed.

Division staff answered questions posed by the Authority as follows:

- Project No. 32: Johnston County – This project only scores 9 out of 100? Yes, the project claimed 9 points but scores 7 points. This is not a bad project as all the water projects proposed to be funded serve a public health and environmental purpose. Focus of the program is on the higher scoring projects and with this funding scenario we are not sacrificing higher priority projects.
- Ms. Goodwin also noted that only 1 project in this funding scenario has 0% loan and all others were a combination of grant/loan or loan. The program has definitely evolved.
- How is the percent grant verified? The size of the system, the operating ratio, demographic information of the system, rates and existing debt service with the proposed project were evaluated in our affordability criteria to determine grant percentages.

**Action Item H:**

- Mr. Vines made a motion to approve as eligible for funding Drinking Water Projects No. 1 through 32. Mr. Stiles seconded the motion. The motion passed unanimously.

**Table 1.  
Drinking Water State Reserve (DWSR) Project Funding Approved on July 19, 2017**

<b>Proj. No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Funding Amount</b>	<b>Funding Amount – Bond Grant</b>	<b>Funding Amount – Loan</b>
1	Seaboard, Town of	Seaboard Water Distribution System Improvements	\$1,654,492	\$1,654,492	\$0
2	Robbinsville, Town of	Tallulah Creek Water Treatment Plant Improvements	\$650,000	\$487,500	\$162,500

**Table 1. Drinking Water State Reserve (DWSR) Project Funding Approved on July 19, 2017 – (continued)**

<b>Proj. No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Funding Amount</b>	<b>Funding Amount – Bond Grant</b>	<b>Funding Amount – Loan</b>
3	Pinetops, Town of	Town of Pinetops Elevated Water Tank Rehabilitation	\$757,100	\$0	\$757,100
4	Belhaven, Town of	Water Line Replacement, Water St., Edward St. and Riverview St.	\$349,560	\$262,170	\$87,390
5	Franklinville, Town of	2017 Water Improvements	\$496,500	\$372,375	\$124,125
6	Elm City, Town of	Wells No. 2 & No. 6 Water Treatment System Improvements	\$685,109	\$171,278	\$513,831
7	Siler City, Town of	Water Treatment Plant Improvements	\$4,705,025	\$2,352,513	\$2,352,512
8*	Nash County	Northern Nash Drinking Water System	\$9,545,000	\$3,000,000	\$6,545,000
9	Wallace, Town of	Water System Control Upgrade	\$640,600	\$0	\$640,600
10*	Bessemer City, City of	Water Treatment Plant Improvements	\$5,406,300	\$0	\$5,406,300
11	Montgomery County	Chemical Feed Rehabilitation	\$500,000	\$250,000	\$250,000
12	Aurora, Town of	Aurora Drinking Water System Upgrade	\$526,584	\$131,646	\$394,938
13	Robersonville, Town of	Water System Improvements	\$535,000	\$267,500	\$267,500
14	Montgomery County	Fairway Shores Water Main Replacement	\$821,500	\$410,750	\$410,750
15	Montgomery County	Booster Pump Station #1 & #2 Rehabilitation	\$2,000,000	\$1,000,000	\$1,000,000
16	Beaufort County Water District V - Pantego Township	2017 Water System Improvements	\$534,800	\$401,100	\$133,700
17	Sharpsburg, Town of	Town of Sharpsburg 2017 NC DEQ Water Project	\$1,998,690	\$1,499,018	\$499,672
18	Clyde, Town of	Chamber Mountain Rd. and Thompson Cove Rd. Waterline Replacement	\$650,000	\$162,500	\$487,500
19	Lucama, Town of	2017 Water System Improvements	\$488,990	\$122,248	\$366,742

