



North Carolina Department of Environment and Natural Resources

Beverly Eaves Perdue
Governor

Dee Freeman
Secretary

September 30, 2011

MEMORANDUM

TO: ENVIRONMENTAL REVIEW COMMISSION
The Honorable David Rouzer, Chair
The Honorable Mitch Gillespie, Co-Chair
The Honorable Ruth Samuelson, Co-Chair

FISCAL RESEARCH
Mr. Mark Trogon, Acting Director, Fiscal Research Division

SENATE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC
RESOURCES
The Honorable Don East, Co-Chair
The Honorable David Rouzer, Co-Chair

HOUSE APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC
RESOURCES
The Honorable Carolyn Justice, Co-Chair
The Honorable Roger West, Co-Chair

JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS
The Honorable Thom Tillis, Speaker of the House of Representatives
The Honorable Phil Berger, President Pro Tempore

FROM: Kari Barsness *KKB*
Director of Legislative and Intergovernmental Affairs

SUBJECT: North Carolina Natural Heritage Trust Fund 2011 Annual Report

Pursuant to General Statute 113-77.9(e), the Secretary of the Department of Environment and Natural Resources shall annually submit a list of grants including acreage, county, funding amount, and the state department or division responsible for managing the land. This report shall be submitted to the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division and the Environmental Review Commission by October 1 of each year. Please consider the Natural Heritage Trust Fund's Fiscal Year 2011 Annual Report as the formal submission of this report.

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If you have any questions or need additional information, please contact me by phone at (919) 715-4189 or via e-mail at Kari.Barsness@ncdenr.gov.

cc: David Knight, Assistant Secretary
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2011 FISCAL YEAR-END REPORT

A Report to the Governor and General Assembly

Dee Freeman, Secretary
N.C. Department of Environment
and Natural Resources

J. Robert Gordon, Chairman
Board of Trustees
N.C. Natural Heritage Trust Fund

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Executive Summary

The Natural Heritage Trust Fund had two grant cycles in fiscal 2011 and was able to award more than \$9 million to protect about 3,300 acres of land. That land will be used for state parks, game lands, state forests, plant preserves and historic site protection. The land has great recreational, scientific, educational and aesthetic value. Protecting important natural heritage sites also bolsters North Carolina's \$17-billion-a-year tourism industry and provides necessary buffers between the state's military installations and incompatible development.

The income to NHTF, based primarily on receipts from the deed stamp tax on real estate transactions, was down 4.5 percent, but almost 48 percent from the high of fiscal 2007. In addition, \$1.7 million was diverted to the General Fund and approximately \$400,000 was diverted to cover new fund-shifted staff in the N.C. Department of Environment and Natural Resources, adding to the decrease in available funds for the trust fund's mission. Next year, the state budget requires a diversion of \$8 million to the General Fund and \$800,000 to cover fund-shifted positions. The net effect on income, when coupled with on-going debt repayment obligations of approximately \$4.4 million results in a deficit for the year, which will be covered by the cash balance from fiscal 2011.

Many projects take years to come to fruition and provide critical links between separate tracts and better access to existing public lands. They also enable better management of existing sites. It's important during tough budget times to spend wisely, but take advantage of time-sensitive land conservation opportunities that promise a great return on the state's investment.

**NORTH CAROLINA
NATURAL HERITAGE TRUST FUND
FISCAL YEAR-END REPORT 2011**

Origins and Mission

The North Carolina Natural Heritage Trust Fund (NHTF) was established by the 1987 General Assembly (G.S. 113-77, effective July 1, 1987) as a supplemental funding source for state agencies to acquire lands and to pay for the inventory of natural areas by the N.C. Natural Heritage Program. A 12-member board of trustees administers the trust fund. This annual report is prepared in accordance with G.S. 113-77.9(e).

Board of Trustees

NHTF is delegated the authority to grant funds to eligible state agencies pursuant to applications that meet statutory criteria and board guidelines. The governing authority for the trust fund is a 12-member board of trustees. Membership of the board was increased from nine members during the 2001 legislative session. Four members are appointed by the governor, who also designates the chairman. Eight members are appointed by the General Assembly; four are recommended by the president pro-tempore of the Senate and four are recommended by the speaker of the House. Appointments are made effective Jan. 1 and are for staggered six-year terms. Persons appointed are to be knowledgeable in the acquisition and management of natural areas.

Board of Trustees

Governor Appointees

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2010-2016

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Forsyth County
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Henry L. Kitchin
Richmond County
2008-resigned 2011

Elizabeth "Robin" Jacobs
Orange County
2010-2016

Natural Heritage Trust Fund Staff

Executive Director:

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In addition to the executive director, the NHTF is supported by Ann Prince (part-time) who works on dedications (a process that further protects lands acquired with NHTF monies pursuant to the Nature Preserves Act), and Eric Galamb (part-time) who assists in grant administration.

Operating expenses for personnel, producing and distributing grant materials, meeting expenses, etc., continue to be less than 2 percent of the program expenditures.

Funding Sources

The primary source of funding for the NHTF is the state excise tax on real estate conveyances. NHTF receives 25 percent of the state's portion of the \$2 per \$1,000 value deed stamp tax. The county retains half this tax, while the state receives 50 percent, minus allowable administrative costs. The deed stamp tax currently provides 63 percent of the funding for the NHTF, down from a high of almost 80 percent of the income in 2006.

The trust fund's second major source of funding is a portion of the additional fee charged for personalized license plates. The state charges an additional fee of \$30 for each personalized license plate; \$15 of this additional fee is credited to the NHTF. NHTF also receives a portion for specialty license plates in some cases: \$10 for each "First in Forestry" license plate, \$15 for each "State Parks" license plate and \$15 for each out-of-state college specialty license plate. The fees from these license plates currently provide 35 percent of the funding for the NHTF.

The final source of funding is interest from funds in the trust fund account. Funds not expended remain in the interest-accumulating Natural Heritage Trust Fund account and do not revert to the General Fund.

Table 1 in the appendix summarizes the NHTF income on an annual basis since its inception in 1987.

Grant Criteria and Eligible Agencies

Grants are awarded to acquire land that:

- represents the state's ecological diversity to ensure its preservation and conservation for recreation, scientific, education, cultural and aesthetic purposes;
- adds to the system of parks, state trails, aesthetic forests, wild and scenic rivers, fish and wildlife management areas and other natural areas for the beneficial use and enjoyment of the public; and
- helps develop a balanced state program of historic properties.

