

**VILLAGE OF BALD HEAD ISLAND**  
**Work Session Meeting**  
**March 15, 2005**

**Councilmembers Present:** Mayor Larry Lammert, Mayor Pro Tempore Andy Sayre and Councilor Gene Douglas.

**Councilmembers Absent:** Councilmembers Art Morris and John Pitera.

**Staff Present:** Village Manager Jon Middleton, Finance Director Shelia Boyd, Chief of Police Richard Herring, Chief of Emergency Services Chip Munna, Assistant Village Manager/Planning Director Chris McCall, Tax Collector Heather Hardee, Public Works Director Ben Liddle, Village Attorney Charles Baldwin and Village Clerk Amy Candler recording the meeting.

**Others Present:** Bald Head Island Limited Director of Communications Joyce Fulton and Bald Head Association Manager Joey Hill.

**Citizens Present:** Joe Durkan.

**1. Call to Order/Approval of Agenda**

Mayor Lammert called the March 15, 2005 work session meeting to order at 9:32 a.m. Mayor Lammert asked for any changes to the agenda. Mayor Pro Tempore Sayre made a motion to accept the agenda of the March 15, 2005 work session meeting. In a voice vote, with Councilor Morris and Councilor Pitera being absent, all voted in favor. **(Motion carried 3-0)**

**2. Review of Agenda for the Regular Meeting of March 15, 2005**

Ms. Hardee reported that the outstanding tax lien list that was provided to the Council needs to be reduced by approximately eight thousand dollars (\$8000) due to the amount of taxes that have been paid since the list was first produced. She advised that she will advertise the delinquent tax list in the local paper in April.

Mayor Lammert advised that the Bald Head Island Conservancy requested the Council adopt the proclamation regarding Arbor Day. He further advised that there is also a proclamation regarding the annual Spring Liter Sweep.

Mayor Lammert reported that he and Mr. Middleton had a successful trip to Washington, D.C. the previous week. He advised that they met with Staff of Senator Dole and Senator Burr as well as Staff of Representative Mollohan of West Virginia. Mayor Lammert reported that they had the opportunity to meet Congressman Mike McIntyre and discussed many of the issues that are facing the Island. Mayor Lammert explained that they also met with representatives from throughout the United States that are very supportive of beach nourishment projects. He further explained that Dan Katz was unavailable to meet with them last week and therefore recommended they meet with John Freshman, a lobbyist out of the DC area with a wide range of experience in beach issues. Mayor Lammert reported that Mr. Middleton is working on setting up appointments with the State Port Authority and the Corps of Engineers. Mayor Lammert advised that he met with the President of the River Pilots, David Herring and talked to the installation of a hardened structure. He further advised that Mr. Herring had no problems with the Village moving forward with the installation of a jetty. Mayor Pro Tempore

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Sayre asked where the Village currently stands with the private sand placement process. Mr. Middleton advised that he has not received the letter from Mr. Olsen regarding the private sand placement, but will follow up with him as soon as possible. Mayor Pro Tempore Sayre asked if the backfilling around the groinfield was going any better. Mr. Middleton advised that Mr. Olsen visited the Island last week and made some recommendations to the Contractor regarding the backfilling. Councilor Douglas reported that the only sign of erosion that he has noticed is on the west side of the first groin. He further commented that the rest of the beach is holding up well which is surprising considering the storms that occurred last week. Mayor Pro Tempore Sayre asked where the Village stands with the revised settlement agreement with the Corps. Mr. Middleton advised that he will follow up on that process with George House.

Mr. Middleton reported that Chris Graebe is currently working on the Management Agreement and the Asset Purchase Agreement regarding the purchase of the utility company. Ms. Fulton reported that according to Mr. Fletcher, he forwarded the draft agreements to Mr. Graebe on March 10<sup>th</sup>. The Village Council agreed to schedule a Special Meeting on March 17, 2005 at 10:00 a.m. to discuss the agreements with Mr. Graebe.

Ms. Boyd reported that at the afternoon meeting she will touch on a few of the revenues and expenditures for the month. She advised that the Interest Investment line item is double the amount from this time last year. Ms. Boyd reported that a few of the line items in various departments are showing a negative balance which will be adjusted before next month. She advised that the Village spent approximately \$200,000 on the beach during the month of February for the groinfield installation and engineering costs. Mayor Lammert asked if the Village is going to have the opportunity to collect on the FEMA revenue that was included in the budget. Ms. Boyd advised that depending on the project worksheets; it will more than likely not be reimbursed to the Village until the 2005-2006 budget year. Mayor Lammert asked if the Council will need to approve a budget amendment to reflect the changes in revenue. Ms. Boyd replied that the expenditures are not to exceed the revenue; therefore the loss of revenues may be recovered by under-expending.

