

Belhaven Town Council Meeting
Minutes – Public Hearing and Regular Session
June 11, 2007

Call to Order/Invocation/Pledge of Allegiance

The Belhaven Town Council met in regular session and held a public hearing on Monday, June 11, 2007 at the Boyette Civic Center at 257 W. Pungo Street. Mayor Adam W. O'Neal called the meeting to order at 7:07 P.M. with the following Council members present: Albert Baker, Dr. Charles O. Boyette, Steve W. Carawan and Cynthia M. Heath. Councilman Ebron was not present. Town Manager Tim M. Johnson, Town Attorney Keith B. Mason, Finance Officer Robin J. Godsell and Town Clerk Marie J. Adams were also present.

Mayor O'Neal recognized Mrs. Bea Smith, Deacon with First Baptist Church, who gave the invocation and led the pledge of allegiance.

Public Hearing – 2007/2008 Fiscal Year Proposed Budget

Mayor O'Neal called the public hearing to order at 7:10 P.M. Mayor O'Neal stated that the purpose of the public hearing was to hear public input concerning the proposed 2007/2008 Fiscal Year Budget. Mayor O'Neal asked for any comments. There were no comments from the public. Mayor O'Neal declared the public hearing closed at 7:11 P.M.

Approval of Minutes – May 14, 2007 Regular Session; May 21, 2007 Budget Workshop; May 29, 2007 Budget Workshop and June 5, 2007 Department of Transportation Elected Officials Meeting

Mayor O'Neal stated that the May 14, 2007 Regular Session; May 21, 2007 Budget Workshop; May 29, 2007 Budget Workshop and June 5, 2007 Department of Transportation Elected Officials Meeting minutes were open for review and adoption. There being no corrections to the minutes, Councilman Boyette made the motion to approve the four sets of minutes. Councilwoman Heath seconded the motion which carried unanimously.

4th of July Celebration – Street Closings

Mayor O'Neal stated that the Celebrations Committee was requesting closure of Main Street (US Hwy 264 Business) from Haslin Street to Allen Street for the street dance on Tuesday, July 3, 2007 from 7:00 – 11:00 P.M. and on Wednesday, July 4th the closing of Main Street (US Hwy 264 Business) from Railroad Street to Tooley Street from 10:45 A.M. until 11:45 A.M. for the July 4th parade. Councilman Baker made the motion to approve the closings as stated and for the Town Clerk to notify the Department of Transportation of the street closing requests for the town. Councilwoman Heath seconded the motion which carried unanimously.

Enterprise Funds – Cost Allocation Study Presentation

Mayor O'Neal recognized Mr. Steve Swartz of Swartz Engineering Economics, Inc. who performed the cost allocation study of the town's enterprise funds: water and sewer and electric. Mr. Swartz detailed the study by explaining how he determined the value of services performed by the General Fund for the Enterprise funds. Mr. Swartz stated that this determination of value could be found with (the best method) time sheets or daily logs, which most municipalities do not keep due to time constraints and Mr. Swartz



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clarified that in order to perform a study from time sheets, ideally you would need the information for one year; (next best method) watching and recording – having someone shadow employees and (usual method) department heads' judgment of how time is spent.

Mr. Swartz explained the process at length using a power point presentation of the results of the cost allocation study. Mr. Swartz summarized the purpose of the cost allocation study by stating that the enterprise funds should be run like a private business therefore paying the general fund for services provided to the enterprise funds by the general fund. In closing, Mr. Swartz stated that the cost allocation study showed transfers, according to his study to enable the enterprise funds to run like a private business. Mr. Swartz asked for questions.

Mayor O'Neal questioned the large allocations for insurance and bonds. Mr. Swartz explained that the property and equipment covered and their value was the point for figuring the allocation to the general fund for these expenses from water and sewer and electric.

Mayor O'Neal then read a letter dated today, which was faxed to him at this office.

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Mr. Tim Johnson, Town Manager
Town of Belhaven
PO Box 477
Belhaven, NC 27810

Dear Mr. Johnson,

In our letter dated May 11, 2007, we stated that the Town of Belhaven “must engage an independent firm to conduct a thorough, formal, independent cost allocation study based on the actual time staff devotes to the tasks of each fund.” We have received a copy of the contract, dated April 30, 2007, between the Town and Swartz Engineering Economics. We also have received a copy of the draft report of the study, dated May 19, 2007. We have several concerns.

Regarding the contract, it appears that the contract was for a cost study of the Water and Sewer Fund only. While the draft copy of the resulting report includes the Electric Fund, the language in the contract indicates only the Water and Sewer Fund was to be subject to the study. Of more concern to us is the fact that the contract did not include the required pre-audit certificate. G. S. 159-28 requires that “If an obligation is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance with this subsection.” This contract did not bear such a certificate.

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Regarding the study, it does not appear, based on the contract, the draft report, and other information, that Swartz Engineering Economics was contracted to perform a study of the actual time staff devotes to the tasks of each fund. In fact, in my conversation with Mr. Steve Swartz on June 5, 2007, he indicated that he had not been contracted to specifically do that type of study and subsequently had not done that type of study for the Town. It appears that interviews with department heads were the primary mode of evaluation used by Mr. Swartz, which was also indicated in the contract. This does not constitute a study of actual time staff devotes to the tasks of each fund.

Please write to us with your plans to complete the required study. If we can be of assistance to you please do not hesitate to contact us at (919)807-2380.

Sincerely,

Sharon Edmundson, Director
Fiscal Management Section

cc: The Honorable Adam O’Neal, Mayor
Robin J. Godsell, Finance Officer
Pittard Perry & Crone Inc. CPAs
George Ebron, Alderman

Cynthia M. Heath, Alderman
Albert Baker, Alderman
Steve Carawan, Alderman
Dr. Charles O. Boyette, Alderman

Mayor O’Neal also referenced the following excerpt from a letter dated May 11, 2007 from the Local Government Commission, addressed to the Mayor, as follows: “With regards to the cost allocations between the Electric Fund, the Water and sewer Fund, and the General Fund, the Town must develop a cost allocation plan that accurately reflects the use of General Fund services by each of the other funds. Per our discussions with you, the Town Manager, and the Board, we know that the Town is currently operating under an informal allocation plan that was prepared in the 1995/96 fiscal year. The allocation percentages developed in this plan were not applied uniformly for the fiscal year ended June 30, 2006. However, because the net effect to the General Fund was less than \$11,000, we accepted the financial statement as being materially correct. The various deviation from this plan as it was applied to the multiple functions in the General Fund only serve to further indicate the real need for an independent and complete cost allocation study for the Town. The Town must engage an independent firm to conduct a thorough, formal, independent cost allocation study based on the actual time staff devotes to the tasks of each fund. Further, the updated cost allocation plan must be used when preparing the Town’s June 30, 2007 audited financial statements in order for this office to accept and approve those statements.”

Mr. Swartz stated that the LGC does not set standards for town’s budgeting and accounting and in his personal belief was that the LGC did not have to accept the cost allocation study. Following much discussion, Councilwoman Heath stated that the town did not have time to complete a time sheet based analysis of employee’s time because it

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takes at least six months data and preferably twelve months data to get an accurate account of time. Councilwoman Heath questioned how could the town provide (the best method) information (meaning time sheets) and get the budget adopted.

Town Manager Johnson stated that it would be impossible. Town Manager Johnson stated that he was in the process of setting up a meeting with the LGC, Mayor O’Neal, himself, Secretary of the Treasury, Mr. Richard Moore to get this resolved.

Town Manager Johnson stated that the complaints and innuendos by the Mayor have caused the scrutiny from the LGC. Town Manager Johnson stated that he asked that LGC give him a list of other towns which had to meet the same requirements that the Town of Belhaven were having to meet; to date Town Manager Johnson stated that he had not received any information. Town Manager Johnson stated that one individual seemed to have the ear of one of the members of the LGC.

Mayor O’Neal stated that in the meetings he had with LGC staff and the Chief of Staff of the Secretary of the Treasurers Office, who has had the most problems with what has been going on, and were the most outraged with the studies in the past with reimbursements. Mayor O’Neal questioned why Mr. Swartz was chosen to do this study, as he was from Virginia, when some firm could have been used from New Bern or some firm which the LGC recommended.

Councilman Carawan stated that Mr. Swartz’s credentials were impeccable but he did not approve of the method of accounting for time used in the General Fund by the enterprise funds. Councilman Carawan also stated that the contract with Swartz did not include the Electric Enterprise Fund. Mr. Swartz stated that was a misunderstanding on his part and once it was noted the Electric Enterprise Fund was included in the cost allocation study.

Motion to Accept Cost Allocation Study

Councilman Boyette stated that the town does not have the data to provide times sheets so that the method used (supervisor’s review of time spent on jobs) was the best method. Councilman Boyette made the motion to accept the Cost Allocation Study as presented and that the Mayor, Town Manager, and an additional Council representative meet with the LGC to finalize this matter. Councilwoman Heath seconded the motion.

There was additional discussion in which Mayor O’Neal recognized Mr. Walt Allen. Mr. Allen stated that more money is spent for the cost allocation and made the statement “what have you accomplished?” Mayor O’Neal stated that too much money is being spent and that the LGC wants to see the actual time for the cost allocation. Town Manager Johnson stated that using time sheets would actually cut productivity which would actually cost more money. After additional discussion, Mayor O’Neal called for a vote on the motion accepting the allocation study as presented by Mr. Swartz. Councilman Baker voted for the motion and Councilman Carawan voted against the motion. The motion carried 3 to 1.

Audit Contract Award for Fiscal Year 2007/2008

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Mayor O’Neal stated that the Town Council needed to consider bids for the Fiscal Year 2007/2008 for the audit report. Mayor O’Neal stated that the following three bids had been submitted: Pittard, Perry & Crone - \$13,900; Kenneth Chilcoat - \$13,750 and Thompson, Price, Scott, Adams & Co. – \$15,000. Councilman Carawan made the motion to award the audit contract for Fiscal Year 2007/2008 to Kenneth Chilcoat. There was no second. Councilman Baker stated that Pittard, Perry & Crone (PP&C) had given the Town good service over the years and did not feel \$150.00 difference should keep them from getting the contract. Councilman Boyette seconded the motion. Councilman Carawan stated that the last audit was late and that \$600,000 was misquoted and when Mr. Best the auditor with PP&C, was questioned, he left the meeting. Councilman Baker stated that if he had been treated like Mr. Best was being treated during the audit presentation, he would have left the meeting also. Mayor O’Neal stated that the audit was wrong, revenues were overstated and that the auditor was adversarial with himself and Councilman Carawan and was now under review by the state auditor’s board. Mayor O’Neal stated that the town should change auditors every few years. Councilwoman Heath stated that there was \$150.00 difference in the two lowest bids and that the lowest bid was from an individual not a firm. Councilman Boyette stated that PP&C was an in-town business. Councilman Boyette also stated that Mr. Ken Chilcoat had an outstanding reputation and he was once employed with PP&C. Councilman Boyette asked Mayor O’Neal to call the question. Councilwoman Heath voted in favor of the motion, Councilman Carawan voted against the motion. The motion carried 3 to 1.

Comments from Audience

Mr. Roy O’Neal stated that Mr. Best did not have good conduct at the meeting (when the audit was presented) as he “up and leaves”. Mr. Andy Fisher stated that is not what happened. Mr. Fisher further stated that the Mayor had promised not to throw anyone from a meeting and that you did so that night, when a citizen reminded you that you had a motion on the floor during the questioning of Mr. Best. Mr. Fisher stated that the Mayor threw the citizen out of the meeting and himself. Mayor O’Neal stated that that was not true. Mr. Fisher and Mayor O’Neal had words concerning the account of that meeting in which Mayor O’Neal invited Mr. Fisher to come by his office and review the DVD of the meeting. There was much controversy in the meeting at this time.

Budget Ordinance Approval of Fiscal Year 2007/2008

Mayor O’Neal stated that the budget ordinance for Fiscal Year 2007/2008 was submitted and included an 18% increase. Mayor O’Neal stated that over the past two years spending has been increased more than one-third. Mayor O’Neal stated that the budget presented tonight does not meet guideline by the LGC. Mayor O’Neal states that he is always being told how low the town’s tax rate is and out of 21 towns presented the Town of Belhaven has only six of those town’s which have higher tax rates. Mayor O’Neal presented the following property tax rate comparison:

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Town	Phone #	Tax Rate per \$100
1. Brunswick County	919 253-2655	.54
2. Faith	704 279-7500	.41
3. Fountain	252 749-2881	.60
4. Fremont	919 252-5151	.65
5. Havelock	252 636-6604	.61
6. Kill Devil Hills	252 449-5300	.20
7. Lilesville	704 848-4711	.48
8. Middlesex	252 235-5761	.55
9. Morven	704 851-8321	.44
10. New London	704 463-5423	.16
11. Oak Island	910 278-5011	.33
12. Pine Level	919 965-2284	.44
13. River Bend	252 638-3870	.25
14. Saluda	828 749-2581	.54
15. Shallot	910 754-7666	.32
16. Walnut Creek	919 778-9687	.36
17. Walstonburg	252 753-5667	.50
18. Washington	252 975-9300	.60
19. Hertford	252 426-7805	.49
20. Chocowinity	252 946-6568	.40
21. Robersonville	252 795-4006	.60
22. Belhaven	252 943-3055	.52

Mayor O’Neal stated that the budget does not address a majority of the citizens, as a majority of the citizens struggle with utility bills. Mayor O’Neal implied that some citizens were eating peanut butter and crackers in order to pay utility bills. At this time, there were comments from the public. Mayor O’Neal stated that if he heard one more curse word, (Mr. Bob Holz), would be excused from the meeting. There was additional public comments and commotion. Mayor O’Neal stated that “you” are excused from the meeting, Mr. Holz you are excused from the meeting and told Mr. Holz if he did not leave, he would be guilty of a misdemeanor. Mr. Holz left the meeting at this time.

Mayor O’Neal stated that the budget was wrong and had increased spending approved by this Council. Mayor O’Neal stated that the increased spending of the town (budget) is what keeps the utility bills rates from being reduced. Mayor O’Neal stated that last year and this year he asked for a budget freeze and wanted to give back to the citizens in the form of rate cut in utilities. Mayor O’Neal stated that the only way to address utility rates will be in November (insinuating the election). Mayor O’Neal recognized Councilman Boyette. Councilman Boyette stated that the Town had presented a \$7.4 million dollar balanced budget which included the cost allocation, and attorney fees which have been ongoing, that there are no increases in taxes, charges for services, electrical rates, water and sewer services and that there are very few towns across the United States which can provide the services that the Town of Belhaven is providing and continue to have a balanced budget.

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Boys and Girls Club Appropriation

Councilman Boyette further stated that during the budget workshop there was one area where misinformation was given and mentioned. Councilman Boyette distributed the following information concerning the Boys and Girls Club in Belhaven.

BOYS AND GIRLS CLUB OF BEAUFORT COUNTY-BELHAVEN UNIT

\$7000.00 per year donated to the Boys and Girls Club by the Town of Belhaven.

\$5000.00 per year to be repaid to the Town, per agreement, not repaid 2006-2007.

\$64,000.00 cost to operate Belhaven Unit – estimated for 50 alleged members. Recent checks find only 20-25 youngsters attending.

Other expenses for the Town of Belhaven:

Utilities for the Building- \$1200.00 per month x 10 months= \$12,000.00

60% for Boys & Girls Club = \$7800.00

Maintenance Costs for the Building -\$10,000.00 per year

60% for Boys & Girls Club = \$6000.00

Insurance on the building – Not included, as needs to have insurance for others to use

Propose

Maintenance

60% of \$10,000.00	\$6000.00
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Utilities

60% of \$13,000.00	\$7800.00
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\$7000.00 Donation	\$7000.00
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Total Cost to town of Belhaven	\$20,800.00 per year
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NOT \$2000, NOT \$5000, NOT \$7000!

BOYS AND GIRLS CLUB OF BEAUFORT COUNTY-WASHINGTON UNIT

Washington budgeted \$7500.00 for 2006-2007; \$25,000.00 proposed for 2007-2008.

\$330,000.00	Total Budget for the Club
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-64,000.00	For Belhaven Unit
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\$266,000.00	Budgeted dollars Beaufort County/Washington
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-70%	Spent on Washington alone
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\$186,200.00	Budgeted for Washington City after deducting Belhaven's \$64,000.00 and County's \$79,800.00
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Belhaven donating \$7000.00 of \$64,000.00 total cost for Belhaven Unit, plus \$6000.00 in maintenance and \$7800.00 in utilities.

Washington, with \$7500.00 appropriated 2006-07 of \$186,000.00 spent in Washington equals 4% of total costs for Washington Unit. No utilities/maintenance money to my knowledge. Washington is considering \$25,000.00 for 2007-2008.

SUMMARY

Belhaven is paying 11% of \$64,000.00 = \$7000.00. Belhaven is providing utilities and maintenance for \$13,800.00. This represents \$20,800.00 total in expenditures for the Belhaven Unit of The Boys & Girls Club with about 25 attendees.

Nothing was refunded to Belhaven by Beaufort County Boys & Girls Club from the 2006-2007 appropriation of \$7000.00. Membership claimed to be 50 youngsters is closer to 25.

Prepared by Dr. Charles O. Boyette, Council Member
6/11/07

Councilman Boyette stated that the information was derived from the budget workshop and the editorial from the Washington Daily News.

Councilman Boyette stated that the 2007/2008 Fiscal Year Budget Ordinance be adopted as submitted which would include a 5% salary increase across the board. Councilwoman Heath seconded the motion.

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Councilman Carawan stated that Belhaven needed to fund the Boys and Girls Club. Councilman Carawan also stated that while he was walking by the Senior Center recently he saw a lady leave the Senior Center and get into a 2007 Signature Edition Lincoln Continental and then he explains that he visits the Boys and Girls Club and observes that they (the children participating) “may have a hard time rubbing a nickel together” so he feels that it is more admirable to error in favor of the children.

Mr. Johnny Clark, Volunteer at the Belhaven Unit of the Boys and Girls Club stated that the Club has more than 25 participants that the count would be closer to 50 and invited the Council members to come by the club.

Councilwoman Heath stated that when the Club was initially started the Belhaven Unit had its’ own board of directors and after the Washington Unit took over control nothing was done to keep the relationships and asked where were you when the community was supporting the Club in donations, man hours, supplies and toys. Councilwoman Heath stated that in prior years there was a local board that was very active and that to her knowledge there was no local board at this time. Councilwoman Heath stating that using the children as pawns for personal gain must stop. Councilwoman Heath stated that a motion was on the floor and asked for point of order.

Councilman Boyette asked to make one quick statement before “point of order”. Councilwoman Heath agreed. Councilman Boyette stated that Belhaven contributes in dollars and services \$20,800 not just the \$7,000 that has been appropriated and that Belhaven should continue to contribute.

Councilman Baker voted in favor of the motion. Councilman Carawan voted against the motion. The motion carried 3 to 1.

Mayor O’Neal stated that he and Councilman Carawan did support the Boys and Girls Club by donating their salary they receive from the Town as Mayor and Councilman respectively. Mayor O’Neal stated that he supported different festivities the group sponsored also. Mayor O’Neal also stated that the building in which the Boys & Girls Club utilized was given to the club by the City of Washington which is a big contribution. Mayor O’Neal stated that there was a local board and Ms. Nadine Batchlor was the Chairman.

Budget Amendment #17 for Fiscal Year 2006/2007

Mayor O’Neal announced that a budget amendment was needed in order to disburse vacation time to an employee who has retired. Councilwoman Heath made the motion to increase revenue account 10-399-000 (Fund Balance Appropriated) by \$5,610 from \$385,185 to \$390,795; and increase expenditure account 10-550-002 (Salaries and Wages) by \$4,380 from \$50,570 to \$54,950 and increased expenditure account 10-550-005 (FICA Tax Expense) by \$336 from \$3,870 to \$4,206; and increase account 10-550-006 (Group Insurance Exp) by \$594 from \$5,463 to \$6,057; increase expenditure account 10-550-007 (Retirement Expense) by \$212 from \$2,427 to \$2,639 and increase

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expenditure account 10-550-008 (401k Contribution) by \$88 from \$1,011 to \$1,099. Councilman Baker seconded the motion which carried unanimously, 4 to 0.

Flood Committee Report

Mayor O’Neal stated that Mr. Mac Pigott, Chairman of the Belhaven Tidal Flooding Committee, was present with a proposal from the Department of Transportation (DOT) describing a piping system and three flap gates which will assist in reducing the nuisance flooding in the downtown. Mr. Pigott stated that the Belhaven Tidal Flooding Committee had reviewed the proposed flood gate project and asked for Council approval. Mr. Pigott stated that DOT has asked that Belhaven give its blessing on the three flood gates and then contracts could be bid for the installation of said flood gates. Mr. Pigott stated that he had contacted adjoining land owners and had gotten their blessing on the proposed flood gate project. Ms. Robin Halsey, a Union Street resident, spoke from the audience stating that she was an adjoining property owner and had not been contacted. Town Manager Johnson informed Ms. Halsey that this project would not address her area of Wynne’s Gut. There was some discussion as to whether or not this project would affect Ms. Hasley. Mr. Pigott further stated that some bulkheading would be performed and that the property owners whose property would be affected with bulkheading had been contacted.

Mayor O’Neal called a two minutes recess so that Belhaven Cable, who was filming the meeting, could reload their recording device. The meeting recessed at 8:42. Mayor O’Neal called the meeting back to order at 8:44 P.M.

Mr. Pigott stated that he had talked with the manufacturer of the flood gates and was told there would be little maintenance. Mayor O’Neal asked what was the Town’s responsibility with the proposed project. Mr. Pigott stated that the town would need to check the gaskets periodically. Mr. Pigott detailed the scope of the project and stated that DOT would install seven new junction boxes. Mr. Roy O’Neal, a property owner on Wynne’s Gut, stated that this project was no cost to the Town. Mr. Pigott stated that \$100,000 was earmarked for this project in grant monies.

Councilwoman Heath referenced a letter from DOT, Mr. John W. Rouse, Jr., PE, Division Maintenance Engineer dated February 16, 2007 with the following statement from that letter: “Any claims that the work included within the scope of this project will stop flooding of Main Street are unfounded.” Councilwoman Heath asked if any other plan had been reviewed to help with the flooding. Mr. Pigott stated that the Allison Platt Plan had been reviewed which this project will not affect that plan, burming had been reviewed and the possibility of pumps under the bridge in the future. Mr. Pigott stated that the proposed project was ready to go now. Mr. Pigott stated that the proposed project was “not a fix all” it was a beginning. Councilman Boyette stated some concerns with the project that he would like to discuss. Councilman Boyette stated that the letter from DOT (Mr. Rouse) stated that the flood gates would provide only minimal improvement to the tidal flooding and that only two businesses will benefit. Mr. Pigott stated that three business would benefit and the entire downtown. Councilman Boyette stated that the number of drains seemed to be of some concern of DOT also. Councilman

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Boyette stated that he thought it would be in the best interest of the Town to control the flooding at the Wynne's Gut Bridge on Water Street with a proposed project that would take care of more of the flooding problem. Also, there was some discussion concerning the replacement of the bridge over Wynne' View. Councilman Boyette stressed the need to "look at the bigger picture" as this proposed project would be extremely limited in the overall affects to the downtown instead of a certain few properties. There was some concern addressed over the maintenance of the flood gates which would be on DOT's right of way and the unknown of what the "maintenance" would entail – too many unknowns. Mr. Pigott stressed that the proposed project submitted was a plan to begin mitigating the downtown flooding. Mayor O'Neal stated that the majority of the flooding (75%) is from the tide coming up into the storm drains. Mayor O'Neal stressed the need to approve this project as a start to help alleviate some of the downtown flooding. Mayor O'Neal stated that maintenance is minimal on the flood gates.

Town Manager Johnson stated that according to an on-site meeting (reviewing Wynne's Gut) with Mr. Rouse(DOT) stated that the flood gates would not solve the downtown flooding problem and that the results would be minimal. Town Manager Johnson stated that should the flood gates be installed then when the pumps are installed to take care of a broader area of the flooding, that the flood gates would be obsolete.

Town Manager Johnson read from the DOT letter from John W. Rouse as follows:
"First, while conducting the preliminary surveys for proposed improvements, we have determined that the storm drain outlets draining into Wynne' Gut are in a moderate stage of deterioration. While still functional, any modifications to or disturbance of the drainage lines may adversely affect the integrity of the entire drain system. With this in mind, our plans are to create the minimal amount of disturbance to the drain lines, while attempting to alleviate the back-flow of water through the storm drainage system.

Second, I want to clarify to all parties involved that the replacement of the storm drain flapgates and the construction of approximately 60 feet of bulkhead may only provide minimal improvement to the tidal flooding problems experienced by the town. Any claims that the work included within the scope of this project will stop the flooding of Main Street are unfounded."

Town Manager Johnson stated that the most logical place to address the draining system for entire 87 acre area drainage, not for a corner, but for the entire area would be at the Wynne's Gut Bridge. There are some problems as there is ingress and egress under the bridge to Allen Street, this would be lost. Town Manager Johnson tried to clarify that the \$100,000 could be used for the larger more concise project instead of the drainage project proposed tonight.

There was much discussion, including members of the public, concerning the affects that the proposed floodgate project would have on others areas of town and the lack of effect on the larger area burdened with flooding from Wynne's Gut.

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Following additional discussion, Councilman Carawan made the motion to bless (approve) the proposed submitted flapgate drainage project. Councilman Boyette made the motion to amend Councilman Carawan's motion that Mr. John Rouse with DOT be invited to come to the next Council meeting. There was some discussion of a special meeting but there was no motion.

Miscellaneous

Mayor O'Neal recognized Mrs. Ellen Allen, resident of Water Street and Volunteer for Belhaven Fire & EMS. Mrs. Allen asked the status of the Emergency Services Building. Town Manager Johnson stated that the bid opening was held on Thursday, June 7 and that the bids were extremely high and that there will be discussions to see how the project can be completed.

Town Manager Johnson stated that he had hired Mr. Paul Wood, Jr. as the Public Works Director. Mayor O'Neal praised Town Manager Johnson decision as Mr. Wood is an in-town resident, volunteer on the Fire & EMS and is very dedicated.

Mrs. Robin Halsey, Union Street resident which Wynne's Gut borders her back yard, stated that the gut really needed cleaning as they were appliances, etc. in that Gut. Councilman Carawan referenced a grant application discussed at the December 11, 2006 Council meeting as funds are supposed to be sought for a grant. There was some discussion concerning the applying for the grant to clean ditches, Councilman Carawan stressed the need to have the Town Manager and Public Works Director apply for grant funds for ditch cleaning. Councilwoman Heath supported the application of this grant by affirmation instead of a formal motion as a formal motion was made at the December 11, 2006 meeting.

Other Business:

Letter from the Department of Commerce, Division of Community Assistance Concerning – Urgent Needs Grant for the Wynne View Building

Mayor O'Neal stated that this item was not on the agenda but felt that the general public needed the information. Mayor O'Neal read the letter:

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**North Carolina
Department of Commerce
Division of Community Assistance**

**Michael F. Easley, Governor
James T. Fain III, Secretary**

Gloria Nance-Sims, Director

May 3, 2007

The Honorable Adam W. O'Neal, Mayor
Town of Belhaven
Post Office Box 220
Belhaven, North Carolina 27810

Subject: Final Closeout
CDBG Number: 04-C-1269

Dear Mayor O'Neal:

Thank you for the close-out information for the Town of Belhaven's 2004 Community Development Block Grant (CDBG). The Town's CDBG Urgent Needs project is officially closed. Although the project is officially closed, it is closed with a Performance Finding due to the Town's handling of the \$485,000.00 urgent needs loan, the Town's failure to properly protect and secure that loan once the Town passed the loaned monies on to Wynn View LLC, the Town's failure to timely advise the Division of Community Assistance (the "DCA") concerning the status of those funds in the hands of Wynn View LLC and the Town's failure to monitor the status of those funds and take appropriate action with respect to them in a timely and appropriate manner, all of which led to the fact that there is now a remaining balance of \$360,000 that is due to the DCA. This Performance Finding will be removed when this \$360,000.00 balance is paid to the DCA.

We understand that Wynn View LLC may be considering selling the facility that was built in large part with CDBG funds. Please note that CDBG requirements enunciated in 24 CFR 570.489 (j), Change of use of real property, will apply to any such sale or other change of use of this facility. The standards described in this section apply to real property within the local government's control (including activities undertaken by sub-recipients). In essence, if this facility that is owned by Wynn View is sold, there are restrictions to the change of the use of the facility and/or the beneficiaries for a period of 5 years after closeout. If the facility is sold within the 5 year period and there is a change in use, in order to satisfy the CDBG program, the Town of Belhaven must reimburse the State for the monies paid to the Town that went into paying for this facility. We have attached this requirement for your records.

In addition, please note that all financial records, supporting documents and other records pertinent to the community development program must be retained by the Town for a minimum of five (5) years from the date of this letter.

Thank you for your cooperation. Should you have any questions concerning this letter or its attachment, please let us know.

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Thank you once again.

Sincerely,



Gloria Nance-Sims
Director

VM/

cc: Mr. Tim Johnson, Town Manager
Mr. Robin Godsell, Finance Director
Ms. Toni Moore, CDBG
Ms. Vickie Miller, DCA

Mayor O'Neal expressed at length his concerns with the Wynne View building and the loan/grant of \$485,000 and the town's role in the issue. Mayor O'Neal stated that the lawsuit concerning the building construction fault was also settled for \$125,000 without Division of Community Assistance (DCA) approval and with little information given to the general public with the public body's knowledge of such. Mayor O'Neal expressed much concern of the Town getting a loan/grant for a for-profit organization. Mayor O'Neal stated that the board members of Wynne View are not known. Mayor O'Neal stated that his real concern was the inability of Wynne View to now pay the \$360,000

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back to DCA. Mayor O’Neal stated that he had asked if the entire \$485,000 was not settled in the lawsuit, would the balance have to be paid back. Mayor O’Neal stated that Councilman Boyette stated no. Mayor O’Neal stated that the Wynne View Board accepted a settlement of \$125,000 without any Council or Mayor input which leaves a balance of \$360,000 for the grant/loan. Mayor O’Neal stated that he was trying to find out who was on the Wynne View board. Mayor O’Neal stated that the board consists of Chairman – Dr. Charles Boyette, Secretary – George Ebron and Town Manager Johnson attends these meetings along with someone outside the town limits. Mayor O’Neal questioned Councilman Boyette/Chairman of Wynne’s View how the \$360,000 would be paid back.

Councilman Boyette stated the successes of Wynne’s View as an asset to the town and stated that it was difficult to accomplish anything with adversaries “nipping at your back”, creating problems and discrediting your town and community and your people. Councilman Boyette stated that their attorney (for Wynne View) was at fault for not realizing anymore than the \$125,000 recovery from the suit.

Mayor O’Neal stated that the lawsuit settlement should have been approved by the Council before acceptance. There was much discussion between the Mayor and Councilman Boyette concerning the Wynne View issue and the balance of \$360,000 due to the Division of Community Assistance.

Adjournment

Councilman Boyette made the motion to adjourn. Councilwoman Heath seconded the motion which carried unanimously. The meeting adjourned at 9:50 P.M.

Respectfully submitted,

Marie J. Adams, CMC
Town Clerk