

CATAWBA-WATEREE WATER MANAGEMENT GROUP

OFFICERS MEETING AGENDA

Monday, November 24, 2008

Location: Charlotte-Mecklenburg Utilities
5100 Brookshire Boulevard
Charlotte, NC 28216

10:00 AM Discussion of 5 year projects list
Annual dues calculation
New member additions
Discussion of member in good standing requirements / status
Discussion of establishing regular board meetings
Agenda development for December WMG meeting

**MINUTES OF THE CATAWBA-WATEREE WATER MANAGEMENT GROUP
BOARD OF DIRECTORS MEETING**

A Board of Directors meeting of the Catawba-Waterree Water Management Group (“WMG”) was held on Monday, November 24, 2008, at 10:00 AM, at the headquarters of Charlotte-Mecklenburg Utilities at 5100 Brookshire Boulevard, Charlotte, NC.

Present at the Meeting – All Members of Board of Directors were present:

Barry Gullet..... Chair
Jeff Morse..... Vice Chair
Jeff Lineberger..... Secretary/Treasurer
Mike Bailes..... South Carolina At-Large Director
Kevin Greer..... North Carolina At-Large Director

Ken Kearns (Kearns & West, Inc.) attended as a guest.

Call to Order – Barry Gullet (Chair) called the meeting to order at 10:25 AM and confirmed that all members of the Board were present and therefore a quorum existed. He then reviewed the agenda.

Five-Year Projects Strategic Plan – Gullet reported that he had received 5-6 responses to his request for comments and project ideas on the 2008 Plan and expected one additional recommendation from the US Fish & Wildlife Service. Gullet stepped through the draft Plan revision that Kearns had prepared based on the recommendations of the three WMG Committee Chairs. The revision was edited slightly, and the Board then reviewed the status of the projects listed for 2008. Jeff Lineberger volunteered to provide the actual 2008 expenditures in the administrative category to Kearns for including in the draft Plan.

Lineberger reported that Duke was considering a pilot project to test the effectiveness of “smart irrigation controllers” in controlling landscape watering with selected lakeside property owners that withdraw water directly from the lakes for irrigation. He estimated the project would cost \$50,000 per year for three years. He plans to propose to the WMG that it share half that cost with Duke; that is, Duke and the WMG would each fund \$25,000 per year for the three years, beginning in 2009. Lineberger also noted that Duke is reviewing a proposal from NC State University (NCSU) to provide contract services on this project.

At Jeff Morse’s suggestion, Kearns will incorporate the name of the WMG member in the project spreadsheet block now noting “WMG in kind.”

Because no one had yet had a chance to review the new project proposals and comments, it was agreed that they would be distributed to the Committee Chairs and to the WMG Members prior to the December 9 WMG meeting to be discussed at the meeting as led by the Committee Chairs. The Plan will be updated as appropriate and approved at that meeting. It was also noted that in 2009, the WMG should solicit external recommendations on the Plan earlier in the year (e.g., August), to provide more time to review and consider suggestions received.

WMG Dues – Jeff Morse invited the Board to discuss the possibility of changing the dues requirement for an individual WMG Member that may have experienced a “catastrophic” alteration in its withdrawals (on which the dues allocations are based), such as might be caused by the loss of several large industrial water users. This led to a discussion of how the dues structure now appearing in the Comprehensive Relicensing Agreement evolved and several potential impacts of changing the structure. The Board also noted that a change of this nature would require a change in the Bylaws, which would have to be made by a consensus of the entire WMG Membership. The Board concluded that a change to the dues calculation is not warranted at this time.

Potential New Member Additions – Gullet reminded the Board that, according to the Bylaws, the WMG could take on new members during the month of January and for prospective new members in 2009, the new members’ governing bodies would be required to pass resolutions supporting their membership and to pay dues on or before January 31, 2009. The Bylaws require the WMG Members to vote on a proposed new member as to whether it could meet the Bylaw’s “Member in Good Standing” requirements. According to the Bylaws, a favorable vote requires a super majority.

