

PUBLIC HEARING and REGULAR BOARD MEETING of June 19, 1996, with Mayor John Cleaveland and Commissioners H. N. James, Mike McCall, Donnie Calloway, Ron Sanders, and Zeke Sossomon present.

Also present were Richard Betz, Lamar Nix, Shannon Baldwin, Jerry Cook, Drs. Louis & Virginia Reynaud, Jim Sparks, Georgia Allen, Alan Marsh, Bill Coward, James Jones, Tony Chambers, Wiley Ellis, Charlie McDowell, Mike Cavender, Mark Meadows, Ray McPhail, Will Stolz, Ran Shaffner, Margaret Shaffner, Paul Chmar, Jan Chmar, Jack Mayer, Clarence Gibbs, Moyna Kendall, Tom Clark, Linda Clark, Sandy Wall, Neal Wright, Tim O'Brien, David Finn, and others.

A. Public Hearing.

Mayor Cleaveland called the Public Hearing to order at 6:05 p.m. and explained that the purpose of the hearing was to receive comments on a petition from Wolf Ridge Ltd. Partnership to annex 43.66 acres contiguous to the Town limits. The Mayor pointed out that, although there was much interest in Little Fodderstack Mountain and Big Fodderstack Mountain, they were not part of the annexation request; his understanding was that the Board could not condition the annexation on restrictions on that property.

Will Stolz of MacRae & Stolz was present representing Wolf Ridge Limited Partnership. He displayed a plat entitled "Development Plan for Ravenel Ridge, General Plan"—prepared by Cranston, Robertson, & Whitehurst, P.C., dated May 8, 1996, and subsequently marked as "Exhibit A"—indicating a proposed development of 31 homesites on approximately 110 acres. The lots would vary in size from one to five acres; approximately 72 acres were located within the Town limits, and 43.66 acres outside. Mr. Stolz explained that the property could be developed in the two jurisdictions, but annexation would simplify development in terms of water and other services to residents.

Ray McPhail, partner in the proposed development, stated that although the Fodderstacks were part of the purchase contract but not part of the annexation request, he had become aware of their importance to the public. He said that he had met numerous times recently with the Chattooga River Watershed Coalition, the Highlands Land Trust, the Nature Conservancy, and the United States Forest Service. He intended to propose selling the Fodderstacks to the Nature Conservancy, who would hold it until the Forest Service had funds to acquire it. He noted that development under the purchase contract was restricted to three building sites on Little Fodderstack and none on Big Fodderstack.

James Jones asked if the Town could impose pre-restrictions on the 43.66 acres. Comm. Sossomon felt that no conditions could be imposed; the annexed property would be zoned R-1 Residential, which would permit lot sizes of 33,000 SF. Mr. McPhail said that he did not intend to develop more than 31 lots on the property, as shown on the plat, and would be willing to accept a condition to that effect as the developer.

Dr. Louis Reynaud asked Mr. McPhail why he was requesting that the property be annexed before purchasing it. Mr. McPhail replied that he needed site approval in order to proceed with his financing.

Ran Shaffner said he was concerned that, if the annexation was approved, the sale might not go through and someone else might develop the property. Mr. Stolz indicated that he was proceeding in reliance on the purchase, and had spent significant money on engineering. He indicated that, if the property were not annexed, it could still be developed but development would be more complicated. In answer to questions from those present, Mr. Stolz also stated that no re-subdivision of the lots would be permitted under the subdivision covenants, and that site approval by the Health Department was approximately 80% complete.

Ray McPhail then read a letter of intent from Fred Allen, Associate Director of the Nature Conservancy, verifying that organization's

intention to purchase the Fodderstacks.

Ran Shaffner said he was concerned about what would happen to the Fodderstacks if funds to purchase it fell through. The Mayor said he understood that the Chattooga watershed was the No. 1 priority for the Forest Service. Ray McPhail pointed out that, if funds fell through, the Fodderstacks would remain in private hands as they are now.

Margaret Shaffner asked if the development would be visible, and was told by Mr. Stolz that very little would be seen. She also asked if sewer service would be contemplated if the lots did not obtain septic tank approval. Mr. McPhail said that providing sewer service would be cost-prohibitive.

