



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
REGULAR MEETING
TUESDAY, MARCH 19, 2019 – 7:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Regular Meeting on Tuesday, March 19, 2019 at 7:00 p.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem John Fletcher; Commissioners Mike Sullivan, Pat Kwiatkowski, Joe Butler and Peter Freer; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Public Works Director Chris Clemmons; Planning Director Tim Evans; and Town Attorney Noel Fox.

Mayor Holden asked everyone to take a moment for reflection and to keep in mind the Brock family, the Police Department and others that are helping in solving the mystery. He asked people to pray for the best results possible. He then called the meeting to order.

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

Motion by Mayor Pro Tem Fletcher to approve the agenda as presented; second by Commissioner Butler; approved by unanimous vote.

APPROVAL OF MINUTES

Motion by Mayor Pro Tem Fletcher to approve the minutes as a group (Special Meeting of February 5, 2019, Special Meeting of February 15, 2019, Special Meeting of February 19, 2019 and Regular Meeting of February 19, 2019); second by Commissioner Freer; approved by unanimous vote.

PUBLIC COMMENTS ON AGENDA ITEMS

No comments were made.

REQUEST BY THE BRUNSWICK COUNTY CHAMBER OF COMMERCE TO ASK PERMISSION TO HOST A KIDS EXPO AT THE HOLDEN BEACH PAVILION – ROBYN BELIVEAU

Assistant Town Manager Ferguson explained the Chamber contacted the Town about the Kids Expo. They are interested holding the event in Holden Beach this year. It is for kids ages 7 – 17. The proposed date is

Saturday, August 17th. This would require an exemption to the ordinance because of vending. Ms. Beliveau explained last year was the first year for the event. It's an opportunity for kids to share their entrepreneurial spirit. They create, market, brand and sell a market or service. The kids do workshops and other activities leading up to the event. Adults are not allowed to help in booths. It is a great exercise for them in understanding sales. The event is open to Brunswick County residents. There is no cost to the Town. Ms. Beliveau said last year they had 33 kids, with 25 booths. They are expecting close to 50 booths this year. Assistant Town Manager Ferguson stated she communicated with the Police Department and they feel it can be accommodated. Ms. Beliveau said this is a non-profit event through the Chamber. They do take sponsorships to primarily help with tables/ tents and other supplies. It would strictly be the kids vending, not the sponsors. Planning Director Evans said he doesn't have to do an inspection for this event. Town Manager Hewett said the Town is a member of the Chamber of Commerce. Commissioner Kwiatkowski stated that 10:00 a.m. is a big time for services on the island so the traffic in the beginning might be a little dicey.

Motion by Commissioner Freer to approve this; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

POLICE REPORT – DETECTIVE DIXON

Mayor Holden explained that Detective Dixon is exceptionally busy. The reports are in the packet.

DISCUSSION AND POSSIBLE ACTION – CONSTRUCTION MANAGEMENT SERVICES OF THE VACUUM SEWER #4 UPGRADE STATUS REPORT

Public Works Director Clemmons said at the last meeting he announced that he thought the Station #4 upgrades would be complete, but unfortunately there were a few issues and the contractor wasn't able to make that happen. He met onsite today with the engineer and all of the contractors involved in the project to come up with a punch list. He doesn't see anything major on there. He reviewed the list. We still haven't had a final inspection yet because it hasn't been called in. The system is fully operational.

Commissioner Freer stated that Public Works Director Clemmons gave him and Commissioner Butler a tour. It is very impressive. He asked if the Town is holding funds. Public Works Director Clemmons replied yes, until we get the certificate of occupancy and documentation in hand.

DISCUSSION AND POSSIBLE SELECTION OF ENGINEERING FIRM FOR ENGINEERING DESIGN AND CONSTRUCTION MANAGEMENT SERVICES OF THE VACUUM SEWER SYSTEM #3 UPGRADE

Public Works Director Clemmons stated the Town advertised for bids for qualified engineering services for Station 3 upgrades. We have three responsive bidders, McGill & Associates, East Coast Engineering and Green Engineering. Some people might be skeptical about selecting an engineer at this time since #4 is not complete. He does not see anything major that will come up at this time that would change the decision on who to choose. Public Works Director Clemmons said we are on a tight schedule. The quicker we can select a firm, the quicker we can get started on the plans and get something going for next year. Commissioner Freer inquired if he had a recommendation. Public Works Director Clemmons responded that they all qualify. If you look at past experience we have one that just worked on one. Mayor Pro Tem

Fletcher asked if he is happy with Green's service over the past year. Public Works Director Clemmons answered that he cannot say that he isn't. He said it is a complicated project and there could have been some disasters. Commissioner Kwiatkowski said she noticed that Green said they would finish up in March of next year, similar to this year's project deadline. East Coast Engineering has pushed it back into April. That one month is pretty important. They are all qualified. After reading she is as impressed with Mr. Green's team as she was last year. Commissioner Freer added that McGill's timeline also goes to April. Mayor Pro Tem Fletcher asked if Green had a good amount of learning during this project that would carry forward. Public Works Director Clemmons talked about the learning curve with the project. Our original deadline was March 1st. We have been operational since January. He thinks they learned a great deal. He talked about the electrical contractor and the good job he did.

