



**Town of Holden Beach
Board of Commissioners
Regular Meeting**

**Tuesday, February 15, 2022
5:00 PM**

**Holden Beach Town Hall
Public Assembly**



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS' REGULAR MEETING
HOLDEN BEACH TOWN HALL – PUBLIC ASSEMBLY
TUESDAY, FEBRUARY 15, 2022 - 5:00 P.M.**

1. Invocation
2. Call to Order/ Welcome
3. Pledge of Allegiance
4. Agenda Approval
5. Approval of Minutes
 - a. Minutes of the Regular Meeting of January 18, 2022 (Pages 1 - 13)
6. Public Comments on Agenda Items
7. Discussion and Possible Action on the Beach Shuttle Pilot Project – Brunswick Transit System: Yvonne Hatcher, General Manager and Jean Atkinson, Marketing/Mobility Coordinator (Town Manager Hewett) (Pages 14 - 23)
 - a. Local Share Certification
8. Police Report – Chief Dixon
9. Discussion and Possible Action on Items Necessary to Proceed with Paid Parking – Chief Dixon & Lieutenant Dilworth (Pages 24 - 54)
 - a. Ordinance 22-02, An Ordinance Amending the Holden Beach Code of Ordinances, Title VII: Traffic Code
 - b. Resolution 22-01, Resolution Amending the Holden Beach Fee Schedule
 - c. Services Agreement between the Town and Otto Connect
10. Discussion and Possible Action on the Parks & Recreation Advisory Board's Recommendations for 796 Ocean Boulevard West – Assistant Town Manager Ferguson (Pages 55 - 79)
11. Discussion and Possible Approval of Contract Between the Town and Martin Starnes and Associates for Audit Services for Fiscal Year 2021 - 2022 – Town Manager Hewett (Pages 80 - 100)
12. Discussion and Possible Action on Defining Board of Commissioners' Objectives for Fiscal Year 2022 - 2023 – Commissioner Kwiatkowski (Page 101)

13. Public Comments on General Items

14. Town Manager's Report

15. Mayor's Comments

16. Board of Commissioners' Comments

17. Executive Session Pursuant to North Carolina General Statute 143-318.11(A)(5), To Instruct the Staff or Agent Concerning the Negotiation of the Price and Terms of Contracts Concerning the Acquisition of Real Properties

18. Adjournment

* The remote meeting will be livestreamed on the Town's Facebook page. Visit <https://www.facebook.com/holdenbeachtownhall/> to watch the livestream. Public comments can be submitted to heather@hbtownhall.com prior to 1:00 p.m. on February 15, 2022.



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
PUBLIC HEARING/REGULAR MEETING
TUESDAY, JANUARY 18, 2022 – 5:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Public Hearing/Regular Meeting on Tuesday, January 18, 2022 at 5:00 p.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Rick Smith; Commissioners Gerald Brown, Page Dyer and Pat Kwiatkowski; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Inspections Director Tim Evans and Police Chief Jeremy Dixon. Commissioner Brian Murdock participated via teleconference during the remote meeting that was streamed on the Town's Facebook page. All votes were made by rollcall.

PUBLIC HEARING: CONCERNING THE APPROVAL OF THE EXECUTION AND DELIVERY OF AN INSTALLMENT FINANCING CONTRACT IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,300,000 IN ORDER TO PAY THE COSTS OF PURCHASING PROPERTY LOCATED AT 441 OCEAN BOULEVARD WEST, INCLUDING THE PIER

Assistant Town Manager Ferguson explained this is the required public hearing on the terms of the installment financing contract for the purchase of 441 Ocean Boulevard West. Scott Leo, Parker Poe and Andrew Carter, DEC Associates are present to answer any questions. The final documents will be before the Board next month. These are the draft documents.

Town Clerk Finnell explained that one person submitted a comment via email. That comment was submitted to the Board and is online for the public's review.

Tom Myers spoke on behalf of the Holden Beach Property Owners Association. He said they believe the property owners have been provided with an accurate summary of the pier plan that will be voted on tonight. He said after tonight the HBPOA will poll property owners. Mr. Myers said there are a lot of unknowns and they would like the Board to shed some light on how the unknowns would be handled.

Jim Bauer stated this is not a plan and he thinks this is a bad idea. He said based on the survey numbers, this should not go through.

No more comments were made and Mayor Holden closed the public hearing at 5:13 p.m.

REGULAR MEETING

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

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

Mayor Holden asked that item #6, Public Comments on Agenda Items be limited to no wake zone comments because we have some people from other government agencies here solely for the purpose of discussing this item. He would also like to add 7b Public Comments on Agenda Items. Commissioner Kwiatkowski would like to propose that before the public comments that the Board consider allowing a question and answer on the pier plan proposed paper. She also would like to clarify and add Discussion and Possible Agreement and Action on a Final Designation of Island-wide Parking Places for 10a. The question and answer can be operated under the normal public comment regulations.

Motion by Mayor Pro Tem Smith that we remove #9, Discussion and Possible Action on Ordinance for Outside Lighting.

Mayor Pro Tem Smith said we need to clean it up and move it to a later date.

Town Clerk Finnell reviewed the proposed changes mentioned.

The Board agreed to vote on each topic individually.

#6 will be limited to no wake zone commentary – unanimous vote

#7a Question and Answer – unanimous vote

#7b Agenda Public Comments – unanimous vote

Removal of #9, lighting ordinance – unanimous vote

#10a– final parking spaces – unanimous vote

Motion by Commissioner Brown to approve the amended agenda; second by Mayor Pro Tem Smith; approved by unanimous vote.

APPROVAL OF MINUTES

Motion by Mayor Pro Tem Smith that we approve the minutes as written for the December 21st Board of Commissioners' meeting; second by Commissioner Brown; approved by unanimous vote.

PUBLIC COMMENTS ON NO WAKE ZONE

Mayor Holden provided background on the legislation that was approved years ago. The no wake zone is about 100 yards north on the waterway from LouLou's and runs southerly on the waterway to Roger Street. He introduced Phil Caldwell who has been researching the no wake zone. Dr. Caldwell provided information on the topic. There is a NC sanctioned no wake zone, but it is not recognized by the Corps. It

is non-enforceable. He has reviewed old correspondence that ended abruptly 18 years ago. He has information available for people who are interested. Dr. Caldwell agreed with Chief Dixon's assessment that nothing will get done until the Town gets a permit from the Corps.

Representative Charlie Miller said in his research he sees where the no wake zone was approved by the Corps. He would like to work on this with staff and the other government agencies to get this in place.

QUESTION AND ANSWER ON PIER PLAN PROPOSED PAPER

Amy White said there is a lot of discussion on the proposed repairs that would be needed. She asked if the pier would be considered usable if the repairs are not made immediately. Commissioner Kwiatkowski answered the immediate repairs that have been designated that have to do with several pilings and handrails and electrical are what is planned to be done the first year. The hope would be that you could work from the start to the end of the pier and open what is possible. If we stick to the proposal, the entire pier would not be open until four years. It would depend on if there is money to do it faster. That is why there is no income from the pier put in for four years. Mayor Pro Tem Smith added that the Town intends to apply for grants.

Tom Myers asked what the Town will do if the engineering report says it can't be salvaged. Commissioner Kwiatkowski said there is an explanation in the plan. The commissioners would need to make a determination on how to move forward. Commissioner Dyer added you need to keep in mind that the Town is not only buying the pier. We are buying oceanfront property that is quickly disappearing. Mayor Holden said the Town does not have any predetermined, forever, non-changeable solutions. As information comes in, adjustments will be made accordingly. He hopes everyone understands common sense that as you gather information, you upgrade and make better decisions.

Mr. Myers said his understanding for the building is the Town will make it safe and it will be leased out and the lease holder can make improvements to the building, which he thinks are limited to half the tax value. Mayor Holden said it has not been finalized and determined if the sole use is to lease it. It is still up for consideration. The building inspector will have a lot to say on what it can be used for. Everything will need to be done under the rules and regulations. The intent is to look at all options and to make the best decision of which leasing is a possibility.

Mr. Myers said he understands you can't get insurance on the pier. Mayor Holden said you can get insurance. The Board agreed Mr. Leo could answer the question on insurance even though Mr. Myers is passed the time limit. Mr. Leo said he will talk to the bank to see how they would deal with insurance.

Robert Barresi asked about due diligence and if there is a reason why the Board is proposing the purchase of the pier without having all the facts. Commissioner Murdock said there is an engineering inspection and a top side inspection of the pier. Those reports are available. That is the due diligence we were able to accomplish within the timeframe we had. The only part that hasn't been done is the underwater report. The Board attempted to get the due diligence done. If the engineer's report says the pier can't be salvaged, as they said in the report the Board will need to figure it out. Commissioner Murdock said this is not a purchase of the pier. The pier is on the property the Town is buying. The Town will need to make it safe. As soon as the Town has a full report, they will make the best decision to move forward. The public needs to be aware of what will happen if the Town doesn't buy the property. The

public needs to look at Corps' requirements for access. There would be no access for the streets in the area.

Mr. Barresi asked why the due diligence wasn't longer. Commissioner Murdock said you are buying oceanfront property. You will be providing access to the beach. Nobody on the Board has said it will cost residents anything. The Board put together a plan that is feasible. The Board is trying to protect the property for future generations to enjoy. It's needed for parking and access. The Board has put a lot of time into this.

John Pierce said he is speaking on behalf of those on Burlington. He said there are some people on the island that are in support. He asked if anyone ever made a decision based on something besides money because it spoke to your heart.

Beverly Compton asked if there is anything that talks about the lost costs. Commissioner Kwiatkowski replied that was not put in, but it was not an astronomical amount. Mrs. Compton asked if the Town is into this for over \$4 million, without adding the \$50,000. The Board answered that is not correct. Mrs. Compton asked what the Board thinks the total is once the repairs are made. Commissioner Kwiatkowski talked about the amount of the repair and the purchase. Mayor Holden added due diligence is a credit against the purchase price.

Tony Marwitz asked what would happen to the property, what would be there if the document doesn't follow through. He would rather see the Town own it because of all the benefits that the Town will reap from it, rather than condos going up. You can't ask the Board to look into the future to see every dollar that will be spent. He said we know generally the benefits.

Amy White asked if the Town is relying on revenues from proposed paid parking throughout the island to help cover the cost of the pier and/or renovations. Commissioner Kwiatkowski replied at the moment we are only relying on the pier property and the estimated spaces from the 800 block spots because they are offroad parking and the Town is entitled to use the revenue as we wish. Later in the paper it states that the Town could petition for permission to use other parking revenues. For the debt service, we have relied on three specific offroad lots.

Sally Caldwell asked how the Board can count on the 800 block spaces since they haven't been approved yet. Commissioner Kwiatkowski replied that it has been maintained for a while that as part of the paid parking plan the 800 block lots will be converted to parking. Amenities like restrooms were discussed.

Jim Bauer asked if the Board would sign a document that would say that after the purchase of the pier there would be no other function for that. Mayor Holden said the state has statutes and the Board cannot do that.

Claudia Will asked if it is common process for someone to lease a property and then put the money in for renovations. Mayor Holden said that is standard.

PUBLIC COMMENTS ON AGENDA ITEMS

Town Clerk Finnell said there were written comments received. They were supplied to the Board and are online for the public's review.

Ava Pailthorp said she is representing homeowners on Elizabeth Street. She provided information pertaining to parking on Elizabeth Street. She asked the Board to keep in mind there are history points to all property on the island. She is opposed to vehicular parking.

Chris Bean is opposed to the current layout of the proposed parking. She is not opposed to paid parking, but to some of the selections of spots.

Bob Bean expressed his concerns with the locations proposed for paid parking.

Bob Hunter said he is against paid parking.

Lyn Holden provided the Board with a map of the LS Holden Subdivision and explained the history of the area. He said the area is saturated with parking. He asked to keep Elizabeth and Ranger for the homeowners so they could use their golf carts, bikes and wagons. Commissioner Murdock said he knows the east end is inundated with parking. He asked where he would begin if we wanted to start to eliminate parking on the east end. Mr. Holden said he would like to see the county pay for part of this.

Barbara Andrews stated she thinks paid parking will cause a lot of road rage. She explained why she is against rights-of-way (ROW) paid parking in front of people's homes. She thinks the rates are outrageous. Ms. Andrews said the county should change their property on the mainland to a park and ride lot.

Jeff Tansill spoke on behalf of his wife and neighbors on Boyd. They do not want post and rope taken away. He talked about the Otto Connect plan and the potential impact to his area. He doesn't agree with the change from low-speed vehicles to compact.

Tom Myers said the HBPOA received numerous requests from their members asking that they read their comments. He asked that each member not in attendance be given three minutes so they could read each email. Town Clerk Finnell said all of the emails she received have been given to the Board and are online. She reviewed the Board's Rules of Procedure and advised the Board they would need to waive the rules to accommodate the request.

Becky Green is not against paid parking but is against it for streets with private walkways. She would like the Board to reconsider where they plan to put paid parking spaces.

Tracey Thomas does not support paid parking on streets with private walkways. She read her letter she submitted to the Board that detailed her concerns. She also doesn't support the purchase of the pier property or the proposed plan.

Claudia Will said she disagrees with ROW parking. She submitted a letter to the Board that details her concerns.

Ammie Archer said the island will never be able to supply ample parking for everyone so it doesn't make sense to keep trying to find the spaces. We know we need designated areas, all over the island is not the answer. She read a letter from the owners of 112 Tuna, Louis and Molly Petrillo, who expressed their opposition to adding parking to any of the canal streets.

Deborah Fish expressed her disapproval for the proposed locations for paid parking. She doesn't think parking should be allowed in the marsh areas. She detailed her concerns. She is representing neighbors also.

Jayne Bremer does not want ROW parking in front of homes. She is representing several of her neighbors.

Ray Compton said the people at the west end support the other residents' concerns.

Martie Arrowood said she is representing Ranger Street. She would like parking to remain the same as the current layout at their access. They also would like more bike racks.

Dave Keech voiced concerns over the decisions being made on parking and the pier.

Beverly Compton said she has a few views from members of the HBPOA.

Craig Bromby inquired why there are so many compact spaces (golf carts) and why there is a concentration near private walkways. He expressed his concerns with the number of spaces and location.

Brian Decker is afraid ROW parking zones will spoil the family beach.

Mike Felmy said the government is too dictatorial and talked about the election. He is opposed to the Board voting for the pier purchase. He doesn't believe the Town should be in the retail business. He doesn't like the parking plan. He recommends the Town get a good consultant for the pier and a better one for parking.

Steve Warden said he disapproves of the parking proposals and explained his reasons.

Ken Rogers talked about power. He would like the Town to follow Roberts Rules of Order. He talked about the rules. He is unhappy with the parking proposal.

Amy White said the Board has a legal and moral obligation to listen to the people. She doesn't want any parking alongside the marshes. She is against parking in ROW and along marshes.

John Pierce spoke on behalf of owners on his street. He talked about the culture of the island and said he hopes parking will be cut back significantly.

Brent Shaver explained he supports the purchase of the pier. He is in favor of paid parking in parking lots. He is against paid parking in the ROW. He talked about ROW parking.

Tony Marwitz talked about golf cart parking. He would like the Board to look at the parking program in great detail and see what is right and what is wrong.

Mike Sullivan stated he thinks paid parking is a good idea, but the difference between an idea and a plan is a big distance. He reviewed comments made by the Board in the past year. The Board represents the people. He asked the Board to take the people's will and use it the best way they can.

Regina Giurintano is against parking and the pier purchase. She talked about the current situation at her home.

POLICE REPORT – CHIEF DIXON

- There was a house fire at 227 OBW. Working with the Fire Department to try to find the origin and cause. Unfortunately, the missing dog still was not found.
- Planning on going live with Central Square next week. It is integrating with the county's 911 system so there will be better communication with them.
- Run HB is January 29th. Cautioned people to be careful and to watch for traffic.

DISCUSSION AND POSSIBLE ACTION ON ITEMS NECESSARY TO PROCEED WITH PAID PARKING

Commissioner Kwiatkowski went over her proposals that she provided to the Board. The Board discussed what to remove from the proposed parking areas, changing compact to low speed vehicles, ROW parking and how to move forward.

Motion by Commissioner Murdock that we have a special meeting to discuss the Otto Proposal and paid parking; second by Mayor Pro Tem Smith.

The Board came to a consensus to have Town Clerk Finnell solicit availability and a meeting will be scheduled based on availability.

Commissioner Kwiatkowski went over her objections to the proposed ordinance for ROWs.

Motion by Commissioner Kwiatkowski that the Board reject the proposed Ordinance 22-03.

Commissioner Kwiatkowski said the Board can fix the existing ordinance by better defining post and rope.

The motion was seconded by Commissioner Murdock.

Mayor Pro Tem Smith explained he thinks that is a good idea.

The motion passed by unanimous vote.

Commissioner Kwiatkowski said she doesn't think the Board can amend the fee schedule or approve the agreement until they have the special meeting.

DISCUSSION AND POSSIBLE ACTION FOR THE TOWN MANAGER TO PROCEED WITH APPROPRIATE STEPS TO CONVERT THE TOWN OWNED PROPERTIES IN THE 800 BLOCK OF OCEAN BOULEVARD WEST TO A LOT TO BE DESIGNATED FOR PAID PARKING ASAP

Commissioner Kwiatkowski said there has been talk for months that the Town is going to turn the 800 block lots into a lot to be designated for paid parking. She inquired if the Board would like to start getting them ready or wait until February when they hopefully pass something. Mayor Pro Tem Smith would like staff to get a plan started on what the parking would look like and get the information to Benjamin Hughes with the NCDOT so we can get his approval for any DOT encroachment into that area. He said it is showing 16 places. He also would like to look at restroom facilities. Commissioner Kwiatkowski asked how it went down to 16, when the preliminary information showed 30 – 31 spaces. The number of spaces and moving forward was discussed.

Town Manager Hewett said if starting the process is the desire of the Board, it appears the first action would be to clear the property, bushhog, within the tolerable limits that are prescribed by the delineation of the 404 wetland and any other CAMA requirements. To get the 404-wetland delineated, we will need to go to Wilmington. Inspections Director Evans added CAMA will need to come out because we cannot delineate our own property. We will need to bulkhead the property. Town Manager Hewett asked if the Board is looking for an estimate for the cost to install a bulkhead. That, in addition to the delineation and the possible permitting of the parking lot will require the services of a NC licensed engineer. That would be the Town's contracted civil engineer to make the designs and specifications necessary to do the permit. You would also need a designed engineer's estimate of the cost.

Town Manager Hewett said he will work off the money in the Governing Body Available to Appropriate line based on the Board's consensus.

Commissioner Murdock would like to add to delineate all Town property that is proposed for parking that borders a marsh. If it is in a marsh, we need to stop parking on it, if not we need to bulkhead it to protect it. He mentioned Sailfish and all marsh streets like that.

Motion by Commissioner Murdock to delineate all Town properties bordering marshes on the beach, that is just inclusive of where we are proposing parking; second by Commissioner Brown; approved by unanimous vote.

DISCUSSION AND POSSIBLE APPROVAL OF RESOLUTION 22-02, PERSONNEL POLICY ADMINISTRATION

Town Manager Hewett said the resolution requests that the Board approve the suspension of the Personnel Policy that would require the decrease of accrued vacation time over 240 hours and pay out the employees for the time they have over 240 hours. It requests the policy be suspended for a year.

Motion by Commissioner Brown to approve Resolution 22-02, concerning Personnel Policy administration; second by Mayor Pro Tem Smith; approved by unanimous vote.

DISCUSSION AND POSSIBLE APPROVAL OF RESOLUTION 22-03, RESOLUTION REGARDING THE 15TH ANNIVERSARY OF THE GRWC OF HOLDEN BEACH

Town Manager Hewett read the resolution.

Motion by Mayor Pro Tem Smith to approve Resolution 22-03, the Anniversary of the GFWC; second by Commissioner Brown; approved by unanimous vote.

DISCUSSION AND POSSIBLE ENDORSEMENT OF A REVISED PROPOSED PIER PLAN DOCUMENT AND ASSOCIATED RESOLUTION (RESOLUTION 22-04)

Commissioner Kwiatkowski explained why she has new revenue calculations in the plan. She also reassessed overall whether or not there was a significant problem with concluding that under the circumstances described in the plan it could be managed without undue risk to the Town's finances.

Motion by Mayor Pro Tem Smith to endorse the new plan Commissioner Kwiatkowski has put together for the pier plan; second by Commissioner Brown; approved by unanimous vote.

Motion by Commissioner Kwiatkowski that the associated Resolution 22-04 be approved by the Board; second by Commissioner Brown; approved by unanimous vote.

DISCUSSION AND ELECTION OF A BOARD MEMBER TO THE AUDIT COMMITTEE

Motion by Commissioner Dyer to appoint Commissioner Kwiatkowski to continue on the Audit Committee; second by Mayor Pro Tem Smith; approved by unanimous vote.

DISCUSSION AND SELECTION OF AUDIT COMMITTEE MEMBERS

The Board agreed to pick the members and have the Audit Committee determine who get the longer terms at their next meeting.

The Board unanimously agreed to keep the current members – Jeanine Richman, Mark Fleischhauer, Tony Chavonne and Jeff Tansill.

The Board selected Mike Felmly to serve as the alternate member. Votes were as follows: Mike Felmly – Mayor Pro Tem Smith and Commissioners Brown and Murdock, John Cain – Commissioners Dyer and Kwiatkowski.

DISCUSSION AND POSSIBLE ACTION ON TERMINATION OF LEASE FOR 796 OCEAN BOULEVARD WEST

Town Manager Hewett explained that staff is proposing that the Board terminate the lease at 796 Ocean Boulevard West with a termination date of February 28, 2022.

Motion by Mayor Pro Tem Smith to request that you (Town Manager Hewett) terminate the lease at 796 OBW; second by Commissioner Brown; approved by unanimous vote.

PUBLIC COMMENTS ON GENERAL ITEMS

Ronald Veronese said the parking in the 800 block is not a good idea. He talked about the wildlife that is currently there. He also asked if anyone looked at the traffic volume on Ocean Boulevard.

TOWN MANAGER'S REPORT

- Gave a presentation on the 2nd quarter budget report (hereby incorporated into the minutes) and answered questions from the Board.
- The citizens are going to get the opportunity to see four dredges working simultaneously in the nearshore. We have the FEMA Project going on. There are two large hopper dredges in the nearshore. That project initiated operations on January 7th. They timed out over the weekend and are back up this morning with close to 200,000 cubic yards placed to date. They should reach the eastern terminus of our permit limit by Blockade Runner by the weekend. At that time, they will shut that off, pull the pipe off, flip the elbow and start heading back west from Quinton. At the same time, we have those two larger hopper dredges, the Corps' dredge, the Merritt is working in the ocean bar. They have been here for a week and will be operating for approximately two more weeks. Beginning early February, the Corps has a contract dredge that will be working in the inlet crossing to remove about 100,000 yards of beach compatible material from the crossing area and place it onto the strand. There is a contract rider to place about another 65,000 of material. That's about four- and three-quarter miles of beach from the east end to 781 OBW.
- Chief Dixon has been elected by the NC Association Chiefs of Police as the region 6 director.

MAYOR'S COMMENTS

- Expressed his appreciation for all that is going on for our beachfront.
- Appreciates everyone's comments tonight. Thinks the end result will be improved over what some people had thought today. Has confidence in the leadership, staff and citizens. We are not the best family beach in America for just one or two reasons. We work through our issues and work together to improve our community. Stick with us and give us your input.

BOARD OF COMMISSIONERS' COMMENTS

Mayor Pro Tem Smith

- Appreciates everybody. With the information we received thinks we will as a Board look to make the adjustments necessary to try to limit golf carts at the ends of the road, especially if there is not a public access. Thinks we are determined to get it right. The contract was different than what he expected. Thinks in the near future we will have a plan that will make a whole lot more people happier. Assured everyone that the pier property will be paid for by the people using the parking lot and the public that will use the beach. We were never going to raise taxes to purchase the pier. We want to move some of the people who visit the beach up to the middle instead of it being stuck in one area. We need a way to get an emergency vehicle on the beach in the area. We put a lot of thought in. Worked with Town Manager Hewett and he is working with some of the transportation people in the county about some sort of transfer system so people don't need to bring their cars

here. Working in the best interest of Holden Beach. Comments are taken to heart. Talked about how a survey could be written.

- Congratulated Chief Dixon.
- Thanked staff and fellow commissioners for their hard work.

Commissioner Murdock

- Thanked everyone for coming.
- Currently ROW parking is allowed. We didn't reinvent the wheel or put parking where it is currently not allowed, we mapped it. Knows people don't want it and we are looking for alternatives, but right now we lack alternatives. Would like to eliminate it. Some of it makes sense, but most of it doesn't. We can't eliminate it without an alternative and we are looking for that as we speak. Golf cart parking – from the water tower to the west was for total convenience for those houses in those areas. Is in agreement to cut them down or eliminate them. Said the whole time there should be no public parking by private accesses. No intention on raising the amount of ROW parking. Will get it back down to a reasonable number. We need to buy property to get people out of yards and we need support to do that. Part of that is the pier. That is 80 parking spaces. That takes 80 cars off the streets. Instead of thinking of it as a dilapidated structure going out into the ocean, think about it for its real worth. We are not overpaying for it. It is worth every dime. We can get them off the wetlands. You wouldn't have to protect your landscaping anymore with post and rope if it isn't allowed. Will try to get this right. We do not have parking spaces for boats and trailers. We have nine and Wildlife has eight. It will be a problem. Heard everything that people are saying. Will do the best we can to get it right.

Commissioner Dyer

- The 935 parking spaces was never the intention. Otto found all the possible places, so as of right now there are 935 spaces. Need to have organization for parking, all the trash, debris, etc. because as the island grows people are coming no matter what. If we have designated parking, which is what we are trying to do, we are trying to make it more organized. With paid parking we can get the trash picked up. We appreciate all the comments. We are not trying to turn this island into a parking lot, we all live here.
- Don't look at it as just buying the pier. There is oceanfront property. If we don't buy it, it is gone and will have condos on it. It will keep people from the city streets from having access. At the public hearing, someone said he would need to walk a half a mile for access. We are trying to keep that from happening. Look at the property, the building, the possibility of having a restaurant that the residents can enjoy.
- Thanked staff.
- Thanked first responders. The fire could have been so much worse. They did a fabulous job of getting the fire out. Prayers go out to family.
- Thanked the Board.

Commissioner Kwiatkowski

- Appreciates that everyone came.
- The county had an open house where they were rolling out where they are for their updates for their land use plan and their parks and recreation plan. Was with an organization that had a meeting a week ago with a couple of the commissioners and some of the staff. One of the things the

group talked about was the increasing population. The county does have an objective to increase the county's people access to waterways and beaches. They are going to be starting to actively reach out and work with municipalities. Took the opportunity to talk to them about the fact that our township has one boat ramp. The township that contains Ocean Isle and Sunset Beach has two. The other side that contains Oak Island and Southport has two. They took note and asked the staff to take a look. Thinks we can work with the county and get some of the issues about the county growing and the impact to the island resolved by working together.

Commissioner Brown

- Congratulated Chief Dixon. Appreciates the Police Department.
- Appreciates staff for everything they do.
- We don't want to tear the Town apart with the issues like the pier and paid parking. We are all neighbors. We want to come to a happy medium. Thinks the people who come to visit should help pay a little bit. Right now, the taxpayers of the island pay it all. People enjoy the beach, why not at least pay enough that we can pick the trash up. Will get the parking right. Heard all the comments. Agreed, he doesn't want people parking in his yard. Took a day, went to North Topsail Beach, Myrtle Beach, Carolina Beach, Oak Island, Ocean Isle and Sunset Beach. Didn't see any post and rope. Doesn't like it and what is says for the island. Was driving down Brunswick Avenue, there were posts in the ground, drove into the ground and about 12" high. Questioned the safety and liability. Backed up on Marlin Street and ran into a 6" X 6" that was encased in concrete. When you bought the property, you knew where the Town ROW was. Can't see the point of putting this different stuff by the road, it is giving us a black eye. Searching for median.
- Glad we had the attendance tonight. Don't be ill informed. It is easy to get behind a screen. Sitting up here is nothing more than abuse. This is about moving the Town forward. Appreciates everyone's concerns. Talked about serving the Town and doing what is best for the Town. They are listening. The plan isn't to raise taxes. There won't be parking by private walkways. Those communities are paying for those. It's a great little town.
- Been down to the dredging project several times. It amazing how much sand those dredges can move. They are doing a good job.
- Trying to do the best we can do.
- His question from day one for the pier was how we would pay for it. Not one time did anybody say we would raise taxes. Occupancy tax is over \$3 million annually. The payments will be about \$200,000 annually. That is about 8 or 9% of that occupancy tax. We have done our math. Feels like it is the right move. There are a lot of variables involved. We need to meet certain criteria for the Corps. We are working for the Town.

EXECUTIVE SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTE 143-318.11(A)(5), TO INSTRUCT THE STAFF OR AGENT CONCERNING THE NEGOTIATION OF THE PRICE AND TERMS OF CONTRACTS CONCERNING THE ACQUISITION OF REAL PROPERTIES

Motion by Commissioner Murdock to go into Executive Session at 9:22 p.m.; second by Commissioner Brown.

Town Clerk Finnell read the reason for Executive Session.

The motion passed by unanimous vote.

OPEN SESSION

Motion to adjourn at 10:12 p.m. by Mayor Pro Tem Smith; second by Commissioner Murdock; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk



Date: February 9, 2022
To: Commissioners and Mayor Holden
From: David W. Hewett, Town Manager
Re: Beach Shuttle Proposal

The Brunswick Transit System's (BTS) proposal is to provide a shuttle service from the mainland to the island during the summertime as a pilot program.

We have been working with BTS through the Grand Strand Area Transportation Study (GSATS) for many months in order to investigate the potential for this service. In the Town's 2019 Land Use Plan (LUP), it states the Town supports efforts to reduce traffic congestion on the island and along the road corridors leading to the bridge. The recommended action is to continue to work with NCDOT and GSATS to help improve traffic conditions both on the island and in surrounding areas as a result of a growing seasonal population and growing population on the mainland in areas near Holden Beach. While this service is not specifically listed in the LUP, staff believes there is a correlation between it and the objective.

Yvonne Hatcher, General Manager and Jean Atkinson, Marketing/Mobility Coordinator from BTS will be in attendance to provide details on the program.



BEACH SHUTTLE PROPOSAL HOLDEN BEACH

ABOUT US

Brunswick Transit System, Inc. (BTS) is a non-profit community transportation system that coordinates general public and human services transportation for the residents of Brunswick County. The transit system operates a fleet of 19 vehicles, including ADA equipped vehicles to assist persons with special needs.

BTS provides non-emergency transportation services to the general public through our Dial-A-Ride program and to human service agency clients through contract services. It is the policy of Brunswick Transit System, Inc. to provide equal opportunity to all people who are admitted to, participate in, or are the recipients of BTS services.

OUR MISSION

It is the mission of Brunswick Transit System, Inc. (BTS) to provide safe, reliable, efficient transportation services and transportation alternatives to the residents of Brunswick County.

EXECUTIVE SUMMARY

Brunswick County is currently the fastest growing county in the state of North Carolina, with the local population doubling in the past several years. This, plus increased tourism, has put a burden on parking and vehicle overcrowding on the local islands.

BTS appreciates the need to increase mobility, provide passengers with more transportation options, and better serve our communities. The beach shuttle is designed to help eliminate vehicle overcrowding and support bicycle and pedestrian access to jobs, services, and recreation on the island.

This proposal will provide residents and visitors the opportunity to access the island using the shuttle service and convenient park and ride locations.

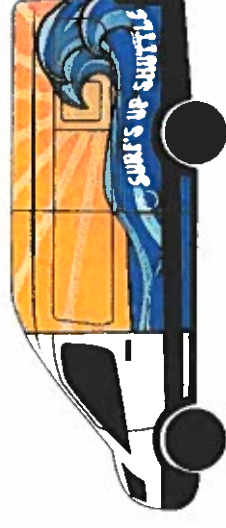
BTS is proposing:

A pilot program, that will utilize existing vehicles of the BTS fleet. The price of using existing vehicles and wrapping the vehicles with a “fun and beachy” theme will be much more cost effective during this pilot period.

Additional items:

1. 2 vehicle wraps for existing fleet
2. 2 bicycle racks
3. Shuttle signs for each stop

BTS will provide services for the fixed route at a fully allocated rate of \$52.66 per hour. Further terms and conditions can be discussed at a later date.

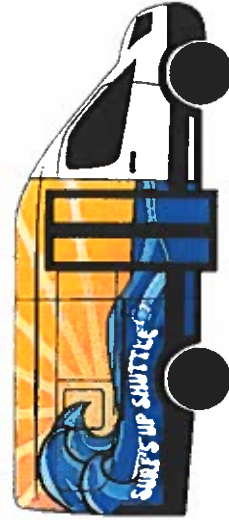


PROPOSED PLAN

1. Calendar of Services
 - a. Summer Shuttle Service 7 days a week from Memorial Day – Labor Day
 - b. Weekend Shuttle Easter-Halloween
2. Hours of Service
 - a. Summer Shuttle – 10am – 4pm
Extended hours on Sundays during concert season – last pick up at 8:45pm
3. Days of Service
 - a. Daily during summer season; Weekends during events and off season

Proposed Shuttle Stops

1. Brunswick
County Parking
Holden Beach
Road
2. Fishing Pier
Ocean Blvd.
3. Bridgeview Park
4. Public
Access Pavilion
Jordan
5. East End
McCray Street



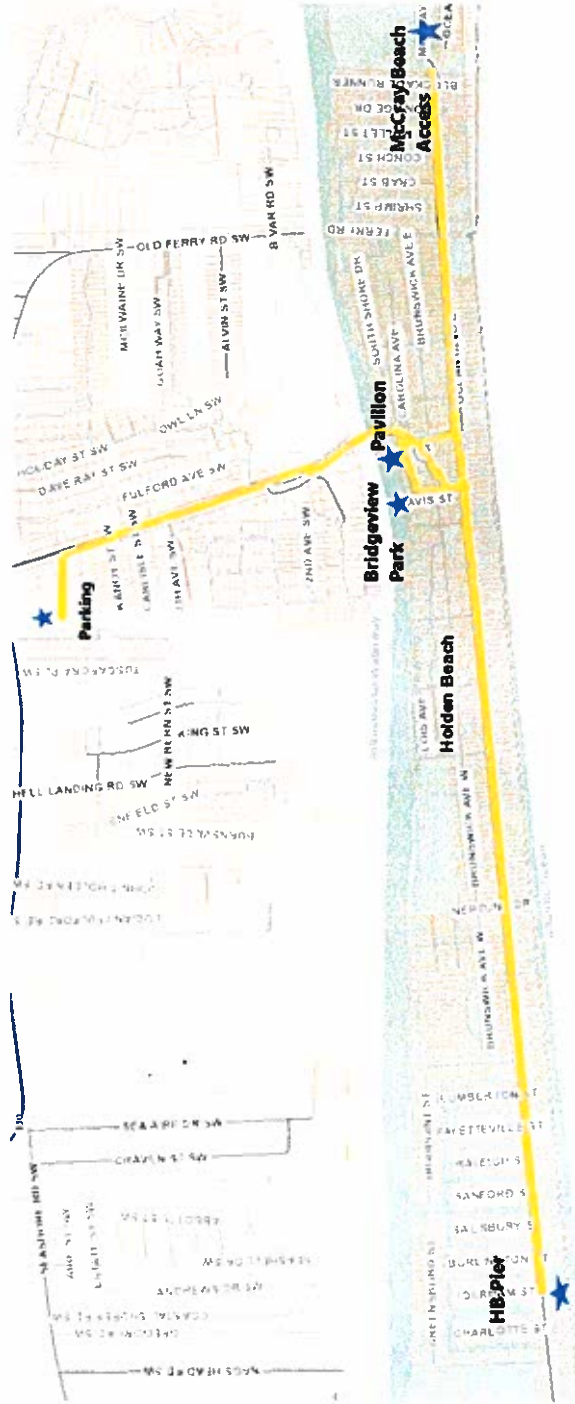
SHUTTLE STOPS AND TIMES

Route will run with an hour headway
 Start time 10:00am End time 4:00pm

Shuttle Stops and Times

Stop Location	Time	Time	Time	Time	Time
1 Brunswick County Parking Holden Beach RD	10:00 AM	11:00 AM	12:00 PM	1:00 PM	2:00 PM
2 Fishing Pier Ocean Blvd	10:15 AM	11:15 AM	12:15 PM	1:15 PM	2:15 PM
3 Bridgeview Park	10:25 AM	11:25 AM	12:25 PM	1:25 PM	2:25 PM
4 Public Access/Pavilion Jordan	10:30 AM	11:30 AM	12:30 PM	1:30 PM	2:30 PM
5 East End Parking McCray St.	10:45 AM	11:45 AM	12:45 PM	1:45 PM	2:45 PM
					3:00 PM
					3:15 PM
					3:25 PM
					3:30 PM
					3:45 PM

HB ROUTE MAP





Presentation by

Yvonne Hatcher & Jean Atkinson

Brunswick Transit System

5040 Main St.

Shallotte, NC 28470

910-253-7800

LOCAL SHARE CERTIFICATION FOR FUNDING

(Legal Name of Certifying Agency/Municipality)

Requested Funding Amounts

<u>Project</u>	<u>Total Amount</u>	<u>Local Share**</u>
Brunswick County Beach Shuttle Pilot Holden Beach	\$ <u>87,461.50</u>	\$ <u>43,730.75</u> (50%)

Funding request covers pilot project for one year (2023) operating Good Friday though October 31, 2023, including extra hours on concert Sundays. Hours/Days of service may be changed and new budgets will be calculated.

