

Town of North Topsail Beach

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

Aldermen:
Richard Grant
Tom Leonard
Susan Meyer



William Younginer/Police Chief
Acting Town Manager

Sherrie L. Hancock
Town Clerk

Nature's Tranquil Beauty

Board of Aldermen

Special Meeting Minutes

North End Fire Station, 2049 New River Inlet Road

Saturday, May 15, 2021, 9 a.m.

PRESENT: Mayor Joann McDermon, Mayor Pro Tem Mike Benson, Alderman Richard Grant, Alderman Tom Leonard, Alderman Susan Meyer, Acting Town Manager Chief William Younginer, Town Attorney Brian Edes (via Zoom), Fran Way (via Zoom) and Town Clerk Sherrie Hancock.

NOT PRESENT: none

I. CALL TO ORDER: Mayor Joann McDermon called the meeting to order at 9:03 a.m.

II. APPROVAL OF AGENDA: Alderman Leonard made a motion to approve the agenda, as presented. Alderman Meyer seconded the motion. The motion passed unanimously, 4-0.

III. PUBLIC HEARING: PROPOSED BEACH NOURISHMENT MUNICIPAL SERVICE DISTRICTS

Mayor McDermon thanked everybody for coming out and stated that it is extremely nice to see real people in the audience, and not be confined to such a small room with Covid. We appreciate you taking your time to come out and share your thoughts on the consideration of the municipal service district for our Phase 5 area in relation to our opportunity to participate in the federal project to continue to protect our shoreline and infrastructure from erosion and storm damage. This public hearing is our opportunity to listen to you. It is not a question-and-answer period; it is our opportunity to hear your thoughts and consideration of the project, and just listen, that is what we are going to be doing today. We as a board are going to hold off on our comments, until the end of the open forum where everybody gets to speak. I know that those who were not able to attend in person today did send in some email correspondence which will also be read. Hopefully, today will be a good representation of how the residents of North Topsail Beach feel about the municipal service district. The comments need to be related to the municipal service districts. That is what this hearing is for today.

Alderman Leonard made a motion to open the public hearing. Alderman Meyer seconded the motion. The motion passed unanimously, 4-0.

Stewart Gilman of 3618 Island Drive: Thank you for the opportunity to address you today. I want to have my comments in two parts. When we talk about the municipal service district, I have written to council about my concerns, but I want to narrow the focus on two issues. First, the necessity of the MSD is a result of the Army Corps for a refurbishment of the beach. The city did a study, and we received copies of it, about six months ago saying that it was a really bad idea.

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And then suddenly flip flopped and we were supporting it. Since FEMA already refurbishes beach, I'm not sure what motivated anybody here to even think about this project since the FEMA does not require that level of matching funds. My second issue is the concept of the MSD in this town, as it is. Metropolitan service district, seem great, because they are affecting other people. But, in fact, they open a can of worms for all of us, up and down the coast from New Jersey to Florida. MSD's have been used for example, to tax, actually to get rid of by taxation mobile home parks, prefab housing. They tax people and wetlands for maintaining the wetlands if you're on the other side of the island. They've been used and I will argue for very, very pernicious purposes. And I urge you, I do not oppose a tax, but I think the concept of beginning to identify certain groups certain places for taxation or higher expectation, I think there's a really bad idea. And I think taxation is all of you know, can actually destroy our ability to live on this island depending on how high it goes. And I urge you as we think about the MSD's, I would quote Benjamin Franklin who during revolution, with a slightly different context in which he said, we have a choice, we can hang separately or hang together. I think that MSD's will have us all hang separately and I would urge you, I don't understand the logic of moving forward with the project, but if you do so, we all need to pay our fair share of taxes. Thank you for your time and your attention.

Bill O'Donnell of 3612 Island Drive and alderman 1999 to 2003: I have been oceanfront on Topsail Island for 39 years. I have yet to see a renourished project that works, or that is still there after four or five years. It is totally a waste of money. None of us were asked if we wanted this project. All of a sudden, as Stu said, it was a flip flop on the board. Historically, any projects have been paid for by the whole town. For years we paid for projects up at New River Inlet. Nobody complained about. It is our town, and I do not know why all of a sudden, we are doing this. I think an important point to realize that because of the property value of oceanfront land lost, a 1% increase in tax rate is 1 per cent for people across the road from me, but because my land is worth so much, it is three cents increase for me already without having a separate district that even double that increase. And my understanding from Rick is that none of you live in this area where we are talking about. But most of us don't want it. We have the safest place on the island, where I live, while that does not mean it is totally safe, but people further north, have much more need of these projects than we do. And we don't need it. We do not want it, it is ridiculously expensive, and if possible, I would ask you to just chuck the whole thing that has been the theme of the way we did over the years particularly with this Corps project. Thank you very much.

Leonard Fitzwater of 3622 Island Drive: Thank you for this opportunity. I would like to congratulate the two preceding speakers. They have done an excellent job of congealing my stance. But to rephrase and review. Number one, let us be very cautious about how we reach into the pockets of the citizens of this island. Let's see very judicious about what bills we create. If, in fact, the community wants this guarantee or this insurance policy of additional sand at additional, you know at appropriate times, then let us bear the cost evenly and deep, so that no one is segregated out of this situation. Again, the two preceding speakers did an excellent job. Appreciate your time. Thank you very much.