Ran Shaffner asked about the effect the development would have on the Fodderstacks. Mr. McPhail said that, if annexed, public access would not be granted through the property; however, access for the 31 residents would not be denied. If the Forest Service acquired the Fodderstacks, he assumed it would be public land. It was not his intention at this time to provide a gate for the development, but he did not want that etched in stone.

Charlie McDowell felt that some of the answers provided were evasive. He said that he knew the property well, and he felt that a residence would be visible at least on Lot 31. He also asked the Board not to let the Forest Service be held hostage for someone to blackmail the Town into annexing the property. He pointed out that the increase in tax base would increase taxes for everyone. He also said that he had talked to David Simpson, Director of the Macon County Health Department, and Mr. Simpson had told him he was not aware of any lots in the proposed development being approved for septic tanks. He felt that, if annexed, the developer would be entitled to water, sewer, garbage, and possibly road maintenance if the roads were public. He then quoted a section of the Zoning Ordinance relating to a variance not being justified in order to provide a greater profit to be made. He said that annexing this property would only line Ms. DuPont's pockets with wealth; she would move away saying, "Goodbye, Suckers," and Mr. McPhail would move in saying, "Hello, Suckers."

Wiley Ellis said that he was the Trustee of properties identified as Parcels B, C, and the Northern Portion of D on a plat entitled "Plan of Property Owned by Margaretta D. Wood & the Heirs of Violet D. Cathcart," dated August 1964 and prepared by C. W. McDowell, and consisting of 70 acres more or less. In a letter to the Clerk dated June 12, he had requested that this property be annexed, as it would adjoin the Town limits if the Wolf Ridge property was annexed. He reviewed the history of the property, stated that an access easement had been granted to it across the Wolf Ridge property, and also pointed out that the west face of Big Fodderstack Mountain and part of the outcropping was part of his property; he felt that whatever happened to the Fodderstacks should be decided on a joint basis. He pointed out that this was the last remaining private property in the area, and felt it deserved the same treatment as the Wolf Ridge property, including access to water. Although he had no present development plans, he asked the Board to keep the application in mind during their deliberations.

Neal Wright described a recent incident in which the Forest Service had not been able to find funding for purchase of a tract in the Cashiers area; he pointed out that the same thing could happen to the Fodderstacks, and if so it was possible that it could be developed at a later date. He also wondered why the Town was not dealing directly with the owner of the property.

Ran Shaffner again expressed a concern that, despite the letter of intent from the Nature Conservancy, purchase of the property was not a sure thing. He suggested that one alternative to annexing the property now would be to wait until the Conservancy has the funds, or for Mr. McPhail to simply donate the property. He pointed out

that the Fodderstacks were a major concern in the community, and asked the Board to wait until something definite had been decided about them.

Margaret Shaffner pointed out that another annexation request was coming in right on the heels of this one; she asked the Board to consider how many others would come through.

Ray McPhail reiterated his earlier comments that the Fodderstacks were in private ownership at present, and there were no restrictions.

If he purchased the property, development would be restricted to three lots on Little Fodderstack and none on Big Fodderstack. He said that he had no objection to restriction of development to 31 lots once he acquired the property.

Charlie McDowell stated that he had seen a Forest Service appraisal of the 220 acres for \$1 million.

Dr. Louis Reynaud asked about the Town's ability to serve the development with water. The Mayor explained that the 2.0 MGD Water Plant expansion was nearly complete, and the Town had plenty of capacity.

The Mayor closed the Public Hearing at 7:00 p.m., and the Board took a brief recess.

B. Regular Board Meeting.

I. Mayor Cleaveland called the Regular Board Meeting to order at 7:10 p.m.

By consensus, the Board agreed to move the matter of the Wolf Ridge Ltd. Partnership annexation, listed under New Business on the agenda, to the first order of business, due to the members of the public still present concerned with this matter.

Comm. Calloway asked Town Attorney Bill Coward if the Town could tie the plat submitted by the developers to the annexation petition.

Mr. Coward replied that he felt it would be outside the provisions of the Statute to do so. Comm. Calloway marked the plat which Mr. Stolz had presented as "Exhibit A."

The Board then discussed whether development could be limited based on the number of water connections. The Clerk reported that he had spoken with Richard Ducker at the Institute of Government on this question, and Mr. Ducker had said that annexation could be conditioned on provision of water service.