Commissioner Freer said Green has an interesting proposal to eliminate the existing wet well. Public Works Director Clemmons said he would look at the pros and cons of it. He said if it could be done it would be money well spent. Commissioner Butler said taking a look at the wet well, if we can do anything to eliminate that it would be a major step in the right direction. He explained he looked at the document and it really makes sense to do that. He talked about the potential. Commissioner Butler thanked Public Works Director Clemmons for his communication during the process. He talked about technology.

Town Manager Hewett said he wanted to voice his concern that we are not finished with the project yet. The Board may wish to consider deferring a decision on the selection until we have a certificate of occupancy and documentation. He said the Board's opinion on an engineer may change. Public Works Director Clemmons said the contractor thinks they can wrap up and have a certificate of occupancy in two weeks. Town Manager Hewett and the Board talked about having a special meeting if necessary. Commissioner Butler said the only other thing is the potential for fugitive gases and making sure we have ways to detect that. Public Works Director Clemmons said the contractor is supposed to be getting pricing.

DISCUSSION AND POSSIBLE APPROVAL OF ORDINANCE 19-03, AN ORDINANCE AMENDING THE HOLDEN BEACH CODE OF ORDINANCES, CHAPTER 50: SOLID WASTE

Town Clerk Finnell explained the ordinance was prepared based on the feedback from the last meeting. Commissioner Butler said he reviewed Ordinance 19-03, Chapter 50: Solid Waste and determined Town staff has incorporated the changes outlined in the summary section of the statement letter and in the motion approved at last month's meeting.

Motion by Commissioner Butler to approve the changes as outlined in 19-03, Chapter 50: Solid Waste as written starting on page 45; second by Mayor Pro Tem Fletcher.

Attorney Fox said she is recommending after a conversation with Commissioner Sullivan that the civil penalty language be revised to reflect consistency with the rest of the Town's ordinances. It should say that any person who violates any provision of the chapter shall be subject to a \$50 per day civil fine in accordance with §10.99(B) of this code of ordinances.

Commissioner Butler revised his motion to include the consistency statement that was just said pertaining to the penalty. Mayor Pro Tem Fletcher agreed with the change.

Commissioner Sullivan said he will speak to how the Board got to this point and as he goes through the analysis he would like the Board to consider why it is deemed so important to revise the current ordinance at this time. He said there were a lot of issues that were identified to the Town. With the prior Board, the town manager suggested that they form a Solid Waste Working Group to address all of the issues, rather than doing things piecemeal. That group was formed in August 2017. They worked independently and came before this Board in February of last year. He stated that Commissioner Kwiatkowski stepped forward to lead this so we could get a unified solid waste program in place. She worked with Town staff and the Town attorney and then presented a wide ranging plan with some suggestions and options to the Board in September. In September the Board discussed some of the issues and decided to expand the twice a week pickup to accommodate the growing season. Commissioner Sullivan said the Board also decided if you need to have three trash cans, one could be replaced by a recycling bin. In October there was an initial draft done. Everyone looked at it, discussed it and had the opportunity to make revisions. In November the Board had a chance to look at the second revised ordinance. In December the Board voted on it. He stated the Board looked at it at least three times before voting on it. Commissioner Sullivan said almost immediately after the Board voted, some of his colleagues decided they wanted to change the ordinance that they had worked on for over a year and a half. He stated on February 5th, the Board had a special meeting. He thought the Board agreed to change the enforcement date at that meeting. Two weeks later on February 19th, the Board had a proposal to change the entire ordinance. The result of that proposal is what the Board has before them tonight. Commissioner Sullivan said the Board didn't just vote on the ordinance without giving a lot of due diligence and consideration, but the Board is trying to revise it without giving it the due diligence and consideration it deserves. He said it is not perfect, but he doesn't believe we should take 18 months of work and discard it. He stated if we adopt this ordinance tonight, they won't discuss this again. He said the Board has one component to workout, the rollout. Commissioner Sullivan said he believes if the Board leaves the ordinance in place and changes the enforcement date to May 2020, they can work out the rollout issue in that timeframe. Commissioner Sullivan stated this ordinance takes us back and puts us in a position that is worse than when we started 18 months ago. He said it won't accomplish anything and the Town will be paying an extra \$50,000 - \$78,000, depending who the vendor is for the service. Commissioner Sullivan said the proposed revisions do not solve the problems identified by the Solid Waste Working Group and results in increased expenditure of tax dollars without any return on that expenditure, while actually making the situation worse. Every city, town and village he has ever lived in has some sort of regulation on when you can put out a trash can and when it has to be rolled back to the home, so it is not overly harsh or unusual to have those restrictions. He said there is a provision about leaving full cans at the curb. He said people shouldn't be the ones to suffer because someone else doesn't do what they are supposed to do. Commissioner Sullivan stated the Town will never know if it can be complied with if we don't have this time period where it is in place and we see if it can work. People in Winding River give him hope because they have rules there. He asked if the people in Winding River are more conscientious, more civil minded, more law abiding than the rest of the people on the island. He said the answer is no, but somehow they abide by the rules. He said he has been told the reason there is a difference is because they have covenants. That doesn't go to the ability of what a person can do.