Rebecca Dixon of 113 Barton Bay Court: I am adamantly opposed to this whole expenditure a 50-year commitment and which time we know exactly what the cost will be. Each and every year is a ridiculous consideration for this board to make. I would like to invite all of you citizens to go to the south end fire hall. If we are going to be spending any money in this town, it needs to be

our infrastructure in the form of buildings. That is where we need to focus at this time. We get sand when we get sand and when we need it, we have to find hard for that sand. But go to the south end. The steel beams are rotted through. Our firemen have to get buckets to get the water while they sleep. Look at the ceiling of this building. Look at town hall. We have not addressed those costs over the years and now we are going to commit to a 50-year expenditure for sand that cannot be like you gentlemen said. Permanent it is not, sand's not a permanent issue. We need to get back to taking care of our town and the citizens. We can do that by starting to charge for the residents that don't live in our town, put that million dollars to use to help pay for the continuing support of our buildings and our employees. That is where I am in this issue. I think we need to let go of this project. it is a failed project; we cannot commit to. Nobody is committed to a specific amount of money over the 50 years, we do not have the money for what we need to pay for, and yet we are going to commit to a minimum of \$3 million in some over 50 years. That is about all I have to say I support the residence I support all of you, no matter what, I like you. Even though I come, and I give you a hard time, I do like you and I respect you and I know how much time it takes out of your personal life, but I feel the need to address these issues. I care about the men and women that work for us. I care about you, but a 50-year commitment with money that we don't have to tax people for sand that they're going to lose. I live in zone 2. We have never even up to this year received a drip of sand, not one in all these years. Two, three and four. Right now, they're, they're pushing Sand. Well, we've been skipped over because there's more sand needed down toward the fishing pier. it was supposed to happen last year. It was supposed to happen last November. We are not going to probably see sand until next November and our dunes who knows what condition after the storms. But you know what? I'm all about the whole town, the whole town and we need to look at the whole town we need to look at our employees. You're all valuable Our board's valuable. But we need to look at the whole town, and we need to go back to supporting our whole town before we start to focus on a 50-year plan for sand that is never going to stay where we put it. Did I beat my three minutes this time? I am passionate about supporting, look at the south end fire hall. You will be shocked, none of us would live in that position, and yet we expect the men and women that we hire to stick with us through those kinds of conditions. I'm done. I'm off my.

Lisa Kozlowski of 1524 Wahoo Street: Hello. First, thank you for the opportunity to speak on the issues of creating MSD's, taxes and the beach replenishment project. I am truly disappointed by our Board of Aldermen. While you see the south end of North Topsail Beach, as directly benefiting from this project and we should be the ones paying for it, I see a beach replenishment project that that benefits the entire town. Considering major issues with the north end with erosion problems. This project while needed is financially out of the entire town's league, let alone the last four miles of town. There are many things wrong with how and why this decision is made. First, what a project is done in a small town such as ours, it benefits the entire town. If you're going to create one or two MSD's, then you should create them for the entire town, two for the south end for this project and two for the north end for their erosion problems, and the whole town can stop paying for that. Two in the center of town to pay for the issue that will arise from being in be in the middle of a more beach to the south and an ever waning of the beach to the north. That will leave the general fund for improvement projects and general maintenance and repairs that is the only fair way. That way the town will be prepared for the costs. Second the board of aldermen are practicing taxation without representation. All of the board members live

north of town hall. When the board has been given opportunity from the south end to have a voice at the table and create a balance on the board, you consistently choose not to. So, you decide the MSD based on the fact that it will not hurt your pocketbook and do not care about the burden you will be placing on the last four miles of town. If you truly believe in this project, you would have the whole town shared this burden as the whole town has shared in the erosion project for the north end three years. Third, having to foot the bill for the county access located in the four-mile project area, without county assistance, the burden has increased on the four-mile stretch of the project. There's a terrible relationship between the town and the county and both sides are to blame. While I live here, I work for the county and can see the shared blame. The town and the county are acting like the democrats and republicans in our federal government. Both sides are not willing to work to compromise and find a solution or to listen. Each side believes they are right and their side is the only correct way. How can anything be accomplished this way. Mending fences to create a common goal will go a long way. Can you do that. If so, why hasn't it been done. Have you started the process to apply for the county's tourism grants? Or while you are promoting the paid parking will offset the cost of the beach replenishment project. Will all the funds be used for this purpose. Is there a separate line to dedicate all the funds generated by it with each project only? How long before you aldermen decide to use the funds for something else. Fifth, we have been residents of this town for more than three years. We did not receive an MSD letter. The only reason we have seen it is because of our access to the website. I just wanted to say that I've lived here. You know I wanted to come live here, it's a great town and I hope that you guys have heard my voice better than the county commissioners listen to the plea of North Topsail Beach.

Pat Stigall of 204 Porto Vista Drive: I have also been a member of the Planning Board for the last five years. Everyone, I agree with pretty much what everyone has said. Our property would not be valuable without the beach. We understand that. We want to maintain the beach. I've lived up and down the coast and I think there's only three ways to maintain the beach. You either push sand; you dredge sand; or you truck it in. If you get a bad enough hurricane the sand is gone. That is the only way you maintain it. I went back through the minutes on the Board of Aldermen since 2010. And there's no mentioned pretty much of anything for the south, until around 2015, when we were fortunate enough to get the USDA loan to re-engineer our stretch of beach, which then made us eligible for beach repairs as a FEMA category G. And now, that was just done. Not just done but it was done several years ago. And now we are going to take on an enormous financial project to renourish the same spot. I would just like to say as far as dealing with the federal government, which I have a fair amount of experience within my previous profession, is that they can cut funding, anytime they want. It needs an executive order from the president. If not, the money is gone. The costs are going to go up every year. Who's going to fix the beach after a hurricane? Is that a FEMA responsibility or is that going to be the federal project? I just want to say one other thing. If you approve this, you're going to be starting a massive project. An expensive project. We don't have a town manager. We don't have an experienced town manager. And I do think that position is essential to guide a small town like this. And the other thing I would say to you is that if you think of other projects how is the town going to raise money? Are they just going to keep taxing people? Taxing people. You don't have a commercial basis like Surf City does. So, I mean it is time to think about the future of this town. You know, we live by that fire station on the south end. We know what it looks like. I've gone in there to talk to different people

for different issues and one other thing I want to say whether we approve this project or not, is maintain the beaches the best we can, we need to keep people off those dunes in the summer. We spend all this money. We have people camping on the dunes. So, I mean to me that that is just poor management. Poor management for vital resources and tax money because you guys really need to think about what you're doing and if we do do it the whole town needs to be taxed.

George Fieser of 206 Sea Shore Drive, Phase 5: I hear this term dramatically beneficial. That seems to be the key words that I hear to unfairly tax or create an MSD. They're dividing the town. When I was driving here on New River Inlet, I saw a park, I saw a playground and I saw tennis courts. Phase 5 doesn't have any of those benefits. If we go through and divide the town with the taxes anything that the north end does, that should be the same way. I can't believe you're doing this. I don't know how many of you know as well about a community called Ocean City. It is a historic community that is been here way before we were even born. To create a higher tax for this historic African American community just because they live there. Just because they live there. How will they see our new, and the NAACP and none of the press is here. How do they view that. How are we going to be viewed by other towns in our area.

Bob Swantek of 3772 Island Drive: I've been here 18 years. I've been an alderman. I'm against all these projects. I've always been against most of the projects. I'd like to start off with a phrase that I've been hearing from certain people for the last 10 years. That the beach is in our name and that is why people come here. The beach is all of ours. It is not just Phase 5, Phase 2, Phase 3. If you're going to put an MSD onto the island, it should be equal. Ocean front, second row, third row. Well, we got a quarter of a mile wide island. If something happens to the dunes, everybody's gone. It is not just the front. So it should be the tax should be equal across the board. The oceanfront people already pay more taxes because of our houses are of course worth more. We maintain the beach. We maintain the beach by putting fences. We put plantings. We don't ask for help for them. We just do it because that is the way it is supposed to be, and we know that. But everybody else benefits from them so everybody should be equal when it comes to taxation. I watched all the phases on Phase 5. I've watched all the phases up on the north end. Never once did we do anything about north end. Everybody pays taxes for that. We still owe a lot of money up there. Sandbags, the sandbags aren't gone. The tube underneath still sits there. We have gone so many so many different projects that failed. The sand that is up on the north end right now, go up there and look at what is happening to it. It is almost gone. It is not there anymore. So, I'm just, my main thing is, if you're going to put MSD's, everybody should be equal. Not those on the front pay 60%. Not second row pay 40%. It should all be 50/50 all the way across the board. and we all share in that beach.

Lou Gagliano of 114 and 118 N. Permuda Wynd, The Village of Stump Sound: I'm here representing myself, 30 years of owning beachfront properties. I pay annually \$2,500 out of my pocket to support the dunes. The dunes will stay if you plant them. They don't stay if you don't plant them. That has been our experience. I'm here also representing the Village of Stump Sound and 116 taxpaying members. The vast majority of our community believes in beach stability. I want to speak about two issues that really bother us. One is the issue of the establishment of the MSD. The fact that it has been out of sync with what has been done in the past. To support other districts is a clear definition of a change of policy. I also want to speak about the disproportionate taxation of people who are beach front or on one side of 210 and on the other side. We all benefit

from beach stability. I've been here through Fran and Bertha. This island was a disaster. Its property values went down dramatically for a long period of time. If you look at the average cost and the average assessed value proportionate on the beachfront side of 210 versus those on the other side, it is already 55 to 60 percent higher. Therefore, to put another tax on top of that is illogical. It is not logical. If we are going to change policy going forward, I think we need to examine not only the planning issues for the entire town, but also a charter change. The charter change should define tax and policies going forward and the benefit definition and if we are going to further bifurcate within a district, those principles should be established in a charter change. As to representation, I would say that if we are going to begin to formally change taxing policies within this town, we need to elect aldermen by district and that also requires a charter change. In summary, we are not against beach stability in the Village of Stump Sound. We are interested in fair and logical management of this town going forward and then we are going to change policies, we have got to stabilize those and charter change, both in terms of this issue of MSD benefit bifurcation of taxation rates within districts, so that future aldermen do not have to debate what to do, and we need representation by districts. Thank you very much.

Kathleen Baker of 2343 New River Inlet: I really don't have a whole lot to say, but I do think that equal taxation and taxation without representation. I moved here from the DC area. They don't have it and I'd like to see it here. I moved here because this is a beautiful island. I've adapted to North Carolina ways, but I do see problems with keep on doing the same thing over and over and over again and seeing a different expecting a different result. I am just saying that we need to be fair, and we need to put our minds together and our heads together and find something that is more permanent rather than taxing us to. Most of us as retirees. Taxing us to move us off the island, you know because we can't afford it anymore. It is a ridiculous way to go, and I just expect a little bit better out of this town. Thank you.

Tom Fuhrer of 3756 Island Drive: Do we know the true cost of this project? The Army Corps is funded by the federal government. The federal government doesn't have to be too concerned when prices go up. Does the Corps guarantee that the costs will not increase exponentially over the course of this project? I'm sure they don't and I've never seen a government project be completed within budgeted costs. Onslow County owns a large section of the beach located within the southern four miles of North Topsail Beach. Is the county going to pay for the portion of the beach that the Army Corps project entails? The county doesn't want to allow North Topsail Beach to keep three percent of their occupancy tax but they're reaping the benefits of this project. I also understand just as a side note that there's an issue with public parking and I hope that public parking that they have counts as our required number of parking spaces. Since we've owned property at North Topsail Beach for the past five years, the county tax rate has been 70.5 cents per hundred-dollar evaluation and the North Topsail Beach of features by 41.5 per hundred dollar valuation. Now the board of aldermen who all live in the northern part of North Topsail Beach and not in the area that they want to designate these MSDs, want to randomly decide how much our property taxes will go up based on homes on east of the east side of Island drive and the west side of Island Drive. What I asked why the different rates for each side of Island Drive, I was told that beach front homes can rent for more and have higher resale value. Well, that is our permanent home, and we do not rent, so we cannot raise our rent and we are not selling so we do not reap any benefits of the higher value. Obviously, taxes have to go up to raise revenue to

pay for this, but I'm opposed to this project that the town is separating the Phase 5 into two MSDs and not one MSD. All residents or renters enjoy the use of the beach regardless of the location of that home in that area of town. Raising our tax rates by 54 to 91 cents per hundred-dollar evaluation, which is some numbers I saw on the website over the past couple of months, is a massive increase and no one board member has to even consider paying it themselves. Homes that are ocean front already have a higher tax assessment to pay proportionately higher taxes based on that assessment. So, making the property owners pay on the ocean side of Island Drive a significantly higher rate is not a fair method of raising property taxes considering that all residents and their guests and renters benefit from the beach. Thank you.

Kenneth Chestnut of 476 Ocean Drive: I'm here representing the Ocean City community. We have other members and residents here as well. And I had four points I wanted to make. The first one, though a previous speaker talked about the Ocean City community, and we do not see it as this as being about Ocean City community, it is really about the MSD. Ocean City community has been here since 1949. We've seen it all. We've seen Hurricane Hazel. We've seen beach erosion. You name it. And so, this is not, we are not [requesting that] Ocean City [be given] special consideration or discussion for this purpose. There are just four points. One is I think with MSD and I'm speaking on opposition to the MSD, not the federal project. The MSD creates a further division within the North Topsail. We already have you know north and south ends but this creates further division. The second thing is the ocean front property owners already pay a premium because of the fact that the land and the lots are more expensive, so we pay a higher price, the ocean front property owners, already because of where it is. The third point is that obviously as previous people said everyone benefits you know from the beach and the beach nourishment project. This would look like it did in 1949 when I was a kid, if we didn't have the ocean front, you know, and so certainly everyone's here because of the ocean front. Everyone benefits from that. Everyone generates revenues, if they do rent, but certainly that is the reason we are here. And then the last is we are setting I think a precedent that should be considered if we start segregating components of the beach based on the projects and funding the projects, you know that is going to set a precedent that you may want to think about down the road because it is going to be as another project comes up, whether that is the north end or whatever, then we are going to carve out segments of North Topsail and have a disproportionate compensation or disproportionate contribution to those projects. So, those are the comments in opposition to the establishment of the MSD. Thank you.

Chris Lassen of 102 Calinda Cay Court: Okay, I'll tell you what, everyone is talking about taxes. Now we are forgetting a big thing here. We've got a tremendous asset here. They're called tourists. Now in many towns around, they tax the tourists, and they don't tax the citizens. So, one, a lot of houses charge \$2,000 a week. Now my calculator broke. It is on my fingers, you know, and and times that by 10. There's a lot of houses like that and they should be taxed for everything. So, therefore, I think that really you guys should consider that tax the tourists because they have plenty of money to come here and we've been here since Fran, okay. Thank you.

Walt Dixon of 113 Barton Bay: I think you all heard my wife earlier and I just want to express her in agreement with everything that she said. However, the the only thing I really want to say here today from people in Phase 5 and I can understand that. I wouldn't want an additional tax. I mean I'd be in favor of the taxes if somebody else is going to pay it, you know. So, I really don't want to

say anything about that. I do want to say something to all the people at the south end of the town. Though I've lived here for three years, I've owned for nine years and they all said all you were from the north end. Whose fault is that. That is your fault. Every November, there's an election. These people are all up for re-election this next year. If you want to be on the board, run. If you want to win, get all your neighbors to vote for you. But don't come here and complain that you're not making decisions for the town. None of you stuck your name out there and said, I want to run the town. They put a hell of a lot of hours in. That is the reason I am not on that board. I retired here. I didn't come here to work. Becky puts a lot of volunteer time in and I support her. You're not going to see me doing that, okay. And I understand you all being here because of the increase in taxes and wanting everybody to pay for the sand. I think it is ridiculous that the Corps wants to do and divide this town. If the Corps wants to help this beach, they should have said, we want to do it for the whole thing. Not for four miles of beach. That is baloney. And we'd go back to the Corps and say, hey, you want to help us, it should be for the whole beach or hit the pike. We'll get FEMA. We'll work with FEMA over the next 10, 15 years and build our own beach path. And there's three million dollars a year that everybody pays it. But don't come here and blame them for being on the board, that they decided to spend hours and hours working, every week for all of you and you all had that same opportunity to be on the board. And I think every one of them is up for election this year. And they very much like to enjoy the beach, instead of spending hours down there at the town hall. So that is all I have to say. Thanks.

Cameron Kuegel of 3902 River Road: I think we had some long-term problems here that should have been sorted out like two years ago. I think we think really hard when Surf City call us. Let's separate ourselves from Surf City. This is a joint project with Surf City to serve Topsail Island. We don't have an island-wide, that I'm aware of, shoreline first that helps us with this stuff. So, we've gotten into bed with Surf City and we'll be in bed a little for 50 years now. And the last time I checked it this out then there's lots of dunes down there. You're getting a lot of protection already. I don't see any dunes up on the north end about the last mile. Where's that protection? You guys are sitting behind some big dunes down there. I think we made a bad decision to get in with Surf City on this. We should have some more foresight before we start laying out a 50-year project plan and spending millions. I think it should have been better looked at. We should have had some better personnel to help construct this planning of this project. I mean, you guys are getting what you want down here at the south end. You're wanting bigger dunes and bigger views. I would love to get some of y'all down here then and tell you to walk to the St. Regis. You can hardly do it at low tide. You can't do it at high tide. So where's our stuff? We are in the Inlet Hazard Area. Anything that gets worked on up there is going to have a lot of cost sharing involved. You're in a doggone inlet, serving the military, serves those shrimpers in Sneads Ferry. So, we do not have anything, and it is like the last people just said. Y'all want your own vote district down there. How many residents are down there? Where y'all going to get twenty votes, [-] before they come up and represent you all. We got 5 people that represent the town. Any of y'all can get up here and take their spot. Think some of them aren't doing right, get up here and take their spot. [-] south end, you'll have to convince a lot of people in the north there to vote for you. How you going to do that. I think this project should have been well thought out better in the past but we are in it now so what do we do. We got to pay. We are going to have to figure out a way to pay for this project that Surf City and everything south of us will probably get the benefit of. Because where does all the sand move? To the south. So there was a great project just

finished up in the north end. We got a lot of sand now. How long's it going to last. Who knows. But you're getting what you wanted. You're getting a way better beach. You get better dunes. Taxes going to have to go up. They're talking about to go up here again. They just went up last year. So you guys don't like it, vote these guys out.

Terry Warden of 154 Ocean View Lane: And I agree with a lot of what everyone said. The only thing I wanted to add is that we are in Phase 4 which also is a CBRA. I live there permanently. We don't rent. It is our only home. We are dying in this home. Sorry, fire department. My point is that when Florence came through, we ended up with a \$10,000 bill to bring in sand to repair that dune. We did that because it protects our house. It protects the island and protects our neighbors. I don't like the project idea, but I also and I don't know how you're going to figure this out, you're better people than I could be to do this. But then to add another tax on to us when we are already replacing our dunes and we already have to take care of it because we are CBRA until that changes FEMA's not going to help us out and so, I just want that perspective to add to your mix of all the other myriad of things you have to figure out. Thank you.

Perry Green of 119 Old Village Lane Village of Stump Sound, soundside: First of all, I just wanted to say I want to speak with people who couldn't be here this morning and that is the people who're going to end up paying for this in the end and those are my four sons. 50 years, I'll be dead and they'll have it. So what I want to say this morning simply this. I moved here in 1966. Started coming to this beach in the 70's. Moved away. Came back. Gone for 34 years. This island is still here. I love this island. I came here every summer as a kid. I watch Marines drown in the inland. I watched them bomb offshore. I watched everything happen here because I love this place. Sand comes, sand goes. The end of the day, what this is about is having a better plan. Hurricanes are going to come. I've been here since the first hurricane in the 60's, when we first got here, there were hurricanes. They were bad and I remember when the road moved. This island is still here. What it comes down to is this. We got to work together and if we don't know what to do, let's go get subject matter experts that know what to do. We are citizens. This is not in our bailiwick sometimes to have the knowledge to get some of this done. We have to go get outside information and outsiders to come in and help us. And I will say this too. I grew up here in Onslow County. The commissioners have been the same way since I first got here. It hasn't changed. So we've got to band together. If you want to fight somebody, hell, let's go fight the commissioners and get our damn money. That is who we should be fighting. I just wanted to say that I apologize for cursing, but my sons are going to have to pay for this and I think we've got to do a better job of planning and working together and not throwing sand at each other. Thank you for allowing me to speak.

The following correspondences received by the Town were read for the record by Caitlin Elliott, Finance Officer:

From Dennis and Terry Ryan 245 Sea Shore Drive and 249 Sea Shore Drive: Please do not add to my tax bill, saying I will get enhanced beach protection, if there isn't a plan in place to ensure that beachgoers from other areas are prevented from destroying this protection. Now I hear you

saying, "That is not fair! We can't do that!" Well how is it fair for a small group to be required to bear the monetary burden of something many benefit from?

Please consider sharing the burden with all if all are going to share the benefit.

Teresa Ryan

From Leonard Fitzwater, 3622 Island Drive; Stuart C. Gilman, 3618 Island Drive; William "Bill" O'Donnell, 3612 Island Drive: We would like to begin by stating that we support the Federal Storm Damage Mitigation Project. Keeping the island safe from significant storm damage benefits all property owners throughout North Topsail Beach. We all profit if the beach can be protected.

Our concern is with the proposed Municipal Service Districts. These have been proposed in the past and were rejected as unfair to all of those involved. When the berm was installed on the North end of the island, all of us paid for it. The town has never divided the tax burden to force specific individuals to pay more. The inequities in moving forward with the current MSD plan opens a Pandora's box of unequal and biased treatment in the future.

There are several additional reasons we oppose the MSD plan:

First, beach front homes are appraised at 25% to 40% more than like homes on the ICW side of Island Drive. Therefore, those homeowners already pay significantly more tax than those in the second, third and fourth rows.

Second, the MSD division appears to suggest that owners not on the beach do not use it or use it rarely. The assumption seems to be people move to North Topsail to sit in their homes to look at other homes and don't use the beach. In fact, the everyday mass movement of people across Island Drive to the beach – especially in the summer – attests to the broad use by everyone on the island.

Third, this proposed MSD plan targets a very small proportion of properties, victimizing not only beach front owners but those "caught" between the beach and Island Drive. The additional burden is not being placed fairly or equitably on all properties on North Topsail Beach.

Fourth, the ICW side of Island Drive has experienced a building boom of "party" houses hosting weddings, birthdays and other celebrations. Several of these dwellings advertise on VRBO with 7 to 8 bedroom homes sleeping 30 or more people. The renters from the ICW side at times overwhelm the beach. Last year, one of us actually had people putting umbrellas and chairs on the dune... next to a "Do not walk on the Dune" sign. They complained that there was not enough room on the beach! Those who own these "party" homes benefit immensely from the beach.

Fifth, the distinction between one side of Island Drive and the other appears to be arbitrary and capricious. Why not have MSDs based on the number of bedrooms, the number of square feet in the house, the size of the lot, or those north of the high bridge, where many of the homes are threatened, and south of the high bridge.

Sixth, there is a likely chance that the decision creating the MSDs in the way proposed would be appealed in court. In such an instance, the plaintiffs could request the court to hold all additional tax funds from the town until litigation was resolved. Robert O'Donnell was successful in winning a case against Nags Head before the Supreme Court of North Carolina so there is precedence for cases of this kind. The court ordered treble damages to the plaintiffs. It could result in fact finding as to the various interests in supporting this decision to divide the MSDs at either side of

Island Drive. The result could be that North Topsail Beach would be more financially stressed than it currently is. We do not want this to happen.

In summary, we urge you to have a common increase tax rate affecting all property owners in the same way. We all equally benefit from the beach. Arguing contrary to this appears to be an argument built on quicksand and interests other than the welfare of the town of North Topsail Beach.

Let us together all support beach nourishment without dividing the island in contentious groups. Thank you for your consideration.

From Topsoil Reef HOA Board of directors: We the HOA board of Topsail Reef represent 239-unit owners and would like this letter read into the record during the May 15th, 2021 hearing concerning the possible creation of two municipal service districts in the southern end of North Topsail Beach to help with the town's share of funding for the Federal project in that same portion of beach. Most of our homeowners live elsewhere and cannot attend. We would like for you to know that we are in favor of the town's creation of the two MSD's. We understand that the entire town is still paying for an 18-million-dollar federal project done in 2015 in that exact same area and will get more sand this fall from Lowe's due to Florence. It is not right to have our taxes raised for this project when we have no beach at all at high tide.

From Mike Yawn 207 Tamarix Court: Hello, I am in favor of setting up the MSDs as proposed. BUT I think it would be smart to go ahead and set up similar MSDs for the other 4 phases, so the town will be prepared to use them for future beach projects, most significantly the terminal groin project for the north end, should it come to fruition. PS, the information packet included a set of examples of MSDs. Note the Town of North Topsail Beach created 2 MSDs (oceanfront and non-oceanfront, for the length of the town) for the 2006 bond referendum on beach nourishment. The town has done this before!

From Dawn and Burgess Allison (no address provided): I have a question, and a comment.
Question: Over all the years, what's the total amount of NTB money that is been spent on projects that have taken place north of the bridge? (I hope that you have this answer handy. If not—how can you possibly vote on this topic without knowing that one basic fact?)
Commentary: I think the Beach Nourishment Project is one of the most important projects facing the Town of North Topsail Beach. Unfortunately, I am increasingly worried that fighting over how to pay for it will cause the project to be scrapped. That cannot be allowed to happen.
I get it that people living on one end of Town might feel that a great injustice is done when the money goes to one end of the town and not the other. I get it that they might want to insist that a special tax setup should be established to make sure that the people getting all the benefits should pay more. What I don't get is this: Why should NTB create the special tax, only when the south end benefits, and not when the north end benefits?
I genuinely believe that taxes should be spent where the need is. Taxes will be spent in one place, one day. And the next day, they'll be spent somewhere else. That is how spending works. But why does this principle only apply when the north end benefits, and not apply when the south end benefits?

Maybe the scales are tilting—this year—towards the south end? I get that. But you know what? The scales tilted towards the north end for decades. With no special tax. Now it is going to tilt the other direction for a while. With no special tax.

Don't get me wrong. I am frustrated over the millions that have been spent on projects on the north end of the island—projects that don't benefit the whole Town, and that sometimes don't even succeed. I am frustrated that now that there's a big project to benefit the south end, the folks on the north end are done with "sharing." I am also frustrated that Onslow County and other outside agencies are not chipping in the way that they have supported others. I am frustrated that the taxing plan seems to be unbalanced, placing an extraordinary burden on those of us who live south of the bridge and reversing the exact principles that were applied when paying for north end projects. I am frustrated that this impasse has gotten so bad that it threatens the very boundaries of the Town.

I am encouraged by the belief that we all want this project to happen. "Quality of the beach" is consistently the single most important priority of Town residents. We all know that this project is a once-in-a-lifetime opportunity. We all know that if we somehow fail to move this project forward, that we will be perceived as not wanting beach improvement projects. Future projects will be cut off. We would likely be excluded even from conversations about future projects.

This project must be approved. If the **only** way forward is to levy taxes on the residents who will directly benefit—no matter how unfair or unbalanced—then I am **strongly** in favor of such taxes. I believe that it is a violation of both trust and principles to declare that this is the only way to move forward. But if those are the conditions of this fight, then I strongly support the taxes. We must move forward.

From Jonelle Stovall 2680 Island Drive and 2704 Island Drive: I recently received the letter from the town in regards to the proposed Municipal Service Districts for Phase 5. As a property owner in the proposed area I am concerned at the argument proposed to tax Phase 5 as an entirely different from the rest of North Topsail.

- 1) We must remember that the dune system protects the entire island. There are areas of North Topsail that are only a quarter of a mile wide. If we remember Fran, Bertha, Floyd, and Florence all major hurricanes that damaged the dune structure, it was not only ocean side properties that were damaged. In areas where the dunes were blown, homes across island drive received damage as well. Let us not forget Hurricane Floyd, where the island was sectioned into four areas due to the flooding a catastrophe which threatened the entire island.
- 2) We also cannot forget again that in certain areas the island is only a quarter mile wide, so if erosion continues it threatens the existence of not only Hwy 210, but the existence of the entire island. If Phase 5 does not exist the northern north end would be an isolated island. Let us learn from our neighbors up north in the outer banks as we see the effects that erosion has had on Hwy 12 which affects the entire island.
- 3) The letter also mentioned the Fire Department and Public Works storage garage. These are municipalities owned by the town, and benefit ALL citizens of North Topsail, not just phase 5.
- 4) It is highly unfortunate that Phase 1-4 were not considered by the Federal Government for aid. However, we also must consider the substantial studies that were done on the Northern

end of Topsail that were completed prior to development of the area, and the results highly discouraged development in the area due to the erosion that we are now seeing. Studies have further shown, that even with all the current technologies we have there is no beneficial solution to help the northern end without damaging another northern neighbor.

- 5) We also must remember that the neighborhoods of Ocean City and Stump sound are some of the original entities on the island, no studies were done to suggest the risk of erosion and in fact we have lost an entire row of homes. Phase 5 waited patiently as other efforts were made to help save other areas of the island, and individual homeowners have born the duty of sand pushes, planting sea oats and Christmas trees to preserve or rebuild dunes that should have been the responsibility of government.

At a time where our Island has become increasingly popular, it is time to work together to show the true value of the town. In our Neighborhood of Ocean City we have a theme #OceanCityStrong, where we help each other, and repair dunes knowing it benefits us ALL. At a time like this why not say #NorthTopsailStrong and band together to save OUR town vs putting the onus on a few citizens. As a family we've owned property for over 50 years and we love our island. We don't just stay in Phase 5, we drive from the Northern end to the South. Let's work together to save North Topsail.

Alderman Leonard made a motion to close the public hearing. Mayor Pro Tem Benson seconded the motion. The motion passed unanimously, 4-0.

Mayor McDermon: I wanted to give the board an opportunity to say thank you or if they would like to comment on a specific thing and that I had a few things I would like to say and I would like to go first. In closing, I just wanted to say a couple things. The reason we are here with you all today is because of the vocal response by citizens that are in favor of the project to the point some folks were so in favor of this project that they were requesting annexation from North Topsail Beach if the project did not move forward. To consider this project we need new revenue. We simply cannot afford this project with the town's current revenue stream. It is really that simple. A lot of you have already mentioned that the projected costs from the Army Corps of Engineers are not clear. By the time they get started in North Topsail Beach, they're certainly not going to go down. They're going to go up. We as a town are still repaying the USDA loan for the beach as mentioned that was done in 2015 in the same project area. We also need to determine how we are going to provide an additional 400 parking spaces for the Army Corps of Engineers project requirements. We've recently removed most of the side street parking in Phase 5 due to safety concerns and the inability to get rescue vehicles down those side streets. We as a board do not want to implement that side street parking again. So that is a challenge that did not come up today, but I do want you all to know that that is definitely something that is an issue for us. I also want to make it clear that we did not flip-flop on any decision. The board is performing its due diligence on the possibility of this project because we work for you the citizens and residents in North Topsail Beach. We do this with all of our projects such as the public safety building which is also in its planning stage. We as a board need to balance them all which has also been mentioned. One thing I'd like you to consider we did put out a fact sheet yesterday that answered some of the questions that came up today. So, when you have time if you could take a look at

that. The one goal of that FAQ's was to visually show the upcoming beach projects that are scheduled for 2022. Phase 5 will be receiving over 630,000 cubic yards of sand on the dune and the dry sand beach which is FEMA reimbursable because it was erosion from previous storms. So, the question then in my mind is the large project already scheduled with FEMA reimbursable for next year sufficient if you do not want an MSD created to provide additional revenue to the town to be able to support this project. You already have the re-engineered beach, and we'll continue to be working with FEMA after major storm events that cause erosion. Any of those storm events that cause erosion again we can work with FEMA and getting sand back on the beach is reimbursable. So, I think that I've covered everything I wanted to say and I'm going to start down here with Alderman Grant and again I really want to thank everybody for showing up today. It is greatly appreciated and I'm glad that we were able to hear your thoughts on the project and the MSDs.

Alderman Grant: One of the reasons you don't follow the Mayor is she takes all your thunder. I was going to say on the fact sheet, I think it will answer a lot of questions. I know from talking to some people today, they were not aware that Phase 5 is going to get the 600 plus thousand cubic yards of sand, which is four times the amount that is already been done in that project. So, I would ask you to take a look at that and also in the fact sheet and some of the stuff it addresses some of the issues that are in here. The other thing I'd like. We are going to post is. There seems to be a lot of different views as to how things are paid for in terms of. The only debt that we have beach wise is in phase five. This stuff has been. Just for the record, I don't live at five and I don't live in one. I live in the middle okay. So, I have the CBRS beach issue that was brought up here, as well. So, I would ask you to take a look at that. Also, on things like and again we need to get more education out there. Things like accommodation taxes, which is what we collect on the rentals that somebody addressed before. That is a million to two and two million dollars a year that comes into the town, so we are charging those type of things. There's also a restriction on what we can use those funds for and what we can use parking funds for, all right. And there generally must be beach renourishment stuff, not for example, the public safety building that we are talking about. So, those are things you know, it is. I've only been an alderman for a year, you know, as they say sixth grade the best four years of my life. Between COVID and everything going on in the town, but all I would say is take a look take a look at the facts. Take a look at what's out there, all right. And the cost and to the Mayor's point is we honestly don't know the cost of this because basically what the Corps has told us is the cost will be what they tell us this will be and so that is a very big concern in terms of what we've got going forward. So, thanks everybody for coming. There's some great comments. I think the thing that struck me is the difference in opinion as to how we should go forward with this. So, I'm really glad that we had the hearing. So, that is it.

Alderman Leonard: First I appreciate everybody coming out this morning. It would be great, if after all the COVID stuff is done, we could have this kind of a turnout at a regular meeting, at our regular meetings in the future and not just when we have a meeting that is specifically focused on something that is near and dear to everyone's heart like their taxes going up. I'd like to address some comments that were made by you folks this morning. The first one I want to talk about is CBRA. A lady mentioned something about living in a CBRA zone and I live in a CBRA zone too.

We've been working long and hard on trying to get CBRA repealed for North Topsail Beach. It has a huge impact on what we can do in the future. It qualifies remainder of the beach and the shoreline for FEMA reimbursement after named storms. Right now, where we stand this year with CBRA is that our CBRA bill will be filed by Congressman Murphy this coming week. Last year, we had companion bills on CBRA in in the house and in the senate. Everything was moving really well. We thought because not only do we have companion bills in both chambers, but we also had a republican control of both. I think we thought that would have worked better for us than where we are now and then COVID hit and the priorities across the board in Washington completely stalled for issues that weren't COVID related. It hurts, but Congressman Murphy is filing our bill next week and and we'll stay on top of that and see what we can do to make it come to reality. People cited the north end project is an example of how everyone paid for a project. I want to remind everyone that the whole town, all our taxpayers also paid for phase five in 2014-2015, and that was a FEMA engineered beach. That is why it is going to be restored next year by FEMA. That beach served that area of town very well in three named storms after it was constructed. Matthew, Florence and Dorian. And the difference in the beach protection that it afforded compared to the area north in phase four was dramatic. I say that from being out on the beach with the fire chief and riding in line the day after Florence passed through here. I didn't hear anyone mention as an example of how the whole town paid for a beach, anyone mentioning the phase 5 beach beach project in in 14-15. Since we all talked about what happened up here. But I just want to remind everyone you all got a beach too. You all got a beach that was paid for by the town's taxpayers that we still owe 16 million dollars on and that is 16 million dollars that we still owe on that beach that affected that area of town during three major storms is why we are struggling financially with how to pay for the federal project. It really is. If we didn't have that 16 million dollars of debt hanging over our head right now, this thing would be a lot different. The next thing is that one person stated that we still owe money up on phase one. We don't. That debt has been retired. The gentlemen back here Mr. Further, a question regarding why the two districts and why do oceanfront potentially pay more. It is the thought of this board, and it is the thought of the engineers, that the closer you are located to the shoreline, the greater protection your property receives from the beach project. The gentleman asked about taxing tourists. We tax tourists to the maximum amount allowed by law. We are allowed to charge them six percent occupancy tax and that is what we are charging. Unfortunately, as everyone knows, half of that six percent goes to Onslow County. We have worked, we are working on that. We also went to Raleigh earlier this year to attempt to gain an additional one percent occupancy tax for the town. The mayor and the manager and I went and talked to the state house local government committee and asked for permission in a bill to go forward to get an additional one one cent. It doesn't look good. I'll tell you that now that the tourism lobby wants those percentages to remain where they are, which is why we looked to paid parking. The revenue on paid parking is exceeding expectations. It is really kicking butt! And my three minutes are up. I thank you all for being here. This is tough. It is tough for all of us. We are all just trying to do the right thing and do what is best for town, the whole town. Thank you.

Mayor Pro Tem Benson: First thing I heard this morning was that we the board just decided to do this project in the last few months. and so the education is that the Surf City/North Topsail Beach federal project started back in 2005. Topsail Island Shoreline Protection Commission,

which representatives from our town are Aldermen Leonard, Connie Pletl back there represent you on the Shoreline Protection Commission. This commission's been working since 2005 to get the federal project, which is a 10-mile long project, four miles in North Topsail Beach. In 2010, 11 years ago the project was finally approved by the Corps of Engineers but not funded. We've been trying to get the project funded for the last 11 years. It has never made it to the top of the Corps' project list. But with the Hurricane Florence recovery fund, congress made 750 million dollars available to the Corps for projects they couldn't do before. And so at that point, we were able to get money for new start construction for the 50-year project. So, it has been a long time in coming and if it were not for that congressional appropriation under that hurricane emergency recovery act, we would not be having this meeting today. That was my comment. I don't know how many of you saw the December board meeting, but at that time, I strongly opposed creation of municipal service districts. Many of you in the audience today have expressed the same concern. I think that if we are doing projects and found we are a small community, that should be the whole town paying for the project. Because as you have said, the comments referred, well, okay, we are going to have a municipal service district should we come up with the alternative for the new river inlet being the terminal growing at 10 million dollars, those people that are in Phase 1, which starts down this way a little bit are going to be then obligated to pay for the terminal groin. I do not think that is right. I think the whole town should be in this process together. That is why I opposed the idea.

Alderman Meyer: My question, just for my purposes here, can I see a show of hands of everybody that wants this federal project, the people that are here. I know it doesn't represent the whole town. How many people want to pay for the federal project (townwide). Okay, how many people want the part of town that is getting the project to pay for it. That was just what I kind of wanted to get from this audience. Most of the aldermen have basically said what I was going to say but the whole town is going to be paying some portion of that because the parking money and the occupancy money will be going to this project if it moves forward. So, the only thing that we have to make it up is homeowners' taxes so, I would gladly pay taxes - a higher tax - if I were getting that project in front of my house. I can just say that. Anyway, thank you for your time. Thank you for everybody coming out and your comments. It is helped me figure out maybe where we are going. Thank you so much.

[Mayor calls for 10-minute break]

Attorney Brian Edes: Pursuant to North Carolina General Statute 168 537 subsection C, the town is required to mail the property owners in the proposed districts notice of today's hearing at least four weeks prior to today. Ms. Hill certified that all the letters went out on a timely basis pursuant to the statute.

IV. ATM PROFESSIONAL SERVICES AGREEMENT (PSA) CHANGE ORDER NO. 4

Mayor Pro Tem Benson led the discussion stating that this is just the next step in a FEMA recovery program for Hurricane Dorian. The losses from Dorian to the beach were relatively minor compared to the losses from Florence and so we just need to move forward to repair those losses.

Mayor Pro Tem Benson asked if Board members had any questions from Fran Way’s scope of work proposal.

Alderman Grant stated that we are going to have to spend money doing this regardless. We spend this or we spend zero. This is necessary for us to move the project forward.

Mayor Pro Tem Benson responded that it is part of the FEMA process, and it is covered 100% by FEMA.

Mayor McDermon stated that all we are doing is is trying to combine them, so that the the construction costs will be less. She explained that we will not have two different startup and demobilization fees and the work can be done sooner.

Mayor Pro Tem Benson explained that Dorian can be it will be added on to the Florence work, because the Dorian work is Category G and the Florence work that remains to be done is Category G, which are in Phase 1 and Phase 5, so it will be started in November and that is why we need to move forward with this approval of the change to scope and have the attorney work up a contract; the next step is to have an approved contract with ATM for their work.

Town Attorney Brian Edes advised the Board that a formal motion and a formal vote was needed to enter into a contract.

Alderman Grant made a motion that the Board approve (ATM Professional Services Agreement (PSA) Change Order No. 4) as presented by Mayor Pro Tem Benson with the one condition that the language be approved and reviewed by town attorney. Alderman Leonard seconded the motion. The motion passed unanimously, 4-0.

V. ADJOURNMENT

Alderman Leonard made a motion to adjourn. Alderman Grant seconded the motion. The motion passed unanimously, 4-0.

The meeting adjourned at 10:46 a.m.

APPROVED:

Joann McDermon
Mayor

ATTEST:

Sherrie L. Hancock
Town Clerk

Approved: