

Cheoah Fund Board Meeting
February 12, 2007
USWFS Office, Asheville

Board Members: Jason Farmer (USFS), Chris Goudreau (NCWRC), Mark Cantrell (USFWS), Steve Reed (NCDENR), Michael Bolt (EBCI)

Advisors: Dave Meeker, Dick Eyestone

Others: Gary Kauffman (USFS)

Various members provided an overview of the purpose of the Fund by reviewing the settlement agreement, license, operating protocol and fiduciary agreement. Mark provided a map of a proposed geographic scope.

Jason reviewed the funding priorities as outlined in the operating protocol. Highest priority for funding are those things that are required by FERC. Proposals that show good cost-sharing are also favored. Also, proposals that meet the objectives of the monitoring and restoration plan drafted by the agencies during relicensing will be preferred.

Steve provided a fiduciary report. Payments by APGI for 2005, 2006 and 2007 total \$155,292 which includes increases for inflation.

Future funding commitments were discussed. The focus will be on the ramping rate study (Article 405) and gravel enhancement (Article 406). At this time, vegetation management and removal are not required by FERC, so members felt that the Fund is not obligated to cover those expenses.

The Board reviewed the five proposals received prior to the meeting. It was decided to fund the Elktoe Genetics proposal because that would help determine how to proceed with other aspects of mussel reintroductions.

The Mussel Reintroduction proposal was not funded at this time until genetics work was completed, gravel augmentation had occurred, and fish monitoring was conducted to give a better idea of how the community is responding to the new flow regime.

Considerable discussion was had on the two proposals to monitor and manage vegetation in the river and river channel. Several felt that the Graham County proposal was confusing and did not really meet the core priorities of the Board, but seemed more concerned with clearing vegetation for recreational purposes. The USFS/USFWS proposal focused on managing Virginia spiraea. The Board decided not to fund the Graham County proposal, but to fund the USFS/USFWS proposal for three years, provided that the funds go to USFWS (note: USFS has restrictions on accepting funds from the Cheoah Board). More details on the annual budgets will be requested from the project proponents.

The Board generally liked the VPI proposal to investigate the restoration ecology of fishes in Cheoah River. However, there were many items that needed further information and clarification. Tentative approval was granted to fund this proposal. Chris will talk with VPI to get more information.

Steve will notify all entities that submitted grant proposals of the Board's decisions.

Cheoah River Resource Management and Enhancement Fund Board

US Fish & Wildlife Service Offices - Asheville, NC

February 12, 2007 10:00 a.m. –4:00 p.m.

DRAFT A G E N D A

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|----|---|----------------|
| 1. | Introduction and Overview | Steve Reed |
| 2. | Purposes and Geographic Scope of Fund | Mark Cantrell |
| 3. | Fund Board Priorities | Jason Farmer |
| 4. | Fiduciary Report | Steve Reed |
| 5. | Future Funding Commitments | Chris Goudreau |
| | <ul style="list-style-type: none">• Vegetation management/removal, MOU• Ramp rate study monitoring, Article 405• Gravel enhancement /monitoring Article 406 | |
| 6. | Review of Proposals Received for 2007 | All |
| | <ul style="list-style-type: none">• Elktoe Genetics• Mussel Reintroductions• Spiraea Monitoring & Mgt• Cheoah River Stream Restoration• Restoration Ecology of Fishes | |
| 7. | Project Funding for 2007 | Board Members |
| 8. | Future Meetings and Action Items | Steve Reed |