



TOWN COUNCIL MINUTES

EMERGENCY MEETING MINUTES

June 27, 2012

The Kure Beach Town Council held an emergency Council meeting on Wednesday, June 27, 2012, at 10:00. Attorney Canoutas was in attendance and there was a quorum of Council present.

COUNCIL MEMBERS PRESENT

Mayor Dean Lambeth
Mayor Pro Tem Chuck Keener
Commissioner David Heglar
Commissioner Steve Pagley

COUNCIL MEMBERS ABSENT

Commissioner Emilie Swearingen

STAFF PRESENT

Building Inspector – John Batson
Finance Officer – Arlen Copenhaver
Deputy Town Clerk – Nancy Hewitt

OTHERS PRESENT

Jim Dugan – KB representative on Ports, Waterway & Beach (PW&B) Commission
Andy Barnard – Chairman of the Beach Protection Committee
Ted Davis – NHC County Commissioner
Rick Catlin – NHC County Commissioner

The purpose of the meeting was to discuss Beach Renourishment issues before the Ports, Waterway & Beach Commission's meeting to be held later that day at 3:30 pm. Notice was posted on June 26, 2012 at 11:00 am, thus meeting the six hour notice requirement to call an emergency meeting

CALL TO ORDER

Mayor Lambeth called the meeting to order at 10:03 am and welcomed New Hanover County (NHC) Commissioners Ted Davis and Rick Catlin to the meeting.

MOTION – Commissioner Heglar made the motion to excuse Commission Swearingen from the meeting.

SECOND – Commissioner Pagley

VOTE – Unanimous

Commissioner Catlin informed Council that he and Commissioner Davis could only meet for 30 minutes because they had another meeting to attend in Raleigh.



TOWN COUNCIL MINUTES

EMERGENCY MEETING MINUTES

June 27, 2012

Mayor Lambeth stated that Finance Officer Copenhaver had worked up some preliminary numbers on borrowing money from the County to finance Beach Renourishment in Kure Beach and asked for his assessment.

Finance Officer Copenhaver said he spoke with the Finance Director of NHC, Avril Pender, who told him that the loan would be for \$1.2 M at 3% interest for 15 years, with an annual debt service of about \$97,000 per year.

Mayor Lambeth stated that the Town would be obligated for a 15-year loan for sand that might last only three years. He feels this would be unwise.

Commissioner Heglar commented that the Federal government put money in its budget for Carolina Beach renourishment only and then the State only put money in its budget for Carolina Beach to procure Federal money, which is why Kure Beach was left out of State funding. He said that the reason he asked for today's meeting was because he saw the article in the Wilmington Star-News where NHC Commissioner Catlin talked about the possibility of loaning money to the Town. He then asked the NHC Commissioners if Kure Beach would jeopardize its contract for future renourishments with the Corps of Engineers if Council said they didn't want to have Beach Renourishment this time.

NHC Commissioner Catlin said that this is the first time they have ever had contributing authority. They are entering the first Memorandum of Agreement to be able to contribute. Congress has been working with the Corps and the administration to push that through. Carolina Beach's estimate and Kure Beach's estimate assumes that we combine for our mobilization savings. If Kure Beach backs out completely, it would cost Carolina Beach more for renourishment. He thinks not contracting for Beach Renourishment this time would have detrimental effect on future renourishment contracts for Kure Beach.

Commissioner Heglar asked the County Commissioners how much time Council has to commit funds to the project.

NHC Commissioner Catlin said Kure Beach has two or three weeks to decide. He said the Corps had originally said they needed commitment by the first of July, and then they said maybe August.

NHC Commissioner Davis said his understanding is that Carolina Beach has some Federal funding and they have some State funding, but it's still not enough to cover the project. But, they have the money to come up with the difference. Unfortunately, there is no Federal or State funding for Kure Beach. He said the County Commissioners haven't



TOWN COUNCIL MINUTES

EMERGENCY MEETING MINUTES

June 27, 2012

fully talked about this yet, but he asked if Kure Beach would be willing to accept a loan from the County at a lower interest rate if the County were to agree to do this.