**Table 1. Drinking Water State Reserve (DWSR) Project Funding Approved on July 19, 2017 – (continued)**

<b>Proj. No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Funding Amount</b>	<b>Funding Amount – Bond Grant</b>	<b>Funding Amount – Loan</b>
20	Beaufort County Water and Sewer District VII - Richland Township	2017 Water System Improvements	\$672,000	\$504,000	\$168,000
21	Beaufort County Water District I - Washington Township	2017 Water System Improvements	\$534,800	\$401,100	\$133,700
22	Beaufort County Water District IV - Bath Township	2017 Water System Improvements	\$978,000	\$733,500	\$244,500
23	North Lenoir Water Corporation	2017 Water System Improvements	\$925,000	\$693,750	\$231,250
24	Beaufort County Water District VI - Chocowinity/ Richland Township	2017 Water System Improvements	\$2,230,000	\$1,115,000	\$1,115,000
25	Farmville, Town of	2017 Water System Improvements	\$639,000	\$319,500	\$319,500
26	Burnsville, Town of	Burnsville Water Treatment Plant Improvements	\$456,900	\$114,225	\$342,675
27	Valdese, Town of	Meter Replacement Project (AMI)	\$2,265,386	\$566,347	\$1,699,039
28	Teachey, Town of	2017 Water System Improvements	\$196,995	\$98,498	\$98,497
29*	Alexander County	Water Line Extension Project	\$4,971,335	\$0	\$4,971,335
30	Carolina Beach, Town of	Carolina Beach 2017 Drinking Water Project	\$1,726,000	\$0	\$1,726,000
31*	Wilson Mills Water District	WTP Service Line	\$4,700,000	\$0	\$4,700,000
32	Johnston County	WTP 2.0 MGD Upgrade	\$3,000,000	\$0	\$3,000,000
			<b>\$56,240,666</b>	<b>\$17,091,010</b>	<b>\$39,149,656</b>
<b>Total Drinking Water State Reserve Funding Approved</b>				<b>\$56,240,666</b>	

(\*)Since available Connect NC Bond loan funds exceed demand after all eligible projects have been funded, Projects No. 8, 10, 29, and 31 can be fully funded.

### **Item I. Example Funding Scenario for Wastewater Projects**

At the beginning of the meeting, the Chair requested Authority members identify conflicts of interest or potential conflicts of interest. Mr. Solomon identified a potential conflict with CWSRF Project No. 46 Johnston County.

Projects eligible for funding under the Wastewater State Reserve (WWSR) program, which provides both loan and grant funds, and under the Clean Water State Revolving Fund (CWSRF) program, which provides loan funds were reviewed.

Authority members noted conflicts of interest as follows:

- Mr. Solomon: CWSRF Project No. 46 Johnston County – potential conflict but not a direct conflict as he is working for the town, not the county.

The sum of funds requested in complete, eligible wastewater applications is \$270.5 million. There is a total of \$34 million in loan dollars and \$5.8 million in grant dollars available this round in the Wastewater State Reserve program. There is a total of \$75 million in loan dollars available this round in the CWSRF program.

The Division first presented recommendations for funding in the Wastewater State Reserve program and then the recommendations for funding in the CWSRF program. The Authority discussed details of the following projects:

- WWSR Project No. 50/CWSRF Project No. 52: Town of Love Valley: This project is not recommended for funding in either wastewater funding program. Per the Local Government Commission, the applicant cannot take on any debt. Per the Division's affordability criteria, the applicant is not eligible for any grant dollars, therefore they are not recommended for funding.
- CWSRF Project No. 30: City of Raleigh – Applicant has over \$100 million in existing CWSRF debt, so we had to bypass them, but ran out of available funds before we could revisit awarding funds.
- CWSRF Project No. 32 City of Winston-Salem – Applicant has over \$100 million in existing CWSRF debt, so we had to bypass them, but ran out of available funds before we could revisit awarding funds.

The Division originally planned to make \$5.8 million available in State Reserve Grant funds this round. This funding example results in \$227,606 in unused grant funds. The authority can apply these remaining funds to either WWSR Project No. 18 (Town of Haw River) or WWSRF Project No. 19 (Town of Andrews), which both score 54 priority points, or if unused, these funds will be used in the Fall 2017 funding round.