TOTAL	\$ <u>87,461.50</u>	\$ <u>43,730.75</u>
	Total Funding Requests	Total Local Share

The Local Share is available from the following sources:

<u>Source of Funds</u>	<u>Amount</u>
_____	_____
_____	_____
TOTAL	\$ _____

I, the undersigned representing (*Legal Name of Certifying Agency/Municipality*) _____
_____ do hereby certify to Brunswick Transit System, Inc., that the required local funds for the
Brunswick County Beach Shuttle Pilot Project for Holden Beach will be available as of January 1, 2023.

Signature of Authorized Official

Type Name and Title of Authorized Official

Date



Date: February 10, 2022
To: Commissioners and Mayor Holden
From: Heather Finnell, Town Clerk HF
Re: Paid Parking Items

An updated ordinance, resolution and service agreement are in your packets. Updates were made based on Board's direction at the last meeting.

Let me know if you have any questions.

ORDINANCE 22-02
AN ORDINANCE AMENDING THE HOLDEN BEACH CODE OF ORDINANCES,
TITLE VII: TRAFFIC CODE

BE IT ORDAINED BY the Mayor and Board of Commissioners of the Town of Holden Beach, North Carolina, that Title VII: Traffic Code be amended as follows.

Section One: Replace Chapter 72 with the following:

Section

- [72.01](#) Definitions
- [72.02](#) Parking prohibited on public streets and rights-of-way
- [72.03](#) Parking authorized by permit only
- [72.04](#) Tow-away zones
- [72.99](#) Penalty

§ 72.01 DEFINITIONS.

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

CONSTRUCTION OR MAINTENANCE VEHICLE. Any vehicle, as defined herein, that is being used for any legitimate service to a private or public facility or residence. Private contractors' vehicles, delivery vehicles, animal assistance organization vehicles (excluding spectators) and any other vehicle with pre-authorization from the town or police, on a case-by-case basis, shall be considered construction or maintenance vehicles.

DAWN. A time one-half hour before sunrise.

DRIVEWAY. An area of the public right-of-way intended for ingress and egress to private residences and the parking thereof, or an area of the public right-of-way allowing ingress and egress to businesses and commercial properties open to public vehicular traffic.

DUSK. A time one-half hour after sunset.

FIRE LANE and/or **EMERGENCY VEHICLE ACCESS.** Any area marked with signage and/or other markings indicating the area is restricted to emergency vehicle parking and/or access only.

FULL-SIZE VEHICLE. Any registered vehicle as defined in this Chapter excluding those vehicles defined as low-speed vehicles herein.

HANDICAPPED AND/OR DISABLED VETERAN. Individuals with disabilities as determined by a medical practitioner in accordance with the Americans with Disability Act and all current federal guidelines and State laws.

HANDICAPPED PARKING SPACE. A parking space designated by signage for the exclusive use of individuals with disabilities as defined above. N.C.G.S. 20-36(e)(1) authorized vehicles displaying disabled veteran registration plates to utilize these spaces without a handicap placard.

LOADING ZONE. A specific area designated by signage for temporary parking to load or unload passengers and/or equipment.

LOW SPEED VEHICLE. A registered motor conveyance as defined in G.S. § 20-4.01(27)(g), a four-wheeled electric vehicle whose top speed is greater than 20 miles per hour but less than 25 miles per hour.

PARK or PARKING. The act of leaving any vehicle standing, whether attended or unattended, in a stationary position for any **period amount** of time, except when in obedience to traffic control devices when in the normal flow of vehicular traffic.

(Change explanation)

The intent of the word *period* was to indicate an amount of time from zero to infinity. A check in the thesaurus indicated *amount* and *period* are not synonymous words. Changed to reflect the intent of the language.

PEDESTRIAN CROSSWALK. Any area marked with signage and/or other markings designed to safely allow pedestrian foot traffic to cross the roadway.

PARKING PERMIT. An instrument, either physical or digital, authorizing the holder to park and/or occupy a designated parking area.

PUBLIC RIGHT-OF-WAY. An area or piece of land located on Town or State property reserved for unhindered public use or access. This area extends from the edge of the pavement or roadbed or travel lane to the edge of the property line.

STREET or HIGHWAY. G.S. § 20-4.01(13) and (46) define a street and/or highway as the entire width between property or right-of-way lines of every way or place of whatever nature, when any part thereof is open to the use of the public as a matter of right for the purposes of vehicular traffic. The terms *highway* and *street* and their cognates are synonymous.

STREET INTERSECTION. The physical location in which two streets connect. A measurement from this location shall be from the right-of-way connection point of the streets closest to the adjacent private property line.

TRAILER. Any trailer required to be registered in accordance with North Carolina General Statutes shall be considered a vehicle as defined herein. Whether attached or not to a towing vehicle, for the purposes of parking, trailers shall be considered a separate vehicle.

VEHICLE. Any registered motor conveyance as defined in G.S. § 20-4.01, including but not limited to: passenger motor vehicles, commercial motor vehicles, recreational vehicles, electric vehicles, low speed vehicles, motorcycles, utility vehicles and mopeds.

§ 72.02 PARKING PROHIBITED ON PUBLIC STREETS AND RIGHTS-OF-WAY.

- (A) Parking shall be prohibited at all times within the corporate limits of the Town on all public streets, rights-of-way, and on Town owned property unless specifically authorized in this Chapter.
- (B) Parking shall not be authorized in any of the following locations: ~~or the adjacent rights-of-way,~~
- (1) Street intersections or adjacent right-of-way, within 25 feet.
 - (2) ~~Streets.~~ Any portion of the roadway, pavement or travel lane.
 - (3) Pedestrian crosswalks, sidewalks, or pedestrian access ways.
 - (4) Blocking access to driveways or mailboxes.
 - (5) Facing opposing traffic.
 - (6) Blocking or adjacent to fire hydrants and emergency beach accessways, within 15 feet, and blocking or within fire lanes.
 - (7) Designated handicapped or disabled veteran space without placard or registration plate.

(Change explanation) The language above prohibited parking in the ROW and created a conflict with the change approved for side street ROW parking outside of peak hours (added as 72.02(D)(9) below).

- (C) When an authorized or permitted parking area's access is conspicuously and obviously restricted or blocked by signs, barricades, barrier tape or any other traffic control device(s), parking shall be prohibited for the duration of the time that area remains blocked.

(D) Exceptions.

- (1) The prohibitions in subsection 72.02(A) (B) or (C) shall not apply to the temporary parking of any of the following:
 - (a) Emergency or government vehicles.
 - (b) Public and private utility vehicles.
 - (c) Private vehicles, when being used during the provision of an emergency.
 - (d) Private vehicles, when being used for any other bona fide governmental purpose.
- (2) The prohibitions in subsection 72.02(A) shall not apply to the temporary parking of any of the following:

Private contractor or maintenance service vehicles while performing legitimate services ~~on~~ at a specific ~~permitted~~ location receiving services, except:

- (a) No vehicle may be left parked overnight (from dusk to dawn); and
 - (b) All vehicles must be as far off the public street rights-of-way as possible; and
 - (c) No vehicle may be left parked on any portion of any roadway; and
 - (d) No vehicle may be parked on any portion of the sidewalk.
- (3) The prohibitions in subsection 72.02(A) shall not apply to the temporary parking of any of the following, but shall still require a valid Parking Permit as defined in this Chapter:

Parking shall be permitted in the rights of way for customers of businesses immediately adjacent to such location, except:

- (a) Shall not be within 25 feet of any intersection in any direction; and
 - (b) Shall not be on any portion of the sidewalk; and
 - (c) Shall not impede the flow of traffic.
- (4) Parking is authorized without a permit in Bridgeview Park for direct use of the park and its facilities only. This applies to the parking area(s) immediately adjacent to and on the same side of the street as the park on Davis St, Rothschild St, and Brunswick Avenue West.
- (5) Parking is authorized without a permit at the Holden Beach Town Hall when conducting official business in the Town Hall. This applies to the parking area(s) immediately adjacent to and on the same side of the street as the Town Hall on Davis St, Rothschild St, and Brunswick Avenue West.
- (6) Parking is authorized without a permit at Sailfish Dr. Park for direct use of the park and its facilities only. This applies to the parking area(s) immediately adjacent to and on the same side of the street as the park on Sailfish Dr. only.
- (7) Parking is authorized without a permit at Sand Dollar Dr. Park for direct use of the park and its facilities only. This applies to the parking area(s) immediately adjacent to and on the same side of the street as the park on Sand Dollar Dr. only.
- (8) Parking is authorized without a permit in any designated handicap space in accordance with the definition(s) in 72.01, when said vehicle displays a valid placard or registration plate.

(9) Parking is authorized without a permit on street rights-of-way in accordance with the following:

- (a) In accordance with all the provisions of 72.02(B), (C) and
- (b) Only Between 5 p.m. and 9 a.m. April 1st through October 31st and
- (c) Any time between November 1st and March 31st and
- (d) On all streets except Ocean Blvd West and Ocean Blvd East between

Jordan Blvd and the intersection with McCray St.

(Change explanation)

-Placed this ROW provision here instead of in 72.03 as it is an exemption to the prohibitions and more aligns with the other subsections of 72.02(D).

-(9)(d) ensures the owners on the short section of OBE between Ave A and Dunescape are not precluded from this exemption.

§ 72.03 PARKING AUTHORIZED BY PERMIT ONLY.

(A) No person shall park a vehicle in any designated parking area or location without first obtaining a valid parking permit in accordance with the following, unless a specific exemption exists in 72.02:

(1) Parking permits will be required from April 1st through October 31st between the hours of 9 a.m. and 5 p.m. each day.

(2) Separate rates will be available for hourly, daily, weekly, and annual permits.

- | | |
|---------------------|--|
| (a) Hourly Permits. | Per hour rate, up to four (4) hours. |
| (b) Daily Permits. | Per day rate, valid for the date of purchase only. |
| (c) Weekly Permits. | Per week rate, valid for seven consecutive days including the date of purchase. |
| (d) Annual Permits. | Annual rate, covers <u>one or</u> two vehicles. Valid for the
Calendar year of purchase only. |

(3) All rates associated with parking permits are listed in the Fee Schedule adopted by the Board of Commissioners, which shall be available at the office of the Town Clerk.

(4) Permits are valid only for the specific vehicle assigned during initial purchase and are non-refundable.

(5) Hourly, Daily and Weekly permits are non-transferable.

(6) Transferring of an annual permit is authorized only under the following circumstances:

- (a) When the assigned vehicle is sold; and
- (b) Only once per calendar year; and
- (c) Only to the original purchaser; and
- (d) Proof of sale documentation shall be required.

(B) Signage.

- (1) ~~In accordance with the table in 72.03(E)~~ Proper signage shall be installed and maintained by the Town or its authorized agent to:
- a. Designate authorized parking areas, In accordance with the table in 72.03(E).
 - b. Designate parking for ~~specific vehicle types (i.e., LSV, Handicap)~~ Low-speed vehicles, in accordance with the table in 72.03(E).
 - c. Designate loading/unloading zones and stop locations for mass transit vehicles.
 - d. Designate handicap parking spaces.
 - e. Indicate no parking areas.
 - f. Provide the manner of obtaining a Parking Permit:
 - i. at each designated parking area; and
 - ii. Including the required hours.

(2) Signage will only be placed in accordance with the provisions of this Chapter.

(Change explanation)

The table does not include or need to include loading zones, etc. and handicap spaces. These corrections are made for clarity after adding the loading zone language.

- (C) No person may park or cause to be parked, any full-size vehicle in any space designated for low-speed vehicle parking.
- (D) Parking is authorized without a Permit outside the specified hours in 72.03(A)(1), but only in designated authorized parking areas pursuant to this Chapter unless otherwise exempted in 72.02(D).

(Change explanation)

Change need to properly allow the exemptions listed in 72.02(D).

- (E) The following table includes the specific locations in which parking is authorized. Parking in these areas shall be in accordance with all the provisions of this Chapter.

{ Insert Completed Table Here }

§ 72.04 TOW-AWAY ZONES.

Vehicles may be towed at the discretion of any law enforcement officer in accordance with all current ~~North Carolina State Laws covered under Chapter 14, Chapter 20 or other applicable statute of the~~ North Carolina General Statues.

(Change explanation)

Changed to take out redundant references to NCGS and clarify authority.

§ 72.99 PENALTY.

(A) Criminal. In accordance with NCGS 14-4(b), SL 2021-138 (effective December 1, 2021), violation of a parking ordinance is an infraction and may carry a maximum fine of fifty (\$50.00) dollars.

(B) Civil. In accordance with § 10.99(B), Any person who violates any provision of this traffic code shall be subject to a civil fine of \$50 per offense, unless a different amount is specifically stated herein.

(C) When a civil fine is assessed in accordance with 72.99(B) above, and the violation is for parking in a lawful parking area, and the fine is paid by mid-night of the same date it was assessed, it shall be \$25 per offense, for the first 3 offenses per vehicle, per calendar year. All subsequent violations shall be \$50 per offense unless a higher amount is required in this Chapter. This subsection, 72.99(C), shall not apply to violations of 72.02(B)(6) or (7).

(D) Civil. In accordance with § 10.99(B), Any person who violates § 72.02(B)(6) or (7) of this traffic code shall be subject to a civil fine of \$250 per offense.

(E) A late fee in the amount of \$25 shall be assessed when all fines levied by 72.99(B) or (C) of this section are not paid in full within 30 days of the issuance of a citation for a violation.

Section 2: Modify Chapter 70, Section 70.99 (NOTE: if Chapter 72 is accepted above, this must be changed to prevent a mutual exclusion).

Replace 70.99(D) with the following.

(D)The Penalties for Chapter 72 shall be assessed in accordance with Section 72.99.

Section Three: The Town Clerk is directed to forward this ordinance to American Legal Publishing for inclusion in the next published supplement to the Holden Beach Code of Ordinances.

Section Four: This ordinance shall be effective the 16th day of February, 2022.

This the 15th day of February, 2022.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk

Town of Holden Beach

Parking Zone and Area Table

The following table shall indicate the specific areas within the corporate limits of the Town of Holden Beach where parking is specifically authorized pursuant to Ordinance 72 and its counterparts and references. Changes and/or modifications to this table are restricted to actions by the Board of Commissioners.

