



**CITY OF SOUTHPORT
BOARD OF ALDERMEN - REGULAR MEETING
COMMUNITY BUILDING
223 EBAY ST, SOUTHPORT NC 28461**

March 4, 2026 | 9:00 AM

Present Members:

Joseph Hatem, M.D., Paul Gross, Marc Spencer, Rebecca Kelley, Lowe Davis, Robert Carroll,
Karen Mosteller

Absent Members:

Staff Present:

City Manager Noah Saldo, City Clerk Tori Deviney, Public Information Officer ChyAnn
Ketchum, Police Chief Todd Coring

Others Present:

1. Introduction of Participants

Mayor Hatem called the retreat to order, welcomed those present and those watching virtually, and led a moment of silent prayer followed by the Pledge of Allegiance. He opened by emphasizing that the purpose of the retreat was to focus on strategic planning and to establish priorities, goals, and objectives for the City of Southport moving forward.

The Mayor reflected on the City's successful regionalization of its water and sewer system with Brunswick County, describing it as the largest infrastructure project in the City's history. He noted that the effort saved taxpayers significant funds and was made possible through collaboration with county and state officials, including support from state legislators. He used this example to frame the broader question of what future ideas and initiatives should be prioritized through a structured strategic plan.

Mayor Hatem identified peace and civility as foundational values for the Board's work, stating that while they cost nothing, their impact is invaluable. He reiterated

core principles that should guide decision-making, including public health, public safety, emergency preparedness, environmental stewardship, preservation of historic heritage, protection of the waterfront and shoreline, and maintaining the character of neighborhoods. He stressed the ongoing importance of infrastructure, not only in terms of roads and sidewalks, but also City facilities and equipment, and he tied this directly to quality of life. He highlighted the importance of supporting nonprofits, community institutions, volunteer boards, and City employees, describing staff as the City's greatest asset and emphasizing the need for competitive salaries and benefits.

The Mayor then turned to stormwater as a key example of the type of issue requiring strategic planning. He explained that stormwater challenges have existed for years and are now widespread across the City. He shared estimates that approximately \$30 million would be needed to repair existing issues and \$60 million to implement a comprehensive stormwater system. He described this not simply as a problem, but as an opportunity to plan both short-term and long-term solutions. Short-term strategies include immediate repairs and pursuing legislative funding, while long-term strategies may involve bonds, grants, and broader infrastructure planning. He also raised concerns about development contributing to flooding and the need for better regulatory and infrastructure alignment. He concluded by encouraging the Board to approach these challenges with innovation, structure, and a commitment to civility, stating that he chooses to "proclaim the light" rather than focus on obstacles.

City Manager Saldo followed by welcoming attendees and noting that the Board had not held a retreat in several years. He stated that the retreat would provide an opportunity for both new and returning members to align on priorities and establish a shared direction. He emphasized that clearly defined strategic priorities would help guide staff in implementing policies and addressing the challenges ahead. He then introduced the facilitation team from the Cape Fear Council of Governments, including Daniel Adams and Danny Nickel.

Facilitator Danny Nickel began by outlining the structure of the session and asked each Board member to introduce themselves, share their length of service, and explain what motivated them to serve.

Alderman Carroll stated that his service was driven by a focus on infrastructure, historic preservation, and fiscal responsibility.

Alderman Spencer shared that he was motivated by a desire to help people and emphasized the importance of economic development and job sustainability, expressing concern about relying too heavily on tourism.

Alderman Gross, explained that he brought nearly four decades of state and local government experience, particularly in financial management, and wanted to apply that expertise in service to the City.

Mayor Hatem spoke about his background as a physician and his continued commitment to serving the community, noting the connection between public health and local governance.

Alderman Mosteller described her decision to serve as stemming from her experience on the Planning Board and a desire to contribute to the City's future.

Alderman Davis stated that she was motivated by a need for greater transparency and improved communication with citizens, drawing on her background in journalism.

Alderman Kelley explained that her focus is on long-range planning, fiscal responsibility, and maintaining affordability for residents, while also recognizing the role of tourism and the need for a sustainable workforce.

Following introductions, Mr. Nickel explained the roles of those present. He noted that the facilitators would guide discussion, ask questions, and synthesize input into a strategic framework. He emphasized that the Board members' role was to actively participate, share ideas, and think from the perspective of public service and stewardship. He also noted that City staff were present to provide operational context and support throughout the process.

2. Introduction to the Strategic Planning Process

Mr. Adams continued the presentation by introducing the strategic planning process and emphasizing the importance of establishing a strong foundation for the Board's work. He referenced a guiding principle that effective planning begins with understanding current conditions and "confronting the brutal facts" in order to move forward toward future goals. He noted that several Board members had already begun this process through their earlier reflections on their motivations for serving.

Mr. Adams defined strategic planning as an ongoing process through which an organization establishes long-term goals and priorities, determines appropriate actions, and allocates resources to achieve those goals. He emphasized that the process should be continuous and should guide both short-term actions and long-term outcomes. He noted that resources extend beyond funding and include staff time, which he described as a critical factor in achieving results based on the Board's direction.

He further explained that the strategic plan serves as a roadmap for the organization, outlining goals and identifying the steps needed to achieve them. Mr. Adams emphasized that the retreat provided an opportunity for a newly composed Board to align priorities and establish a shared vision for the next three to five years. He stated that clear direction from the Board is essential for City

staff, as it allows them to effectively carry out their responsibilities and make informed decisions consistent with Board priorities.

Mr. Adams also highlighted the Board's role as stewards of the organization and the community, noting the scope of responsibility for a municipality with approximately 85 full-time employees and a population of roughly 4,700 residents, as well as a significant seasonal visitor population.

He then outlined common challenges faced by organizations that do not engage in strategic planning. He described a reactive approach to governance, often referred to as "putting out fires," where focus remains on immediate issues rather than long-term goals. He explained that an overemphasis on short-term priorities can prevent meaningful progress toward broader objectives. He also discussed the issue of poor coordination across departments, often referred to as organizational silos, and noted that a lack of clear strategic direction can lead to conflicting efforts and inefficiencies. Additionally, he emphasized that unclear decision-making processes can hinder effective governance and that a strategic plan should serve as a foundational guide for decision-making.

Mr. Adams stated that the goals of the retreat included creating an environment for open dialogue, establishing a framework for decision-making, and generating new solutions to ongoing challenges, including infrastructure and stormwater issues. He emphasized the importance of identifying and building consensus around three to five key focus areas, noting that past efforts may have produced overly broad lists of priorities. He explained that focus areas should be concise themes that guide the development of more specific strategic goals and objectives.

Mr. Adams then introduced an individual exercise, instructing Board members to complete an anonymous questionnaire included in their materials. He requested that participants provide honest feedback and stated that responses would be collected, reviewed, and redistributed for further discussion. He noted that the group would take a short break following completion of the exercise.

3. Individual Questionnaire

Board members completed an anonymous nine-question individual questionnaire designed to gather honest feedback on various aspects of city operations and strategic priorities. The facilitators collected and redistributed the responses to inform group discussions.

Break

Mr. Adams brought the meeting back to order and read aloud the City of Southport Comprehensive Plan vision statement. He then posed a series of questions to the Board, asking whether they felt the City was currently working

toward achieving that vision. He further asked members to consider what success would look like if the vision were being achieved and how the City would measure progress toward those outcomes. Mr. Adams encouraged the Board to reflect on whether there were clear indicators, standards, or benchmarks in place that would demonstrate movement toward fulfilling the vision outlined in the Comprehensive Plan.

Mayor Hatem started by describing his vision of Southport in more vivid and personal terms. He referenced the natural and historic setting visible from City Hall, including the Cape Fear River, the historic Garrison, the yacht basin, and the City's neighborhoods. He emphasized that Southport is already a "beautiful mosaic" shaped by its scenery, history, and the people who choose to live there. He stated that the role of government is not to redefine that identity, but to support, preserve, and enhance what already exists, ensuring that the quality of life remains strong for residents while continuing to welcome visitors. He highlighted the interconnected role of all City departments, civic organizations, nonprofits, and institutions in maintaining that quality of life, and reiterated the importance of protecting the City's natural resources, particularly the Cape Fear River.

Mr. Adams responded by framing the Board's role as one of facilitation, asking whether the Board sees itself as responsible for guiding and sustaining that quality of life and preserving the City's character.

Alderman Gross agreed with the Mayor's vision but emphasized that it must be supported by clearly defined goals, measurable standards, and accountability. She questioned whether the City is truly achieving its vision and noted that without structured evaluation and performance measures, it is difficult to determine success.

Mr. Adams then posed a direct question about the City's goals, intentionally highlighting that they may not be clearly or consistently articulated. The discussion revealed that while goals may exist in documents such as the comprehensive plan, they are not always readily identifiable or unified in practice.

Alderman Spencer expressed concern that the City's priorities are too focused on serving visitors rather than residents. He argued that Southport has become heavily oriented toward tourism without adequately capturing revenue from it, stating that visitors use City resources without proportionate financial contribution. He suggested that this imbalance places strain on services such as policing and infrastructure and detracts from the City's responsibility to its residents. He characterized the issue as a shift from "integrity" toward "celebrity," emphasizing the need for clearer intent in the City's mission.

Alderman Carroll echoed these concerns, noting that Southport cannot realistically function as a typical small town of 4,700 residents due to the

significant daily influx of visitors. He pointed out that many visitors utilize City services but do not directly contribute to the local tax base in a way that offsets those impacts. He discussed several ongoing challenges, including misconceptions about sales tax distribution, the need for continued protection of natural resources, and the complexities of preserving historic character while avoiding perceptions of regulatory overreach. He also highlighted infrastructure and funding issues, including stormwater management and fire service funding, noting that municipalities often must subsidize services without external support. He added that recent efforts to engage with the business community have improved communication and responsiveness, though challenges remain.

Alderman Mosteller further expanded the discussion by emphasizing the importance of long-term planning, asking what Southport should look like 25 to 30 years in the future. She stressed that decisions made today will shape the City's long-term identity and that preserving its character requires intentional foresight. Alderman Spencer added historical context, explaining that Southport's role has evolved significantly over the past 50 years. Once a central hub for county services, the City now functions differently, and he suggested that it must adapt by focusing on its current role rather than maintaining outdated expectations. He noted the financial burden of maintaining legacy assets and emphasized the need to align responsibilities with present-day realities.

The discussion then shifted to the concept of excellence in government and the public's understanding of municipal operations. Mr. Adams asked what it means to achieve excellence in governance, particularly when citizens may not fully understand the constraints and complexities of local government.

Alderman Davis responded that there is a significant gap in public understanding, stating that most citizen interactions begin with a lack of awareness about what the Board can and cannot do. She described past efforts to improve public education, such as a Citizens Academy, but noted that participation was very low. She outlined the City's existing communication tools, including the website, notifications, and public outreach, but questioned what additional methods could effectively engage residents. She emphasized that without improved understanding, achieving excellence in government is difficult because citizens cannot fully engage with or evaluate decision-making processes.

Alderman Kelley offered a different perspective, suggesting that excellence in government is often reflected by a lack of visible issues. She explained that when services are functioning well and residents are satisfied, there is naturally less public engagement. In her view, increased engagement often signals that something is wrong. She emphasized the importance of maintaining efficient operations, fiscal responsibility, and service delivery in a way that allows residents to enjoy their quality of life without disruption. She also noted that accessibility remains important, describing how residents frequently approach her directly with concerns, which she views as a positive aspect of a small community.

Mr. Adams summarized this perspective as a type of informal "litmus test," where fewer complaints and less reactive engagement may indicate that the City is operating effectively. Alderman Gross added that excellence also requires confidence that the City is delivering services efficiently while maintaining responsible financial management.

The discussion concluded with a recognition that while excellence in governance can be defined in different ways, it ultimately involves balancing effective service delivery, fiscal responsibility, transparency, and community trust, all while acknowledging that it is not possible to satisfy every constituent.

Mr. Adams directed the Board's attention to the questionnaire, specifically asking what aspects of the City of Southport are currently working well from an organizational standpoint. He acknowledged the Mayor's earlier comments about visible strengths but encouraged the Board to consider operations, services, and internal functions.

Alderman Mosteller stated that public safety services, including fire, EMS, and police, are generally functioning well. She also highlighted the Parks and Recreation Department, noting strong programming and well-maintained parks, which she stated are exceptional for a city of Southport's size. She attributed some of these assets to the City's historical role as the county seat, while also recognizing more recent investments.

Alderman Gross emphasized the strength and experience of department heads, noting his firsthand experience working with them and praising the City's efforts to retain employees through competitive benefits, despite some ongoing turnover challenges in police and fire positions.

Alderman Spencer noted that with the transition of the City's sewer system, Public Works has been able to refocus efforts on smaller infrastructure projects. He observed crews actively addressing issues such as sidewalk improvements and stormwater-related work, describing this as progress in catching up on previously deferred maintenance and needed improvements.

Alderman Davis emphasized the professionalism and overall quality of City staff, stating that the City has moved well beyond outdated perceptions of government inefficiency. She described City operations as structured and process-driven, particularly in hiring and personnel management. She also acknowledged past challenges with turnover in the city manager position but stated that the City is now in a strong position with current leadership, noting that the City Manager has built a reliable and competent staff capable of effectively supporting the Board.

Alderman Kelley credited the City Manager's leadership in advancing both internal operations and community outreach. She noted that staff are not only progressing

on projects but are also improving communication and engagement with the public, which she described as valuable in strengthening trust and accessibility.

Mr. Adams then shifted the discussion to defining success, asking Board members to consider what indicators, over the next three to five years, would demonstrate that the City is in a strong and healthy position.

Alderman Davis expressed concern that the City is not currently in a strong and healthy position, citing external constraints that limit local control. She referenced state-level regulations and legislative actions that restrict the City's ability to manage development, infrastructure, and environmental protection. She noted that many significant issues, including dredging and sewer capacity regulations, are outside of the City's control, leaving the Board with limited influence beyond advocacy efforts such as resolutions and communication with legislators. She also raised concerns about traffic impacts and infrastructure strain resulting from regional growth.

Mr. Adams acknowledged this perspective, noting that many local governments feel their ability to control their own future is increasingly limited by external forces.

Alderman Gross agreed that the City faces significant challenges, particularly as a small municipality with limited financial resources. He noted that Southport has one of the higher municipal tax rates in the county and expressed a desire to see that reduced over time.

Alderman Mosteller also acknowledged the City's unique position as a destination and regional hub, which requires it to provide services at a level disproportionate to its population, creating ongoing financial pressure.

Mr. Adams expanded on this point, recognizing that Southport experiences the impacts of growth and development occurring outside its municipal boundaries without having control over those decisions.

Alderman Mosteller reiterated that the City must effectively operate as though it serves a much larger population, given the daily influx of visitors and surrounding residents, and acknowledged that this creates a long-term challenge in balancing service demands with tax burdens.

Mayor Hatem responded by describing Southport as the "downtown of Brunswick County," noting that its attractiveness naturally draws visitors. He characterized this as a positive challenge and emphasized the importance of finding ways to better capture and distribute revenue generated by that activity, particularly through improvements to sales tax allocation. He stressed that the financial burden of supporting a much larger effective population should not fall solely on City residents. At the same time, he emphasized the importance of supporting

local businesses and maintaining economic vitality, encouraging the Board to focus on solutions and opportunities rather than dwelling on constraints.

Alderman Carroll stated that success should ultimately be measured by the satisfaction and quality of life of Southport's residents. He distinguished between residents and those living outside City limits who utilize City services without directly contributing to the tax base. He acknowledged the challenges created by this dynamic but emphasized the importance of maintaining a reasonable and stable approach to taxation. He noted that success could be reflected in fewer complaints and a general sense of satisfaction among residents, noting that most engagement tends to come in the form of concerns or issues rather than positive feedback.

Mr. Adams noted that public engagement often occurs when individuals are dissatisfied, reinforcing the idea that a lack of complaints can sometimes serve as an informal indicator of effective governance.

Alderman Spencer reflected on his background in political science, noting the contrast between theoretical governance and real-world application. He stated that excellence in government should involve interpreting the wants, needs, and desires of constituents and translating those into effective policies. However, he emphasized that Southport faces a unique challenge due to significant population turnover, with many residents having lived in the City for only a short period of time. He explained that this dynamic creates difficulty in establishing consistent direction, as elected officials must balance input from newer residents with the historical perspective of long-term families. He described this as an ongoing struggle to reconcile varying expectations while maintaining a clear path forward.

Alderman Davis followed by emphasizing the importance of fully understanding the current reality before attempting to shape the future. She noted that poverty exists within Southport, even if it is not always visible, and highlighted the challenges faced by residents on fixed incomes. She explained that increases in property taxes or fees can have significant impacts on those individuals, forcing difficult financial decisions. She stressed the importance of compassion in governance, stating that policies should not inadvertently force residents to make sacrifices simply to remain in the community. She expressed her vision for Southport as a place where all residents can afford to continue living.

Alderman Mosteller responded by acknowledging that while this vision is desirable, the City's ability to address such issues is often limited by state-level constraints. She emphasized that legislative limitations restrict the City's flexibility in responding to financial and policy challenges. She referenced the Comprehensive Plan as an existing guiding document for the City's direction and expressed confidence in its framework. She further noted the importance of regional collaboration, stating that working collectively with neighboring jurisdictions could strengthen the City's voice and improve its ability to advocate

for needed changes at the state level.

Mr. Adams concluded this portion of the discussion and transitioned the meeting into the SWOT analysis exercise.

BREAK

4. Group SWOT Analysis

Mr. Adams noted that while the Board had engaged in productive dialogue, it was important to begin moving toward defining goals, policies, and actionable steps. He explained that some overlap with earlier discussion was expected but emphasized the need to organize those ideas more intentionally.

He provided a brief overview of the SWOT framework, explaining that it is used to evaluate factors that affect an organization's performance. He clarified that strengths and weaknesses are internal factors, while opportunities and threats are external. He provided examples, noting that a strong fund balance would be considered a strength, while staff turnover could be a weakness. External factors such as economic growth could present opportunities, while legislative limitations on municipal authority could be considered threats.

Mr. Adams explained that the Board would now begin identifying these elements collectively, building on prior discussion and individual questionnaire responses, and that this exercise would serve as a foundation for the City's strategic plan. He initiated the discussion by asking the Board to identify current strengths of the City.

Initial strengths identified included the leadership of the City Manager and staff, the historic and cultural character of the City, and the institutional knowledge of the Board, particularly among long-serving members with deep ties to the community. Mr. Adams also pointed to the City's physical setting, noting the natural beauty visible from City Hall as a defining strength.

Alderman Davis emphasized public safety and community comfort as key strengths, stating that residents and visitors feel safe walking throughout the City, including at night. She described Southport as a place where people know one another, creating a strong sense of community that is increasingly rare in other areas.

Alderman Kelley expanded on this idea, describing a continuity of community across generations. She noted that both past and present experiences reflect a level of trust and familiarity that allows children and families to move freely throughout the City, reinforcing a strong sense of safety and connection. She acknowledged that maintaining this environment will become more challenging as growth continues.

Alderman Davis further described the City's village-like atmosphere, noting small but meaningful indicators such as residents leaving lights on and the familiarity among neighbors. She characterized these qualities as representative of the type of community many people seek but cannot find elsewhere.

Alderman Gross identified consensus among Board members on key issues as a strength, citing agreement on topics such as sales tax distribution, the need for a fair fire tax fee structure, and other financial policies. He noted that this shared understanding allows the Board to present a unified position when advocating for change.

Alderman Mosteller highlighted the City's financial progress, particularly efforts to strengthen the fund balance and develop capital improvement planning tools, as important organizational strengths that support long-term planning and service delivery.

Mr. Adams emphasized the importance of aligning planning efforts, including the Comprehensive Plan, strategic planning, and budgeting, noting that resource allocation should reflect identified priorities.

Additional strengths discussed included the City's parks and recreational facilities, access to green space, and overall quality of public amenities.

Mayor Hatem summarized the City's strengths by describing Southport as comparable to a "Mayberry," emphasizing its small-town character, long-standing community ties, and blend of established residents and newer generations. He noted that while the City is not without challenges, its strong sense of identity and community provides a solid foundation for addressing those issues.

Alderman Davis suggested that the City's identity as a village-like community could be further embraced, noting that its character and atmosphere are central to its appeal.

Alderman Kelley added that Southport's small businesses are also a key strength, contributing both to the local economy and the overall character of the City.

Mr. Adams then began transitioning the discussion toward identifying organizational weaknesses.

Alderman Spencer responded that one of the City's weaknesses is the lack of an economic model that supports generational sustainability within the community. He explained that Southport does not currently offer enough stable, higher-paying employment opportunities to allow younger generations to remain in the City, build careers, and afford housing locally. He contrasted that concern with earlier generations who had access to more sustainable employment and stated that

many young people who grow up in Southport now leave for college or work and do not return. Mr. Adams clarified that Alderman Spencer was referring to the difficulty of creating conditions that would allow people raised in Southport to remain there as adults, and Alderman Spencer confirmed that concern.

Alderman Gross added that a significant weakness is the gap between the City's needs and its available revenues. He noted that Southport has many unmet needs, particularly in infrastructure and service delivery, but does not have sufficient funding sources to address them all. He referenced recurring concerns discussed earlier in the retreat, including sales tax distribution, food and beverage tax authority, and the sustainability of the fire fee structure, and stated that the City's financial obligations exceed its current revenue capacity.

Alderman Carroll stated that he continues to struggle with what Southport's economic strength should be and questioned what kinds of jobs the City should seek to support or attract. In response, Alderman Spencer pointed to the City's broader geographic advantages, including proximity to a major port, transportation infrastructure, and nearby industrial assets, arguing that Southport could position itself to attract small-scale technical or entrepreneurial industries. He expressed concern that the City has historically marketed itself primarily as a seaside destination rather than as a place where employers and families can establish long-term roots. He further argued that the local service-oriented and retirement-based economy does not contribute enough to municipal sustainability, noting that some sectors generate private income without producing corresponding tax revenue that directly supports City government.

Alderman Carroll continued that discussion by stating that tourism had often been viewed as a clean industry, but that his understanding of its effects had changed over time. He said that visitors and outside users place demands on Southport's infrastructure and public resources, and that this impact is not limited to traditional tourists. He specifically referenced outside users from surrounding areas as contributing heavily to those demands.