#### **Action Item I.1:**

- Ms. Goodwin made a motion to approve as eligible for funding Wastewater State Reserve Projects Nos. 1, 3, 4, 5, 7, 8, 14, 18, 19, 21, 25, 26, 29, 31, 32, 40, 43, 44, 46, and 49. Mr. Carswell seconded the motion. The motion passed unanimously. (The remaining \$227,606 in grant funds will be used in the Fall 2017 funding round.)

#### **Action Item I.2:**

- Mr. Gaskins made a motion to approve as eligible for funding Clean Water State Revolving Fund Projects Nos. 2, 9, 10, 11, 21, 37, 40, 41, and 50. Mr. Vines seconded the motion. The motion passed unanimously.

**Action Item I.3:**

- Mr. Carswell made a motion to approve as eligible for funding Clean Water State Revolving Fund Project No. 46. Mr. Stiles seconded the motion. Mr. Solomon recused himself from the vote due to a conflict of interest. The motion passed.

**Table 2.  
Wastewater State Reserve (WWSR) Project Funding Approved on July 19, 2017**

<b>Proj. No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Funding Amount</b>	<b>Funding Amount – Bond Grant</b>	<b>Funding Amount – Loan</b>
1	Warrenton, Town of	Warrenton Sewer Rehab	\$460,000	\$345,000	\$115,000
3	Thomasville, City of	North Hamby Creek Outfall Sanitary Sewer Improvements Phase III	\$8,334,351	\$3,000,000	\$5,334,351
4	Warrenton, Town of	Battle Avenue Sewer Upgrade	\$738,125	\$553,594	\$184,531
5	Sawmills, Town of	Horseshoe Bend Road Area Sanitary Sewer Project	\$2,300,000	\$575,000	\$1,725,000
7	Graham, City of	Boyd Creek Lift Station	\$2,450,000	\$612,500	\$1,837,500
8	Tuckaseegee Water and Sewer Authority	Jackson Paper and Dollar General Lift Station Improvements	\$1,515,200	\$378,800	\$1,136,400
14	Taylorsville, Town of	2018 Prison Sewer Pump Station Improvements	\$430,000	\$107,500	\$322,500
18	Haw River, Town of	Lang Street Pump Station Replacement	\$1,500,000		\$1,500,000
19	Andrews, Town of	Wastewater Treatment Plant Improvements Phase II	\$3,148,000		\$3,148,000
21	Edenton, Town of	Wastewater Collection System Inflow and Infiltration Abatement	\$1,000,000		\$1,000,000
25	Taylorsville, Town of	2018 Wastewater Treatment Plant Improvements	\$350,000		\$350,000
26	Roper, Town of	2017 Wastewater Treatment Plant Improvements	\$960,000		\$960,000
29	Swan Quarter Sanitary District	Wastewater Treatment Facility Rehab	\$1,198,200		\$1,198,200
31*	Burnsville, Town of	Burnsville OMC Pump Station and Water Treatment Plant Improvements	\$1,171,800		\$806,400
32	Valdese, Town of	Wastewater Treatment Plant Upgrade - Backdrive Centrifuge	\$317,265		\$317,265



**Table 2. Wastewater State Reserve (WWSR) Project Funding Approved on July 19, 2017 – (continued)**

Proj. No.	Applicant Name	Project Name	Funding Amount	Funding Amount – Bond Grant	Funding Amount – Loan
40	Teachey, Town of	2017 Sanitary Sewer Improvements	\$165,400		\$165,400
43	Carolina Beach, Town of	2017 Wastewater Project	\$1,342,000		\$1,342,000
44	Alexander County	Sewer Collection Line Extension and Pump Station Upgrade	\$5,181,300		\$5,181,300
46**	Johnston County	Buffalo Creek WWPS Upgrade & FM	\$4,405,000		\$4,405,000
49	Leland, Town of	Relocation of Lift Station #14	\$1,161,055		\$1,161,055
			<b>\$38,127,696</b>	<b>\$5,572,394</b>	<b>\$32,189,902</b>
<b>Total Wastewater State Reserve Funding Approved</b>				<b>\$37,762,296</b>	

(\*) The application contained drinking water line items in the budget. Those items were removed from the funded amount.