Ms. Boyd reported that the first resolution included in the Council packet is a resolution to set a public hearing date regarding the financing of the Utility Company purchase. She advised that the Council is not in the habit of passing a resolution to set a date for a public hearing however she did note that the resolution is necessary documentation required by the Local Government Commission (LGC).

Ms. Boyd explained that the second resolution is documentation in acceptance of the winning proposal from the lending institution for the financing of the Utility Company. She advised that Mr. Billow is currently working on some minor revisions to the resolution and will have the changes made before the afternoon meeting and copies will be distributed to the Council. Mr. Baldwin asked if any of the revisions being made by Mr. Billow affect the \$4.5 million stated in the documents. Ms. Boyd replied that the \$4.5 will be changed to "not to exceed \$5 million" but the change does not bind the

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Village to borrow \$5 million. Mayor Lammert advised that the Village has \$2.4 million outstanding debt with regard to the waterline. Ms. Boyd emphasized that the amount stated in the resolution is for the cost of the project as stated in the resolution. She further advised that there is a two percent (2%) pre-payment penalty fee to pay off the loan early with Bank of America for the construction of the waterline. Ms. Boyd pointed out that she is in the process of researching the figures using the interest rate quoted by BB&T to see if the lower interest rate is worth refinancing and paying the two percent (2%) penalty.

Ms. Boyd explained that the last resolution is also being changed to modify the section regarding the new installment financing agreement. She further advised this resolution is yet an additional piece of the documentation that the Village has to complete for approval of financing by the LGC.

Mayor Lammert reported that the Finance Committee has been working on the documentation for the finance agreements in regard to the purchase of the Utility Company.

Mayor Lammert advised that the Council received notification from the Public Safety Committee in support of the proposed changes to the Domestic Animal Ordinance.

Mayor Pro Tempore Sayre reported that the Public Works Committee discussed the five (5) year paving plan. Councilor Douglas asked when the spring paving project is scheduled to begin. Mr. Middleton advised that the paving should commence during the last week of April. Mayor Pro Tempore Sayre advised that the Club may possibly want to piggy-back off the Village project.

Councilor Douglas shared his concern regarding the misinformation circulating throughout the Island regarding the changes to the Domestic Animal Ordinance. He advised that he is in agreement with the recommendation of the Public Safety Committee. There should be an area on East Beach that is designated dog free, but he thinks that there should also be a designated area on South Beach that is dog free. Mayor Pro Tempore asked if there had been many problems with dogs being without a leash. Mayor Lammert replied that the problem comes in when the dogs are not within the limits of voice control.

Mayor Pro Tempore Sayre asked about the letter the Council received from the LGC regarding internal controls. Ms. Boyd commented that the LGC sent out a generic letter to all the small municipalities to make them aware of internal control problems within small organizations.

**3. Manager's Update on Village Projects and Other Matters for Consideration**

Mr. Middleton advised that he has received official notice of the Chief Building Inspector's retirement from the Village. He further advised that Mr. Bruce's last day will be June 28, 2005. Mr. Middleton reported that the Village is currently working with Mr. Bruce on a retainer agreement so that he can come back to the Island and inspect on an as needed basis. Mr. Middleton further reported that Mr. Bruce stated he has the utmost confidence in Mr. Boyett's abilities to fill his position upon his retirement. Mayor Pro

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Tempore Sayre asked of Mr. Boyett's certifications. Mr. Middleton replied that Mr. Boyett will be testing for his Level I certifications in the next few months.

Mr. Middleton reported that the historical markers have been received. He advised that Mr. Galloway met with Dr. Goree and determined the placement of the signs. He further advised that the historical markers will be installed this week

Mr. Middleton reported that Island Contracting is working on an estimate for the installation of the test site for roll-over curbing at Muscadine and South Bald Head Wynd. Mr. Middleton further reported that this project will be underway in the near future.

Mr. Middleton reported that the Village is still waiting for Cape Fear Engineering's response regarding Phase I B of the Stormwater Management Plan. He advised that Mr. McCall has been in contact with Cape Fear Engineering on a regular basis. Mayor Pro Tempore Sayre asked Mr. Middleton to add Phase I B of the Stormwater Management Plan to the weekly update. Councilor Douglas advised that the Club has installed a valve at the bridge between holes six (6) and seven (7) to reduce the saltwater intrusion into the lagoon. He further advised that the salt level is currently below five hundred (500) which is a vast improvement considering the salt level was originally over fifty thousand (50,000).

