



Town of Holden Beach  
Board of Commissioners  
Public Hearing/Regular Meeting

Tuesday, June 15, 2021  
5:00 PM

Holden Beach Town Hall  
Public Assembly



**TOWN OF HOLDEN BEACH  
BOARD OF COMMISSIONERS' PUBLIC HEARING/REGULAR MEETING  
HOLDEN BEACH TOWN HALL – PUBLIC ASSEMBLY  
TUESDAY, JUNE 15, 2021 - 5:00 P.M.**

**PUBLIC HEARING:** Ordinance 21-10, An Ordinance Amending the Holden Beach Code of Ordinances to Comply with Requirements of Chapter 160D of the North Carolina General Statutes  
(Separate Packet)

**REGULAR MEETING:**

1. Invocation
2. Call to Order/ Welcome
3. Pledge of Allegiance
4. Agenda Approval
5. Approval of Minutes
  - a. Minutes of the Special Meeting of May 7, 2021 (Pages 1 – 6)
  - b. Minutes of the Public Hearing/Regular Meeting of May 18, 2021 (Pages 7 – 15)
  - c. Minutes of the Special Meeting of May 20, 2021 (Pages 16 – 18)
  - d. Minutes of the Special Meeting of May 21, 2021 (Pages 19 – 21)
6. Public Comments on Agenda Items
7. Discussion and Possible Approval of Ordinance 21-13, Fiscal Year 2021 – 2022 Budget Ordinance – Town Manager Hewett (Pages 22 – 45)
8. Discussion and Possible Approval of FEMA Special Obligation Bond – Assistant Town Manager Ferguson, Scott Leo, Parker Poe Adams and Bernstein & Andrew Carter, DEC Associates (Pages 46 – 74)
  - a. Bond Order for Issuance of Special Obligation Bonds – Beach Nourishment
  - b. Resolution 21-10, Resolution for Issuance of Special Obligation Bonds – Beach Nourishment
9. Police Report – Chief Dixon (Page 75)
10. Discussion and Possible Action on the Draft System Development Fees Report – Town Clerk Finnell (Pages 76 – 77, Separate Packet)
  - a. Resolution 21-11, Resolution Adopting the System Development Fees Report

11. Discussion and Possible Action on Ordinance 21-10, An Ordinance Amending the Holden Beach Code of Ordinances to Comply with Requirements of Chapter 160D of the North Carolina General Statutes – Inspections Director Evans (Pages 78 – 79, Separate Packet)
12. Discussion and Possible Action on Holden Beach Code of Ordinances, Section 95.05, Street Rights-of-Way – Mayor Pro Tem Brown (Pages 80 – 81)
13. Evaluation and Discussion of the Current Need for the Inlet & Beach Protection Board Due to Changed Circumstances and Possible Action on Inlet & Beach Protection Board Status – Commissioner Kwiatkowski (Page 82)
14. Discussion and Possible Setting of a Date to Hold Interviews for Vacancies on Town Boards and Committees – Town Clerk Finnell (Page 83)
15. Discussion and Possible Selection of a Chairperson for the Audit Committee – Commissioner Sullivan (Pages 84 – 85)
16. Discussion and Possible Action on a Board of Commissioner Request for Recommendation from the Parking Committee – Commissioner Kwiatkowski (Page 86)
17. Discussion and Possible Action to Select the Priority Board of Commissioners’ Objectives for the Upcoming Fiscal Year – Commissioner Kwiatkowski (Pages 87 – 88)
18. Public Comments on General Items
19. Town Manager’s Report
20. Mayor’s Comments
21. Board of Commissioners’ Comments
22. 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 a Contract Concerning the Acquisition of Real Property
23. Adjournment



**TOWN OF HOLDEN BEACH  
BOARD OF COMMISSIONERS  
SPECIAL MEETING  
FRIDAY, MAY 7, 2021 – 10:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Friday, May 7, 2021 at 10:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Gerald Brown; Commissioners Brian Murdock, Mike Sullivan, Pat Kwiatkowski and Rick Smith; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson, Fiscal Operations Supervisor Margaret Lancaster; Budget & Fiscal Analyst Daniel McRaney, Inspections Director Tim Evans, Public Works Director Chris Clemmons; and Police Chief Jeremy Dixon.

**PUBLIC COMMENT**

No comments were made.

**DISCUSSION AND POSSIBLE ACTION ON RESOLUTION 21-06, ASSESSMENT RESOLUTION TO IMPROVE THE EXISTING SOIL ROADWAY OF SEAGULL DRIVE**

Town Manager Hewett said this is the initial formal step towards paving Seagull Drive. It is the action required to move forward.

*Motion by Commissioner Smith to move forward; second by Mayor Pro Tem Brown; approved by unanimous vote.*

**BUDGET WORKSHOP**

The Board talked about prioritizing their objectives. The Board will score them based on a scale of 0 – 3, (3 – Must Have, 2 – Should Have, 1 – Nice to Have, 0 – No Priority) and return them to Town Clerk Finnell on Monday so they can be assembled.

Town Manager Hewett reviewed the budget schedule. He said there is an error on page 11 of the packet. He provided a new page 11 and the Capital Improvement Plan (CIP) to the Board. He reviewed the layout of the documents provided. There are four operational funds – the General Fund, the Water/Sewer Fund, the BPART Fund and the Canal Dredging Fund. Capital Reserve funds are not shown but can be discussed. The CIP wasn't updated last year. The law says you do not need to have a plan. It wasn't adopted last year because we were in survival mode due to COVID-19. He explained the different columns on the worksheets.

Worksheet highlights include that it was drafted at a 20 cents tax rate. It is the same rate as last year. It reflects the increased construction we are seeing, the positive trend we are seeing with the occupancy tax and passes through the county's \$2.36 wholesale water rate increase. It represents department head and the canal dredging working group requests. Town Manager Hewett compiled them but did it without the benefit of the Board's goals being prioritized. The worksheets provide for a 3% merit pool, funding for Seagull Street paving, a sanitation dump truck and a new inspections' position, plus vehicle. In accordance with our Vehicle Replacement Policy, it provides for two Police replacement vehicles, and a Water and Sewer vehicle. It provides for implementation of the Board's Fire Hydrant Replacement Policy. It includes funding for a water rate study, the lift station 2 upfit, lift station 4 genset replacement, several walkway repairs, the Ocean Boulevard bike path, the Corps' sand study and the Lockwood Folly Inlet maintenance and the inlet crossing sand project (every two years). It doesn't include funding for the Jordan Boulevard restroom upgrade or a detective position or vehicle that Chief Dixon asked for. There is no sand search money. There is no Isaias money in the draft budget. We have received the approval from FEMA. The Board will amend the budget to accept the money at the next Board meeting. That is \$3.8 million. There is no American Recovery Plan money in the budget. We do not know the implementation rules at this time. We have been apprised we will receive two \$96,000 draws. There is more information forthcoming on that. There are no contributions to the Beach & Inlet Capital Reserve Fund. Our current Fund Balance Policy directs that a contribution from the General Fund to the Beach & Inlet Capital Reserve Fund be made when the balance of the General Fund is greater than 70%. At the end of the fiscal year last year, the audited amount for our Fund Balance was 112%. That amounts to a policy directed transfer of \$1,068,523 that is supposed to have been made administratively. Town Manager Hewett said he did not make that apportionment last year. He proposed, if the Board still wants to adhere to that policy, it would be included in the next draft documents for consideration. The Board can consider the whole \$1 million transfer or amend the policy and do something else. Part of that is deciding how much the Board would like to keep in Fund Balance. We haven't run Fund Balance calculations on this budget. He reviewed the amounts of the transfers for the last couple of years.

Town Manager Hewett explained the funds for the water tower study are in the CIP. We slid that to the right.

Town Manager Hewett explained what the Board has are rough documents, but revenues do equal expenses. There is \$173,000 under Governing Body expenses that is available to appropriate.

Town Manager Hewett went through each section with the Board.

Town Manager Hewett went over some of the revenues in the General Fund. On the expense side, the state treasurer and the Department of Insurance is looking at the revenues produced by the Inspections Department against their expenses. With the hiring of the additional person and the vehicle it should make their expenses about what they earn. Town Manager Hewett reviewed how revenue projections were made.

Governing Body Expenses - Professional Services is where we pay for the lawyer and auditor. Estimated those expenses will be lower this year. The glideslope on the debt service on the new Town Hall continues downward. Town Manager Hewett said in the Operations and Repair item, he doesn't know

what expenses the Town will incur on the HVAC units. There are 15 on the back side of building. That is one item we may need to modify before the documents go final. Transfer amounts would be injected into that section if the Board desires. After discussion, the Board agreed to use \$500,000 as the working number to transfer to beach nourishment.

We have more expenses in cyber security. It will be reflected in the communication lines throughout each department budgets and funds.

**Police** - The Police budget is relatively the same. It does see an overall \$50,000 increase. The detective that the chief asked for is not included. Town Manager Hewett explained it reflects a fulltime administrator position. Chief Dixon said the administrative hours would coincide with the normal business hours of the Town. They would man their phone lines, in addition to other responsibilities to include DCI, CJIS standards where they could help maintain files and criminal records. Chief Dixon said he has some rough ideas on options to cover seven days a week, but he doesn't have a solution for nights and weekends. This handles daytime. Commissioner Kwiatkowski suggested he look at options. Town Manager Hewett said we do not have money for this year. The Overtime line item was discussed. Overtime is projected on a straight ratio of the salary line. We don't budget for storms, but when they do happen, we need to spend it. The Salary line covers the open position. The position is getting ready to be filled. Chief Dixon explained the Equipment line is for an integrated in-car and body camera system. The Communications line is for a computer automated dispatch system that integrates with the county's dispatch. He described how it works and the benefits. The price point in the budget is for the base model. Chief Dixon is waiting on certification from the state for the last position. The \$89,000 includes the body cams and in-car integration. The Police Department has some defibrillators, but they are not in all cars. Commissioner Sullivan suggested that each on duty officer have a defibrillator in their car. Chief Dixon said all officers are current on CRP/AED training. He said they ordered their new vehicles at the start of the current budget. The excuse is COVID-19. We finally have the vehicles but are now waiting on the upfitter. There is not a mandate in North Carolina requiring body cameras. He thinks you will see that it will be mandated in the next few years. He would prefer to be ahead of the curve. It is for the community's and officers' protection.

**Inspections** - Town Manager Hewett said the budget includes a new position. Inspections Director Evans explained there is a vehicle, that vehicle is not for the new hire. It is to replace one of the two vehicles that far exceed the mandate for when they need to be replaced. They intend to roll down one of the two existing vehicles to the new hire. It is his intention that the new hire be integrated into a combination of plan review, issuing some inspections and education. He explained regulations pertaining to his position. Inspections Director Evans said he doesn't anticipate an increase in gas. He is taking a drone course. He passed the FAA pilots' exam for drones. He went over what he learned in class. He intends to be able to map our unvegetated areas of the dunes and the dune areas and create a 3D mapping. He should also be able to map the island's services like water meters and fire hydrants. You can take pictures of the whole island and have them before a storm. He talked about additional ways the drone could be used to include after a storm and for construction. Town Manager Hewett said he thinks we would be able to do a tactical assessment after a storm. He talked about how it would assist the Town in that situation.

**Building and Grounds** – Town Manager Hewett stated this is the budget where the Seagull paving is. He went over the CIP. The paving had been scoped at about \$100,000 a year. This year, we are moving



the priority scheme one year to the right and substituting the Seagull Project for the current year. There is not money allocated to look at areas of flooding on Ocean Boulevard. We asked DOT if the resurfacing and addition of the bike lanes included any stormwater fixes and they said it didn't. That is a to-be developed estimate. If we need a number, the best way to do it is to have our consultant engineer review it. Discussed having funding available for work on Ocean Boulevard. Public Works Director Clemmons talked about conversations he has had with the DOT. After discussion, Town Manager Hewett suggested that assuming DOT is not going to pay for it, we can talk to our engineer to get budget numbers for a report and what infrastructure may cost to possibly integrate with the bike/paving project. He provided information on the grant he is working on for the bike path. He talked about the timeline of the paving/bike project.

Sanitation – the big-ticket item is the dump truck. We have a place holder for \$100,000. Public Works Director Clemmons talked about the vehicle he is replacing and the purchase of a new one. Town Manager Hewett said we are not sure what will happen with the Blue Can Recycling item with the new amendment. There is a slight increase built into the contract each year. Projected that there will be an increase in that service of 25%. Public Works Director Clemmons said there is no change in the price at this point to rollback all cans, instead of just empty ones. The Board discussed providing the contractor with something identifying them as a Holden Beach contractor.

Water and Sewer – Town Manager Hewett went over revenues. The big-ticket item is the pass through of the proposed county increase. It also includes the loan proceeds for the upfit of lift station 2. He talked about the process for the loan for lift station 2 and to pay ourselves back for what we just did.

Water and Sewer Expenses – Town Manager Hewett said the Communications line for the automated meter read system is going to increase. Public Works Director Clemmons talked about irrigation meter expenses. There is money for a water rate study. Under Contracted Services, there are funds to have the mapping completed of water and sewer lines, valves, fire hydrants, etc. This amount isn't going to do the whole island, it will get us started. We have tried to get grants in the past but haven't been approved. He talked about how he would proceed with the project. Right now, he will focus on Ocean Boulevard. \$35,000 of that line item is for this. Mayor Pro Tem Brown suggested that the project be sent out to bid before it is started. Public Works Director Clemmons said the increase under Purchase for Resale is half the year at the new rate to the county. Equipment Purchase Water includes a pickup truck and a generator for lift station 4. He provided information on why generators are needed at the stations. He talked about selling the existing one. New boring equipment is also included in the line. Capital Outlay Major Equipment is the payment on the lease purchase for the vactor truck.

BPART Fund - Assistant Town Manager Ferguson said bleacher expenses are under BPART.

Town Manager Hewett went over revenues in the BPART Fund. We are expecting a banner year on occupancy tax. The other big-ticket items are the transfer from the Beach & Inlet Capital Reserve. You will see it on the expense side. It is for the dredging of the Lockwood Folly Inlet. It is navigation and a navigation maintenance project that puts sand on the beach. There is a \$500,000 Fund Balance Appropriation. That is the Town's portion of the Corps' study.

Assistant Town Manager Ferguson went over expenses. The only large changes are Lockwood Folly dredging, which Town Manager Hewett just addressed. It is the year for us to get the sand. We do not

have the definite cost yet; we went with last year's numbers. The Corps is suggesting that we move to something like a quarterly plan. Every eight to nine weeks, the inlet would be dredged with the Merritt to do maintenance dredging. That cost is shared with the county, the state and Oak Island. This would budget for a year's worth of maintenance. In Professional Services, we need to do an update of the Shallow Draft Inlet Permit. She went over the Concerts' line.

Commissioner Kwiatkowski asked if the Beach Vegetation includes soil sampling to check salinity to see if alternative beach vegetation types would be better in high chloride areas. Assistant Town Manager Ferguson said if the Board wants to move forward with that, we can. They have talked internally and they believe that is more a factor of low spots that occur in the dunes every time we get a storm, that's where it happens. She thinks it can be accommodated in that number if the Board does want to proceed. Commissioner Kwiatkowski suggested doing a program of spot checks to see if the hypothesis fits. Town Manager Hewett said we will ask the Brunswick County Soil and Water Conservation District to come and give us an advisory on that.

Assistant Town Manager Ferguson said the bike path will need to be updated in the CIP for the next workshop. Commissioner Kwiatkowski suggested using part-time/retired police officers to fill some of the beach ranger positions. Commissioner Smith suggested having a way for the beach rangers to communicate with the Police Department and maybe have them issue ordinance citations. Town Manager Hewett said the intent is a public relations outreach to inform and educate. If there are any gross violations, we will establish communications with the Police Department.

Mayor Holden asked if there is money in the budget in the case a property owner would sell an easement on their property for public access. Town Manager Hewett replied no. Commissioner Smith asked about requirements for access. Town Manager Hewett stated for federal projects there is a distance and parking requirement. For projects that use state money there is a requirement that is defined as adequate, there is nothing quantitative that he knows of.

Town Manager Hewett went over the FEMA Projects fund.

Town Manager Hewett reviewed the Canal Dredging funds. We are shovel ready with current permits for the project. We do not anticipate executing a project this year. In the CIP and the update in the Master Plan, we are planning for a small project to do a clean out in the next budget. The assessments are proposed to remain the same.

Town Manager Hewett reviewed the takeaways: the Board needs to complete the scoring; we will look into the stormwater; will add \$500,000 as a transfer from the General Fund; and coordinate with the Soil and Water District (will not have a budget implication, depending on the recommendation).



**ADJOURNMENT**

*Motion by Commissioner Smith to adjourn at 12:07 p.m.; second by Commissioner Murdock; approved by unanimous vote.*

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J. Alan Holden, Mayor

ATTEST:

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Heather Finnell, Town Clerk



**TOWN OF HOLDEN BEACH  
BOARD OF COMMISSIONERS  
PUBLIC HEARING/REGULAR MEETING  
TUESDAY, MAY 18, 2021 – 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, May 18, 2021 at 5:00 p.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Gerald Brown; Commissioners Brian Murdock, Mike Sullivan, Pat Kwiatkowski and Rick Smith; Town Manager David W. Hewett; Town Clerk Heather Finnell; Inspections Director Tim Evans; Assistant Town Manager Christy Ferguson; Police Chief Jeremy Dixon; Public Works Director Chris Clemmons; and Town Attorney Katie Madon.

**PUBLIC HEARING: DRAFT SYSTEM DEVELOPMENT FEES (SDF) REPORT**

Mihayla Coopersmith from Raftelis said the fees are one-time fees that new customers pay to buy into the system under the premise that growth helps to pay for growth. They calculated the fees in accordance with the NC legislation. The fees in the report are the maximum allowable that the Town can adopt. The fees are calculated per bedroom and would scale up from there, depending on how many bedrooms there are. There was a question about using the combined approach for the water system, as opposed to the buy-in approach for the sewer system. For the sewer system, there is no capital projects planned for growth. For the water system, the Town has the water tower. It was included because if the Town didn't need to serve new customers, it wouldn't need a new water tower. She said if the water tower was removed, it would only be about \$90 difference. Commissioner Sullivan asked if the proposed water fees increase would have an effect on the calculation. Ms. Coopersmith answered that is separate and not related to the fees. This fee is for new development. Mayor Holden asked the difference if this was passed versus now. Ms. Coopersmith replied that they calculated the fee in its pure form. It is up to the Town to determine how to implement and track who has already paid. Public Works Director Clemmons asked about the fee if you had a three-bedroom home, tore it down and built a six-bedroom home. Town Manager Hewett explained that it is a function of how the Town wants to set the fees and to consider what may have been credited before.

Elaine Jordan said she is still confused about the water tower and the method used for the water fee because the buy-in method was used for the sewer and the combined for water. Her understanding is that the water tower has not been approved. She asked if the buy-in method would be the appropriate way to determine the water fee if the water tower wasn't used. Ms. Jordan said her understanding is that tonight the Board would only approve the report. There is no action to be taken about the fee. Town Manager Hewett said the Board will not approve the report tonight, it may consider it after 24 hours. Ms. Jordan hopes there will be a lot of conversation before adopting the fees. Ms. Coopersmith explained according to HB 436, they are allowed to include five to ten years out of planned capital

spending, whether it was approved or not, as long as the Town has it approved in its plan. The Town is planning to build the tower and they wouldn't without the need to serve new customers. Due to that it is included in the calculation. The Board sets the fees. What Raftelis calculates is what the maximum allowable fee is. In this case, including the tower was appropriate. If it wasn't included, it would be the buy-in approach and the fee would be \$90 less.

