



# Town of HOLLY RIDGE

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**Holly Ridge Town Council  
Special Meeting  
March 14<sup>th</sup>, 2012  
2:00 p.m.**

**Purpose of Reviewing and Discussing the Holly Ridge Volunteer Fire  
Department Audit**

The Special Meeting of the Holly Ridge Town Council was called to order by Mayor Elmer Padgett at 2:00 p.m. Council members present were Mayor Pro-Tem Edwards, Councilwoman Dinger, Councilman Wright, Councilwoman Stanley, and Councilman Hines. Staff members that were present were Manager Maiorano and Heather Reynolds, Town Clerk. Members from the Fire Department included William Arnold, Brandon Longo, Scott Longo, Chris Gandy, Doug Turner, and Amy Helms. Counsel present was Attorney Stroud.

**Invocation and Pledge**

Councilman Hines gave the Invocation and Mayor Padgett led the Pledge of Allegiance.

**Review and Discussion of the Holly Ridge Volunteer Fire Department Audit**

***Chief William Arnold came to the podium to answer the Council's questions.***

***Councilman Wright-*** William, we have some concerns about what is going on at the Fire Department, we have heard a lot of rumors and we want to dispel the rumors and get down to the hard facts. I want to make it crystal clear that the town did not initiate, but we were called with concern about what was going on over there. As of February 29<sup>th</sup> of this year how many paid personnel did you have at the Fire Department and how much did they make per hour.

***Councilman Hines-*** Mayor, May I interject something? We are talking about the 2010-2011 audit and anything beyond that is out of bounds correct?

***Mayor Padgett asked Attorney Stroud what he thought.***

***Councilman Hines-*** The reason I ask is because we haven't had an audit for 2011-2012 yet, so we have to be talking about 2010-2011.

**Attorney Stroud-** The notice is broad enough to cover matters in the 10-11 budgets and it would be fairly noticed.

**Councilman Hines-** So, February 2012 is not in the 2010-2011 budget correct?

**Attorney Stroud-** It isn't in the audit but the notice is broad enough to cover it if it's a matter that is raised by discussion of the 2010-2011 audit then it has been properly noticed.

**Councilman Hines-** Can I ask Councilman Wright who is "we"? Because I am not informed of nothing and I didn't even see these questions until I walked in this door a minute ago. So you are saying we so obviously it was more than you and who is we? If I am part of this Council I should have been included.

**Councilman Wright-** It was more me than "we".

**Councilman Hines-** You kept referring to "we" so I wanted you to clarify that for me.

**Councilman Wright-** Greg, it is me.

**William Arnold-** Before I answer any questions I would like to ask- since I have just seen these questions, is it fair to me without counsel to answer questions I have not even had time to research and look at. I can't go off of memory and give you a complete 100% accurate answer. *(The list of questions is here by incorporated by reference and made a part of these minutes and can be located in the permanent agenda book for this date.)*

**Councilman Wright-** I think that you, being in the position you are in should be able to answer most of these questions. I feel like you should. For example the paid personnel, can you answer that question now?

**William Arnold-** Where are we on this list? Are we going down the list?

**Councilman Wright-** No, I am randomly asking questions. I have questions I am going to ask and the other Councilmembers can ask whatever questions they want.

**William Arnold-** So I am supposed to sit here and answer questions that you already know about based off of past budget workshops that we have talked about. Hourly wage was on the power points that were given to you, that you are supposed to have from past budget workshops. It shows you exactly what everyone is getting paid. So I am getting asked questions that you already know about.

**Councilman Wright-** I don't know the answer or what you are getting paid, I have no idea what or who's getting paid, I do not have that information. That is why I am asking you.