Street/Location (West to East)	Type of Space <u>LSV=Low Speed Vehicle</u> <u>F=All Vehicles</u> <u>BT = Attached Boat Trailer</u> <u>HC = Handicapped</u>	Authorized Right-of-Way Parking Area	Number of Spaces	Parking Zone
---	---	---	-----------------------------	-------------------------

			Lot Off- Street	ROW On-Street	
Shell Dr	€	Westside only			H01
Schooner Dr	€	Both sides of street			H02
Windjammer Dr	€	Both sides of street			H03
Sunshine Ln	€	Both sides of street			H04
Clippership Dr	€	Westside only			H05
Marshwalk Dr	€	Westside only			H06
By The Sea Dr	€	Westside only			H07
Frigate Dr	€	Eastside only			H08
Seagull Dr	LSV	Westside only		2	H09
Deal Dr	LSV	Both sides of street		2	H10
Seaside Dr	LSV	Eastside only		2	H11
Point West Dr	F	Both sides of street			H12
Sailfish Dr	F	Westside Only		*	H13
Tarpon Dr	LSV	Both sides of street		2	H14
Marlin Dr	LSV	Both sides of street		2	H15
Tuna Dr	LSV	Both sides of street		2	H16
Dolphin Dr	LSV	Eastside only		2	H17
Swordfish Dr	F	Eastside only		*	H18
Ocean Blvd West 800 Blk Lot (add parcels)	F	In lot	16		H19
Pump Station 3 Lot	F	In lot Off-Street	12		H20
Sand Dollar Dr	F	Westside only		*	H21
Starfish Dr	LSV	Eastside only		2	H22
Lionspaw Dr	LSV	Eastside only		2	H23
Scotch Bonnet Dr	F	Eastside only		*	H24
Greensboro	F	Westside only		*	H25
Charlotte St	LSV	Both sides of street		2	H26

Durham St	LSV	Eastside only		2	H27
Fishing Pier Lot	F	In lot	80		H28
Burlington St	LSV	Both sides of street		2	H29
Salisbury St	LSV	Both sides of street		2	H30
Sanford St	LSV	Both sides of street		2	H31
Raleigh St	LSV			2	H31.5
Fayetteville St	LSV	Westside only		2	H32
Lumberton St	LSV	Both sides of street		2	H33
Highpoint St	LSV	Both sides of street		2	H34
Neptune St	LSV	Eastside only		2	H35
Boyd St	C	Both sides of street			H36
Roger St	C	Both sides of street			H37
Delanne Dr	C	Westside only			H38
Davis St, Ocean Blvd W to Brunswick Ave W	F	Eastside only		10	H39
Davis St Lot	F	In lot Off-Street	16		H40
Brunswick Ave West, Davis St. to Jordan Blvd (includes restrooms)	F	Both sides of street *Note – Combined With H44*		16 32 44	H41
Jordan Blvd (OBW to Brunswick Ave)	F	Both sides of street		24	H42
Jordan Blvd (Brunswick to Pavilion)	F	In lot Both sides of street		24	H43
Under bridge Lot (at restrooms)	F	In lot *Moved to H41*	12		H44
Pump Station 1 ROW South (North of bridge, between BAW and Jordan Blvd)	F	Both sides of street	24	24	H45
Boat Ramp Area East	BT 5 x BT / 3 x F / 1 x HC	Lot On-Street	9	9	H46
Boat Ramp Area West (Parcel # 247BB001)	BT	Off-Street		6	*Number*
Southshore Dr, West of Jordan Blvd	F	Both sides of street		16 12	H47
Southshore Dr, Carolina Ave to Quinton St	F	Both sides of street		10 15	H48
Carolina Ave, Southshore Dr to Quinton St	F	Both sides of street		10 20	H49

Brunswick Ave East, Jordan Blvd to Quinton St	F	Both sides of street		18	H50
Quinton St	F (2 LSV) 15 x F / 2 x LSV	Westside Only		10 (17)	H51
Quinton St Handicap Lot	F HC	In-lot Off-Street	10		H52
Halstead St	LSV	Westside only		2	H53
Ferry St, North of Ocean Blvd E	LSV	Westside Only		2	H54
Ferry St Lot	F	In-lot Off-Street	15		H55
Holden St	F	Westside only		15 10	H56
Ranger St Lot	LSV	In-lot Off-Street	6	Current	H57
Elizabeth St Lot	LSV	In-lot Off-Street	8	Current	H58
Mullet St	LSV	Both sides of street		2	H59
Mullet St Lot	F	In-lot Off-Street	12		H60
Bendigo St Lot	F	In-lot Off-Street	8		H61
Blockade Runner Dr	LSV	Westside only		2	H62
McCray St, Ave A to Dunescape Dr.	F	Northside		40	H63
Ocean Blvd East, McCray to Ave A	F	In-lot On-Street		40 20	H64
Ocean Blvd East, Ave A to Dunescape Dr.	F	Southside only		20	H65
Ave A	F	Westside only		10 6	H66
Ave B	F	Both sides of street		10	H67
Dunescape Dr, South of McCray St.	LSV	Both sides of street		2	H68
McCray St, Dunescape Dr. East to Ave D Lot	F	Northside only, parallel only		12 16	H69
McCray Street, East of Ave D	F F x 50 / HC x 2	Northside of street only		62 52	H70
Ave D Lot	F	In-lot Off-Street	12 16		H71

*delineate before number of spots are determined, but leave on for document

RESOLUTION 22-01
RESOLUTION AMENDING THE HOLDEN BEACH FEE SCHEDULE

WHEREAS, the Holden Beach Parking Committee and Otto Connect have developed a recommended paid parking plan, to include a fee schedule for the Town of Holden Beach; and

WHEREAS, at the December 12, 2021 Regular Meeting of the Board of Commissioners, the Board of Commissioners discussed the proposed plan and voted to amend the Parking Committee's proposed paid parking plan to reflect that the paid parking period in Holden Beach will be established as April 1st – October 31st; and

WHEREAS, the Board of Commissioners voted to move forward with the implementation of the proposed paid parking plan with the change made to the paid parking period.

WHEREAS, the Holden Beach Fee Schedule needs to be updated to reflect the newly established paid parking fees.

NOW THEREFORE BE IT RESOLVED, that the Board of Commissioners of the Town of Holden Beach, North Carolina does hereby amend the fee schedule to reflect the attached paid parking fees.

This the 15th day of February, 2022.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk

Fee Schedule Amendment

Add the following new section to the Fee Schedule

<i>Parking Permit Rates Per Vehicle</i>	
Per Hour Rate	\$3.00
Per Day Rate	\$15.00
Per Week Rate	\$60.00
Annual Rate (1 vehicle)	\$125.00
Annual Rate (2 vehicles)	\$250.00

To: David Hewett
Town Manager
The Town of Holden Beach

Date: February 4th, 2022

Subject: BoC Follow-up Requests

Mr. Hewett,

Per the meeting on 2/2/22, the BoC requested feedback on 2 items and resulting changes to our proposed Statement of Work for Holden Beach Parking. I've also been in contact with Lt. Dilworth per your note to make sure we aligned with the proposed ordinance updates.

- 1) Reduced Otto Enforcement to only the designated lots.
 - a. I would strongly recommend to the BoC that we stay with the current plan to assess all streets in Holden Beach to provide a more consistent assessment of all RoW parking during the enforcement hours and dates (i.e., 2-4 times per day) that would take away from the Police Dept time if they were to provide that level of enforcement.
 - b. I would also note that allowing residents to park in the RoW sends the wrong message to visitors – who, seeing that it is allowed, regardless of permits, will be much more likely to park in any RoW – thus reducing the overall effectiveness of parking management.
 - c. As an alternative – our system has the feature to issue Warnings for RoW parking violations – either for a predetermined period (e.g., the 2022 season), or **once per vehicle (recommended)**. This may be a simple way to assess the scope of RoW parking problems going forward, esp. in the 9:00AM to 5:00PM period when parking rates are active.

- 2) Reduced Parking Fees. This discussion revisits the Parking Committee discussions and recommendations from December, at which time we reduced the fees from a competitive \$5/hour to \$4/hour. As noted then, we certainly have the ability to support lower fees, but as Commissioner Davis mentioned, we can no longer contain the credit card transaction fees within our 30% and maintain our standard of service at fees lower than \$4 for approximately 500 parking spaces. Net: at \$3/hour, we would need to charge \$.49 per credit card transaction to the Town (the credit/debit card and PayPal transaction fees are 2.59% + \$.49). While some operators tack these fees on to the parking fee at the time of purchase, it creates a negative impression with the parking customer, as the parking rate surprisingly increases from \$3 to \$3.49.

I've updated the revenue outlook estimate and net for Holden Beach based on the \$3/hour rate and the 30% Otto fee plus the \$.49 per transaction cost of the credit card fee (noted in the table below).

For the Annual Parking permit, the Parking Committee determined and recommended \$250 for annual permits to include either one or two vehicles as the best match for Holden Beach. I've included an assessment of the reduced revenue associated with moving to \$125 per single vehicle annual permit – based on the likely reduction in revenue. Note: this change may also require additional changes to the terms, including the Otto fees and or level of services and is not recommended. These changes are not included in the Statement of Work update but can be easily provided at your direction.

Paid Parking Revenue Estimates	Original Estimate – adjusted to 506 parking spaces = - \$4/Hour - \$250/year (1 or 2 Veh)	New - \$3/Hour - \$250/year (1 or 2 Veh).	New (Optional – will require additional changes to the contract agreement) - \$3/Hour - \$125/year (per vehicle)
Annual Gross Revenue for 2022	\$480,922	\$416,193	\$313,159
Net Revenue for Holden Beach	\$336,645	\$280,178	\$208,054

Note: per your comments regarding Lot Designation, we changed the wording to reflect “on-street” and “off-street” parking designation (instead of Lot or RoW) in the Statement of Work.

Please let me know if there are any other items to update or if you need a more detailed assessment of the changes required for the \$125 per vehicle annual permit option. By separate copy, I will provide a markup version of our contract with the updated Order Form, Statement of Work, and Exhibit E based on the changes in ordinances and the \$3/hour rate change.

Regards,



Jim Varner
President and CEO
Otto Connect, Inc.



SERVICES ORDER FORM

Customer: Town of Holden Beach	Contact: David Hewett, Town Manager
Address: 110 Rothschild Street Holden Beach, NC 28462	Phone: 910-842-6488 e-mail: david.hewett@hbtownhall.com
Services: <i>Delivery of the "SurfCAST by Otto Connect" mobile application as offered by Otto Connect, Inc. (the "SaaS Service(s)"), with the parking management administration and enforcement services provided in connection with SurfCAST (the "Additional Parking Services," and collectively with the SaaS Services, the "Services"), all as further described in the Statement of Work attached as Exhibit A hereto.</i>	
Services Fees: SurfCAST = 30% of consumer parking fees collected <u>plus \$.49 per transaction</u> and 30% of Violation fees collected <u>plus \$.49 per transaction</u> . The above all subject to the terms of Section 4 herein and a minimum of 500 parking spaces.	Initial Service Term: Two (2) Years Automatically renewed for subsequent one (1) year periods unless cancelled 90 days prior to the end of the current year period.
Implementation Services: Company will use commercially reasonable efforts to provide Customer the services described in the Statement of Work attached as Exhibit A hereto ("Implementation Services"), and Customer shall pay Company the Implementation Fee in accordance with the terms herein. Implementation Fee (one-time): \$0.00	
Pilot Use: None	

SERVICES AGREEMENT

This Services Agreement ("Agreement") is entered into on this _____ day of _____, 2022 (the "Effective Date") between Otto Connect, Inc. with a place of business at 9107 Maria Luisa Pl, Raleigh, NC 27617 and 816A N. Topsail Dr, Surf City, NC 28445 ("Company" or "Otto"), and the Customer listed above ("Customer" or "Town"). This Agreement includes and incorporates the above Order Form, as well as the attached Terms and Conditions and contains, among other things, warranty disclaimers, liability limitations and use limitations.

Otto Connect, Inc.:

Town of Holden Beach:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act.

Town Finance Officer

TERMS AND CONDITIONS

1. SAAS SERVICES AND SUPPORT

1.1 Subject to the terms of this Agreement, Company will use reasonably diligent efforts to provide Customer the SaaS Services in accordance with the Service Level Terms attached hereto as Exhibit B. As part of the registration process, Customer will identify an administrative username and password for Customer's Company account. Company reserves the right to refuse registration of or cancel passwords it deems inappropriate.

1.2 Subject to the terms hereof, Company will provide Customer with reasonably diligent technical support services in accordance with the Company's standard practice.

2. ADDITIONAL PARKING SERVICES

2.1 Subject to the terms of this Agreement, Company will use commercially reasonable efforts to provide Customer the Additional Parking Services (as defined in the Services Order Form).

2.2 In connection with the provision of the Additional Parking Services, Customer authorizes Company to: (a) collect parking and related fees in accordance with Customer's policies therefor; (b) enforce any parking requirements or conditions on behalf of Customer, including issuing citations and towing or immobilization of automobiles; and (c) enforce Customer's collection policy for delinquent citation fees, including providing notices, instituting collection proceedings, and the engagement of collection services for the same. Customer expressly agrees that Company may subcontract or delegate to any entity or individual all or any portion of the Additional Parking Services.

2.3 Upon the written request of Customer, Company agrees to remove and replace any personnel providing the Additional Parking Services that commits any act involving moral turpitude, dishonesty, harassing or indecent conduct, or illegal or unethical conduct that is detrimental to the interest and well-being of the Customer or which impairs or injures the reputation of the Customer.

3. RESTRICTIONS AND RESPONSIBILITIES

3.1 Customer will not, directly or indirectly: reverse engineer, decompile, disassemble or otherwise attempt to discover the source code, object code or underlying structure; ideas, know-how or algorithms relevant to the SaaS Services or any software, documentation or data related to the SaaS Services ("Software"); modify, translate, or create derivative works based on the Services or any Software (except to the extent expressly permitted by Company or authorized within the SaaS Services); use the SaaS Services or any Software for timesharing or service bureau purposes or otherwise for the benefit of a third party; or remove any proprietary notices or labels.

3.2 Further, Customer may not remove or export from the United States or allow the export or re-export of the SaaS Services,

Software or anything related thereto, or any direct product thereof in violation of any restrictions, laws or regulations of the United States Department of Commerce, the United States Department of Treasury Office of Foreign Assets Control, or any other United States or foreign agency or authority. As defined in FAR section 2.101, the Software and documentation are "commercial items" and according to DFAR section 252.227-7014(a)(1) and (5) are deemed to be "commercial computer software" and "commercial computer software documentation." Consistent with DFAR section 227.7202 and FAR section 12.212, any use modification, reproduction, release, performance, display, or disclosure of such commercial software or commercial software documentation by the U.S. Government will be governed solely by the terms of this Agreement and will be prohibited except to the extent expressly permitted by the terms of this Agreement.

3.3 Customer represents, covenants, and warrants that Customer will use the Services only in compliance with Company's policies as agreed by the Parties and in compliance with stated Customer policies attached hereto as Exhibit E (the "Policy") and all applicable laws and regulations. The Policy may be modified by mutual agreement from time to time; provided, that in no event shall such modification materially and adversely affect Customer's use of the Services or otherwise conflict with any of the terms and conditions set forth in this Agreement. Customer hereby agrees to indemnify and hold harmless Company against any damages, losses, liabilities, settlements and expenses (including without limitation costs and attorneys' fees) in connection with any claim or action that arises from an alleged violation of the foregoing or otherwise from Customer's use of Services.

3.4 Although Company has no obligation to monitor Customer's use of the SaaS Services, Company may do so and may prohibit any use of the SaaS Services it believes may be (or alleged to be) in violation of the foregoing.

3.5 Customer shall be responsible for obtaining and maintaining any equipment and ancillary services needed to connect to, access or otherwise use the SaaS Services, including, without limitation, modems, hardware, servers, software, operating systems, networking, web servers and the like (collectively, "Equipment"). Any unique or special requirements for Customer's technical environment will be set forth in the Statement of Work. Customer shall also be responsible for maintaining the security of the Equipment, Customer account, passwords (including but not limited to administrative and user passwords) and files, and for all uses of Customer account or the Equipment with or without Customer's knowledge or consent.

3.6 Customer shall cooperate with Company in its performance of the Additional Parking Services and provide reasonable access to Customer's parking areas or equipment as reasonably required to enable Company to provide the Additional Parking Services. Customer alone is responsible for the

maintenance and upkeep of Customer's parking areas. Company is not an insurer or guarantor of security or personal safety in such parking areas and in no event shall be liable for damage thereto. Company assumes no liability for any failure of any individual to pay any parking fees or other charges due in connection therewith.

4. CONFIDENTIALITY; PROPRIETARY RIGHTS

4.1 Subject to the provisions of Chapter 132 of the North Carolina General Statutes, each party (the "Receiving Party") understands that the other party (the "Disclosing Party") has disclosed or may disclose business, technical or financial information relating to the Disclosing Party's business (hereinafter referred to as "Proprietary Information" of the Disclosing Party). Proprietary Information of Company includes non-public information regarding features, functionality and performance of the Service. Proprietary Information of Customer includes non-public data provided by Customer to Company to enable the provision of the Services ("Customer Data"). The Receiving Party agrees: (i) to take reasonable precautions to protect such Proprietary Information, and (ii) not to use (except in performance of the Services or as otherwise permitted herein) or divulge to any third person any such Proprietary Information. The Disclosing Party agrees that the foregoing shall not apply with respect to any information after five (5) years following the disclosure thereof or any information that the Receiving Party can document (a) is or becomes generally available to the public, or (b) was in its possession or known by it prior to receipt from the Disclosing Party, or (c) was rightfully disclosed to it without restriction by a third party, or (d) was independently developed without use of any Proprietary Information of the Disclosing Party or (e) is required to be disclosed by law.

4.2 Company shall own and retain all right, title and interest in and to (a) the Services and Software, all improvements, enhancements or modifications thereto, (b) any software, applications, inventions or other technology developed in connection with Implementation Services or support, (c) any data that is based on or derived from the Customer Data and provided to Customer as part of the Services; and (d) all intellectual property rights related to any of the foregoing.

4.3 Notwithstanding anything to the contrary, Company shall have the right to collect and analyze data and other information relating to the provision, use and performance of various aspects of the Services and related systems and technologies (including, without limitation, information concerning Customer Data and data derived therefrom), and Company will be free (during and after the term hereof) to (i) use such information and data to improve and enhance the Services and for other development, diagnostic and corrective purposes in connection with the Services and other Company offerings, and (ii) disclose such data solely in aggregate or other de-identified form in connection with its business. No rights or licenses are granted except as expressly set forth herein.

5. PAYMENT OF FEES

5.1 In consideration of the Services, Company will be entitled to the then applicable fees described in the Order Form for the Services and Implementation Services in accordance with the terms therein (the "Fees"). If Customer's use of the Services exceeds the Service Capacity set forth on the Order Form or otherwise requires the payment of additional fees (per the terms of this Agreement), Customer shall be billed for such usage and Customer agrees to pay the additional fees in the manner provided herein. Company reserves the right to change the Fees or applicable charges and to institute new charges and Fees at the end of the Initial Service Term or then-current renewal term, upon thirty (30) days prior notice to Customer (which may be sent by email).

5.2 Subject to Section 5.3, the Company may choose to bill through an invoice, in which case, full payment for invoices issued in any given month must be received by Company thirty (30) days after the mailing date of the invoice. Unpaid amounts are subject to a finance charge of 1.5% per month on any outstanding balance, or the maximum permitted by law, whichever is lower, plus all expenses of collection and may result in immediate termination of Service. Customer shall be responsible for all taxes associated with Services other than U.S. taxes based on Company's net income.

5.3 For SurfCAST, Company will collect all fees and retain the agreed percentage of collected fees for each category of service on a monthly basis. All remaining fees collected will be distributed to Customer on the same monthly schedule. In connection therewith, Company agrees to maintain accurate records relating to the Services provided to the Customer under this Agreement. During the Term and for a period of two (2) years thereafter, upon Customer's written request, the Company will allow Customer or Customer's representative to inspect and make copies of such records, provided that any such inspection shall take place during regular business hours with at least ten (10) business days' advance written notice.

6. TERM AND TERMINATION

6.1 Subject to earlier termination as provided below, this Agreement is for the Initial Service Term as specified in the Order Form and shall be automatically renewed for additional periods noted on the order form (collectively, the "Term"), unless either party requests termination at least ninety (90) days prior to the end of the then-current term.

6.2 In addition to any other remedies it may have, either party may also terminate this Agreement, if the other party materially breaches any of the terms or conditions of this Agreement. Customer will pay in full for the Services up to and including the last day on which the Services are provided. All sections of this Agreement which by their nature should survive termination will survive termination, including, without limitation, accrued rights to payment, confidentiality obligations, warranty disclaimers, and limitations of liability.