Mayor Holden closed the public hearing at 5:13 p.m.

## **REGULAR MEETING**

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

## **PLEDGE OF ALLEGIANCE**

## **AGENDA APPROVAL**

Town Manager Hewett said there is a \$6,000 sedimentation characterization grant that is required as one of the conditions of our beach nourishment permit. He would like to add it as 11a. Since item 13, the Isaias amendment is related to the application to special bond financing, he requested that the order of items 13 and 12 be flipped.

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

## **APPROVAL OF MINUTES**

*Motion by Mayor Pro Tem Brown to approve the minutes of the Special Meeting and Regular Meeting of April 20, 2021; second by Commissioner Smith; approved by unanimous vote.*

## **PUBLIC COMMENTS ON AGENDA/GENERAL ITEMS**

Two comments were submitted. They are in front of the Board, online and in the back of the room. Nobody signed up to speak in person.

## **DISCUSSION AND POSSIBLE ACTION ON THE DRAFT SYSTEM DEVELOPMENT FEES REPORT**

Town Clerk Finnell said the public hearing was just held, so the next step would be to consider adoption of the report. Town Manager Hewett added staff recommended the report be placed on the June agenda, but due to several moving parts of this and its potential impact on adopting prior to having a recommended rate fee structure in place, he would recommend the Board consider it in June with an October 1<sup>st</sup> effective date. There are three items that may not directly impact it, but they are peripheral issues. One is the county water contract that the Board needs to entertain in the July timeframe. Two is the county wholesale water increase. It is not directly related, but it is a peripheral interest to the issue. Three is the American Recovery Act guidance. We still are not clear how the funds can be used. We need some time to develop a recommended fee schedule that is an underlayment to that report. If the report is approved tonight, it would have the effect of making the existing sewer fee obsolete

because the maximum that can be assessed according to this report is less than what the current fee charges. Other options would be to push the report out past the June agenda or not approve the report.

*Motion by Commissioner Sullivan that we put this on the agenda for June to discuss and possibly approve; second by Commissioner Kwiatkowski; approved by unanimous vote.*

## **POLICE REPORT – CHIEF DIXON**

- No pets on the strand starts May 20<sup>th</sup> from 9:00 a.m. – 5:00 p.m. During the hours allowed, they must be on a leash.
- We are getting into the summer so remember any golf cart on the road is a motor vehicle. You need to have your license to operate them and remember to follow all laws, including wearing seatbelts and children must be in child restraints.
- Beach equipment must be removed daily.
- Hurricane season officially starts June 1<sup>st</sup>. Every year for the last six years we have had a named storm before June 1<sup>st</sup>. Now is the time to make a plan. Make sure you have your decals attached to the windshield properly.

Commissioner Murdock said he gets a ton of concerns about golf carts. He encouraged the Police Department to put a little more effort into enforcement. He thinks people should be able to have them, but we need to keep people safe. Chief Dixon agreed and said they are making it a priority this year. They are hearing the community's concern. They will spend time trying to educate people. He asked people to spread the word that they are a motor vehicle and they need to follow the same laws.

## **DISCUSSION AND POSSIBLE SELECTION OF MEMBERS FOR THE PARKING COMMITTEE**

The Board voted by ballot. The votes were tallied. There was a tie between Page Dyer, Dina Hamad-Smitherman and Rick Paarfus. The Board decided to select all three members. The votes were as follows: Mayor Pro Tem Brown and Commissioner Murdock – Page Dyer, Dina Hamad-Smitherman, Commissioner Sullivan – Tracy Thomas and Rick Paarfus, Commissioner Kwiatkowski – Suzannah Tucker and Rick Paarfus and Commissioner Smith – Michael Gilbert and Larry Naron.

## **DISCUSSION AND POSSIBLE ACTION ON ORDINANCE 21-10, AN ORDINANCE AMENDING THE HOLDEN BEACH CODE OF ORDINANCES TO COMPLY WITH REQUIREMENTS OF CHAPTER 160D OF THE NORTH CAROLINA GENERAL STATUTES**

Inspections Director Evans said that state legislators decided they wanted to make a more uniform situation for developers and others across the state, so they came up with 160D. 160D consolidates city and county statutes for development regulations. While the law does not make major policy changes or shifts in the scope of authority granted to local governments, it does provide many clarifying amendments and consensus reforms that will need to be incorporated into local development regulations. He explained how staff completed the process and then sent the changes to the attorney for review. The changes were presented to the Planning & Zoning Board, who approved a consistency statement on the changes. He said the Board needs to set a public hearing.

Commissioner Sullivan said the Board passed the new trash ordinance last month. This ordinance still has the old language. Inspections Evans explained that when this is approved and is codified the other changes will show up in the ordinance book. He did add the new items for land usage. Commissioner Kwiatkowski said there are other sections like the executive secretary that aren't updated. She said there are two references to nonconforming lots on page 227. Inspections Director Evans explained the difference.

Mayor Holden suggested holding the public hearing at the meeting on June 15<sup>th</sup> at the beginning.

*Motion by Commissioner Sullivan to set a public hearing prior to the regularly scheduled meeting in June; second by Commissioner Murdock; approved by unanimous vote.*

#### **DISCUSSION AND POSSIBLE SELECTION OF ENGINEERING FIRM FOR ENGINEERING DESIGN AND CONSTRUCTION MANAGEMENT SERVICES OF THE VACUUM SEWER SYSTEM STATION #2 UPGRADE**

Public Works Director Clemmons explained the Town solicited Statements of Qualifications for the planning, design, permitting, bidding and construction services related to the improvements of lift station 2. We received one response from Green Engineering. Per general statute, firms should be selected based on being qualified to provide services on the basis of demonstrated competence. Green Engineering was the engineer on the last two upgrades and staff recommends we go with them again. This is based on qualifications, not price. After they are approved, we go into negotiations on the contract. He doesn't have any complaints on Mr. Green's previous work. Public Works Director Clemmons said there is a tight schedule and reviewed it.

*Motion by Commissioner Kwiatkowski that we approve Green Engineering for our engineer in charge of the construction of lift station 2; second by Commissioner Sullivan; approved by unanimous vote.*

#### **SEDIMENTATION GRANT**

Assistant Town Manager Ferguson said the Division of Coastal Management (DCM) recently added a native beach and large sediment sampling criteria to its beach nourishment regulations. We received an estimate from our engineer that the cost would be \$6,000 and then applied for a grant through DCM. It is no match for the Town. The grant of \$6,000 needs to be recognized with a budget amendment.

*Motion by Commissioner Kwiatkowski to approve Budget Amendment 21-12 (An Ordinance Amending Ordinance 20-10, the Revenues and Appropriations Ordinance for Fiscal Year 2020 - 2021, Amendment No. 13); second by Commissioner Smith; approved by unanimous vote.*

#### **DISCUSSION AND POSSIBLE APPROVAL OF ORDINANCE 21-11, AN ORDINANCE AMENDING ORDINANCE 20-10, THE REVENUES AND APPROPRIATIONS ORDINANCE FOR FISCAL YEAR 2020 – 2021 (AMENDMENT NO. 12)**

Assistant Town Manager Ferguson said we received approval for our project worksheets for Isaias. The amendment in the amount of \$3,838,038 recognizes FEMA Cat G grant funds. The storm caused a loss



of approximately 67,438 cubic yards of sand, 320,000 dune plants and 24,000 feet of sand fence. The funds will be housed in Fund 70, the special project for FEMA that was set up last month.

*Motion by Commissioner Kwiatkowski to approval Budget Amendment 21-11, An Ordinance Amending Ordinance 20-10, the Revenues and Appropriations Ordinance for Fiscal Year 2020 – 2021 (Amendment No. 12); second by Commissioner Smith; approved by unanimous vote.*

#### **DISCUSSION AND POSSIBLE APPROVAL OF RESOLUTION 21-09, RESOLUTION DIRECTING THE APPLICATION TO THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF THE TOWN'S SPECIAL OBLIGATION BOND AND CERTAIN RELATED MATTERS**

Assistant Town Manager Ferguson explained this resolution was prepared by our bond attorney firm, Parker Poe Adams and Bernstein and is necessary to direct application to the Local Government Commission (LGC) for approval of a special obligation bond and requesting LGC approval of the Town's special obligation bond and certain related matters. The FEMA reimbursement grant for storm damage repair for Florence, Michael, Dorian and Isaias is administered to the Town on a reimbursement basis. We will need to secure bridge loan financing. This is part of the process to do that. This financing effort necessitates LGC approval.

*Motion by Commissioner Murdock to approve Resolution 21-09 (Directing Application to the LGC for Approval of a Special Obligation Bond, Requesting LGC Approval of a Special Obligation Bond and Certain Related Matters; second by Mayor Pro Tem Brown; approved by unanimous vote.*

#### **DISCUSSION AND POSSIBLE ACTION ON POST DISASTER FEMA DEBRIS PICKUP IN GATED COMMUNITIES**

Commissioner Kwiatkowski reminded everyone that last year after the hurricane and flooding, there was reimbursed debris pickup. There was discussion on pickup of debris on the west end, even though it is a gated community. The Board decided to do it, but it couldn't be FEMA reimbursed based on the rules at that time. At that time, the Board said they would explore how you might get FEMA reimbursement so that before the next hurricane we would have an idea if it would be possible for reimbursement for gated communities. Commissioner Kwiatkowski said Town Manager Hewett and Assistant Town Manager Ferguson contacted the appropriate people to see what instructions they had about pickups in gated communities. They sent the same sort of information that we had found last year. It doesn't give a lot of guidance on what has been successful. It does layout that if you are going to try to petition for FEMA reimbursement, you need to have certain agreements already signed with the gated communities. You are also supposed to be able to provide information on why it would be in the public health interest of the whole community or the economic interests for the debris to be picked up. Commissioner Kwiatkowski would like to explore getting the agreements in place with the gated communities. She reviewed what FEMA accepts. Commissioner Smith asked if the Town must pay first before getting reimbursement. Commissioner Kwiatkowski said FEMA gives guidance that when in doubt you should ask before you pick it up. Commissioner Sullivan said just to be clear this is to get the documentation, but it does not authorize that the Town will have the debris removed. He said in the information it says the Town needs to agree to indemnify the federal government. He asked if our insurance carrier will indemnify the federal government if we assume this responsibility. Town Manager Hewett is not sure.

*Motion by Commissioner Kwiatkowski that the Town explore getting the appropriate legal contracts in place with the gated communities, contingent on the town manager finding whether or not there is an issue with indemnification; second by Commissioner Sullivan; approved by unanimous vote.*

**DISCUSSION AND POSSIBLE ACTION ON WHAT COMPRISES A CITIZEN COMPLAINT BASED ON HOLDEN BEACH CODE OF ORDINANCES CHAPTER 50 (SOLID WASTE), 72 (PARKING REGULATIONS), 92 (NUISANCES), 94 (BEACH REGULATIONS) AND SECTIONS 95.05 (STREET RIGHTS-OF-WAY), 157.081 (VISABILITY AT INTERSECTIONS) AND 130.30 – 130.31 (LITTERING PROVISIONS)**

Commissioner Kwiatkowski stated she had a number of people inquire how to report complaints. She found out there is a formal method you follow to make a complaint on an ordinance that would have an enforcement action. She would like clarification on the process for reporting different types of complaints. She said she thinks citizens need to understand the process to follow. Commissioner Smith would also like to know the correct avenue for residents to take to file a complaint. Public Works Director Clemmons said in the past we had people fill out a written complaint then the appropriate department would look at it. He also has received emails from people. There is an official form. Public Works Director Clemmons explained he looks at complaints from email and written complaints. Town Manager Hewett added that is the department head's discretion to do that. Inspections Director Evans said he received two complaints over the weekend. He provided information on the complaints. They consider all complaints to be acted on. They do request that people fill out a complaint form on some of the complaints they receive because of the type they are. If a complaint comes in, his department acts on it. They use the rules in place that govern them to determine what they can or cannot do at residents' houses. Not all complaints require action. They also take action on violations they see while out in the field. Commissioner Sullivan summarized that we are servicing the community without the need to come in and fill out a written report, but there are occasions where a written report is requested. Even without a written report, all complaints are investigated to some degree and the proper action is taken after the investigation. Inspections Director Evans provided an example of when a form is needed. Town Manager Hewett confirmed complaints should be sent to Town Clerk Finnell if you don't know where to send them.

**DISCUSSION AND POSSIBLE SCHEDULING OF A DATE TO HOLD A PUBLIC HEARING ON THE PROPOSED BUDGET FOR FISCAL YEAR 2020 - 2021**

The Board came to a consensus to hold the public hearing June 4<sup>th</sup> at 5:00 p.m.

**TOWN MANAGER'S REPORT**

- Application for special obligation bond financing with the Local Government Commission - we have our CAMA permit in hand, along with our Department of Water Resources. The solicitation for dredgers is on the street. There will be a pre-bid conference next Thursday. There is a new requirement for CAMA, an increased turbidity monitoring requirement. We are making progress. Can expect same actions from the Board to start falling into place over the next couple of months with our anticipated construction date being this winter or next winter, depending on how the bids come in.

## MAYOR'S COMMENTS

- Congressman McIntyre's mother passed away. He asked to send a card or something from the commissioners to acknowledge that.
- Asked for an update on concerts. Assistant Town Manager Ferguson explained with the governor's executive order, concerts will start next Sunday. Gary Lowder and Smokin Hot is the first concert. We are back to business as normal.

## BOARD OF COMMISSIONERS' COMMENTS

### Mayor Pro Tem Brown

- Asked Town Manager Hewett if there was a regulation on street setbacks from the previous Board. He is seeing properties being blocked on both sides of the road. Town Manager Hewett replied yes. Mayor Pro Tem Brown said when a person buys a lot, they know where their property lines are. We need to do something. Looks at the roads and is seeing 6 X 6's put out besides the asphalt. It is like they are barricading the side of the road. Will have it put on the next meeting to vote to do away with it. Thinks it has gotten out of hand. Need to keep the right-of-way open for the Police, the maintenance department and everything else. That is why it is there. We need to do something to remedy this. He understands wanting to take care of your property. It is very detrimental to the island. Wants it on the next agenda to see if we can do something to help this situation. Went down Marlin Street today, couldn't turn or back onto the road. Would like to see the Board address it.

### Commissioner Smith

- Golf carts – is concerned for the safety of people operating them and the safety of the carts. Doesn't propose that the Town be responsible for inspections, however, thinks there needs to be a fee charged to the people who bring them on the island and a document that says they have safety approved the vehicle for operation on Holden Beach. In other words, charge them and give them the liability for having equipment on the island. To operate them on the island they could have something similar to a Holden Beach permit. He suggested a monetary charge, a yearly charge. Attorney Madon said we can discuss that when we have a better idea of what we are trying to do. Commissioner Smith said the fees are to help the Police Department, who is using their time chasing the golf cart issues. Also, making sure the people bringing them over verify they are meeting safety standards. Had issues with golf carts personally. They are dangerous when operated on the streets.

### Commissioner Murdock

- Thanked Governor Cooper for opening the place back up. Thanked people for coming. We have empty seats, would like to see them full. Good to see people here.
- Appreciate staff's hard work.

Commissioner Sullivan

- Echoed what Commissioner Murdock said. It has been over a year since we had real input in the meetings and comments. Think we all benefit from having that type of dialogue and input. Glad to see people. There is a lot more room here.
- Last time we did the developmental fees there was a problem because there was no comment until they were voted in place. If you have a concern, an idea or objection, don't wait until we vote. Bring it to our attention and give him the benefit of your concerns and objections before he votes.

Commissioner Kwiatkowski

- Like everyone else is glad to see people here.
- Memorial Day is coming. Have a happy, healthy and prosperous season.

Mayor Holden asked about the normal public comment period at the end of the meeting. Town Clerk Finnell explained both were provided for at the beginning of this meeting. We will go back to the original way next month. The Board provided an opportunity for the audience to speak. Nobody spoke.

**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 A CONTRACT CONCERNING THE ACQUISITION OF REAL PROPERTY AND NORTH CAROLINA GENERAL STATUTE 143-318.11(A)(3), TO CONSULT WITH THE ATTORNEY**

Town Clerk Finnell read the reason for Executive Session.

*Motion by Mayor Pro Tem Brown to go into Executive Session at 6:19 p.m.; second by Commissioner Smith; approved by unanimous vote.*

**OPEN SESSION**

*Motion at 7:52 p.m. by Commissioner Kwiatkowski to recess and reconvene Thursday (May 20, 2021) at 10:30 a.m.; second by Mayor Pro Tem Brown; approved by unanimous vote.*

**RECONVENE – THURSDAY, MAY 20, 2021, 10:30 A.M.**

Mayor Holden called the reconvened meeting to order. Mayor J. Alan Holden; Mayor Pro Tem Gerald Brown; Commissioners Brian Murdock, Mike Sullivan, Pat Kwiatkowski and Rick Smith; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; and Town Attorney Rick Green were in attendance.

**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 A CONTRACT CONCERNING THE ACQUISITION OF REAL PROPERTY**

*Motion by Commissioner Smith to go into Executive Session at 10:35 a.m.; second by Commissioner Murdock; approved by unanimous vote.*

## OPEN SESSION

At 11:09 a.m., the Board recessed the meeting until May 21, 2021 at 3:30 p.m.

## RECONVENE – THURSDAY, MAY 21, 2021, 3:30 P.M.

Mayor Holden called the reconvened meeting to order. Mayor J. Alan Holden; Mayor Pro Tem Gerald Brown; Commissioners Brian Murdock, Mike Sullivan, Pat Kwiatkowski and Rick Smith; Town Manager David W. Hewett; Town Clerk Heather Finnell; and Assistant Town Manager Christy Ferguson were in attendance.

## 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 A CONTRACT CONCERNING THE ACQUISITION OF REAL PROPERTY

*Motion by Mayor Pro Tem Brown to go into Executive Session at 3:31 p.m.; second by Commissioner Smith; approved by unanimous vote.*

## OPEN SESSION

No action was taken.

## ADJOURNMENT

*Motion by Mayor Pro Tem Brown to adjourn at 3:51 p.m.; second by Commissioner Murdock; approved by unanimous vote.*

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J. Alan Holden, Mayor

ATTEST:

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Heather Finnell, Town Clerk





**TOWN OF HOLDEN BEACH  
BOARD OF COMMISSIONERS  
SPECIAL MEETING  
THURSDAY, MAY 20, 2021 – 11:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Thursday, May 20, 2021 at 11:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Gerald Brown; Commissioners Brian Murdock, Mike Sullivan, Pat Kwiatkowski and Rick Smith; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Fiscal Operations Supervisor Margaret Lancaster; Budget & Fiscal Analyst Daniel McRaney; Inspections Director Tim Evans; Development Services Officer Rhonda Wooten; Public Works Director Chris Clemmons; and Police Chief Jeremy Dixon.

