



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
REGULAR MEETING
TUESDAY, APRIL 16, 2019 – 7:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Regular Meeting on Tuesday, April 16, 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; Fiscal Operations Clerk Mandy Lockner; and Police Chief Jeremy Dixon.

Mayor Holden asked for a moment of silence and then called the meeting to order.

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

Commissioner Kwiatkowski said the Board had a discussion at the budget meeting on the Board's priority objectives, which is item 19 and asked to take the item off of today's agenda. The decisions will appear in the minutes of the budget meeting and if any citizens have any comments or questions once they read the minutes they can address the Board at the next meeting.

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

APPROVAL OF MINUTES

Motion by Commissioner Kwiatkowski to approve all four sets of minutes (Special Meeting of March 7, 2019, Regular Meeting of March 19, 2019, Special Meeting of March 21, 2019 and Special Meeting of April 3, 2019); second by Mayor Pro Tem Fletcher; approved by unanimous vote.

PUBLIC COMMENTS ON AGENDA ITEMS

No comments were made.

DISCUSSION AND POSSIBLE AWARD OF CONTRACT FOR ROADWAY WORK (SAND SPUR, SAND DUNE AND SAND PIPER)

Public Works Director Clemmons stated we have a streets conditions survey and we budget money for paving streets on a yearly basis. We advertised for bids for road paving for Sand Spur, Sand Dune and Sand Piper. The bids came in Friday. The low bidder was Highland Paving. They have done paving for us in the past.

Motion by Commissioner Kwiatkowski that we go forward with Highland Paving's bid for the work that needs to be done on the three streets this year so we can proceed with the contract, second by Mayor Pro Tem Fletcher; and approved by unanimous vote.

POLICE REPORT – CHIEF JEREMY DIXON

- Trying to work on some of the numbers with the reporting. He attached a copy of the reports taken. In the adjustment period of trying to get these numbers accurate there is one discrepancy you may notice on the first sheet. It shows four incident reports, but when you look at the log there were six reports taken. He doesn't have an answer right now, but they are working on it.
- March is starting to pick up a little bit. Have taken a few reports.

Chief Dixon presented Officer Jessica Camara with her Intermediate Law Enforcement Certification.

RECEIPT OF INLET AND BEACH PROTECTION REPORT

Commissioner Freer said this is accepting the February update. He stated this will come up later, but we had an interesting debate about the name of the work that will be forthcoming at the Central Reach area. He asked if the Board settled on Florence/ Michael Central Reach FEMA Reimbursement Project. Commissioner Kwiatkowski answered that she suggested CRR, Central Reach Reimbursement. Commissioner Freer is okay with that, the Board just wants to clarify it is not Central Reach 2; it is reimbursement of monies for Michael and Florence. Assistant Town Manager Ferguson explained the Inlet & Beach Protection Board (IBPB) will need to tell the facilitator at their next meeting that the change has been made.

Mayor Holden announced that by consensus the name is changed to CRR.

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

Public Works Director Clemmons introduced Leo Green. Mr. Green stated they received a Certificate of Occupancy today. The project started July 9th. They had 180 days to complete the job and put it in operation. They missed that target by about 10 or 12 days as far as putting it into operation. For the last 45 – 60 days they were working with subcontractors. The system has been operational. He said he is proud of the system for the Town. He thinks it will be an asset.

Commissioner Butler stated as the progress in the project continued to take place, there were some challenges. He complimented Public Works Director Clemmons for his communication. Commissioner

Butler and Commissioner Freer looked at the project. Commissioner Butler said he was extremely impressed with the project. Mr. Green said they enjoyed working with staff throughout the process. They learned a lot about these types of systems.

Mayor Pro Tem Fletcher asked where we are in regard to Station #3. Town Manager Hewett responded that he intends to add that to the agenda for April 19th as discussed previously.

Commissioner Butler talked about how Public Works Director Clemmons can monitor the system from his phone, which is a great feature to have. Mr. Green added that Public Works Director Clemmons would like to add something about hydrogen sulfate monitoring.

DISCUSSION AND POSSIBLE SELECTION OF CONTRACTOR TO PERFORM ROLLBACK SERVICES FOR THE TOWN

Public Works Director Clemmons explained the process. The low bidder was Fullwood's Lawn Service. He recommended the Board select a contractor for that service.

Motion by Commissioner Freer to choose Fullwood's Lawn Service Plus as the contractor; second by Mayor Pro Tem Fletcher.

Commissioner Sullivan said but for the fact that the Board included the rollback in the ordinance, he would vote against it. He doesn't see the utility in allowing people to put cans out whenever they want, so they can lay at the curb for up to a week, but then the Town will pay \$50,000 a year to roll the cans back. Any problems the Town has with health, hygiene, beauty and aesthetics will be on the front end, as well as the back end. He doesn't see the benefit and why it is worth spending \$50,000 of the taxpayers' money. Commissioner Butler said he believes the price of what is paid currently to roll cans back on Ocean Boulevard is about \$35,000. Commissioner Sullivan said the idea is there would be no rollback, so they wouldn't spend any money.

The motion passed by unanimous vote.

PLANNING INSPECTIONS REPORT – PLANNING DIRECTOR EVANS

Planning Director Evans stated he has never seen money used in a way that has benefited a community better than the money the Board decided to spend to make the lift stations more resilient against storms. The work that was performed is excellent. He doesn't think people understand the amount of staff work that went into that project and the amount of community work and work the Board put in during the process. He talked about the process and the work down there.

Planning Director Evans showed books with permits issued and inspections made this year. The inspections book doesn't include CAMA visits, visits to take pictures or consultations. Commissioner Butler said he knows it isn't just the final inspection, their time is spent in certain phases and steps. It is a whole bunch of numbers. Planning Director Evans stated their core responsibility is code enforcement, building inspections and planning. Last year they issued 361 building permits, 47 single family residents, 121 of them were major renovations (they went above the 30% mark for value of construction). They issued 357 mechanical, 531 electrical and 371 plumbing permits. They did 3,420 inspections. Of those 2,394 passed.

1,026 were re-inspected. The total inspections number was 4,446. They issued 95 CAMA permits and 180 zoning permits. There were 475 hours in CAMA and 350 in zoning. They tallied, based on an average of 30 days, 1,260 phone calls, 240 hours spent on meeting minutes, 108 hours on committees, 320 hours on continuing education, 280 hours on other training events, and an estimated amount of 2,609 hours for plan review. Planning Director Evans said they have been busy. He said the numbers from Leland when he left were staggering. He imagines the 10 year numbers from here are also staggering. It has been steady since 2008.

Planning Director Evans stated building inspections is here to protect the public. When he got here within the first few months the Town had five decks collapse. To his knowledge none have collapsed since. There were 26 structures that were condemned. The CRS was not a focus until about 2012. Since that time we have the toughest National Flood Insurance programs which will help us with our CRS. He talked about our program, including freeboard limitations, dune protection and height restrictions. He said each example he provided were all baby steps. They would have been an enormous economic impact if we tried to do them in a fast fashion. Planning Director Evans said they can't take credit for the new FEMA maps, but they can for all of the work it took to get them to the public. They are currently working with a subcommittee for the Land Use Plan. The Inspection Department works every day for the public and the public's interest. They have a really good department and he is proud of it.

DISCUSSION AND POSSIBLE APPROVAL OF ORDINANCE 19-06, AN ORDINANCE AMENDING ORDINANCE 18-10, THE REVENUES AND APPROPRIATIONS ORDINANCE FOR FISCAL YEAR 2018 – 2019 (AMENDMENT NO. 6)

Fiscal Operations Clerk Lockner said recently the Town received a FEMA Florence reimbursement check for Category B, Emergency Protective Measures in the amount of approximately \$96,000. It is recommended to adopt the budget amendment in order to reimburse the expense lines affected during the storm.

Motion by Commissioner Freer to accept the reimbursements and appropriations as listed on pages 51 and 52; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

DISCUSSION AND POSSIBLE ACTION TO INSTRUCT TOWN MANAGER TO OBTAIN BIDS FOR THE DEVELOPMENT OF A COST-JUSTIFIED WATER AND WASTEWATER SYSTEM DEVELOPMENT FEES REPORT

Commissioner Freer stated the Board discussed this several times. He said this agenda item is in response to our attorney's recommendation to redo the fees that are required by NC House Bill 436 and Item a is to obligate the financial dollars to engage a financial firm to perform the analysis and report.

Motion by Commissioner Freer that the Board instruct the town manager to obtain bids for the development of a cost-justified water and wastewater system development fees report; second by Commissioner Kwiatkowski.

Commissioner Sullivan said he would like to point out that the necessity to do this arose because after the Board developed the fee schedule there was pushback in the community and members of the Board decided we should rescind the new developmental fees as they were voted in and revert back to the fees in existence before. He said that vote was taken in a special meeting. He said he asked at that time not to

take the action without giving it some due consideration, but we did. He said we are in a place now, eight months later, where we could have been in August if we took the time to look at the issues and proposals to fix the issues. Commissioner Sullivan stated when looking at the budget there is a \$157,000 difference in revenue based on what the fees were when they were implemented as opposed to what they are today. He said this is not because the attorney said we had to do it; this is because of the actions that the Board took in August. He talked about the process.

Mayor Pro Tem Fletcher asked Attorney Fox to confirm that the reason they are doing this is because some of the Board didn't think that all of the numbers were correct in the study and when they made that public the Town is now at risk of being sued if we don't have confirmation of the results of the study. Attorney Fox replied that she did advise the Board that there was potential liability as a result of the fact that some of the Board opined in public forums that they believed the fees were illegal. She does not believe the fees are illegal. She believes they were adopted pursuant to the statute, but she thinks the comments of individual commissioners have put the Town at risk and therefore she thinks they should go back through the process. Commissioner Sullivan said just to be clear it wasn't because the numbers were wrong, it was because people on the Board said it was illegal, that is why it has to be done again. Attorney Fox agreed that was part of the discussion the Board had. She said it is not one thing, it is many things. Commissioner Kwiatkowski said the Board wasn't quite as diligent as they should have been during the 90 days. She said getting this rolling is what they promised the public they would do.

Commissioner Freer stated last time they used an engineering firm and he thinks they want to use a financial firm this time. He said the other two inputs to discuss are a need for a water tower and the sewer capacity from the county. We can have that discussion between now and the start of this engagement. Commissioner Sullivan said he remembers discussing the issue of whether it should be an engineer or financial firm, but he doesn't recall a decision being made. Mayor Pro Tem Fletcher stated he thinks it would be a good idea knowing the big issue was whether the money we pay to the county to buy capacity should or should not be included in the calculation. He said we have the water tower still in question. He thinks an accountant can be more solid at judging. Attorney Fox explained the statute requires one of two people to perform the analysis. Her suggestion would be that the Board instruct the town manager to obtain bids from qualified individuals pursuant to HB 436. That way the Board will get both and can decide who they want to do it. Commissioner Freer said he would want to make sure the Board include both engineering and financial.

The motion passed by unanimous vote.

Motion by Commissioner Freer for approval of Ordinance 19-07, An Ordinance Amending Ordinance 18-10, The Revenues and Appropriations Ordinance for Fiscal Year 2018 – 2019 (Amendment No. 7); second by Mayor Pro Tem Fletcher; approved by unanimous vote.

DISCUSSION AND POSSIBLE ACTION TO INSTRUCT TOWN MANAGER TO OBTAIN BIDS TO EVALUATE AND PROPOSE OPTIMUM HOLDEN BEACH TOWN GOVERNMENT ORGANIZATION

Motion by Commissioner Freer to instruct the town manager to obtain bids to evaluate and propose optimum Holden Beach Town government organization.

Commissioner Freer said this is from the RSM internal control report dated January 15, 2019. It says that while the Town is not required by standards to separate the town manager and finance officer...based on our internal control review, we believe it prudent and we recommend you separate the two roles.

Commissioner Freer repeated that he made the motion and said it will be Finance Department focused for the evaluation and proposal. Mayor Pro Tem Fletcher asked for confirmation that the motion qualifies that we are only looking at the finance function. Commissioner Freer agreed. Mayor Pro Tem Fletcher seconded the motion.

Commissioner Kwiatkowski said she disagrees. The Board has been through the RSM report and have discussed it at least three times. She said they have acknowledged there are deficiencies in internal controls that need to be addressed. She said they have discussed having the improvement plan developed and actions taken, some of which are already underway, to address the individual deficiencies. She continued the Board has said they should take this slow to try to do what they can to get the improvements in place and then to evaluate whether changes need to be made. She doesn't understand spending more money on an evaluation of something because there is a recommendation made from a consultant. She doesn't understand why the Board cannot let the steps be taken that they have discussed, to have the plan in place, the corrections made, evaluate the new performance and then if something needs to be done the Board can see what needs to be done. Commissioner Kwiatkowski said this to her seems like another waste of a few thousand dollars for a study that she honestly doesn't understand what will come out of it that will benefit the running of the Town.

Mayor Pro Tem Fletcher stated what he thinks will come out of a study is the Board would know exactly what the positions in the finance/ accounting function are supposed to do and what their qualifications need to be. He said for 12 years we have been told that nobody in the finance/ accounting function has the ability to keep the records the way the Government Accounting Standards Board requires them to be kept. He would like to know what the job descriptions and those requirements are before they pass on someone's recommendation to have somebody to be a finance director that is qualified to be a finance director and separate from the town manager and separate from the staff. He said he would be more comfortable if someone who knows what they are doing looks at those jobs and says this is what you need to have in that position and what qualifications they should have. Mayor Pro Tem Fletcher said his opinion is that what the Town has now is not going to be changed by a seminar or a couple of days of training, but needs someone who is qualified now to keep the books on the accrual basis that is required by the Government Accounting Standards Board. It has been recognized by the auditors since 2007 as far as he knows. He would imagine this year would be the same. He stated it tells us we don't have anyone qualified to keep the books the way they are supposed to be kept. He said as the Audit Committee Chair that is important to him.

Commissioner Sullivan stated he doesn't believe the Board should incur the cost of having another survey or audit done. His recollection is the Board had the person in charge of the internal audit team here. He did say that we don't have a qualified person, but the vast majority of the municipalities in the state don't have a qualified person so you send it out to have it done. He believes the Town does that so we do in fact have a qualified person do it for a fee. The other thing he recalls them saying was that the deficiencies that were found here in the way the Town is run, a lot of it is because of scale. Most small communities don't have the capability or the amount of personnel to provide that. Commissioner Sullivan stated one of the things they have asked the administration to do is to keep the number of personnel as small as

possible and to cross train the personnel so they would be able to step in for one another so you may not have the separation of duties as you would in a larger community. He said do we have a concern, do we have a legitimate idea of how we want things done, absolutely. He asked if the Board should implement what the audit team said, absolutely, but he doesn't think the Town needs to spend the money to have someone come in and say that we don't have someone qualified. He said we know that, most municipalities don't. Commissioner Sullivan doesn't know if the Board wants to incur not only the cost of the review, but also the cost of hiring someone who is capable. That person won't walk through the door cheaply. His position is he would be against this motion.

Commissioner Butler stated where we stand on the 2018 audit is later on the agenda. He has the audit results from 2017. He said as a result of those audit results that is why the Board went to RSM to look at and investigate the internal controls processes. They gave the Town their recommendations. He said there is one missing element that he still would like to see, the 2018 audit. He said do I think we need additional support and help, yes he is not arguing that. He is cautious; he doesn't know the dollar amount we are talking about, so it is difficult to comprehend whether he is for it or against it. He might be swayed once he sees the new audit results. Commissioner Freer stated we don't know the dollar amount so it would be a matter of seeing what the bid would be. He said it was a recommendation from RSM to do it.

Commissioner Freer said pertaining to a plan addressing the RSM items, he doesn't have a plan. He has been waiting for a plan. Commissioner Kwiatkowski said as the Board they should formally request as part of the year's objectives that the town manager commit to the plan of addressing the RSM internal control report, that the Board monitor that for its progress and that it becomes a critical part of the performance appraisal for next year. She said all the Board has to do is formally request that it be a major part of the objectives and they expect to see a complete action plan to address the report. The Board is responsible for the town manager's, who is also the finance officer, performance appraisal and setting objectives for the fiscal year. Commissioner Kwiatkowski said it is in his contract and the Board has not been doing that to the dates they agreed. She said the year is going to be half over before they get to this very important item. Commissioner Kwiatkowski recommends that the Board make a motion to formally ask the town manager to present an action plan for addressing the internal control deficiencies and that be a major part of his objectives when the Board agrees to the objectives document. Commissioner Freer said we had the RSM report; the Board talked about it and discussed it. He was under the impression that we had full agreement to implement what was in the report. He said it has been almost a year since they started working on the report. Those issues have been out there. He said to him there was no discussion on whether the Board had to formally request that the town manager act upon the report. To him it was obvious that the deficiencies were identified and were going to be addressed as soon as possible.

Mayor Pro Tem Fletcher said he has the accounting background so he is sensitive to the Board's responsibility to watch over the finances. He said the Town spends a quarter million dollars a year for accountants and the auditors for 12 years have told us we don't have the accountants on the staff that can put the records together the way they need to be kept. He said for a quarter million dollars, we should be able to afford an accountant on the staff, maybe separate from a finance director. He would like to see what the job descriptions look like from someone who knows how this should be done and what kind of qualifications we need to have in those positions. Mayor Pro Tem Fletcher said maybe we don't need different people, but he thinks we do. He thinks the Town needs an accountant on the staff that can put the records together or the LGC says we need to go out and hire somebody each month to put our records

together. He thinks that will cost more than hiring an accountant for the staff. He would love to have someone who is an expert at this look at those positions and say what the best deal is for Holden Beach.

Commissioner Kwiatkowski explained if you look at job descriptions for what a finance officer should be they all make it clear it doesn't have to be a certified public accountant. It doesn't even have to be someone with an accounting background, a business background, etc. There are other positions that make up a Finance Department. With some searching you can look up qualifications that are necessary for different positions. She said you are asking if our Finance Department functions almost and you want an assessment. She stated we are going to get a compensation and a basic organization report, we have job descriptions. She doesn't know what this is being asked for at this point in time when the Board has different activities already in place, as well as the improvement of the overall department. She said they are asking for something that to her doesn't bring any benefit. Commissioner Kwiatkowski said the Town has a town manager/ finance officer by contract. That will not change without significant steps by the Board. She said the Board should be looking at how to improve the systems and get the people who we have the extra training, which has started as she understands it and then evaluate the performance of the department over a year or so and see the improvements that happen. If improvements don't happen that are to everyone's satisfaction, then you can look at what needs to be done. Commissioner Butler stated he would like to see what has been done so far.

Town Manager Hewett stated even though no definitive timeline was identified by the Board regarding the things in the report that were deemed shortcomings, we haven't been standing by, sitting on our hands waiting to be told to move forward. He said this is informal because he was under the impression that the Town was going to wait until we received the report back from RSM and get through the budget before proceeding formally.

The Classification & Pay Plan information that was questioned during the brief was sent within three or four days to Robbie Bittner, the program manager, followed by a telecom inquiring on when that specific item would be revised in the report. That feedback was inconclusive as he believes he reported to the Board. He believes we just heard from Landon, the project manager, requesting some follow-on information.

Town Manager Hewett stated we have made inquiries to Greg Allen, the Chief Accountant at the School of Government regarding the vendor listing. He has not received a response affirming or denying that item. The Records Retention Schedule that was recently adopted by the Board does seem to conflict in some degree. Until that matter is adjudicated with the Records Retention specialist or at least an opinion issued on that, he thinks we are somewhat stymied on if we can go in and amend the status of a vendor in our software system.

Town Manager Hewett said the Board directed to move forward with the Classification and Pay Plan Study at a budget workshop. The status of that is on the agenda later. It has been initiated and he will provide more details when we get to that agenda item.

Town Manager Hewett had a discussion with Sharon Edmundson, from the State and Local Government Finance Division regarding best practices for internal control and other best management practices that were previously made available through the Local Government Commission (LGC) through training and/or the LGC website. Those policies have now been removed and are under review by the State & Local

Government Fiscal Control Section. They are reworking their entire suite of guidance, best management practices. It will be several months before they are available for consumption by local governments, but Town Manager Hewett has been invited to contact her directly for drafts of them. He will follow-up with her depending on the desired timeframe, if any, for implementation of the several items in the report.

CAFR training for the two staff members is scheduled for May 21st at the School of Government.

Personnel Action Forms were implemented before the report was rendered. Vacation and leave have been amended to our administrative policies.

Commissioner Butler stated he appreciates that Town Manager Hewett brought that to the Board's attention. He would like to see the process more formalized. Town Manager Hewett stated he would be glad to do that. Town Manager Hewett would like to be able to get through the rendering of the Budget Message and then have at least a couple of weeks to formally address the items in order to do it adequately. Commissioner Kwiatkowski inquired if it would be possible to have the full report on the plan and the progress against each item for the June meeting. Town Manager Hewett responded if that is the timeline the Board desires he would be glad to attempt to meet that. Commissioner Freer said he would like to see a plan. As expected Town Manager Hewett did jump on some things that could be addressed immediately. The Board agreed to the June meeting.

Commissioner Freer, with Mayor Pro Tem Fletcher in agreement, withdrew the motion.

Mayor Holden stated he would like to add that in all of the reports nothing has been stated that the Town has lost a penny.

DISCUSSION AND POSSIBLE ACTION PERTAINING TO SALARY AND BENEFITS EXTERNAL REVIEW

Town Manager Hewett stated the MAPS (Management & Personnel Services) Group, the subcontractor to the NC League of Municipalities, was brought on board a couple of weeks back. The employees have been briefed on the process. Part of that process is that they will interact and engage with the development of their work center and job descriptions. They will be completing those inputs by Thursday. He, along with the Department Heads, will review those for about a week. The goal is to be able to transition those inputs to the MAPS Group by the next Thursday. It probably will take a total of about three months. Once the MAPS Group assimilates the staff's inputs they will develop updated work center descriptions, job descriptions and perform an analysis on the benefits. After the job descriptions are reviewed there will be a series of interrogatories with the MAPS Group and staff. Based on that a draft report will be provided to the Board and a formal out brief prior to the Board's consideration. Three to four months from a couple of weeks ago is what we anticipate. He thinks it will be the end of July – mid-August. Commissioner Butler asked if the Board can make an adjustment during the year if the MAPS Group sees something that will work in the employee's favor. Town Manager Hewett replied absolutely, the Board has budget authority.

DISCUSSION AND POSSIBLE ACTION PERTAINING TO ATM PROJECTS

Commissioner Butler talked about the reason he believes the Town asked ATM to conduct modeling in the Lockwood Folly Inlet. Assistant Town Manager Ferguson said the \$47,000 that the Town spent for the

Lockwood Folly Inlet modeling was as a result of the Town not receiving the sand this time, it went to Oak Island. We wanted to have a solid argument on why sand should be placed on Holden Beach's east end, instead of Oak Island's west end for the crossing project. We had hoped Mr. Way from ATM would be presenting that before now, but he was tied up with some of our FEMA information. They are actively working on this and plan to present their findings at the May Board meeting. Modeling is complete and analysis and data driven arguments for sand placement are being finalized. ATM has been working with us behind the scenes.

Florence/ Michael Remediation which is now CRR – Assistant Town Manager Ferguson explained we are currently up to 1.13 million cubic yards lost in the Central Reach area from both storms. Remediation will be in the \$25 million range based on current estimates. Mr. Way and staff remain engaged with FEMA. We anticipate project worksheets coming forward soon. It looks like FEMA plans to combine the storms into one project, but we are waiting on confirmation of that. Current information is we have the same NC contact for these storms as we did for Matthew, which Assistant Town Manager Ferguson believes will be a plus.

Assistant Town Manager Ferguson reviewed the Lockwood Folly Inlet Deeper and Wider slides from the budget workshop on Friday. The county is currently declining the lead on the project and the Town would need to take the lead on applying for a grant. Upfront the Town would need to pay \$4,132,000 based on the numbers in the engineer's report and then submit for reimbursements upon grant approval. That is if the numbers don't change, but we are thinking it would be more than that. The county had significant concerns with the project, to the point they had the state de-obligate funding. Permitting was always uncertain and could tie up our permit when we get ready to do the crossing project. Staff spoke with the Town's engineer and found out a similar project just cost \$80,000 in permitting alone. It could invoke a full Environmental Impact Statement (EIS). Based on Option 4 of the terminal groin EIS, which is the closest modeling we have to go on, it could cause negative impacts to the east end. The Board decided at the workshop that they didn't want to move forward with this project this budget year.

Commissioner Butler stated that the one area that continues to be a concern is the inlet crossing. That historically happens once every two years. The Town was advised that easements were an issue at a meeting with the Corps. He stated we have that process under control. Attorney Fox explained that pursuant to the motion the Board made at the April 3rd meeting, all of the notices of intent, except for four went out today. The other four will go out tomorrow. She received contacts about ownership of property from folks since that meeting. Attorney Fox stated some property owners don't understand they still own a portion of the dry sand beach. The AIWW Crossing Dredge is a federal mandate. She thinks the question we will see is what will happen to the sand if we don't get the easements. In this particular situation you have Oak Island who is willing to take the sand. In the next 30 days, prior to filing condemnation complaints for any folks we have not obtained an easement for, they will be digging extremely deep into family trees to figure out who may own that property. The cost of those proceedings will exceed the cost of the condemnation complaints that were filed for the Central Reach Project because there will likely need to be a Guardian Ad Litem appointed for unknown heirs in many cases. In the May 15th – 17 timeframe, the Town will obtain the remaining via quick take condemnations and will report back to the Corps. They have sent every easement to the Corps that has been recorded. The Corps has not had any comments in response to the easements sent to them. Commissioner Butler said he understands we have until May 31st to accomplish that. Attorney Fox replied yes. From her experience they want to be able to put out an RFP and want to have certainty that the easements are in place so they know where

they are placing the pipes. The Corps approved the easement before they sent it out. She said they are confident they will have the easements in place by the deadline.

Commissioner Butler asked about the bend widener. Town Manager Hewett replied that what is referred to as the inlet crossing also technically encompasses what is called the bend widener. The bend widener is actually that portion of the Intracoastal Waterway that is east of the inlet crossing proper. That expansion of the borrow area was primarily due to it gives barges a larger radius to make the turn around the corner. Collectively, the term inlet crossing also includes the bend widener. It is a reference point for the area east of Brown's Landing, southeast on the Oak Island side of the waterway. Assistant Town Manager Ferguson said we are hoping we can get the bend widener as part of the project and piggyback as we have done in the past. Commissioner Butler stated the Town cannot afford to lose another two year cycle on the east end.

DISCUSSION AND POSSIBLE ACTION REGARDING THE 2018 AUDIT REPORT

Mayor Pro Tem Fletcher stated when he asked for this item to be placed on the agenda he assumed we would have the audit report. Town Manager Hewett explained the auditor has provided a rough draft as of late last week. There are several data elements that are not in the draft to include some obvious omissions on behalf of the audit firm. Additionally, Management's Discussion and Analysis has not been drafted. He said he has been apprised that this year that totally falls to him. They are working with the auditor to provide the few elements that remain back to them. Town Manager Hewett stated he is unsure of what their turnaround time will be. Their feedback to him is a couple of weeks. In the past the auditor has developed significant portions of the Management's Discussion and Analysis to include much of the input that goes into that. That involves top line review of the audit and then forecasting in the future as relates to the information provided in the audit as to how the Town will move forward with those results. It's a forward look in terms of the information that the audit represents.

Town Manager Hewett will let Mayor Pro Tem Fletcher know as soon as he knows more.

TOWN MANAGER'S REPORT

- The last of six budget workshops the Board has engaged in over the last several months is scheduled for Friday at 10:00 a.m. He invited everyone to come out.
- The canal dredging project is finished. Operations wrapped up before the permit expired. Tickled that we were able to get that done before the permit expired, especially in light of some of the consequences of the Corps' decisions that have a national scope to them.

Mayor Pro Tem Fletcher asked how long it will take to recover the spoil area to its original condition. Town Manager Hewett replied he doesn't know at this point. One of the initiatives the Board inquired about is to investigate the possibilities of other dog park sites. Planning Director Evans will be developing a protocol that we will be working back to the Board. We asked the county if they would include a provision in their Master Plan for a dog park. They have agreed to include that as one of the elements. He doesn't foresee a quick fix and doesn't think we will have a solution ready for this summer. He hasn't closed the loop with Planning Director Evans. There are some access issues for some of the Town owned properties.

MAYOR'S COMMENTS

- Hopes everyone has a wonderful Easter. Don't forget the Egg Hunt.
- Activity is almost unbelievable from one end of the island to the other. Construction, utility construction, renovations, improvements, it's like a big ant hill. Something is going on everywhere you look. It seems to him that property owners are taking more pride than ever before in the appearance of the island. It is a great thing to see. Who believed we would be looking this good after the storm last fall.

BOARD OF COMMISSIONERS' COMMENTS

Mayor Pro Tem Fletcher

- Only has had property here for 10 years. In those 10 years the quality of the homes, the appearance is phenomenal. The Town is doing a great job of maintaining it, making sure it is built property. The island is looking better and better to him.
- Didn't get as many people as he hoped for at the meeting tonight. Didn't have anyone at the budget meeting last week. The budget is a big issue for the Town so if you have a chance come and sit in. He said there was one person at the meeting.
- Thanks for coming tonight. Have a great Easter.

Commissioner Sullivan

- Asked for someone to show up at the budget meeting.
- When you see what happened in the last month - the lift station went without a hitch; the Police did a great job during a tragic time. He received two letters about canal dredging that outlined how far the Town has come to be able to do the dredging from what it was in the past. He thinks a lot of hard work goes on and there is no problem so it is not noticed, but it should be. He acknowledged everyone who works for the Town. They are doing a terrific job which is one of the reasons why when you ride down Ocean Boulevard it looks the way it does and why there is so much building here. People recognize this is a hell of a place to be and you can thank the people who do the hard work for that.

Commissioner Kwiatkowski

- Really appreciates how hard the staff has been working and to the level of expertise and professionalism that they operate. It really shows. Has been really impressed when she goes to meetings where staff is interacting with authorities. They are recognized for their knowledge, behavior and willingness to cooperate, yet to stand firm on what we need. They do a very good job.
- Appreciates the public coming to the meeting. Would like to see more at the last budget meeting if possible. This is the time if you want to have something discussed or included. This is the last minute, but the Board can still listen to what some of our owners would like to see. If you don't come, she understands. Have a happy Easter.

Commissioner Butler

- Thanked those who attended the meeting this evening. Too bad there are not more people who could come out.
- Gave special thanks to staff and the attorney for their hard work. It's not fun going to some of the meetings and getting discouraged. The April 3rd meeting Town Manager Hewett and Assistant Town

Manger Ferguson attended must have been frustrating. Doesn't know what is going on with the county or the Corps, but together we can get through that stuff.

- Enjoy Easter.

Commissioner Freer

- Echoed the accolades to the staff. We have discussed a lot and we are finishing up with things. Everyone appreciates it and they don't say it enough. Thank you.
- Happy Easter.

PUBLIC COMMENTS

Dolly Mitchell reminded everyone about the plant sale next week. She said three years ago, when the Board started discussing sewer they didn't know who Chris Clemmons was. She stated she told them he holds the island together. Mrs. Mitchell stated this staff holds the island together under Town Manager Hewett's leadership and she cannot thank them enough. She thanked the Town for the canal dredging. It's the first time they received money for that. She remembers going door to door raising money. She said we have come a long way.

Beverly Compton said the Holden Beach Beautification Club received 1st prize for the Padgent Garden. Florence took a lot of plants out and they need to replace a lot of them. They need donations. She said there should be severe weather for the egg hunt. Mrs. Compton asked who takes care of potholes coming from her house to Town Hall. Some are pretty deep. Public Works Director stated DOT has promised they would show up. He will look at it. Ms. Compton suggested adding something to the budget agendas.

ADJOURNMENT

Motion by Mayor Pro Tem Fletcher to adjourn at 8:41 p.m.; second by Commissioner Butler; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk