



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
REGULAR MEETING
TUESDAY, OCTOBER 15, 2019 – 7:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Regular Meeting on Tuesday, October 15, 2019 at 7:00 p.m. in the Town Hall Public Assembly. Present were 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; Inspections Director Tim Evans; and Police Chief Jeremy Dixon.

Mayor Holden called the meeting to order.

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

Commissioner Freer would like to add Discussion and Possible Action to Approve the Engagement Agreement and to Finalize the Hiring of the Law Offices of G. Grady Richardson, Jr. as Holden Beach Town Attorney; second by Mayor Pro Tem Fletcher.

Commissioner Freer would like to add it as item 6a. Mayor Pro Tem Fletcher agreed.

The motion passed by unanimous vote.

Mayor Pro Tem Fletcher would like to add item 6b – Discussion and Possible Action on Information Flow to the Audit Committee; second by Commissioner Freer; approved by unanimous vote.

APPROVAL OF MINUTES

Motion by Commissioner Freer to approve items a, b, c, d and e (minutes of the Special Meeting of August 30, 2019, the Special Meeting of September 12, 2019, the Special Meeting of September 17, 2019, the Regular Meeting of September 17, 2019 and the Special Meeting of September 18, 2019); second by Commissioner Butler; approved by unanimous vote.

PUBLIC COMMENTS ON AGENDA ITEMS

Ronda Dixon spoke on behalf of the Inlet and Beach Protection Board (IBPB). One of their first tasks was to do a long-range plan for the oceanfront, inlets and beach management. They did research for six months. They looked at practices of what other people were doing and put together an outline.

Each section had a very distinct purpose. In February, they started working with Applied Technology and Management. The IBPB is very proud of the plan. It was presented to the Board at the September meeting. The IBPB believes the plan is solid and fluid. It has all of the projects that the Town has been looking at for beach and inlet management and it also has proposals for new projects. They would recommend to the Board that they adopt the plan tonight.

DISCUSSION AND POSSIBLE ACTION TO APPROVE THE ENGAGEMENT AGREEMENT AND TO FINALIZE THE HIRING OF THE LAW OFFICES OF G. GRADY, JR. AS HOLDEN BEACH TOWN ATTORNEY

Motion by Commissioner Freer to accept and approve the engagement agreement from the Law Offices of G. Grady Richardson, Jr. as the Holden Beach town attorney; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

DISCUSSION AND POSSIBLE ACTION ON INFORMATION FLOW TO THE AUDIT COMMITTEE

Motion by Mayor Pro Tem Fletcher that the Board direct the town manager and finance officer to provide to the Audit Committee all information and documentation that the Audit Committee Chair determines necessary to effectively evaluate the Town's system of internal control and the performance of the external auditor; second by Commissioner Freer.

Commissioner Kwiatkowski asked for more detailed types of documents he feels he needs access to. Mayor Pro Tem Fletcher responded for the last Audit Committee meeting, he asked the town manager to provide four pieces of information to the committee. He said the first was something that was already on the website, the cash basis budget to actual, which they get monthly. The committee has looked at that in their quarterly meetings. He said otherwise the town manager refused, they talked on the phone beforehand, but he put it on the agenda subject to his approval and he would not provide information: 1 – a copy to the Audit Committee of the draft financial statements that had been submitted to the Town and internal control assessment, 2 – information to any changes in the system of internal control for the Town, including those in response to the RSM Internal Control Assessment and 3 – any documentation confirming that the Town was maintaining the accounting records using the accrual system of accounting per the Generally Accepted Government Accounting Standards. Mayor Pro Tem Fletcher said on the first, he declared he didn't want them to see the draft. He said you might recall that the Audit Committee was bypassed completely when the town manager submitted the final 2017 and 2018 audit reports to the auditor prior to them being reviewed by the Audit Committee. He stated on the second item, the town manager declared that the Board directed him to bring internal control changes directly to the Board, bypassing the Audit Committee. He doesn't remember giving such direction to the town manager, but it can be. He said on the final request the town manager said he was unable to provide the requested information as he was not ready to do that. He views each of those sets of information as necessary for the Audit Committee to be able to do its job; to evaluate the internal control systems and evaluate the audit process and the external auditor. He added if they can't get any information about that it is impossible to do that job and to him it is a critical job.

Commissioner Kwiatkowski said concerning the internal control information, that is supposed to go to the Board so they can review it and decide what help they need from the Audit Committee. She said that has been made clear since April. Specifically on the internal control information, what has been

done in response to the RSM Report and what is expected to be done in the future, that information is to come to the Board first and then it will come to the Audit Committee with the specific asks from the Board with what help the Board needs. She said that has been documented in several meetings, both open and closed sessions. Mayor Pro Tem Fletcher stated that documentation was specifically regarding the RSM Report. He asked for an update on any changes of internal control without regard to the RSM report. Commissioner Kwiatkowski said which would be changes because of the RSM Report.

Commissioner Sullivan stated we were a little bit quick about putting this on the agenda; this is another instance where not only the community has not been able to see what this particular item is, the Board has not been able to see what the particular item is. He doesn't know how they can be expected to have an intelligent discussion when they don't even know what the item on the agenda is going to be. Commissioner Sullivan said he objects to the idea that this was placed on the agenda. He added this happens too often and we shouldn't be handling business in this manner. Mayor Pro Tem Fletcher said this only happened Friday. Commissioner Sullivan said it should have been sent to the Board. Mayor Pro Tem Fletcher stated to him it is a basic concept. He said if we don't open the channels of communication, the Audit Committee cannot do its job. Commissioner Sullivan stated they have had the conversation about the Audit chair being the conduit for information and helping the Board to understand what is going on. He said the last time we had the auditors here it was disclosed that Mayor Pro Tem Fletcher had three conversations with them and never sent any information to the Board. Commissioner Sullivan questioned the idea that this is going to help the Board because when he had the ability to keep the Board apprised of what was going on, he failed to do that. Mayor Pro Tem Fletcher said he did not do a memo, he asked the town manager to bring the Board up to date. Commissioner Sullivan said the specific ask when Mayor Pro Tem Fletcher wanted to be involved was that he wanted to be the conduit to the Board and it never happened.

Commissioner Kwiatkowski stated she is not sure how far in advance Mayor Pro Tem Fletcher asked the town manager for information, but she does know that Mayor Pro Tem Fletcher didn't publish the agenda until late Thursday afternoon, which hit the waves at 7:48 p.m. for a 1:00 p.m. meeting the next day. There has to be some advanced notice for people to be able to actually prepare themselves, to provide information and even for people to be able to come to a meeting. Town Manager Hewett stated the three items that Mayor Pro Tem Fletcher referenced that he refused to provide to him were stricken from the draft agenda, which was developed after his conversation with him regarding the development of the agenda midday on Thursday. He did speak to the one item that was referred to as giving a status report on the agenda. He was not cognizant that the other three items were going to be on the agenda and they did not appear as Commissioner Kwiatkowski said until almost 8:00 p.m. the night before.

Commissioner Butler said as he looks at the previous audits that have been conducted there are obviously concerns and issues. From what he hears from the Audit Committee, their concern is there is a lack of communication. Commissioner Kwiatkowski said there is a member from the Audit Committee in the audience. Commissioner Freer stated point of order. Commissioner Butler expressed his concerns over audits and said we have continuing issues, significant deficiencies. He is looking to have timely communication and to be provided with information so the Board can make a decision in a timely manner and be abreast of what is going on. He attended the meeting on Friday and was

surprised that the agenda was late. Commissioner Butler stated we need to find ways to work together and to resolve the significant deficiencies that have been noted in previous audits.

Commissioner Sullivan said he only had a chance to hear what Mayor Pro Tem Fletcher said, but the request seems very broad to him. He thinks it would be a mistake for the Board to vote for the town manager/ financial officer to be exposed to such an open ended request. He can't see any pressing reason why the Board needs to vote on this particular item. He suggested that since they did not have the chance to review the proposal, Mayor Pro Tem Fletcher could redraft the proposal, tighten up the language and then put it on the agenda for the November meeting. Commissioner Freer stated we are in the middle of an audit so it is time sensitive. He doesn't understand why there would be any restrictions for the Board's Audit Committee to have information from the finance director. Mayor Holden inquired if the other commissioners will have the opportunity to see what Mayor Pro Tem Fletcher has asked for and what is going back. Mayor Pro Tem Fletcher replied the information is going to the Audit Committee, but there is no reason not to. He said it is only about internal control. Commissioner Freer said he is doing it on behalf of the Audit Committee because he is the chair. He doesn't think other committees report back when doing business. Town Manager Hewett said he is confused; Mayor Pro Tem Fletcher is referencing internal control issues by RSM and Commissioner Freer is referencing the audit that is being currently conducted that we are almost finished with that is being conducted by the external auditor, Rives and Associates. Commissioner Freer said there were two other requests that related to the annual audit. Mayor Pro Tem Fletcher agreed. Town Manager Hewett read the motion. He said he doesn't see how we can get into evaluating the performance of the external auditor until the final document is prepared. Mayor Pro Tem Fletcher agreed it was the motion. Commissioner Freer said he heard two other references. Commissioner Sullivan stated that is why this is a problem; we put things on the agenda without having them thoroughly thought through and composed in such a way that the Board would understand what they are trying to accomplish.

Mayor Pro Tem Fletcher said he is fine waiting until next month. Commissioner Freer does not agree. He said it has been almost a year since the RSM report. He added they were promised a plan to address the report this month and they have nothing. Commissioner Kwiatkowski said there are two weeks left to this month.

Commissioner Freer called the question.

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 Sullivan said he cannot understand how the person who makes the motion agrees it is not a good motion, but then votes for the motion anyway.

DISCUSSION AND POSSIBLE APPROVAL OF PROPOSED LAND USE PLAN (LUP) FOR SUBMISSION TO THE DIVISION OF COASTAL MANAGEMENT – WES MCLEOD, CAPE FEAR COUNCIL OF GOVERNMENTS

Inspections Director Evans said Wes McLeod came in and made it a pleasure. All of committee worked hard. There was a lot of debate. Once the plan was finished, he gave the Planning & Zoning Board (P&Z) options. One of the options he gave them was not able to be done and the contract did not allow for it to be done that way. The plan needs to be approved at this level. He said this is a great document.

Mr. McLeod said the plan has been recommended for approval by the Land Use Plan Steering Committee in August and P&Z in September. The statutory process for this to be adopted requires this to go to the Division of Coastal Management (DCM) for agency review for completeness and certification of their requirements. After the 75-day review period it can then be adopted by the Board, prior to a public hearing being held. From there the plan is sent back to DCM for final certification. He said we have worked on the plan for a little over a year. There was a tremendous amount of public input. Over 900 responses were received for a survey that was given out. Approximately 90% of those were from property owners so they feel really good about the public engagement that occurred as part of the plan. The Board would be approving it for submission to DCM, not approving the plan. The Board can still change the plan once it is sent back to the Town. Mr. McLeod said if you modify one of the 7b requirements, it would be his recommendation to send it back. If you are amending policies or matter of opinion items it is not required to be sent back to DCM. Commissioner Freer asked if they could adopt it contingent on the other items. Mr. McLeod replied you could adopt it, but it wouldn't count as a CAMA LUP without a public hearing. He explained they had public comments, but it was not a hearing in coordination with adoption of this plan. There are requirements for notification of the public hearing. He added you have to send it to DCM for their 75-day review period before you can even schedule a public hearing.