Mayor Holden called the meeting to order at 11:11 a.m.

**PUBLIC COMMENTS**

No public comments.

**PRESENTATION AND POSSIBLE ACTION ON PAID PARKING**

Timothy Hoppengrath from Premium Parking provided information on his company's paid parking service and answered questions from the Board. He explained the expenses are not much. It is basically the labor. They make money for their management fee on the transaction fees. He provided information on their program at Kure Beach. On their platform, everyone would register their license plate and pay in advance. They would do that using a mobile device. He suggested putting a sign at the bridge that there is paid parking. He said instead of putting signs everywhere you could put them on the blocks and at the access points. They could install pay machines for people who do not have access to mobile devices. They are about \$10,000 each. Premium Parking can fund them and amortize it over the term of the contract. They also have a 24/7 call center. With their text/camera pay, you do not need to download an app. He explained how enforcement works. Mr. Hoppengrath was advised that most of the Town's parking is in the rights-of-way. He talked about discount/promo codes. He provided information on implementing a parking program. He discussed citations being issued, reports and the client dashboard.

Commissioner Sullivan inquired if they have been involved with any other communities in coastal North Carolina besides Kure Beach. Mr. Hoppenrath said they bid on Wrightsville, but they gave it to a local guy. They are just getting started in North Carolina. They just landed Virginia Beach. Commissioner Sullivan inquired if they have been challenged on issuing fines and booting automobiles. Mr.

Hoppengrath said they try not to boot. He has not seen any ordinances against booting in North Carolina. They try to use citations. There is an appeals process. They would appeal to the account manager or him. He believes the cost to the Town for enforcement agents would be \$15 per hour for a supervisor and a second person for \$12 per hour.

Mr. Hoppengrath explained they could set up business accounts for people who want to purchase a season pass and transfer the pass to the occupants of their rental homes weekly. They would have to register the license plates in the system and remove the old ones each week. It would be up to the Town on how to charge for that service. He can look to see if there is another solution.

Golf cart parking was discussed.

Commissioner Murdock said at the last meeting it was mentioned that Premium Parking helps to develop and acquire parking lots. He provided information on Block Q, beside the bridge. Mr. Hoppengrath responded that for the right deals, they will work with you on purchasing property. He would need to have their financial people look at it.

Mr. Hoppengrath said he is not sure what the laws are for rights-of-way revenue in North Carolina. In South Carolina they are in the process of passing a bill that basically says that instead of the town being able to say where the funds go, it is the Department of Transportation. He will check into how it works in Holden Beach. They talked about legal requirements for the revenue stream. They discussed on-street versus off-street parking. Mr. Hoppengrath confirmed his company doesn't need to enforce parking, the Town can. Enforcement was discussed. Town Manager Hewett said if the Board wants to look at using the funding to have the Police Department assist with enforcement, he would go to the attorney general, the state auditor and the Local Government Commission for an opinion.

The Town does not need to charge for handicap parking.

Confirming residency was discussed. Mr. Hoppengrath said it is done through the town. He said his company could work with other owners separately. The Town can get a cut from some of the profit of private locations. Mr. Hoppengrath said the revenue can be separated by off-street and on-street parking. All of the accounting would track everything. Premium Parking would own/maintain/manage the equipment. The town would pay until they are paid back. The equipment lasts seven – 15 years. They are pretty durable machines. The collection of fines was discussed.

Mr. Hoppengrath said if the Town wants to move on this, he has a contract ready to go. Commissioner Murdock asked for the contract to be sent to the Town so it can be reviewed.

Commissioner Smith asked if there is an opportunity to contact Senator Rabon to see if there is anything he can do about the revenue regulations. We could use the funds to improve the facilities. Mayor Holden said he has no problem talking to Senator Rabon about it. Trash collection, port-a-johns, things like that could be points of discussion. Town Manager Hewett said the crossover deadline was last week. That is not to say there couldn't be some procedural moves made. It is definitely worth conversation with our legislators to ask for enabling legislation that would allow on-street parking

revenues to be used for any public purposes just as off-street can be used. We are basically running an equivalent of a state park without the corresponding revenue stream.

Mayor Pro Tem Brown asked about the property in the 800 block. Inspections Director Evans said he thinks the math works out to 32 parking spots. Town Manager Hewett added that would be an example of off-street parking. The 300 block would be considered on-street parking because it is in the rights-of-way.

Commissioner Kwiatkowski suggested sending this to the Parking Committee. The Board talked about the timing of implementation and if a request for proposals (RFP) should be sent out. Commissioner Murdock talked about the need for parking. He said we need to not burden our taxpayers with the costs associated with parking.

Town Manager Hewett suggested that the Board could agree by consensus to pursue the legislation that would allow on-street parking revenues to be used for any public purpose. Also, if there is a desire for a RFP, that is an administrative action. If the consensus of the Board is to do those two things, we can do that administratively. Timing of the process was discussed again. Commissioner Sullivan suggested that the Town could also pursue a decision to determine whether the Police Department enforcement of parking would allow us to assign a certain amount of funds for on-street to the Town even if we don't get legislation passed. Town Manager Hewett said for the advisory opinion we need estimates.

*The Board agreed by consensus.*

## **ADJOURNMENT**

*Motion by Mayor Pro Tem Brown to adjourn at 1:00 p.m.; second by Commissioner Murdock; approved by unanimous vote. 1:00 p.m.*

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J. Alan Holden, Mayor

ATTEST:

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Heather Finnell, Town Clerk



**TOWN OF HOLDEN BEACH  
BOARD OF COMMISSIONERS  
SPECIAL MEETING  
FRIDAY, MAY 21, 2021 – 4:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Friday, May 21, 2021 at 4:00 p.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Gerald Brown; Commissioners Brian Murdock, Mike Sullivan, Pat Kwiatkowski and Rick Smith; Town Manager David W. Hewett; Town Clerk Heather Finnell; Police Chief Jeremy Dixon; Assistant Town Manager Christy Ferguson; Inspections Director Tim Evans; Fiscal Operations Supervisor Margaret Lancaster; Budget & Fiscal Analyst Daniel McRaney; and Public Services Crew Leader Scott Cunningham.

**PUBLIC COMMENTS**

No comments were made.

**BUDGET WORKSHOP**

Town Manager Hewett reviewed the budget schedule. The Board has the updated and scrubbed draft budget documents before them. He reviewed changes. The Isaias money is now reflected in the FEMA Capital Grants Fund. The \$700,000 for the bike path is in the proposed year budget. The Board did a Resolution to Reimburse for the lift station upfit for stations 3 and 2. The interest payment for that loan, which he is estimating at \$3.8 - \$4 million, will become due before the end of the fiscal year. That interest will need to be accommodated in the annual sewer assessment. We have adjusted the annual assessment. We are estimating \$50,000. That will take the annual sewer assessment from \$370 to \$385. This is not the System Development Fee. The \$500,000 transfer from the General Fund of Unassigned Fund Balance to the Beach and Inlet Capital Reserve Fund has been made. This nets \$240,000 as Available to Appropriate under Governing Body and an estimated General Fund Balance ratio of 41%. There is no need to update the Fund Balance Policy.

The Town will receive dispersals of the American Recovery Plan (ARP) money, \$96,000 around June 15<sup>th</sup> and another \$96,000 at the same time next year. The funds are good until 2024. Generally, resiliency related projects qualify for those expenses. The Board had asked to look at stormwater that goes along with the bike path. During that discussion, the public works director raised the issue of the 300-block chronic problem area and the east end. We engaged with Shane Lippard from Right Angle Engineering. The best we could get is that it could go between \$200,000 - \$500,000 to look at the 300 block, with an unknown of what the cost may be for stormwater along the bike path. We didn't have enough detail or time to engage with DOT to find out the specifics. We need to get a Professional

Engineering Report (PER) of the whole thing and engage with DOT as that project moves forward to get a better idea of what those expenses will be. Town Manager Hewett said the Board needs to talk about where to fund those improvements from, the bike path in particular. He proposed that the Board consider that when we write the budget document, it be crafted to set up a special revenue fund that escrows the \$192,000 and couple those ARP funds with up to the \$240,000 that the Board has in the Available to Appropriate line to provide potential stormwater solutions on the bike path, the 300 block and the east end based on an engineer PER.

Commissioner Kwiatkowski said she likes how Town Manager Hewett put the stormwater together. She thinks it is a good use of where we have the money. Town Manager Hewett said it seems like a good fit for the ARP funds. Commissioner Smith asked if there are more trouble spots. He suggested fixing it all before we pave it. Town Manager Hewett replied the intention is to execute a suite of stormwater solutions, coincidental with the bike path. He proposed to pay for it with a combination of the Special Revenue Fund and the General Fund, by just holding that money in the Available to Appropriate line. It doesn't need to be designated as the stormwater solution. He can put it over in Streets and show it as a stormwater solution. It is the Board's discretion how they would like to portray that. He would consider that as the Board's designation as what they would want to do with that money. Commissioner Kwiatkowski would like to say the intent is to use the money for the stormwater solution. Town Manager Hewett said unless the Board tells him otherwise, that is what he is going to do. The consensus is that is fine.

Town Manager Hewett said when we did our special obligation bond, we had to give the county the first-year payment. Every year the payment comes down. They give us the difference, plus the interest. He recognized that on the revenue side, not the expense side. Our Fiscal Policy says we will take that money and put it in the Beach and Inlet Capital Reserve Fund. That is an administrative fix that he can handle easily.

Commissioner Sullivan asked if the county's current communication system allows them to hear what is going on at Holden Beach. Chief Dixon responded the county operates on one channel and the local police departments on a separate channel, divided into the northern and southern ends of the county. That is just the radio communications. Right now, we have no computer automated communications with them. This will integrate that all into one system. The other agencies we work with around here are on the system. Chief Dixon said the equipment budget is for body cameras. He said it is for an integrated car and body camera system together. Commissioner Sullivan said the body cameras that are used in most of the cities who use them are \$700 apiece. Chief Dixon said there are cheaper options. The car systems we use now are very dated. This system records from the car and body. Communications are seamless between the two during any incident. AEDS are not included in the budget. He changed the directive and the officers are rotating through the defibrillators, instead of spending \$15,000 - \$20,000 on equipment. When a car is on patrol, one of them will have a defibrillator. Commissioner Sullivan said in budget year 2019 - 2020, we had a budget of \$708,000. This year we are considering a budget of \$1,310,000; that is an increase of 84%. He suggested that the Police Department choose between upgrading communications this year and the body cameras. Chief Dixon said they used to be getting funds from BPART. Town Manager Hewett said we used to pay for an equivalent of a fulltime position out of the BPART Fund. That is not reflected in this budget. Since then, we are paying for all of the police expenses from the General Fund. Commissioner Sullivan said instead of 84%, it is 75%. Commissioner Kwiatkowski agreed that one of the expenses should be selected and



the other be considered next year. Chief Dixon said both are crucial. He would like to weigh the negative and positives of both before making a decision.

Commissioner Sullivan stated last year when they discussed hiring two additional officers, one of the selling points was that it would decrease overtime. When you look at the budget, it didn't decrease. Town Manager Hewett explained it takes an extended period of time to fill two positions. There is an extreme lag time built in there. Any expenses we incurred so far is that he is still running short. We are to the point that we will be full. Chief Dixon said there are a lot of factors that go into it. He is doing everything he can to keep the numbers down. Commissioner Kwiatkowski asked if there is a baseline that goes in. Town Manager Hewett replied yes. We budget high, but do not spend it all. He explained we need to have that to be able to affect capability when hurricanes come. If you don't put it in there, don't expect the capability to exist for emergency response. Commissioner Smith asked if some of the overtime money could be used to have one of the existing officers do some detective work on a part-time basis. Chief Dixon said his officers do an excellent job on patrol. It takes a different skill set to do investigations. Commissioner Smith asked if we could upgrade the training of some of the officers we have now. Chief Dixon replied it is possible.

Town Manager Hewett stated Chief Dixon will free up \$100,000 in the Police Department when he makes his decision. He inquired where the Board wants the money appropriated from. The Board agreed to add it to the Available to Appropriate line.

Mayor Pro Tem Brown asked how much fuel the Police Department uses. Fiscal Operations Supervisor Lancaster said as of April it was \$18,220, then maybe another \$2,000. Chief Dixon added that includes oil changes, tires. Fiscal Operations Supervisor Lancaster said she would need to look at the fuel invoice. Mayor Pro Tem Brown asked her to.

The Board decided to talk about the objectives at a later point.

## **ADJOURNMENT**

*Motion by Mayor Pro Tem Brown to adjourn at 4:35 p.m.; second by Commissioner Smith; approved by unanimous vote.*

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J. Alan Holden, Mayor

ATTEST:

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Heather Finnell, Town Clerk Finnell

Ordinance 21-13  
Town of Holden Beach Fiscal Year 2021/2022 Budget Ordinance

An Ordinance to appropriate revenues and authorize expenses for the Fiscal Year beginning 1 July 2021 and ending 30 June 2022. BE IT ORDAINED by the Board of Commissioners of the Town of Holden Beach North Carolina that revenues and expenses for the Fiscal Year 2020/2021 are authorized as set out below:

**Part I: General Fund**

**REVENUES**

CREDIT CARD SITE FEE GENERAL	2,200
AD VAL TAXES - CURRENT	2,702,167
AD VAL TAXES - PRIOR	25,000
VEHICLE TAXES	26,000
PNLTY & INT - AD VAL TAX	15,000
VEHICLE STICKERS	5,000
INTRST ON SAV & INVEST	20,000
TAX PMTS TO BE REFUNDED	100
MISCELLANEOUS	20,750
SIDEWALK DEPOSIT	500
HOUSE MOVING SECURITY DEP	2,000
BRIDGE FEE	200
PLUMBING SCREEN SALES	300
BLUE CAN HOME RECYCLING	63,225
DONATIONS	500
CHRISTMAS DECORATIONS	500
UTILITIES FRANCHISE TAX	230,000

SALES ON TELECOMM-UTIL FR	8,000
SALES TAX ON VIDEO PROGRM	37,000
BEER &/OR WINE TAX	2,600
POWELL BILL	35,000
LOCAL SALES & USE TAX	170,000
CAMA CONTRACT	2,800
COURT COSTS	200
PARKING VIOLATIONS	7,500
ORDINANCE VIOLATIONS	1,200
Mosquito Contract	1,025
BUILDING PERMITS	195,000
CAMA PERMITS	5,250
ZONING FEES	10,500
ELECTRICAL INSPECTION	31,500
MECHANICAL INSPECTION	30,250
PLUMBING INSPECTIONS	17,250
ADMINISTRATIVE FEE-INSP	490
HOMEOWNERS RECOVERY FUND	1,000
REINSPECTION FEE	500
SALES TAX REFUND	7,500
DEMOLISH PERMIT	500
SALE OF FIXED ASSETS	5,000

STREET ASSESSMENT	72,500
Transfers from SRF Canal Dredging	75,167
FUND BALANCE APPROPRIATED	500,000
<b>Total for Revenue</b>	<b>4,331,174</b>

A. GENERAL FUND EXPENSES

Governing Body

SALARIES - MAYOR AND COMMISSIONERS	7,800
PROFESSIONAL SERVICES	60,000
GOVERNING BODY - FICA	599
COMMUNICATIONS	7,645
PUBLIC RELATIONS	1,500
COMMUNITY EVENTS	1,500
TRAVEL	2,000
AB-TRAVEL & TRAINING	1,250
HURRICANE PREPARATION	2,100
DECORATIONS	500
ADVERTISING	1,500
AB-ADVERTISING MEETINGS	500
HOLDEN BEACH FLAG	500
AB-SUPPLIES & MATERIALS	4,100
OPERATIONAL CONTINGENCIES	9,367
NEW TOWN HALL DEBT SERVICE	245,413

New Town Hall Ops, Maint and Repair	72,500
CONTRIBUTIONS	11,250
TRANSFER TO BEACH RE-NOURISHMENT FUND	500,000
AVAILABLE for APPROPRIATION	85,900
<b>Total</b>	<b>1,015,924</b>

Administration Expenses

SALARIES	359,932
SALARIES - OVERTIME	4,149
FICA	27,852
GROUP INSURANCE	76,841
RETIREMENT	36,954
401K EMPLOYERS MATCH	16,244
COMMUNICATIONS	51,045
PRINTING	6,000
TRAVEL & TRAINING	8,000
M & R - EQUIPMENT	3,500
ADVERTISING	1,000
DEPT SUPPLIES & MATERIALS	5,500
UNIFORMS	1,000
REWARDS AND WELLNESS PRGR	2,000
SAFETY PROGRAMS ALL DEPTS	1,500
CONTRACTED SERVICES	21,655



DUES & SUBSCRIPTIONS	4,000
INSURANCE & BONDS	64,778
EQUIPMENT	20,000
<b>Total</b>	<b>711,949</b>

**Police Expenses**

SALARIES	514,793
SALARIES - OVERTIME	66,745
FICA	45,508
GROUP INSURANCE	150,866
RETIREMENT	76,375
PD EMPLOYER'S 401K CONTRIBUTION	29,077
COMMUNICATIONS	105,545
TRAVEL & TRAINING	10,000
COMMUNITY WATCH	500
M & R - EQUIPMENT	4,000
M & R - VEHICLES	7,150
GAS, OIL & TIRES	31,000
DEPT SUPPLIES & MATERIALS	5,600
UNIFORMS	13,000
POLICE INOCULATIONS	2,500

EQUIPMENT	15,100
CAP OUTLAY-VEHICLES&EQUIP	145,000
PD CARS-ACCIDENT REPAIRS	2,000
<b>Total</b>	<b>1,224,758</b>

**Planning an Inspections Expenses**

SALARIES	199,859
SALARIES OVERTIME	2,067
FICA	15,447
GROUP INSURANCE	54,860
RETIREMENT	20,495
401K EMPLOYERS MATCH	9,562
COMMUNICATIONS	9,500
PRINTING	1,600
TRAVEL & TRAINING	10,000
M & R - VEHICLES	7,500
ADVERTISING	2,000
GAS, OIL & TIRES	5,000
DEPT SUPPLIES & MATERIALS	4,500
BUILDING INSP - UNIFORMS	1,500
CONTRACTED SERVICES	20,000
DUES & SUBSCRIPTIONS	1,200
HOMEOWNERS' RECOVERY FUND	1,300

EQUIPMENT PURCHASE	17,500
CAPITAL EQUIPMENT PURCHASE	40,000
<b>Total</b>	<b>423,891</b>

**Public Works, Buildings, Grounds and Streets Expenses**

SALARIES	55,891
SALARIES OVERTIME	2,715
FICA	4,483
GROUP INSURANCE	13,715
RETIREMENT	5,948
401K EMPLOYERS MATCH	954
PROFESSIONAL SERVICES	15,000
UTILITY - STREET LIGHTS	54,000
BUILDINGS UTILITY PAYMENT	1,250
TRAVEL	500
BLDINGS&GROUNDS MAINT/SUP	33,340
M & R EQUIPMENT	10,000
M & R VEHICLES	5,000
MAINT & REP STREETS	15,000
MAINT & REPAIR BULKHEADS	25,000
STREET DRAINAGE PROJECTS	245,369
STREET SIGN REPLACEMENT	2,500

ADVERTISING	150
GAS, OIL & TIRES	12,000
DEPT SUPPLIES & MATERIALS	5,000
UNIFORMS	1,249
STREET PAVING PROJECTS	145,000
SIDEWALK MAINTENANCE	2,000
<b>Total</b>	<b>656,064</b>

#### **Sanitation Expenses**

SALARIES FULL TIME	43,984
SALARIES OVERTIME	5,256
FICA	3,767
GROUP INSURANCE	13,715
RETIREMENT	4,998
401K EMPLOYERS MATCH	2,441
TRAVEL & TRAINING	400
MAINT & REPAIRS EQUIPMENT	300
EQUIPMENT PURCHASE	100,000
DEPT SUPPLIES & MATERIALS	14,000
SANITATION UNIFORMS	1,250
CONTRACTED SERVICES	49,000
BLUE CAN HOME RECYCLING	58,976

SOLID WASTE TIPPING FEES	500
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<b>Total</b>	<b>298,587</b>
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## PART II. WATER & SEWER FUND

### Revenues

CREDIT CARD SITE FEE WATER	1,500
INTEREST ON INVESTMENTS	7,212
SHARE FUND INTEREST	3,000
RENTS & CONCESSIONS	106,152
ADMINISTRATIVE FEES WATER	10,000
CAPITAL CHARGES CTY-SEWER	1,190,070
INTEREST ON CAPITAL CHRGS	12,000
SEWER CAPACITY CHARGE	25,000
SALES TAX REFUND WATER	35,000
WATER USE CHARGES	1,175,393
WATER CAPACITY CHARGE	40,000
SPECIAL CHARGES FOR UTIL	3,000
Irrigation Meter Inspection Fees	21,917
SEWER USE CHARGES	800,000
AVAILABILITY FEE SEWER	500
TAP & CONNECTION FEES	85,000

TAP & CONNECT FEES-SEWER	500
RECONNECTION FEES	500
PNLTY & INTRST - BILLINGS	10,500
LOAN PROCEEDS	1,907,176
<b>Total for Revenue</b>	<b>5,434,420</b>

A sewer capital fee of \$385.56 per developable property within the corporate limits of the Town of Holden Beach is authorized for the payment of debt service to fulfill the Town's sewer capital obligation. Said fee is to be billed concurrently with ad valorem property taxes and collected in accordance with applicable North Carolina General Statutes.