(\*\*) Since available Connect NC Bond loan funds exceed demand after all eligible projects have been funded, Project No. 46 can be fully funded.

**Table 3.****Clean Water State Revolving Fund (CWSRF) Project Funding Approved on July 19, 2017**

Proj. No.	Applicant Name	Project Name	Funding Amount – Principal Forgiveness	Funding Amount – Loan
2	St. Pauls, Town of	Wastewater Collection System Rehabilitation	\$500,000	\$1,103,380
9	Plymouth, Town of	Wastewater Treatment Plant Rehabilitation and Improvements	\$500,000	\$1,542,500
10	Burke County	Eckard Creek Pump Station Rehabilitation	\$500,000	\$1,166,680
11	Pilot Mountain, Town of	Sunset Sewer Subbasin Rehabilitation Project	\$500,000	\$2,003,992
21	Thomasville, City of	Hank's Branch Sanitary Sewer Rehabilitation, Phase I		\$1,150,000
37	Warsaw, Town of	2017 Sanitary Sewer Improvements		\$4,000,000
40	Fayetteville Public Works Commission	Rockfish Creek Basin Peak Flow Facilities		\$17,912,000

**Table 3. Clean Water State Revolving Fund (CWSRF) Project Funding Approved on July 19, 2017 - (continued)**

<b>Proj. No.</b>	<b>Applicant Name</b>	<b>Project Name</b>	<b>Potential Principal Forgiveness</b>	<b>Potential Loan Amount</b>
41	Charlotte Water, City of Charlotte	McAlpine Creek WWMF Clarifier and Aeration Rehabilitation Project		\$30,000,000
46	Johnston County	WWTP 4 MGD Expansion		\$9,150,000
50	Forsyth County	Idols Road Regional Pump Station		\$4,473,300
			<b>\$2,000,000</b>	<b>\$72,501,852</b>
<b>Total Clean Water SRF Funding Approved:</b>			<b>\$74,501,852</b>	

**Item J. Fair Bluff Initiative**

Ms. Francine Durso and Ms. Jessica Leggett presented on the Division’s participation in an initiative in response to the significant and substantial Hurricane Matthew-related wastewater infrastructure impacts currently affecting the financial and overall economic health of the town of Fair Bluff in Columbus County. This initiative has evolved through DEQ’s work with Governor Cooper’s hurricane recovery office and may ultimately serve as a template for creating long-term solutions for many towns across the state. The initiative is led by DEQ’s Division of Water Infrastructure, working in conjunction with the Local Government Commission (LGC) and the University of North Carolina’s Environmental Finance Center (EFC), and will leverage the existing resources of these partnering groups.

Hurricane Matthew-related impacts to Fair Bluff have jeopardized the ability of its wastewater utility to operate as a self-sufficient business which will also affect the area’s regional wastewater system which includes Fairmont, Cerro Gordo and Boardman. A summary of Fair Bluff’s situation is:

- Fair Bluff was significantly impacted by Hurricane Matthew, resulting in the loss of many residences and businesses and the revenue they generated.
- The Town’s utility enterprise fund revenue has dropped by 30-to-50 percent since the hurricane, and the town is facing substantial financial challenges.
- Fair Bluff’s financial issues impact the town of Fairmont (Robeson County), which treats Fair Bluff’s wastewater and relies upon the revenue generated by this service.
- Fairmont also treats wastewater from the towns of Cerra Gordo and Boardman in Columbus County, and from Orrum and Proctorville in Robeson County. If the viability of Fairmont’s wastewater utility is put at risk by Fair Bluff’s current situation, the feasibility of wastewater treatment for these communities is also impacted, creating a significant regional issue.
- While grants may help Fair Bluff with short-term needs, they will not address the town’s long-term fiscal and viability issues.