Mr. Middleton reported that Council authorized Staff to move forward with the purchase of unbuildable properties. He advised that Ms. Hardee has received twelve (12) responses from property owners that are willing to sell the Village their unbuildable properties. He further advised that the money for these lots will be coming from the Manager's Contingency line item. Mr. Middleton reported that Ms. Hardee has been in touch with the Attorney General's office regarding the definition of Town Limits that include unbuildable properties. A representative of their office has asked that the Village submit a written request addressing our specific concerns. He advised that he will keep the Council updated on any new information the Village receives.

Mr. Middleton reported that Ms. Hardee is currently working on the aspects of the No Wake Zone and associated buoy placement in Bald Head Creek. She has a meeting set up regarding the buoys for the Creek. He further advised that the legislation is already in place for the No Wake Zone.

Mr. Middleton reported that the Village has signed a contract with Island Contracting for the repairs to South Bald Head Wynd. He advised that due to the weather and the barge schedule, Island Contracting is not going to have the road open for golf cart traffic before the Easter Holiday. Mayor Pro Tempore Sayre asked if the Village has received the survey of the placement of South Bald Head Wynd. Mr. Middleton advised

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that the Village has yet to receive the final drawings from Cape Fear Engineering, but Bald Head Association has granted the Village the additional right of way needed to repair the road. Mayor Pro Tempore Sayre stated that the Council needs to take a look at the placement of the road before the repairs take place. Mr. Middleton concurred that when the final map of the road is received he will contact the Council for their review of the document.

Mr. Middleton reported that the spring paving project is going to have to be re-bid because the Village only obtained one (1) bid. The second bid opening will be on April 1, 2005 and will be placed as an item for consideration on the April Council agenda.

Mr. Middleton reported that Ms. Boyd is looking to move money around in the budget to cover the cost of the insurance deductible for the damage done to the waterline. Ms. Boyd advised that the money would more than likely be moved from the Capital Outlay for Bald Head Creek Dredging because the Creek Dredging Project has been delayed until next fiscal year.

Mr. Middleton reported that the Village has entered into an agreement with Kimley Horne for engineering service and Crofton Diving for an analysis of the current situation of the waterline damage and preparation of the documentation of repair estimates. The costs of these reports are approximately \$7,000 and they will detail if there is enough pipe to bring the waterline up to the surface and perform the repairs from a barge.

Mayor Pro Tempore Sayre asked if the preliminary copy of the Kimley Horne study is ready for review. Councilor Douglas advised that the Club has ran a computer model of what is going in and what is coming out. Ms. Fulton explained that Kimley Horne is integrating the mod flow study into the tripartite study in order to produce one final document. She advised that she would ask Mr. Fulton to send an email to Kimley Horne this afternoon to inquire of the time frame on the final documentation.

Mr. Middleton reported that the Public Works Expansion is on schedule as per the timeline provided in the weekly update. Ms. Boyd advised that the Village will need to set up a Capital Project Fund for Village Expansions which could include funding for not only the Public Works Expansion but also the anticipated Village Hall Expansion project.

- 4. Closed Session (pursuant to N.C. General Statutes 143-318.11(a) (3) and (5))**
- Village of Bald Head Island, et al. vs. Great Lakes Dock and Dredge Company
  - Village of Bald Head Island, vs. Ezra Meir and wife Violet S. Meir

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Mayor Pro Tempore Sayre made a motion to enter into closed session pursuant to North Carolina General Statutes 143-318.11(a)(3) and (5). In a voice vote, with Councilor Morris and Councilor Pitera being absent, all voted in favor. **(Motion carried 3-0)**

Closed session began at 10:50 a.m.

Councilor Douglas made a motion to return to open session. In a voice vote, with Councilor Morris and Councilor Pitera being absent, all voted in favor. **(Motion carried 3-0)** Mayor Lammert advised that no action was taken during closed session.

The open meeting reconvened at 11:50 a.m.

**5. Adjourn**

With no additional items of discussion, Mayor Lammert entertained a motion to adjourn the March 15, 2005 Village Council Work Session. Councilor Douglas made the motion to adjourn. In a voice vote, with Councilor Morris and Councilor Pitera being absent, all voted in favor. **(Motion carried 3-0)**

The meeting adjourned at 11:50 a.m.

Approved:

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Larry Lammert, Mayor

Attest:

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Amy R. Candler, Village Clerk