Commissioner Heglar said that even a 0% interest loan at \$1.2M is too much for the Town to repay. He said he doesn't feel comfortable working out a deal in this meeting because it's a short meeting and that's too much money to be considering. But, he wants to understand the options so that Council can direct Jim Dugan, its representative on the PW&B Commission, on what to say at the commission's meeting being held today at 3:30 pm.

NHC Commissioner Davis said that the County has the money in an interest bearing account and they'd be willing to loan that money to Kure Beach for any rate that is not lower than what the earned interest is. They don't want to lose money. He said if Kure Beach went to a public lending institution, it would pay an interest rate higher than 3%. He said if we can come up with a figure between the interest being earned and what Kure Beach would pay, it would hopefully be lower than 3%. He said that he and NHC Commissioner Catlin have been talking about some funds that might come in that could help pay off that debt before the 15 years is up. It would be like a bridge loan.

Commissioner Heglar said that Kure Beach Council understands that, but they can't count on it. He said that the County was asking the Town to finance a 15 year loan for a project that might last for three years. He stated he wouldn't do that in his personal life and he doesn't think Kure Beach would like Council to agree to do that.

NHC Commissioner Catlin said that they didn't have approval from the County Commissioners to even loan the money, but we're offering that as a bridge. He said he had been thinking of solutions and talked to Colonel Baker with the Corps of Engineers and asked him to reach out to other districts to find \$1M in construction dollars. Colonel Baker said he wouldn't know about anything until August or September. Another solution is that he understands that Carolina Beach is willing to transfer their State money to Kure Beach, but this would take an appropriations change from the State Assembly. He said that next year, during the regular State session, they can bring this issue up again. He said they're not going to let it die; if they can't get it done this year, they'll get it done next year.

Mayor Lambeth said that it would kill Kure Beach to have to repay the loan.



TOWN COUNCIL MINUTES

EMERGENCY MEETING MINUTES

June 27, 2012

Commissioner Heglar said that Kure Beach can't pay what NHC Commissioner Catlin said would be the Town's cost in the newspaper article, but Council should keep the project moving forward.

NHC Commissioner Catlin said the County will write a check for 82.5% of the cost for renourishment. Everyone needs to keep fighting for the funds, even if it takes years to get a contribution from the State or Federal government to fix this problem. The County can probably finance a loan at 1% interest, with an annual debt service of about \$82,000.

NHC Commissioner Davis said the County would look at it not as much as a loan as they would look at it as economic development.

Commissioner Heglar asked if the Town wasn't able to find any other help, could the TDA money that goes for advertising be available to be used for renourishment. He said at the Town's last Council meeting, the Town's Marketing Committee said that they allocated \$162,000 for advertising the Town. He said he'd like to go back to the legislature and say since the funding didn't happen for Beach Renourishment we want to convert that to pay for the loan. He feels the Town's motel owners would probably rather use the money for renourishing the beach than for advertising.

NHC Commissioner Catlin said that would definitely have to go before legislature for approval.

Mayor Lambeth said that Carolina Beach Mayor Rothrock and Town Manager Tim Owens have said they'd be willing to give Kure Beach the \$1.4M that they're going to receive in funding.

Commissioner Heglar asked the County Commissioners what Kure Beach needs to commit to in order to handle the issue.

NHC Commissioner Catlin said that the short Legislative session is in and if the Town doesn't find a way to be able to write the check for renourishment, it might take a month or two for the Legislature to approve other options; or the Legislature might be able to decide this week. He said he wasn't sure.

NHC Commissioner Davis said the Kure Beach Council needs to work out the mechanism of payment if they want this done in order to write the check to the engineers. Then, they can come back and figure out how to pay off the expense. Unfortunately, even with the Carolina Beach scenario, the General Assembly would have to agree to allow it.



TOWN COUNCIL MINUTES

EMERGENCY MEETING MINUTES

June 27, 2012

He said that, currently, the Assembly is going like a “railroad train” during the short session and they already have plenty on their plate. He said he wasn’t sure that the Assembly would want to take up this issue in addition to all of their other issues.

Commissioner Heglar said that the General Assembly should take it up since it’s not costing them anything because they cut out Kure Beach.