Funds are also allocated to the N.C. Natural Heritage Program (NHP) for natural area inventories and conservation and protection planning of natural areas. Information compiled by NHP is used to help guide land management and conservation decisions by state and federal agencies, and also by private groups and businesses, ensuring that conservation funds are spent strategically to protect the highest quality areas.

In 2004, the General Assembly also authorized the NHTF (G.S. 113-77.9(b3)) to be used to retire debt incurred by funding land acquisitions for the purposes listed above.

State agencies authorized to apply for grant awards are the:

- N.C. Department of Environment and Natural Resources,
- N.C. Wildlife Resources Commission,
- N.C. Department of Cultural Resources, and
- N.C. Department of Agriculture and Consumer Services.

Priority consideration is given to protection of land having outstanding natural or cultural heritage values. Land with outstanding natural heritage values is land identified by the N.C. Natural Heritage Program as having state or national significance. Land with outstanding cultural heritage value is land that is identified, inventoried or evaluated by the N.C. Department of Cultural Resources.

Income

As shown in Table 1, income for fiscal 2011 was **\$12,522,450**, representing an overall decrease of 4.5 percent from the previous year (\$13,108,654) and almost a 48 percent decrease from the all-time high of fiscal 2007 (income of \$23,964,497). The overall economy of the state remains depressed, and NHTF income continues to decline, but at a slowing rate, as last year's decline was 8 percent. The income change over time from each source of income is shown in Figure 1.

Awards

Between 1987 and June 30, 2011, NHTF has contributed to the protection of more than 297,000 acres through 518 grants totaling more than \$328 million (Table 2). The locations of these projects are shown in Figure 2. During fiscal 2011, NHTF awarded 19

grants totaling \$9,041,889. These grants will contribute to the protection of an estimated 3,353 acres (Table 3).

NHTF typically holds two grant cycles per year; one in the fall and one in the spring. The locations of the Fall 2010 projects are shown in Figure 3 and project descriptions are contained in Table 4. The Spring 2011 project locations are shown in Figure 4 and project descriptions are contained in Table 5. Important to note in the project descriptions is the leveraging of NHTF funds; many, if not most, include matching funding from federal, private and/or other state sources.

NHTF continues to receive many more projects (50 percent historically) than can be funded. In fiscal 2011, we received 36 applications requesting funding for more than \$26 million.

Certificates of Participation

Recognizing the need to protect important lands in our rapidly developing state, the General Assembly authorized the use of a special financing mechanism referred to as certificates of participation during three legislative sessions – in 2004 (*SL 2004-179, Section 3*), in 2007 (*SL 2007-323, Section 29.14*) and in 2008 (*SL 2008-107, Section 27.8(a)(28)*). This form of bond sales allowed the state to acquire properties of high natural and/or cultural heritage value that would otherwise have been lost to development. NHTF now repays the debt and interest on the 2004 and 2007 COPs using annual receipts.

For fiscal 2011, the COPs debt repayment was \$4,418,304 and will be similar (\$4,409,862) in the coming fiscal year based on correspondence from the Department of State Treasurer. With an income of about \$12 million, the debt repayment currently represents more than 36 percent of the NHTF income.

Effect of Recent Legislative Actions on NHTF Fund Availability

The overall economy remained poor in fiscal 2011. Approval of NHTF-funded land acquisitions by the Council of State slowed at the beginning of the calendar year 2011 to prepare for possible budget shortfalls. Almost no projects were scheduled for review in the first half of calendar 2011. In addition, two transfers of funds from NHTF to the General Fund, totaling \$1,725,961, were completed as explained below:

- During the 2010 legislative session, the General Assembly made certain assumptions about the level of enhanced American Recovery and Reinvestment Act (ARRA) funding available from the federal government for the state's Medicaid expenses. Because of the uncertainty of the level at which North Carolina would be funded, the General Assembly made provisions in the budget bill in the event that the federal funds were not realized. Specifically, Section 2.3(b) of SL 2010-31, directs the Director of the Budget to use the interest earned

in “all other funds,” including NHTF, to cover the lost revenue. In May 2011, the State Budget Director acted on this authorization due to shortfalls in the federal ARRA funding for the state’s Medicaid expenses. NHTF interest income of \$255,961 was therefore transferred to the General Fund.

- During the 2011 legislative session, in Senate Bill 109, the General Assembly called on Gov. Perdue to increase General Fund availability for fiscal 2012 by \$537.7 million by transferring unexpended funds from non-General Fund accounts to the General Fund. In accordance with this bill, \$1.5 million was transferred from the NHTF in fiscal 2011 to the General Fund at the direction of the Office of the State Controller.

For fiscal 2012, based on Session Law 2011-145, Section 2.2. (i) (the budget bill), \$8 million will be diverted to the General Fund from the deed stamp tax income that would normally be credited to NHTF. In addition to this \$8 million one-time diversion, many staff positions are now funded permanently by NHTF. Based on legislative action in both the 2010 session and the 2011 session, NHTF now funds almost all of the staff positions (22 of the 23) in the DENR Office of Conservation Planning and Community Affairs (OCPCA) and one position in the Department of Agriculture and Consumer Service’s Plant Conservation Program (AG-PCP) for a total of \$1.6 million per year, as follows:

- During the 2010 session, the budget bill fund-shifted 5.48 positions in OCPCA previously funded by General Fund appropriations to the NHTF, totaling \$400,000 per year. In the table below for fiscal 2010-2011, this expense is included in the grants paid/closed.
- During the 2011 session, the budget bill fund-shifted an additional 3 positions in OCPCA and 1 position in AG-PCP, at an amount not to exceed \$400,000, effective beginning in fiscal 2012, pursuant to SL2011-145, Section 13.16.
- Prior to these changes NHTF funded 9 full-time and 3 part-time positions through the grant process for natural area inventorying and conservation planning, for a total of about \$800,000 per year. In the table below for fiscal 2010-2011, this expense is included in the grants paid/closed.

The table below summarizes the income and expenses for fiscal 2011 and estimates the flow of income and expenses for fiscal 2012:

NHTF Income & Expenses		
	FY 2011	FY2012
Beginning Balance carried over from prior year	\$24,530,449	\$14,375,005
Income (FY2010 actual; FY2011 estimated)	\$12,522,450	\$12,000,000
Diversion to General Fund	-\$1,725,961	-\$8,000,000
OCPCA/AG-PCP Staff	*	-\$1,600,000
Grants Paid/Closed	-\$16,375,521	-\$9,242,671
Projects Awarded (pending obligations)	-\$9,242,671	-\$2,947,472**
COPS Repayment	-\$4,418,304	-\$4,409,862
Operating Expenses	-\$158,109	-\$160,000
Cash Available Year End	\$5,132,333	\$0

*included in "Grants Paid/Closed" in FY2010-11

**cash estimated to be available for new grants in FY2011-2012

The NHTF Board last met in April 2011 to award grants with the existing available cash balance. Income has been accruing monthly since then, leaving an available cash balance at the end of the year of \$5,132,333. Due to the required diversion to the General Fund of \$8 million, the cash balance in the NHTF fund in fiscal 2012 will be dramatically lower than in past years, and thus, interest income will correspondingly decrease. As such, fiscal 2012 income is expected to be slightly less (\$12 million) than fiscal 2011 as interest income will be lower and as the deed stamp tax is expected to be about the same or lower (it has been continuing to decrease as the real estate market remains depressed.)