**Councilman Hines-** Let me ask you something Jerry, if you were called to a meeting and you didn't have a clue what was being brought up, except that it was about the audit and obviously

you are going off rumors and hearsay and nobody has discussed anything with him about these rumors and hearsay and he has not had time to prepare for anything. Could you even prepare for anything off the cuff if you didn't have time to prepare for 40 questions? What should have happened, are these questions should have been sent to him and he should have been able to review it so he could give you direct answers. You are asking the man to try and answer off the cuff and I don't think any of us could do that on anything, if we did it would confuse the issue a whole lot worse. The proper thing that should have been done was to have someone investigate this with him and have these questions and let all of us review them ahead of time before all of sudden here they are and we are supposed to have our thoughts together even as a Council without even knowing what we are here for. I asked last night how many people knew what the meeting was about and no one seemed to know anything other than the audit. Now we have 40 questions besides the audit.

**Councilman Wright-** Greg if you look at it, I think every one of these questions pertain to the funding over there.

**Councilman Hines-** I agree but the proper thing to do is to give the man something to look at to prepare for what he needs to bring. He has no time to prepare and that is totally unfair to him.

**William Arnold-** The only thing I'm prepared today to tell you is that the audit ending on June 30<sup>th</sup>, 2011 shows the amount donated by the town, if you read the contract with the Town it states it will show the amount donated by the Town to the Fire Department and I have done that. It shows the \$108,000, the current contract states that is all I have to provide you. The department, the incorporation only has to provide you with a number.

**Councilman Wright-** You say you don't know how much the firemen make?

**William Arnold-** I didn't say that, I can give you bases.

**Councilman Wright-** Give me the names of the people that are paid at the Fire Department.

**William Arnold-** I don't have a list, I can't give you names, I can give you our TO, and it is 12 to do the two positions that you pay for Monday – Sunday.

**Councilman Hines-** William, Just refer to the contract, that's all you've got to refer to, is what is in the contract.

**William Arnold-** That's why I said what I did to begin with, our budget workshops you know all that, you have all that, the relief fund questions you have in here-your town finance officer signs that form and sends it on. She knows who the people are on that. Why am I being questioned about that? You already have that in record. The fireman's relief fund report of fire conditions shows that information and she signs it and sends it on. All that information is here in the Town Hall somewhere.

**Councilwoman Stanley-** In the fireman's relief fund there was a transfer of \$13,000 can you tell me what that is for?

**William Arnold-** At this time I cannot recall that, I will have to go back and see what you are talking about.

**Councilwoman Stanley-** Have you had someone injured at the Fire Department that you are paying out of the relief fund?

**William Arnold-** No, but the relief fund is not just for injured people you can use it for other things as well. You can use it for paying a portion of people's pension funds.

**Councilwoman Stanley-** Do you have people that are being paid a pension?

**William Arnold-** No

**Councilwoman Stanley-** Then I don't think that \$13,000 in my personal opinion should have been transferred out of the relief fund if it wasn't used for what it is for.

**William Arnold-** The reason for that I will have to go back and research, I can't give you an answer, I don't know.

**Councilwoman Stanley-** You're the Chief and you don't know why \$13,000 was transferred?

**William Arnold-** The Chief is not in charge of the Relief Fund.

**Councilwoman Stanley-** Who is?

**William Arnold-** You have a board- the Relief Fund Board.

**Councilman Wright-** The board of trustees? Who are they?

**William Arnold-** It's on that form, I can't remember off the top of my head who they are.

**Mayor Pro-Tem Edwards-** William, when is the last time ya'll had an election for Fire Chief?

**William Arnold-** I don't think that has anything to do with the audit.

**Mayor Pro-Tem Edwards-** No, but I think it is a relevant question. I don't know why it would be a secret.

**Mayor Padgett-** Joe, we have to stick strictly to the audit.

**William Arnold-** My answer to that would be under the incorporation laws of the State of North Carolina that is internal and has nothing to do outside of our department. 55A states what we can do and what we can't do when it comes to elections.

**Mayor Pro-Tem Edwards-** Well the Town needs to have better oversight on the money that we keep increasing every year. That is my concern, we need a better oversight.

**Councilman Hines-** That's fine and I agree but how can you do that unless the Town says look this is what we need and then when the Town says this is what we need, then that is what can come back. But the way it's been done now is the town has never asked for anything other than what they have got.

