

**MINUTES OF THE SPECIAL MEETING  
OF THE TOWN COUNCIL  
TOWN OF CAROLINA BEACH**

*October 27, 2009*

The Town Council of the Town of Carolina Beach met in a special meeting on October 27, 2009 at 7:30 p.m. in the Council Chambers at the Municipal Administration Building, 1121 N. Lake Park Blvd., Carolina Beach, North Carolina. The following were present: Mayor Joel Macon; Mayor Pro Tem (MPT) Dan Wilcox; Councilman Alan Gilbert; Councilwoman Pat Efirid and Councilman Jerry Johnson. Also present were Town Manager Tim Owens, Finance Director Dawn Johnson, Town Attorney Steve Coggins, and Sara Hartman filling in for Town Clerk Lynn Prusa, Finance Director.

**Public hearing to consider purchase and installment debt financing of 309 Carolina Beach Avenue North (PIN#3130-56-9368), 234 Carolina Beach Avenue North (PIN#3130-65-0927), 236 Carolina Beach Avenue North (PIN#3130-66-0057), 239 Carolina Beach Avenue North (PIN#3130-56-9121), 237 Carolina Beach Avenue North (PIN#3130-56-9007), 235 Carolina Beach Avenue North (PIN#3130-55-8969), 302 Carolina Beach Avenue North (PIN#3130-66-0198), and to discuss and receive public input on transactions and any finance contracts in connection with the same, pursuant to the Town's authority provided by N.C.G.S. §§160A-4, - 11, -12, and -20; Article I of the Town Charter, Town Code Section 16; and any other applicable provision of law.**

**The total selling price of 309 Carolina Beach Avenue North is \$475,000 with the purchase of 234,236,239,237,235, and 302 Carolina Beach Avenue North being \$3.6 Million. The Town will seek installment purchase financing for the project for a maximum total debt service amount of \$4.3 Million with the length of the loan not to exceed 30 years. An application will be submitted to the NC Local Government Commission for their review and approval of the financing of these real estate purchases. As a result of the financing of these parcels, the ad valorem tax rate of the Town may have to be increased up to a maximum of \$.015 per \$100 of valuation or as required to service the debt.**

After stating the purpose of the hearing this evening, Mayor Macon turned the presentation of this item over to the town manager.

Mr. Owens said this is an update and the main premise of this public hearing is to talk about financing. He gave Council an update of the projects and parcels to date and then turned it over to the finance director to talk about the financing arm of this to be followed by the public hearing.

Ms. Johnson said the financing in the amount \$4.3 million was put out to bid to six different banks and we only received one response back from BB&T. Their rate is 4.96% for a 20 year term. She would need Council to adopt Resolution No. 09-995 approving the financing with BB&T in order to pursue our next step with the Local Government Commission to finalize the package.

Mr. Owens said we anticipate a tax increase close to 2 cents and that all depends on whether we get grants or funding to offset some of the cost of the project to date. We are working on trying to find grant avenues. We did not receive the WAMI grants. If grant funds become available again, we will apply. We are working through the attorney to hopefully get in line for a CAMA grant. We are working on the PART-F. Mr. Owens contacted someone to do grant writing for the town with NC Clean Water Management Trust Fund. The National Heritage Trust Fund money is frozen. The guy doing grant work for us will also contact the NC Division of Water Resources for possible grant funding. The manager has talked to Bruce Shell with NHC and we will be asking for funds from the county during their December meeting.

Councilman Gilbert said at 309 CBAN we were going to service that debt with tourism fund and we talked about the parking on the north end, and how long did it take us to retire that debt – five years? The manager said in order to service all the debt we have to spread that debt out for 20 years. Ms. Johnson said it was 4.96% for 20 years. The last debt payment came out of tourism fund and the remainder will come out of the general fund. \$430,000 will be our first year payment for the whole package and then the payment will change a little each year thereafter. Councilman Gilbert said so you will be taking \$120,000 year out of the enterprise fund to service this debt that you are bundling. The manager said yes, this was his first conservative thought but there may be other ways to do it.

**Mayor Macon made a motion to open the public hearing. MOTION CARRIED UNANIMOUSLY.**

There being no public comments, **MPT Wilcox made a motion to close the public hearing. MOTION CARRIED UNANIMOUSLY.**

MPT Wilcox said as a general point of information we are looking at a 2-3 year process for the pier and we have that period of time to seek grants. The finance director said what the manager was trying to say is if we had that amount of money in the tourism fund for debt service, so we are taking those monies from retired debt and applying it to the debt we have on these new properties. MPT Wilcox so it is not about what the cost of that is but the appropriations we have been making every year and applying that on a regular basis. Mayor Macon said and what we have basically done is as we've retired debt from the purchase of these parking lots and restroom facilities for CAMA access we have found another lot to purchase in an area that we wanted to add another beach access.

Councilman Gilbert asked if we were going to finance 59 months at 3 ½ then we would take that \$120,000 and retire that debt separately, but now you are bundling it together you are proposing taking \$120,000 and serving that debt and you are planning on doing that for 20 years? So for 20 years you are going to take \$120,000 out of the tourism fund to help service the pier debt? The manager said yes unless we have a wind fall revenue in the tourism fund or the general fund that is the way he sees it playing out without getting into the big budget picture.

MPT Wilcox said and depending on grants we can change that at any time. The manager said he would pull back from the general fund portion of it.

Councilman Johnson asked if you get grants to off-set that cost will you be able to do it at that time or once a year? The manager said it would have to be done at the budget cycle. MPT Wilcox said but it would be done.

Councilman Gilbert asked what is the timeframe that you project the pier will be started? Mr. Owens said construction, if we are lucky, 3-4 years. Councilman Gilbert said they don't expect to start the Emerald Isle pier for 4 years and they are pretty far along on the planning design. He asked, you think our pier will be built before their pier? Mayor Macon said we have water and sewer and Emerald Isle doesn't. Councilman Gilbert asked, has the Emerald Isle pier found a legislator to sponsor the bill for funding? The manager said he doesn't know but the intent is to package the two for funding so it will go through as a joint venture.

MPT Wilcox said it is his understanding that the Aquarium system will pay for this pier out of receipts. The manager said that is correct. MPT Wilcox said so there is a difference between us going to the state asking them to fund \$18-20 million project out of the state budget and the Aquarium asking the State to provide construction financing so they can pay the loan off. The manager said I guess it depends on who you talk to but he would see it differently. Mayor Macon said the Aquarium is looking for permission to take out debt. Mr. Owens said we do not have to go to the state to ask for that, but he is sure we will be right there with them potentially but that will be their role.

**A motion was made by MPT Wilcox to adopt Resolution No. 09-995 (Exhibit 1) for financing.**

Mayor Macon asked Council if there is any discussion on the motion.

Councilman Gilbert said one of his biggest challenges is we are going to buy the property and then turn it over to the state and use our tourism fund revenues to service that debt. Mr. Owens said we are working on a site plan and he believes it will shake out well and he doesn't believe all of it will go to the state but a portion of it will and to him it really doesn't matter who's name it is isn't too big of a deal. MPT Wilcox said it is there for the rest of the town.

Mayor Macon said we looked at different sites and the other sites were more expensive and this site has become available and the timing may not be the greatest in every way but it is cost wise and the location is perfect in the area we want the pier in. If this project moves forward there will be significant investment of about \$25 million dollars by the Aquarium system into Carolina Beach and we will be one of 3 locations in NC - this is a big deal. You see the billboards and advertising in the magazines that the Aquarium does and this is just another one of those attractions that will make us a destination. Mayor Macon said he foresees a river taxi running from downtown Wilmington, who is building a convention center, to our marina. They can walk over to the pier from there and catch a trolley and ride down to the Aquarium. It is a tough choice that we have to make and not necessarily in the best of times but it is important to our community and the benefits that it could be in Carolina Beach. We've got to either make it happen or sit back and twiddle our thumbs and talk about what ifs.

Councilman Johnson asked, if it is the intent for the town to ask at any time in the future the state goes after construction monies, whatever, as any kinds of monies as payback to the town for purchasing all of this property for any reimbursement back to the town? The manager said he thinks we should ask our state legislators to earmark some monies but basically you get back your money from the grant process. We can ask our state and federal representatives for funding. MPT Wilcox said we can't ask for that until the pier is funded and then we go ask for reimbursement for the property to put the pier on. Councilman Gilbert said that is one of his concerns is the funding of the pier. He said House Bill 628 talks about the funding and it is a stimulus bill and talks about a lot of things that have been excluded from the Nags Head Pier such as solar ... Mr. Owens said he believes that was Emerald Isle and not Nags Head. Councilman Gilbert said we are talking 4-8 years and the budget signed Oct 1 and these guys may be backing away from that. It never says it is a fishing pier, but it is an educational pier. He feels we are buying something that is the cart before the horse.

Councilman Efirid said the fact is we will never ever get a chance to buy that much property for that amount of money and even if we don't get the pier we have a lot of uses for that property and instead of building a parking deck we could put our parking there. Nobody likes to see an increase in taxes and she certainly doesn't with the real estate the way it is now.

Mayor Macon called for vote on the motion.

**MOTION CARRIED 3-2 WITH COUNCILMAN GILBERT AND COUNCILMAN JOHNSON VOTING NO.**

***OVERVIEW OF THE NEW SESSION LAW 406 EXTENDING THE LIFE OF LOCAL AND STATE DEVELOPMENT APPROVALS***

The Town Planner, Gary Ferguson, presented this item. Mr. Ferguson said the town manager asked him to let Council know what is going on with the new legislation approved by the General Assembly on August 5<sup>th</sup> that is called the Permit Extension Act. Considering the hard economic times, they are trying to breathe new life into permits such as site plans, development permits, etc. because of hard times, especially when it comes to the banking industry, to give additional time as the economy improves thereby potentially preventing a waste of public and private resources. Some examples: this will be applicable to permits such as water line and sewer extensions, CAMA permits, DOI encroachments, for New Hanover County and Carolina Beach approval such as building permits will be held in abeyance or frozen and the 6 month time period will not be applicable nor will the 1 year period if you do not continue construction; zoning permits will be held in abeyance from expiring as well as stormwater permits

So what we are talking about from Jan 1, 2008 until Dec 31, 2011 or January 2011 – during that 3 year period of time the clock just basically stops running and anything that was not consumed before this freezing of time occurred can be put at the end of the time.

MPT Wilcox asked how this would affect the action they took some time ago concerning Park Place. Mr. Ferguson said it is still a valid conditional use permit if the applicant wishes to pursue it. MPI Wilcox said so our action is nullified if they want to move forward with it and Mr. Ferguson said yes. Mr. Coggins said actually that action was legitimate at that time because that was before this came into affect.

Councilman Gilbert asked Mr. Ferguson what the feeling is of the planning community throughout the state. He said not too many people were aware of it. There is a lot of indifference concerning the law. There is a mixed bag of feelings on this one.

***NON AGENDA ITEMS***

Mayor Macon said he recognizes a few new faces here this evening and he asked if anyone in audience wanted to recognize Council on a matter. There were no public comments.

***CLOSED SESSION***

**A motion was made by Mayor Macon to go into a closed session to discuss real estate and attorney/client matter in compliance with NCGS 143-18.11(a)3&5. MOTION CARRIED UNANIMOUSLY.**

**A motion was made by Mayor Macon to return to open session. MOTION CARRIED UANIMOUSLY.**

***ADJOURNMENT***

**There being no further business, a motion was made by MPT Wilcox to adjourn.  
MOTION CARRIED UNANIMOUSLY.**

Respectfully submitted,

Lynn N. Prusa  
Town Clerk

Approved: \_\_\_\_\_