Ongoing funding obligations total about \$6.2 million and include: COPS repayment (\$4.4 million); OCPCA staff (\$1.6 million); and dedication and administrative expenses (\$175,000). Assuming an income level of \$12 million, less ongoing obligations of \$6.2 million, and the \$8 million diversion to the General Fund leaves a deficit of **\$2.2 million**. However, if income is as predicted, this deficit can be covered by the cash balance (\$5.1 million) remaining at the end of fiscal 2011, still leaving \$2.9 for new land acquisition projects.

Conclusions and Recommendations

NHTF income has continued to decline, and will likely decline or stay at the reduced level, as long as the economy remains weak. COPS debt repayment will likely remain in excess of one-third of total income, thereby reducing income available for grants.

Due to the diversion of \$8 million in income to the General Fund, for the upcoming fiscal 2012, no new monies will be available for land acquisition. Approximately \$3 million in residual cash available from fiscal 2011 may be available for new projects in the spring of 2012 if income comes in as expected to cover ongoing obligations. If projects continue to come in under budget based on the depressed real estate market, it is possible that some additional funds may also be available.

Protecting our natural resources is key to our state's economic success. Many of our conservation lands buffer military sites and allow them to continue operating, supporting the \$23 billion per year that the military industry brings to North Carolina. Our outstanding natural resources are one of the main attractions supporting the \$16.5 billion per year tourism industry in North Carolina.

NHTF will continue to provide funds, although limited in fiscal 2012, to help implement the state's Million Acre Initiative – a collaborative endeavor to permanently preserve an additional one million acres of land. Although acquisitions are being delayed, NHTF hopes to be able to take advantage of opportunities provided by the economic downturn. Many of the projects we have authorized are coming in under budget as prices decline. NHTF must continue to encourage creative funding of projects through bargain sales, matching funds from other grant programs and private donations. The statewide One NC Naturally Conservation Planning Tool, developed in part by a grant from NHTF, is helping NHTF and other organizations ensure that the state's limited resources are used most effectively on the highest priority areas.

APPENDIX

Table 1
Natural Heritage Trust Fund
INCOME BY FUNDING SOURCE
as of June 30, 2011

Fiscal Year	Personalized License Plates	Transfer Tax	Interest	TOTAL INCOME
Original Appropriation				\$275,000
1987-88	\$0	\$0	\$15,546	\$15,546
1988-89	\$0	\$0	\$24,316	\$24,316
1989-90	\$1,073,165	\$0	\$53,766	\$1,126,931
1990-91	\$1,761,140	\$0	\$144,662	\$1,905,802
1991-92	\$1,627,304	\$1,326,848	\$232,156	\$3,186,308
1992-93	\$1,661,943	\$2,012,107	\$309,750	\$3,983,800
1993-94	\$1,713,091	\$2,089,776	\$326,920	\$4,129,787
1994-95	\$1,787,029	\$3,579,453	\$393,892	\$5,760,374
1995-96	\$1,856,167	\$3,134,801	\$335,131	\$5,326,099
1996-97	\$1,914,104	\$6,019,264	\$616,282	\$8,549,650
1997-98	\$1,930,813	\$6,949,967	\$1,080,042	\$9,960,822
1998-99	\$2,004,740	\$8,148,689	\$1,396,073	\$11,549,502
1999-2000	\$2,189,995	\$8,599,107	\$1,925,497	\$12,714,599
2000-01	\$2,386,509	\$8,412,962	\$1,845,783	\$12,645,254
2001-02	\$4,622,580	\$6,570,386	\$1,183,199	\$12,376,165
2002-03	\$2,550,269	\$9,494,785	\$508,397	\$12,553,451
2003-04	\$3,067,375	\$12,365,476	\$405,251	\$15,838,102
2004-05	\$5,028,710	\$13,810,698	\$492,612	\$19,332,020
2005-06	\$3,978,992	\$18,779,600	\$880,832	\$23,639,424
2006-07	\$4,227,510	\$18,611,071	\$1,125,916	\$23,964,497
2007-2008	\$4,353,457	\$15,195,744	\$1,255,164	\$20,804,364
2008-2009	\$4,365,328	\$9,009,424	\$919,964	\$14,294,716
2009-2010	\$ 4,154,435	\$8,551,078	\$ 403,141	\$13,108,654
2010-2011	\$4,363,349	\$7,933,140	\$225,961	\$12,522,450
Total Income	\$58,254,656	\$170,594,376	\$15,874,292	\$249,587,633

FIGURE 1
NHTF Income - Fiscal Year

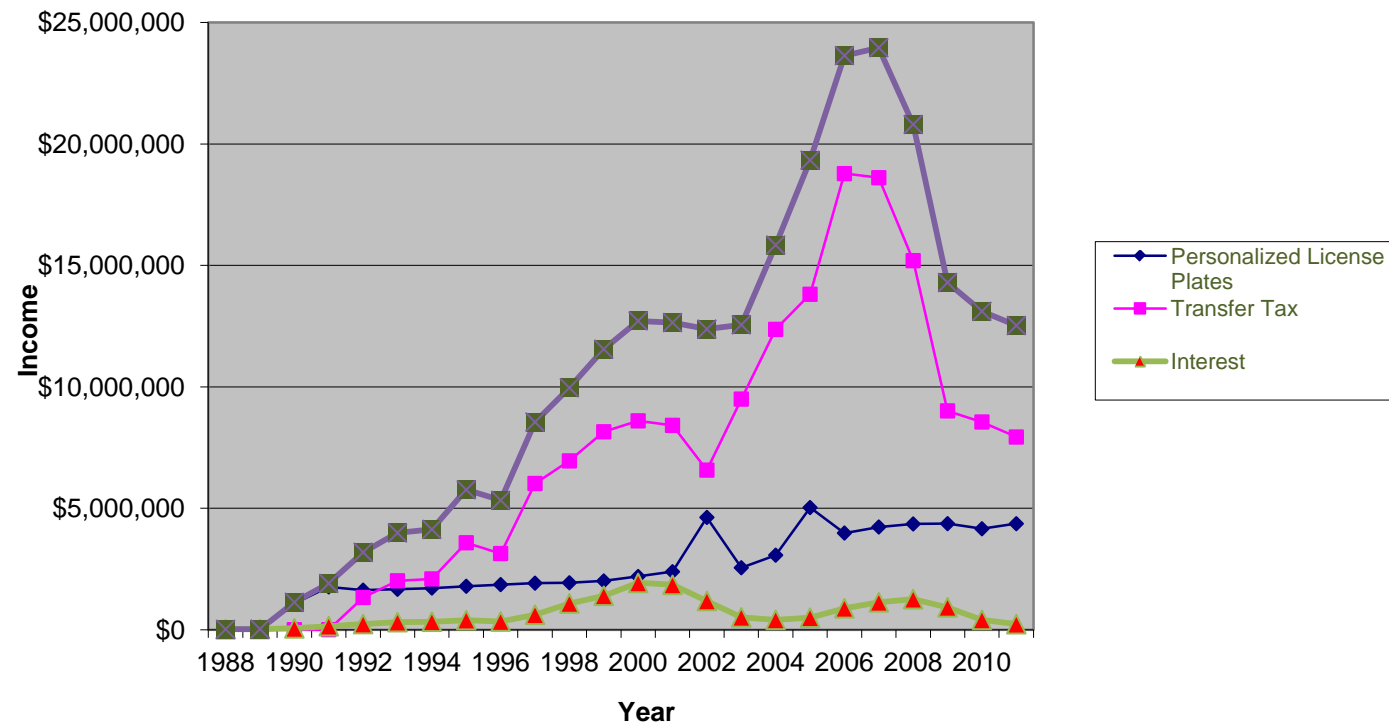


Table 2
Grant Awards Summary
1987 – June 30, 2011

Total Awarded to Date (since 1987) (518 awards)	\$328,379,318
Returned Funds (Applicant unable to acquire land; award money returned to NHTF)	\$46,286,673
Total Transferred (spent)	\$265,471,626
Total Obligated	\$16,621,019
Acres Protected	297,773
Requests to Date (754 requests)	\$657,347,680
Requests Unable to Fill (50%)	\$328,968,362

Figure 2
Natural Heritage Trust Fund
Project Awards
1988- Spring 2011

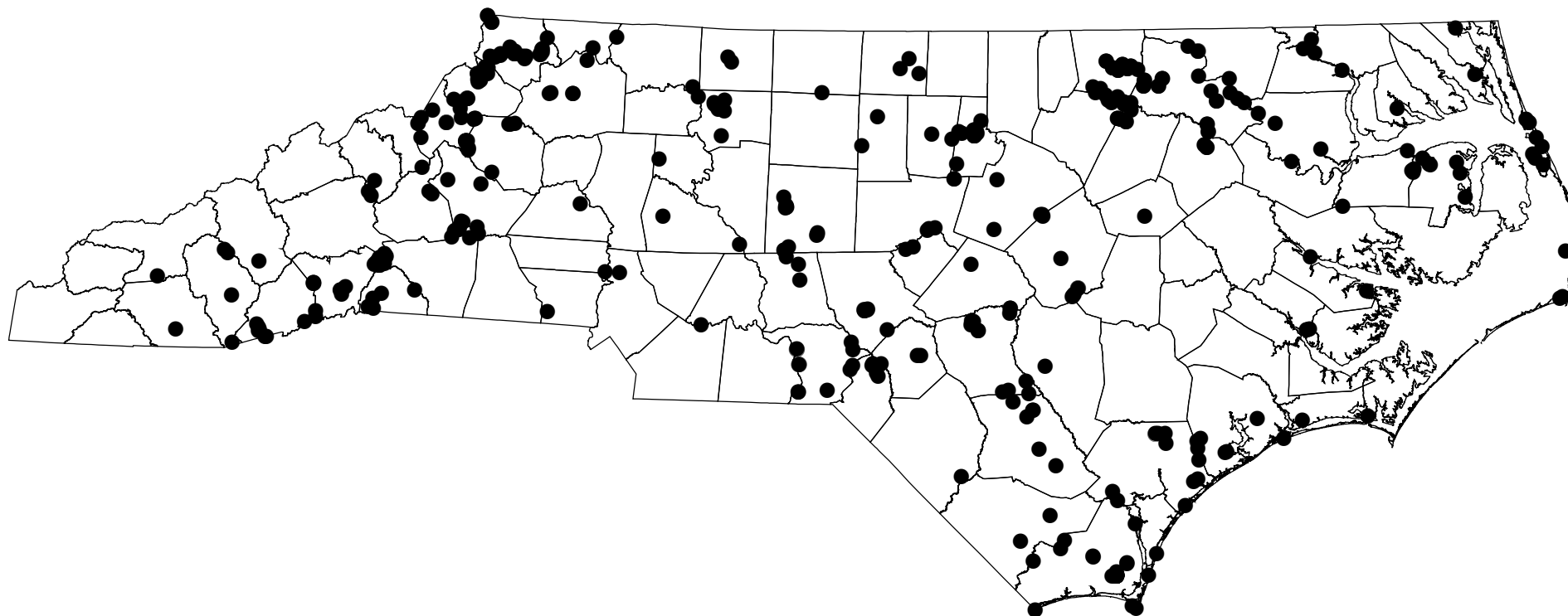


Table 3
Grant Award Totals by Agency
Fiscal Year 2011

Agency	Acres	Grant Total
Department of Agriculture & Consumer Services <i>Plant Conservation Program</i> (4 grants)	400	\$1,574,650
Department of Cultural Resources (1 grants)	1	\$26,500
Department of Environment and Natural Resources (11 grants)	2,414	\$6,141,436
Wildlife Resources Commission (3 grants)	538	\$1,299,303
Total (19 grants)	3,353	\$9,041,889

Figure 3
Natural Heritage Trust Fund
Project Location Awards
Fall 2010

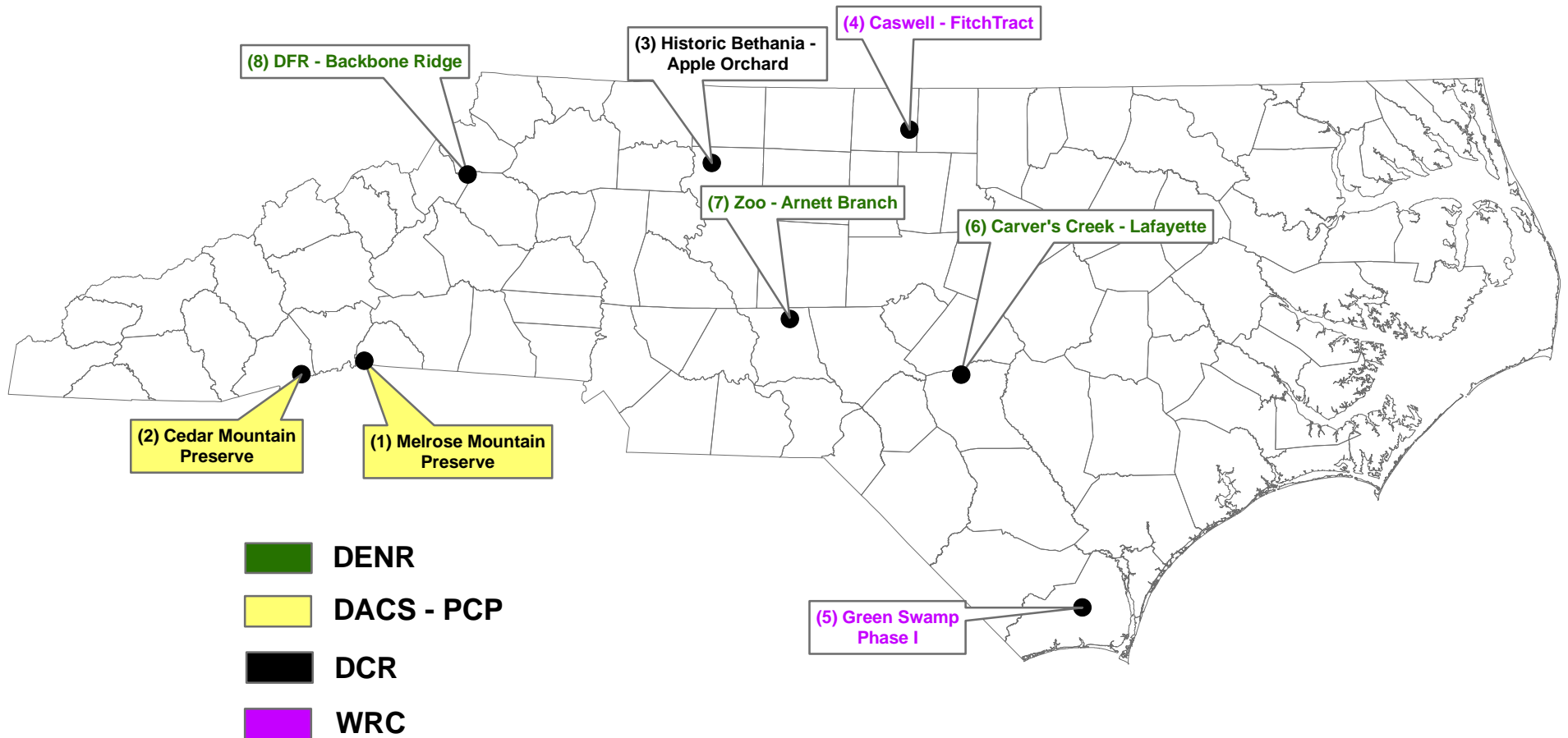


Table 4 - FALL 2010 Awards Summary

No.	Agency	Project Title	County	Award	Acres	Description
1	DACS/ PCP	Melrose Mountain Preserve - Burdette Tract	Polk	\$72,986	28	Acquisition of the Burdette tract will help protect a subpopulation of the White Irisette (<i>Sisyrinchium dichotomum</i>) a federally and state endangered plant species known to occur on the tract, as well as parts of the surrounding parcels. This tract will be added to the existing Melrose Mountain Plant Conservation Preserve which was established with the support of NHTF and EEP in 2004, and would form a protected linkage with other local “managed areas” in the vicinity. NHTF providing 46% of the funding for this purchase from NHTF with the remaining coming from NCDOT mitigation monies. The NCDOT mitigation monies include some stewardship funding.
2	DACS/ PCP	Cedar Mountain Bog	Transylvania	\$498,000	42	PCP will establish the Cedar Mountain Bog Plant Conservation Preserve by acquiring the core tract with significant natural features. The site has been a long standing conservation priority due to the collection of rare species known to be present, including Bog Rose (<i>Arethusa bulbosa</i>) (endangered), Cuthbert’s Turtlehead (<i>Chelone cuthbertii</i>) (threatened), Robin Runaway (<i>Dalibarda repens</i>) (endangered), and Mountain Sweet Pitcher Plant (<i>Sarracenia jonesii</i>) (endangered). The property is also known to support Green Salamander (state endangered), and historically supported Swamp Pink (<i>Helonias bullata</i>) (threatened). The project includes a bargain sale (\$275,000) and existing conservation easement component that significantly reduce the cost to the state. Partners are established to assist in the stewardship (>\$27,700). Original request was for \$819,500 for 108 acres.
	DACS			\$570,986	70	
3	DCR	Historic Bethania - Apple Orchard	Forsyth	\$26,500	0.52	The Apple Orchard Expansion tract acquisition within the National Historic Landmark District in the Town of Bethania will complement the nine previous DCR projects of over 161 acres in Bethania. The Town of Bethania will manage the land for DCR and this tract will extend the protected natural lands and allow for the possible connection of trails to other previously protected natural areas. Reduced overhead fee from original request for \$31,600.
	DCR			\$26,500	1	

Table 4 - FALL 2010 Awards Summary

No.	Agency	Project Title	County	Award	Acres	Description
4	WRC	Caswell Game Land Fitch Tract	Caswell	\$641,200	207	The Fitch Tract presents an opportunity to protect a Nationally Significant SNHA while improving connectivity of the Caswell Game Land and providing valuable recreational opportunities. This tract contains the unique and rare forest types known as Xeric Hardpan Forest (Montmorillonite Forest) and Upland Depression Swamp Forest (Nationally Significant). The Fitch tract contains the highest quality and best developed examples of these habitats in the state, with increased significance by association and transition to an excellent example of another natural community type, Basic Oak-Hickory Forest. The four seasonal depression pools on the tract provide important breeding habitat for marbled and spotted salamanders, fairy shrimp, and other species associated with ephemeral wetlands. Additional NCWAP priority species documented on the property include eastern wood-pewee, wood thrush, field sparrow, American woodcock, northern bobwhite, hooded warbler, and hairy woodpecker. Tract provides enhanced public access through the construction of low-impact trails. Tract will be open to the public for hunting, fishing, trapping, wildlife viewing, wildlife research, and other outdoor uses. Price went up slightly from \$630,000 original request.
5	WRC	Green Swamp Forests LLC - Phase I	Brunswick	\$500,000	250	The Green Swamp Forests LLC-Phase I tract involves a multi-phase acquisition that will utilize multiple grant sources to acquire the 1,894 acre property. The Phase I purchase will protect a nationally significant SNHA site that supports high species richness. Acquisition will afford establishment of a corridor that, in combination with Juniper Creek Game Land and the Green Swamp Preserve, will measure approximately 21 linear miles while providing security to the estuarine ecosystem by contributing towards protection of the headwaters of the Lockwood Folly River. The property will be incorporated into the WRC Game Lands Program. Fire and longleaf management will play a significant role in the long-term management of this tract. NOAA-CELP and CWMTF monies proposed for subsequent phases of project. Requested \$709,995; price increased slightly to \$750,000, but NHTF only allocated \$500,000 at this time.
	WRC			\$1,141,200	457	

Table 4 - FALL 2010 Awards Summary

No.	Agency	Project Title	County	Award	Acres	Description
6	DENR/ DPR	Carvers Creek State Park - Lafayette Tract	Cumberland	\$500,000	250	The Lafayette tract borders the Carvers Creek Sandhills SNHA, one of the largest tracts of mature longleaf pine forest remaining in the NC Sandhills, to the north and borders National and State significant SNHAs containing active clusters of the endangered Red-cockaded woodpecker (RCW), Bachmann's Sparrow and Sandhills Pyxie-Moss, both Federal Species of Concern. The Lafayette tract also contains large populations of Sandhills Pyxie-Moss and also provides foraging habitat for adjacent RCWcolonies. The property undoubtedly has a number of other significant species, similar to those found on the state park, however it has not been surveyed. The property also has a large pond and two smaller ponds that are headwater tributaries to Carvers Creek. The upland longleaf pine forest and mixed hardwood wetlands along the streams support a diversity of wildlife. This tract is critical for public access to the Sandhills section of Carvers Creek State Park, by allowing public recreational facilities to be developed away from the most significant natural resources.
7	DENR/ ZOO	Arnett Branch Longleaf Pine Forest	Montgomery	\$150,000	47	In partnership with the LandTrust for Central North Carolina (LTCNC), the North Carolina Zoo plans to preserve the +/-112-acre Nichols Property, the last known remaining intact old growth Piedmont longleaf pine forest (200+ yrs old) of this size in the region. This biologically significant site is located in the heart of the Greater Uwharries region, an area of unique biological diversity and is adjacent to a corridor of other natural lands in an increasingly fragmented landscape. Private funding of \$50,000 has purchased a two year option agreement that has been signed. These funds will go toward purchase price of the property. Originally requested \$398,000.

Table 4 - FALL 2010 Awards Summary

No.	Agency	Project Title	County	Award	Acres	Description
8	DENR/ DFR	Backbone Ridge	Caldwell	\$278,680	94	Acquisition of the Backbone Ridge tract will insure the protection of 755 acres of high quality mountain habitat including 57,000 feet of streams and 585 acres of riparian buffers. The tract adjoins the Pisgah National Forest on three sides and is a significant addition toward landscape conservation management in the region. Plans are for 336 acres to be purchased and managed by DFR as part of the State Forest system and offer opportunities for research, demonstration and education on natural resource protection and management. The tract will also be offered to NCWRC for inclusion in the Game Land program. 420 acres (same cost, as state portion, but more acreage because further from developed areas) will be purchased and managed by the US Forest Service. Total cost is \$9,636,842 with a confirmed contribution of \$820,000 from The Conservation Fund, a proposed CWMTF grant of \$2,009,711 (not approved in initial 2010 allocation, but in next tier for consideration if funds become available) and \$1.5 million in USFS appropriation if current federal budget approved and plans for an additional \$3+ million in subsequent year. Project will require additional funding from NHTF for a total request of \$2,009,710.
	DENR			\$928,680	391	
	ALL APPs.			\$2,667,366	919	
	DFR = Division of Forest Resources					EEP = Ecosystem Enhancement Program
	NHP = Natural Heritage Program					NOAA = National Oceanic & Atmospheric Administration
	AQU = Aquariums					CELCP = Coastal & Estuarine Land Conservation Program
	DCM = Division of Coastal Management					SNHA = Significant Natural Heritage Area
	WRC = NC Wildlife Resources Commission					NHTF = Natural Heritage Trust Fund
	DOT = Department of Transportation					CWMTF = Clean Water Management Trust Fund
	DACS = Department of Agriculture & Consumer Services					US = United States
	PCP = Plant Conservation Program					NC = North Carolina
	DCR = Department of Cultural Resources					RCW = Red Cockaded Woodpecker