7. WARRANTY AND DISCLAIMER

Company shall use reasonably diligent efforts consistent with prevailing industry standards to maintain the SaaS Services in a manner which minimizes errors and interruptions in the SaaS Services and shall perform the Additional Parking Services and Implementation Services in a professional and workmanlike manner. SaaS Services may be temporarily unavailable for scheduled maintenance or for unscheduled emergency maintenance, either by Company or by third-party providers, or because of other causes beyond Company's reasonable control, but Company shall use reasonable efforts to provide advance notice in writing or by e-mail of any scheduled service disruption. HOWEVER, COMPANY DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE; NOR DOES IT MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM USE OF THE SERVICES. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION, THE SERVICES AND IMPLEMENTATION SERVICES ARE PROVIDED "AS IS" AND COMPANY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

8. INDEMNITY

Company shall hold Customer harmless from liability to third parties resulting from infringement by the SaaS Service of any United States patent or any copyright or misappropriation of any trade secret, provided Company is promptly notified of any and all threats, claims and proceedings related thereto and given reasonable assistance and the opportunity to assume lead counsel over the defense and settlement of said claims; Company will not be responsible for any settlement it does not approve in writing. The foregoing obligations do not apply with respect to portions or components of the SaaS Service (i) not supplied by Company, (ii) made in whole or in part in accordance with Customer specifications, (iii) that are modified after delivery by Company, (iv) combined with other products, processes or materials where the alleged infringement relates to such combination, (v) where Customer continues allegedly infringing activity after being notified thereof or after being informed of modifications that would have avoided the alleged infringement, or (vi) where Customer's use of the SaaS Service is not strictly in accordance with this Agreement. If, due to a claim of infringement, the SaaS Services are held by a court of competent jurisdiction to be or are believed by Company to be infringing, Company may, at its option and expense (a) replace or modify the SaaS Service to be non-infringing provided that such modification or replacement contains substantially similar features and functionality, (b) obtain for Customer a license to continue using the SaaS Service, or (c) if neither of the foregoing is commercially practicable, terminate this Agreement and Customer's rights hereunder and provide Customer a refund of any prepaid, unused fees for the Service.

9. LIMITATION OF LIABILITY

NOTWITHSTANDING ANYTHING TO THE CONTRARY, EXCEPT FOR BODILY INJURY OF A PERSON, COMPANY AND ITS SUPPLIERS (INCLUDING BUT NOT LIMITED TO ALL EQUIPMENT AND TECHNOLOGY SUPPLIERS), OFFICERS, AND AFFILIATES, SHALL NOT BE RESPONSIBLE OR LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER THEORY: (A) FOR ERROR OR INTERRUPTION OF USE OR FOR LOSS OR INACCURACY OR CORRUPTION OF DATA OR COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY OR LOSS OF BUSINESS; (B) FOR ANY INDIRECT, EXEMPLARY, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES; (C) FOR ANY MATTER BEYOND COMPANY'S REASONABLE CONTROL; OR (D) FOR ANY AMOUNTS THAT, TOGETHER WITH AMOUNTS ASSOCIATED WITH ALL OTHER CLAIMS, EXCEED THE GREATER OF: (I) FEES PAID BY CUSTOMER TO COMPANY FOR THE SERVICES UNDER THIS AGREEMENT IN THE 12 MONTHS PRIOR TO THE ACT THAT GAVE RISE TO THE LIABILITY AND (II) PROCEEDS OF THE COMPANY'S AVAILABLE INSURANCE COVERAGE. IN EACH CASE, WHETHER OR NOT COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. The provisions of this Section 9 are for the sole and exclusive benefit of the Company and the other parties named herein and shall not be construed to limit any recourse that may be available to the Customer against any other party, including Company's employees and contractors.

10. MISCELLANEOUS

If any provision of this Agreement is found to be unenforceable or invalid, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement will otherwise remain in full force and effect and enforceable. This Agreement is not assignable, transferable or sublicensable by Customer except with Company's prior written consent. Company may transfer and assign any of its rights and obligations under this Agreement with Customer's consent, said consent shall not unreasonably withheld. Notwithstanding the foregoing, the Company may assign its rights and obligations hereunder, without the consent of the Customer, to any other corporation, person, or entity acquiring all or substantially all of the assets or ownership interest of the Company or to any other corporation, person, or entity into which the Company may be merged or consolidated. This Agreement is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements, communications and other understandings relating to the subject matter of this Agreement, and that all waivers and modifications must be in a writing signed by both parties, except as otherwise provided herein. No agency, partnership, joint venture, or employment is created as a result of this Agreement and Customer does not have any authority of any kind to bind Company in any



respect whatsoever. All notices under this Agreement will be in writing and will be deemed to have been duly given when received, if personally delivered; when receipt is electronically confirmed, if transmitted by facsimile or e-mail; the day after it is sent, if sent for next day delivery by recognized overnight delivery service; and upon receipt, if sent by certified or registered mail, return receipt requested. This Agreement shall be governed by the laws of the State of North Carolina without regard to its conflict of law provisions. The parties shall work together in good faith to issue at least one mutually agreed upon press release within 90 days of the Effective Date, and Customer otherwise agrees to reasonably cooperate with Company to serve as a reference account upon request.

EXHIBIT A

Statement of Work

Company will deliver SurfCAST, encompassing the mobile app and web-based solution for the Town, specifically:

- The parking management SaaS capability for collection of parking fees, issuing and managing citations, and violation fee collection.
- The company will provide personnel who will perform all enforcement checking, citations, and customer service via phone, email, or via the feedback capability on the app. It should be noted that the app-based feedback capability is currently limited to email communication back to the parking customer.

SurfCAST, as used by Holden Beach provides all the features and support requirements needed for quick and low-cost implementation of parking management. Key components include:

1. Various parking pass options – specially for hour and day periods of parking or vehicle type
2. Parking enforcement enabled for the Town via periodic license plate scan and verification of an active parking permit – or violation notice and appropriate parking citation/ticket if there is no active paid permit or parking in a No Parking zone as defined by Town Ordinances
3. Collection of all parking fees with monthly payment to the Town based on the fees identified in the Order Form approximately one (1) week following the close of the calendar month. Collection of delinquent fees will be via 3rd party collection service as contracted by Company.
4. Monthly auditable reports and web-based dashboard

SurfCAST provides a mobile parking solution with little up-front-cost to the Town (limited to mapping of parking areas, signage, and links to appropriate Town resources). SurfCAST will provide:

1. Free App download for all participants with full function capability – covering Zone and Parking Fee with selectable period (hour, day, week, or annual) for Apple and Android devices (with limitations for supported versions of the Operating System)
2. QRCode/picture to a secure web-link for on-line payments
3. Website access: <https://surfcast.ottoconnect.us/pay>
4. Simple, all-inclusive fees as a percentage of parking rates and collected citations
5. Optional enforcement enabled for Town personnel: Ticketing and payment processing
6. Customized Dashboard – standard and unique requirements based on needs of the Town
7. Auditable reports of all fees, tickets, and payments
8. Customer inquiries via email, phone or the Feedback section of the app (grievances, issues, ticket or charge concerns)
9. Dedicated phone number for Customer Service: 910-200-1497
10. Town will also leverage the "Same Day Ticket Payment Discount" feature for violations for a maximum of three (3) times per vehicle for selected violations as noted below

The Town of Holden Beach will be responsible for identification of valid parking areas, parking spaces, and appropriate signage identifying "SurfCAST by Otto Connect" as the tool to use to pay for parking privileges. Company will provide templates of the signs for Town approval. Company may provide procurement of signs and/or installation of signs as agreed via separate agreement.

Holden Beach – SurfCAST parking permit and enforcement details

Dates/Times/Enforcement:

April 1st, through October 31st

9:00AM to 5:00PM

Enforcement will be via random scan of license plates, 2 times per day, with 3-4 times on Saturdays between Memorial and Labor Day. Coverage will include all parking zones ~~and side streets~~ and will issue citations as applicable based on the list below or as may be updated in writing and agreed by both parties.

App Access:

"SurfCAST by Otto" via: Apple App Store and Google Play

QRcode – link to secure website

Web Direct: <https://surfcast.ottoconnect.us/pay>



Phone: 910-200-1497 – available on the Dates/Times noted above.

Parking Rates for each licensed vehicle in all designated parking areas will be:

- \$34 per hour for up to 4 hours
- \$1520 per day and for any duration greater than 4 hours
- \$6080 per week for 7 consecutive days

Annual Permit – for two vehicles (users will be allowed to change License Plate Numbers only once per vehicle every 90 days. Exceptions can be allowed on a case by case basis via Otto Customer Service.

- \$250 per calendar year. Pending BoC decision on Annual at \$125 per vehicle vs. \$250 for one or two vehicles
- Note: Can be for any 2 licensed vehicles including Car, Truck, LSV, or Trailer.

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Parking Zone Types will have financials split between them. Where annual permits are used, they will be split 50/50 between the two zone types or as separately agreed by the parties.

- Right-of-Way-On-Street
- Parking-Lot-Off-Street

Parking Violations and Citation Fees

Listed are the violations that will result in a parking citation – or as may be updated in Exhibit E:

Violation fine of \$25 Same Day Violation (SDV) payment by midnight of the day of the issued citation, then \$50 next day thru day 30, then \$25 late payment penalty = \$75. Note: SDV use is limited to 3 times per account and license plate.

- Parking without a valid paid permit in an authorized parking area (Section 72.03)
- Parking a Non-Compact vehicle in an authorized Compact location (Section 72.03 and subject to Section 72.01 definitions)

The following violations will carry a fine of \$50 if paid within 30 days. After 30 days, a \$25 late payment penalty will be applied. ~~\$75~~ – we recommend that these violations and areas be monitored and cited by Otto personnel

- Parking within 25 feet of a Street Intersection (Section 72.02)
- Parking on the paved street surface (Section 72.02)
- Parking in a Crosswalk, Sidewalk, or Pedestrian Access ways (Section 72.02)
- Parking blocking a driveway or mailbox (Section 72.02)
- Parking facing opposing traffic (Section 72.02)
- Parking in a No Parking Zone, or within Right of Way (Section 72.02)

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The following violations will carry a fine of \$250

- Parking adjacent to (within 15 feet) or blocking a Fire Hydrant, Fire Lane, or Emergency Access (Section 72.02)
- Parking in a designated Handicap space without proper license plate or hangtag (Section 72.02)

Citation Payments:

- Can be made directly on the SurfCAST mobile app
- Can be made directly on the website noted above
- Can be made via phone to Otto Connect customer service @ 910-200-1497
- Can be mailed in with check, payable to:
 - Otto Connect, Inc. – Attn. Parking Services
 - PO Box 2448
 - Surf City, NC 28445

Citation Appeals will be provided by Otto Connect, Inc. via:

- Email: customerservice@ottoconnect.us
- Phone: 910-200-1497

EXHIBIT B

Availability of Services

The SaaS Services shall be available 99%, measured monthly, including holidays and weekends and excluding scheduled maintenance (to be scheduled overnight). If Customer requests maintenance during any specific hours, any uptime or downtime calculation will exclude periods affected by such maintenance. Further, any downtime resulting from outages of third-party connections or utilities or other reasons beyond Company's control will also be excluded from any such calculation. Customer's sole and exclusive remedy, and Company's entire liability, in connection with SaaS Service availability shall be that for each period of downtime lasting longer than one hour, Company will credit Customer 50% of the average parking fees expected during the period of downtime. Average parking fees will be calculated based on the hour of the day and day of the week for a four (4) week running average and will be net of any service fees that would have been due to Company. (For clarity, downtime from 2:00 to 3:00 PM on a Wednesday will use the average parking fees paid to Customer for the previous four weeks on Wednesdays from 2:00 – 3:00 PM.) Downtime shall begin to accrue as soon as it is discovered that downtime is taking place and continues until the availability of the SaaS Services is restored. Company agrees to provide Customer with a record of such downtime for each month. In order to receive downtime credit, Customer must send a written request to Company via email, or via text within 72 hours from the end of the downtime, and failure to provide such notice will forfeit the right to receive downtime credit. Downtime credit may not be redeemed for cash. Credit shall accrue for no more than 8 hours for each day, and for no more than 7 such days in any single month. Company will apply credit within the ninety (90) days immediately following the restoration of the SaaS Services. If the Customer accrues the maximum amount of downtime credit permitted hereunder for two (2) consecutive months, then Customer may terminate this Agreement with immediate effect upon delivery of written notice thereof.



EXHIBIT C
Support Terms

Company will provide Technical Support to Town via electronic communication using the mobile app, email, or direct contact via phone any day during the Enforcement Period (All Year) during the hours of 9:00 am through 5:00 pm Eastern time, with the exclusion of Federal Holidays ("Support Hours").

Company will use commercially reasonable diligent efforts to respond to all notices within one (1) business day.

Phone support from 9:00AM to 5:00 PM daily during the Enforcement Period via 910-200-1497.

Email support via customerservice@ottoconnect.us.

EXHIBIT D
Additional Terms

1. Emergency Services

As noted in Exhibit C: Support Terms

2. Permanent Additions, Deletions and Changes to Services

The Town will have the right to request additions, deletions, or changes for any of the Services, in its sole discretion, in response to its changing needs. The Town will submit all notices for revisions in Services in writing with reasonable advance notice to the Company. In the event of an emergency situation, the Town and Company will work with each other in good faith to implement required Service changes as quickly as possible. Town agrees that Company will manage any additions to the Services as described herein (for example if Town should add new parking lots) and Company agrees to assess and respond to such additional Services in a timely manner but not more than two (2) weeks from the date received to include feasibility, and if accepted, an implementation plan and additional Service rates consistent with existing rates with the Town. For any Services not originally contemplated by this Agreement, the Company will provide such Services at rates that do not exceed those being charged to similar clients for similar services upon the written agreement of Town.

3. Subcontracting

Company acknowledges and agrees that it shall be the prime contractor and shall remain fully responsible for the performance of all obligations required to be performed by the Company or any subcontractors under this Agreement. Upon the Town's written request, the Company shall submit to the Town organizational charts and qualifications of subcontractor personnel for any portions of the Services proposed to be performed by subcontractors.

4. Indemnification

To the fullest extent permitted by law, the Company shall indemnify, defend and hold harmless the Town and the Town's officers, agents and employees from and against any and all claims, losses, damages, obligations, liabilities and expenses (including reasonable attorneys' fees) that arise directly or indirectly from any negligent or intentional act(s), error(s) or omission(s) or willful misconduct by the Company or any of its agents, employees or subcontractors (or any allegations of any of the foregoing), including but not limited to any liability caused by an accident or other occurrence resulting in bodily injury, death, sickness or disease to any person(s) or damage or destruction to any property, real or personal.

The indemnification obligation under this Section 4 shall apply to all matters involving injured employees of the Company or any supplier or subcontractor of any tier and shall not be limited by any provisions of applicable workers' compensation laws, and in particular shall apply regardless of the exclusive remedy and/or immunity provisions of those laws.

5. Insurance

The Company shall purchase and maintain during the life of this Agreement with an insurance company companies licensed to do business in North Carolina with a general policyholder's ratings of at least A- and a financial rating of at least VI in the most current Best's Insurance Reports available on the Commencement Date, or if the Best's ratings are changed or discontinued, the parties shall agree to a comparable method of rating insurance companies:

a) Commercial General Liability

Bodily injury and property damage liability as shall protect the Company and any subcontractor performing work under this Agreement from claims of bodily injury or property damage which arise from operation of this Agreement whether such operations are performed by Company, any subcontractor or any person directly or indirectly employed by either. The amounts of such insurance shall not be less than \$1 Million combined single limit per occurrence and \$2 Million in general aggregate for bodily injury & property damage & \$2 Million general aggregate for products/completed operations. Comprehensive General Liability insurance shall include endorsements for property damage; personal injury; contractual liability; completed operations, products liability, & independent contractors' coverage. This coverage shall be on an occurrence basis.



- b) **Workers' Compensation Insurance**
Meeting the statutory requirements of the State of North Carolina and Employers Liability- \$100,000 per accident limit, \$500,000 disease per policy limit, \$100,000 disease each employee limit, providing coverage for employees and owners.
- c) **Theft, Disappearance and Destruction Coverage – as may be covered by Crime or Cyber Crime policies.**
Protecting against loss of money and securities, inside the premises and outside the premises in the care and custody of a messenger in an amount not less than \$500,000.
- d) **Crime Insurance**
Covering the Company, its agents or employees, in an amount not less than \$100,000.

All insurance policies provided hereunder shall include a deductible amount of not less than \$2500, and the deductible amount of any claims shall be paid as a reasonable expense of the operation.

The Town of Holden Beach shall be included and endorsed as an additional insured under the commercial general liability insurance for operations and services rendered under this Agreement. Certificates of all required insurance shall be furnished to the Town at the time of execution of this Agreement and shall contain the provision that the Town will be given 30 day written notice of any intent to amend or terminate by either the insured or the insuring company.

- e) **Automobile Liability**
The Town shall purchase and maintain during the life of this Agreement on all vehicles owned by the Town and used by Company with an insurance company acceptable to Company and authorized to do business in the State of North Carolina the following insurance:

Bodily injury and property damage liability covering all owned, non-owned and hired automobiles for limits of not less than \$1,000,000 bodily injury each person, each accident and \$1,000,000 property damage, or \$1,000,000 combined single limit each occurrence/aggregate.

6. General Compliance with Laws and Regulations

The Company shall comply with all Federal, State, and local laws, ordinances, and regulations applicable to the Services provided herein. If, due to conflicts between two or more such ordinances, statutes, laws, rules, and regulations (the "Regulations") or due to conflicts in the interpretation or enforcement of such Regulations by courts or governing bodies having jurisdiction over the Services, the Company is unable to comply with such Regulations, the Company shall exercise usual and customary professional care in the exercise of his professional judgment in complying with such conflicting Regulations. The Company further agrees that it will at all times during the term of this Agreement be in compliance with all applicable federal, state and/or local laws regarding employment practices. Such laws will include, but shall not be limited to workers' compensation, the Fair Labor Standards Act, the Americans with Disabilities Act (ADA), the Family and Medical Leave Act, and all Occupational Safety and Health Administration (OSHA) regulations applicable to the work.