NHC Commissioner Davis said that if it isn’t taken up by the Assembly, then the County and Town would be prepared to have it done when they come back to the regular session. In the meantime, everyone can get their people up to Raleigh to tell the State Legislature why it needs funds for renourishment and how important it is so they would have knowledge of it and act favorably towards it.

Commissioner Heglar asked Mayor Lambeth to call and make sure that Carolina Beach’s representative on the PW&B Commission will be at this afternoon’s meeting of the commission and will acknowledge Carolina Beach Town Council’s willingness to transfer the funds to Kure Beach so that it goes on record in the meeting minutes. He asked Finance Officer Copenhaver to work out a tentative loan schedule for the loan from the County.

NHC Commissioner Davis said that he would put this on the County’s regular meeting agenda as an item for their meeting next Monday. He said that will allow time for a recommendation to be made at this afternoon’s PW&B Commission meeting. They will also discuss the agenda item tomorrow at their County Commissioner’s Agenda Briefing. At that time they can then alert the other County Commissioners what’s going on.

Commissioner Heglar suggested having a meeting on Monday morning of the Kure Beach Town Council to discuss everything further. He said Council would like to have the commitments from Carolina Beach and NHC on record so he can tell Kure Beach citizens that their Council is working in good faith and is concerned about risking future renourishment projects.

Further discussion ensued about the Interlocal Agreement between the three beach towns and the County, about the interest rate the County might charge the Town and how the loan could be set up and managed.

NHC Commissioner Davis said that, in the future, the County needs to make sure to have open lines of communications between its beach communities and the Legislature.



TOWN COUNCIL MINUTES

EMERGENCY MEETING MINUTES

June 27, 2012

NHC Commissioner Catlin stated he would move forward with making sure that they can fund this project and he would make parallel movements to work with the General Assembly on the Carolina Beach issue and parallel movements to work with the Corps on some reallocations. He said that everyone should be prepared to take the battle up again in a long session at the General Assembly next year. He said that the County was getting ready to hire a “sand manager.” The manager would be the leader on Beach Renourishment efforts, and the County and beach towns would work together on funding for renourishment.

Commissioner Heglar asked the County Commissioners when Council should have realized this problem was here instead of just finding out that it only had two weeks to commit.

NHC Commissioner Catlin said the County realized it about month ago when the House budget came out.

Mayor Lambeth stated that the House representative should have picked up on it to notify the Town.

Commissioner Heglar said that he asked that question because Kure Beach Council had just approved its budget for next year. He said that, fortunately, Council put some money in the budget for a Contingency Fund, but now it's already spent and we didn't even make it to July. He said Council did what it thought it should be doing, and now Kure Beach is behind the eight ball again. He asked if there was something Council could have done better.

NHC Commissioner Davis stated that it is all about communication and being proactive.

Mayor Lambeth said that Senators Goolsby and Rouzer tried to get the funding put back into the discussion, but they kept getting shot down.

NHC Commissioner Catlin suggested that the PW&B Commission make a recommendation to the County to approve the economic investment for Kure Beach, subject to the Town's willingness to accept it so that the County could be ready Monday night. He asked to leave the meeting with the understanding to move forward and the Town can pull back if it wants to.

NHC Commissioner Davis suggested making it also subject to Carolina Beach giving its funds to Kure Beach.



TOWN COUNCIL MINUTES

EMERGENCY MEETING MINUTES

June 27, 2012

Commissioner Heglar said he would like Carolina Beach to go on record that they are supportive of working with the State Legislature to move the funds to Kure Beach.

NHC Commissioner Catlin said we need to make it clear that if money is transferred from Carolina Beach to Kure Beach, it's not going to cost the citizens of Carolina Beach anything.

At that point Commissioners Davis and Catlin asked to be excused from the meeting to travel to their next meeting.

Kure Beach Town Council thanked them for taking the time to meet with them.

Continuing along, Commissioner Heglar said he'd rather see what comes out of the PW&B Commission meeting and the County's Agenda Briefing meeting before meeting again regarding this issue. He suggested meeting on Monday.