Commissioner Sullivan said the Board all agreed to the rollback provision in the proposed ordinance because it was an integral part of the whole plan. He said it makes no sense to him to spend \$50,000 – \$70,000 to make sure the cans go back when cans can lay out there for a week. Without having the rollout provision, he doesn't see why the Town should pay for the rollback provision. He said this is a problem

that the Board can solve by extending the period with no enforcement. Within the next year the Board should be able to come up with a solution to rollout and have a comprehensive plan. Commissioner Kwiatkowski said one of the things to do with rolling all of the cans back had to do with the concern about kids playing by the cans. They wanted the cans away from the street for the majority of the week. She said it was interesting that at the end of the last meeting there was a comment and it was acknowledged by some of the Board that it could be a risk to have cans at the curb; children can dart out from behind them. She said getting the cans, whether empty or full, away from the street was one of biggest points of the whole program, yet it is being undone. She explained the cans could be sitting there for up to a week. It is a hiding hazard and she doesn't understand not rolling all of the cans back away from the end of the street.

Commissioner Freer stated it was a lot of work, the Board learned and a lot of the provisions were included in the ordinance. For example replacing a can with a recycling can and whole island rollback. He said we passed the ordinance and then received an immense amount of public feedback. That has happened many times. He said there was a tremendous amount of feedback from people who don't live on the island. That is what they are reacting to. He thinks the Town should do better; this is a systemic problem. Commissioner Freer said we need to correct our communication plan, how we do business so we do not need to go through this process over and over. The development fee was another issue. Hopefully we do not have this problem with other things going forward. Commissioner Freer said he never lived in a community where they rolled back trash cans. We are unique. Commissioner Sullivan asked him to explain why it is necessary to change the ordinance now when all we need to do is change the enforcement date to give ourselves time to make a better ordinance to address the rollout, rather than disregarding all of the work that was done. He said the one issue is the rollout issue. He said the Board was elected to take care of some problems and they are not taking care of a problem tonight. Commissioner Butler said he is going to remember the 80 plus percent of people on the island, many of which who do not rent their homes, but come here to enjoy the island. They don't take trash with them, they put their cans out when they leave. Cans will be emptied on Tuesday and then per the new provisions will be taken back to the house or to a corral. Corrals are another issue that the Board has confused people on. He said in December he was not aware that 80 percent plus of the taxpayers of this Town are homeowners that visit their home on a part-time basis. He asked why we are going to penalize these people.

Commissioner Butler called for a vote.

The motion passed by a 3 – 2 vote with Mayor Pro Tem Fletcher and Commissioners Butler and Freer voting for the motion and Commissioners Sullivan and Kwiatkowski voting in the negative.

Commissioner Kwiatkowski inquired if anyone that voted for the motion is going to do anything to ensure we have a rollback service. Commissioner Freer asked if it has been rebid. Town Manager Hewett said staff didn't rebid it because we didn't know the statement of work to craft in order to advertise. He said if it is the wish of the Board we would now need to do that. Mayor Holden asked for a consensus. Commissioner Sullivan was not in agreement. He doesn't see the utility of rolling the cans back if there isn't a timeframe to rollback. He said most people don't have that; rollback is unique. Commissioner Butler said the Town does have a rollback program for the people on Ocean Boulevard. That has been in place since prior to 2007. Back then when they decided to roll the cans back it was probably for an aesthetics and safety concern. He explained homes continue to be built so if we were concerned prior to 2007, then why don't we provide that to the entire Town.