Alderman Kelley distinguished between overnight visitors who stay in Southport and spend money in local businesses, and "day trippers" who come into the City for the day but do not contribute in the same way. Speaking from her experience as a hotel owner, she explained that overnight guests support restaurants, tours, and other local businesses, and also contribute through occupancy taxes. She stated that those visitors should not be viewed the same as day users from outside the City who place demands on services without comparable financial contribution. She stressed that true tourism and day-use traffic should not be treated as identical issues.

Mr. Adams then shifted the discussion to opportunities, explaining that these are external factors that may positively affect the City. Alderman Kelley identified Southport's relationships with county and state legislators as an opportunity.

Alderman Mosteller added that the City could benefit from stronger liaison relationships with the county, particularly in the areas of economic development and planning, stating that a more intentional connection could help Southport address some of the larger regional issues affecting it.

Alderman Mosteller stated that she would like to see the City have a liaison to the County, specifically with the planning, as an opportunity to discuss some of the prior conversations.

Mr. Adams then asked Alderman Spencer to elaborate on his earlier comments regarding job creation and geographic opportunity. Alderman Spencer stated that Southport's location near transportation corridors, industrial properties, the port, and other regional assets presents opportunities for more diverse economic development. He suggested that small-scale business operations, technical industries, or other employer-based ventures could be viable if Southport more deliberately marketed itself for that purpose. He emphasized again that the City's current model is too heavily tied to service-based and retirement-driven activity, which he argued does not create the long-term economic base needed for municipal sustainability.

Alderman Spencer also returned to the issue of monetizing the use of City resources by non-residents, expressing frustration that Southport has not taken stronger action to capture more revenue from visitors and outside users. He referenced examples from other communities where parking and access are more tightly controlled and suggested Southport has been reluctant to do the same.

Alderman Kelley responded that one major opportunity would be obtaining authority to pursue a prepared food and beverage tax. She explained that such a tax could help shift some of the financial burden away from the City's residents and onto the broader population using local businesses and amenities. She also pointed to possible reforms in the fire fee structure as another opportunity to reduce pressure on property taxpayers. Alderman Davis cautioned, however, that the City cannot even put such a tax before voters without approval from the State, and noted that those efforts have thus far been unsuccessful.

Alderman Carroll stated that economic development remains a difficult balancing issue because the same small businesses the City wants to support are often hesitant about added fees or policy changes such as a prepared food tax or paid parking. He said the City must carefully weigh how to encourage business growth without creating disincentives for the very businesses it hopes to attract and retain.

Alderman Kelley responded that some business owners may be more open to those proposals once they better understand how the revenue would be used and how the structure would apply fairly. She explained that education has been a major part of the issue and noted that, as with occupancy taxes, the process could

become more understandable once properly explained. Alderman Mosteller agreed, stating that even a small prepared food tax could generate meaningful revenue without significantly affecting customer behavior, and she suggested better education for local businesses could help build support. Alderman Spencer countered that such taxes would still be paid by residents as well, and therefore would not fall solely on visitors. Alderman Kelley responded that dining out is a discretionary expense and therefore differs from property taxes or utility costs, which residents must pay regardless.

As the discussion moved into threats, Mr. Adams noted that many of them had already surfaced in earlier conversation and remarked that opportunities and threats can sometimes be two sides of the same issue, depending on perspective. He identified one major threat as the City's limited ability to control its own future due to state and federal constraints on municipal authority. The Board generally agreed that this issue had repeatedly arisen throughout the retreat.

Board members also identified growth pressure, development impacts, and increasing demands from outside users as major threats. Alderman Mosteller acknowledged those as real concerns. Mayor Hatem agreed and stated that overdevelopment, stormwater issues, traffic, and the obligation to provide services to a much larger effective population all present significant threats. He also emphasized that funding remains a constant concern, regardless of whether revenue is pursued through taxes, fees, or other mechanisms.

Mr. Adams raised the issue of infrastructure control, particularly as it relates to sewer capacity, and asked whether the City's lack of direct control in that area should be considered a threat. Alderman Kelley noted that the County's possible need for a moratorium due to sewer capacity interpretations could directly affect Southport. Mayor Hatem responded that while regionalization had been the right decision and created opportunities, outside regulatory requirements regarding permitted versus available capacity now present challenges that need legislative correction. Alderman Davis added that such a moratorium could delay expected growth and the associated property tax revenue from developments such as Indigo Phase II and other annexed properties, thereby affecting future budget planning.

Alderman Gross shared information he had recently gathered regarding Indigo Phase 11, explaining that infrastructure is not expected to be complete until 2027 and that significant property tax revenue from that project may not materialize until 2028 or later. He cautioned that the City would need to be conservative in its future revenue projections, especially given the uncertainty surrounding development timelines and outside regulatory constraints.

Alderman Mosteller also raised social media as a threat, stating that it often has a negative impact on staff and can at times be debilitating to the City's work. Alderman Gross agreed with that concern, referencing his own recent experience

with contentious public discourse during the election cycle.

Mr. Adams then paused the discussion and stated that the group had been working steadily for approximately an hour and a half. He called for a short break before resuming the remaining exercises later in the session.

5. Identification of Focus Areas

Mr. Adams returned the group's attention to the strategic planning framework and explained that the retreat had been building toward identifying the City's focus areas. He revisited the hierarchy of the strategic planning process, explaining that it consists of three levels: focus areas, strategic goals, and objectives. He stated that focus areas are short phrases that broadly capture shared themes, strategic goals identify specific initiatives the City hopes to achieve, and objectives are the concrete action steps taken to accomplish those goals. By way of example, he explained that a focus area could be public access to recreational opportunities, a strategic goal under that theme could be acquiring land for new or expanded parks, and an objective could be applying for a PARTF grant. He emphasized that, at this stage, the Board's task was to remain at the highest level and identify the broad focus areas that should structure the strategic plan.

Mr. Adams then asked the Board to consider the themes that had consistently emerged throughout the day's discussions, including the questionnaire responses, the group dialogue, and the SWOT analysis. He identified fiscal sustainability and revenue diversification as one of the clearest recurring themes and asked whether the Board agreed that it should be treated as a focus area. The Board generally appeared to agree.

BREAK

6. Achieving Success

Mr. Adams then directed members to write down what success would look like under that focus area and asked them to think about what the City Manager should be doing over the coming month to move the City toward fiscal sustainability and diversified revenue sources.

City Manager Saldo responded by noting that the discussion reflected a wide range of views about revenue strategy. He stated that the Board could continue on its recent path of tax increases in order to address major projects, or it could reduce expenditures by cutting programs and departments, or it could seek some combination of both. He explained that the central question for the upcoming budget cycle is how the Board wants to strike that balance. He framed the issue as a matter of tax policy and expenditure policy working together, asking what level of taxation the Board is willing to support and how that decision should shape service levels, capital projects, and operational spending. He noted that the

City currently has meaningful control over only one revenue source and that, while staff can continue to advocate for broader taxing authority and other reforms, the Board must decide how it wishes to proceed with the tools currently available. He stressed that the question is not merely a granular budget exercise, but a broader policy determination about where the Board wants to position the City over the next year in terms of both fiscal stability and service delivery.

Mayor Hatem commented that the City Manager's remarks were a strong summary of the issue and said he appreciated the way the question had been framed. He referenced prior years when Southport had pursued what was described publicly as a "lean and mean" budget approach and had gone several years without raising taxes, but noted that the City later found itself behind. He stated that while it is important to meet present needs, it is equally important to look ahead and plan for the future. He cautioned against taking an overly rigid approach focused solely on avoiding tax increases or reducing taxes, stating that such an approach may not be appropriate for a growing city with significant needs. He emphasized that Southport has a strong and growing tax base, pointing to the increasing value of local property, and said that future planning requires revenue. He concluded that the City should be thoughtful and judicious in its approach, but should not avoid necessary revenue decisions if the goal is to maintain excellence and prepare for future demands.

City Manager Saldo continued the discussion by emphasizing the scale of the City's long-term financial challenges, particularly related to infrastructure. He noted that while the City is currently in a strong operational position and did not need to raise taxes in the prior budget cycle, significant needs remain ahead. He referenced the estimated \$60 million in stormwater infrastructure needs and explained that the City has limited options to address those costs, primarily relying on its existing tax authority, potential bonding, and pursuit of grants. He stated that even if the City were to utilize its entire fund balance, it would not be sufficient to address a substantial portion of those needs. He stressed that any future bonding efforts would require dedicated revenue streams to support repayment and that the City must take a comprehensive, long-term approach to balancing operational needs with infrastructure investment. He added that future budget cycles will likely require increased focus on infrastructure funding, whether through use of fund balance, operational adjustments, or identifying new revenue sources.

Alderman Carroll stated that the City must begin planning further into the future rather than approaching each budget cycle as a standalone discussion. He emphasized that long-term planning is essential to ensuring the City's sustainability and compared it to planning for personal responsibilities such as education and family needs. He noted that one of the most difficult aspects of governance is engaging in honest conversations with constituents about priorities, particularly when different groups place value on different services. He explained that while some residents may advocate for cutting certain programs, those same

programs may be essential to others. He highlighted Parks and Recreation as an example, noting that while some programs may generate revenue or break even, others require support, and that opportunities such as sponsorships could help offset costs. He emphasized the importance of balancing service delivery with fiscal responsibility and stated that eliminating services entirely to reduce taxes would not be a practical or effective solution.

Alderman Mosteller suggested that the City pursue the Government Finance Officers Association Distinguished Budget Presentation Award as a way to strengthen long-term financial planning and transparency. She explained that achieving this recognition would require development of a multi-year financial plan, which would provide greater clarity for both the Board and the public. She noted that several municipalities in the region have already implemented similar practices and stated that it would help establish a more structured and forward-looking budgeting process.

City Manager Saldo responded that the City has already begun laying the groundwork for that effort through the implementation of new financial software. He explained that the system includes tools designed to support the development of a GFOA-compliant budget document and would allow the City to incorporate detailed financial data and long-term projections. He added that the system would also improve transparency by providing real-time access to revenue and expenditure data through an online dashboard, allowing both the Board and the public to monitor financial performance more closely. He stated that this approach would strengthen internal processes while also improving public understanding of the City's financial position.

Mr. Nickel noted that Alderman Mosteller's comments aligned with the structure being developed for the strategic plan, with fiscal sustainability as the focus area, long-term financial planning as a strategic goal, and achieving the GFOA designation as a potential objective. He encouraged additional Board members to share their perspectives on the importance of long-term financial planning in order to better understand the level of consensus on that issue.

Alderman Kelley stated that long-term planning should extend beyond financial considerations and be applied broadly across City operations, including parks, facilities, and overall infrastructure. She emphasized that the City must look beyond single-year budgeting and consider future obligations, including upcoming capital expenditures and debt service. She noted that certain existing debts will be coming off the books in the near future, while other major projects may require new borrowing, and cautioned that without proper planning, these financial pressures could converge at once. She stressed that infrastructure needs, particularly sidewalks and road conditions, require immediate attention and, if not addressed, could lead to liability issues for the City.

Alderman Gross suggested exploring internal efficiencies and cost-saving

measures, including implementing an employee suggestion program with incentives tied to measurable savings. He also raised concerns about potential duplication of services, specifically referencing senior programming offered both by the County and the City, and suggested ensuring coordination rather than redundancy. He identified opportunities to generate additional revenue through Parks and Recreation, including sponsorships and advertising within City facilities, and questioned whether existing opportunities have been fully utilized. He also highlighted the City's overtime expenditures, noting that approximately \$348,000 had been spent in the prior year, and recommended evaluating staffing models, scheduling practices, and cross-training opportunities to potentially reduce those costs. He emphasized that addressing the City's financial challenges would require multiple strategies rather than a single solution.

Alderman Davis remarked that while the Board frequently generates ideas, it often fails to follow through with implementation. She described a pattern in which discussions lead to initial momentum but ultimately stall without action. She cited the example of signage and sponsorship opportunities within the City Gym, noting that prior discussions had not resulted in concrete outcomes. She emphasized that the Board must take responsibility for ensuring that ideas are carried through to completion and that staff are supported in implementing those initiatives. Alderman Gross added that even relatively small revenue opportunities, such as facility advertising, could contribute meaningfully when combined with other efforts, and reiterated that a comprehensive, multi-faceted approach would be necessary.

Mayor Hatem noted that some of the topics being discussed, including the City Gym signage, had recently been addressed in the City newsletter. He used this as an example of the broader issue of communication and awareness, observing that even within the Board there may be gaps in shared information. Alderman Davis acknowledged that while she was aware of the topic, her concern was more focused on the lack of follow-through at the Board level. Alderman Spencer added that Board members should not have to rely solely on newsletters to stay informed and expressed concern about communication processes.

Mr. Adams then returned the discussion to the development of focus areas for the strategic plan. He confirmed that there appeared to be general consensus around fiscal sustainability and revenue diversification as a primary focus area. He then proposed an additional focus area centered on community character and quality of life, noting that these themes had been consistently referenced throughout the day's discussions.

Alderman Spencer cautioned that while identifying focus areas is important, the policies adopted by the Board must align with those goals. He expressed concern that certain regulations, particularly related to development and the historic district, may unintentionally limit growth and economic potential, thereby undermining stated objectives.

Alderman Mosteller responded by referencing the Comprehensive Plan, noting that the City's priorities, as identified through public input, include protecting environmental resources, managing growth, and preserving historic and cultural assets. She emphasized that these elements are not only reflective of community values but also serve as economic drivers. She stated that these priorities should guide the Board's decision-making and be reflected in the strategic plan.

Mr. Adams acknowledged the connection between the Comprehensive Plan and the strategic planning process, noting that overlap between the two is expected and appropriate, as both are rooted in community input and long-term vision.

Mr. Nickel clarified that the order in which focus areas were being discussed did not indicate priority, and that the Board would have an opportunity to refine and organize them later.

Mr. Adams continued the discussion by asking whether there was consensus around community character and quality of life as a focus area, including elements such as historic preservation, environmental considerations, and the City's small-town character. He then suggested that environmental stewardship and natural resource protection could be considered either as part of that focus area or as a separate one, given its significance to the City's identity and quality of life.

Alderman Kelley stated that environmental stewardship is deeply tied to daily life in Southport and described the waterfront as a place of personal and community significance. She noted that ongoing waterfront stabilization efforts may alter the appearance of the shoreline somewhat, but emphasized that the purpose of the project is to protect the City's natural assets. She also referenced storm impacts, including locations where roads had washed out during past storms, and explained that in at least one area the City was able to work with the Department of Transportation to replace culverts with a bridge, which better supports water flow. She stated that similar improvements could help address broader stormwater issues throughout the City. She also emphasized the importance of the tree canopy, noting that Southport has adopted tree protections that are not available at the county level, and stated that these protections help preserve both the character and environmental health of the City. She further discussed dredging as both an opportunity and a threat, distinguishing between beneficial maintenance dredging and larger dredging proposals that could negatively affect Southport and neighboring waterfront communities. She added that hurricane preparedness is also an important part of environmental stewardship and said that the City's fund balance must remain strong enough to respond to those types of emergencies.

Alderman Gross stated that he strongly supported including the environment and natural resources as a focus area. He referred to several parts of the City as its

"crown jewels," including the Yacht Basin, the waterfront along Bay Street, and Franklin Square Park, and stated that protecting and maintaining those places is essential for residents and visitors alike.

Mr. Adams stated that infrastructure had been referenced repeatedly throughout the day and observed that it touches nearly every other area of discussion. He suggested that infrastructure may be better woven throughout the various focus areas rather than treated only as a stand-alone category, though he invited the Board to respond if they believed it should also remain distinct.

Alderman Kelley responded that she believed infrastructure needed to be both integrated across the focus areas and treated as a major issue in its own right. She identified sidewalks, stormwater, and streets as key infrastructure concerns, noting that the City has already begun addressing some sidewalk repairs but still faces substantial needs. She stated that stormwater remains a significant issue throughout the City and pointed out that some parts of the system were never fully connected or built out. She also described the condition of many roads as poor and said that while staff have done a good job with temporary repairs, the City is not equipped to handle large-scale paving on its own. She later added the electric grid as another critical infrastructure issue, referencing ongoing undergrounding efforts and the need for long-term redundancy and planning. She emphasized that the City must take a strategic, phased approach so that each investment fits into a broader plan rather than being handled piecemeal.

Alderman Spencer stated that infrastructure issues are interconnected and warned that addressing one problem without accounting for another can create unintended consequences. He explained that road construction can function like a dam if drainage is not properly considered, causing water to back up into neighborhoods. He said this is part of the City's dilemma, as newer areas have more advanced stormwater systems while older parts of Southport do not, and catching older neighborhoods up to current standards is both difficult and expensive.

Alderman Carroll expressed concern that the City is already operating at what some view as a high tax rate and still is not fully addressing these infrastructure needs. He questioned how the City can realistically fund major capital needs under those circumstances.

Mr. Adams acknowledged the difficulty of that question and responded that the best answer is long-term planning and consistency from the Board in identifying and investing in priorities. He noted that many of the current costs stem from years of development decisions that did not adequately account for issues such as stormwater, and said the City is now dealing with those consequences. He added that improvements in revenue diversification could eventually support infrastructure investment, but emphasized that it will require sustained planning and alignment over time.

Mr. Adams then asked whether sustainability or managed growth should stand as its own focus area or be integrated into other areas. He clarified that, in this context, he meant sustainability both in terms of generational sustainability and in terms of whether current development patterns are creating future liabilities. He also raised public safety as another theme that had surfaced repeatedly during the retreat.

Alderman Spencer responded that changing traffic patterns and increased activity in town have affected public safety concerns, particularly because the City now sees so many people coming and going that it is harder to distinguish between local residents and outsiders. He stated that police activity has increased in recent years and suggested that the demands of policing a destination community are different from those of a town serving only its local population.

Alderman Carroll added that public safety should include both police and fire services. He stated that the City has been reactive in addressing traffic patterns, and that some interventions have simply shifted heavy traffic into other neighborhoods, particularly areas such as Fodale Avenue, Park Avenue, and Stuart Avenue. He also reiterated his strong support for fire and EMS services, stating that the City must identify reliable ways to fund them. He questioned what the cost would be to the City if it did not operate within a fire district structure and observed that, given Southport's continuing growth, the City would likely still need to maintain substantial resources regardless. He emphasized that the challenge is not unique to Southport and suggested that the City should continue working with county officials and using its regional relationships to pursue a better long-term funding solution.

Alderman Kelley explained that the fire fee at the district level is already capped and cannot be increased without authorization from the State. Mr. Adams acknowledged that this issue has surfaced across the county and is a concern for multiple municipalities. Alderman Mosteller added that other municipalities in Brunswick County also subsidize their fire operations, citing examples from Shallotte and Oak Island, and indicating that Southport is not alone in facing this type of financial pressure.

Mayor Hatem discussed the importance of funding essential public safety services, emphasizing that fire, EMS, and medical services are fundamental responsibilities of local government. He noted that Southport is uniquely positioned with a hospital, originally established in 1930, and highlighted the long-standing hospital tax, which has provided a stable funding source for decades at a rate of four cents per \$100 valuation.

Mayor Hatem explained that this tax was established through legislative approval followed by a public referendum in the 1970s, when residents chose to tax

themselves to preserve the hospital. He described the hospital tax as a successful model of community-supported funding and suggested that a similar approach could be considered for fire services in the future.

He further emphasized the importance of long-term planning, noting that previous boards made forward-looking decisions, such as constructing the current fire station, which continues to meet the City's needs today. He stated that the Board must take a similar approach, considering not only current needs but also planning for the next 5, 10, and 25 years to ensure continued service excellence.

Alderman Davis asked for clarification regarding the hospital tax, specifically whether it was classified as a tax or a fee and what approvals were required to implement it.

Mayor Hatem confirmed that the hospital tax is a tax that required authorization from the State Legislature, followed by voter approval through a referendum. He explained that the current authorization, approved in 2000, is set for a 30-year period and will require renewal in 2030.

Alderman Kelley asked whether the hospital tax applies only to Southport residents.

Mayor Hatem clarified that the tax applies to a defined district within Smithville Township, not exclusively the City, and noted that expanding the service area would require additional legislative action and another public vote. He explained that previous efforts to expand the district were not pursued due to concerns about voter approval at the time.

7. Next Steps

Danny Adams brought the discussion back to the strategic planning framework, noting the group had identified four primary focus areas: fiscal sustainability and revenue diversification, community character and quality of life, infrastructure, and public safety. He suggested that environmental stewardship, which had been discussed throughout the day and reflected in the Comprehensive Plan, could be incorporated under community character and quality of life.

He asked whether additional themes had not yet been captured and raised community engagement and transparency as potential focus areas, noting these had been identified in participant questionnaires.

Alderman Mosteller suggested framing this concept more broadly as "strengthening governance, partnerships, and accountability," aligning with language in the Comprehensive Plan.

Alderman Davis supported the concept and emphasized the importance of strengthening partnerships with neighboring municipalities, noting that shared challenges could be addressed more effectively through collaboration and would strengthen advocacy efforts at the county and state levels.

Alderman Kelley highlighted existing regional coordination efforts, including mayoral meetings, interactions with county commissioners, and participation in regional organizations. She noted that collaboration across jurisdictions is critical, as growth and infrastructure impacts extend beyond municipal boundaries.

Alderman Mosteller added that regional manager meetings also contribute to strengthening intergovernmental partnerships.

Danny Adams then summarized the discussion and asked for consensus on five focus areas:

- Fiscal Sustainability and Revenue Diversification
- Community Character and Quality of Life
- Infrastructure
- Public Safety
- Governance, Partnerships, and Accountability

General agreement was indicated by the Board.

Mr. Nickel invited feedback on wording and structure to ensure clarity moving forward.

Mr. Adams outlined the next steps in the strategic planning process, stating that he and his team would compile a summary report of the day's discussions and develop a simplified strategic plan document intended to be accessible to both the Board and the public.

He emphasized that the strategic planning process is ongoing and requires continued evaluation, discussion, and adaptation. He encouraged the Board to remain engaged in long-term thinking and to commit to implementing the ideas discussed.

He also highlighted the role of staff, noting that while the Board sets policy direction, staff are responsible for implementation, and collaboration between the two is essential for success.

Mr. Nickel noted that the facilitators had been documenting the discussion in real time and would incorporate those notes into the final materials.

The facilitators thanked the Board and staff for their participation and constructive dialogue.

8. Legislative Goals

As the discussion turned to legislative priorities, City Manager Saldo stated that, in addition to the strategic focus areas, it would be important for the Board to identify and summarize its legislative goals so staff could continue advocating for them at the county, state, and federal levels. He said that while many of those priorities may be familiar, it would be helpful to clearly articulate them as part of the City's broader planning efforts.

Alderman Davis began by stating that one of her primary legislative goals was to continue pursuing authority for a referendum on a prepared meals and beverage tax. She also said the City should continue working with the Legislature on zoning-related matters, particularly changes to down-zoning laws, which she believed could significantly affect Southport. She added that de-annexation should also be addressed, stating that she was frustrated by repeated threats of de-annexation whenever difficult issues arise and that any such process should be thoughtful rather than reactionary.

Mayor Hatem suggested going around the table so each Board member could state legislative priorities.

Alderman Kelley stated that she also supported pursuing authority for a prepared meals tax, but emphasized that this is not only a legislative issue and should also involve continued education and conversation with local business owners so they better understand the proposal and its effects. She also identified the regional dredging issue as a major priority, stating that the Legislature should understand that the City is not opposed to larger vessels in principle, but is deeply concerned about the impacts deeper dredging could have on Southport and other river communities. She further stated that funding assistance for the old courthouse should be pursued as the City moves through planning and renovation of that historic building.

Alderman Mosteller stated that she would like the City to seek more flexibility from the Legislature in helping residents who are struggling financially. She noted that current state law allows certain elderly residents below a very low income threshold to receive relief on property taxes, but said the eligibility level is so limited that it leaves many people just above that threshold without assistance. She stated that the City does not currently have meaningful tools to respond to those situations and that greater local flexibility would be helpful. She added that many of the other legislative priorities had already been mentioned and said she would continue to think about additional items.

Alderman Gross stated that he supported pursuing the prepared food and

beverage tax, reforming the sales tax distribution formula, and establishing a fair and sustainable fire tax structure that does not require city residents to subsidize service outside the city limits. He said many of these are longstanding issues, but emphasized that the Board appears to have clear consensus on them. He also stated that the City should continue building relationships with county commissioners and key legislators, including Senator Rabon and Representative Miller, and should seek state support for renovation of the old courthouse, which he said could become a fitting long-term home for the Police Department.

Alderman Spencer agreed that the courthouse is a major issue that will require outside assistance, both for renovation and long-term maintenance, particularly because of its history as a county asset. He also stated that road and drainage issues should remain legislative priorities, pointing to the Moore Street bridge as an example of how transportation improvements can also help resolve drainage problems. He said the City should continue working with the State on road design, drainage, and traffic routing, including better ways to move vehicles into and out of Southport so traffic does not continue to funnel through the same limited corridors. At the same time, he cautioned against relying too heavily on the Legislature to solve all of the City's problems, stating that the Board should also remain focused on taking action where it has local control, even when those decisions are difficult.

9. Board Comments and Any Additional Items Not Already Addressed

During board comments and discussion of additional items, City Manager Saldo invited the Board to raise any remaining issues, whether strategic, operational, or procedural, that had not yet been addressed during the retreat. He stated that this was an appropriate opportunity to provide direction to staff and discuss any outstanding concerns.

Alderman Kelley raised the issue of the Planning Board vacancy and asked for clarification regarding the Board's prior discussion about whether to proceed with filling the seat now or wait until the larger pool of appointments expected in June. She stated that she had understood from the last Board of Aldermen meeting that the City would wait and wanted to know whether that remained the consensus, particularly since the vacancy had already been advertised.

Alderman Davis responded that she had made a motion at the prior meeting to repost the vacancy in order to encourage additional applications. She noted, however, that she did not believe the current retreat had been advertised as a meeting at which a final decision on the appointment would be made. City Manager Saldo clarified that any duly advertised meeting could include discussion and direction on such matters, and stated that staff needed clearer guidance because he had heard differing opinions from Board members about whether to proceed now or wait until June.

Alderman Davis stated that there were now additional applications on file and that four Planning Board meetings would occur before the unfilled term would expire in June. She expressed the view that the Board should move forward now in filling the vacancy and then address the other upcoming Planning Board terms in June. She also suggested that the Board consider a policy under which applicants who are not selected could keep their applications active without having to restart the process.

Alderman Carroll stated that he was comfortable filling the seat now and agreed that there was no reason to wait. He added, however, that anyone who had previously interviewed and still wished to be considered should be re-interviewed, stating that more recent interviews can sometimes carry an unfair advantage simply because they are fresher in the minds of Board members.

Alderman Mosteller stated that she did not believe the Board should arbitrarily shorten anyone's appointed term in order to fit a revised schedule. She noted that members had been appointed to full terms and said she believed the City should simply fill vacant positions according to the ordinance and, if needed, use future appointments to make any adjustments to staggering.

Alderman Davis emphasized that the ordinance already provides the framework for handling vacancies and term expirations, and stated that the Board should follow it as written. She noted that a person appointed to fill a vacancy serves only for the remainder of that term and said the current ordinance is clearer than the older system, which had led to confusion about expiration dates.

City Clerk Deviney explained that staff had reviewed past minutes and confirmed that Fred Fiss had been appointed to a full three-year term in 2023, meaning that his term expires in June 2026. City Manager Saldo stated that, based on the minutes and prior appointments, both Fred Fiss' seat and the former member Kevin Locklin's seat would expire in June, in addition to the alternate seat. Alderman Davis stated that, in her view, nothing had changed and that the Board simply needed to apply the ordinance consistently.

Alderman Kelley sought clarification that the interviews now being conducted for the Kevin Locklin vacancy would be for a term lasting only until the end of June and that the person appointed would need to reapply if they wished to serve beyond that point. It was confirmed that this was correct.

The discussion then shifted to broader procedural concerns. Alderman Mosteller stated that she had difficulty hearing portions of the prior Board meeting while participating remotely and said she would not attend remotely again if she could avoid it. She also expressed concern about the practice of removing items from the agenda at the beginning of a meeting, stating that while it may be allowed procedurally, it creates confusion, consumes time, and can feel like an ambush to Board members who have prepared for the published agenda. She stated that in

her view, it would be better to allow an item to remain on the agenda and then table it when it comes up, rather than have extended discussion during agenda approval.

Alderman Davis asked for clarification on how that would work procedurally and whether an item could still be tabled once the agenda had been approved. City Manager Saldo responded that the Board could handle it either way. He explained that an item can be removed during agenda approval or left on the agenda and tabled when reached, and that retaining it on the agenda does not obligate the Board to vote on the substance of the item. He stated that if the Board believes it would be a better flow to wait and address the issue at the time the item comes up, it may do so.

Alderman Carroll stated that the discussion highlighted a larger issue regarding Board communication and relationships. He acknowledged that Board members should not be reaching the meeting itself without having already had some discussion about concerns with agenda items. He explained that when he reviews his agenda packet, he typically raises questions or concerns with the City Manager, the Mayor, or the staff member responsible for the item ahead of the meeting, and he suggested that board liaisons should similarly raise concerns about applicant pools or board vacancies before interviews are conducted. He stated that, as a matter of strategic improvement, the Board needs to become better at communicating with one another and functioning more effectively as a governing body.

Mayor Hatem responded to the earlier discussion by stating that, with respect to the agenda, the item in question had been placed on the agenda in good faith and through the normal process. He said the City Manager and Mayor work carefully on agenda preparation and do not place items on the agenda unless they meet the adopted procedural requirements. He referenced the City's adopted rules and procedures, explaining that agenda items are to be supported by available background information and submitted within the established timeframe. He stated that, from his perspective, the appointment item met those requirements and was ready for consideration, and he reiterated that removing it at the beginning of the meeting had disrupted the flow of the meeting and consumed a significant amount of time. He emphasized that if a Board member has concerns about an agenda item, those concerns should be raised in advance rather than for the first time at the table.

Alderman Davis responded that the majority of the Board had supported removing the item from the agenda. Mayor Hatem replied that his concern was not with the outcome but with the way the issue had been handled procedurally. He stated that staff should proceed with whatever was needed to make sure the positions are filled when ready, and that the item should not return to the agenda until those involved believe it is ready for action.

Alderman Carroll stated that while the same ultimate outcome may have been reached, the issue could have been handled in a way that produced a better result. He said that when matters are raised for the first time at the table, Board members who have prepared for the agenda are put in a difficult position. He stated that had the discussion occurred before the meeting, it likely would have felt more like a team discussion and would not have created unnecessary tension. He said the way the matter arose set a negative tone for the meeting.

Alderman Davis responded that the tone changed, in her view, because assumptions were made about her motives and because she felt she had been criticized for what she described as a procedural motion intended only to allow for more applications. She stated that she had clearly explained her reasoning and that, if she believes in the future that an item should not be on the agenda, she may make the same kind of motion again during agenda approval. She stated that she believes there is a problem with approving an agenda that the Board already knows it does not intend to follow, and said the situation had unfortunately become more contentious than intended.

Alderman Carroll stated that, from his perspective, the process depends on staff, board liaisons, and interview panels to move appointments forward in an orderly way. He said that what the action had looked like to some at the table and in the public was an attempt to continue "shopping" for applications, and he stated that one of the underlying problems is the lack of a clear standard for how many applications should be considered enough to proceed.

Alderman Kelley stated that she believed she could help clarify part of the issue. She said that when there had only been three applications for two positions, she had shared concerns about the small applicant pool but did not realize there was another procedural option available if the Board believed more applicants were needed. She stated that she now understands there is another process and that, because of that experience, she paused the current interview process until there was greater clarity and agreement from the Board. She said she appreciated the clarification and was ready to move forward with interviews so the matter could be resolved.

Alderman Carroll stated that the Board may want to consider changing the ordinance to remove guesswork from the process by establishing whether there should be a minimum number of applications before moving forward with appointments. He suggested that if there are enough applications to fill the open positions, the process should move ahead, and if not, the vacancy should be republished.

Alderman Davis stated that she would not want the Board locked into appointing someone simply because the number of applicants matched the number of vacancies. She suggested that an ad hoc committee of Board members should be created to examine the appointment process and recommend changes to the

ordinance addressing issues such as application periods, applicant pools, and whether previously submitted applications remain active. She stated that the Board has already made progress in standardizing term dates and vacancy procedures, but has not yet fully addressed the appointment application process itself.

Alderman Spencer added that, in his view, the Board's responsibility is to make appointments itself and not allow boards or committees to effectively select their own successors. He expressed concern that under some structures the committee chair and vice chair may be able to outweigh the Board liaison, which he said weakens the Board's authority.

Mayor Hatem stated that there are already staff, board members, and processes in place to handle appointments, and reiterated that the main question had been why the item was removed after having gone through the normal process. He said that if the Board wishes to consider changing the ordinance, it can do so, but that when a vacancy is advertised and only one person applies, that person may ultimately be the one appointed if no one else comes forward.

Alderman Carroll acknowledged that there are occasions when applicants present themselves differently on paper than they do through the interview process, and he said there are times when it becomes clear that a particular candidate should not be appointed. He stated, however, that from his perspective, the difficulty in this situation was not disagreement over qualifications but the lack of advance discussion. He apologized for the way he reacted and said that having more notice of concerns ahead of the meeting would make it easier for the Board to function as a team.

Alderman Davis cautioned that making phone calls around the table to test opinions before a meeting can itself raise transparency concerns, because the Board's decisions should be made openly in public rather than privately among members. She reiterated that she had clearly stated her reason for making the motion and expressed disappointment that it continued to be described as though her reasoning remained unclear.

Mayor Hatem responded that no one was accusing her of being dishonest. He said the concern was that the item had already gone through the usual preparatory process with staff and liaisons and appeared ready for consideration when the agenda packet was distributed. He said that when a motion is then made at the table to remove the item, it raises the question of how it reached the agenda in the first place if someone believed it was not ready.

Alderman Davis asked whether that meant a Board member should instead contact the City Manager and ask for an item to be taken off before the meeting, stating that she does not believe the Board should give up its authority over the agenda to staff. Alderman Carroll replied that if one person can request an item

be placed on the agenda, another member should also be able to express concerns before the meeting. He again emphasized his belief that the Board needs a clearer standard for the number of applications required before proceeding with appointments.

Alderman Gross then used the discussion as an opportunity to promote a separate item he had already requested for a future agenda. He stated that Southport's current ethics policy should be strengthened and expanded into a fuller ethics and code of behavior policy applying to the Board of Aldermen as well as appointed board and committee members. He said he had forwarded Brunswick County's more detailed policy to the City Manager as an example and stated that he believes a stronger policy could improve the conduct and tone of meetings.

Alderman Carroll added that, as part of that discussion, the Board may also need to review its conflict of interest policy and how those situations are handled going forward. Mayor Hatem stated that staff and the City Manager should work on the issue and prepare information for the Board and the public to review, though he noted it may not be ready for the next March meeting because of timing.

City Manager Saldo continued the discussion by noting that staff typically generates the majority of agenda items under the current rules, while Board members may also request items be placed on the agenda within the required timeframe. He stated that if the Board wished to revisit how items are added or removed before a meeting, staff could review that process and consider whether adjustments to the policy would be helpful. He suggested that if there is concern about one Board member being able to request an item be added, the Board might also want to consider whether there should be a corresponding process for raising objections before the meeting. He added that any such change would need to be considered alongside the timeline for assembling and distributing agenda packets. He also stated that if the Board wished to reconsider the structure of committee appointment interviews, one option could be a nominating committee model involving Board members before recommendations come to the full Board.

City Manager Saldo stated that outside of the agenda and appointment discussion, he wanted to know if there were any other remaining concerns. Alderman Carroll asked what year the Board had adopted the new policy establishing July term start dates and June appointment timing. Alderman Davis responded that she could provide the minutes from that meeting and noted that previous Assistant City Manager Dutton had originally presented the ordinance revisions.

As the retreat concluded, Alderman Mosteller thanked the Cape Fear Council of Governments facilitators for their work. Mayor Hatem also thanked the facilitators, City Manager Saldo, and City staff for helping organize the retreat and guide the

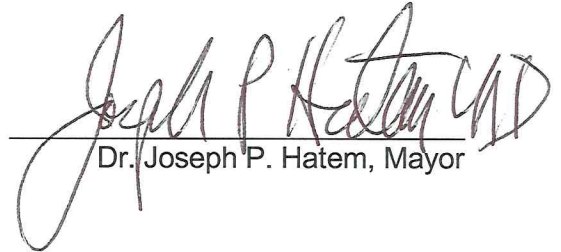
discussion. He stated that he believed the conversation had been productive and appreciated hearing a wide range of viewpoints. He expressed hope that the Board could hold a similar retreat again the following year. Alderman Spencer remarked that the Board would be interested to see the facilitators' results and report. Mayor Hatem stated that he looked forward to receiving that report and continuing the process.

A motion to adjourn was made by Alderman Spencer and seconded by Alderman Kelley. The motion carried unanimously.

The meeting adjourned at 1:44 PM.

(ATTEST)


Tori Deviney, City Clerk


Dr. Joseph P. Hatem, Mayor

