

Town of North Topsail Beach

Joann M. McDermon, Mayor
Mike Benson, Mayor Pro Tem

Aldermen:
Richard Grant
Tom Leonard
Susan Meyer
Richard Peters



David J. Gilbride
Town Manager

Laura Oxley, JD, MPA
Town Clerk

Nature's Tranquil Beauty

Board of Aldermen Special Meeting Minutes Thursday, July 30, 2020 11:00 A.M.

Attendees: Mayor McDermon; Mayor Pro Tem Benson; Aldermen Grant, Leonard, Meyer and Peters; Town Manager Gilbride; Town Clerk Oxley

I. Call to Order

Mayor McDermon called the Meeting to order.

II. Approval of Agenda

Alderman Leonard made a motion to approve the Agenda. Alderman Peters seconded. The Motion passed unanimously, 5-0.

III. Discuss Federal Project

Mayor McDermon briefed the Board on the meeting with Surf City. The Corps proposal is missing important documents. Representatives from Surf City and North Topsail Beach agreed that a decision cannot be rendered until this information is presented. Also, the Mayor restated North Topsail Beach's concerns with the project's finances during the joint meeting.

Mayor Pro Tem Benson stated that the PPA greatly favors the federal government over the towns. During past conversations, the Corps has stated it will request funds after a named storm to assist with recovery. This term of the agreement is not included in the PPA.

Alderman Leonard asked about other towns that have federal projects and restoration efforts. Does the Board have information about the success or failures of those projects?

Mayor McDermon responded that Surf City's Manager seemed familiar with other Corps projects in New Hanover County. And in that scenario, the local municipalities paid for the recovery efforts.

Town Manager Gilbride stated his concerns. In particular, he is concerned about joint and several liability. If Surf City cannot uphold their financial obligations, North Topsail Beach could be held liable for outstanding balances owed and vice versa.

Alderman Grant stated his concern that the PPA is not transparent and weighted in favor of the federal government.

Mayor Pro Tem Benson stated that both towns have already paid several hundred dollars to the project. He does not understand why the towns are being charged for the Corps contributions when the towns have already contributed.

Alderman Leonard stated that at end of the day, the Board has a responsibility to the people of North Topsail Beach. If the proposed project is not beneficial, the Board cannot support it.

Alderman Grant agreed by saying the Town should not throw good money at bad.

IV. DEC Associates, Inc. Contract

Town Manager Gilbride is in discussion with the consultants, who requested to be under contract before giving advice.

The Town is currently obligated to a USDA loan. Some believe there was an ancillary agreement made between the Town and the LGC that the loan would be paid off sooner than the 30 year term. To date, the Town has not made any early payments.

In 2012, the realignment project had to go before the LGC; the Town successfully received unanimous approval to move forward with financing. In 2014, the Town received a USDA Loan for Phase 5 and had to go back to the LGC. The Town received unanimous approval for this project as well. Alderman Leonard does not recall the LGC stating the loan must be paid off sooner than stipulated in the loan agreement. Alderman Leonard then provided some insights to the process itself. To obtain approval, the Town had to send representatives to Raleigh. In a room at the state office, there is a long conference table. There is not an empty seat at the table. At the head of table is the state treasurer. All other parties, such as the applicants, sit in chairs that align the wall. With the realignment project, the Town representatives were Mayor Tuman, Manager Foster, Alderman Gray and Alderman Leonard. Also in attendance were citizens who opposed the project. For the Phase 5 project, the representatives were Mayor Tuman, Manager Turille

and Alderman Leonard. Even though the proposed Corps project federal funding, the Town must go through the LGC process. The Town must demonstrate that it has the ability to pay back the obligation.

Town Manager Gilbride stated that staff cannot find any documentation of an agreement with the LGC.

Finance Officer Elliott reported that the Town is at the five-year mark of the loan, and there is over \$4 million in the sinking fund. Ms. Elliott consulted the USDA, and the Town is not allowed to use the reserve until its final payment. As for the reserve fund, \$90,000 each year is placed in this separate fund. In 2025, it will have accumulated into a full payment. The fund's purpose is to be a safety in the event the Town cannot make a payment.

Alderman Grant went back to the Federal Project conditions. Under one premise, the Town would have to pay \$15 million in 6 years. If the Town moves forward, it cannot take on much more debt. He is looking for the financial advisor to explain what information is needed to make the decision. Then, the consultants should start a more in-depth analysis.

Mayor Pro Tem Benson reminded the Board that his intention in reaching out to financial consultants was for capital projects, such as the fire station. For the new discussion of the Federal Project, he recommended the Board start by reviewing the last deliverable received from a financial consultant.

Alderman Leonard stated to the Board that there is more than one reason to hire a consultant. The Board just discussed two- the Federal Project and capital projects.

Alderman Grant requested that the financial firm describe what deliverables the Town can anticipate; the current proposal is too ambiguous.

Town Manager Gilbride stated that he did ask the consultants about the terminal groin, police station and fire stations. He can add fire trucks to that list.

Alderman Grant made a motion to grant the Town Manager authority to approve the financial agreement, contingent upon the Town Attorney's approval, a more detailed understand of the deliverables and the inclusion of capital projects, not to exceed \$50,000. Alderman Meyer seconded. The Motion passed unanimously, 5-0.

V. Adjournment

Alderman Leonard made a motion to adjourn. Mayor Pro Tem Besnon seconded. The Motion passed unanimously, 5-0.

Town of North Topsail Beach
Special Board of Aldermen Meeting

Joann McDermion
Mayor

ATTEST:

Laura Oxley, JD, MPA
Town Clerk

Approved: 08/ /2020