Motion by Commissioner Freer to instruct the town manager to put the bids out for the rollback of the entire island; second by Mayor Pro Tem Fletcher. The motion passed by a 4 – 1 vote with Mayor Pro Tem Fletcher and Commissioners Kwiatkowski, Butler and Freer voting for the motion and Commissioner Sullivan voting in the negative.

DISCUSSION AND POSSIBLE APPROVAL OF ORDINANCE 19-04, AN ORDINANCE AMENDING ORDINANCE 18-10, THE REVENUES AND APPROPRIATIONS ORDINANCE FOR FISCAL YEAR 2018 – 2019 (Amendment No. 5)

Assistant Town Manager Ferguson said at the workshop on March 7th, one of things discussed was the need to find a new sand source in order to construct a project to mitigate Hurricane Florence and Hurricane Michael damages. The current volume for those damages exceed our permitted volume for our existing sand source. If the Board wishes to move forward, the cost estimate is \$170,000. There is a budget amendment on page 51. On the ordinance, Fund Balance Appropriated should say increase instead of decrease. She did follow up with the engineer because when the numbers were presented last year, the cost estimate the engineer gave was \$132,000. The increase was that the updated effort includes an additional subcontractor for imagery, which is required, as well as ATM's effort for processing and analyzing the data and driving the effort.

Commissioner Kwiatkowski stated we know this all won't get done before the start of the next fiscal year. She asked why the entire amount for the project is being requested to be moved, instead of making a split, with the remainder being in next year's budget. Town Manager Hewett responded that it is a programmatic approach. He explained what doesn't get obligated will be rolled forward and a second appropriation will be made in the upcoming year. Town Manager Hewett explained the line items are in the BPART Fund. Commissioner Freer stated that is very appropriate to him. It is required to address what the Town lost in the engineered section of the beach. He said it is the first step of FEMA reimbursement of the Central Reach. Commissioner Kwiatkowski asked if it could have been taken from the reserve fund. Town Manager Hewett replied it could, but that is not what is proposed here. Commissioner Freer agreed. Commissioner Kwiatkowski said the Board is doing this so we can replenish the beach, but this cost associated with looking for the sand could also be considered a reimbursable cost from FEMA. Town Manager Hewett responded it is a direct permitting requirement and would qualify as a reimbursable expense.

Motion by Mayor Pro Tem Fletcher to approve Ordinance 19-04, An Ordinance Amending Ordinance 18-10, The Revenues and Appropriations Ordinance for Fiscal Year 2018 – 2019 (Amendment No. 5), with the correction Mrs. Ferguson made; second by Commissioner Butler; approved by unanimous vote.

DISCUSSION AND POSSIBLE ACTION ON HOLDEN BEACH BRIDGE MAINTENANCE AND REPAIRS SCHEDULE AND TIMELINE

Planning Director Evans met with NCDOT last Thursday. There will not be a bike path on the bridge. It is not wide enough. In the discussions had, the Town got our point across. They will work at the bathroom area and boat ramp so they can open those as fast as they can. They volunteered to move the laydown area so the boats can move in and out when they are not working there. We allow parking in the public

rights-of-way. Although you can use the ramp, you might not be able to park there. He said we want to encourage people to park in the public rights-of-way that the parking committee identified as areas to park in. Planning Director Evans reviewed their contract and the hours they will be working. They will not be working holidays and during special events. The only conflict we know of now is the concerts. Their comment was they won't start until Tuesday nights because they need to mobilize by 7:00 p.m. on Sundays, but the concerts go until 9:00 p.m. Planning Director Evans will verify that at the next meeting. He explained there should be a clear use of one lane at all times.

Commissioner Freer asked if we can put the information on our website. Commissioner Butler suggested putting together our understanding of the times to confirm the times before posting them. Planning Director Evans answered questions from the audience. Assistant Town Manager Ferguson said there may be impacts to some of the areas for staging for the festival, but she has been communicating with the Merchants Association and they are aware of the situation.

DISCUSSION AND POSSIBLE ACTION ON ORDINANCE 19-05, AN ORDINANCE AMENDING THE HOLDEN BEACH CODE OF ORDINANCES, SECTION 157.062: COMMERCIAL DISTRICT

Planning Director Evans stated he started to receive feedback and it was productive and insightful. He is recommending to send the ordinance back to the Planning & Zoning Board (P&Z) to vet it more. The public hearing would be held after they review it. He will bring every piece of property back to P&Z. By sending it back it gives the public another opportunity to give feedback. Town Manager Hewett stated staff sent notification letters to the people in those areas.

