

**MINUTES OF THE ANNUAL MEETING
OF THE
CATAWBA-WATEREE WATER MANAGEMENT GROUP**

The annual meeting of the Catawba-Wataree Water Management Group (“WMG”) was held on Tuesday, December 9, 2008, at 10:00 AM, at the Lee Dukes Water Treatment Plant in Huntersville, NC.

Present at the Meeting – The WMG Member Representative and/or Alternate of the following WMG Members were present:

Member	Member Representative	Alternate
City of Belmont, NC.....	Barry Webb	
City of Camden, SC	Tom Couch	
Catawba River Water Treatment Plant.....	Mike Bailes	
City of Charlotte, NC	Barry Gullet	
Chester Metropolitan District.....	Mike Medlin	
Duke Energy Carolinas, LLC.....	Jeff Lineberger.....	Ed Bruce
City of Gastonia, NC		
Town of Granite Falls, NC.....		Kim Prestwood
City of Hickory, NC.....	Kevin Greer	
City of Lenoir, NC.....	Mack Edmisten	
Lincoln County, NC.....		Barry McKinnon
Lugoff-Elgin Water Authority		
City of Morganton, NC.....	Don Danford	
City of Mount Holly, NC.....		James Friday
City of Rock Hill, SC.....	Nick Stegall	
Town of Valdese, NC	Jeff Morse	

Meeting guests included: Ed Cross (City of Gastonia, NC), Rani Holland (Town of Long View), Ken Kearns (Kearns & West, Inc.) and Ron Lewis (Duke Energy)

Call to Order – Barry Gullet (Chair) called the meeting to order at 10:10 AM.

Quorum Established – Jeff Lineberger (Secretary/Treasurer) called the roll and confirmed that a quorum was present.

October 14, 2008 Meeting Minutes Approved – Kevin Greer moved and Tom Couch seconded that the October 14, 2008 meeting minutes be approved. The motion carried.

Secretary/Treasurer Report

Financial Report – Lineberger distributed a copy of “WMG Project Funding and Banking Summary for the Current Calendar Year” (attached and made a part of these minutes). He noted that there is about \$58,000 of uncommitted funds in the bank account and that all current bills had been paid except for a legal bill of about \$1,000. He reported that Centralina Council of Governments (CCOG) had provided a credit of \$630 on the mapping project. He noted the bank account had earned interest. He further pointed out that the legal and accounting expenditures of \$15,504 was about twice the current budget, but the legal actions were well worth it because, for example, filing tax forms in

future years would be avoided. Finally he noted that the WMG's insurance had been paid as had the groundwater well project cost.

Action Register – Lineberger distributed the “Catawba-Wateree Water Management Group Action Register” (attached and made a part of these minutes) and noted that all actions were up to date in that they all either had future due dates or would be accomplished at this meeting.

Chair Report

Board Meeting – Gullet reported on the November 24, 2008 WMG Board meeting and noted that draft minutes of that meeting were distributed at this meeting. He summarized the key discussions. The Board:

- Decided to meet regularly in between WMG meetings on the second Thursday of the odd-number months at 10:00 AM at Charlotte-Mecklenburg Utilities' Environmental Services Facility. The meetings are open to all WMG members;
- Reviewed the Five-Year Projects Strategic Plan and suggested edits to be included prior to distributing the 2009 review draft to WMG Members; and
- Prepared for the WMG annual meeting.

Member Dues – Gullet reminded the Group that Member dues were payable on or before January 31, 2009 and that the WMG Bylaws do not permit any grace period during this first year.

Member in Good Standing Status – Gullet mentioned that one function of the Group was to annually review the Member in Good Standing status, which the Board had done. He briefly summarized the requirements in the Bylaws:

- Up to date on dues payments;
- In substantial compliance with any applicable FERC orders or Duke easements or permits; and
- Fulfilling the Comprehensive Relicensing Agreement in good faith, which, among other things, has a Catawba-Wateree Drought Management Advisory Group (DMAG) attendance requirement.

Lineberger added that the Board would more regularly monitor DMAG attendance to head off unintended trouble. He noted that, in some of the past DMAG meetings, jurisdictions may have been represented but not by their designated representative or alternate. He added that Ed Bruce will keep track and report on DMAG attendance and he encouraged WMG Members to verify their organization's DMAG representatives with Bruce. He added that the next DMAG conference call would be on December 18, 2008.

WMG Annual Report – Gullet reported that the Board would prepare a brief annual report on the WMG activities.

Duke Energy Cooling Water Plan at Allen Steam Station.

Gullet introduced Ron Lewis (Duke Energy) and reminded the Group that Ron had earlier in the year presented an overview of Duke's planned alteration to its Allen Steam Station's water intake on Lake Wylie to increase the plant's operability during particularly hot weather when its NPDES permit limit on discharge temperatures had previously caused temporary plant deratings. In today's meeting, Lewis reported on a plan to make

those temporary alterations permanent. He added that the plan will be put in a conveyance application to be submitted to FERC for approval. Lineberger added that any individual WMG member may comment for or against the proposal and can submit those comments to Lewis or as identified in the conveyance application.

Consideration of Adding New Members to WMG – Gullet reminded the Group that there were only a finite number of eligible participants and that all but three had already joined in December 2007. He noted that the Town of Long View had passed a joining resolution early in 2008 and is now eligible to join during the January 2009 window. He also noted that the City of Statesville had expressed an interest in joining the WMG but had not yet passed its resolution, which is in the process of being adopted. Gullet also noted that the WMG Bylaws require a super-majority Member vote on whether the potential new member would be a Member in Good Standing as defined in the Bylaws.

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 Statesville is also capable of withdrawing water from the Yadkin River Basin and City-owned wells. Its drought ordinance calls for meeting the water use reduction targets of the Low inflow Protocol 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 concluded that he believes that if Statesville follows its drought ordinance, it should meet the Member in Good Standing requirement relative to making water use reductions during drought.

James Friday moved and Kevin Greer seconded the following motion which was approved unanimously.

VOTED that the Town of Long View, NC can meet the Member in Good Standing requirements and is eligible to join the Water Management Group provided it pays its dues prior to January 31, 2009;

FURTHER VOTED that the City of Statesville, NC can meet the Member in Good Standing requirements and is eligible to join the Water Management Group provided it pays its dues and passes an appropriate joining resolution both prior to January 31, 2009.

Election of Officers and At-Large Directors – Gullet invited Ken Kearns to conduct the elections. Kearns reminded Members that the Bylaws call for the election of a Chair, Vice Chair, Secretary/Treasurer, North Carolina At-Large Director, and South Carolina At-Large Director. Kearns noted that the Bylaws state that these positions must be filled by Member Representatives (not Alternates), and the elections must be by majority as defined in the Bylaws. Kearns further noted that only the Member Representative (or Alternate, if the Member Representative is not present) could vote. Kearns added that terms for the officers and directors will begin on January 1, 2009 and continue through December 31, 2009, and the next election will take place in December 2009 to elect officers and directors to serve for 2010.

Kearns said that the officers and directors would be elected in the order listed above and that the Group would complete the election of one office before moving to the next. He reminded Members that, at the October 14, 2008 meeting of the Water Management Group, Members in attendance had formed a committee of the whole to serve as a nominating committee, and the following nominations had resulted:

Chair Barry Gullet
Vice Chair..... Jeff Morse
Secretary / Treasurer..... Jeff Lineberger
NC At-Large Director Kevin Greer
SC At-Large Director Mike Bailes

Chair Elected – Kearns invited additional nominations for Chair, and when there were none, Barry Gullet was elected as Chair by acclamation.

Vice Chair Elected – Kearns invited additional nominations for Vice Chair, and when there were none, Jeff Morse was elected as Vice Chair by acclamation.

Secretary/Treasurer Elected – Kearns invited additional nominations for Secretary/Treasurer, and when there were none, Jeff Lineberger was elected Secretary/Treasurer by acclamation.

North Carolina At-Large Director Elected – Kearns invited additional nominations for NC At-Large Director, and when there were none, Kevin Greer was elected NC At-Large Director by acclamation.

South Carolina At-Large Director Elected – Kearns invited additional nominations for SC At-Large Director, and when there were none, Mike Bailes was elected SC At-Large Director by acclamation.

Committee Reports

Demand-Side Norms, Trends and Opportunities – Lineberger reported that the Committee had not met since the last WMG meeting, but it needed to meet soon to review its 2009 projects.

Supply-Side Opportunities – Gullet reported that the Committee was waiting on the results of the mapping project. He also reported the potential to team with the American Water Works Association Research Foundation (AWWAR) on a tailored collaborative project. In summary, if the WMG could submit an eligible project and, if approved, AWWAR would match WMG funds up to \$150,000 and would also manage the project, and publish a report. The project would have to have applicability to more than just the Catawba-Waterree River Basin. He noted that the WMG would have to identify a lead investigator, who could also help draft the proposal. The ideal time for submitting to the AWWAR would be prior to March, 2009. After discussion by the Group, Gullet was asked to work with his Committee to develop the proposal ideas and potential investigators.

Gullet noted that the Whisnant and Holman team had released its “Draft 2008 Report of the Water Allocation Study Team” and recommended Members review the Report and submit comments to the Study Team’s “Water Wiki” Web site (www.sog.unc.edu/water).

System-Wide Drought Preparation and Management – Kevin Greer reported that the Committee had sought recommendations for possible Web and logo design consultants from LGA and Amy Steinmetz. Greer talked with the recommended vendors and invited proposals. After the Committee’s review of the proposals, he recommended that the Group accept the \$13,800 proposal from Big Noise. He also noted there would be a \$431 annual charge to host the site. After discussion, Don Danford moved and Mike Bailes seconded the following motion which was approved unanimously.

VOTED that the Web site and logo design proposal submitted by Big Noise be accepted provided that, after review by the WMG attorney, the WMG is assured that the WMG will own both the Web site and the logo.

Greer reported that he was reviewing the work on Member drought plans and ordinances prepared by Kirsten Lackstrom working with Kearns & West. He believes this work will largely satisfy the 2008 project overseen by the Committee.

Acts of Officers and Board Ratified – After a brief discussion, Barry Webb moved and James Friday seconded the following motion which was approved unanimously.

VOTED that all the lawful actions of the Officers and Board of Directors of the Catawba-Wateree Water Management Group on its behalf prior to the date of this meeting be, and they hereby are, ratified by the Members of the Group.

Five-Year Projects Strategic Plan Approved – Gullet reminded the Group that the Bylaws require the WMG to approve the Plan at its annual meeting. Gullet noted that a draft 2009 Plan had been distributed to Members for review several weeks earlier and again at this meeting. He reported that he'd received several responses to his request for additional project ideas, but they came in too late to receive proper consideration for this meeting. He recommended that the appropriate committees review these projects and make recommendations to the WMG at its February meeting. He added that the Plan could be adjusted during the year if necessary. He will respond to those offering comments advising them of how we will address the ideas. He invited the Group to ask questions and offer comments and edits.

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

After discussion and concluding that this project fit within the general goals and budget of the WMG's strategic plan, the Group made several adjustments to the draft Plan to include the Lakefront Smart Irrigation Project and several additional edits to adjust funding for the Web site and logo project. Jeff Morse moved and Nick Stegall seconded the following motion which was approved unanimously.

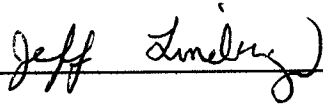
VOTED that the WMG members approve partnering with Duke Energy on a project to determine the effectiveness of smart irrigation controllers relative to benchmarks and will provide half of the funding for the project up to \$25,000 per year for three years beginning in 2009;

FURTHER VOTED that the 2009 Catawba-Wateree Water Management Group Five-Year Project Strategic Plan, dated December 9, 2008, a copy of which is attached and made a part of the minutes of this meeting, is approved.

WMG Friends List – Gullet asked Kearns to review a list of organizations located principally in North and South Carolina whose activities might have relevance to the WMG. The Group suggested additions to the list and discussed which organizations' activities might be of most interest to the Group. Gullet noted that this list will be used for soliciting comments on its Five-Year Projects Strategic Plan. He noted the Group

should have a short segment on each of the regular meeting agendas to discuss anything of relevance related the organizations.

Gullet adjourned the meeting at 1:50 PM.



Jeff Lineberger
Secretary/Treasurer