The goal of this initiative is to:

- Assess the water and wastewater infrastructure and financial impacts in Fair Bluff that have resulted from Hurricane Matthew.
- Assess the associated financial impacts, including those on nearby communities.
- Develop potential permanent alternatives that address long-term infrastructure, organizational and financial management, such that adequate and safe water and wastewater services are provided for the involved communities.

The preliminary scope of work includes:

- Assess the general condition of water and wastewater infrastructure assets.
- Conduct financial reviews.
- Estimate general costs to upgrade/replace/repair infrastructure.
- Determine the level of funding needed to function as long-term, self-sufficient utilities.
- Develop potential alternatives for the provision of water and wastewater services for the involved communities.
- Prepare a summary report.

These circumstances represent an important opportunity to address and create long-term, realistic solutions for the infrastructure, organizational and financial needs of towns like Fair Bluff. This initiative creates an approach that can be used by the many towns across the state that experience financial distress and physical infrastructure challenges. It accomplishes this goal by bringing together multiple state agencies to conduct a unique, comprehensive analysis that combines the best aspects of already successful financing tools such as construction loans and grants and the Asset Inventory and Assessment and Merger/Regionalization Feasibility grants.

Ms. Jessica Leggett presented pictures of the Town and water infrastructure during and after Hurricane Matthew. The project team has also assessed other surrounding local governments and will present that data at a future meeting. The current work is determining existing conditions of water infrastructure assets and conducting financial reviews.

The following questions/statements posed by the Authority were discussed:

- Mr. Colson discussed how fortunate the project team is that Fairmont and Fair Bluff get along well with each other. It will make working together to find viable alternatives a lot easier. The timing of this project is working out well in terms of the Troubled System Protocol also.
- Mr. Gaskins likes this opportunity for a pilot program to create opportunities for us to learn. We (LGC) are looking for concentrations of LGUs that are on our Unit Assistance List (UAL). The LGUs fit the parameters we were looking for. The LGC plans to hire someone who will lead this project and future projects like this one.
- Mr. Solomon concurred that Fair Bluff needs the help. He also wants the team to explore the FEMA role and the assistance they will provide. This case study should reflect how to leverage federal money with state money.
- Ms. Goodwin thinks we will learn a lot from this as it is a unique project. The most important thing going through as a pilot is to brainstorm on other communities out there to make sure that the process is valuable. Small systems will have a huge, wide range of issues. Maybe start looking at other systems that are a concern.

- Question: What about the debt owed by Fair Bluff and Fairmont? Answer: Mr. Colson said some disaster relief funding in Fair Bluff can be used to pay this year's debt served (their bill to Fairmont). Fair Bluff is still paying off a debt on a WWTP that's not even being used. They still have 18 years of debt service left on that WWTP.

#### **Item K. CDBG-I Funds for Public Schools**

Ms. Julie Cubeta presented a proposed priority criteria that will use \$4.49 million in deobligated CDBG funds allocated to DEQ in the FY 2017 budget to fund water and sewer infrastructure needs at public schools. Because these funds were recaptured without the associated administration funding attached, grants from these funds will require a local dollar match to cover the expenses of administering the CDBG grant, the expense of the engineering report, the expense of the environmental report, and the development of plans and activities associated with compliance with the Fair Housing Act, Section 3 of the Housing and Urban Development Act of 1968, Language Access Plans, the Davis-Bacon Act, and other federal regulations attached to the CDBG program. These funds are a one-time appropriation. The maximum grant will be \$1.0 million.

At the Dec. 14, 2016 meeting, Division staff presented the proposed priority criteria and procedures to be used for project selection. The Authority approved as draft the proposed priority criteria and directed staff to hold a public hearing on the proposed priority criteria. The Division conducted a public hearing and no changes were made to the proposed priority criteria.

The Division invited participation in regional meetings to present the proposed program to representatives of county management and school superintendents by sending letters to every county manager and school superintendent in the state. The meetings were held in March 2017 in Asheville, Hickory, Lumberton, Raleigh, Washington and Wilmington, with approximately 60 attendees.

#### **Action Item K.1:**

- Mr. Vines made a motion to approve the priority criteria. Ms. Adams seconded the motion. The motion passed unanimously.

#### **Item L. Draft Fiscal Year 2016-2017 Annual Report**

Ms. Durso presented the draft fiscal year 2016-2017 Annual Report that is required by the legislature on November 1<sup>st</sup>. The report details the authority's focus areas, accomplishments and next steps. The report also details issues identified by the authority such as the approach for permanent solutions, preparing utilities for capital project financing, and strengthening resource partnerships.

The following questions/statements posed by the Authority were discussed:

- Ms. Goodwin likes the metric of percent of grant funds. It would be nice to look at metrics that are important to SWIA to see if we are accomplishing what we wanted to accomplish over a longer term. She is not sure what those would be but it would be good to think about for future reports.
- Mr. Colson said seeing a lot of applications come in is a metric that would be important to SWIA.
- Ms. Goodwin also said one of the goals could also be funding more projects due to the mix of loans and grants.
- Ms. Adams suggested a grab and go document that could be easily sharable and readable that could be pulled out quickly. This would be in addition to the annual report. It would display what the authority thinks is important in the most effective way possible.

Any comments should be sent to Jessica by August 11<sup>th</sup>. As a reminder from Ms. Lucasse discussion of the authority take place in public so please remember to only send email comments to Jessica and DWI staff. Do not include other authority members on these emails.

### **Item M. Fall 2017 AIA and MRF Application Round Planning**

Mr. Seth Robertson presented information regarding the upcoming fall 2016 application round. The Division receives on average approximately 200 Asset Inventory and Assessment applications in addition to the other funding programs application. The purpose of this discussion is to look at options for meeting dates to award funding for the Fall 2017 round. Option 1 was to approve projects during two authority meetings (January 2018 and March 2018). Option 2 was to approve all applications at a February 2018 authority meeting.

The following questions/statements posed by the Authority were discussed:

- Mr. Solomon likes the idea of a January meeting but would proposed to keep funding at one meeting. If the awards are split between two meetings, it would limit our ability to play with funding.
- Mr. Colson said the volume of AIA grants makes it difficult to adequately evaluate applications with all the other tasks going on and other funding programs. This is a staff resource issue for the Division.
- Ms. Goodwin likes the idea of looking at all applications together. It would be more informative to also look at what has been laid out for the rest of the year as well.
- Mr. Vines would prefer to look at all applications together.
- Mr. Solomon would have a conflict with the proposed 2/21/18 date but 2/28/18 would work.

### **Item N Draft 2018 Authority Meeting Dates**

Ms. Francine Durso presented a proposed schedule of 2018 SWIA meeting dates. Realizing the 2/21/18 date would not work and would be changed to 2/28/18 from the previous agenda item conversation.

The following questions/statements posed by the Authority were discussed:

- Question: Would we be making decision on all programs in February and then in July? Answer: Ms. Durso answered we would be making more limited decisions (not all funding programs will accept applications this round) in July 2018. For the fall 2017 funding round, we will propose February 28<sup>th</sup> for funding all projects.

Authority will approve the 2018 meeting dates at the September 20<sup>th</sup> meeting.

### **Item O. Informal Comments from the Public**

Mr. Colson stated that public comments could be made at this time with the reminder that in accordance with the Authority's Internal Operating Procedures, comments must be limited to the subject of business falling within the jurisdiction of the Authority and should not be project specific.

No informal comments from the public.

### **Item P. Concluding Remarks by Authority Members, Chair and Counsel**

Authority members appreciated the level of detailed information provided in the agenda packets and having the information presented clearly.

Authority members also enjoyed the presentation and information from the EFC and look forward to more presentations like this as it will help complete tasks assigned.

For the next meeting Authority members would like to see a more detailed outline of a work plan for 2018.

The next Authority meeting date is September 20, 2017 via conference call.

**Item Q. Adjourn** – The meeting was adjourned.