Commissioner Butler inquired when Mr. McLeod first become involved. Mr. McLeod responded a little over a year ago. Commissioner Butler said the steering committee has been working on it and they had the expertise of Town staff who he highly respects. He said P&Z worked on it is well. He would also like to thank the 900 people who responded during the survey. If he understands the process from this point forward correctly, if the Board opts to do so it would go to DCM for a 75-day review. Then it comes back and there is a 30-day advance public hearing and then the Board can vote on the adoption of the plan. Mr. McLeod confirmed that is correct.

Commissioner Kwiatkowski said at the public comment session she made the comment that she thought the document was a very good document. To her it was 90% of being there. She thinks it was a great document, but there are some things she would like to better understand and she had a few things she thought could have been done differently. She suggested the Board and the steering committee meet to go through the plan. For some reason that didn't get good acceptance. She still contends the timeliness of doing a review and comments with the Board close to when it is finished and not 75 days from now would be much more effective of a review. She requested that before this is sent forward the Board sit down with the committee and have their questions answered. If they have suggestions maybe they would be incorporated. She reminded everyone that commissioners can't actively participate in things like this. The first time they get to make their thoughts known is when these documents go to the Board. Mr. McLeod said if it is the pleasure of the Board to have a joint workshop prior to submission that is perfectly acceptable. Commissioner Butler stated he is not in favor of a joint workshop. When he looks at the names on the document and the kind of people that he knows are there and their level of dedication for working on this for over a year, to include the expertise from the Town working with these committees, he is ready to say move it forward. He thinks we need to put our faith and guidance in the people of the Town. He served on the parking committee and he sees there is a couple of people here that also served on that. The parking committee did an outstanding job because of the talent that was on it. He doesn't want to create something that will prevent the talent that we have in this Town from coming forward and going onto these committees.

Commissioner Butler said it is critical that they hear the voices of the people in the Town. Commissioner Sullivan stated he values all of the people who volunteer and are on committees. He has been on committees that submitted a plan to the Board where they didn't even ask one question. They just told him it would be referred to an engineer. He knows how it feels when you feel that your opinion has not been considered. Commissioner Sullivan said the committee did a great job. They worked hard and he respects everything they did. The plan is a 75-page document that has 24 tables, 16 figures and 13 maps. That is a lot of information for the Board to say they did everything exactly right. He has no problem saying let this move forward for the 75 days, but he doesn't see why the committee would not take the opportunity to sit down and help the Board finalize the document. He suggested to move it forward and then the Board could meet with the committee. Mayor Pro Tem Fletcher thinks the Board has a lot of time to do things after it is sent off for review. They will always have the chance to change it. They can have meetings and work through that. If they approve it as it is now for submission, 75 days later, the Town should have approval. Mr. McLeod said it is a minimum of 75 days. Commissioner Freer agreed to send it off. He said it is a guideline; we or a future board can amend it for any reason. He said rather than throw away a year's worth of effort, \$30,000 worth of consulting fees, he doesn't think it is worth adding their two cents. Commissioner Kwiatkowski said she thinks he misunderstood, there was no discussion of throwing anything away. She wanted to go through it and if there were some things that could be strengthened or altered because there were some errors to go through it before it was sent off. She has no problem sending it off and doing the process while it is circulating through staff. Commissioner Freer said there were public hearings; he participated in them. He participated as a citizen in this effort. Inspections Director Evans explained the reason they had meetings was because they wanted the public to be engaged as much as possible.

Commissioner Sullivan said he would like to know when the philosophy changed that you will accept any recommendation from any committee without comment. His recollection is for the committee he was the chair of to look at the sewer, they had engineers, lawyers and people on that committee. When they first got the task it was just to look at the sewer stations. After they had their first meeting they decided there were more likely dangers to the system than just overflow of water. They came to ask the Board if they could increase the mandate. He stated they did nothing without Board approval. He gave the Board step-by-step reports on their progress and then the final report. Commissioner Sullivan said when he stood at that lectern, not one person on the Board asked one single question. They did not accept it, they just told him they were going to send it to an engineer for a second review. He said Commissioner Freer was the one who told him that and he wants to know when the philosophy changed because we are going to just accept it. Commissioner Freer said they did accept the sewer and because they were spending close to \$2 million they wanted a second opinion. He said the report was not rejected. Commissioner Sullivan said if they would have asked two questions they would have saved the seven months and \$50,000. Commissioner Freer said he went to every meeting and listened to all of the questions and debates. Commissioner Sullivan said if he had asked the questions he would have the answer that it needed to be raised above the base flood elevation and that it had to be brought up to code.

Motion by Commissioner Freer to approve the submission of the 2019 Holden Beach Land Use Plan in the form recommended by the P&Z Board upon the recommendation of the standing committee and the advice of the CFCG and the Town's planning director, subject to the subsequent modifications that may be required to comply with NCAC 7b, Land Use Plan Guidelines as specified based upon review by the Division of Coastal Management; second by Mayor Pro Tem Fletcher.

Commissioner Kwiatkowski asked if they can simplify that the motion is to approve the submission of the proposed Land Use Plan that has been provided by the steering committee and the P&Z Board to the DCM. Mayor Holden asked if she is trying to make a substitute motion. Commissioner Kwiatkowski is asking for it to be simplified because otherwise everything that he read she would like to see in a paragraph.

Commissioner Freer said his motion was to approve the submission of the 2019 Holden Beach Land Use Plan in the form recommended by the P&Z Board based on the recommendation of the standing committee and the advice of the CFCG and the Town's planning director, subject only to the subsequent modifications that may be required to comply with NCAC 7b, Land Use Plan Guidelines as specified based upon review by the Division of Coastal Management; second by Mayor Pro Tem Fletcher.

Town Manager Hewett asked if the way the motion is stated means when it comes back and there is a public hearing it couldn't be modified. Mr. McLeod said he would make a motion that says proceed with DCM review. Attorney Richardson agreed. He said just submit it to DCM and see what they say. If they make changes that are substantive under 7b you are going to need to consider it all over again. He said just submit it and get the ball rolling. If they don't have any substantive changes and the Board has the public hearing, the Board can make additional amendments as long as they are not substantive. He said he is recommending to go with Mr. McLeod's suggestion of taking what they have right now in an effort to be efficient to get that ball rolling. There is nothing that commits the Town by doing this. He said from what he understands tonight while it is at DCM, the Board could have a workshop.

Commissioner Kwiatkowski said she was suggesting to have a simple motion to submit the proposed Land Use Plan that has been forwarded by the steering committee and approved by P&Z to DCM. Commissioner Freer said he does not agree to having a workshop, that is why he said subject only to the modifications from DCM. Attorney Richardson said he is not suggesting that the Board commit to anything, he heard suggestions of a workshop while it is pending DCM. That is up to the Board to decide. He is suggesting just that the Board get the ball rolling. Mr. McLeod explained DCM goes through a checklist and then it comes back to the Board.

Attorney Richardson suggested the motion be that the Board move to approve submitting the LUP as proposed to DCM for its review. Commissioner Freer and Mayor Pro Tem Fletcher agreed to the attorney's suggested motion. The motion passed by unanimous vote.

ANNUAL BEACH MONITORING REPORT – FRAN WAY, APPLIED TECHNOLOGY AND MANAGEMENT

Assistant Town Manager Ferguson introduced Fran Way. Mr. Way said the annual monitoring analysis is looking at volume change and shoreline change. This has been occurring annually in the Town since 2001. It is important for nourishment planning and FEMA eligibility. Florence and Michael were the major storms in the 2018 hurricane season. He explained how they do volume analysis. They were pleasantly surprised this year; they could account for most of the sand placed from the beach out to the depth of closure for the Central Reach Project (CRP). The beach has been pretty stable when you go out to 20 feet. There is sand loss at 5 feet. It did go offshore and then it came back. We saw some benefits on the shoals on the Shallotte Inlet and the Lockwood Folly Inlet. Right after Michael and Florence came by they got pretty hammered. Mr. Way stated we did see some recovery, gain and

movement. The central reach did lose about 142,000 cubic yards. He described the changes on his slideshow. With the mean high water line we are seeing some gains across the board. The toe of the dune got hit pretty good. The dunes got eroded pretty badly, especially on the west end. They are keeping an eye on it, but the dune system is still wide and healthy on the west end. They are expecting some more benefits from the CRP to move that way. For the past 20 years the Town has been doing great. With all of the nourishment and management activities, the beach is on average 100 feet wider now than it was 20 years ago. The Town's management activities are keeping up with the background erosion. Commissioner Butler asked if we only lost 142,000 cubic yards from the central reach area. Mr. Way explained when they did their FEMA mitigation, they came up with 1.1 million cubic yards of sand lost. Now they have seen some recovery of sand. It was beyond 20 feet and then came back. Commissioner Freer asked if there is a modification of the report to FEMA. Mr. Way said no. Town Manager Hewett said you need to remember this an annualized evaluation. Mr. Way added the post hurricane transects were every 3,000 feet and these are every 1,000 feet. He explained you are seeing changes out there you normally don't see. There is a lot more variability in the deeper area.

Mr. Way said the ongoing management activities include the Lockwood Folly Inlet crossing and bend widener, Florence and Michael mitigation and the Central Reach Reimbursement Project. They did the vibracore samples. The sand looks pretty good. It needs to be shipped off to the lab for grain size analysis. Dorian mitigation is just starting. He said they did calculate some losses with that. The Lockwood Folly outer channel dredging that the county proposed is no longer being proposed.

DISCUSSION AND POSSIBLE ACTION ON THE OCEANFRONT AND INLETS MANAGEMENT PLAN

Assistant Town Manager Ferguson said the Inlet and Beach Protection Board (IBPB) have been working the plan for quite a while. ATM was the facilitator. The plan was before the Board last month and they wanted time to digest it. Mr. Way is here to answer any questions.

Motion by Commissioner Butler that we approve the document provided; second by Mayor Pro Tem Fletcher.

Commissioner Kwiatkowski said this is a really good document. As written, it has a really good historic perspective. It includes all of the different projects and proposed activities that are known today in a very sound way. She said when they discussed the IBPB charge on July 24, 2018 there were comments about an alternate presentation of a plan with estimates of costs between now and the next central reach that would help the Board put together a financial plan. She said because of Florence, Michael and the anticipated FEMA, state combined disaster fund contribution, central reach is sort of 10 more years. Commissioner Kwiatkowski thinks it would still be extremely useful to the Board if there was a hypothetical plan for five years, covering the Lockwood Folly Inlet, renourishment and the various dune stability projects with estimated costs year by year. She said since the Board proposed that the Town should get sand on the east end every other year, put two of them in. You could do it quarterly if there had to be milestones in there. She thinks if that was available for the next budget cycle, it would be an easy way for the Board to know what they need to be planning for. Commissioner Kwiatkowski said regarding the report itself, it is a really good report, but she would like the Board and the IBPB to sit down in a joint meeting and go through it. There are a few things she would like clarified. There are a few things she thinks would strengthen it. If the Board doesn't want to do that she will go through them one by one and they can be discussed. Most if it is clarification. It wouldn't really delay anything much

more than a month if they went through it together. Commissioner Kwiatkowski said there is one thing at the end that needs to be made clear. On page 3.2 on evaluating progress, it is the Board's responsibility to evaluate the progress on whether the plan is being appropriately implemented. The IBPB is to give recommendation. She thinks the IBPB should propose modified timelines of existing agreed plans in the face of new regulations for Board consideration, but she thinks that ultimately the overall plan implementation progress is the Board's responsibility. Mayor Pro Tem Fletcher said he likes what he saw. This is another group that did a phenomenal job. Good people did a job, good work with the Town and had really good results. He thinks the Board will always have a chance to modify these plans going forward. He said let's formalize this one now. He said it will be subject to adjustments as we learn new things. Commissioner Kwiatkowski said she will go through what she thought would make it better point by point. She started on page 1.3, table 1.2.

Commissioner Freer requested to call the question. The vote to call the question 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.

The motion to approve the plan passed by 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 19-16, AN ORDINANCE AMENDING ORDINANCE 19-10, THE REVENUES AND APPROPRIATIONS ORDINANCE FOR FISCAL YEAR 2019 – 2020 (AMENDMENT NO. 4)

Assistant Town Manager Ferguson stated Mr. Way contacted staff regarding the sand search. After the seismic data was collected, his recommendation was that we needed additional vibracore sampling. The additional vibracores are recommended in order for the Town to have two usable borrow areas, one with 21 vibracores and the other with nine. Fewer than nine would be helpful for long-term research, but nine is the practical minimum for a usable borrow area as it needs to be of sufficient length for a hopper dredge. It also gets us to our approximate one million cubic yards, which we need for the project. In order to complete that in a timely manner while they were out collecting, we did commit an additional \$17,565 to the effort. It was sourced from the Professional Services line in the BPART budget. A budget amendment is present that appropriates funds that have been expensed in this effort.

Motion by Commissioner Freer to approve the Ordinance 19-16; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

DISCUSSION AND POSSIBLE APPROVAL OF RESOLUTION 19-05, DESIGNATION OF APPLICANT'S AGENT (HURRICANE DORIAN)

Assistant Town Manager Ferguson said we were contacted by the NC Department of Public Safety. The applicant designee needs to be assigned on their resolution. She said the suggested motion is the Board hereby designates Town Manager Hewett as the primary applicant agent and Assistant Town Manager Ferguson as the secondary agent on the FEMA resolution.

Motion by Commissioner Freer for approval of Resolution 19-05; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

POLICE REPORT – CHIEF JEREMY DIXON

- On October 17th, the HB Police Department is hosting a DCI network training. It is a state run program. Proud of his officers for working that out.
- On October 19th there is a 5k color run at 9:00 a.m. If you are out, watch for runners. Traffic will be running very slow. There is also a funeral at 11:00 a.m. for Chaplain John Gray. The Police Department and Assistant Town Manager Ferguson have been working on the logistics of traffic. Please be mindful, don't be in a big rush.
- The following weekend is the Festival by the Sea. The parade starts at 10:00 a.m. Will be shutting the bridge down around 9:30 a.m. They will open it as soon as they can.
- October 28th – November 3rd is the Governor's Halloween Booze it or Lose It campaign. They have participated in the last couple of campaigns. Expect to see more officers in the area. The campaigns will continue to run through Thanksgiving and Christmas.

Mayor Pro Tem Fletcher read today that the state has funds for traffic safety and grants can be applied for. He asked if that applies to us. Chief Dixon replied it is something they are looking into and trying to see what kind of state money we can receive. It is something they have looked into preemptively.

Commissioner Sullivan asked if hunting is allowed on the island. Chief Dixon responded that there is a Town ordinance that says you cannot hunt on Holden Beach. They have talked to Wildlife and they have said it is not illegal to hunt by state ordinance. It is the Town ordinance that makes it illegal. Wildlife will not enforce it, so it leaves it to the Police Department. He explained the problem with enforcing it is the practicality in enforcing it. He said people should call the Police Department with issues. The boundaries of the Town were discussed. Chief Dixon listened to homeowners concerns regarding hunting and answered questions.

DISCUSSION AND POSSIBLE APPROVAL OF RESOLUTION 19-06, RESOLUTION IN HONOR OF VETERANS DAY

Town Manager Hewett read Resolution 19-06, Resolution in Honor of Veterans Day (hereby incorporated into the minutes).

Motion by Commissioner Freer to approve Resolution 19-06; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

Town Manager Hewett reminded everyone about the Veterans Day luncheon.

DISCUSSION AND POSSIBLE ACTION ON CLASSIFICATION AND PAY STUDY AND THE UPDATED PERSONNEL POLICY CREATED BY THE MANAGEMENT AND PERSONNEL SERVICES GROUP

Town Manager Hewett explained the Town had a Personnel and Pay Plan Study done over the last several months beginning at the end of the last fiscal year. It was briefed to the Board previously. There

are several items that need to be approved in order to implement the recommendations made by the MAPS Group, the Classification and Pay Plan and the corresponding budget amendment. If the Board is so inclined they should also vote to implement Option I, which was the implementation strategy approved at the September 17th meeting, effective January 1, 2020. The other item the Board needs to consider approving is the updated Personnel Policy. The corresponding budget amendment has been developed in accordance with the Board's direction and is for a total of \$51,000. It provides the implementation funding for the new pay plan to be effective for the second half of the 2019/2020 fiscal year.

Commissioner Butler stated he was concerned that the Town employees were receiving a competitive wage, along with other competitive compensation benefits. In order to determine that we hired the MAPS Group and as a result of the study there is no employee receiving a wage that is not competitive in their classification. He said after going back through the recommendations that not only include the pay plan recommendations, he agrees the Town needs to revise the pay scale for the various classifications, but recommended doing it in line with the next budget and not implement it with Option I. He also does not recommend an ordinance amendment. Commissioner Butler said there are other Personnel Policy recommendations that need to be reviewed such as revising the vacation schedule and additional discussions regarding employee health care costs. He said he is not at all suggesting using the average percentage outlined in the healthcare benefits survey summary that were put together regarding various communities, but to reach a decision that is fair to everyone and does not create a financial impact or hardship to our employees. He recommends a total compensation review before trying to provide a salary adjustment that has not been part of the current budget.

Commissioner Freer said he agrees. During discussions and the MAP presentations he said similar things; bring the pay to competitive and he was surprised that vacations were not competitive, which should be addressed. He agrees it should be within the framework of the new budget, which starts in a couple of months, the beginning of the year and would be adopted in the summer. Commissioner Freer stated it should address the comprehensive compensation, not just the pay plan. There are other components that make up compensation that also need to be addressed as Commissioner Butler said.

Commissioner Kwiatkowski stated you guys wanted to have the study. The concern was about having competitive pay, being able to hire and to keep people. She said we went through this at the meeting and there was discussion that the benefits could be discussed at the next budget cycle. It was important to get people properly classified, in the job title with descriptions that were appropriate and to start paying them that salary. She said it also meant if we had to hire people we would be hiring people at a more acceptable market rate. She is very surprised to hear that they are proposing to push the whole thing back to the next budget cycle because she does not think it is necessary. She said it is necessary to go through how the Board will handle the healthcare, but the pay scale was agreed to 4 - 1 at the last meeting. Commissioner Kwiatkowski said she doesn't know what is happening on the concerns of the overall Personnel Policy. She analyzed it and put information forward on topics to discuss, but nobody wanted to discuss them. They dealt with longevity pay, the tuition assistance program, vacation leave with the accrual rate, vacation leave maximum accumulation and a statement on access to confidential records. She finds it extremely weak that something the Board commissioned is in front of them and they are saying let's not touch it at all. Commissioner Butler said he is not saying that, he wants to make sure everyone is in the classification. He said the original goal and objective of the study was to make sure we didn't have anyone that was outside of the pay scale and if they were they would

be brought within the pay scale. He stated going through the document in its entirety, he can see there are a lot of other things in there, to include vacation pay. He said the vacation schedule needs to be updated. If you look at the other places we are at the bottom of the totem pole. Commissioner Butler said the healthcare issue is an issue and it should be discussed. He said he made the statement that the Board should not penalize anybody, but he thinks it is their obligation to go forward with it and come up with the recommendations.

Commissioner Sullivan stated that Commissioner Kwiatkowski is 100% correct when she said the Board voted 4 – 1 at a special meeting to accept Option I. This was after a good deal of discussion. He said they also discussed the fact that our goal was to give these people a fair salary. If you look at pages 8 and 9 from the last minutes, you will see that. He said it is not just a couple of months, it is nine months. It would be pushed off until July. He stated he has sat here for two years and we have complimented the workers on the wonderful job they do on a number of issues, a number of times. When it comes time to pay them a fair wage, he knows it is not the right time to say it because it is election time is less than a month away and it is always good to be tough and frugal, but the right thing to do is to give these people a raise under Option I because they have recognized the fact they are underpaid. There are people here who are 40% below the median wage. Commissioner Sullivan said to put that off for nine months is not right or fair. Mayor Pro Tem Fletcher stated he doesn't think it has to be put off nine months but we are having an election in three weeks. This would drive the salaries up \$100,000 a year. He doesn't want to go away with that thing on his back. He said if the new Board decides they want to do that and the ranges are fine; they can always take an individual job and adjust it like they have done in the past if someone is out of line. Mayor Pro Tem Fletcher said the new Board could even have it effective January 1st if they choose to. He is more concerned about the status within the General Fund; that we have the money we need to pay the future bills. Fund ratio is an issue for him. He said this would draw it down \$50,000 for the next year. While he would also appreciate starting at the beginning of the next budget year, his bigger issue is he thinks the new Board should be the one to make the decision. Town Manager Hewett pointed out the \$51,000 is not totally sourced from the General Fund. It is spread across three funds. There is \$33,000 from the General Fund, \$7,800 from the Water & Sewer Fund and \$10,000 from the occupancy tax fund.

Commissioner Sullivan said he may be mistaken, but he thought he just heard that someone doesn't want to make a tough decision. They will leave that to the next guy. He stated they make decisions and then when they get push back, the Board reverses them. He said this is what is so frustrating, there is no consistency. He said he has never been as frustrated as he is tonight to see how things are done. He said we talk about having open and transparent meetings and then start the meeting by asking to put something on the agenda that nobody in this room has any idea of what it is about. Commissioner Sullivan said we want people to come here so they can have open comment and then you shut us down so we can't even make comments on something. Commissioner Freer stated that is a mischaracterization of what is happening. He said to call the question was because they had a discussion where everyone has a chance. The discussion was getting into the corrections that would be made to a document. He said the other thing is a meeting happened Friday afternoon and it was deemed to be important enough to address immediately. He said he thinks the easy decision is to allocate money for raises without doing it comprehensively. There are a lot of components to this; it is \$50,000 for six months. He was the one vote. He doesn't disagree with making some changes, but there are other items we are way different than any other communities that also need to be addressed as well. Commissioner Sullivan said there is a lot to respond to, but Commissioner Freer used a

parliamentary procedure to shutdown open discussion. He said if you really wanted open and transparent meetings, then Commissioner Kwiatkowski could have asked her questions and the Board could have addressed them.

Motion by Commissioner Sullivan to accept Option I and implement the wage increases effective on January 1st; second by Commissioner Kwiatkowski.

Commissioner Butler said without consideration for the other items that are contained within the recommendations by the MAPS Group; that is what he is looking for. He said you put people in the right classifications. If anyone is put in a classification and won't be paid the salary of that classification, it is wrong. He said they would automatically receive that increase. Commissioner Sullivan stated it shows inconsistency; we hire experts to give us their recommendations and then decide we don't want to follow those recommendations, despite the fact that the retaining of the experts was at the people who are now refusing to give the raises. He said he guesses it didn't come out the way they expected it. He said so now, they are going to kick it down the road. Commissioner Butler said he did state that he is very much in favor of revising the pays scale for the various classifications and if individuals are not within the pay scale, then they need to receive an increase. Commissioner Kwiatkowski stated there was discussion that the point was not that we just pay our people the minimum, but that we do the adjustment based upon their years of service as well, which is what Option I does. She said you are basically saying just put people at the minimum of their new pay range. That does not make it a competitive pay scale. She said you pay people for what they do based on the market, as well as their seniority in the position. She is bewildered by the total reversal from less than a month ago. Commissioner Freer said you are focusing on one component of compensation. His argument is they should focus on all of the components of compensation. He said we know from the report that family healthcare is way overcompensated compared to our neighbors. The other component is the \$50,000 is coming from somewhere. He said it is \$100,000 annualized. He said they are saying it should all be treated together so you are not picking and choosing, it should be a total compensation discussion and decision. Commissioner Butler stated he is accustomed to making sure supervisors, managers and directors approve of the raise that will be going to the employee. Commissioner Sullivan read from minutes of the special meeting of September 17th. He said they decided as a group, 4 – 1, that they were going to take Option I, raise the salaries and when the new budget year comes in and they find out the price of the healthcare they would address that decision. He said it is just another reversal. Mayor Pro Tem Fletcher said he thinks this reversal, which has happened more than once, is a good reason why they should have two meetings on every major item. You do the reading, but don't actually implement it until everybody in the Town has had the chance to understand it and give feedback. He added that only after a second reading is when they would take the vote to implement a program. Commissioner Kwiatkowski said the Board had this for three weeks before we had the special meeting, then it was discussed at the last meeting and now it is being discussed at this meeting. They have had this document for a couple of months. It has been a public document that people could see. Commissioner Freer said he doesn't understand why it is negative to change a position after deliberation from a meeting, which he didn't.

The motion did not pass with a 2 – 3 vote with Commissioners Sullivan and Kwiatkowski voting for the motion and Mayor Pro Tem Sullivan and Commissioners Butler and Freer voting in the negative.

DISCUSSION AND POSSIBLE ACTION RELATIVE TO SECTION 72.02 PARKING REGULATED ON PUBLIC STREETS AND RIGHTS-OF-WAY AND DISCUSSION AND POSSIBLE ACTION ON PROPOSED ORDINANCE FOR MAXIMUM HOUSE SIZE CONSTRUCTION & DISCUSSION AND POSSIBLE ACTION ON PROPOSED ORDINANCE FOR MAXIMUM HOUSE SIZE CONSTRUCTION

Commissioner Sullivan provided background information and read his memo on parking. The Board voted at the last meeting to have the pervious attorney draft language to revise the parking ordinance based on Commissioner Sullivan's memo. Since we shifted attorneys he asked the new attorneys to prepare language that would allow the Town to amend the parking ordinance to include the suggested provision. Attorney Richardson said he read the agenda packet and had a brief conversation with Attorney Fox. He is not prepared to give the Board any suggested language or revisions. He would like to hear Attorney Fox's perception of the issue and will see if they can cobble together something that is not only lawful, but enforceable and practical. Attorney Richardson said he is happy to look into it and he and Attorney Carpenter will be ready to go at November's meeting with suggested language. He is not sure how far in advance he can get the Board the suggested language. It will depend on a variety of factors. He will have the same response with the maximum house size.

The consensus of the Board is that these two items be removed for this evening and be added to November's agenda.

DISCUSSION AND POSSIBLE NOMINATION OF MEMBERS TO SERVE ON THE BOARD OF ADJUSTMENT

Town Clerk Finnell explained MaryLou Lahren and Phil Caldwell both offered to serve on the Board of Adjustment.

The consensus of the Board was to accept the two names as the new members.

TOWN MANAGER'S REPORT

- Received the annual audit draft last Thursday. Is reviewing it with the intent to facilitate Rives' submittal to the Local Government Commission (LGC) by the end of October.
- Internal control – owes the Board an outline to address elements in the report. Aiming for a rough draft Gaant chart by the end of the month for the Board.
- Attached a copy of the latest Unit Assistance List from the Financial Management section of the State Treasurer's Office. That is based on the June 30, 2018 financial data and reflects the status of entities that have issues with the LGC as of September 18th. Those categories are your audit is late or you have issues that rise to the level of being a concern for internal controls, fund balance issues in your general fund or fund balance issues in your enterprise fund. The Town is not listed.
- Mandy Lockner has resigned effective last week. Down one in the Finance Office.
- Lockwood Folly Bend Widener Navigation Maintenance Project – the apparent low bidder has been cleared by the Small Business Administration, despite past performance issues, termination in other districts' projects and the Wilmington District's concerns. The Corps' Wilmington Office is working towards making an award the week of October 25th. Will include the bend widener option. Unsure of impact on dredging and environmental windows. In contact with the program manager frequently.

- Central Reach Project Sand Search – Hydro and core borings work is done. They are at the lab for compatibility. We need to do an archeology multibeam survey next. Need to get that data back before we can submit our permit for modification, which will occur shortly after the turn of the new year.
- FEMA – with the federal declaration made for Dorian in Brunswick County, the preliminary damage assessment is scoped at about \$4.6 million for the beach damages, Category G, plus some other categories. Currently our total that we are working simultaneously is five federally declared disasters. That includes the two mop ups for Matthew and Irene which is about \$300,000. For Florence and Michael it appears the project worksheets are shaking loose from the environmental que. We received our fixed cost offer for the two of those together for approximately \$25 million, which we will not be accepting due to the volatilities of the dredging contracting market. Will proceed with the regular obligation method. Will meet with the FEMA Program Manager on Wednesday regarding Dorian. Working the five simultaneous projects means we are working multiple differing timelines. Each of these projects are separate. While we may be able to achieve an economy of scale whenever we get them all together, they still are individually worked. There are multiple timelines, multiple cross functional relationships and communications that need to be coordinated. Project dynamics are occurring daily now and will most likely continue into the foreseeable future with a number of federal, state and local officials, Congress, dredging industry representatives, engineering, legal, banking and contracting interests in order to successfully wrap up our previous projects and execute beach repair projects, which now approach a total of \$30 million. This is being done through a new digital FEMA Grants Portal, which is still being beta tested. We are the Guinea pig for the government’s new system because of our experience.
- Ocean Boulevard Crosswalks – can’t have them where the speed limit is greater than 35 MPH, unless you have signalization or approval of the district engineer.
- HB Bridge Repairs – Clothespins will remain on the side of the bridge until at least March. He said the project engineer said that is because the Board chose to have a decorative rail that had not been proposed by the Department of Transportation. Inspections Director Evans explained that they needed to do the engineering for the new rails. They are in the process of that. It will be around March or later. Commissioner Kwiatkowski said they are the ones who came and said you picked this one and we have a different one. Inspections Director Evans said they offered a choice after they already awarded the contract. Commissioner Freer said they didn’t say that at the time.
- Brunswick Avenue West Paving Status – Trying to get the paving done before Memorial Day. On a glide slope to have the preliminary evaluation completed by the first part of December, designs by January 30th, with bid documents and advertisements by mid-February. Hopefully can get good bids the first week of March. Plan on having that for the Board in March. The idea is to hit after Easter and get it done before Memorial Day.
- Lift Station 3 – Had a technical working session with staff and Green Engineering. Looks like plans and specs will be done mid-November, advertising the last week of November, with bids coming in shortly before Christmas and a tentative contract award date of January 21st. Those dates are from Mr. Green. Town Manager Hewett estimates it will be a late fall completion. With the last one it started up, but there was some fine tuning. There is some qualification to exactly what that means.
- Upcoming Town Sponsored Events – the events this Saturday, the Festival and the Veterans Day Luncheon.

- Staff is going to meet with the new attorneys later this week to assist with onboarding and current event issues. Hopefully that will be beneficial for all parties.

MAYOR'S COMMENTS

- Today is October 15th. Hurricane Hazel was this day in 1954. It is his feeling if you can look into the ocean and the hurricane breeding grounds and there isn't one in sight on October 15th, then you have made it through the season. Is happy and hopeful we have made it through the season and feels real good about it.
- The meeting tonight was scheduled for 6:45 p.m. Was told this morning it was canceled because we didn't have anyone to interview. Called the clerk tonight and said he would be on time for the 7:00 p.m. meeting, but since the 6:45 p.m. meeting was canceled he would not be here. He was next door, nobody called him and he understands there was a meeting. He would implore there be a plan to make sure to contact the mayor. It upsets him. He takes a lot of pride in his attendance. He is always here and he was next door. No harm, no foul, other than making him mad.
- The most upsetting thing he has to address is a letter he received that isn't signed. He read the letter regarding the Town's auditor Rives and Associates (hereby incorporated into the minutes). He has no idea who mailed it to him, but it does appear to be authentic information. Asked Town Clerk Finnell to put it in the minutes and give copies to the commissioners. Doesn't know what that means, but as mayor it was sent to him to give to the Board and he is doing that. If he didn't and it later came about that he was aware and something went afoul he would be blamed for not making them aware of it. He is making sure they are aware of the claim.
- Festival is coming up the last weekend of this month. Hopes everyone will come.
- John Gray's funeral will be at 11:00 a.m. at the Holden Beach Chapel. There will be a meal served for all of the friends that are attending.

BOARD OF COMMISSIONERS' COMMENTS

Mayor Pro Tem Fletcher

- Thanked staff and volunteers for serving on committees. The Board appreciates all of the work that gets done. You guys put a lot of work into it. Just know that it is appreciated. Especially the ones tonight that put years of work into both of the reports we saw tonight. We thank you for that.

Commissioner Sullivan

- To go back to the two items that we discussed this evening having to do with recommendations from boards he hopes nobody is under the misconception that he doesn't appreciate or respect what those boards did and continue to do. That is not true. He respects and appreciates them. Doesn't respect the methodology the Board is using here to accept or not accept the findings. Thinks the Board should have a chance to discuss it, not to just have to accept something because it is put in front of us. It doesn't matter what the content is or who the board is comprised of. It's just that they shouldn't just abdicate their authority or duty to just accept anything that is placed before them. Appreciates it.
- Commended Commissioner Kwiatkowski because it was her foresight and strategic thought that had the Board consider whether to buy the property at 786 OBW to eliminate any potential problems we might have with sound and it would lower the cost of the actual building of lift station

#3. The Board all met and approved that. While in the process of doing that, Mayor Holden volunteered his time and expertise and conducted the sale as the Town's agent without taking any fee. Those two activities deserve acknowledgement and thanks.

Commissioner Kwiatkowski

- When she says reports are good and they are 90% of the way there, she is looking at it from her background where she spent 25 years writing, finalizing and editing reports. 90% of the way there to her is exceptional. It is minor things. Speaking as a resident of the Town and a member of the public and not a commissioner, she was denied the chance for input because of the way we are operating. She hopes in the future this can be resolved because it is frustrating. You are losing a lot of experience by shutting her out.
- Thanked everyone for coming and staff for doing their regular great job.

Commissioner Butler

- Thanked staff and all of the committee volunteers. They do a wonderful job.
- Thanked everyone for attending this evening.
- As a veteran, thanked Town Manager Hewett for bringing the resolution up. It means a lot to him and to all of the veterans in the country today and the sacrifices that the veterans have made.
- On Saturday morning watch out for the joggers, runners and walkers.

Commissioner Freer

- Thanked staff and volunteers for all of the hard work they have done.

PUBLIC COMMENTS ON GENERAL ITEMS

Ronda Dixon said when she spoke earlier on the IBPB she forgot to say Town staff had worked tirelessly on the plan as well. Also, it is the intention of the document to be fluid and dynamic. She stated as new information becomes available they will make modifications.

ADJOURNMENT

Motion by Mayor Pro Tem Fletcher to adjourn at 9:33 p.m.; second by Commissioner Kwiatkowski; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk