

Senator Brown: Okay Lee, you know, we, we appreciate you being here and I do know that we've got some members that have some questions for you. And I guess its its its probably uh my duty I guess to tell you that you're legally bound to tell the committee the truth and to not withhold any information as they ask you any of these questions. I feel certain you'll do that anyway but uh I think Senator Newton had mentioned that he would like to ask you some questions first so I'm gonna let Senator Newton start.

Senator Newton: Thank you Mr. Chairman and uh at the pleasure of the Chair I do have a series of questions if I could just go through those I would appreciate that.

Senator Brown: You can have the floor Senator

Senator Newton: Thank you so much. Mr. Lillie thank you so much for being here, we appreciate it. As you Im sure expected before you came today recent events have caused us to have a lot of questions about a particular transaction that occurred under the Governor's, I guess uh, supervision. On January 25th the Governor signed an MOU with the participants in the Atlantic Coast pipeline creating an unrestricted fund in the amount of 57.8 million dollars. Some have referred to this as a slush fund. The very next day, the Department of Environmental quality issues a long awaited 401 environmental permit to allow the ACP to move forward. When asked about the nature of this money and the nature of this fund the Governor through his office of state budget and management said "it was a voluntary contribution by the parties and not related to a condition of the pipeline's environmental permit being issued." I guess my first questions is just a common sense question, do you think anybody believes that?

LL: Uh, senator I believe that's the way that the Governor stated it and it is very clearly laid out in the MOU.

SN: So it's your position that it is a voluntary contribution that is unconnected to the environmental permitting?

LL: Yes sir.

SN: Okay can you tell me whether that's going to become a standard practice of the Governor?

LL: I can't tell you that at this time, Senator

SN: Do you know whether the Governor has ever asked private parties for voluntary contribution in connection with environmental permitting in the past?

LL: No sir I can't tell you that, Senator

SN: Do you see a logical extension of this event to perhaps apply to additional parties in the future?

LL: I cant speak on that sir

SN: Do you agree with me that requesting a voluntary contribution sort of simultaneous if you will with the granting of environmental permits is a chilling effect on job creators here in the state?

LL: I can't speak on that sir

SN: What's your, what's your sense of that? Public policy sense? You have been around you have done this type of work. Do you think it promotes economic development in North Carolina for such voluntary contributions to be required of private parties?

LL: I don't believe it's required. I think that you got it right the first time, it is voluntary

SN: Okay so, do you think it's a good practice?

LL: I am not here to speak on that today, sir.

SN: Do you know where the money is going to go?

LL: I believe it is laid out in the memorandum

SN: Do you know anymore details other than what's in the memorandum of understanding?

LL: I can't speak on that today, sir.

SN: You can't speak on it or you don't know?

LL: I don't know

SN: Have you been in any conversation about the *mechanics* of the fund? How it's gonna work?

LL: Just to understand what's in the memorandum of understanding

SN: And who briefed you on that?

LL: Uh, the Governor's counsel

SN: What's his or her name?

LL: The Governor's counsel is William McKinney

SN: And what did he say to you?

LL: He described to me what's in the memorandum of understanding

Senator Chaudhuri: Point of order Mr. Chair

Senator Brown: Who said, I am trying to get, okay I'm sorry, Senator Chaudhuri

Senator Chaudhuri: Uh, Mr. Chair, I am trying to understand the purpose of these lines of questioning. It is my impression that we are here to review the Senate Education and Higher Education committee's bill here that's supposed to focus on various appropriation matters and I am just trying to understand what the line of questioning has to do with what we are here for for committee business?

Senator Brown: Senator Chaudhuri we had asked Director Lille to be here today, some of the members want to ask some these questions so I am going to allow it.

Senator Bryant: Follow up Mr. Chair

Senator Brown: Senator Bryant

Senator Bryant: Uh was director Lee advised that these questions would be asked of him? I got the sense that he was being introduced to us.

Senator Brown: I honestly can't answer that question, I know he was asked to be here today though.

Senator Bryant: May I ask him that question?

Senator Brown: You may

Senator Bryant: Director Lee were you advised you would be coming to the committee to answer questions of concerns from the members on this particular subject or some other subject?

LL: No ma'am

Senator Bryant: Can you explain what you were advised, your purpose for being here was?

LL: I was asked if someone would be attending the Governor's, uh, I mean the joint appropriations committee meeting.

Senator Bryant: Pardon me I couldn't hear you

Unknown: We can't hear over here if he could speak into the mic

LL: Apologies. I was asked if someone from the administration would be attending the joint committee on appropriations.

Senator Bryant: Thank you

Senator Brown: Senator Newton, continue

Senator Newton: Thank you, Mr. Lillie if we were to have the right people here that could explain the details, the history, the timeline and the consequences of that MOU, who would that be?

LL: I couldn't advise you on that at this time sir

Senator Newton: You don't know it, in your role you've not come across anyone you believe is knowledgeable about the history of this *inaudible*

LL: Well certainly the general counsel to the Governor signed the memorandum of understanding

Senator Bryant: Mr. Chair, can, uh *inaudible* when, whenever I can.

Senator Newton: Do you know Mr. Lillie whether the Governor has had meetings within his agencies or with various agency members about how this money will be spent?

LL: I don't know, I can't answer that.

Senator Newton: One final question for now, Mr. Chairman.

LL: Okay

Senator Newton: Are you familiar, sir, with the Hobbs Act?

LL: Uh, vaguely sir, I would welcome any description, sir.

Senator Brown: Representative Bell

Rep. Bell: Thank you Mr. Chair, Thank you Mr. Lillie for being here. This conversation or lack thereof questions and answers has made me start thinking, how familiar are you with the ACP project?

LL: Pretty familiar with the project, yes sir.

Rep. Bell: How long have you been engaged on this project?

LL: I've been engaged on this project in a previous life in private practice as a registered federal lobbyist on behalf of Dominion.

Rep. Bell: In your dealing with the project are the ratepayers or shareholders responsible for paying the slush fund?

LL: No sir

Rep Bell: Follow up. No to which one?

LL: I believe your question was are ratepayers responsible for the mitigation fund I believe the answer is no based upon what I know of the MOU

Bell: So, so, follow up, the ratepayers are not responsible for funding this slush fund?

LL: Based upon the MOU, that is my interpretation.

Bell: Thank you Mr. Chair

Senator Brown: Senator Bryant

Senator Bryant: I just want to ask the director, how long, on, have you been in this position?

LL: Uh with the Governor? For five days

Senator Bryant: Thank you very much, I just wanted to make that clear.

Senator Brown: Representative Burr I think had a question as well

Rep Burr: Yes Mr. Chairman, a couple potentially following up on Representative Bell's question a little bit and I think he asked you about the Atlantic Coast Pipeline project and how familiar you were. I couldn't hear whether or not, little trouble hearing, but did you say you were involved in lobbying for that in your previous employment?

LL: I was a registered federal lobbyist, yes sir.

Rep Burr: So did you lobby the federal delegation or the Governor's office for this project?

LL: I was a federal lobbyist only, yes sir

Rep Burr: So yes you lobbied in favor of this, correct?

LL: Correct, I lobbied on behalf of Dominion Energy on a range of issues including this one before the federal government.

Rep Burr: Were you involved in arranging the MOU and the slush fund that's been set up?

LL: No sir

Rep Burr: Do you know or can you perhaps tell us that you have any in your job I guess on the other side when you were lobbying in favor of this are you aware of the timeline of how these two things I mean it's it's just, I think there's the question of integrity when it comes to quite frankly the Governor's office and for the sake of this state when it looks like we're setting up slush funds and allowing public officials to essentially take very large sums of money in an attempt outside of the normal course of how we do business in this state and there's some concerns with that. But do you know exactly the timeline of how those two things the fact that they were both announced relatively within hours of each other. Did the Governor solicit for this slush fund money or was this an offer that I guess you as a lobbyist or others made to the Governor?

LL: I had nothing to do with the MOU in my time as a lobbyist and as far as I know the MOU was a voluntary agreement made by the project developers.

Rep Grier Martin interrupts declaring a point of order

Rep Burr: Thank you Mr. Chairman. Sir do you believe that if the this voluntary contribution as being called by the Governor's Office. If that voluntary contribution was withdrawn would the permit still be issued?

LL: I am sorry repeat the question please

Burr: If the voluntary contribution that's being made, the 57 million dollars, if it was withdrawn in the agreement that you say has nothing to do with the permit....

Rep Michaux interrupts declaring a point of order

Senator Brown: Rep. Burr finish your question if you would please

Rep Burr: Thank you Mr. Chair, again, I don't know if you heard as I was saying the voluntary contribution that is being made, if that were withdrawn, would the permit that the Governor issued be withdrawn?

Rep Michaux interrupts citing a point of order, stating Rep. Burr's questions are out of order

LL: The answer to your questions as we have stated before, the permit, the 401 water permit is both separate and apart from the mitigation fund