**Councilman Wright-** Greg let me ask you a question- are you on the payroll over at the Fire Department?

**Councilman Hines-** I get a stipend for being over there, I am.

**Councilman Wright-** How much is that a month?

**Councilman Hines-** That's between me and the Fire Department.

**Mayor Pro-Tem Edwards-** You should be recused from this meeting

**Councilman Hines-** No, not necessarily.

**Councilman Wright-** How can you sit on the budget meeting and vote on the budget and then you're on the payroll over there.

**Councilman Hines-** Because I didn't vote on this year, I wasn't paid during this time of the budget I get a stipend, I don't get a paycheck. I get a stipend, same as I get a stipend here or at ONWASA, it is the same difference.

**William Arnold-** It doesn't come out of the Town money. It's not approved on the Town money. Back in 2005, I will tell you this- John was the acting Town Manager then- in 2005 we went to the part time program and there have been a lot of changes since then and apparently since the changes since 2005 and 99% of the people that we have over there weren't even on the department in 2005. So they don't know what went on between the board and the fire department. There is stuff that went on between me and your past town manager that you probably don't even know about. We set up a part-time program and we used that money to pay someone -two people per day for five days a week when we first started at eight dollars an hour. Two years later if I am not mistaken in 2008 we went seven days a week and at that time it was still eight dollars an hour. But Swansboro came up and started putting part-time people on starting at ten dollars per hour. So I came to ya'll during the budget workshop process and ya'll said you didn't have enough money to pay above the eight dollars an hour, so the department voted to pay above the eight dollars an hour. You were paying eight dollars

an hour and the department was paying ten dollar per house, so the department paid the extra two dollars which was county money. Since then Onslow County has come up and said they are going to pay for part-time people and they are going to start people that are completely certified at \$12.06 and I talked to John about this two years ago when they first started talking about it. Last year if you remember ya'll met that \$13.00 per hour and you brought us up, keep in mind since 2008 you have only been paying \$8.00 per hour. The department and the county have been paying the extra \$2.00 per hour to make it \$12.00 per hour. Last year we brought it up to meet the \$13.00 per hour for retention of our employees. I stood right over there and we talked about the exact same thing. So we are at \$13.00 per hour now per part-time to fill the two positions. Right now we have 12 people it takes to fill two positions seven days a week (part-timers). Last budget year the department came together, and I don't know what you're being told Mr. Wright- I have no earthly idea. The department decided, not William Arnold that we were going to put on a full-time person excluding the money from the town. This is money the department, corporation have in their budget. We have one full-time person over there; you are getting coverage of six in the morning to five in the evening, 11 hours a day. You are totally covered 11 hours a day, seven days a week, with no less than two unless we have a problem. Yes we have had days where we only have one person because of people calling out sick at their regular jobs or whatever. So, I don't know anything more I can tell you about that. Now that is the two positions, ok when we decided to do fire inspections the person at the time, I can't remember off the top of my head, I don't remember if he was a firefighter or a captain I think he was a captain. You are not going to pay the captain the same as you are a firefighter so for him to do captain duties and to do inspections for the town we bumped him up within our budget, the total budget, our revenues come from wherever we get them from. He is getting paid \$15.75 an hour and that doesn't come out of your budget, that doesn't come out of the money you give the fire department and that is derived from our total budget. Just like when you do your budget and all your revenues and then you do the expenditures, we do the exact same thing. No different. Then you have Brandon Longo which is assistant chief, me and Greg which is not out of the town budget money or the town donation whatsoever. It is all of the money that is in one pot that the department, not William Arnold- I want that on record- not William Arnold the department voted on at our budget meeting last year. So I am up here representing the fire department but the entire fire department voted on it, not just William Arnold. If you are being led to believe that, you are being led wrong, you're going down the wrong path with somebody.

**Councilwoman Stanley-** Can you tell me who is on your board? You said you have a board right?

**William Arnold-** It is all elected officers.

**Councilwoman Stanley-** So can you tell me who is on the board?

**William Arnold-** Me, Greg, Brandon, Secretary Helms, Captain Simione, Jason Mullis, we don't have a treasurer right now our treasurer is actually our CPA, we actually have two CPA's who do our books, the actual bookkeeper and the CPA of the CPA who actually does the audit. So we have two CPA's.

**Councilwoman Stanley-** Ya'll have a meeting how often? How often do you have your board meeting?

**William Arnold-** It has been off and on, depends on what is going on, if we don't have any business or if we got business or if we got a quorum of the membership. Last year there were a lot of months where all we had were board meetings, no membership meetings because we didn't have a quorum. We follow the 55A. That is what we follow.

**Councilman Hines-** And again this pertains to the audit how?

**Councilwoman Stanley-** I was just...

**Councilman Hines-** I know it but I am sure he would be glad to meet with any of yall independently to talk about any of these matters but right now this is the audit. That's what I would think would be a good idea to do is to sit down and talk to William and get his side of things before you get a disgruntled side that it appears you are getting.

**Councilwoman Stanley-** I haven't heard any of these.

**Councilman Hines-** I know you are in the dark like I am for the most part of this meeting.

**Councilwoman Stanley-** My main concern is the \$13,000 that was transferred from the Relief Fund that should not have been. And that is a transfer.

**William Arnold-** Now that is your opinion, based off of what happened at the time, right this minute I can't tell you if it was or not. I can't sit here and tell you that and you can't in my opinion.

**Mayor Pro-Tem Edwards-** Doesn't it say that in the audit?

**Councilwoman Stanley-** Just looking at it, it says that it was transferred but it doesn't say what for.

**Mayor Pro-Tem Edwards-** Doesn't it say that about the \$13,000?

**William Arnold-** I didn't say it didn't say it. I said without going back and looking to see why it was done I can't tell you right here that it shouldn't have been done.

**Mayor Pro-Tem Edwards-** Is it legal to do? I heard it wasn't. Have I heard wrong?

**William Arnold-** I don't know.

**Mayor Pro-Tem Edwards-** You should know you are the Fire Chief.

**Councilman Hines-** Who did you hear that from?

**Mayor Pro-Tem Edwards-** Doesn't matter- I mean I forgot like he forgets a lot.

**William Arnold-** That is why I should have had these (questions) last week sir and then I could have researched.

**Mayor Pro-Tem Edwards-** I do have one question, I think this is a proper question- why did the fire department elect not to take part-time rescue from the county when offered. Did you or not take the part-time?

**William Arnold-** The incorporation had the right.

**Mayor Pro-Tem Edwards-** Pardon?

**William Arnold-** The incorporation had the right.

**Mayor Pro-Tem Edwards-** The incorporation had the what?

**William Arnold-** The right.

**Mayor Pro-Tem Edwards-** To decline it? Sure they did but why did you do it? If you don't mind taking our money why couldn't you take a little bit of the county's money? Try and help us poor tax payers out in town.

**William Arnold-** Again, that doesn't have anything to do with the audit.

**Mayor Pro-Tem Edwards-** Did the audit decline by taking the part-time work from the county?

**Councilman Hines-** Why don't you meet with him Joe and he will answer those questions?

**Mayor Pro-Tem Edwards-** No, this is a question right here. Why is it so hard to get an answer here or something?

**Councilman Hines-** Because we are talking about the audit we are not talking about anything else.

**Mayor Pro-Tem Edwards-** That is money so that is part of the audit. That is money that could be helping the Town of Holly Ridge.

**William Arnold-** If you can show me right there (in the audit) where it says part-time people from the county, I would be more than glad to talk to you about part-time people in the county, but you can't find it that one.

**Councilman Wright-** No, because you refused it.

**Mayor Pro-Tem Edwards-** You refused it, you didn't put it in there.

**William Arnold-** I am not refusing.

**Mayor Pro-Tem Edwards-** This is an honest question, why did ya'll turn it down? You should know you turned it down. Why is it a secret?