- a) **Non-Discrimination**
The Company agrees that it has adopted and will maintain and enforce a policy of non-discrimination on the basis of race, color, religion, sex, age, national origin, or disability. The Company agrees that it will inform the Town of any alleged violation(s) of employment practices involving any employees who provide Services which are asserted in any claims filed with the Equal Employment Opportunity Commission, Labor Department or any other federal or state compliance agency. Also, the Company will inform the Town of the final disposition of such cases.
- b) **Equal Opportunity**
The Town is committed to promoting equal opportunities for all and to eliminating prohibited discrimination in all forms. Prohibited discrimination means discrimination against any person, business or other entity in contracting or purchasing practices on the basis of race, color, sex or national origin. Without limiting the foregoing, prohibited discrimination also includes retaliating against any person, business or other entity for



reporting any incident of prohibited discrimination. It is understood and agreed that not only is prohibited discrimination improper for legal and moral reasons, prohibited discrimination is also an anti-competitive practice that tends to increase the cost of goods and services to the Town and others.

As a condition of entering into this Agreement, the Company further agrees to: (a) promptly provide to the Town all information and documentation that may be requested by the Town from time to time regarding the solicitation and selection of subcontractors. Failure to maintain or failure to provide such information constitutes grounds for the Town to terminate or withhold payment under this Agreement.

c) Harassment

The Company agrees to make itself aware of and comply with the Town's Harassment Policy. The Town will not tolerate or condone acts of harassment based upon race, sex, religion, national origin, color, age, or disability.

d) Safety

The Company will have sole responsibility for ensuring its employees have been trained in appropriate safety procedures in connection with providing Services to the Town. Company's employees will not create safety hazards in the course of providing the Services.

7. Drug Free Workplace Requirement

The Company shall provide a drug-free workplace during the performance of this Agreement. This obligation includes:

1. Notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the Company's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
2. Establishing a drug-free awareness program to inform employees about (i) the dangers of drug abuse in the workplace, (ii) the Company's policy of maintaining a drug-free workplace, (iii) any available drug counseling, rehabilitation, and employee assistance programs and (iv) the penalties that may be imposed upon employees for drug abuse violations;
3. Notifying each employee that as a condition of employment, the employee will (i) abide by the terms of the prohibition outlined in this Article and (ii) notify the Company of any criminal drug statute conviction for a violation occurring in the workplace not later than five (5) days after such conviction;
4. Notifying the Town within ten (10) days after receiving from an employee a notice of a criminal drug statute conviction or after otherwise receiving actual notice of such conviction, unless otherwise forbidden to communicate such information to third parties under the Company's drug-free awareness program or other restrictions;
5. Imposing a sanction on, or requiring the satisfactory participation in a drug counseling, rehabilitation or abuse program by an employee convicted of drug crime;
6. Making a good faith effort to continue to maintain a drug-free workplace for employees; and
7. Requiring any party to which it subcontracts any portion of the work under the Agreement to comply with the provisions above.

Failure to comply with the above drug-free workplace requirements during the performance of the Agreement shall be grounds for suspension, termination or debarment.

8. Miscellaneous

Relationship of The Parties

The relationship of the parties established by this Agreement is solely that of independent contractors, and nothing contained in this Agreement shall be construed to (i) give any party the power to direct or control the day-to-day activities of the other; or (ii) constitute such parties as partners, joint venturers, fiduciaries, co-owners or otherwise

as participants in a joint or common undertaking; or (iii) make either party an agent of the other for any purpose whatsoever. Neither party nor its agents or employees is the representative of the other for any purpose, and neither has power or authority to act as agent or employee to represent, act for, bind, or otherwise create or assume any obligation on behalf of the other. Town agrees that neither it shall employ, in any capacity, any person that Company has employed as a Supervisor, Manager or Assistant Manager during the term of this Agreement. This provision shall survive the expiration or other termination of this Agreement for a period of one (1) year.

Amendment

No amendment or change to this Agreement shall be valid unless in writing and signed by both parties to this Agreement.

Governing Law and Jurisdiction

The parties acknowledge that this Agreement is made and entered into in Holden Beach, North Carolina. This Agreement has been fully negotiated between two sophisticated parties and shall be construed without regard to any presumption or rule of law or equity regarding construction of this Agreement against the party causing this Agreement to be drafted or prepared. The parties further acknowledge and agree that North Carolina law shall govern all rights, obligations, duties, and liabilities of the parties to this Agreement, and that North Carolina law shall govern interpretation of this Agreement and any other matters relating to this Agreement (all without regard to North Carolina conflicts of laws principles).

The parties further agree that any and all legal actions or proceedings relating to this Agreement shall be brought in a state or federal court sitting in Wake County, North Carolina. By execution of this Agreement, the parties submit to the jurisdiction of said courts and hereby irrevocably waive any and all objections that they may have with respect to venue in any of the above courts.

Binding Nature and Assignment

This Agreement shall bind the parties and their successors and permitted assigns. Neither party may assign this Agreement without the prior written consent of the other. Any assignment attempted without the written consent of the other party will be void.

Force Majeure

The Company shall not be liable for any failure or delay in the performance of its obligations pursuant to this Agreement and such failure or delay shall not be deemed a default of this Agreement or grounds for termination hereunder, except as set forth below, if all of the following conditions are satisfied:

- If and to the extent such failure or delay is caused by fire, flood, earthquake, hurricane, elements of nature or acts of God, acts of war, terrorism, pandemic, riots, civil disorders, rebellions or revolutions, strikes, lockouts or court order (each, a "Force Majeure Event"). Upon the occurrence of a Force Majeure Event, the Company shall be excused from any further performance of those of its obligations pursuant to this Agreement affected by the Force Majeure Event for as long as: i) such Force Majeure Event continues and ii) Company continues to use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay.
- The Company shall promptly notify the Town by telephone or other means available (to be confirmed by written notice within five (5) business days of the beginning of the failure or delay) of the occurrence of a Force Majeure Event and describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event prevents the Company from performing its obligations for more than thirty (30) days, the Town may terminate this Agreement.

Severability

The invalidity of one or more of the phrases, sentences, clauses or sections contained in this Agreement shall not affect the validity of the remaining portion of the Agreement so long as the material purposes of the Agreement can be determined and effectuated. If any provision of this Agreement is held to be unenforceable, then both parties shall be relieved of all obligations arising under such provision, but only to the extent that such provision is unenforceable, and this Agreement shall be deemed amended by modifying such provision to the extent necessary to make it enforceable while preserving its intent.



Approvals

All approvals or consents required under this Agreement must be in writing and signed by an appropriate representative of the respective party.

Waiver

No delay or omission by either party to exercise any right or power it has under this Agreement shall impair or be construed as a waiver of such right or power. A waiver by either party of any covenant or breach of this Agreement shall not constitute or operate as a waiver of any succeeding breach of that covenant or of any other covenant. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the party waiving the rights.

Conflict of Interest

The Company covenants that its officers, employees, shareholders and subcontractors have no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement.

No Bribery

The Company certifies that to the best of its knowledge, information, and belief, neither it, any of its affiliates or subcontractors, nor any employees of any of the forgoing has bribed, or attempted to bribe, an officer or employee of the Town in connection with this Agreement.

Change in Control

The Company shall notify the Town within thirty (30) days of the occurrence of a change in control. As used in this Agreement, the term "control" means the possession, direct or indirect, of either:

- The ownership of or ability to direct the voting of, as the case may be, fifty- one percent (51%) or more of the equity interests, value or voting power in the Company; or
- The power to direct or cause the direction of the management and policies of the Company whether through the ownership of voting securities, by contract or otherwise.
- In the event of a Change in Control of Company as defined in this Section 14.11, the Town may, in its sole discretion, terminate this Agreement upon thirty (30) days written notice to Company.

Company Access to Town Facilities

Arrangements for access to Town facilities will be made between the Town Manager and the Company. The Company will be required to sign for all keys when issued and return all keys upon termination of the Agreement. The Company shall report any loss or misuse of keys immediately will promptly reimburse the Town for any re-keying as a result of such loss or misuse.

Revenue

All revenue collected and penalty payments received by the Company, resulting from the enforcement of off-street and on-street parking regulations, as well as payments received for any other citation, shall be the property of the Town.

Town's Right to Dismiss Fees and Fines

The Town has the unilateral right to dismiss any individual parking ticket or other citation and or direct the Company to reimburse any fines or fees.

9. Public Information and the Media

Advertising, sales promotion or other materials of the Company or its agents or representatives shall limit the identification or reference to this Agreement to the general description of the Services. As a condition of entering into this Agreement, the Company further agrees to refrain from the following, absent the Town's prior written approval: (1) making any statement to the media or public regarding the subject matter of this Agreement or the Town's position on any issue



relating to this Agreement; or (2) making any statement to the media or public on any issue which is in the Town's judgment likely to cast doubt on the competence or integrity of the Town or Company. Failure to comply with this Article by the Company shall constitute a material breach and, without limiting any other remedies the Town may have, shall entitle the Town to terminate this Agreement for default.

All of the information, reports, cost estimates, plans, specifications and documents prepared or assembled by the Company under this Agreement are the property of the Town. The Company agrees that any such documents may not be made available to any individual or organization other than appropriate Town officials without prior written approval of the Town. Nothing contained in this paragraph shall be construed to prevent the Company from making information, reports and documents available to those individuals or firms directly concerned with the services described herein with prior written agreement of the Town.

10. Immunity not Waived

This Agreement is governmental in nature for the benefit of the public and is not intended to be for private profit or gain and the Town is not waiving any immunities it enjoys by entering into this Agreement.

11. Pre-Audit

This Contract has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.



Exhibit E

Policies for Enforcement Personnel

This policy set is effective as of the date of signing the Services Order Form – and may be updated periodically by mutual agreement.

- 1. If Parked ~~in a designated parking zone~~ without an Active Permit ~~or in a No Parking area~~:
 - a. Immediate Citation with reason noted on the ticket
 - b. 2nd unpaid Violation will receive a citation. No other action at this time for multiple violations.
 - c. Citations remaining unpaid after 60 days will be referred to a collection agency on behalf of the Town
- 2. Active Permit – incorrect Zone/Lot or other infraction
 - a. If parked in an equivalent lot - No Action – allowed to park. The app will allow movement from any valid Town zone to any other zone within the Permit Period.
 - b. If parked in a lot specified for a different vehicle type (i.e., large car or truck parked in a Compact lot), or parked incorrectly per town ordinances (i.e., not parked in the direction of travel) – then a citation will be issued for the identified infraction.
- 3. Violations to be supported by SurfCAST:
 - a. As noted in Exhibit A – Statement of Work, or as updated in this Exhibit E.
 - i. No updates at this time
- 4. Violation
 - a. 1st Offense – immediate citation
 - i. Allow for 15-minute grace period after the paid period has ended before issuing a citation
 - ii. Notification on the app at 15 min prior to the end of the paid period
 - iii. Notification on the app at the termination of the paid period
- 5. Parked on the Street or Right of Way (any non-designated parking space):
 - ~~a. Immediate Citation~~
 - ~~b. If impeding traffic or causing a safety issue, call the police non-emergency line for support and potential tow~~
- 6. Handicap allowances
 - a. Handicap parking is free with license plate or hangtag depicting current handicap status when the vehicle is parking in a Handicap space.
 - b. If a Handicap vehicle is in a regular space, they must have a valid permit or receive a citation.
- 7. Vehicles
 - a. 2 vehicles allowed per app account for hour, day, week permits – where each vehicle must have a parking permit
 - b. 2 vehicles allowed per app account for annual permits – both vehicles are valid from the time of permit purchase
 - c. Each vehicle must have a parking permit
 - d. License Plate Changes are permitted at the start of a parking session, except for annual permits which can only be changed once ~~every 90 days each year~~
 - e. A License Plate may be registered on more than one account – but only one can have an active permit at any given point in time.
- 8. Temporary License Plate
 - a. Will be treated as a regular plate and scanned for an active permit

Town Manager – David Hewett

Otto Connect, Inc. – Jim Vamer

Signature: _____

Signature: _____

Date: _____

Date: _____



Date: February 7, 2022

To: Mayor Holden and Board of Commissioners
Town Manager-IN TURN

From: Christy Ferguson, Assistant Town Manager 

Re: 796 Tasker to PRAB

The BOC tasked the Parks and Recreation Advisory Board (PRAB) with compiling recommendations for the use of 796 Ocean Boulevard West. The PRAB held regular meetings, and one special meeting with town staff, with its recommendations included in your agenda packet. Chair John McEntire is in attendance to go over the board's report with you this evening.

**Holden Beach Parks & Recreation Advisory Board
Response to Board of Commissioners Tasker re Property Located at 796 OBW**

Background

On 21Nov21, the Holden Beach Board of Commissioners (“BOC”) directed the Parks & Recreation Advisory Board (PRAB) to provide recommendations regarding possibilities for development and use of the property located at 796 Ocean Blvd. W. (“The Property”). The tasker (Attachment I) specifically requested that PRAB explore options for The Property to reflect the Parks & Recreation Master Plan (Comprehensive Parks and Recreation Master Plan, Town of Holden Beach, NC, September 2021) for suitability as use for the following:

- Community Recreational resource
- Bathhouse with showers
- Classroom
- Meeting space with kitchen
- Parking improvement
- ADA compliance improvement

The PRAB decided to fulfil the Tasker by focusing on intended use of The Property and changes that might support those uses. Among the options discussed were: 1) simply opening the existing facility to the public; 2) imagining an optimized structure with modification to the existing facility; 3) demolition of current structure and replacement with new construction; 4) demolition only, with little or no replacement thus making it available for parking; and 5) selling The Property. The PRAB did not consider continued rental as an option as the Town neither desires to be a landlord nor does this address any of the goals of the BOC tasker or Master Plan.

Approach

The PRAB discussed pros and cons of location against Town needs, met with the Building Inspector and Town staff to determine what limitations might be encountered, toured a similar structure in Ocean Isle Beach, and reviewed photos of a facility at Oak Island.

Findings

Property Impression:

Because The Property is currently rented on a month-to-month agreement, the PRAB was not able to perform an on-site visit but reviewed a set of photos (Attachment II) provided by Assistant Town Manager Ferguson. The house interior appears to be well maintained and typical of beach cottages on the island. It is an about 1800 sq foot home comprising two levels. The lower level consists of ca 1152 sq feet and the upper level contains 640 sq feet. The lot directly behind The Property is privately owned and lies between The Property and the marshland.

Suitability:

The following pros and cons were discussed with respect to The Property:

Pros:

Central location, 4.8 miles west of the bridge, about 1.6 miles west of the pier and 1.9 miles from the west end gate.

Existing parking spots are about 50 feet away at the #3 sewer lift station. They are unmarked but appear to number about 10-12 spaces.

A CAMA walkway to the beach is located almost directly across OBW to the west. The proposed bike lane will abut The Property, likely increasing the need for public facilities.

Cons:

Costs for renovation will be significant

Cost to make ADA-compliant with access to first level facilities will be significant

The potential for odor from the adjacent sewer lift station must be evaluated for impact on expected activities

The noise from cycling of the sewer lift station pumps must be evaluated

The impact of a public facility on neighboring home and property values must be determined

BOC may already be considering alternate use for property

Planned improvements to pier property could result in duplication of facilities

Purchase price must be reallocated to sewer fund ~\$345K if use changes

Information from 13Dec21 discussion with Tim Evans, Building Inspector

The PRAB drafted a list of questions and submitted them to Christy Ferguson and then called a special meeting joined by Tim, David Hewett, and Christy Ferguson to discuss responses.

A list of questions and answers/comments and supporting documents are provided as Attachment III. Basically, although Tim had not performed an official inspection of The Property he had done an unofficial walk-through during due diligence and in his opinion the house is structurally sound, has sufficient room on the east side for walkway/ramp and room to expand the back deck if so desired. Basically, the cost of renovation/repairs limit as a percentage of structure value does not apply to municipalities. Additionally, the town can build on a larger footprint and utilize setback space as needed. He felt that we could access the marshland via a walkway by going across the corner of the lot and the sewer lift station property, if necessary, in the future.

Ocean Isle Beach Visit:

PRAB visited Ocean Isle Beach Community Center, 44 E. 1st St., (<https://www.oibgov.com/pview.aspx?id=20696&catid=0>) to get an idea of how a completed community center in a residential area could be structured. The Ocean Isle facility appears to be a converted residence that would meet all the requirements the BOC desires. It is basically an 1100 sq ft covered deck with restrooms, a kitchen containing refrigerator, microwave, and

sinks only (no cooking appliances). It has an ADA-compliant ramp for access and outdoor showers, and a large deck overlooking the ocean. There is a small adjacent parking lot that may be reserved with facility rental for private events. Photos of this facility are provided (Attachment IV). The PRAB felt unanimously that the Ocean Isle Beach facility design would meet the requirements of the BOC and needs of the residents should it be economically feasible to duplicate.

Possible Actions and Recommendation

Option 1: Use of the facility as is, with minimal renovation

The PRAB deemed it neither feasible nor optimal to open the existing structure to the public. To do so, we would need to block off the cooking facilities, and replace the toilet facilities with commercial grade equipment. A ramp would still be required. Without essentially gutting the house, no useful recreational spaces would result, thus, this option does not fulfill the criteria of the BOC tasker.

Option 2: A renovated facility similar to the Ocean Isle Community Center

The PRAB believes that The Property can be maximally utilized following renovation, to address the BOC and Parks and Recreation Master Plan requirements of providing readily accessible indoor and outdoor toilet facilities, outdoor showers/bathhouses, ADA-compliance with handicap ramp, kitchen for serving catered meals (without cooking equipment), meeting space and additional indoor/outdoor recreational space.

The upper floor of the building would not be open to the public and would remain essentially as is, providing storage only.

As envisioned in Attachment V, the first level would be opened back to about the middle of the house and would be essentially a covered deck (covered by the upper level) with vinyl side and back covers to facilitate use in both dry and wet weather, and with an expanded open deck on the rear of the structure. The remaining portion of the first floor would be a kitchen/serving wall where catered food could be served for consumption on either the indoor or outdoor deck. It would also contain two or more indoor rest rooms, water fountains, etc.

The entire outdoor space (both partially enclosed and open deck) would serve as meeting area, classroom, and recreational space. In the future, as feasible, a marsh walk might be built to provide for bird watching and even tie into a multiuse path as described in the Parks and Recreation Master Plan. Such a walk might resemble the new river walk in Shallotte (Attachment VI).

The area under the house could contain street-level restroom facilities and an outdoor shower as well as bike racks between the house and the bike path.

The renovation performed at Ocean Isle Beach was completed for approximately \$180,000 in 2005 (about \$295,000 today). Given volatility of material costs and phasing of walkways, that is

reasonably consistent with our estimate of \$150,000 in the Parks and Recreation Master Plan. This estimate is based on a single point and the PRAB members do not have personal experience in the building trades to provide reliable cost estimates. As mentioned previously, a long-range addition might include a wetlands walk (cost TBD).

We estimate that maintenance of the renovated facility would at a minimum be similar to other second row homes, about \$12-15,000 annually for the structure, plus the additional costs of utilities, supplies and cleaning. Cleaning of the other public restrooms on the island cost about \$25/incident. During the tourist season we could expect 2-3 cleanings daily. We are unable to estimate utilities cost at this time and we can assume that overall maintenance cost for a public facility would depend on level of use.

Maintenance costs might be slightly offset by income from rental for private events. The Town currently charges \$75/\$85 (residents/non-residents) for the picnic shelter and \$100/\$110 for the pavilion. Based on historical private event use of the other facilities we could expect minimally \$800 annually at similar rates.

It is not possible at this point to determine timing for renovation without first having a detailed structural inspection and architectural/engineering plan. However, timing would likely be near-term, perhaps completed within a year as opposed to longer term.

Option 3: A completely new structure

If significant structural issues are discovered following formal inspection, or if renovation cost exceeds that of building from ground up, an option would be to demolish the current house, and to design and build a new facility from scratch. The replacement structure could resemble the Ocean Isle Beach facility or be a completely new design. Cost would be dependent on final design and the BOC has expertise to determine current construction costs not available on the PRAB. Demo/removal of the current structure would likely cost about \$25,000.

Option 4: Remove structure and create parking spaces.

Should the BOC opt to demolish the house and use the land as parking spaces, approximately 10 9'x20' angled parking spots and approximately 4 parallel golf cart spaces might be realized, assuming some buffering on either side. The estimated cost with commercial base and gravel would be approximately \$1,000 per space (without consideration of any drainage issues or any bulkhead work on rear of property). The gross annual revenue from these spaces using the Otto Connect model presented on November 5, 2021 would be estimated at \$11,718. Parking spot numbers, costs, and revenue were all taken from similar sized lots previously presented at BOC public meetings. The estimated cost to remove the house is about \$25,000. As in Options 2 and 3, a shower area and restroom could be added. While this option would generate income and provide a relief station for bikers or beachgoers, it does not address the desire for community center activities expressed in the BOC tasker. However, if the BOC plans to provide such facilities in the pier renovation, this option is quite viable.

Option 5: Sell The Property

The PRAB assumes selling The Property would be the least desirable alternative. Its value would certainly be impacted because of the adjacent sewer lift station. Further, the demand for mid-island parking is high and would outweigh any return on selling. There appears to be significant public interest in minimizing the Town ownership of property. Current taxable value of The Property is \$276,610. Zillow estimates the Property value at \$694,800 but this likely doesn't consider its location next to the sewer lift station.

Summary

The PRAB has determined that The Property at 796 OBW is optimally located to serve as a community center recreational facility as envisioned in the Parks and Recreation Master Plan.

The various options were evaluated and ranked as to which best addressed the expressed goals of the BOC and the Parks and Recreation Master Plan. Preferences were as follows:

- Option 4: Demo and restrooms, parking (IF pier remodel has community center space)
- Option 2: Renovation (IF community needs not met at pier)
- Option 3: Completely new structure
- Option 5: Sell
- Option 1: Use as is

If Option 2 is chosen, we recommend that the BOC authorize funds in FY 2022/2023 for initial architectural design and detailed renovation cost determination and structural inspection to assure that the current structure will support renovations.

Attachment I
BOD Tasker from 21November21 Meeting

In the new Parks and Recreation Master Plan potential use of 796 OBW as a community recreation resource is highlighted (page 38) with several options for community use, and a proposed budget with no specifics is given (150K in 23/24). In addition, when the property was purchased, the board and staff brainstormed possible uses.

It would be beneficial for the Board to have input from the Parks and Rec Committee on how they envision using 796 OBW in advance of our budgeting for FY 22/23. A list of the top 2 or 3 more complete. Use descriptions with an estimated time needed to upgrade/renovate and estimated total costs for each by the February 2022 BOCM would be helpful to the Board.



Jordan Boulevard Pavilion

- Update parking area (repave)
- Create annual plan to assess gazebo/shelter for needed maintenance/repairs
- Add accessible connection path with Bridgeview Park
- Improve ADA accessibility



Sailfish Drive Park

- Provide accessible canoe/kayak launch
- Construct covered picnic/gathering space (gazebo, shelter structure, etc.)
- Add educational signage about local history or natural resources of Holden Beach
- Add additional picnic facilities (furnishings and shade)
- Delineate parking spaces
- Add restroom facilities (waterless restroom)
- Improve ADA accessibility



796 Ocean Boulevard

- Consider reuse of this structure as a community recreation resource
- Bathhouse (restrooms/showers)
- Classroom or exhibit space
- Rentable meeting space (with kitchen)
- Improve parking layout
- Improve accessibility ADA



Sand Dollar Park

- Consider adding picnic tables/bench swings to the east side of the park
- Consider adding an educational kiosk discussing natural heritage
- Consider adding wayfinding trail signage to connect to existing trails on adjacent property to the east

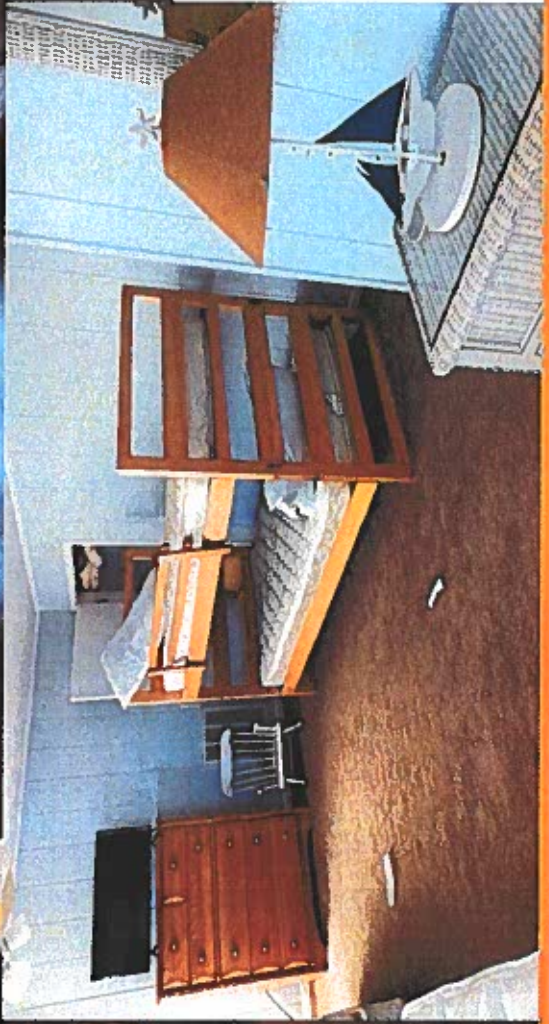


Attachment II
Photos of 796 OBW



796 OBW





Attachment III
Questions and Answers with Building Inspector

Questions for Tim Evans re 796 OBW

Background

What did town pay for house? \$344,935.19

What is estimated value of structure? No appraisal; see tax record \$376,610

What year was it purchased? 2019

What year was house built? See tax record; 1979

Current market value of house/lot? TBD \$694,800 (Zillow for what this is worth)

Did Tim do an inspection prior to purchase?

Do we have a floor plan of house? Square footage? See tax record

What size is the lot? 50x 100 See tax record

Is the noise at the house continuous, periodic, occasional? Pumps run between every 5 and 15 minutes depending on the time of year.

Is there smell from the lift station that would interfere with activities at the house? Doesn't think smell will be an issue because no wet well like at Jordan. Didn't interfere for previous 15 years.

When or has the roof been ever been replaced and what condition is it in?

What kind of flood zone is 796 in?

Have any of the major appliance been replaced/ what is current condition? (Water heater, oven, HVAC unit, fire system, fridge)

Has there been a mold inspection?

Moving Forward

How much room on sides, back of current structure are available for things like ramps, decks, walkways?

What is maximum costs of renovations that could be made before having to rebuild?

If house removed, what has to be done to provide sound abatement per original reason for buying? The reason for sound abatement leaves with the house

Does the house have or could it get access to the adjacent wetlands, i.e., is there any possibility of building a walkway into the marshland similar to the Shallotte River Walk? Would have to cross someone else's lot

Would proposed bike paths impact parking spaces? No because you can't park in the right-of-way and

Would change of use require rezoning? No Chpt 157.054 "Any facility/activity/material consistent with municipal and/or governmental operations: permitted in all zones and Chpt. 157.063 Governmental Service Permitted in all Districts

Are there any restrictions on tearing down and new construction solely for rec use? \$, vision, land use ordinances and the building code

What renovations need to be done to bring the house up to code for public use ? Including ADA modifications other than a ramp to the first floor ?

What other anticipated repairs need to be done to the house - replace the roof, how old are heating and air conditioning systems ?

What types of permitting will need to be done to expand the house or modify it significantly ? Larger deck out the back etc.

If the house is torn down, what challenges will the Town face to build a new building. \$, vision, land ordinances, and the building code

Is the structure sound and which walls are weight bearing in case we wanted to renovate.

How long is the lease on 796, is there going to be any litigation in regards to lease contract?

Lease ended in May it is month-to-month subject to either party withdrawal. Renter is aware.

Does there need to be an upgrade to the electrical system?

What are the areas of egress?

What ADA compliant areas are needed in house, outdoors and parking?

Report on the building piling, foundation in garage, is the house structurally sound?

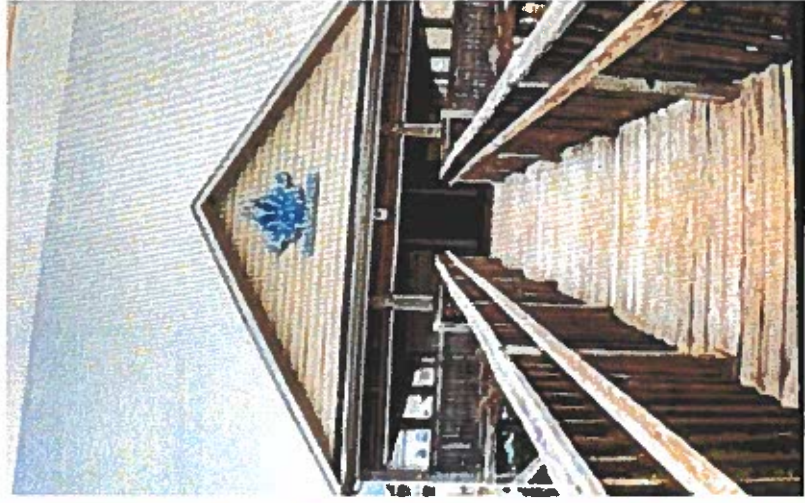
Will the beach access need to be upgraded to be ADA compliant or would it need to be built with wood-currently just a sand access? TBD-not a requirement and we currently use it for vehicular access for town vehicles

If maintaining full kitchen (instead of what Ocean Isle offers) what fire suppression system would be required?

Will a security system be installed?

What maintenance cost will be required & needed for upkeep? This will be dependent on the use. For example, bathrooms will need to be cleaned at least daily. Classrooms would only need to be cleaned routinely and after use.

Attachment IV
Photos of Ocean Isle Beach Community Center

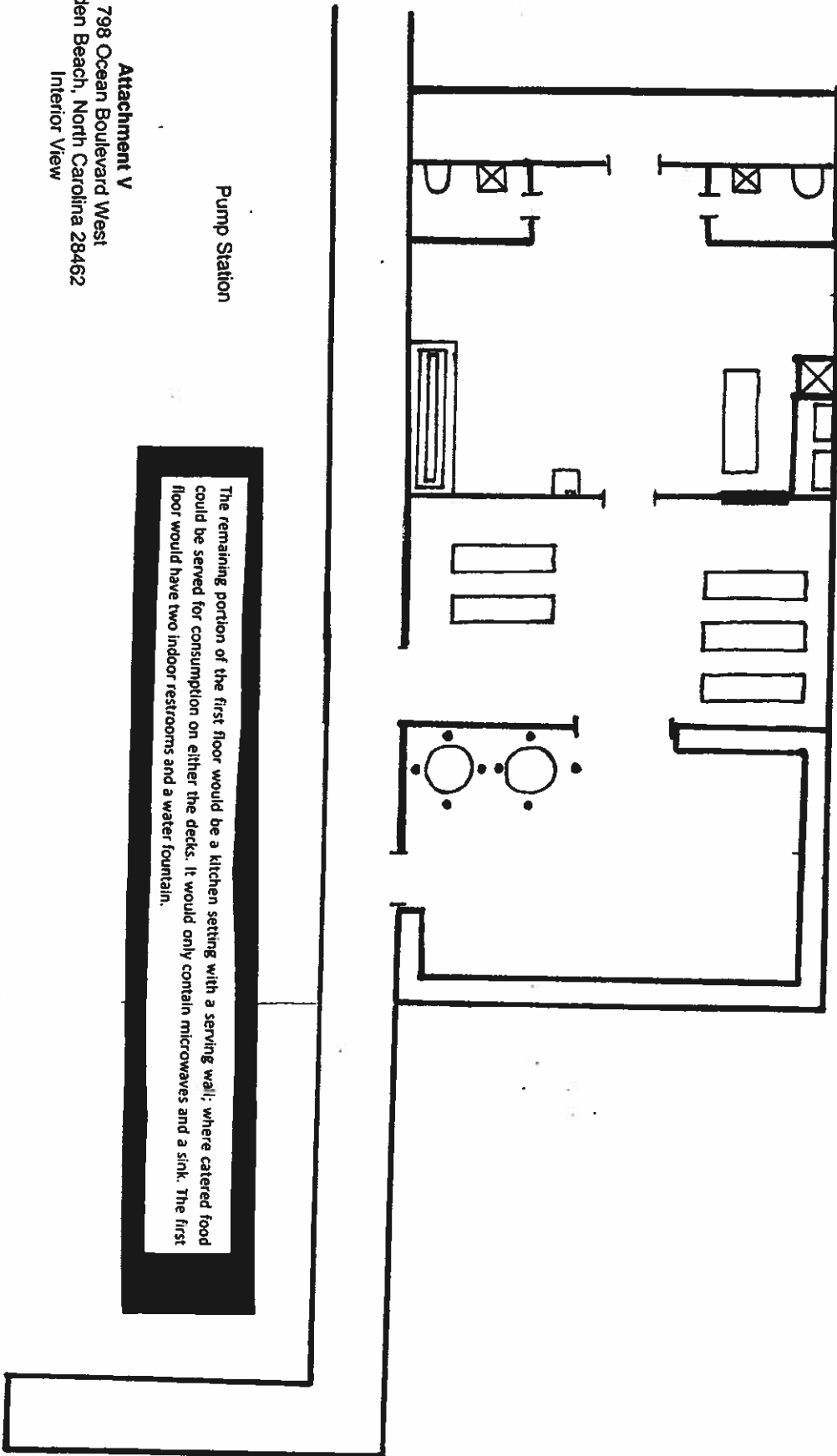


OCEAN ISLE FACILITY

Attachment V
Preliminary Sketch of Remodeled 796 OBW

Ocean Boulevard

West

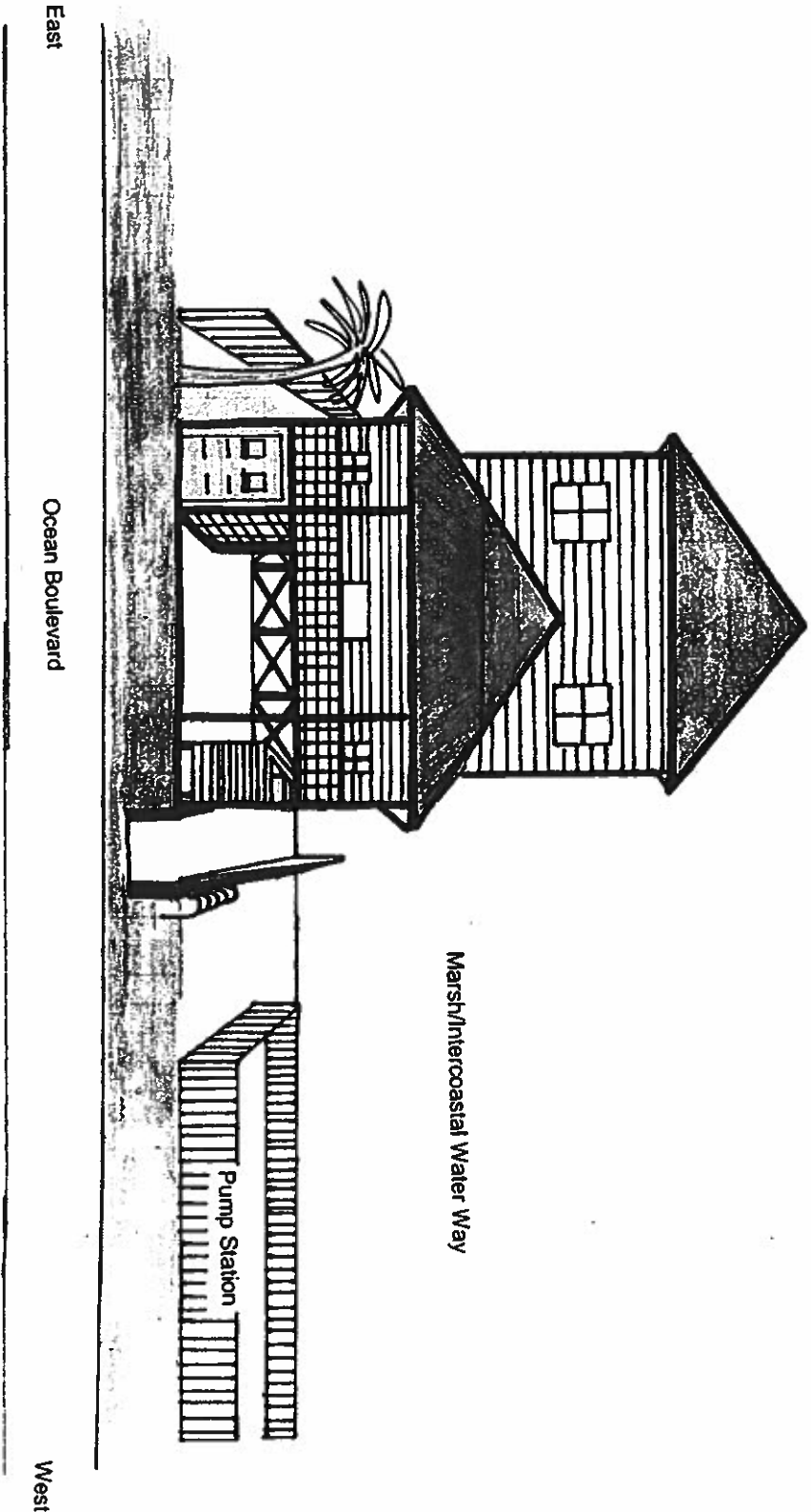


Pump Station

The remaining portion of the first floor would be a kitchen setting with a serving wall, where catered food could be served for consumption on either the decks. It would only contain microwaves and a sink. The first floor would have two indoor restrooms and a water fountain.