MOVED BY COMM. JAMES, SECONDED BY COMM. SOSSOMON, AND CARRIED TO ANNEX THE 43.66-ACRE TRACT OWNED BY WOLF RIDGE LIMITED PARTNERSHIP BASED ON THE PLAT SUBMITTED ENTITLED "DEVELOPMENT PLAN FOR RAVENEL RIDGE, GENERAL PLAN" AND MARKED AS EXHIBIT "A", AND PROVIDED THAT NO MORE THAN ONE WATER CONNECTION IS TO BE PERMITTED PER LOT, SEWER SERVICE IS NOT TO BE PROVIDED, AND WATER SERVICE IS TO BE PROVIDED ENTIRELY AT THE EXPENSE OF THE PROPERTY OWNER; SAID PROPERTY TO BE ZONED R-1 RESIDENTIAL, AND SAID ANNEXATION TO BE EFFECTIVE JUNE 30, 1996, PURSUANT TO THE FOLLOWING ORDINANCE. Comms. James, Sossomon, Sanders, and Calloway voted "aye;" Comm. McCall voted "nay"

* * *

ANNEXATION ORDINANCE

WHEREAS, the Town of Highlands has received a petition under G. S. §160A-31 from Elise R. W. duPont, General Partner, Wolf Ridge Limited Partnership, sole owner of real property as described in petition for annexation dated May 10, 1996, and said property being contiguous to the existing corporate limits of the Town of Highlands,

and asking that the property be annexed and incorporated within the Town limits upon and after the effective date of this Ordinance; and,

WHEREAS, the Town Clerk has certified to the Board of Commissioners the sufficiency of said petition; and

WHEREAS, notice of a public hearing was published in The Highlander newspaper on June 4, 1996, which publication was more than ten days prior to the date of the public hearing; and

WHEREAS, a public hearing was held on June 19, 1996, at 6:00 p.m. in the Conference Room of the Town Hall on North Fourth Street in Highlands, North Carolina, on the question of this annexation; and

WHEREAS, the Board of Commissioners of the Town of Highlands finds that the petition meets the requirements of Section 160A-31, North Carolina General Statutes.

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the Town of Highlands, North Carolina, that:

Section 1. By virtue of the authority granted by G. S. §160A-31, the following described territory is hereby annexed and made part of the Town of Highlands upon and after the effective date of this Ordinance:

BEGINNING at an Iron Pin in the Western property line of a tract owned by Wolf Ridge Limited Partnership where the present corporate limits of the Town of Highlands intersect and being further described as located the following courses and distances from USGS Monument "Raven".

South 70 degrees 16 minutes 20 seconds West 114.82 feet to an Iron Pin on the line of Ravenel Park.

THENCE with the line of Ravenel Park, Swain and Hickman, North 85 degrees 30 minutes 37 seconds West a distance of 660.89 feet to an Iron Pin on the Northwest corner of the Wolf Ridge tract.

THENCE running South 3 degrees 30 minutes 00 seconds West with the Western line of Wolf Ridge tract and the Eastern line of the Satulah Ridge Subdivision, a distance of 1837.78 feet to a point at the intersection of the Town of Highlands City Limits line and the Wolf Ridge tract designated as the Point of Beginning.

From the Point of Beginning and continuing with the line of the Satulah Ridge Subdivision South 03 degrees 30 minutes 00 seconds West 692.05 feet to an existing Iron Pin at the corner of the Wolf Ridge tract and the Satulah Ridge Subdivision.

THENCE North 86 degrees 49 minutes 59 seconds West 228.69 feet to an existing Iron Pin, the common corner of Satulah Ridge Subdivision and Wolf Ridge tract and the Highlands Improvement Society.

THENCE South 03 degrees 05 minutes 24 seconds West with the line of Highlands Improvement Society 528.86 feet to an existing Iron Pin the Southwest corner of the Wolf Ridge tract and a corner common to the Highlands Improvement Society.

THENCE continuing with the Highlands Improvement Society line South 86 degrees 27 minutes 00 seconds East 684.46 feet to an existing Iron Pin common to the Highlands Improvement Society and Wiley Ellis, Trustee.

THENCE continuing with the Ellis property line North 03 degrees 35 minutes 19 seconds East 216.55 feet to an existing Iron Pin.

THENCE Southeast with the common line with Ellis South 86 degrees 24 minutes 45 seconds East 1,178.65 feet to an existing Iron Pin.

THENCE leaving the Ellis property line and following a severance line of the Wolf Ridge Tract North 00 degrees 10 minutes 45 seconds East 331.30 feet to a point.

THENCE continuing with the severance line North 07 degrees 42 minutes 50 seconds East 437.82 feet to a point.

THENCE with severance line North 05 degrees 26 minutes 25 seconds West 292.02 feet to the Town limit line of the Town of Highlands.

THENCE with the Town Limits line of the Town of Highlands North 88 degrees 12 minutes 14 seconds West 1606.86 feet to the Point of Beginning.

The above described tract is a portion of a tract of said property described in Deed Book W-18 Page 625. The area to be annexed comprises a total of 43.66 acres.

Section 2. Provided furthermore that the above-described territory shall be developed substantially according to a plat entitled "Development Plan for Ravenel Ridge, General Plan," and marked as Exhibit "A" at a Public Hearing held on June 19, 1996, and that no more than one water connection is to be permitted for each of the lots indicated on said plat.

Section 3. Upon and after the effective date of this Ordinance, the above-described territory shall be subject to all debts, laws, ordinances, and regulations in force in the Town of Highlands, and shall be entitled to the same privileges and benefits as other parts of the Town of Highlands. Said territory shall be subject to municipal taxes according to G. S. §160A-58.10.

This ordinance is adopted this 19th day of June, 1996, and is to become effective on June 30, 1996.

The Town of Highlands

John W. Cleaveland, Mayor

(TOWN SEAL)

ATTEST:

Richard Betz, Town Clerk

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II. The minutes of the June 5 Regular Board Meeting and the June 12 Adjourned Session Board Meeting had been distributed by mail. The Mayor pointed out that, after the Clerk had left the meeting room at the June 12 meeting while his salary was being discussed, the Board had discussed the possibility of re-visiting the tax rate if the Room Occupancy Tax bill was not adopted. He reported that the bill had not been adopted in the current legislative session,

and he felt that the Board should therefore reconsider the tax rate in light of the infrastructure needs facing the Town in the years ahead.

MOVED BY COMM. JAMES, SECONDED BY COMM. CALLOWAY, AND UNANIMOUSLY CARRIED TO APPROVE THE MINUTES AS DISTRIBUTED, ADDING THE FOLLOWING AS ITEM 8 UNDER NEW BUSINESS FOR THE JUNE 12 MEETING:

"8. The Board discussed the possibility of re-visiting the tax rate if the Room Occupancy Tax bill was not adopted."

III. Reports.

1. The Mayor reported that the County Budget Hearing was scheduled for June 20 at 7:00 p.m. He said he would plan to attend and request consideration of County funding for another Ball Park site in the Highlands area, and would be happy to express any other budget requests on behalf of the Board.

2. The Mayor had obtained information on the Hudson Library's budget, and it had been distributed prior to the meeting. He pointed out that the library was more a "nonprofit public service" than a "charity," and he asked the Board to consider approving the request at the June 26 Special Meeting following the Budget Hearing.

3. The Mayor reported that work on the swimming pool at the Recreation Park was proceeding at a slow rate of speed.

4. Town Attorney Bill Coward reported that Judge Downs had affirmed the Zoning Board's decision in re: Talbot vs. Town of Highlands, and that an order was being prepared. He said that he had discussed this matter with Zoning Administrator Shannon Baldwin prior to the meeting, and apparently the property was not being used in accordance with the conditions established by the Zoning Board. In order to comply, a staircase would have to be re-opened and a partition wall installed. Remedies available in the Ordinance included injunction, civil and criminal penalties, and revocation of permit. Mr. Baldwin recommended that Mr. Coward write a letter to the property owner requesting compliance with the Special Use Permit within 30 days.

MOVED BY COMM. JAMES, SECONDED BY COMM. CALLOWAY, AND UNANIMOUSLY CARRIED THAT THE TOWN ATTORNEY WRITE A LETTER REQUESTING COMPLIANCE WITHIN 30 DAYS, BASED ON THE ZONING ADMINISTRATOR'S RECOMMENDATION.

5. Public Works Director Lamar Nix reported that bid documents were being prepared for the Highlands School sewer project, and would be advertised as soon as possible. He also reported that the paving project was approximately 50% complete, and thus far it appeared that the contract was running about \$7000 over budget on levelling. He recommended deleting Oak Street from the paving contract in order not to exceed budget; there was no objection.

6. The Clerk reported that the Town had received a judgement in the amount of \$14,205.09 pursuant to a foreclosure action against Curtiss F. Neal; sale of the property by public auction was scheduled for July 12.

The Clerk reported that the Chamber of Commerce had agreed to fund one-half of the estimated annual contract cost of \$8680 with Smoky Mountain Property Care & Cleaning for cleaning of the public restrooms. Adequate funds had been budgeted for FY 96-97, and a contract would be prepared with the company.

The Clerk reported that the Town's application for funding from the North Carolina Hazard Mitigation Grant Program, consisting of retro-fitting of Town water lift stations and a mobile emergency power generator, had been rejected.

The Clerk had been asked to review the Town's authority to make assessments for storm and sanitary sewer improvements along Main

Street. He reported that he had confirmed with an attorney from the League of Municipalities that the Town has clear authority to make such assessments; a petition from 50% of the property owners is not required.

The Mayor said that he had talked to Highway Commissioner Marvin Raper, and that funds could be provided for the re-paving of Main Street when necessary. He also said that he had discussed marking a turn lane into Highlands Plaza as part of the recently-completed NC-106 intersection project.

The Clerk reported that, pursuant to action taken on March 3, 1993, the Highlands-Cashiers Hospital sewer rate was currently 150% of water usage, which in turn was \$2.50 for each 1000 gallons.

The Clerk reported that he had received a letter dated June 12 from Wiley Ellis requesting annexation of his property, as reported by Mr. Ellis earlier in the meeting; he had not yet certified the sufficiency of the petition.

IV. Old Business.

1. The Board considered appointments to the Zoning Board, Planning Board, Scholarship Committee, and Land Use Planning Committee. The Mayor also reported that, pursuant to a letter dated June 15, James A. Dickert, Major General USA (Ret), had resigned from the Planning Board due to reactivation of his office.

MOVED BY COMM. SANDERS, SECONDED BY COMM. SOSSOMON, AND UNANIMOUSLY CARRIED TO RE-APPOINT DAVID WILKES TO A THREE-YEAR TERM ON THE ABC BOARD, AND TO RE-APPOINT BUD POTTS TO A THREE-YEAR TERM ON THE SCHOLARSHIP COMMITTEE.

MOVED BY COMM. MCCALL, SECONDED BY COMM. SANDERS, AND CARRIED TO RE-APPOINT JOLENE NIBLACK TO A THREE-YEAR TERM ON THE PLANNING BOARD. Comms. McCall, Sanders, Calloway, and Sossomon voted "aye;" Comm. James voted "nay."

MOVED BY COMM. SOSSOMON, SECONDED BY COMM. CALLOWAY, AND UNANIMOUSLY CARRIED TO RE-APPOINT PAUL SCHMITT TO A THREE-YEAR TERM AS AN ALTERNATE MEMBER OF THE ZONING BOARD.

Comm. Calloway said that he did not agree with the way in which Dr. Louis Reynaud had handled the Burger King decision, but he felt that everyone was entitled to make a mistake. He felt that Dr. Reynaud had been a good Zoning Board member, and he made a motion to re-appoint him. Comm. James commented that he did not think it had been a mistake. There was no second to the motion.

MOVED BY COMM. JAMES, SECONDED BY COMM. MCCALL, AND CARRIED TO RE-APPOINT DR. AMY PATTERSON TO A THREE-YEAR TERM AS A REGULAR MEMBER OF THE ZONING BOARD. Comms. James, McCall, Sossomon, and Sanders voted "aye;" Comm. Calloway voted "nay."

The Board agreed to defer an appointment to the Planning Board to fill Gen. Dickert's unexpired term, an appointment to the Zoning Board to fill Dr. Louis Reynaud's expired term, and appointments to the Land Use Planning Committee until the June 26 Special Meeting.

2. Each Board member had received copies of Sections 8-31 through 8-45 of the Highlands Code, Abandoned, Nuisance, and Junked Motor Vehicles, as discussed at the June 5 meeting. The Board agreed to take this matter under advisement until the July 3 meeting.

3. Cary Ayers was present with a revised Preliminary Subdivision Plat for Howard B. Bloomer III, dated June 11, 1996, as discussed at the June 5 meeting. The plat included a pull-off and turn-around on the road, an indication that the road was private, and an easement for power lines, as discussed previously. Mr. Ayers said that Mr. Bloomer still requested consideration of a variance of the road width; he said that Mr. Bloomer would have to shoot out the existing 12-foot

road in order to widen it to the required 18 feet, which would make the lots virtually inaccessible, and would also affect the approved septic tank sites. He said that the owner was willing to provide a statement re: maintenance of the road as required, and also said he was discussing the possibility of a water line easement from the adjoining property owner, rather than upgrading the existing water line along Satulah Road. The Public Works Director confirmed that he had discussed the water line with Mr. Ayers, but would like to review its location before approving it.

Comm. James said that he felt the Board might be setting a precedent on the road variance, and the Board further discussed the feasibility of widening the road. Comm. Calloway asked if it was the Board's problem to help develop the property.

MOVED BY COMM. CALLOWAY, SECONDED BY COMM. JAMES, AND UNANIMOUSLY CARRIED TO DISAPPROVE THE REVISED PRELIMINARY SUBDIVISION PLAT.

V. New Business.

1. Informal bids on the Town's annual fuel contract had been received pursuant to invitation, and were opened and read by the Mayor, as follows:

- D & J Express Mart..... .2.5% discount per gallon
- Highlands Conveniences Inc.... ..8.25% discount per gallon
- Highlands Quick Mart..... ..10.5% discount per gallon

The bids also included current pump prices at each business. The Board asked the Clerk to analyze the bids before the June 26 meeting.

2. A proposal dated May 18 had been received from Lucas & Wood PC to perform the Town's FY 95-96 audit; the cost would be \$13,000.

MOVED BY COMM. SANDERS, SECONDED BY COMM. SOSSOMON, AND UNANIMOUSLY CARRIED TO ACCEPT THE AUDIT PROPOSAL.

3. The Board again considered the current sewer use rate of 150% of water, as discussed at the June 12 budget work session.

MOVED BY COMM. SOSSOMON, SECONDED BY COMM. JAMES, AND UNANIMOUSLY CARRIED TO AMEND THE SEWER USE RATE TO 175% OF THE WATER RATE, EFFECTIVE JULY 1, 1996.

4. MOVED BY COMM. CALLOWAY, SECONDED BY COMM. SANDERS, AND CARRIED TO AMEND THE BOARD'S ACTION OF MAY 15, 1996, IN AWARDED SCHOLARSHIPS, TO APPROVE AN AWARD TO LEROY WONG AS RECOMMENDED BY THE SCHOLARSHIP COMMITTEE. Comms. Calloway, Sanders, McCall, and Sossomon voted "aye;" Comm. James voted "nay."

Comm. Calloway asked that the Board schedule a meeting with the Scholarship Committee to discuss scholarship award policy.

5. Shannon Baldwin asked the Board to set a joint meeting with the Planning Board to discuss the Planning Study presented on May 15. The Board agreed to scheduled a joint meeting at 7:00 p.m. on July 24 for that purpose.

6. MOVED BY COMM. CALLOWAY, SECONDED BY COMM. SOSSOMON, AND UNANIMOUSLY CARRIED TO GO INTO CLOSED SESSION TO DISCUSS LEGAL AND PERSONNEL MATTERS.

A. The Mayor discussed the possible acquisition of a piece of property with the Board.

B. The Board discussed at some length a personnel matter, as recorded in the minutes of the June 5 and June 12 meetings, with Police Chief Jerry Cook and Police Officers Tim O'Brien and David Finn. Each Board member had received a copy of a letter dated June 17 from both officers

requesting hearing of a grievance, pursuant to their suspension without pay by the Police Chief, and had been notified that this was the time and date for said hearing.

In addition, each Board member had received copies of a portion of the Highlands Police Department Policies and Procedures Manual.

Police Chief Jerry Cook explained that he had suspended the officers based on Chapter II, Section 1, paragraph 12, "Conduct detrimental to the good order and discipline of the department;" Section 2, "Insubordin-ation or willful disobedience;" and Section 3, conduct "bringing discredit upon the individual or the department." He explained that on June 11 he had been informed by William Perkins, agent for the Professional Service Board of the State Bureau of Investigation, that the two officers were engaging in an illegal security business in violation of § G. S. 74C-21. He understood from Mr. Perkins that police officers could provide security only on an employee/employer basis, and that Officer Finn's arrangement to provide security at Highlands Inn was not legal. He had informed both officers that they were being investigated, and had asked them to refrain from the security work pending the outcome of the investigation; both had told him they would not stop, and he had suspended them without pay pending completion of the investigation because he felt it would be detrimental to the department to have officers working who, in his opinion, knowingly violated State law. He added that Mr. Perkins had told him that he had a cancelled check from SMS Security, allegedly endorsed by Officer Finn; police officers Perkey and Ensley had told him that Officer Finn had cashed such a check, then paid them in cash. He had been advised by Mr. Perkins and by the State Attorney General's Office that this practice was illegal.

Police Officer David Finn distributed copies of a brochure issued by the Protective Services Board. He said that he had worked on an employer/employee basis for several individuals, for Mica's Restaurant in Jackson County, and for Highlands Inn; he had worked the desk clerk/security guard position at Highlands Inn since before being employed by the Town. He said that he had never worked at Highlands Suite Hotel, nor had he contracted out any of the work; he had always worked and been reimbursed individually. Except for the Highlands Inn job, all of the work had been referred to him by Chief Cook. He said that he worked other off-duty jobs as well in order to make ends meet, and had referred such work to others but never profited. He said that he had sometimes collected money for other officers working at Highlands Inn, and had cashed checks in the name of SMS, then paid them in cash; this may have been a regulatory licensing violation, but it had not been intentional and there was no written contract. He then outlined his responsibilities as night clerk/security guard at Highlands Inn. He said he had assumed that he could continue this work when he had become a Police Officer, and that Jerry Cook knew about the arrangement. He also said that he had told the Chief, when asked to cease the security work, "I don't know if I can do that." He said that he had talked to the Protective Service Board, and felt that the investigation would not come to anything.

The Mayor expressed concern that Officer O'Brien was reportedly applying for his security license; he felt it was important that the Police Department not become a vehicle for security businesses, and that all officers realize that their number one priority should be to the Police Department.

Police Chief Cook said that he had no problem with the performance of either of the officers as police officers;

his problem was with their refusal to stop their second jobs, which he believed to be illegal, pending the investigation.

Police Officer Tim O'Brien said that he was not under investigation to his knowledge, and had not spoken with Mr. Perkins at all; he felt that his suspension was therefore not deserved. He said that he had been financially unable to quit his second job, but that he gave 100% as a police officer.

The Board agreed to take this matter under advisement. The two police officers then left the room and the Board discussed the matter further with the Police Chief.

- C. The Clerk reported that he had interviewed four individuals for the position of Billing Clerk, and he felt the most qualified applicant was Lisa Wilson. Ms. Wilson had agreed to an annual salary of \$15,000, as discussed at the June 12 meeting, and was willing to work a part-time probationary period.
- D. The Board discussed litigation involving Dillingham Construction Company and Allison Outdoor Advertising with Town Attorney Bill Coward.
- E. The Board discussed a personnel matter involving Patricia Barnes and Connie Sparacino.

MOVED BY COMM. CALLOWAY, SECONDED BY COMM. MCCALL, AND UNANIMOUSLY CARRIED TO GO INTO OPEN SESSION.

7. MOVED BY COMM. CALLOWAY, SECONDED BY COMM. MCCALL, AND UNANIMOUSLY CARRIED TO EMPLOY LISA WILSON AS BILLING CLERK PART-TIME AT AN HOURLY WAGE OF \$7.21; AFTER COMPLETION OF A PROBATIONARY PERIOD, SHE IS TO BE CONSIDERED FOR FULL-TIME EMPLOYMENT AT AN ANNUAL SALARY OF \$15,000.

VI. Meeting was adjourned by consensus at 10:00 p.m.

Richard Betz, Town Clerk