Figure 4
Natural Heritage Trust Fund
Award Project Locations
Spring 2011

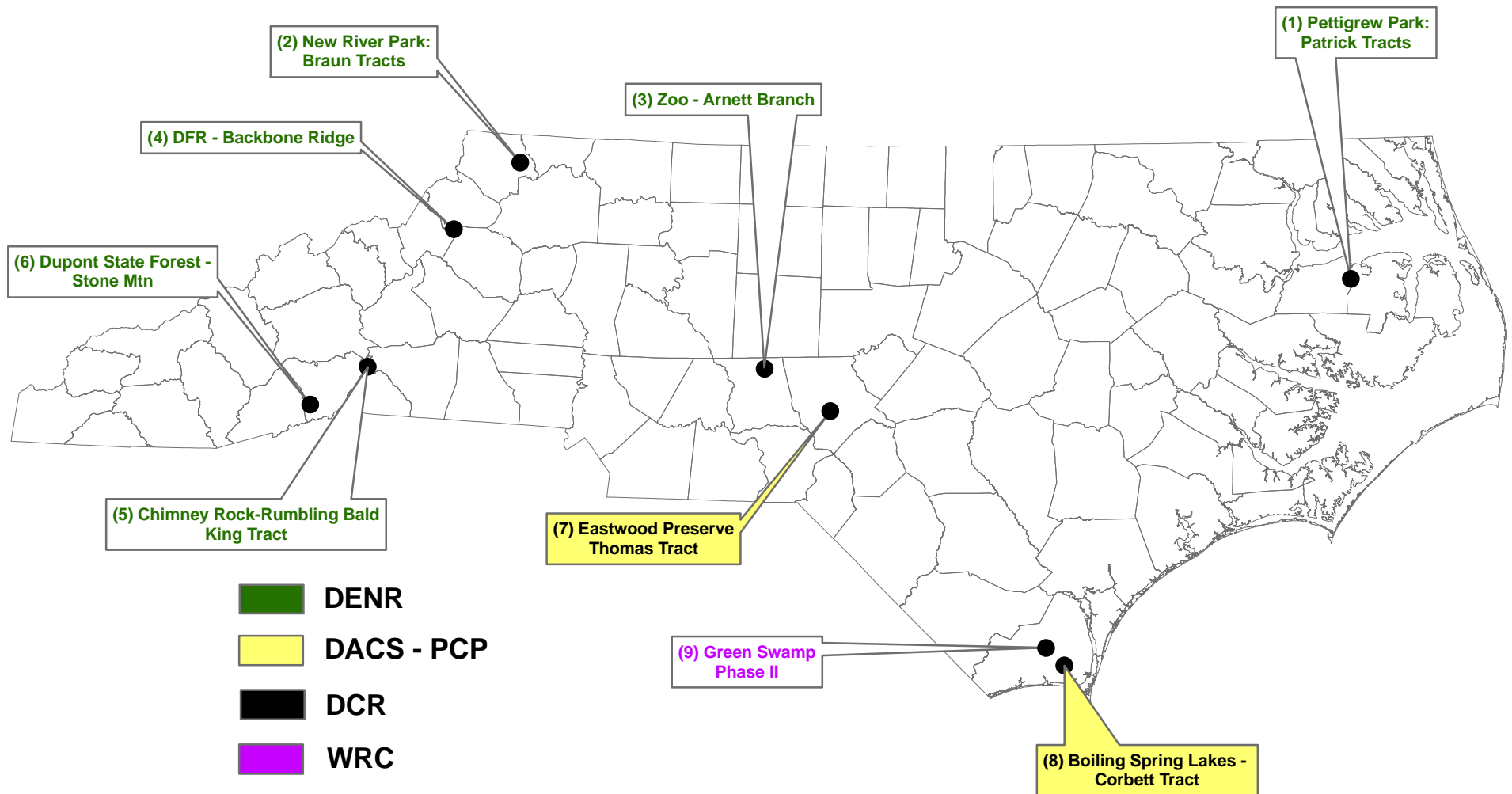


Table 5 - SPRING 2011 Awards Summary

No.	Agency	Project Title	County	Request	Award	Acres	Description
I-1	NHP	Natural Area Inventories	Statewide	\$1,500,905	\$500,000		Acquiring knowledge of the location, extent, and quality of natural areas is a critical component to achieving conservation of the extraordinary natural resources of this state. In order to make effective and efficient use of the citizens' trust we must determine the fundamental significance of the land and waters. The natural area inventory process identifies the very best examples of natural communities, rare species populations, and Significant Natural Heritage Areas (SNHAs). State and Federal agencies, local governments and land trusts rely heavily on data generated from natural area inventories and use SNHA designations to inform their conservation priorities. This information has recently become even more critical as it is incorporated into statewide conservation planning initiatives, such as the One North Carolina Naturally "Conservation Planning Tool" and the Wildlife Resources Commission's "Green Growth Tool Box". Funded \$500,000 and remaining funding over three years, provided funds available for NHTF.
I-2	NHP	Aquatic Natural Areas and Federal Listed Species	Statewide	\$660,000	\$220,000		NHP in partnership with WRC requests funding of \$660,000 over three years to continue surveys for populations of rare aquatic species including federal listed and candidate species in known and potential habitats, manage the information collected from these efforts and other appropriate sources, and use this information to support conservation planning for North Carolina's Aquatic Significant Natural Heritage Areas. Matching monies from WRC (\$52,000/yr) and USFWS (\$60,000/yr). Funded \$220,000 for first year and remaining funding over 3 years provided funds available to NHTF.

Table 5 - SPRING 2011 Awards Summary

No.	Agency	Project Title	County	Request	Award	Acres	Description
1	DPR	Pettigrew State Park: Patrick Tracts	Washington	\$191,000	\$185,000	213.7	Grant is for acquisition of three tracts along the Scuppernong River for inclusion in Pettigrew State Park. The Scuppernong River corridor is part of a Nationally Significant SNHA. The project area includes several rare and/or high quality natural communities: Peatland Atlantic White Cedar, Nonriverine Swamp Forest, and Cypress-Gum Swamp (Blackwater subtype). These tracts contain habitat for the Rafinesque's Big-eared Bat. There are other documented rare species in the project area, including the federally endangered Red-cockaded Woodpecker and Bald Eagle. Tracts will help connect existing tracts already in conservation ownership by the US Fish and Wildlife Service and the State of North Carolina. Acquisition of these tracts will protect 5,275 linear feet of Scuppernong River frontage. Inclusion of these properties in the state park will enhance existing recreational activities in the area including a paddle trail and a birding trail, protect the significant natural resources and provide interpretation of the ecosystem and its processes. \$170,000 CWMTF; \$10,000 PARTF; additional private donation \$91,000
2	DPR	New River State Park: TCF/Reeves-Braun Tracts	Ashe	\$1,146,000	\$573,000	168	The South Fork of the New River, which flows through the park, is designated as a National and State Scenic River. The project is on the Peak and is visible from the river. The entire New River watershed in NC is severely threatened by the growth of second homes; this acquisition would protect a large tract of land from development and prevent the associated pollution and sedimentation that could lead to a significant deterioration in the South Fork's outstanding water quality. The site will be managed for the protection of significant natural resources and to provide interpretation of its ecosystems. Acquisition of this tract will help protect a widely recognizable and accessible viewshed, will contribute to the connectivity of adjacent protected land, and will help to preserve the pastoral and scenic nature of the New River. \$1,460,000 PARTF. New private donation of \$573,000. \$390,628 of grant is funded using COPS

Table 5 - SPRING 2011 Awards Summary

No.	Agency	Project Title	County	Request	Award	Acres	Description
3	DENR/ZOO	Arnett Branch Longleaf Pine Forest Phase II	Montgomery	\$132,325	\$132,325	113	In partnership with the LandTrust for Central North Carolina (LTCNC), the North Carolina Zoo proposes to preserve the +/-112.5-acre Nichols Property, the last known remaining intact old growth Piedmont longleaf pine forest (200+ yrs old) of this size in the region. The Zoo requests funding for acquisition of +/- 31 acres of uplands with mature longleaf pine forest in Phase II of this project. A Clean Water Management Trust Fund application has been submitted for 35 acres of riparian buffers in Phase II (\$123,875). NHTF awarded \$150,000 for Phase I in Fall 2010. Private funding of \$50,000 has purchased a two year option agreement and will go toward purchase price of the property. LTCN \$11,800; \$2,000 Zoo, CWMTF proposed \$123,875; partial closing without CWMTF monies approved by NHTF.
4	DENR/DFR	Backbone Ridge Phase 2	Caldwell	\$1,231,031	\$1,231,031	241.8	Acquisition of the Backbone Ridge tract will insure the protection of 755 acres of high quality mountain habitat including 57,000 feet of streams and 585 Acres of riparian buffers. The tract adjoins the Pisgah National Forest on three sides and is a significant addition toward landscape conservation management in the region. The property will be managed by DFR as part of the State Forest system and offer opportunities for research, demonstration and education on natural resource protection and management in the vegetation types in existence upon the property. The tract will also be offered to NCWRC for inclusion in the Game Land program. Part of a 755 acre overall project split with US Forest Service. Funding is in place for state's Phase 1 with NHTF/CWMTF/Private funding. Phase 2 = CWMTF \$1,129,710 pending. Private \$1,042,579 confirmed.

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No.	Agency	Project Title	County	Request	Award	Acres	Description
5	DPR	Chimney Rock State Park: TNC/Rumbling Bald-King Tracts	Rutherford	\$4,201,100	\$2,100,000	1,222	As part of both the Southeastern Escarpment megasite and the Hickory Nut Gorge macrosite, this project is part of a larger conservation effort including The Nature Conservancy's Bat Cave and Rumbling Bald Preserves. At least sixteen significantly rare plants (four of which have federal status) have been documented on or near project property. Thirteen rare animal species, three with federal status have been found on or in close proximity to the project. This large tract makes up much of the northern slopes of Rumbling Bald Mountain and the valley between it and Weed Patch Mountain. Most of the project property lies within the Rumbling Bald / Shumont Mountain Significant Natural Heritage Areas. Properties will be part of Chimney Rock State Park and will be managed for the protection and interpretation of the natural resources. CWMTF \$3.3 million; PARTF \$15,000. Additional PARTF monies needed to close. NHTF monies are using COPS.
6	DENR/DFR	DuPont State Forest: Stone Mtn. Addition	Henderson	\$522,400	\$271,400	64.75	Tract shares a common boundary with DSF extending 1,700 feet, and creates a buffer from development along the Old CCC Road on the north side of Stone Mountain. The acquisition will protect 55 acres of the Stone Mountain/Rocky Ridge Significant Natural Heritage Area (Rank B), and confirmed habitat of state-endangered green salamander (<i>Aneides aeneus</i>) (FSC, S2). Stone Mountain has the most extensive system of rocky outcrops in Henderson County, is the highest point in DSF, and can be seen for miles. Other rare or uncommon fauna are likely present. Tract contains five natural communities, ranging in condition from "Good" to "Highly Significant." NHP staff noted, "the natural communities on the site are of exemplary quality and the presence of a Boulderfield Forest (locally rare) natural community is significant as well". \$40,000 donated easement. Additional private donation \$251,200.
	DENR				\$5,212,756	2,023	

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No.	Agency	Project Title	County	Request	Award	Acres	Description
7	DACS/ PCP	Eastwood Preserve – Thomas Tract	Moore	\$760,200	\$760,200	60	The tract supports longleaf pine throughout and shares a common boundary with existing Eastwood Plant Conservation Preserve thereby providing buffer and enhanced manageability of currently protected lands which were purchased to protect the Sandhills Lily (<i>Lilium pyrophilum</i>), a state endangered species. If acquired, restoration and ecological management with prescribed fire will be a top priority. Tract is adjacent to Nationally Significant Nicks Creek/Eastwood Sandhills; excellent ecological restoration and management buffer opportunity.
8	DACS/ PCP	Boiling Spring Lakes - Corbett Tract	Brunswick	\$243,464	\$243,464	270	The proposed tract has high conservation due to the habitats and rare species present, contributing to the designation by NHP as "nationally significant". These values are further enhanced due to linkage with the Boiling Spring Lakes Plant Conservation Preserve lands. Although the Corbett tract is long unburned, extensive longleaf pine savanna with cane understory and a wide stream bottom are present, both of which are unusual or absent on adjacent protected lands. Acquisition of this parcel will help implement the larger site design concept for the preserve. A review of the map will demonstrate how this tract will help consolidate boundaries, thus expanding the ability to apply fire management to both this and existing properties. \$114,000 private; federal funds USFWS - \$142,900 (unofficially awarded).
	DACS			\$9,584,761	\$1,003,664	330	

Table 5 - SPRING 2011 Awards Summary

No.	Agency	Project Title	County	Request	Award	Acres	Description
9	WRC	Green Swamp Forests LLC - Phase II	Brunswick	\$1,500,000	\$158,103	81	The Green Swamp Forests LLC-Phase II- Full request would have encompassed 768 acres; partial funding estimated for 81 acres. This purchase will protect a nationally significant site that supports high species richness. In addition to protection, acquisition will afford establishment of a corridor that, in combination with Juniper Creek Game Land and the Green Swamp Preserve, will measure approximately 21 linear miles while providing security to the estuarine ecosystem by contributing towards protection of the headwaters of the Lockwood Folly River. The property will be incorporated into the WRC Game Lands Program and management by staff professionals. Fire and longleaf management will play a significant role in the long-term management of this tract. Phase III will be funded with CWMTF and federal CELCP monies.
	WRC			\$1,500,000	\$158,103	81	
	ALL APPs.			\$11,084,761	\$6,374,523	2,434	
							\$0

Table 5 - SPRING 2011 Awards Summary

No.	Agency	Project Title	County	Request	Award	Acres	Description
	Note: matching monies are confirmed unless otherwise note						
	COPS = Certificates of Participation						CMLC = Carolina Mountain Land Conservancy
	DFR = Division of Forest Resources						EEP = Ecosystem Enhancement Program
	NHP = Natural Heritage Program						NOAA = National Oceanic & Atmospheric Administration
	DCM = Division of Coastal Management						CELCP = Coastal & Estuarine Land Conservation Program
	WRC = NC Wildlife Resources Commission						SNHA = Significant Natural Heritage Area
	DOT = Department of Transportation						NHTF = Natural Heritage Trust Fund
	DACS = Department of Agriculture & Consumer Services						CWMTF = Clean Water Management Trust Fund
	PCP = Plant Conservation Program						US = United States
	DCR = Department of Cultural Resources						NC = North Carolina
	USFWS = US Fish and Wildlife Services						RCW = Red Cockaded Woodpecker