Attachment V
798 Ocean Boulevard West
Holden Beach, North Carolina 28462
Interior View

Marsh/Intercoa

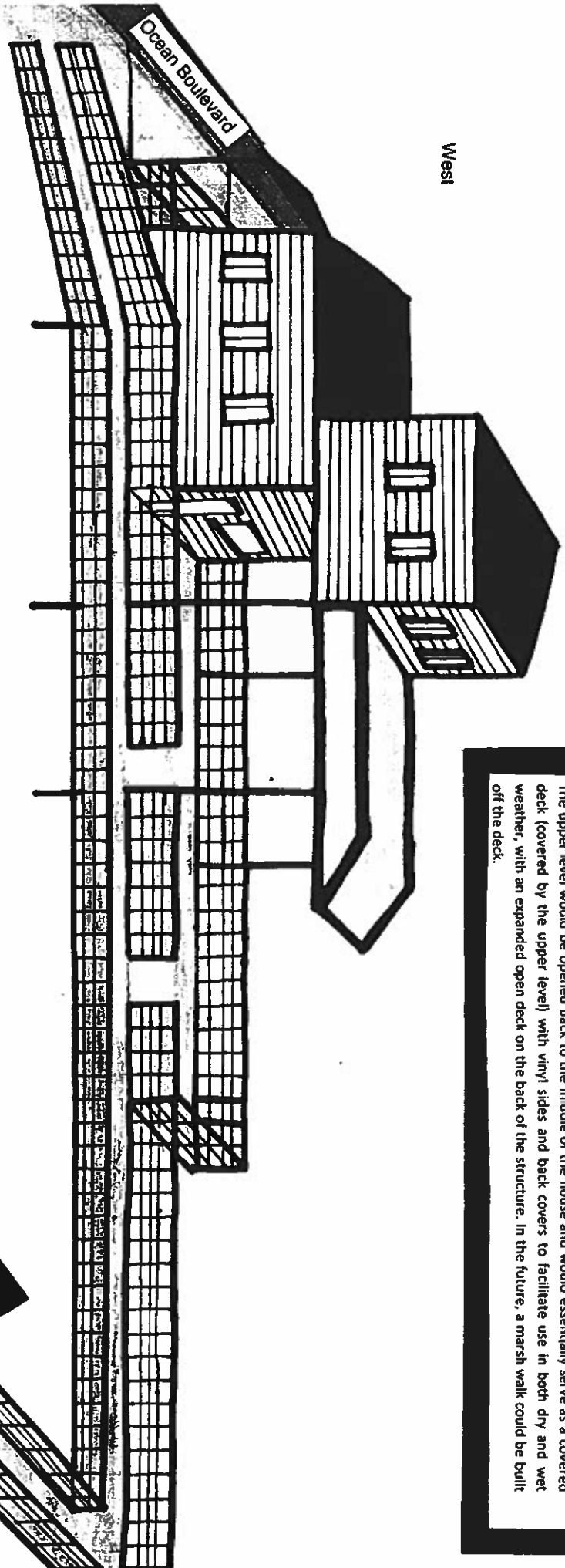


Attachment V
 798 Ocean Boulevard West
 Holden Beach, North Carolina 28462
 Street View

The area under the house could contain additional restroom facilities, outdoor showers/bathroom and garage/storage space for Town's 4 x4 Gator Utility Vehicle. A bike rack could be added between the ramp and the pump station.

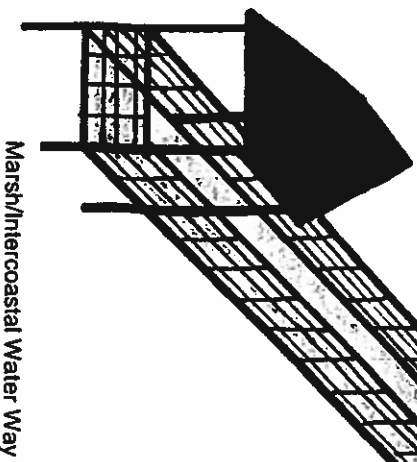
The upper level would be opened back to the middle of the house and would essentially serve as a covered deck (covered by the upper level) with vinyl sides and back covers to facilitate use in both dry and wet weather, with an expanded open deck on the back of the structure. In the future, a marsh walk could be built off the deck.

West



Pump Station

Attachment V
798 Ocean Boulevard West
Holden Beach, North Carolina 28462
East Side View



Marsh/Intercoastal Water Way

Attachment VI
Photos of Shallotte River Walk

FUTURE
ENHANCEMENTS
SHALLOTTE RIVER WALK





Date: February 8, 2022
To: Commissioners and Mayor Holden
From: David W. Hewett, Town Manager
Re: Audit Contract

At the December Board of Commissioners' meeting, the Board received the Audit Committee's recommendation that the Town select Martin Starnes as the firm to conduct the audit for the fiscal year ending June 30, 2022. Based on the recommendation, the Board directed development of the annual audit contract with Martin Starnes and Associates for consideration. Subsequent to that direction by the Board the NC Local Government Commission has provided templates which the proposed contract has been developed in accordance with.

Attached (Attachment 1) are the contract documents necessary to move forward with the selection of Martin Starnes and Associates.

Suggested Motion: Approve the fiscal year ending 30 June 2022 audit contract with Martin Starnes.

Attachment 1: Audit Contract Documents

The of and	Governing Board Board of Commissioners
	Primary Government Unit Town of Holden Beach, NC
	Discretely Presented Component Unit (DPCU) (if applicable) N/A

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and	Auditor Name Martin Starnes & Associates, CPAs, P.A.
	Auditor Address 730 13th Avenue Dr. SE, Hickory, NC 28602

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/22	Audit Report Due Date 10/31/22
-----	--------------------------------	-----------------------------------

Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.
- If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.)(G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards, 2018 Revision (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Governmental Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: Auditor Governmental Unit Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:	Title and Unit / Company:	Email Address:
Alan Thompson	Partner, Thompson, Price, Scott, Adams & Co.	alanthompson@tpsacpas.com

OR Not Applicable (Identification of SKE Individual not applicable for GAAS-only audit or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. Should the 75% cap provided below conflict with the cap calculated by LGC Staff based on the billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES


Primary Government Unit	Town of Holden Beach, NC
Audit Fee	\$ See engagement letter
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$ See engagement letter
Writing Financial Statements	\$ See engagement letter
All Other Non-Attest Services	\$ N/A
75% Cap for Interim Invoice Approval <i>(not applicable to hospital contracts)</i>	\$ 17,737.50

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval <i>(not applicable to hospital contracts)</i>	\$ 0.00

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Martin Starnes & Associates, CPAs, P.A.	
Authorized Firm Representative (typed or printed)* Amber Y. McGhinnis	Signature* 
Date* 02/03/22	Email Address* amcghinnis@msa.cpa

GOVERNMENTAL UNIT

Governmental Unit* Town of Holden Beach, NC	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S. 159-34(a) or G.S. 115C-447(a))	
Mayor/Chairperson (typed or printed)* J. Alan Holden, Mayor	Signature*
Date	Email Address alan@alanholdenrealty.com

Chair of Audit Committee (typed or printed, or "NA") Pat Kwiatkowski	Signature
Date	Email Address pattykwi@gmail.com

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Primary Governmental Unit Finance Officer* (typed or printed) David W. Hewett, Town Manager/Finance Director	Signature*
Date of Pre-Audit Certificate*	Email Address* dhewett@hbtownhall.com

**SIGNATURE PAGE – DPCU
(complete only if applicable)**

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
N/A	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
N/A	
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

DPCU Finance Officer (typed or printed)*	Signature*
N/A	
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all required signatures prior to submission.

PRINT



Koonce, Wooten & Haywood, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report on the Firm's System of Quality Control

To the Shareholders of Martin Starnes & Associates, CPAs, P.A. and the Peer Review Committee, Coastal Peer Review, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. (the firm) in effect for the year ended December 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Martin Starnes & Associates, CPAs, P.A. in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin Starnes & Associates, CPAs, P.A. has received a peer review rating of *pass*.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

May 4, 2021

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham
3500 Westgate Drive
Suite 203
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro
579 West Street
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

Smithfield
212 East Church Street
Post Office Box 2348
Smithfield, North Carolina 27577

919 934 1121
919 934 1217 FAX

MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

February 3, 2022

Town of Holden Beach
Attn: David Hewett, Town Manager
110 Rothschild Street
Holden Beach, NC 28462

You have requested that we audit the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (as applicable) of the Town of Holden Beach, NC, as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Town of Holden Beach's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and state award programs for the period ended June 30, 2022. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and state award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America require that certain supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Law Enforcement Officers' Special Separation Allowance schedules
- Local Government Employees' Retirement System's schedules

Supplementary information other than RSI will accompany the Town of Holden Beach's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Combining and individual fund financial statements (as applicable)
- Budgetary schedules
- Other schedules
- Schedule of Expenditures of Federal and State Awards

Schedule of Expenditures of Federal and State Awards

We will subject the Schedule of Expenditures of Federal and State Awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the Schedule of Expenditures of Federal and State Awards is presented fairly in all material respects in relation to the financial statements as a whole.

Data Collection Form (if applicable)

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, Schedule of Expenditures of Federal and State Awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the Federal Audit Clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the Federal Audit Clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. As part of an audit of financial statements in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Holden Beach's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Town of Holden Beach's basic financial statements. Our report will be addressed to the governing body of the Town of Holden Beach. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify

our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the Town of Holden Beach's major federal and state award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended, the Uniform Guidance, and the State Single Audit Implementation Act, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and the State Single Audit Implementation Act and other procedures we consider necessary to enable us to express such an opinion on major federal and state award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance and the State Single Audit Implementation Act require that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal and state award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal or state programs as a whole.

As part of a compliance audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal and state programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we consider necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Also, as required by the Uniform Guidance and the State Single Audit Implementation Act, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and

perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal and state award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal and state award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal and state awards received and expended during the period and the federal and State programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federal and state funded activities;
5. For preparing the Schedule of Expenditures of Federal and State Awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State Single Audit Implementation Act;
6. For designing, implementing, and maintaining effective internal control over federal and state awards that provides reasonable assurance that the entity is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards;
7. For identifying and ensuring that the entity complies with federal and state laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal and state award programs, and implementing systems designed to achieve compliance with applicable federal and state statutes, regulations and the terms and conditions of federal and state award programs;
8. For disclosing accurately, currently and completely the financial results of each federal and state award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package and data collection form to the appropriate parties;

14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
15. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal and state award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
 - d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report (if applicable); and
 - e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report (if applicable).
16. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year or period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
17. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant roles in internal control and others where fraud could have a material effect on compliance;
20. For the accuracy and completeness of all information provided;
21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
22. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the Schedule of Expenditures of Federal and State Awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the Schedule of Expenditures of Federal and State Awards in accordance with the Uniform Guidance and the State Single Audit Implementation Act, (b) to provide us with the appropriate written representations regarding the Schedule of Expenditures of Federal and State Awards, (c) to include our report on the Schedule of Expenditures of Federal and State Awards in any document that contains the Schedule of Expenditures of Federal and State Awards and that indicates that we have reported on such schedule, and (d) to present the Schedule of Expenditures of Federal and State Awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited basic financial statements readily available to the intended users of the Schedule of Expenditures of Federal and State Awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Nonattest Services

We will perform the following nonattest services:

- Draft of financial statements and footnotes
- GASB 34 conversion entries
- Preparation of auditor portions of Data Collection Form
- Preparation of AFIR
- Preparation of LGC's data input worksheet
- Capital asset & depreciation listing maintenance

We will not assume management responsibilities on behalf of the Town of Holden Beach. However, we will provide advice and recommendations to assist management of the Town of Holden Beach in performing its responsibilities.

The Town of Holden Beach's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account codings and approving journal entries.

Other

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

During the course of the engagement, a portal will be in place for information to be shared, but not stored. Our policy is to terminate access to this portal after one year. The Town is responsible for data backup for business continuity and disaster recovery, and our workpaper documentation is not to be used for these purposes.

Provisions of Engagement Administration and Fees

Marcie Spivey is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Martin Starnes & Associates, CPAs, P.A.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. To

ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are as follows:

Audit Fee	\$	21,285
Financial Statement Drafting		2,365
Single Audit Fees		1,500
Other Non-Attest Services		-
	\$	<u>25,150</u>

Our invoices for these fees will be rendered in four installments as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the Town of Holden Beach's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

We want our clients to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. In working to provide you with such value, we find there are certain circumstances that can cause us to perform work in excess of that contemplated in our fee estimate.

Following are some of the more common reasons for potential supplemental billings:

Changing Laws and Regulations

There are many governmental and rule-making boards that regularly add or change their requirements. Although we attempt to plan our work to anticipate the requirements that will affect our engagement, there are times when this is not possible. We will discuss these situations with you at the earliest possible time in order to make the necessary adjustments and amendments in our engagement.

Incorrect Accounting Methods or Errors in Client Records

We base our fee estimates on the expectation that client accounting records are in order so that our work can be completed using our standard testing and accounting procedures. However, should we find numerous errors, incomplete records, or the application of incorrect accounting methods, we will have to perform additional work to make the corrections and reflect those changes in the financial statements.

Failure to Prepare for the Engagement

In an effort to minimize your fees, we assign you the responsibility for the preparation of schedules and documents needed for the engagement. We also discuss matters such as availability of your key personnel, deadlines, and work space. If your personnel are unable, for whatever reasons, to provide these items as previously agreed upon, it might substantially increase the work we must do to complete the engagement within the scheduled time.

Starting and Stopping Our Work

If we must withdraw our staff because of the condition of the client's records, or the failure to provide agreed upon items within the established timeline for the engagement, we will not be able to perform our work in a timely, efficient manner, as established by our engagement plan. This will result in additional fees, as we must reschedule our personnel and incur additional start-up costs.

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our fees for such services range from \$75-\$300 per hour.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are; in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Martin Starnes & Associates, CPAs, P.A. and constitutes confidential information. However, we may be requested to make certain audit documentation available to the Local Government Commission, Office of the State Auditor, federal or State agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Martin Starnes & Associates, CPAs, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and

agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm to the Contract to Audit Accounts for your consideration and files.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over major federal and state award programs, including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the Town of Holden Beach by:

Name: _____

Title: _____

Date: _____

BOC Objectives for Fiscal Year 2021/2022

Priorities

- 18 Ensure funding for hurricane related FEMA projects and proceed with necessary steps for target commencement of sand on beach in Fall 2021 (TM)
- 17 Ensure contracting, budgeting and funding for sewer lift station 2 to allow completion in 2022 (TM)
- 17 Make decision on and implement new THB development fees (BOC & TM)
- 17 Ensure funding for 2022 DOT bike lane project, including any grant money (TM)
- 17 Address increasing stormwater issues with a study followed by appropriate actions for recurring problem areas along Ocean Boulevard (in advance of bike lane project) (TM)
- 17 Request help from Brunswick County for a second water tower (after completing a needs assessment) (TM)
- 17 Ensure advocacy resources are given to limit expansion of the IHA (TM)
- 16 Support and participate in beach and inlet related advocacy efforts at local, state and federal level (TM)
 - a. Become more involved in and lead where possible regional advocacy groups and committees
 - b. Develop advocacy strategy, plan and material for county and state efforts and implement the plan
 - c. Review and as appropriate amend directions to Poyner Spruill for federal advocacy; ensure funds are designated for the three-year Corps study (1.5 million total)
 - d. Support and participate in advocacy efforts at any level as appropriate
 - e. Greater involvement in coastal community advocacy
- 16 Ensure definition and implementation of new water rates for January 2022 (TM)
- 16 Determine if paid parking is economically viable; if so, implement paid parking (BOC & TM)
- 15 Oversee progress on internal control plan for fiscal year 2021/2022 completion (TM)
- 14 Ensure adequate resources to undertake enforcement/compliance objectives decided by the Board (Increase enforcement of ordinances) (BOC & TM)
- 14 Request help from Brunswick County to establish an off-island parking and trolley/bus service to the beach 100 days or more a year (TM)
- 14 Purchase all or a portion of Holden Beach Pier (BOC & TM)
- 14 Maintain an up-to-date strategy to protect the beach and dune system and ensure adequate budget for implementation of plans, including soil sampling and plant modification where appropriate (TM)

Evergreens (mostly financial)

- 18 Balance the budget while preserving the minimum fund balance as defined by the Board; Balance the budget without raising taxes
- 18 Ensure the Town meets or exceeds annual financial budget goals
- 18 Work together for the good of Holden Beach
- 17 Raise revenues
- 17 Continue to support LWI access to ocean
- 16 Ensure the Town achieves an unmodified opinion rating on annual fiscal audit and addresses noted deficiencies
- 16 Ensure qualified resources are available to perform audit and accounting procedures to ensure there are no material deficiencies noted in the annual fiscal audit
- 14 Ensure an updated capital project budget sheet is included in final budget documents