Commissioners Heglar and Pagley both agreed that they would like it to be on record that, if Carolina Beach can't commit today to the fund transfer, we need to ask them to have a meeting, get a consensus or send us a letter on their agreement.

Jim Dugan asked Mayor Lambeth if, during his conversations with Carolina Beach, they gave him the impression that they had already run it by the other Council members.

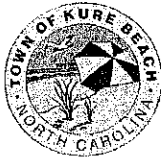
Mayor Lambeth said that Carolina Beach's discussions with him have been that they have approached their Council with it and they're fine with it.

A discussion about jetties, beach topography and shifting sand ensued.

Commissioner Heglar reviewed what information Council would need for the Monday meeting, stating:

- We need the commitment from Carolina Beach
- We need financials from Finance Officer Copenhaver
- We need a commitment from the County

Mayor Pro Tem Keener said he doesn't think Council has a choice about doing renourishment since the County Commissioners just said it could affect Kure Beach's future renourishment efforts. He feels this choice looks positive.



TOWN COUNCIL MINUTES

EMERGENCY MEETING MINUTES

June 27, 2012

Jim Dugan said that he would ask for the following commitments during the PW&B Commission's meeting this afternoon:

- To ask for Carolina Beach to go on record for their transfer of funds
- To get a possible motion for the County's economic investment, subject to the Carolina Beach transfer of funds going through

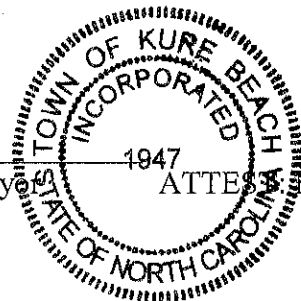
Commissioner Heglar said, if Carolina Beach isn't ready commit at the PW&B Commission meeting, then Council just needs something from them to say they're committed to that before Monday morning's meeting. He asked that the current meeting's minutes are clear on what Commissioners Davis and Catlin said they would try and do. He said Council knows they are not committing their board because they can't, but at least we can hold them responsible for saying they could help us.

MOTION – Commissioner Heglar made the motion at 10:54 am to continue the emergency meeting to Monday, July 2, 2012 at 7:00 am

SECOND – Commissioner Pagley

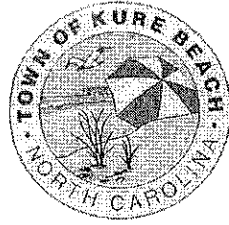
VOTE – Unanimous

Dean Lambeth, Mayor



ATTEST: Nancy Hewitt, Deputy Town Clerk

NOTE: These are action minutes reflecting items considered and actions taken by Council. These minutes are not a transcript of the meeting. Persons wishing to hear the recording of this meeting may request to do so by contacting the Town Clerk



NOTICE OF EMERGENCY MEETING

This is official notice that Mayor Dean Lambeth has called an emergency meeting of the Kure Beach Town Council as follows:

Date: Wednesday, June 27, 2012

Time: 10:00 am

Place: Kure Beach Town Hall Council Room

Purpose: to discuss Beach Re-nourishment issues before the Ports, Waterway & Beach Commission's meeting to be held on the same date at 3:30 pm.

Nancy Hewitt

Deputy Town Clerk

Posted 6/26/12 at 11:00 am

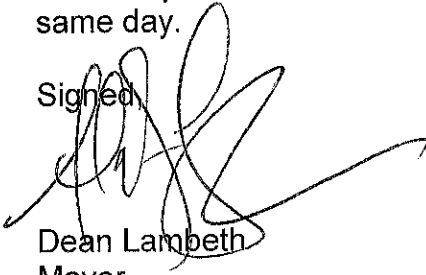
Thus meeting the six hour notice requirement to call an emergency meeting

 ORIGINAL

6/26/12

I hereby call an Emergency meeting of the Kure Beach Town Council to be held at Town Hall on Wednesday, June 27, 2012 at 10:00 am for the purpose of discussing beach renourishment to decide what is to be reported to the Ports, Waterway and Beach Commission at its meeting to be held at 3:30 pm on the same day.

Signed,



Dean Lambeth
Mayor