Motion by Commissioner Freer to send it back to the P&Z Board for further consideration; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

DISCUSSION AND POSSIBLE ACTION ON MATTERS DISCUSSED IN THE MARCH 8TH AUDIT COMMITTEE MEETING

Mayor Pro Tem Fletcher said the Audit Committee asked that we organize a two hour workshop. He suggested it be provided by the LGC or the NC League of Municipalities' (NCLM) staff to improve the Board and the Audit Committee's understanding of municipal financial accounting. He said two members are new to the committee. His recommendation is he will contact the NCLM and he will see if they can do that at the next Audit Committee meeting, which will be public. It would detail how municipal finance is different from corporate finance or non-profit finance.

Mayor Pro Tem Fletcher said he has received recommendations to gain a complete explanation from Rives and Associates as to the cause for the significant delay in the completion of the 2018 annual audit. If the Board agrees he will contact the auditor from Rives and Associates and ask them to provide a document to the Board and to the Audit Committee. Commissioner Kwiatkowski asked if they would be giving a justification on why it is so late in the report itself since it is going to be so late. Town Manager Hewett said there is a public presentation to the Board after they are given the report. Mayor Pro Tem Fletcher said it may not include that information, but the Board can always question them at that meeting. The Audit Committee was asking why it is so late. He said they will need to pick a new auditor and if it is the auditor's fault, they may choose not to pick that auditor.

Motion by Commissioner Freer to gain a complete explanation from the audit firm as to the cause for the significant delay in the completion of the 2018 annual audit; second by Mayor Pro Tem Fletcher.

Commissioner Kwiatkowski stated she thinks it might be more effective that when they come to give their presentation, the Board follow up and ask for full clarification which will allow all five commissioners to be included. Commissioner Freer said the Board can ask them to do it at that time.

Town Clerk Finnell read the motion.

Mayor Pro Tem Fletcher said he thinks by asking them for the explanation now it may enhance the acceleration of the completion of the audit. The Audit Committee needs to know as soon as possible so they can make a decision for next year.

The motion passed by unanimous vote.

Mayor Pro Tem Fletcher said the Audit Committee asked to have the monthly financial statements prepared for the Board and the Audit Committee to be done in excel format, with formulas and to show each fund individually with revenue followed by expenses for each fund. He said that has been done to some extent, but without formulas. The accountants on the committee are pretty good at analysis and they would like to have it in excel format. He added he thinks the Board would also want it. Commissioner Kwiatkowski asked if it would cause any more work. Town Manager Hewett answered it causes more work in that it has to be converted from the existing software over to the excel format. That is a manual process and it also requires an additional formatting step in order to make sure the columns are readable. It also requires quality control to make sure nothing is lost in the translation between the two programs. It's a matter of going through the entire budget line by line to make sure everything is okay. He said the amount of time it takes depends on how much risk is acceptable in terms of the documents. The software is where the conversion takes place, but when the conversion takes place often times there are formatting inconsistencies that make the document unreadable. You have to go back and clean it up.

Commissioner Kwiatkowski stated she understands looking at the data in a different way, however if the purpose is to look at the data in a different way and then bring it to a meeting for discussion in the different way, it then needs to be audited by a second person to make sure it is accurate. Town Manager Hewett stated that fundamentally the budget officer is the responsible agent to provide budget information to the Board. When we provide information out and it comes back he cannot confirm the integrity of the data. Commissioner Kwiatkowski said if a committee wants to look at data a different way and then bring it for discussion, it would need to be double checked by someone, not necessarily by staff. Mayor Pro Tem Fletcher asked if it is an unreasonable request. Town Manager Hewett replied no, but when it leaves he is not responsible for what happens when it comes back. He inquired what the Audit Committee's function is regarding budget information. He said they are not a budget committee. It is an advisory committee on process and controls. He doesn't think it is in their charter if there is a desire to make them responsible for budgetary compilations. Mayor Pro Tem Fletcher said it is the monthly and quarterly financial statements. Town Manager Hewett stated those are budget to actual runs. The budget statement is an ordinance and is as the Board adopted it. It is as accurate when it is parlayed on a monthly basis as it was the day it was adopted. Mayor Pro Tem Fletcher asked if the to-date numbers aren't to be questioned.

Town Manager Hewett said they could be questioned, but now you are talking a process review type function, instead of a manipulation of data into a different way of looking at things. Mayor Pro Tem Fletcher said that would be an accountant's view on how to analyze it. He said the Audit Committee does have the responsibility for looking at the content and judging if there are issues with it. Town Manager Hewett said that is not bringing different formats of data back to the Board. That is a review of budget to actual information and querying the authenticity of the transactions that have taken place. He said we can provide the spreadsheets. It will take some time. He was understanding that the reason behind that was to manipulate the data in order to portray it differently to the Board. Mayor Pro Tem Fletcher said no, it is for their own personal use in understanding things better. Commissioner Kwiatkowski said she doesn't see that an excel format rather than the current format allows you to evaluate the current status against budget any more accurately. Mayor Pro Tem Fletcher said it is not against budget. If he wants to know what the total expenses are they are spread over three different funds. If he wants to drag salaries out of two funds to understand the total expense you need to have excel to do that.

Motion by Mayor Pro Tem Fletcher to request to have the monthly financial statements prepared for the Board and the Audit Committee in excel format and to show each fund individually with revenue followed by expenses for each fund.

Town Manager Hewett asked if that could be posted to the website. Town Clerk Finnell said she doesn't believe so, but she could check. Commissioner Kwiatkowski said from her industry experience they would never do anything like that. She said that could be taken down, manipulated and misrepresented by someone too easily. Town Manager Hewett said you have to realize that once you put an open source document out that now becomes a public record and it can be obtained by request. Right now it is locked down as a PDF. Commissioner Sullivan asked if it would behoove the Board to go to the firm that did the internal audit to ask if it is wise to put this out there in a form that can be manipulated and see if this is worth the risk. Mayor Pro Tem Fletcher explained he can already convert it now. He just thought if the Town could do it, it would be easier.

The motion was seconded by Commissioner Freer.

Town Manager Hewett asked if what is being talked about is the budget to actual statements that comes out of our accounting system, which is the logic software. Mayor Pro Tem Fletcher replied yes. Town Manager Hewett said he knows he requested specifically to have the formulas, but that data doesn't contain formulas in the budget to actual software in the accounting system. Mayor Pro Tem Fletcher said they will need to validate the numbers themselves.

Mayor Pro Tem Fletcher called for the vote.

The motion passed by unanimous vote.

Mayor Pro Tem Fletcher said the Audit Committee discussed it, he discussed it individually with many people and the town manager and they would like to have confirmation be given to the town manager/finance director that any proposed internal control changes, including those resulting from the RSM internal control evaluation, would initially be presented to the Audit Committee by the town manager/finance director for review and comment. The Audit Committee would then provide their

recommendations to the Board. Attorney Fox explained there are statutorily prescribed internal control procedures that the finance officer does not have the ability to not engage. It wouldn't matter if the Audit Committee agreed, the finance officer is charged by statute with certain things. Commissioner Kwiatkowski said she does not agree. She believes it is the Board's duty to make sure the Town's finances are run appropriately. The Audit Committee is there to give advice as needed. This report is indicating that there are some things that need an improvement plan. The plan should be between the Board and the town manager, who is also the budget officer and also the finance director to set up an improvement plan that is measured and watched as a major objective. If the Audit Committee's input is necessary, they are there. She said this is a performance issue between the Board and the town manager. The report was between the Board and RSM. Mayor Pro Tem Fletcher stated the report was, but it pointed out we have significant weaknesses in internal control. He said the Board put together a committee of five financial experts and he wonders why we would have an Audit Committee if we don't use their skills. Commissioner Kwiatkowski said you are there to confirm the systems are in place and implemented and confirm that management implements audit report recommendations, however the improvement plan that has to be put together is between the town manager/ budget officer/ finance director and the Board to come to agreement on. That should be the first place it is presented and discussed. She said if further information or clarification is needed then the Board can get the advice of the Audit Committee. Commissioner Kwiatkowski thinks this is an improvement plan, rather than a deep detail in CPA auditing knowledge. Commissioner Butler stated he has no problem utilizing the expertise we have on the Audit Committee. He said they are well qualified and he would appreciate any comments, suggestions or recommendations. Commissioner Freer agreed. He wouldn't know what to ask. He would like them to look at it as a whole and review it from their expertise. He does not have a background in finance.

Commissioner Sullivan stated when he reads this and compares it to the report received, many of the deficiencies noted were the absence of having a checklist. Before the town manager could take a simple move of instituting a checklist, he couldn't do that until he came to the Audit Committee to get their approval. This seems to be overreaching. He said it would be much simpler to say the town manager/ finance officer makes those decisions and if the Board has a question, they can then ask the Audit Committee at that point. He said to need to get approval from the Audit Committee seems to be expanding the charter of the Audit Committee into areas that no other committee on the island has. Commissioner Freer said they not approving anything. Mayor Pro Tem Fletcher said they are looking at the internal control measure that the town manager is putting in place. Commissioner Sullivan said they are discussing any proposed changes. He said if the proposal is that he looked at the report and there are five instances where it is identified that a checklist is not there, before he can go to staff and say we are using the checklist, he would need to go to the Audit Committee. Mayor Pro Tem Fletcher said no, he could do that. Attorney Fox agreed that is how it appears; that is how it is drafted. Mayor Pro Tem Fletcher said it is the proposed solution to the RSM report, but he is free to do it right now without coming to anyone. Attorney Fox said from what is written in the packet it appears that any proposed internal control procedures would initially be presented to the Audit Committee by the town manager. He would need to present it in advance of being able to do it the way it is written. Commissioner Freer said he doesn't see a problem with that. Commissioner Kwiatkowski said the Board has duties and it seems the duties are being pushed to the Audit Committee. Attorney Fox said the Audit Committee's charter does include some internal control. Her concern if she was the Board is that you are requiring a person who is required by statute to exist (finance officer) to if he sees something tomorrow that needs to be addressed, he would first need to get a meeting of the Audit Committee so he can propose something so it can then come to

the Board. He is required to do certain things. He is also a bonded officer that is required by state statute to be the finance officer. If he saw something that needed him to take immediate attention he would need to have an emergency meeting of the Audit Committee and then would need to have them have an emergency meeting of the Board. We are handicapping the finance officer from addressing something that may need to be taken care of immediately. She said it is adding two layers. Mayor Pro Tem Fletcher said it may be his wording. If he does his job and implements a change, he would bring it to the Audit Committee and say how he solved the problem. They would then say it makes sense. He wants him to decide how he wants to fix the problem and implement it. Mayor Pro Tem Fletcher would like to amend it to any improvements in internal control that he has implemented because you wouldn't want to wait for a meeting to do a control that needs to be implemented.

Motion by Mayor Pro Tem Fletcher that confirmation to town manager/ finance director that any implemented internal control improvements, including those resulting from the RSM internal control evaluation would be presented to the Audit Committee by the town manager/ finance director for review and comment. The Audit Committee would then provide their recommendation to the Board of Commissioners; Commissioner Freer agreed to the motion.

Mayor Pro Tem Fletcher said this would make it so that they would not slow Town Manager Hewett down in making the improvements he needs to make. He would just say how he changed it and the Audit Committee would judge it and then tell the Board.

Town Clerk Finnell read the motion. Commissioner Kwiatkowski asked for confirmation that once it is put in place the Audit Committee reviews it and presents it to the Board. Mayor Pro Tem Fletcher agreed.

Mayor Pro Tem Fletcher called for the vote.

The motion passed by unanimous vote.

DISCUSSION AND POSSIBLE APPROVAL OF UPDATED RECORDS RETENTION AND DISPOSITION SCHEDULE: GENERAL RECORDS SCHEDULE FOR LOCAL GOVERNMENT AGENCIES

Town Clerk Finnell explained the new General Schedule for Local Government Agencies is now available for adoption. We can only destroy public records with the consent of the Department of Natural and Cultural Resources. If we don't adopt the schedule we are obligated to obtain approval for every document we destroy, no matter how insignificant. The new schedule requires each local government to define when the reference value ends for many types of records. She recommended that the Board approve the schedule and allow the staff to establish and enforce internal policies setting minimum retention periods for the records

Motion by Commissioner Butler to approve it; second by Mayor Pro Tem Fletcher.

Commissioner Kwiatkowski said there are certain points where there is a discretionary period that the Town can define. She asked that once those are defined, the Board be advised as to what they are. Town Clerk Finnell agreed.

Commissioner Butler, with Mayor Pro Tem Fletcher in agreement withdrew his motion.

Motion by Commissioner Kwiatkowski that we have the staff to develop the new schedule, including the discretionary time periods and inform the Board of what those discretionary time periods are when they have been decided; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

TOWN MANAGER'S REPORT

- As required by the Local Government Budget and Fiscal Control Act he is obligated to tell the Board that we have moved approximately \$15,000 from our vinyl fencing account in the Sewer Fund over to the Operations account in order to obtain the vactor sled that we talked about previously. In the Lift Station Upgrade we were going to incur a cost of approximately \$13,000. We would have that same cost for the second phase. We were able to buy the asset for less than two cycles of lease. We are assuming we can use the asset in an emergency, interim capacity also. The asset is here.
- Hurricanes: We still have \$335,000 out for Matthew. Haven't heard back on that. Hurricane Florence - approximately \$100,000 in protective measures and debris has been quantified and he is under the impression those have been approved. Will be bringing a budget amendment to the Board to recognize the funds. Utilities reimbursements are still a work in progress. The draft has been submitted, but will need to requalify some of the expenses. Engineered beach damages have been quantified and submitted. That number is in excess of 700,000 cubic yards. The engineer's estimate on mitigating the damage is in the \$17 million range. Hurricane Michael - our reimbursable eligible sand losses are calculated at almost 400,000 cubic yards. We have not submitted that yet. We are working through the mechanics of logically executing one project for two events. Administratively on the federal side we are working to understand how that will work on a reimbursement basis. The feds are driving the process. There is a lot of work involved in it. We believe we are ultimately dealing with a project in the mid \$20 million range. As evidenced by Board action tonight, we will be able to move forward with the fundamental requirement to update our Central Reach Project permit by finding an adequate sand source to replace potentially what is in the order of magnitude of about 1.2 million cubic yards.
- Hurricane decals went out in the water bills.
- Canal dredging – looks like we are about 90% complete on that project. Have two – three canals left in Harbor Acres. Believes we are on target. The plan is to remedy any dock problems at the end. We want to make sure the dredging operations are finished before we start on any cosmetic type fixes.
- Upcoming events – Budget workshop on Thursday at 10:00 a.m. It would be great to see this many people there. There are a series of upcoming workshops, in addition to the required public hearing. Chief Layne's retirement dinner is Thursday. Jeremy Dixon's swearing in as the new chief of police follows on April 1st. There is a volunteer luncheon on April 11th.

MAYOR'S COMMENTS

- Appreciates everyone being here.

BOARD OF COMMISSIONERS' COMMENTS

Mayor Pro Tem Fletcher

- Thanked everyone for being here.
- If you are religious, pray that Judy Brock is found safe. If you see something in the media don't repeat it; wait until you here from a Town source. Pray the mystery is solved successfully.

Commissioner Sullivan

- Thanked everyone for coming. Pointed out that he appreciates all of the feedback prior to the Board voting on the suggested changes to commercial property because it makes life a little easier to get it right the first time around. He hopes everyone has learned a lesson when it comes to that.

Commissioner Kwiatkowski

- Thanked everyone for coming.
- Echoed Town Manager Hewett's invitation to come to as many of the budget sessions as you can. There are four more. They get more interesting as it gets more refined. If you can't make this one, try to make one of the last three.

Commissioner Butler

- Please keep the family of Judy in your thoughts and prayers. A special thanks to the volunteers and the Police Department. Knows there has been a lot of people from the Fire Department searching and looking as well.
- Thanks for attending this evening's meeting.

Commissioner Freer

- Echoed the thanks.
- Saw lots of activity with Detective Dixon and the Sheriff's Department. He knows they are working hard to have a good outcome for this incident.

PUBLIC COMMENTS ON GENERAL ITEMS

Dolly Mitchell said she didn't want to mention anyone by name, but thanked the female commissioner for starting the process on talking about trash. Over the last couple of years, it has gotten considerably worse. She said in the past couple of years Helping Hands moved off of the island to help with congestion on Saturday mornings. Mrs. Mitchell said there was a move to pick up trash at 6:00 a.m. on Ocean Boulevard to help the renters get off of the island. Her perception is renters don't want to wake up early to move the trash cans, so they are leaving them later. She suggested that as the contract is issued, maybe the time should be delayed. She hopes the Town can take some steps forward.

Ryan Williams said shutting the boat ramp down was brought to his attention. He said the prospect of getting a new boat ramp has been talked about for years. He has made many calls over the last couple of weeks and found that the need for a boat ramp hasn't been brought up with the Wildlife Resource Commission. Mr. Williams said the first step is to see if the use and demand for the ramp is there. He said the engineering section was looking at logistics of where to put a ramp. He said the current ramp has eight

spots. He said the process of getting a ramp starts with a county or a municipality purchasing a property, then the state would put the ramp in and maintain it for life. He said there is not enough room on the island for a ramp. Mr. Williams said he is asking the Town to formally ask the county for help in obtaining a ramp in this area. He said the park across the bridge will not work.

Mayor Holden asked if the Board would like to extend Mr. Williams' time. Mayor Pro Tem Fletcher said Mr. Williams is a captain and he is speaking for five or six other captains. The Board agreed to the extension.

Mr. Williams said the state is seriously considering having a ramp in this area. He said there needs to be a hard push from the Town, with the county. He said the use of the ramp and what it provides to the public is domino effect. Mr. Williams said there is a desperate need for a boat ramp in this area.

A homeowner from Old Ferry Connection said he exercises on the island. He said it is a safe, pretty island. He wanted to say thanks and that he enjoys the area.

ADJOURNMENT

Motion by Mayor Pro Tem Fletcher to adjourn at 9:10 p.m.; second by Commissioner Butler; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk