



Town of HOLLY RIDGE

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HOLLY RIDGE TOWN COUNCIL SPECIAL MEETING November 21st, 2023 3:00 P.M.

Mayor Jeff Wenzel called the Regular Meeting of the Holly Ridge Town Council to order at 3:07 p.m. at the Holly Ridge Town Hall. Council members present were Councilman Sholar, Mayor Pro-Tem Hall, Councilman Hines, Councilwoman Stanley, and Councilwoman Bragg. Also, present were the Town Manager, Heather Reynolds, Parks and Recreation Coordinator, Rachel Greene, Chief Sorg, and Attorney Kyle Fountain. Deputy Clerk Tracy Martin was absent.

Invocation and Pledge

Dr. Joe Martin – Liberty Baptist Church gave the Invocation and Mayor Wenzel led the Pledge of Allegiance.

Adoption of Agenda

Manager Reynolds asked that Item B – Discussion and Possible Action regarding Drag Strip Road be removed from the agenda.

A motion was made by **Councilwoman Bragg** seconded by **Councilwoman Stanley** to adopt the agenda as amended. **All Agreed.**

Councilman Hines asked when Item B will be discussed. Manager Reynolds said it will be on the agenda for the December meeting under Old Business.

Update on Holly Plaza Apartments and Receive Direction from the Town Council

Manager Reynolds said the Town Council voted a few weeks ago to move forward with testing all the units in Holly Plaza Apartments. Manager Reynolds said we received those results back. Manager Reynolds said the first challenge is the roof because the units do not have the proper ventilation system in place. Manager Reynolds said when the new roofs were put on the buildings, they did not have the standard twelve-inch overhangs. Proper intake ventilation should have been installed along with the proper installation of ridge ventilation because this contributes to moisture buildup throughout the units. Manager Reynolds said no air can get through the attic spaces. Manager Reynolds said we had a roofing company

evaluate each building. They cut back some shingles to see what was going on. Once the ridge vent was removed, they discovered the installers failed to cut to the standard three inches width from the center point of the ridge. This also adds to moisture build up. Manager Reynolds showed a picture of a ridge vent with no ventilation hole which was a standard occurrence across all the units.

Manager Reynolds said to fix just the second issue, will be remove the existing vent, cut in a proper gap, install the ridge vent, and ridge cap which is approximately 4600 linear feet at \$25.00 per linear foot at a cost of approximately \$115,000.00. The second issue is to remove the lower area of shingles to the decking, cut in proper ventilation gap, install intake ventilation, re-install the under layment and shingles which is approximately 3400 linear feet at \$25.00 a linear foot at a cost of approximately \$86,000.00. Just in roof repairs it would cost around \$200,000.00 in roof repairs.

Manager Reynolds said of the forty-four units that were evaluated because the office was not evaluated due to not having access, only two of forty-four did not show mold growth in the air handlers. Air handler replacement in each unit would cost approximately \$19,200.00. The duct work is from the eighties so it is made of particle board, and it cannot be cleaned. If we attempted to clean it, it would disintegrate. All the duct work would have to be removed from the units which would entail tearing out the sheet rock, walls, and fixtures, because in the eighties, in this building, the duct work ran all throughout the walls.

Manager Reynolds said the total cost for new duct work and HVAC equipment is \$864,000.00 which does not include the electrical that would have to be completed for each unit or the finishing work.

Manager Reynolds said between the air conditioning equipment and the issues with the roof systems, we would be looking at base line of approximately \$1.1 million in repairs. The Tax value of the property is roughly \$965,000.00. The HVAC will exceed fifty percent of the face tax value which does not include electrical, roof or mold remediation. This is just the physical attributes of the property that need to be repaired.

Manager Reynolds said other issues that we have not considered or gotten prices for are drainage issues within the foundation. When we had the testing completed, the tester was at 100% moisture on most of the floors in every unit. We believe this is due to a drainage issue with the air handler. Manager Reynolds said there is an issue with the vapor barrier on every unit.

Manager Reynolds said we confirmed there is asbestos in the tiles that are in the units and in some instances when the walls were open during the testing, there was mold on the studs. We are talking about tearing the units down to the studs and still possibly having an issue with the concrete slabs. If all these issues were remediated, we would still have the need to work with HUD which has been hard.

Mayor Pro-Tem Hall said all of this is still on top of the note we still owe on the property. Manager Reynolds said that is correct. Manager Reynolds said approximately \$720,000.00 is still owed on the note for the property in addition to any funds we expended for testing, housing of the tenants and all those expenses.

Mayor Wenzel asked if we have the mold results. Manager Reynolds said we have them.

Attorney Potter said all the units except for two came back with various levels of mold contamination. Attorney Potter said he is not a mold expert so he will not get into specific kinds but there was everything from your normal naturally occurring mold to black mold which is a serious threat to public safety. Some of the units were severe and some were not as severe.

Mayor Wenzel asked about the building inspector. Manager Reynolds said the City of Jacksonville came out a couple of weeks ago and went through each unit with our officials and the mold tester was here as well. The Town's inspectors have looked at the results and compared notes with the City of Jacksonville's recommendation and based on the recent mold testing and third party inspections of all the buildings, in accordance with North Carolina General Statute 160-D-119 and North Carolina General Statute 160-D -1121 and the Town of Holly Ridge, ordinance chapter six, the condition of such buildings constitutes a clear and imminent danger to the life or health of occupants or other persons and that all such buildings are hereby condemned.

A motion was made by **Councilman Sholar** and seconded by **Councilwoman Stanley** to abandon the Holly Plaza repairs due to the numerous issues and the cost associated with the repairs. **All Agreed.**

A motion was made by **Councilman Sholar** and seconded by **Mayor Pro-Tem Hall** to extend the current hotel housing for thirty days from today to allow residents to find a new place to live and the check-out date will be no later than January 1st, 2024. **All Agreed.**

A motion was made by **Councilman Sholar** and second by **Councilwoman Stanley** to authorize the attorney to negotiate with the residents to honor their current lease agreement with the following parameters to be conducted by December 11th, 2023. Pay off each lease with the rate of \$1125.00 for one bedroom, \$1440.00 for a two bedroom and \$1755.00 for a three bedroom. If the resident agrees not to pursue any further legal action against the Town, the following incentives will be granted. A lump sum payment will be made to the resident for all remaining months. If the lease termination is less than six months, the lump sum will include rent for six months and there will be an additional \$2000.00 for incidentals expenses. **All Agreed.**

A motion was made by **Councilman Sholar** and seconded by **Mayor Pro-Tem Hall** to terminate the contract with Pendergraph Management Company immediately. **All Agreed.**

Mayor Wenzel said there will be a lot of questions that the residents have, and we will be putting together a list of frequently asked questions such as when you can come and pick up your belongings. Mayor Wenzel asked Manager Reynolds to make a list of those types of questions and we will answer those questions as fast as we can.

Discussion and Possible Action regarding Drag Strip Road

Persons wishing to Address the Council

Flonnie Wullenwaber – 402 Caroline Sanders Way said she would like to tell the residents how sorry she is and how hurt she is for them. Ms. Wullenwaber's daughter Kara is a part of the community, and she loves each one of the residents and Ms. Wullenwaber does too. Ms. Wullenwaber said one of the incoming Town Council members, Joshua Patti, after the meeting on Tuesday evening went home and composed an email on Summerhouse residents' post letting everyone know what the community is going through. The Summerhouse community wanted to help and in four days they raised \$750.00 worth of \$25.00 gift cards. Ms. Wullenwaber said she knows that is not a lot right now, but with Thanksgiving and Christmas coming up, every little bit helps. Ms. Wullenwaber said if there is anything else that the residents of Summerhouse can do to get you through this, they are willing to do so. Ms. Wullenwaber said you would need to contact Josh Patti or Ms. Wullenwaber. There have been people willing to donate furniture, clothing, food, gas, or anything else you may need. Ms. Wullenwaber said she will give the gift cards to Manager Reynolds, and she can distribute them to each family as she feels like are fair.

Harold Hall – 758 Highway 17 North asked that Councilman Sholar re-state the financial incentive because he could not hear exactly what was said. Councilman Sholar said it was to pay off each lease with the rate of \$1125.00 for a one bedroom, \$1440.00 for a two bedroom and \$1755.00 for a three-bedroom apartment. If the term of the lease is less than six months the tenant will be paid up to six months even though they do not have six months left on the lease. There will also be \$2000.00 for incidentals and expenses.

Councilman Sholar said he would like to apologize, and he hates it for the town and the residents. Councilman Sholar said he has been on the Town Council for four years and this has been the hardest decision he has ever had to make. Councilman Sholar said those apartments are not safe and that is the reason that decision was made, and he is sorry.

Adjournment

A motion was made by **Mayor Pro-Tem Hall** and seconded by **Councilman Hines** to adjourn at 3:47 p.m. **All Agreed.**

Attest:

Jeff Wenzel, Mayor

Tracy Martin, Deputy Clerk

These minutes were recorded and prepared by Deputy Town Clerk, Tracy Martin.