#### Water & Sewer Administration Expenses

SALARIES	42,634
SALARIES-OVERTIME	666
FICA	3,312
GROUP INSURANCE	13,715
RETIREMENT	4,395
401K EMPLOYERS MATCH	500
COMMUNICATIONS	61,331
PRINTING	3,100
TRAVEL & TRAINING	11,375
M & R - EQUIPMENT	5,000
DEPT SUPPLIES & MATERIALS	3,410
CONTRACTED SERVICES	11,000



DUES & SUBSCRIPTIONS	6,000
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<b>TOTAL</b>	<b>166,438</b>
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**Water & Sewer Operation Expenses**

SALARIES	195,382
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SALARIES-OVERTIME	9,416
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PROFESSIONAL SERVICES	50,836
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Professional Services Irrigation Inspect	16,000
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FICA	15,667
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GROUP INSURANCE	58,289
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RETIREMENT	20,787
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401K EMPLOYERS MATCH	4,361
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COMMUNICATIONS	4,045
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UTILITIES	2,500
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UTILITIES-PUMPING STATION	70,000
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TRAVEL	2,500
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M & R WATER TANK	20,160
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M & R EQUIPMENT	6,500
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OPERATION & MAINT VAC SYS	27,500
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M & R VEHICLES	7,000
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M & R WATER SYSTEM	75,000
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CTY CAPITAL COSTS SEWER	1,190,070
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GAS, OIL & TIRES	11,500
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DEPT SUPPLIES & MATERIALS	5,000
O&M VACUUM STATIONS	136,000
METERS (NEW CONSTRUCTION)	41,000
UNIFORMS	4,627
CONTRACTED SERVICES	55,000
PURCHASES FOR RESALE	630,000
COUNTY O&M CHARGE SEWER	255,911
EQUIPMENT PURCHASE -WATER	118,000
CAPITAL OUTLAY-VALVE PITS	62,148
CAP OUTLAY MAJ EQUIP SEWR	1,907,176
CAP OUTLAY MAJOR EQUIP SEWER	64,773
NEW EOC DEBT SERVICE	93,335
EOC Ops, Maint and Repair	42,500
CONTRIBUTION TO CRF WATER	40,000
CONTRIBUTION TO CRF SEWER	25,000
Ops TOTAL	5,267,983
<b>Total expenditure</b>	<b>5,434,420</b>

### PART III. BEACH, PARKS, ACCESS, RECREATION, TOURISM (BPART) FUND

#### BPART Revenues

CREDIT CARD SITE FEE BPART	60
ACCOM TAX	2,815,537
BRUNSWICK CO REFUND CRP	39,240
ACCOMMODATIONS TAX PENLTY	100
INTEREST ON INVESTMENTS	5,000
BPART CAP RES INTEREST	10
MISCELLANEOUS BPART	12,000
RECREATION PROGRAMS	8,000
SALES TAX REFUND	2,000
TRANSFER FROM BEACH INLET CRF	383,096
FUND BALANCE APPROPRIATED	1,200,000
<b>Total for Revenue</b>	<b>4,465,043</b>

#### BPART Expenses

DEBT SERVICE CENTRAL REACH	1,343,880
TRANSFER CRF BEACH	39,240
TRANSFER COUNTY ACCOM TAX	462,217
SALARIES - RECREATION	61,335
FICA - RECREATION	4,692
Group Insurance	13,715

RETIREMENT REC	6,226
401K EMPLOYERS CONTRIBUTION	1,552
INTERNSHIP	6,240
PROFESSIONAL SERVICES	133,310
ATM - CONTRACT FEES	27,000
PROFESSIONAL SRV-MAINLAND	3,000
PROFESSIONAL SERVICES- BEACH	51,500
Recreation Programs	12,500
Beautification Club	12,300
Jordan Blvd Ops, Mx and Repair	45,000
Starfish Fire Substation Ops, Mx, Rpr	8,400
Park and Rec Utilities	5,000
Dog Park	500
COMMUNICATIONS	8,045
Gas Oil and Tires	5,000
TRAVEL & TRAINING	21,900
PUBLIC REST ROOMS	22,000
BEACH EQUIPMENT MAINTENAN	1,000
BEACH VEGETATION	35,000
SHORELINE MONITORING	30,000
DEBRIS REMOVAL	5,000
FESTIVAL & SECURITY	5,000

CONCERTS	37,500
HOLDEN BEACH PROMOTION	40,100
CHAMBER OF COMMERCE	3,000
Contributions BPART (Donations)	2,500
ACCESS & RECREATION	82,900
WASTE IND 2ND PICK-UP	87,000
SAND FENCE PROJECT	35,000
POCKET PARK 6280BW	1,000
HALSTEAD PARK	1,500
Rothschild Davis Park	45,000
USACE CSDR STUDY	500,000
OB BIKE PATH	700,000
Lockwood Folly Dredging	383,096
SALARIES BEACH PROJECT	30,525
OVERTIME - BEACH PROJECT	1,737
FICA BEACH PROJECT	2,468
RETIREMENT BEACH PROJECT	3,275
401K EMPLOYERS BEACH PRJT	1,561
Group Insurance Beach Project	10,286
CONTRACT SERVICES SANITATION	80,000
BEACH RANGER SALARIES	32,000
BEACH RANGER SUPPLIES & EQUIPMENT & MAINTENANCE	10,000

BEACH RANGER GAS, OIL, TIRES	1,600
FICA	2,443
<b>Total</b>	<b>4,465,043</b>

#### PART IV. SPECIAL REVENUE FUNDS

##### SECTION A. CANAL DREDGING

In accordance with North Carolina General Assembly Session Laws 2004-104 as amended and 2005-90; as such, a canal dredging fee of \$400 per lot (per the Fiscal Year 2008/2009 assessment district resolution) for Holden Beach Harbor is hereby established for the Fiscal Year beginning 1 July 2021 and ending 30 June 2022.

##### Holden Beach Harbor Revenues

BALANCE FORWARD	943,204
SRF HBH ASSESSMENTS	139,421
<b>Total</b>	<b>1,082,625</b>

##### Holden Beach Harbor Expenses

SRF Administration - HBH	10,826
SRF Legal Fees - HBH	10,826
SRF Construction - HBH	811,969
SRF Surveying - HBH	54,131
SRF Permitting CAMA - HBH	27,066
SRF Permitting ACE & Other Agencies	27,066
SRF Designs - HBH	32,479
SRF Contract Docs, Plans, Specs - HBH	54,131
SRF Construct Management, Insp, Close - HBH	27,066
SRF Transfer to General Fund- HBH	27,066
<b>Total</b>	<b>1,082,625</b>



In accordance with North Carolina General Assembly Session Laws 2004-104 as amended and 2005-90; as such, a canal dredging fee of \$400 per lot (per the Fiscal Year 2008/2009 assessment district resolution) for Heritage Harbor is hereby established for the Fiscal Year beginning 1 July 2021 and ending 30 June 2022.

#### Heritage Harbor Revenues

BALANCE FORWARD	609,984
SRF HH ASSESSMENTS	136,656
<b>Total</b>	<b>746,640</b>

#### Heritage Harbor Expenses

SRF Administration – HH	7,466
SRF Legal Fees – HH	7,466
SRF Construction – HH	559,980
SRF Surveying – HH	37,332
SRF Permitting ACE & Other Agencies HH	18,666
SRF Permitting CAMA – HH	18,666
SRF Designs – HH	22,399
SRF Contract Docs, Plans, Specs – HH	37,332
SRF Construct Management, Insp, Closet – HH	18,666
SRF Transfer to General Fund- HH	18,666
<b>Total</b>	<b>746,640</b>

In accordance with North Carolina General Assembly Session Laws 2004-104 as amended and 2005-90; as such, a canal dredging fee of \$260 per lot (per the Fiscal Year 2008/2009 assessment district resolution) for Holden Acres is hereby established for the Fiscal Year beginning 1 July 2021 and ending 30 June 2022.

#### Harbor Acres Revenues

BALANCE FORWARD	1,101,928
SRF HA ASSESSMENTS	75,477
<b>Total</b>	<b>1,177,405</b>

**Harbor Acres Expenses**

SRF Administration - HA	11,774
SRF Legal Fees - HA	11,774
SRF Construction - HA	883,054
SRF Surveying - HA	58,870
SRF Permitting CAMA - HA	29,435
SRF Permitting ACE & Other Agencies - HA	29,435
SRF Designs - HA	35,322
SRF Contract Docs, Plans, Specs - HA	58,870
SRF Construct Management, Insp, Close - HA	29,435
SRF Transfer to General Fund- HA	29,435
<b>Total</b>	<b>1,177,405</b>

**SECTION B. AMERICAN RECOVERY PLAN****American Recovery Plan Revenues**

ARP FY 20/21 Distribution	97,000
ARP FY 21/21 Distribution	97,000
<b>Total</b>	<b>194,000</b>

**American Recovery Plan Expenses**

ARP Project Expenses	194,000
<b>Total</b>	<b>194,000</b>

**PART V. FEMA CAPITAL PROJECTS FUNDS****Revenues**

FEMA FLORENCE PW 674(0) CAT G	15,861,220
FEMA FLORENCE PW 2547(0) CAT Z	798,855
FEMA MICHAEL PW 11(0) CAT G	8,547,506
FEMA MICHAEL PW 158(0) CAT Z	427,376
FEMA DORIAN PW 00221(0) CAT G	15,496,802
FEMA DORIAN PW 494 CAT Z	775,835
FEMA ISAIAS PW 50 CAT G	3,838,038
<b>TOTAL REVENUE</b>	<b>45,745,632</b>

**Expenses**

FEMA FLORENCE PW 374(0) CAT G	15,861,220
FEMA FLORENCE PW 2547(0) CAT Z	798,855
FEMA MICHAEL PW 11(0) CAT G	8,547,506
FEMA MICHAEL PW 158(0) CAT Z	427,376
FEMA DORIAN PW 00221(0) CAT G	15,496,802
FEMA DORIAN PW 494 CAT Z	775,835
FEMA ISAIAS PW 50 CAT G	3,838,038
<b>TOTAL EXPENDITURE</b>	<b>45,745,632</b>

## PART VI. CAPITAL RESERVE FUNDS

### A. WATER CAPITAL RESERVE FUND

CAPITAL RESERVE FUND WATER	40,000
CRF WATER INTEREST	73,276
<b>TOTAL FOR FUND</b>	<b>113,276</b>

### B. SEWER CAPITAL RESERVE FUND

CAPITAL RESERVE FUND SEWER	25,000
CRF SEWER INTEREST	81,623
<b>TOTAL FOR FUND</b>	<b>106,623</b>

### C. BEACH AND INLET MANAGEMENT CAPITAL RESERVE FUND

BEACH RE-NOURISHMENT AND INLET	2,194,372
Transfer from General Fund	500,000
<b>TOTAL FOR FUND</b>	<b>2,694,372</b>

## PART VII. TAX RATE, VALUATION, COLLECTION RATE AND TAX BASE

An Ad Valorem Tax Rate of twenty cents (\$.20) per one hundred dollars (\$100) at full valuation is levied for Fiscal Year 2021/2022. The Ad Valorem Tax Collection rate used to calculate the estimated ad valorem tax revenue is ninety eight point seven four zero percent based on collection rate results from the fiscal year ended 30 June 2020. The total valuation for the new fiscal year is estimated to be one billion three hundred sixty eight million three hundred twenty four thousand four hundred and fifty six dollars.

## PART VII. BUDGET ADMINISTRATION

This Budget Ordinance shall be the financial plan for the Holden Beach Municipal Government during the fiscal year beginning 1 July 2021 and ending 30 June 2022. The Board of Commissioners shall approve all reallocations of budgeted funds between Funds and may amend the Budget Ordinance at any time so long as the Budget Ordinance, as amended, satisfies the requirements of North Carolina General Statutes 159-8 and 159-13. The Budget Officer shall administer and shall insure operating officials are provided guidance and

sufficient details to implement their appropriate portion of the budget. In accordance with North Carolina General Statute 159-15 and 26, the Budget Officer may reallocate budgeted funds within a Fund without limitation and shall establish/maintain an accounting system designed to show in detail the Town's assets, liabilities, equities, revenues and expenditures. The Town of Holden Beach Capital Improvement Plan for Fiscal Years 2021 through 2028 is hereby incorporated for reference at Atch 1.

**Effective Date and Approval.**

This Ordinance is effective 1 July 2021 as adopted this \_\_\_\_ day of June, 2020.

\_\_\_\_\_  
J. Alan Holden, Mayor

ATTEST:

\_\_\_\_\_  
Heather Finnell, Town Clerk

1 Atch: Town of Holden Beach Capital Improvement Plan

Capital Improvement Plan											
	FY	FY	FY	FY	FY	FY	FY	FY	Total	% of CIP	
CIP REVENUES	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Revenues	Revenues		
General Fund - Operating Revenues											
Streets Assessment	357,500	321,451	184,185	143,418	247,719	310,676	217,500	1,782,449	13.60%		
General Fund Total	430,000	321,451	184,185	143,418	247,719	310,676	217,500	1,854,949	14.15%		
Water Sewer Fund - Operating Revenues											
Water and Sewer LEASE DEBT PROCEEDS vac	125,000	81,500	121,000	84,500	124,000	87,500	127,000	750,500	5.73%		
Water Sewer Debt Proceeds	64,773	64,773	64,773	64,773				259,092	1.98%		
USDA Grant/Loan Proceeds	1,907,176							1,907,176	14.55%		
Water Capital Reserve Funds		1,750,000						1,750,000	13.35%		
Water Sewer Fund - Revenues total	2,096,949	1,896,273	185,773	149,273	124,000	87,500	127,000	4,666,768	35.61%		
BPART fund balance appropriation/installment financing											
BPART Fund balance	700,000							700,000	5.34%		
BPART Operating revenues	500,000	1,125,000	200,000					1,825,000	13.93%		
PARTF Grant	65,000	230,000	80,000	80,000	80,000	80,000	80,000	695,000	5.30%		
Beach&Inlet Management fund		125,000						125,000	0.95%		
BPART TOTAL	383,096	83,096	383,096	83,096	383,096			1,315,480	10.04%		
	1,648,096	1,563,096	663,096	163,096	463,096	80,000	80,000	4,660,480	35.56%		
Canal Dredging											
American Recovery Plan		750,000						1,173,520	14.68%		
Special Revenue Fund TOTAL	194,000										
	194,000	750,000						1,173,520	14.68%		
TOTAL	4,369,045	4,530,820	1,033,054	455,787	834,815	478,176	1,598,020	13,105,717	100%		

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CIP EXPENSES		FY	FY	FY	FY	FY	FY	FY	Total	% of CIP
BY FUND		21/22	22/23	23/24	24/25	25/26	26/27	27/28	Expenses	Expenses
General Fund										
Streets Resurfacing:										
SEAGULL										
Point West, Tide Ridge, Ranger		145,000							145,000	1.11%
High Point			100,451						100,451	0.77%
Heron, Lois, Lumberton				111,685					111,685	0.85%
Swordfish, Charlotte					105,418				105,418	0.80%
Burlington, Heron Land Wynd						102,719			102,719	0.78%
Inspection Vehicle							127,676		127,676	0.97%
Police Vehicle		40,000	40,000						80,000	0.61%
Sanitation Dump Truck		145,000	145,000	72,500		145,000	145,000	217,500	870,000	6.64%
Streets/Sanitation truck		100,000							100,000	0.76%
General Fund Total		430,000	321,451	184,185	143,418	247,719	310,676	217,500	1,854,949	14.15%

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	FY	FY	FY	FY	FY	FY	FY	Total	% of CIP
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Expenses	Expenses
Water and Sewer									
Lift Station 2 (Greensboro) Hazard Mitigation									
Water Tower Two	1,907,176							1,907,176	14.55%
Truck		1,750,000						1,750,000	13.35%
Vac Truck lease	45,000		38,000		38,000			159,000	1.21%
FIRE HYDRANT REPLACEMENT	64,773	64,773	64,773	64,773			38,000	259,092	1.98%
Lift Station Genset replacement Program	20,000	20,000	20,000	20,000	20,000	20,000	20,000	140,000	1.07%
Water and Sewer Fund Total	60,000	61,500	63,000	64,500	66,000	67,500	69,000	451,500	3.45%
	2,096,949	1,896,273	185,773	149,273	124,000	87,500	127,000	4,666,768	35.61%
<b>Beach Parks Access Rec Tourism</b>									
Playground Equip./ Parks&rec facilities									
Walkways		50,000	25,000	25,000	25,000	25,000	25,000	175,000	1.34%
Ocean Blvd Bike Path	65,000	55,000	55,000	55,000	55,000	55,000	55,000	395,000	3.01%
USACE Study (CSRM)	700,000							700,000	5.34%
Public restroom	500,000	800,000	200,000					1,500,000	11.45%
Sand Search		250,000						250,000	1.91%
Lockwood Folly (Maintenance&Crossing)		325,000						325,000	2.48%
	383,096	83,096	383,096	83,096	383,096			1,315,480	10.04%
BPART Total	1,648,096	1,563,096	663,096	163,096	463,096	80,000	80,000	4,660,480	35.56%
<b>Special Revenue Funds</b>									
Holden Beach Harbor									
Harbor Acres		250,000						102,535	2.69%
Heritage Harbor		250,000						1,000,000	9.54%
American Recovery Plan		250,000						70,985	2.45%
Special Revenue Total	194,000	750,000						1,923,520	14.68%
<b>TOTAL - ALL FUNDS</b>									
	4,369,045	4,530,820	1,033,054	455,787	834,815	478,176	1,598,020	13,105,717	100%

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Date: June 7, 2021

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

From: Christy Ferguson, Assistant Town Manager *CF*

Re: Bond Order for Issuance of Special Obligation Bonds-beach nourishment

The attached bond order (Attachment 1), prepared by our bond attorney firm, Parker Poe Adams & Bernstein, LLP, is a necessary component for the application to the Local Government Commission (LGC) and the issuance of the special obligation bonds to obtain financing for the upcoming beach renourishment project. The project will mitigate sand losses incurred during four storm events: Florence, Michael, Dorian, and Isaias. The bond order authorizes issuance of special obligation bonds of the Town of Holden Beach and the pledge of the FEMA and the State reimbursement amounts to repay the special obligation bonds.

Attachment 1: Bond Order

Suggested Motion: Approval of the attached bond order related to the issuance of special obligation bonds for the Town of Holden Beach.

**BOND ORDER AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS OF THE  
TOWN OF HOLDEN BEACH, NORTH CAROLINA (FEMA GRANTS PROJECT)**

**WHEREAS**, the Board of Commissioners (the "*Board*") of the Town of Holden Beach, North Carolina (the "*Town*") has determined to construct certain beach erosion control and flood and hurricane protection works now and from time to time in the future, and may also finance in the future any other project permitted to be financed under Article 7A of Chapter 159 of the General Statutes of North Carolina (individually, a "*Project*" and collectively, the "*Projects*");

**WHEREAS**, the Board has determined there is a present need to issue its Special Obligation Bonds pursuant to Article 7A of Chapter 159 of the General Statutes of North Carolina for a Project to be constructed in a municipal service district in the Town related to the repair of damage from Hurricanes Florence, Dorian and Isaias and Tropical Storm Michael (the "*Current Project*");

**WHEREAS**, the Current Project will be funded by grants on a reimbursement basis to the Town from the Federal Emergency Management Agency;

**WHEREAS**, an application has been filed with the Secretary (the "*Secretary*") of the Local Government Commission of North Carolina (the "*Commission*") requesting Commission approval of an initial series of special obligation bonds in an amount not to exceed \$46,000,000 to be used for the Current Project as required by Article 7A of Chapter 159 of the General Statutes of North Carolina, and the Secretary has notified the Board that the application has been accepted for submission to the Commission; and

**WHEREAS**, notwithstanding the current need to issue not to exceed \$46,000,000 aggregate principal amount of special obligation bonds to finance the Current Project, the Board has determined that the aggregate principal amount of special obligation bonds for future Projects is not known at this time and therefore wishes to provide for the issuance of special obligation bonds from time to time under this bond order in amounts to be determined at the time of issuance and subject to Commission approval at such time.

**NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE  
TOWN OF HOLDEN BEACH, NORTH CAROLINA, AS FOLLOWS:**

**Section 1.** The Board has determined to construct the Current Project and from time to time in the future may also finance other Projects.

**Section 2.** To raise the money required to pay the costs of the Projects as set forth above, Special Obligation Bonds of the Town are hereby authorized and shall be issued pursuant to Article 7A of Chapter 159 of the General Statutes of North Carolina. The maximum aggregate principal amount of such Special Obligation Bonds authorized by this bond order shall be unlimited.

**Section 3.** The Special Obligation Bonds shall be special obligations of the Town and the principal of, and interest and premium on, all such Special Obligation Bonds shall be on parity and shall be secured solely by the following sources:

- (a) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Tropical Storm Michael - FEMA-DR-4412-NC (Tropical Storm Michael), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants;

(b) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Hurricane Florence - FEMA-DR-4393-NC (Hurricane Florence), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants;

(c) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Hurricane Dorian - FEMA-DR-4465-NC (Hurricane Dorian), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants;

(d) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Hurricane Isaias - FEMA-DR-4568-NC (Hurricane Isaias), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants;

(e) amounts on deposit in the Holden Beach FEMA Beach Nourishment Loan Fund and Holden Beach FEMA Beach Nourishment Sinking Fund created in accordance with an issuance resolution adopted by the Board on June 15, 2021 and effective on the date of its adoption;

(f) one or more additional sources of funds identified by the Board in future proceedings of the Board, so long as (i) the pledge of such sources does not constitute a pledge of the taxing power of the Town and (ii) the pledge of such sources is first approved by the Local Government Commission of North Carolina as set forth in Article 7A of Chapter 159 of the General Statutes of North Carolina.

**Section 4.** The sources of payment identified in Section 3 so pledged and then held or hereafter received by the Town or any fiduciary thereof shall immediately be subject to the lien of the pledge without any physical delivery of the sources or further act.

**Section 5.** NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST OR ANY PREMIUM ON, ANY SPECIAL OBLIGATION BONDS, AND NO OWNER OF SUCH SPECIAL OBLIGATION BONDS HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON. The uses of the sources set forth in Section 3 do not constitute a pledge of the Town's taxing power and the Town is not obligated to pay the principal of, or interest or any premium on, any Special Obligation Bonds except from the sources set forth in Section 3.

**Section 6.** The issuance and details of any such Special Obligation Bonds shall be set forth in one or more separate proceedings of the Board. The initial series of Special Obligation Bonds to be issued under this bond order shall not exceed \$46,000,000 and is being issued pursuant to a separate resolution. Future issues or series of Special Obligation Bonds to be issued under this bond order shall be issued only by separate proceedings of the Board and with approval from the Local Government Commission of North Carolina as may be required by law.

**Section 7.** This bond order shall take effect on its adoption.

STATE OF NORTH CAROLINA            )  
   )       SS:  
 COUNTY OF BRUNSWICK                )

I, *Heather Finnell*, Town Clerk of the Town of Holden Beach, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a bond order entitled “**BOND ORDER AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS OF THE TOWN OF HOLDEN BEACH, NORTH CAROLINA (FEMA GRANTS PROJECT)**” adopted by the Board of Commissioners of the Town of Holden Beach, North Carolina, at a meeting held on the 15th day of June, 2021.

***WITNESS*** my hand and the corporate seal of the Town of Holden Beach, North Carolina, this the \_\_\_\_ day of June, 2021.

[Seal]

\_\_\_\_\_  
 Heather Finnell  
 Town Clerk  
 Town of Holden Beach, North Carolina





Date: June 7, 2021

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

From: Christy Ferguson, Assistant Town Manager *CF*

Re: Resolution for Issuance of Special Obligation Bonds-beach nourishment

The attached resolution (Attachment 1), prepared by our bond attorney firm, Parker Poe Adams & Bernstein, LLP, is a necessary component for the application to the Local Government Commission (LGC) and the issuance of the special obligation bonds to obtain financing for the upcoming beach renourishment project. The project will mitigate sand losses incurred during four storm events: Florence, Michael, Dorian, and Isaias. The resolution sets the terms of the special obligation bonds of the Town of Holden Beach reflecting the terms of the proposal by PNC Bank to purchase the special obligations bonds from the LGC and the Town.

Attachment 1: Resolution

Suggested Motion: Approval of Resolution # 21-10, setting forth the terms of special obligation bonds to be issued by the Town of Holden Beach.

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWN OF HOLDEN BEACH, NORTH CAROLINA PROVIDING FOR THE ISSUANCE OF A SPECIAL OBLIGATION BOND (FEMA GRANTS PROJECT), SERIES 2021**

**WHEREAS**, the Town of Holden Beach, North Carolina (the "*Town*") is authorized by Article 7A of Chapter 159 of the General Statutes of North Carolina (the "*Applicable Statute*") to issue its special obligation bonds for beach erosion control and flood and hurricane works provided in a municipal service district; and

**WHEREAS**, the Board of Commissioners of the Town (the "*Board*") has created a Municipal Service District (the "*District*"), in accordance with Article 23 of Chapter 160A of the North Carolina General Statutes, in which the Town has determined to construct certain beach erosion control and flood and hurricane protection works, as further described in the FEMA Grants described below (the "*Current Project*"); and

**WHEREAS**, the Current Project will be funded by grants to the Town on a reimbursement basis from U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) (the "*FEMA Grants*") which are administered by the North Carolina Department of Public Safety – Emergency Management Division (the "*NC Emergency Management Division*") and certain matching funds provided by the State of North Carolina (the "*State*") related to the repair of damage from Hurricanes Florence, Dorian and Isaias and Tropical Storm Michael; and

**WHEREAS**, the Board adopted a "Bond Order Authorizing the Issuance of Special Obligation Bonds of the Town of Holden Beach, North Carolina (FEMA Grants Project)" (the "*Bond Order*") on June 15, 2021 providing for the issuance of Special Obligations Bonds to be secured by the sources set forth in the Bond Order; and

**WHEREAS**, the Board has determined that it is necessary and advisable at this time to issue the Town's Variable Rate Special Obligation Bond (FEMA Grants Project), Series 2021 (the "*2021 Bond*") in an aggregate principal amount not to exceed \$46,000,000 to provide interim financing for (1) the Current Project and (2) the costs of issuing the 2021 Bond; and

**WHEREAS**, PNC Bank, National Association (the "*Purchaser*"), has agreed to purchase the 2021 Bond as set forth in its Term Sheet dated June 3, 2021 (the "*Term Sheet*"); and

**WHEREAS**, the Town has applied to the Local Government Commission of North Carolina (the "*Commission*") for approval of its application relating to the 2021 Bond as required by Section 159-146(k) of the Applicable Statute and of the issuance and private sale of the 2021 Bond, which approvals are expected to be granted at the Commission's meeting on July 13, 2021 (the "*Commission Approval*"); and

**WHEREAS**, the Board now desires to provide for the terms, form and issuance of the 2021 Bond in an amount not to exceed \$46,000,000; and

**WHEREAS**, the Board has determined that the Town will issue the 2021 Bond on or about July 16, 2021 (the "*Closing Date*") pursuant to a Bond Purchase Agreement to be dated its date of delivery on or about July 16, 2021 (the "*Purchase Agreement*"), between the Commission and the Purchaser and approved by the Town; and

**WHEREAS**, the Board desires to incorporate in this Resolution, to the extent applicable and unless manifestly inappropriate, the provisions of the Bond Order, including definitions;

***NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF HOLDEN BEACH, NORTH CAROLINA, AS FOLLOWS:***

***Section 1. Acceptance of Term Sheet, Issuance of Bond.*** The Town hereby accepts and approves the Term Sheet offered by the Purchaser; provided, however, such Term Sheet shall not represent the final terms of the transaction, which shall be only in the Bond Order, this Resolution, the 2021 Bond and any closing documents. The Term Sheet is not incorporated herein. The Town shall issue in accordance with and pursuant to the Applicable Statute, the Bond Order, and this Resolution, its 2021 Bond in an aggregate principal amount not to exceed \$46,000,000 for the purpose of providing funds, together with other available funds, to finance (1) the Current Project and (2) the costs of issuing the 2021 Bond. The period of usefulness of the capital projects to be financed by the issuance of the 2021 Bond is not less than five years, computed from the date of the issuance of the 2021 Bond. The Town will set forth the final aggregate principal amount of the 2021 Bond in a closing certificate delivered upon the execution and delivery of the 2021 Bond.

***Section 2. Form of Bond.*** The 2021 Bond shall be issued in fully registered form. The 2021 Bond shall be issued as a single bond, shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. The Town Manager, or his designee, is hereby appointed to be the registrar of the 2021 Bond (the "Registrar") and is hereby directed to maintain the appropriate registration records with respect thereto.

***Section 3. Details of Bond.*** (a) The 2021 Bond shall be dated the date of its issuance, shall bear interest at the applicable Interest Rate set forth herein, and shall be stated to mature (subject to the right of prior redemption) on the Maturity Date. The 2021 Bond shall initially bear interest at the Initial Term Interest Rate from the date of issuance to the First Expiration Date.

(b) The Town shall give the Purchaser written notice not less than 60 days before the First Expiration Date if the Town wishes to extend to the Second Term Period. Such notice shall be substantially in the form set forth in Exhibit B attached hereto. The Purchaser shall provide the Town with written notice of the interest rate to be in effect during the Second Term Period (the "Second Term Interest Rate") no later than 30 days prior to the First Expiration Date. After the Purchaser has notified the Town of the Second Term Interest Rate, the Town shall provide the Purchaser written notice no less than 15 days prior to the First Expiration Date as to whether it will (i) exercise the option to extend, or (ii) repay the 2021 Bond in full on the First Expiration Date, such notice to be substantially in the form set forth in Exhibit C attached hereto.

The Second Term Period shall begin on the First Expiration Date. During the Second Term Period, the 2021 Bond shall bear interest at the Second Term Interest Rate to the Second Expiration Date.

(c) The Town shall give the Purchaser written notice not less than 60 days before the Second Expiration Date if the Town wishes to extend to the Third Term Period. Such notice shall be substantially in the form set forth in Exhibit B attached hereto. The Purchaser shall provide the Town with written notice of the interest rate to be in effect during the Third Term Period (the "Third Term Interest Rate") no later than 30 days prior to the Second Expiration Date. After the Purchaser has notified the Town of the Third Term Interest Rate, the Town shall provide the Purchaser written notice no less than 15 days prior to the Second Expiration Date as to whether it will (i) exercise the option to extend, or (ii) repay the 2021 Bond in full on the Second Expiration Date, such notice to be substantially in the form set forth in Exhibit C attached hereto.

The Third Term Period shall begin on the Second Expiration Date. During the Third Term Period, the 2021 Bond shall bear interest at the Third Term Interest Rate to the Maturity Date.

(d) If a Determination of Taxability or Event of Taxability occurs with respect to the 2021 Bond, as such terms are hereinafter defined, then the 2021 Bond will bear interest during the Taxable Period at the Taxable Rate. In such event, the Town also shall be required to pay to the Purchaser all amounts, if any, which may be necessary to reimburse the Purchaser for any interest, penalties or other charges assessed by the Internal Revenue Service and the Department of Revenue of the State of North Carolina against the Purchaser by reason of the Purchaser's failure to include the interest on the 2021 Bond in its gross income for income tax purposes. The Town shall pay to the Purchaser the Taxable Rate notwithstanding any transfer by the Purchaser or payment or redemption by the Town prior to the date such Determination of Taxability was made.

(e) As used in this section and the 2021 Bond:

*"Determination of Taxability"* means a determination that the interest on the 2021 Bond is included in gross income of the Purchaser for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following: (a) the date on which the Purchaser is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, as a consequence of an Event of Taxability, the interest on the 2021 Bond is included in the gross income of the Purchaser for federal income tax purposes; (b) the date on which the Town receives notice from the Purchaser that the Purchaser has been advised in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to the Purchaser which asserts, in effect, that interest on the 2021 Bond received by the Purchaser is included in the gross income of the Purchaser for federal income tax purposes, as a result of an Event of Taxability; (c) the day on which the Town is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the interest on the 2021 Bond is included in the gross income of the Purchaser for federal income tax purposes as a result of an Event of Taxability; or (d) the day on which the Town is advised in writing by counsel to the Purchaser that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Town has been given written notice and an opportunity to participate and defend that interest on the 2021 Bond is included in the gross income of the Purchaser for federal income tax purposes, as a result of an Event of Taxability.

*"Event of Taxability"* means any event, occurrence or situation resulting from an action, or failure to act, by the Town, the effect of which is to cause the interest on the 2021 Bond to be includible in the gross income of the Purchaser for federal income tax purposes.

*"Event of Default"* means the occurrence of any of the following: (a) failure to make a payment of principal of the 2021 Bond when due; (b) failure to make a payment of interest on the 2021 Bond when due; (c) failure to deposit any proceeds of the FEMA Grants to the Sinking Fund; or (d) the Town shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the 2021 Bond, the Bond Order or this Resolution on the part of the Town to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring same to be remedied shall have been given to the Town by the Purchaser.

*"Expiration Date"* means the First Expiration Date or the Second Expiration Date, as applicable.

*"First Expiration Date"* means July 16, 2022.

*"Initial Term Interest Rate"* means, with respect to each Interest Payment Date during the Initial Term Period, a per annum rate of interest equal to 1.64%.

*“Initial Term Period”* means the period beginning on the date of issuance and ending on the First Expiration Date.

*“Interest Rate”* means (a) the Initial Term Interest Rate during the Initial Term Period, (b) the Second Term Interest Rate during the Second Term Period, (c) the Third Term Interest Rate during the Third Term Period, and (d) the Taxable Rate during the Taxable Period.

*“Maturity Date”* means July 16, 2024.

*“Second Expiration Date”* means July 16, 2023.

*“Second Term Interest Rate”* means a per annum rate of interest to be in effect during the Second Term Period, to be determined by the Purchaser based upon market conditions existing at the time of the First Expiration Date and taking into account the duration of the Second Term Period. In no event will the Second Term Interest Rate exceed 12.00%.

*“Second Term Period”* means the period beginning on the date immediately following the First Expiration Date and ending on the Second Expiration Date.

*“Third Term Interest Rate”* means a per annum rate of interest to be in effect during the Third Term Period, to be determined by the Purchaser based upon market conditions existing at the time of the Second Expiration Date and taking into account the duration of the Third Term Period. In no event will the Third Term Interest Rate exceed 12.00%.

*“Third Term Period”* means the period beginning on the date immediately following the Second Expiration Date and ending on the Maturity Date.

*“Taxable Rate”* means the taxable equivalent rate to the then applicable Interest Rate on the 2021 Bond.

*“Taxable Period”* means the period beginning on the date of a Determination of Taxability and ending on the date (if any) the Determination of Taxability is no longer in effect.

(f) Principal on the 2021 Bond shall be payable on the First Expiration Date (if applicable), the Second Expiration Date (if applicable) and the Maturity Date in an amount equal to the amount on deposit in the Sinking Fund established pursuant to Section 5; provided that if no money is on deposit in the Sinking Fund on the First Expiration Date or Second Expiration Date, as applicable, no amount of principal on the 2021 Bond will be payable on such date. In the event that the Town does not exercise its option to extend to the Second Term Period or the Third Term Period as provided in subsection (b) or (c) above, then all remaining principal on the 2021 Bond shall be due and payable on the First Expiration Date or the Second Expiration Date, as applicable. If the Town only extends to the Second Term Period, all principal on the 2021 Bond will be payable on the Second Expiration Date. If the Town extends to the Third Term Period, all principal on the 2021 Bond will be payable on the Maturity Date.