Gullet reminded the Board that the Town of Long View has already passed an acceptable resolution. Jeff Lineberger reported that he had been in discussions with representatives of the City of Statesville and has reviewed Statesville’s drought ordinance. Statesville’s situation is different from other water suppliers withdrawing water from the Catawba-Wateree River Basin because it is also capable of withdrawing water from the Yadkin River Basin. Its drought ordinance calls for meeting the water use reduction targets of the Low Inflow Protocol (LIP) Stages, even if it is not imposing the LIP’s recommended water use restrictions for that Stage, by reducing its withdrawals from the Catawba-Wateree River Basin and increasing its withdrawals from the Yadkin River Basin. Lineberger will recommend to the WMG Members that Statesville’s drought ordinance meets the “Member in Good Standing” requirement related to a good-faith effort to implement the LIP. Lineberger will alert Joe Hudson (Statesville) of the situation and that the WMG will also need their resolution and dues. Lineberger will invite Hudson to provide the WMG with a brief overview of Statesville’s drought ordinance at the December 9 WMG meeting. Jeff Morse will communicate the same message to Statesville’s City Manager.

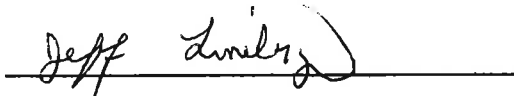
Status of Member in Good Standing – Lineberger distributed a summary of the elements of a Member in Good Standing: Payment of dues, requirements defined in Bylaw Sections 9.2(a) and 9.3(a), and regular attendance at Catawba-Wateree Drought Management Advisory Group (DMAG) meetings. Lineberger noted that except for Lincoln County, all current members of the WMG appear to be in compliance with their easements or permits from Duke Energy. Lineberger also noted that Duke and Lincoln County have exchanged draft versions of an easement document that once signed, will get Lincoln County into compliance. Lineberger expects that Duke and Lincoln County will each sign the easement very soon. He also noted that several WMG members had not met the requirement for Drought Management Advisory Group (DMAG) meeting / conference call attendance (i.e., WMG Members must not miss two or more consecutive DMAG meetings / conference calls). After a brief discussion, the Board asked Lineberger to suggest in the December 9 WMG meeting that some WMG Members may want to change their designated DMAG member and/or alternate by sending an e-mail to Ed Bruce, the DMAG’s coordinator. Lineberger also volunteered to ask Bruce to advise WMG Members via email after they miss a DMAG meeting or conference call to

help ensure awareness that missing the next DMAG meeting or conference call can jeopardize their WMG membership status. Lineberger also noted that he does not propose that the WMG Board take any action in 2008 to change any WMG Member's status. The WMG Board agreed.

Regular Board Meeting – Gullet invited the Board to consider whether to schedule regular Board meetings. After a brief discussion, the Board concluded to hold a regular Board meeting in the months between the regular WMG meetings and also noted that a Board meeting could be easily cancelled if there were not adequate business items to discuss. The Board decided to meet on the second Thursday of the odd-number months, which are as follows in 2009: Jan 8, Mar 12, May 14, Jul 9, Sep 10 and Nov 12. Gullet will investigate availability of Charlotte-Mecklenburg Utilities' Environmental Services Facility for holding these regular Board meetings.

December 9, 2008, WMG Annual Meeting Agenda – Gullet asked the Board to suggest agenda topics that are not already covered in the standard agenda items. Kevin Greer will provide a brief summary of a Web site proposal he and his Committee are recommending and ask for WMG approval. In his Chair Report, Gullet will mention the possibility of a brief WMG annual report, an update of the WMG's one-page description, and a standard resolution approving the Board's and Officer's legal actions. Lineberger will report on the Member in Good Standing status. Gullet will ask Flip Bombardier to arrange for an update on the WMG's mapping project.

Adjournment – There being no further business, Gullet adjourned the meeting at 12:30 PM.

A handwritten signature in black ink, appearing to read "Jeff Lineberger", is written over a solid horizontal line.

Jeff Lineberger
Secretary/Treasurer