(g) The 2021 Bond shall be subject to optional redemption prior to its stated maturity at the option of the Town in whole (but not in part) on any date upon giving the Purchaser not less than 15 Business Days prior written notice thereof and as provided in this subsection (g). The redemption price of such 2021 Bond shall be equal to 100% of the principal amount of the 2021 Bond, plus interest accrued to the redemption date, plus, if so required by the Purchaser as compensation for the costs of the 2021 Bond being redeemed, an amount equal to the Cost of Redemption. *“Cost of Redemption”* means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable

interest period, minus (ii) the yield on the redemption date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be redeemed, and (c) the number of years, including fractional years, from the redemption date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) "Selected Interest Rates." For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the redemption date shall be deemed the discount rate. A "*Business Day*" shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial lenders are authorized or required to be closed for business in Raleigh, North Carolina.

The Purchaser shall provide the Town with a written statement explaining the calculation of the Cost of Redemption due, if any, which statement shall, in absence of manifest error, be conclusive and binding on the Town.

(h) Notwithstanding the provisions of subsection 3(g), in addition to the amounts required to be paid with respect to the 2021 Bond from the Sinking Fund pursuant to subsection 3(f), the Town has the right to redeem the 2021 Bond, in part, on each Expiration Date, without payment of any Cost of Redemption. The Town will give the Purchaser not less than 15 days prior written notice of its intention to make a redemption under this subsection (h).

(i) Interest on the outstanding principal amount of the 2021 Bond shall be payable on each January 16, April 16, July 16, and October 16, beginning October 16, 2021 (each, an "*Interest Payment Date*") until all principal has been paid in full. Interest on the 2021 Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. In the event of a late payment, interest shall continue to accrue on the principal balance outstanding at the interest rate applicable to the 2021 Bond. If any payment of interest on the 2021 Bond is more than five days late, or any payment of principal is not paid when due, or upon the occurrence of any other Event of Default by the Town hereunder, then interest shall accrue at the Default Rate described below until the default is cured. Principal of, premium, if any, and interest on the 2021 Bond shall be payable to the registered owner appearing on the registration records of the Registrar by wire transfer or by check, mailed to such registered owner at its address as it appears on such registration books and shall be received by the registered owner on the date such payment is due.

(j) The "*Default Rate*" shall be the greater of (A) the Prime Rate plus 300 basis points (3.00%), (B) the sum of the Overnight Bank Funding Rate plus 350 basis points (3.50%), and (C) 7.00%. The "*Overnight Bank Funding Rate*" shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York ("*NYFRB*"), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Purchaser for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by PNC Bank, National Association (the "*Bank*") at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Town. "*Prime Rate*" shall mean the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers. If and when the Prime Rate or the Overnight Bank Funding Rate changes, the Default Rate will change automatically without notice to the Town, effective on the date of any such change;

provided that in no event shall the Default Rate exceed 20% per annum or the maximum allowable legal interest rate.

(k) The Town may modify the provisions of this Section 3 pursuant to a closing certificate in connection with the execution and delivery of the 2021 Bond with the consent of the Purchaser.

**Section 4. Security for the Bond.** The 2021 Bond shall be a special obligation of the Town and the principal of, redemption premium, if any, and interest on the 2021 Bond shall be payable solely from the sources identified in the Bond Order, the 2021 Bond, and amounts on deposit in the Loan Fund and Sinking Fund created pursuant to Section 5 herein. The uses of the sources set forth in the Bond Order, the 2021 Bond, and this Resolution do not constitute a pledge of the Town's taxing power and the Town is not obligated to pay the principal of, interest, or any premium on, the 2021 Bond except from the sources identified in the Bond Order, the 2021 Bond, and this Resolution.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST, OR ANY PREMIUM ON, THE 2021 BOND, AND NO OWNER OF THE 2021 BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON.**

**Section 5. Application of the Bond Proceeds; Creation of Funds.** On or before the date of the initial issuance of the 2021 Bond, the Town will create an account with the Purchaser known as the "Holden Beach FEMA Beach Nourishment Loan Fund" (the "*Loan Fund*"). On the Closing Date, the Purchaser shall (a) deliver to the Town the amount of the proceeds of the 2021 Bond needed to pay the cost of issuing the 2021 Bond, and (b) deposit the remaining 2021 Bond proceeds into the Loan Fund. The money in the Loan Fund will be held and invested, with the approval of the Town, in investments authorized by Section 159-30 of the General Statutes of North Carolina. Amounts in the Loan Fund shall be applied solely to pay for the costs of the Current Project in accordance with the provisions below. The Town must receive prior approval from the Purchaser for disbursements from the Loan Fund. The Purchaser agrees to approve requests for disbursements upon receipt of the following from the Town: (1) a Request for Disbursement on the form attached hereto as Exhibit D and (2) a copy of the documents being submitted to the NC Emergency Management Division for disbursement of the FEMA Grants for the reimbursement of the project expenses for which the disbursement is being made.

On or before the date of the initial issuance of the 2021 Bond, the Town will create an account with the Purchaser known as the "Holden Beach FEMA Beach Nourishment Sinking Fund" (the "*Sinking Fund*"). The Town will cause to be deposited (by direct deposit to the extent practicable) in the Sinking Fund all money received from the NC Emergency Management Division as reimbursement for costs of the Current Project under the FEMA Grants. The money in the Sinking Fund will be held and invested, at the direction of the Town, in investments authorized by Section 159-30 of the General Statutes of North Carolina. As long as the 2021 Bond is outstanding, funds in the Sinking Fund will be used solely for the purpose of paying principal on the 2021 Bond on the applicable Expiration Date or Maturity Date. When the 2021 Bond is no longer outstanding, the Town may use the money in the Sinking Fund for any lawful purpose.

**Section 6. Execution of the Bond.** The 2021 Bond, issued as a single bond, shall be executed in the name of the Town by manual signatures of the Town's Mayor or the Town Manager and the Town Clerk, and the Certificate of Approval of the Commission shall bear a facsimile or manual signature of the Secretary of the Commission or her designated assistant.

**Section 7. Private Sale of Bond.** The Board requests that the Commission sell the 2021 Bond at private sale without advertisement to the Purchaser in the form of a single registered bond initially bearing interest at the Initial Term Interest Rate and containing such provisions as set forth above and in the

Purchase Agreement, between the Commission and the Purchaser and approved by the Town. The Town hereby approves the draft of the Purchase Agreement presented at this meeting and hereby authorizes and directs the Mayor and the Town Manager, individually or collectively / to execute and deliver such Purchase Agreement in such final form that they, with the advice of counsel, deem appropriate.

**Section 8. Authorization for Delivery of Bond.** The Mayor, the Town Manager and the Town Clerk, as appropriate, are hereby authorized and directed to cause the 2021 Bond to be prepared and, when it shall have been duly sold by the Commission, to execute and authenticate, if necessary, the 2021 Bond and deliver the same to the Purchaser.

**Section 9. Arbitrage and Tax Covenants.** The Town covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipient thereof for federal income tax purposes of interest on the 2021 Bond and, if it should take or permit, or omit to take or cause to be taken, any such action, the Town will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The Town acknowledges that the continued exclusion of the 2021 Bond from the owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code.

The Town covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2021 Bond or other funds under its control to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2021 Bond to be "arbitrage bonds" for purposes of Section 148 of the Code. The Town covenants that it will comply with the investment instructions in the Tax Certificate executed and delivered with respect to the 2021 Bond.

**Section 10. Authorization for Other Acts.** The Mayor, the Town Manager, the Assistant Town Manager, and the Town Clerk, and their respective designees, individually and collectively, are further authorized and directed to take such action and to execute and deliver any such documents, deeds, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the Bond Order and this Resolution. The Town approves the form and content of the Purchase Agreement, and the Purchase Agreement is in all respects authorized, approved and confirmed. The Mayor, the Town Manager, and the Assistant Town Manager, and their respective designees, individually and collectively, are hereby authorized, empowered and directed to execute and deliver the Purchase Agreement, including necessary counterparts, in substantially the form and content of the Purchase Agreement made available to the Board, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the Town's approval of any and all changes, modifications, additions or deletions therein from the form and content of the Purchase Agreement made available to the Board. Such officers are hereby directed to take all actions necessary to effectuate the transaction set forth above, including taking any such actions or making any such changes as may be required by the Commission Approval, as may be necessary to carry out and comply with the provisions of the Purchase Agreement as executed, and for the on-going administration of the Bond Order, this Resolution and the 2021 Bond.

**Section 11. Transfer Restrictions.** Notwithstanding any other provisions of the Bond Order or this Resolution to the contrary, the 2021 Bond shall not be transferred to any person other than a bank, insurance company or similar financial institution unless such transfer has been previously approved by the Commission.

The Purchaser or its assignees may assign or reassign all or any part of the 2021 Bond, including the assignment or reassignment of any partial interest through the use of certificates evidencing



participation interests in the 2021 Bond, or making the 2021 Bond part of a pool of obligations without the consent of the Commission, so long as such assignment or reassignment is to (i) a bank, insurance company or similar institution or any other entity approved by the Commission; or (ii) a trustee for the purpose of issuing certificates of participation or other forms of certificates evidencing an undivided interest in the 2021 Bond, provided such certificates are sold only to a bank, insurance company or similar financial institution or other entity approved by the Commission.

Any reference to the Purchaser in this Resolution will include its successors or assigns made in accordance herewith.

The provisions of this paragraph may not be amended without the prior written consent of the Commission.

**Section 12. Reporting Requirements for the Town.** The Town hereby covenants to provide to the Purchaser at the same time the Town provides its annual audited financial statements to the Commission, but in no event later than 180 days after the end of the Town's fiscal year, the Town's annual audited financial statements. The Town shall also provide such other financial information and operating reports as may be reasonably requested by the Purchaser.

**Section 13. Supplemental Resolutions; Additional Parity Indebtedness.** The Town may adopt resolutions supplemental hereto; provided, however, the Purchaser's prior written consent shall be required for any supplemental resolution that affects the terms or tax treatment of the 2021 Bond. The Town may not issue indebtedness that is on parity with the 2021 Bond without the written consent of the Purchaser.

**Section 14. Governing Law.** This Resolution and the 2021 Bond are governed by and to be construed in accordance with the laws of the State of North Carolina.

**Section 15. Dispute Resolution.**

(a) *Arbitration of Disputes.* The Town and the Purchaser shall submit any and all disputes arising out of or relating to the 2021 Bond, a default thereunder or an Event of Default under this Resolution (a "Dispute") to binding arbitration pursuant to and in accordance with the AAA Commercial Arbitration Rules and, where applicable, the Supplementary Rules for Large, Complex Commercial Disputes, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Such arbitration shall be conducted in a mutually acceptable location. Except as expressly set forth below, the procedures specified herein shall be the sole and exclusive procedures for the resolution of Disputes; provided, however, that the Town or the Purchaser may seek provisional or ancillary remedies, such as preliminary injunctive relief, from a court having jurisdiction, before, during or after the pendency of any arbitration proceeding. The institution and maintenance of any action for such judicial relief, or pursuit of provisional or ancillary remedies, shall not constitute a waiver of the right or obligation of any party to submit any claim or dispute to arbitration. Nothing herein shall in any way limit or modify any remedies available to the Purchaser under this Resolution or the 2021 Bond or otherwise at law or in equity.

(b) *Motion Practice.* In any arbitration hereunder, the arbitrator(s) shall decide any pre-hearing motions which are substantially similar to pre-hearing motions to dismiss for failure to state a claim or motions for summary adjudication.

(c) *Discovery.* Discovery shall be limited to the pre-hearing exchange of all documents which the Town and the Purchaser intend to introduce at the hearing and any expert reports prepared by any expert who will testify at the hearing.

(d) *Sequential Hearing Days.* At the administrative conference conducted by the American Arbitration Association (the "AAA"), the Town and the Purchaser and the AAA shall determine how to ensure that the hearing is started and completed on sequential hearing days. Potential arbitrators shall be informed of the anticipated length of the hearing and they shall not be subject to appointment unless they agree to abide by the parties' intent that, absent exigent circumstances, the hearing shall be conducted on sequential days.

(e) *Award.* The award of the arbitrator(s) shall be accompanied by a statement of the reasons upon which such award is based.

(f) *Fees and Expenses.* The Town and the Purchaser shall each bear equally all fees and costs and expenses of the arbitration, and each shall bear its own legal fees and expenses and the costs of its experts and witnesses; provided, however, that if the arbitration panel shall award to a party substantially all relief sought by such party, then, notwithstanding any applicable governing law provisions, the other party shall pay all costs, fees and expenses incurred by the prevailing party and such costs, fees and expenses shall be included in such award.

(g) *Confidentiality of Disputes.* The entire procedure shall be confidential and none of the parties nor arbitrator(s) may disclose the existence, content, or results of any arbitration hereunder without the written consent of all parties to the Dispute, except (i) to the extent disclosure is required to enforce any applicable arbitration award or may otherwise be required by law and (ii) that either party may make such disclosures to its regulators, auditors, accountants, attorneys and insurance representatives. No conduct, statements, promises, offers, views, or opinions of any party involved in an arbitration hereunder shall be discoverable or admissible for any purposes in litigation or other proceedings involving the parties to the Dispute and shall not be disclosed to anyone not an agent, employee, expert, witness, or representative for any of such parties.

(h) **CLASS ACTION WAIVER.** THE TOWN HEREBY WAIVES, WITH RESPECT TO ANY DISPUTE: (I) THE RIGHT TO PARTICIPATE IN A CLASS ACTION, PRIVATE ATTORNEY GENERAL ACTION OR OTHER REPRESENTATIVE ACTION IN COURT OR IN ARBITRATION, EITHER AS A CLASS REPRESENTATIVE OR CLASS MEMBER; AND (II) THE RIGHT TO JOIN OR CONSOLIDATE CLAIMS WITH CLAIMS OF ANY OTHER PERSON. The foregoing waiver is referred to herein as the "class action waiver". The Purchaser and the Town agree that no arbitrator shall have authority to conduct any arbitration in violation of the class action waiver or to issue any relief that applies to any person or entity other than the Town and/or the Purchaser individually. The parties acknowledge that this class action waiver is material and essential to the arbitration of any claims and is non-severable from this Dispute Resolution section. If the class action waiver is voided, found unenforceable, or limited with respect to any claim for which the Town seeks class-wide relief, then this Dispute Resolution section (except for this sentence) shall be null and void with respect to such claim, subject to the right to appeal the limitation or invalidation of the class action waiver. However, this Dispute Resolution section shall remain valid with respect to all other claims and Disputes. The parties acknowledge and agree that under no circumstances will a class action be arbitrated.

(i) *Applicability of Federal Arbitration Act.* The 2021 Bond and related documents, including the Purchase Agreement, evidence transaction(s) in interstate commerce, and thus the Federal Arbitration Act governs the interpretation and enforcement of this Dispute Resolution section.

**Section 16. Repealer.** All orders and resolutions and parts of orders and resolutions in conflict with this Resolution, if any, excluding the Bond Order, shall be and the same are hereby repealed to the extent the conflict exists.

***Section 17. Effectiveness of Resolution.*** This resolution shall be effective immediately upon its adoption by the Board.

STATE OF NORTH CAROLINA                    )  
   )       SS:  
 COUNTY OF BRUNSWICK                    )

I, *Heather Finnell*, Town Clerk of the Town of Holden Beach, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled "A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWN OF HOLDEN BEACH, NORTH CAROLINA PROVIDING FOR THE ISSUANCE OF A SPECIAL OBLIGATION BOND (FEMA GRANTS PROJECT), SERIES 2021" adopted by the Board of the Town of Holden Beach, North Carolina, at a meeting held on the 15th day of June, 2021.

***WITNESS*** my hand and the corporate seal of the Town of Holden Beach, North Carolina, this the \_\_\_\_ day of June, 2021.

[Seal]

\_\_\_\_\_  
 Heather Finnell  
 Town Clerk  
 Town of Holden Beach, North Carolina

## EXHIBIT A

## FORM OF 2021 BOND

**THIS BOND IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS DESCRIBED HEREIN.**

No. R-1

§

UNITED STATES OF AMERICA  
STATE OF NORTH CAROLINA  
TOWN OF HOLDEN BEACH, NORTH CAROLINA

**VARIABLE RATE SPECIAL OBLIGATION BOND (FEMA GRANTS PROJECT),  
SERIES 2021**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>
Variable	July 16, 2024	July 16, 2021

**REGISTERED OWNER:** PNC BANK, NATIONAL ASSOCIATION

**PRINCIPAL SUM:** \_\_\_\_\_ **AND NO/100 DOLLARS**

**THE TOWN OF HOLDEN BEACH, NORTH CAROLINA** (the "**Town**") acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner named above, on the Maturity Date specified above, on surrender hereof, the Principal Sum shown above and to pay to the Registered Owner hereof interest thereon from the date of this Bond until it shall mature at the Interest Rate per annum specified above, payable on January 16, April 16, July 16, and October 16, beginning October 16, 2021, until the Maturity Date or earlier date on which all principal is paid. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. In the event of a late payment, interest shall continue to accrue on the principal balance outstanding at the applicable interest rate per annum set forth in the issuance resolution adopted by the Board of Commissioners of the Town (the "**Board**") on June 15, 2021 and effective on the date of its adoption related to this Bond (the "**Issuance Resolution**"). If any payment of interest on this Bond is more than five days late, or any payment of principal is not paid when due, or upon the occurrence of any other Event of Default by the Town under the Issuance Resolution, then interest shall accrue at the Default Rate described below until the default is cured. Principal of and interest on this Bond are payable in immediately available funds to the Registered Owner. All capitalized terms used in this Bond and not otherwise defined herein has the definition assigned to it in the Issuance Resolution.

The Default Rate shall be the greater of (i) the Prime Rate plus 300 basis points (3.00%), (B) the sum of the Overnight Bank Funding Rate plus 350 basis points (3.50%), and (C) 7.00%. The “*Overnight Bank Funding Rate*” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“*NYFRB*”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Purchaser for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be

conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Town. "Prime Rate" shall mean the rate publicly announced by PNC Bank, National Association (the "Bank") from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers. If and when the Prime Rate or the Overnight Bank Funding Rate changes, the Default Rate will change automatically without notice to the Town, effective on the date of any such change; provided that in no event shall the Default Rate exceed 20% per annum or the maximum allowable legal interest rate.

This Bond is issued in accordance with the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, and pursuant to Article 7A of Chapter 159 of the General Statutes of North Carolina, a "Bond Order Authorizing the Issuance of Special Obligation Bonds of the Town of Holden Beach, North Carolina (FEMA Grants Project)" (the "Bond Order"), adopted by the Board on June 15, 2021 and effective on the date of its adoption, and the Issuance Resolution. This Bond is being issued to provide funds to construct certain beach erosion control and flood and hurricane protection works in the District (as defined in the Issuance Resolution) and to pay issuance costs relating to this Bond.

If a Determination of Taxability or Event of Taxability occurs with respect to this Bond, as such terms are hereinafter defined, then this Bond will bear interest during the Taxable Period at the Taxable Rate. In such event, the Town also shall be required to pay to the Purchaser all amounts, if any, which may be necessary to reimburse the Purchaser for any interest, penalties or other charges assessed by the Internal Revenue Service and the Department of Revenue of the State of North Carolina against the Purchaser by reason of the Purchaser's failure to include the interest on this Bond in its gross income for income tax purposes. The Town shall pay to the Purchaser the above mentioned Taxable Rate notwithstanding any transfer by the Purchaser or payment or redemption by the Town prior to the date such Determination of Taxability was made.

"*Determination of Taxability*" means a determination that the interest on this Bond is included in gross income of the Purchaser for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following: (a) the date on which the Purchaser is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, as a consequence of an Event of Taxability, the interest on this Bond is included in the gross income of the Purchaser for federal income tax purposes; (b) the date on which the Town receives notice from the Purchaser that the Purchaser has been advised in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to the Purchaser which asserts, in effect, that interest on this Bond received by the Purchaser is included in the gross income of the Purchaser for federal income tax purposes, as a result of an Event of Taxability; (c) the day on which the Town is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the interest on this Bond is included in the gross income of the Purchaser for federal income tax purposes as a result of an Event of Taxability; or (d) the day on which the Town is advised in writing by counsel to the Purchaser that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Town has been given written notice and an opportunity to participate and defend that interest on this Bond is included in the gross income of the Purchaser for federal income tax purposes, as a result of an Event of Taxability.

"*Event of Taxability*" means any event, occurrence or situation, resulting from an action, or failure to act, by the Town, the effect of which is to cause the interest on this Bond to be includible in the gross income of the Purchaser for federal income tax purposes.

This Bond shall be subject to optional redemption prior to its stated maturity at the option of the Town in whole (but not in part) on any date upon giving the Purchaser not less than 15 Business Days prior written notice thereof and as provided in this paragraph. The redemption price of such Bond shall be equal to 100% of the principal amount of the Bond, plus interest accrued to the redemption date, plus, if so required by the Purchaser as compensation for the costs of the Bond being redeemed, an amount equal to the Cost of Redemption. "*Cost of Redemption*" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus (ii) the yield on the redemption date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be redeemed, and (c) the number of years, including fractional years, from the redemption date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) "Selected Interest Rates." For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the redemption date shall be deemed the discount rate. A "*Business Day*" shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial lenders are authorized or required to be closed for business in Raleigh, North Carolina.

Notwithstanding the provisions in the preceding paragraph, in addition to the amounts required to be paid with respect to this Bond from the Sinking Fund set forth below, the Town has the right to redeem this Bond, in part, on each Expiration Date, without payment of any Cost of Redemption. The Town will give the Purchaser not less than 15 days prior written notice of its intention to make a redemption under this paragraph.

Principal on this Bond shall be payable on the First Expiration Date (if applicable), the Second Expiration Date (if applicable) and the Maturity Date in an amount equal to the amount on deposit in the Sinking Fund established pursuant to the Issuance Resolution; provided that if no money is on deposit in the Sinking Fund on the First Expiration Date or Second Expiration Date, as applicable, no amount of principal on this Bond will be payable on such date. In the event that the Town does not exercise its option to extend to the Second Term Period or the Third Term Period as provided in the Issuance Resolution, then all remaining principal on this Bond shall be due and payable on the First Expiration Date or the Second Expiration Date, as applicable. If the Town only extends to the Second Term Period, all principal on this Bond will be payable on the Second Expiration Date. If the Town extends to the Third Term Period, all principal on this Bond will be payable on the Maturity Date.

This Bond shall be a special obligation of the Town and the principal of, and interest and premium on, such Bond shall be secured solely by the sources set forth in the Bond Order (such sources being defined herein as the "*Pledged Sources*"), which are as follows:

(i) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Tropical Storm Michael - FEMA-DR-4412-NC (Tropical Storm Michael), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants;

(ii) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Hurricane Florence - FEMA-DR-4393-NC (Hurricane Florence), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants;

(iii) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency

(FEMA) Federal grants for the State of North Carolina associated with Hurricane Dorian - FEMA-DR-4465-NC (Hurricane Dorian), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants;

(iv) amounts received by the Town from the State of North Carolina as approved pursuant to U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Federal grants for the State of North Carolina associated with Hurricane Isaias - FEMA-DR-4568-NC (Hurricane Isaias), including the amounts received by the Town from the State of North Carolina as the State of North Carolina's matching portion of the Federal grants;

(v) amounts on deposit in the Holden Beach FEMA Beach Nourishment Loan Fund and Holden Beach FEMA Beach Nourishment Sinking Fund created in accordance with the Issuance Resolution;

(vi) one or more additional sources of funds identified by the Board in future proceedings of the Board, so long as (a) the pledge of such sources does not constitute a pledge of the taxing power of the Town and (b) the pledge of such sources is first approved by the Local Government Commission of North Carolina as set forth in Article 7A of Chapter 159 of the General Statutes of North Carolina.

The uses of the Pledged Sources do not constitute a pledge of the Town's taxing power and the Town is not obligated to pay the principal of, or interest or any premium on, this Bond except from the sources set forth in the Bond Order and above.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST OR ANY PREMIUM ON, THIS BOND, AND NO OWNER OF THIS BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON.**

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of North Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened.

This Bond is not valid or obligatory for any purpose until the certification hereon has been signed by an authorized representative of the Local Government Commission.

This Bond shall not be transferred to any person other than a bank, insurance company or similar financial institution unless such transfer is permitted pursuant to the Issuance Resolution.

**IN WITNESS WHEREOF**, the Town has caused this Bond to bear the signatures of the Mayor and the Town Clerk of the Town, each acting on behalf of the Town and this Bond to be dated as of the Dated Date above.

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Heather Finnell  
Town Clerk

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J. Alan Holden  
Mayor



Date of Execution: July 16, 2021

The issue hereof has been approved by the Local Government Commission pursuant to Section 159-146(k) of the General Statutes of North Carolina, as amended.

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Secretary of the Local Government Commission

## FORM OF ASSIGNMENT

### ASSIGNMENT

*FOR VALUE RECEIVED* the undersigned hereby sells, assigns and transfers unto

---

(Please print or typewrite Name and Address,  
including Zip Code, and Federal Taxpayer Identification or  
Social Security Number of Assignee)

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the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

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Attorney to register the transfer of the within Bond on the records kept for registration thereof,  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed by:

---

**NOTICE:** Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program ("Stamp") or similar program.

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**NOTICE:** The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration, enlargement or any change whatever.

**TRANSFER FEE MAY BE REQUIRED**

**EXHIBIT B**

[To be placed on Town's Letterhead]

**NOTICE OF INTENT TO EXTEND 2021 BOND**

[Date]

PNC Bank, National Association  
 301 Fayetteville Street  
 Suite 2100  
 Raleigh, NC 27601  
 Attention: Casey L. Turner

Pursuant to the terms and conditions of the Issuance Resolution (the "*Issuance Resolution*") adopted by the Board of Commissioners of the Town of Holden Beach, North Carolina (the "*Town*") on June 15, 2021 in connection with the issuance of the Town's Variable Rate Special Obligation Bond (FEMA Grants Project), Series 2021 (the "*2021 Bond*"), the Town hereby notifies PNC Bank, National Association (the "*Purchaser*") of its intent to extend the 2021 Bond to the [Second/Third] Term Period, which shall end on [\_\_\_\_\_, 20\_\_]. Terms used herein but not defined herein shall have the meanings given to such terms in the Issuance Resolution.

Please provide the [Second/Third] Term Interest Rate to apply during the [Second/Third] Term Period no less than 30 days before the [First/Second] Expiration Date as set forth in the Issuance Resolution. The Town will notify the Purchaser in writing no less than 15 days before the [First/Second] Expiration Date whether it will extend the 2021 Bond.

**TOWN OF HOLDEN BEACH, NORTH CAROLINA**

By: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title: \_\_\_\_\_

# EXHIBIT D

## REQUEST FOR DISBURSEMENT (Disbursement Number \_\_\_\_\_)

The **TOWN OF HOLDEN BEACH, NORTH CAROLINA** (the "*Town*") hereby requests a disbursement in the amount of \$\_\_\_\_\_ from the Loan Fund created under the Issuance Resolution adopted by the Board of Commissioners of the Town on June 15, 2021 (the "*Issuance Resolution*") related to its Variable Rate Special Obligation Bond (FEMA Grants Project), Series 2021 (the "*2021 Bond*"), which was issued by the Town and delivered to **PNC BANK, NATIONAL ASSOCIATION** (the "*Purchaser*"), dated July 16, 2021. Initially capitalized words and terms used herein without definition shall have the respective meanings assigned to them in the 2021 Bond and the Issuance Resolution.

In order to make the requested disbursement, the Town hereby represents and agrees as follows:

1. The disbursement hereby requested is for the approved Current Project.
2. No Event of Default exists under the Issuance Resolution or the 2021 Bond and no event has occurred which with the passage of time, notice or both would constitute an Event of Default.
3. The approval of this Request for Disbursement by the Purchaser will not be deemed to be a waiver by the Purchaser of any Event of Default under the Issuance Resolution or the 2021 Bond.
4. The Town has performed all of its obligations under the Issuance Resolution, the 2021 Bond and the Purchase Agreement (the "*Bond Documents*"), and all of the representations and warranties made by the Town in the Bond Documents are true and correct as of the date hereof.
5. The Town is not aware of any reasons or circumstances that would prevent it from receiving its current or prior requested FEMA Grants reimbursements from the NC Emergency Management Division in the ordinary course of business and within a reasonable period, but not later than the Maturity Date.
6. The undersigned has been duly authorized by the Town to make this request for disbursement.

**WITNESS** the due execution hereof with the intent to be legally bound hereby as of this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**TOWN OF HOLDEN BEACH, NORTH  
CAROLINA**

(SEAL)

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PNC BANK, NATIONAL ASSOCIATION**  
**Preliminary Summary of Terms and Conditions for Loan Facilities**

**Town of Holden Beach, North Carolina**

**June 3, 2021**

**TAX-EXEMPT TERM LOAN**

This Term Sheet is not a commitment or an offer to lend and does not create any obligation on the part of the Bank or any affiliate thereof to extend any commitment to the Borrower unless and until a formal commitment letter is issued and has been executed, delivered and accepted.

This outline is only a brief description of the principal terms of the suggested loan facility and is intended for discussion purposes only. This Term Sheet is delivered to you on the understanding that any of the terms of substance hereunder shall not be disclosed, directly or indirectly, to any other person except your officers, agents and advisors who are directly involved in the consideration of this matter unless required to do so by applicable law or prior written consent has been given by the Bank.

**I. PARTIES**

**BORROWER:** Town of Holden Beach (the "*Borrower*").

**LENDER:** PNC Bank, National Association (the "*Bank*" or "*Lender*").

**II. ISSUE, SECURITY AND FINANCING DOCUMENTS**

**CREDIT FACILITY:** Fixed Rate Special Obligation Bond (the "*Credit Facility*" or "*Term Loan*" or "*Bond*").

**PURPOSE:** The proceeds of the Bond shall be used to provide beach nourishment for the purpose of beach erosion control and flood and hurricane protection works (the "*Project*").

**SECURITY:** The Special Obligation Bond and the payment obligations owed to the Bank under the Bond Purchase Agreement will be secured by 1) a pledge of all Project related reimbursement receipts from FEMA via the North Carolina Emergency Management Fund and from the State of North Carolina, 2) right of set off on balances in the FEMA Beach Nourishment Loan Fund, and 3) right of set off on balances in the FEMA Beach Nourishment Sinking Fund.

**FINANCING**

**DOCUMENTATION:** The Bonds will be purchased pursuant to the provisions of a Bond Purchase Agreement (the "*Bond Purchase Agreement*") between the Bank and the Borrower including standard conditions precedent to closing, representations and warranties, indemnities, covenants, events of default and remedies. The Bond Purchase Agreement, the Resolutions, the Bond Order and other key documents are herein collectively referred to as the "*Financing Documents*."

**TAX STATUS OF INTEREST  
ON BONDS:**

Interest on the Bond shall be excludable from gross income for federal income and state income tax purposes. The Borrower shall take all steps necessary to maintain such tax exempt status. The Bank shall be provided an opinion of tax counsel satisfactory to the Bank which concludes that interest on the Bonds is excludable from gross income for federal income tax purposes on a Bank Qualified basis.

**CLOSING DATE:**

The closing date is expected to occur on or about July 16, 2021 (the "*Closing Date*"), and shall be subject to the satisfaction of the conditions precedent set forth in the Bond Purchase Agreement and the conditions precedent described herein.

**TOWN OF HOLDEN BEACH, NORTH CAROLINA**



**LOAN PROCEEDS:**

On the Closing Date, the Credit Facility will be fully funded into an account with the Bank titled the FEMA Beach Nourishment Loan Fund. Balances will accrue interest while deposited in the FEMA Beach Nourishment Loan Fund. The Bank will approve disbursement requests after the Town represents and agrees that:

1. The disbursement is requested for the approved project described in the Financing Documents.
2. No Event of Default exists.
3. The approval of such request will not be deemed to be a waiver of any Event of Default.
4. The Town has performed all of its obligations under the Issuance Resolution and all other Financing Documents.
5. The Town is not aware of any reasons or circumstances that would prevent it from receiving its current or prior requested FEMA Grant reimbursements not later than the maturity date.

**SINKING FUND:**

The Town will maintain an account with the Bank titled FEMA Beach Nourishment Sinking Fund where all disbursements from the State and the North Carolina Emergency Management Fund will be direct deposited. Balances in this account will be used solely for payment of principal on the Credit Facility. Balances will accrue interest while deposited in the account.

**III. FIXED INTEREST RATES AND OTHER KEY PROVISIONS**

<b>FIXED RATE:</b>	The Bonds shall initially bear interest at a Non-Bank Qualified tax-exempt fixed rate of 1.64%. Interest payments will be due quarterly and computed on a 30/360 day basis.
<b>COMMITMENT AMOUNT:</b>	Up to \$46,000,000
<b>COMMITMENT TERM:</b>	Twelve (12) months
<b>AMORTIZATION OF BONDS:</b>	All principal shall be due upon maturity.
<b>RENEWAL OPTIONS:</b>	Borrower has 2 options to extend the facility Maturity Date by one year each time. (ie. total extension of Maturity Date will not exceed 2 years).
<b>Interest Rate Reset:</b>	Fixed Rate will be reset based upon market conditions at time of extension. Reset rates shall not exceed 12.00%.

**APPLICABLE TO ALL OPTIONS:**

<b>EVENT OF TAXABILITY:</b>	In the event a determination of taxability shall occur, in addition to the amounts required to be paid with respect to the Bonds, the Borrower shall be obligated to pay to the Bank an amount equal to the positive difference, if any, between the amount of interest that would have been paid during the period of taxability if the Bonds had borne interest at a taxable rate and the interest actually received by the Bank with respect to the Bonds.
<b>DEFAULT RATE:</b>	Upon the occurrence of any event of default under the Financing Documents, the Bonds shall bear interest at the Default Rate. The Default Rate equals the greatest of (i) the PNC Prime Rate plus 3.0%; (ii) the Overnight Bank Funding Rate plus 3.5%; and (iii) 7.0%.
<b>OPTIONAL REDEMPTION:</b>	At the option of the Borrower, such Bonds may be optionally redeemed upon 15 days prior written notice to the Bank and compliance with the applicable provisions of the Financing Documents; provided that voluntary redemptions shall be subject to the Bank's Standard Prepayment Provision.

**Bank's Standard Prepayment Provision:**

Upon at least thirty (15) business days' prior written notice to the holder, the Borrower has the right to prepay all of the outstanding principal and interest hereunder. Notwithstanding anything contained herein to the contrary, upon any prepayment by or on behalf of the Borrower (whether voluntary, on default or otherwise), the Registered Owner may require, if it so elects, the Borrower to pay the Registered Owner as compensation for the costs of being prepaid an amount equal to the Cost of Prepayment. "Cost of Prepayment" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) "Selected Interest Rates." For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate. The Costs of Prepayment shall also apply to any payments made after acceleration of the maturity of the Credit Facility.

**IV. OTHER FEES AND EXPENSES**

**COMMITMENT/CLOSING FEE:** Waived

**COSTS AND EXPENSES:** All expenses incurred by the Bank, including reasonable legal fees (inside and outside), and any other expenses in reference to structuring, documenting, closing, monitoring or enforcing the Financing Documents, if applicable, shall be for the account of the Borrower and payable at closing and otherwise on demand. The Bank will be utilizing Mary Nash Rusher at McGuire Woods as bank counsel. Legal fees are estimated at \$12,500. All expenses (including counsel fees) shall be paid by the Borrower regardless of whether the transaction is closed.

**V. FINANCIAL/NEGATIVE COVENANTS AND FINANCIAL REPORTING**

Affirmative and negative covenants, including the reporting covenants listed below, will be specified by the Bank for inclusion in the Financing Documentation.

**Financial Covenants:**

- None

**Financial Reporting:**

- Annual audited financial statements for the Borrower within 180 days of fiscal year end;
- Such other financial information as requested by the Bank.

**VI. CONDITIONS PRECEDENT TO CLOSING**

The Financing Documents shall include conditions precedent customary for transactions of this nature including, without limitation, the following:

1. Documentation satisfactory to Bank Counsel;
2. Delivery of enforceability and approving opinions;
3. Delivery of tax opinion;
4. Authorizing resolutions (which may be an existing authorizing resolution);
5. Financial statements;
6. Certification of representations and warranties;
7. Certification as to no default or event of default;
8. LGC approval; and
9. Evidence that FEMA funds designated for the Project have been transferred to the North Carolina Emergency Management Fund.

TOWN OF HOLDEN BEACH, NORTH CAROLINA



The Special Obligation Bond shall not be rated by any rating agency, shall not be initially registered to participate in DTC, shall be in physical form, shall not be issued a CUSIP, and shall not be marketed to the Bank pursuant to any official statement, offering memorandum or any other disclosure documentation.

**VII. EVENTS OF  
DEFAULT/REMEDIES:**

The Financing Documents shall include events of default customary for transactions of this nature, including, without limitation: payment default, covenant defaults, breach of representations, invalidity or repudiation of any Financing Document or any material provision thereof, judgment default, bankruptcy or insolvency, ERISA and pension plan defaults.

Upon the occurrence of an Event of Default, in addition to all other customary remedies, all payment obligations shall bear interest at the Default Rate.

**VIII. CHOICE OF LAW / JURY TRIAL /  
OTHER PROVISIONS**

**GOVERNING LAW:**

The Bond Purchase Agreement, and any other documents to which the Bank shall become a party will be governed by the laws of the State of North Carolina.

**USA PATRIOT ACT NOTICE:**

Pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. 107 56), the Bank is required to obtain, verify and record information that identifies the Borrower and, potentially, other loan parties, which information may include, without limitation, the name and address of the Borrower and any such loan parties and other information that will allow the Bank to identify the Borrower and other loan parties in accordance with the USA PATRIOT Act.

**OTHER:**

Submission to binding arbitration as permitted under North Carolina state law.

**TRANSFERS/ASSIGNMENTS:**

While the Bank is making the Term Loan for its own account without a present intent to transfer it, the Bank reserves the right in its sole discretion to assign, sell, pledge or participate interests in the Term Loan without the consent of the Borrower.

**ADDITIONAL TERMS:**

The terms and conditions contained in this proposal are not intended to be comprehensive. The definitive Financing Documents may include additional terms and conditions required by the Bank, subject to mutual agreement of the parties, which are not included herein.

**NO ADVISORY OR  
FIDUCIARY ROLE:**

The Borrower acknowledges and agrees that: (i) the Bank has not assumed any advisory or fiduciary responsibility to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Borrower on other matters), (ii) the only obligations the Bank has to the Borrower with respect to the transaction contemplated hereby are expressly set forth in this term sheet, and (iii) the Borrower has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.



**AGREEMENT BY THE BORROWER:**

The Borrower hereby desires to engage the Bank in the origination of the Term Loan pursuant to the terms and conditions stated herein. Recognizing that this Term Sheet is non-binding on the Bank unless and until a commitment is issued, please evidence your interest in proceeding on the foregoing terms and conditions by signing and returning a copy of the document to the Bank on or prior to **June 17, 2021** at which point the Bank will continue with due diligence and credit underwriting for the foregoing transaction.

ACCEPTED AND AGREED TO:

**TOWN OF HOLDEN BEACH, NORTH CAROLINA**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**TOWN OF HOLDEN BEACH, NORTH CAROLINA**

# Activity Log Event Summary (Totals)

HOLDEN BEACH POLICE DEPT.

(05/01/2021 - 05/31/2021)

<No Event Type Specified>	2	911 Hang Up/Open Line	4
Alarm Activation	13	Animal Carcass	1
Animal Control	14	Attempt to Locate-ATL	16
B&E in Progress	2	Business Check	161
Criminal Process Service	1	Disabled Motorist	3
Disturbance/Fight	4	Domestic Disturbance	2
EMS/Medical Call	10	Escort/Relay	1
Fire Call	3	Fireworks	1
Flare Sighting	1	Incident Report	1
Keep Check	12	Lockout Request	2
Lost/Found Property	7	Meet Complainant	46
Message Delivery	1	Missing Person	1
Motor Vehicle Crash	10	Open Door	2
Parking	35	Phone Call Request	20
Public Works/Water Leak	2	Special Assignment	7
Suspicious Activity	6	Traffic Stop	26
Trespassers	2	Welfare Check	3

Total Number Of Events: 422



**Date:** June 8, 2021

**To:** Commissioners and Mayor Holden

**From:** Heather Finnell, Town Clerk *HF*

**Re:** Draft System Development Fees Report Public Hearing

All actions necessary to approve the adoption of the Draft System Development Fees Report as required by House Bill 436 have been carried out.

To reiterate, the report does not determine the rates the Town will charge for the fees. It establishes the maximum rates the Town is allowed to charge. After the report is adopted as provided for in Resolution 21-11, the Board can proceed with considerations to revise the existing water and sewer system fees. As discussed at the last meeting, staff proposes the report is given an effective date of October 1, 2021, if the Board desires to approve it at the June meeting. This allows time to determine what the Town's fees will be, while retaining the current fees in place in the interim.

The recommended motion is to approve Resolution 21-11, Resolution Adopting the System Development Fees Report.

**TOWN OF HOLDEN BEACH  
RESOLUTION 21-11  
RESOLUTION ADOPTING SYSTEM DEVELOPMENT FEES REPORT**

**WHEREAS**, Session Law 2017-138 (House Bill 436) known as the “Public Water and Sewer System Development Fee Act” sets certain standards and limitations before a town may adopt a system development fee for water and sewer service; and

**WHEREAS**, said Act requires that a system development fee be established only after written analysis prepared by a qualified financial professional or qualified licensed professional engineer in a manner as set forth in said Act; and

**WHEREAS**, the Town of Holden Beach has retained Raftelis, a qualified financial professional, to perform said analysis in accordance with said Act; and

**WHEREAS**, Raftelis has performed said analysis and delivered a written report to the Town of Holden Beach pursuant to said Act; and

**WHEREAS**, the analysis has been posted on the Town’s website as required in said Act and a public hearing has been held as required in said Act; and

**WHEREAS**, all other conditions, standards and requirements of said Act has been satisfied.

**NOW THEREFORE BE IT RESOLVED** by the Holden Beach Board of Commissioners that the Town hereby adopts and approves the Calculation of Water and Sewer System Development Fees for FY 2022 Report created by Raftelis, dated February 4, 2021.

**BE IT FURTHER RESOLVED** by the Holden Beach Board of Commissioners that the effective date of the report be October 1, 2021.

This the 15<sup>th</sup> day of June, 2021.

\_\_\_\_\_  
J. Alan Holden, Mayor

ATTEST:

\_\_\_\_\_  
Heather Finnell, Town Clerk



**Memo:**

**Subject: 160D Zoning Law Consolidation**

**To: Commissioners, Mayor, Town Manager**

**From: Planning Director**

The new Chapter 160D of the North Carolina General Statutes consolidates current city- and county-enabling statutes for development regulations (now in Chapters 153A and 160A) into a single, unified chapter. Chapter 160D places these statutes into a more logical, coherent organization. While the new law does not make major policy changes or shifts in the scope of authority granted to local governments, it does provide many clarifying amendments and consensus reforms that will need to be incorporated into local development regulations.

Chapter 160D is effective now, but local governments have until July 1, 2021 for the development, consideration, and adoption of necessary amendments to conform local ordinances to this new law. All city and county zoning, subdivision, and other development regulations, including unified-development ordinances, will need to be updated by that date to conform to the new law. Cities and counties that have zoning ordinances must have an up-to-date comprehensive plan or land use plan by July 1, 2022.

**Timothy D. Evans**



## Town of Holden Beach Planning & Zoning Board Statement of Consistency and Zoning Recommendation

The Town of Holden Beach Planning & Zoning Board has reviewed and hereby recommends approval of amendments to Chapter 157 of the Zoning Ordinance as required by NC General Statutes Chapter 160D, S.L. 2019-111 and as amended by S.L. 2020-25.

After review, the Planning and Zoning Board has found that the recommended amendment is consistent with the adopted CAMA Land Use Plan and is considered reasonable and in the public interest for the following reasons.

- The amendment is required. Chapter 160D is effective now, but local governments have until July 1, 2021, for the development, consideration, and adoption of necessary amendments to conform local ordinances to the new law.
- *Chapter 5: Land Use and Growth* and *Chapter 6: Tools for Development* of the adopted Plan references the Town of Holden Beach Zoning Code and Subdivision Regulations which are further clarified in Chapter 160D.
- It will promote public health, safety, and general welfare within our community by clarifying conflicts of interest for staff, the governing board and the appointed bodies.

Upon approval by the Board of Commissioners the Comprehensive Plan will be deemed amended and shall not require any additional request or application for amendment.

The statement and motion were adopted by a 5 - 0 vote this 27<sup>th</sup> day of April, 2021.

  
 \_\_\_\_\_  
 Vicki Y. Myers, Chair

## Holden Beach Code of Ordinances

### § 95.05 STREET RIGHTS-OF-WAY.

(A) The purpose of this regulation is to establish what may be placed in street rights-of-way which are cleared by installation or repair of utilities, streets, or walkways. This regulation is not intended to remove or destroy landscaping or structures which are presently in place. Landscaping in street rights-of-way:

- (1) Must not present a safety hazard;
- (2) Must not impede traffic;
- (3) Is placed at the risk of the individual; and
- (4) Is encouraged.

('85 Code, § 14-2)

(B) The ten feet of rights-of-way nearest the pavement or road bed shall remain clear of all items with the following exceptions:

- (1) Mailboxes, newspaper boxes, post and rope not to exceed 24 inches from grade.
- (2) Grass, an approved pervious product or vegetation not to exceed one foot in height.
- (3) The properties located at 1189, 1190, 1191 and 1192 Ocean Boulevard West may install or place a fence within the right-of-way.

('85 Code, § 14-2.1)

(C) The area of the rights-of-way beyond ten feet of the pavement or road bed:

- (1) May be landscaped by the abutting property owner provided § 157.081 of the zoning code is complied with.
- (2) Shall be kept clear of all other manmade structures not used in landscaping with the exception of fences.

('85 Code, § 14-2.2)

(D) The town has no responsibility to protect any items, authorized or unauthorized, which are placed in street rights-of-way. Improvements are made at the owners risk and may be destroyed or damaged during walkway, street, and utility

## Holden Beach Code of Ordinances

installation or maintenance. Items deemed to be a safety hazard or to impede traffic will be removed by the town.

(E) All existing concrete within the right-of-way that is removed for any reason cannot be replaced.

('85 Code, § 14-2.3) (Ord. 5-89, passed 5-1-89; Am. Ord. 90-17, passed 12-3-90; Am. Ord. 94-29, passed 11-7-94; Am. Ord. 95-03, passed 2-6-95; Am. Ord. 02-08, passed 5-27-02; Am. Ord. 06-13, passed 11-14-06; Am. Ord. 12-04, passed 5-8-12; Am. Ord. 18-08, passed 4-17-18) Penalty, see § 95.99



## Evaluation and Discussion of the current need for the Inlet Beach Protection Board due to changed circumstances and possible BOC action on IBPB status.

### Explanation

The BOC decision to authorize the 3 year Corps study led me to re-examine the remit and activities of the IBPB. A fuller evaluation of the IBPB's purpose and benefit appears appropriate given two important BOC decisions since the formation of the IBPB that have brought significant change to the Town's beach and inlet management approach.

The decision by the BOC to employ a lobbying firm to help us more efficiently interact with and make requests to local and federal officials has raised officials' awareness of and responsiveness to Holden Beach needs and positions. The decision to seek an Army Corps of Engineers Coastal Storm Risk Management study was recently made with the aspiration of obtaining ACE endorsement of an optimum construction and long term maintenance plan for the island.

Looking back at the tasks requested to the Inlet and Beach Protection Board and their outputs, which include the 2019 Oceanfront and Inlets Management Plan, the IBPB has met the main objectives initially set by the BOC . However, taking into consideration that in the near term (next 2 years) the Town's primary beach protection activity is defined (seeing to renourishment of sands lost during hurricanes with FEMA and state funds reimbursing the Town), longer term planning will be dependent on the results of the ACE 3 year study ( tentative due date 2024), and the Town's selected lobbying firm will continue to provide insight and assistance in managing changing federal laws, regulations and agency practices, at this time further IBPB activities do not appear to be critical to the Town meeting its beach and inlet management goals. Given that any advisory board takes Staff time and Town resource, which are currently fully focused on fulfilling FEMA renourishment and ACE projects, I consider the current relative benefit of continuing IBPB activities is low compared to using available resources to achieve the defined beach and inlet objectives.

I ask Board to consider releasing the current IBPB from further duties with thanks for their valuable contribution and that the current ordinance be suspended until such time as a future BOC determines the need for an advisory board. At the same time, I propose the Parks and Rec committee takes responsibility for "modifications to the town's ordinances with respect to public and private beach access walkways which promote protection and growth of the town's protective dune systems"( a responsibility in the current IBPB ordinance) and dune health and protection in general.



Date: June 7, 2021

To: Commissioners and Mayor Holden

From: Heather Finnell, Town Clerk HF

Re: Board Vacancies

There are terms expiring on Town boards in July. I recommend the Board hold interviews on July 20<sup>th</sup> at 6:45 p.m. for people interested in filling vacant terms.

## Holden Beach Code of Ordinances

### § 30.26 AUDIT COMMITTEE OF THE BOC.

(A) There is hereby established an Audit Committee of the BOC, which shall be comprised of a Chairman of the BOC Audit Committee and not fewer than two, nor more than four Public Members, as determined by the BOC at the first regular Board of Commissioners meeting in January.

(B) *Powers and duties.* The Audit Committee shall:

- (1) Serve as an advisory board for the town's Board of Commissioners;
- (2) Assist and advise the BOC in its oversight responsibilities for the town's financial reporting process, systems of internal financial controls and the external audit process;
- (3) Recommend to the BOC the selection of the independent external audit firm to conduct the annual external audit;
- (4) Evaluate the performance of the external audit firm as it relates to the annual audit of the town and its self-insurance policies;
- (5) Review, advise and make recommendations to the BOC with respect to the town's treasury management function and its' risk management policies and procedures, including without limitation, the town's insurance and self- insurance policies;
- (6) Confirm the town's internal control systems are in place and implemented, including information technology security and control;
- (7) Confirm Town Management implements audit report recommendations;
- (8) Continually evaluate the independence of the external auditors; to audit findings and forward findings to the Board of Commissioners;
- (9) Review the town's CAFR, management letter and management's response;
- (10) Review and reassess the adequacy of this Charter at least every two years, with any revision submitted to the Board of Commissioners for approval;
- (11) Provide an avenue of communication among the Board of Commissioners, Town Management and the external independent auditors;
- (12) Perform other functions from time to time as shall be delegated or

## Holden Beach Code of Ordinances

assigned to it by the BOC.

(C) *Appointment, terms.* The Chairman of the BOC Audit Committee shall be elected by the BOC at the first regular meeting in January. The Chairman of the Audit Committee shall make a recommendation to the Board of Commissioners on who shall serve as Public Members. The Chairman of the BOC Audit Committee, an elected Commissioner, and each of the Public Members shall have a normal term of one year, and shall serve at the pleasure of the BOC.

(D) *Meetings.*

(1) The Audit Committee will meet at least four times each year (quarterly) to assess the quarterly financial statements. The Committee will also meet at least one additional time a year to review the final audit report from the external auditors. The Chair may call additional meetings as deemed necessary in fulfillment of the role of the Committee.

(2) The Audit Committee shall comply with the provisions of the North Carolina Open Meetings Law, G.S. §§ 143-318.9 *et seq.* A quorum shall be in attendance before any action of an official nature can be taken. A quorum shall exist when a majority of the Committee is in attendance.

(3) The Audit Committee may invite the manager, staff, auditors and others to attend the meetings and provide pertinent information, as necessary.

(E) *Attendance.* All Committee members are expected to attend every meeting. Requests for excused absences due to sickness, death or emergencies of like nature shall be approved by the Committee as approved absences and shall not affect membership, except that in the event of a long illness, or other such cause for prolonged absence, the member may be replaced.

(Ord. 16-02, passed 1-12-16; Am. Ord. 18-18, passed 12-18-18)

## **Town of Holden Beach Board Advisory Board/Committee Recommendation**

### **From the BOC to the Parking Committee**

**Date of BOC Meeting When Directive was Made:** June 15, 2021

#### **Agenda Item #:**

**Issue and Action Requested:** In order for paid parking to be successfully rolled out in Spring of 2022, there are a number of decisions that will need to be made by the BOC before the end of 2021. The Parking Committee is asked to develop a paid parking plan with financials covering the years 2022-2025 in line with the charge questions below.

**Background and Potential Implications:** With the continuing popularity and growth of Holden Beach and Brunswick County, parking on the island during many months of the year is increasingly problematic for both visitors and property owners. Additionally, increasing numbers of off island beach goers translate to increasing costs for the Town in terms of trash pickup, facilities maintenance, beach patrol and traffic control.

In order to better organize visitor parking and help defray seasonal costs, the decision has been made to implement a paid parking program starting in Spring 2022. It is important to have a clear description of the parking facilities and cost plus a communication plan for rollout of the paid parking program to avoid miscommunication and confusion.

#### **Charge Questions:**

1. **Parking Lots (suggest the committee shows lots and spaces on a town map, color code for a, b, c)**
  - a. What town owned lots currently exist and how many spaces are available for paid parking?
  - b. What town owned property is suitable for conversion to paid parking before next Spring and what is the estimated cost for conversion?
  - c. What properties (if any) are proposed for purchase and how many spaces will be available for paid parking? What is the estimated cost to purchase, assumed timeframe for establishing the parking lot and cost for conversion?
2. **Financials**
  - a. Rate proposal and date range for paid parking
  - b. Estimated gross profit associated with 1a, 1b and 1c for 2022, 2023 and 2024
  - c. Estimated initial costs for signage and equipment (show where on map)
  - d. Estimated expenses associated with 1a, 1b and 1c for 2022, 2023 and 2024 (including personnel)
  - e. Estimated net profit for 1a, 1b and 1c for 2022, 2023 and 2024
3. **Public Communication and Engagement Plan**

Who, when, where

**Proposed Deadline:** no later than the October BOCM.

## BOC Objectives for Fiscal Year 2021/2022

- 18 Balance the budget while preserving the minimum fund balance as defined by the Board;  
Balance the budget without raising taxes
- 18 Ensure funding for hurricane related FEMA projects and proceed with necessary steps for target commencement of sand on beach starting in Fall 2021
- 18 Ensure the Town meets or exceeds annual financial budget goals
- 18 Work together for the good of Holden Beach
  
- 17 Ensure contracting, funding and budgeting for sewer lift station 2 to allow completion in 2022
- 17 Assuming a positive decision on DOT's bike lane proposal, ensure funding for 2022 DOT activity, including any grant money; Fund bike lanes
- 17 Make decision on and implement new THB development fees following an acceptance of a final systems fee report according to the mandated process; Establish development fee rate
- 17 Raise revenues
- 17 Address increasing stormwater issues with consideration of a study for recurring problem areas along Ocean Boulevard
- 17 Continue to support LWI access to ocean
- 17 Request help from Brunswick County for a second water tower
- 17 Ensure advocacy resources are given to limit expansion of the IHA
  
- 16 Ensure definition and implementation of new water rates as appropriate once final county water rate decisions are communicated; Establish new water rate
- 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
- 16 Assuming a positive decision on pursuing a Corps' beach construction and maintenance program, ensure funds are designated for the three-year study cost (\$1.5 million total)
- 16 Determine if paid parking is economically viable; Implement Paid Parking
- 16 Support and participate in beach and inlet related advocacy efforts at local, state and federal level
  - 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
  - d. Support and participate in advocacy efforts at any level as appropriate
  - e. Greater involvement in coastal community advocacy
  
- 15 Oversee progress on internal control plan for end calendar year 2021 completion

- 14 Ensure adequate resources to undertake enforcement/compliance objectives decided by the Board (see ordinance related)
- 14 Ensure an updated capital project budget sheet is included in final budget documents
- 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
- 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
- 14 Purchase all or a portion of Holden Beach Pier
  
- 13 Request help from Brunswick County Sheriff's Department to patrol Ocean Boulevard so we can have HBPD patrol beach daily
  
- 12 Ensure budget message document upgrade to include more charts/visual presentations of data
- 12 Increase reserves
- 12 Complete a needs assessment for a second water tower; Study need for second water tower
- 12 Clarification on FEMA or the Corps for taking care of beach strand
- 12 In collaboration with staff, determine and monitor enforcement/compliance priority programs across departments that address concerns being expressed by owners and commissioners
- 12 Increases enforcement of ordinances
- 12 Evaluate excess and needed Town property; Purchase property for paid parking and sell all unnecessary property and use parking income to pay for property
- 12 Limit meeting time
  
- 11 Work with DOT to ensure all legal crosswalks are appropriately marked to protect residents and visitors as allowed based on the Board speed limit decision
  
- 10 Review current personnel policy for possible modifications to clarify part-time employee definitions and benefits access
- 10 Livestream public meetings
- 10 Require public access locations on the west end of the island or eliminate free public services or charge for them
- 10 Examine and upgrade if possible basic rules of commissions, boards, agencies and authorities established by ordinance or under the authority of the BOC to enable non-voting participation by commissioners and standardize member and chair term limitations as practicable
  
- 9 Reduce tax rate
- 9 Establish a golf cart safety ordinance and enforce it
- 9 Update Audit Committee Charter
  
- 8 Develop and track various financial ratios to flag any negative trends
  
- 7 Fill open position on Police force