**William Arnold-** Apparently ya'll already know. Somebody out here has told you.

**Mayor Pro-Tem Edwards-** No I don't know honest to God I don't know, I just saw these questions today.

**Councilman Hines-** Request a meeting to meet with him and then tell them about it.

**Mayor Pro-Tem Edwards-** I don't know why that is such a big secret.

**William Arnold-** I didn't say it was a secret.

**Mayor Pro-Tem Edwards-** No you're not saying it, you're saying it by not saying it.

**William Arnold-** You advertised you wanted to talk about the audit, that ain't about the audit.

**Councilman Wright-** (to Attorney Stroud) Joe, would that come under the funding?

**Councilwoman Stanley-** Turning down revenue.

**Councilman Wright-** They're turning down revenue, why wouldn't that be a legitimate question?

**Attorney Stroud-** The notice I think is broad enough to cover matters that pertain to the audit and personnel is a matter that is in the audit.

**William Arnold-** Even with the county?

**Attorney Stroud-** The fire department is essentially bound by the same open records provisions that the town is.

**Councilman Hines-** No.

**William Arnold-** I disagree with you.

**Councilman Hines-** Private Corporation.

**Attorney Stroud-** It is non-profit for a public purpose.

**William Arnold-** Non-private profit incorporation, two different things. (Time:31:25 (Possibly should have been said as non-profit Private Corporation))

**Attorney Stroud-** For a public purpose to serve the fire district.

**William Arnold-** By contract and the only thing in the contract says what I have to do and that's what we live by. That's what I live by the county contract, the town contract, and 55A. That's what I live by.

**Doug Turner-** Sitting here listening, what is the reason not to answer questions that pertain to the Fire Department to the Town of Holly Ridge? Why so secretive? I mean if it is the audit, if there is not an issue or a problem why not be forthcoming and share the information about the questions that are being asked. Share what you know.

**William Arnold-** I seen it today.

**Doug Turner-** I saw the notice last night.

**Mayor Pro-Tem Edwards-** I just saw it today but it is a fair question to ask why you turned down the part-time. You know the answer William; I just saw this today and I saw that question and it stuck out in my mind because we dig up money to add to the fire department. Then you turn down a part-time worker for the county.

**William Arnold-** Okay I will tell you one reason.

**Mayor Pro-Tem Edwards-** Okay.

**William Arnold-** Five people, I think it was five; I may be wrong because I haven't researched this, and they hired people we fired or would not hire that are working at Turkey Creek and Sneads Ferry Rescue Squad and Sneads Ferry Fire Department. People, who we wouldn't hire, people who we fired. We didn't want people working for us like that.

**Mayor Pro-Tem Edwards-** But can't you say who you hire? Don't you do the hiring?

**William Arnold-** You had two options. You could either let the county be the employer or we would be the employer. If the county was going to be the employer they were going to be paid at a lesser rate. As an administrator you don't want people in your department that are being paid from another entity that's less than what you're paying because it's going to cause problems. We talked about this last year in the budget meetings. Ya'll asked me the exact same thing then and I told you then.

**Mayor Pro-Tem Edwards-** I didn't know that we weren't getting the part-time worker from the county until I got this. This is kind of a setback in my mind as to why we are not taking advantage of that.

**William Arnold-** We are taking advantage of that, you don't know everything.

**Mayor Pro-Tem Edwards-** I know very little and I am getting very little answers.

**William Arnold-** The current contract with the county states we can use 25% of our funding to pay people, we are doing that, we are paying people 25% of our total county budget can be used towards paying part-time people or full-time people depending on how the money shakes out.

**Councilman Wright-** Is that independent of them funding directly?

**William Arnold-** Yes that is an option you can have.

**Councilman Wright-** In other words, there is two separate things? Is that what you are saying? They pay 25% and they will still....

**William Arnold-** No, you can pay 25% of your total funding from the county. We are getting around \$140,000 from the county, so 25% of that I can use towards paying people.

**Councilman Wright-** Chris, you have a question?

**Chris Gandy-** More a statement. Twice in that little round, somebody back here (in the audience) was accused of coming and giving up information. I, for one, I know almost everybody out here and you're asking this stuff, this is the first time I've heard of it. I ain't saw them questions, I'm not going to be falsely accused anymore about what's gone on, said, or done-whatever. I don't know anything about the money, I know I get paid \$15.75 an hour and I work my tail off, not only for Mr. Arnold but for the Town of Holly Ridge. We are here for the people, if you can't answer questions, then the meeting might as well be over. We don't really need to argue. To have somebody accuse somebody, most everyone here knows we are the fire department- well the majority of us back here are (audience) I don't know of a single person that has accused William Arnold of anything.

**William Arnold-** Mayor, may I ask a question?

**Mayor Padgett-** Yes sir.

**William Arnold-** Mr. Wright who come to you since you told Mr. Hines a minute ago that it was all you?

**Councilman Wright-** That is privileged information.

**William Arnold-** If it's a member of the fire department then they are breaking the laws over there. If they have come to you outside of the walls of our department in accordance with 55A and our by-laws they can't talk to you about those issues until they address them inside the department. We are a private non-profit organization incorporated.

**Councilman Wright-** Whoever came to me that is between me and whoever came to me.

**Councilman Hines-** Jerry, what I really wish would of happened- this would have been the ideal thing is whoever came to you, you got your facts together, you stated your facts, and then you went to William and you put them facts together and then you put them all in a box and saw how it all shook out. That is what I think would have been the appropriate thing to do, we went over this kind of thing before. If there is misappropriation of funds or whatever John can investigate something like that. But we need to have an investigation before we run on rumors because if this Town Council runs on rumors every time something comes up we are going to be having a meeting. We can't run on rumors.

**Councilman Wright-** Greg that is why I stated at the beginning of the meeting that we don't want to deal with rumors and we want the facts that's why this meeting was called to get to the facts. We don't want to go off rumors, that is why I am trying to disperse the rumors.

**Councilman Hines-** Right but we let someone investigate the rumors then bring them back to us and let us make a determination on the facts after a total investigation is done. We can't do an investigation like this, this board can't do an investigation like this, and it is just not possible.

**Councilman Wright-** Let me ask Joe a question- Joe, on the trustees of the relief fund, would that have to do with funding? Can I ask a question regarding the trustees of the relief fund?

**Attorney Stroud-** Again, the notice is broad enough to cover anything that is reflected in the audit.

**Councilman Wright-** The reason I ask this question because when I got this information I read over it and my concern is according to General Statue 58-84-30 (trustees appointed) according to this every January the board of trustees are supposed to appoint two members, the fire department is and town council appoints two and the commissioner of insurance appoints one. I have been here four years and I have never seen that happen.

**William Arnold-** Okay and that is not our fault.

**Councilman Wright-** What do you mean that's not your fault?

**William Arnold-** It's not. It's not our place to do that. We have rolled over the names every year because when the finance officer came to me- these are the names that were the year before. That is not my responsibility. The chief is not responsible for the relief fund.

**Councilman Wright-** It says here the members of the fire department shall hold an election to elect their representative to above board. In January 1950, the firefighters shall elect one member to serve for two years and one member to serve for one year, then each year in January thereafter, they shall elect only one member and his term of office shall be for two years. That is from the fire department.

**William Arnold-** Ours is on there and they roll over every year because we haven't had changes. What ya'll do with your people, you have to initiate that. Just like with the county with the other fire departments. We do ours through the town because we are here. The other fire departments do it with the county. The county administration has to initiate that, not the fire department.

**Councilman Wright-** I don't understand why you think the town has to initiate that.

**William Arnold-** Because it is your responsibility to appoint those people, not me.

**Councilman Wright-** Huh?

**William Arnold-** It is your responsibility to appoint those two people, not me.

**Councilman Hines-** The town makes the appointment of the members they want.

**Councilman Wright-** When is the last time the town appointed anybody?

**William Arnold-** That is not my fault.

**Mayor Pro-Tem Edwards-** We haven't done that in 16 years.

**William Arnold-** That's not my fault!

**Mayor Pro-Tem Edwards-** If you knew we weren't doing it you could have told us.

**Councilman Hines-** It is kind of like the other boards we thought we had appointments to and we didn't.

**Councilwoman Stanley-** Yours haven't changed in how long?

**William Arnold-** I don't know I would have to go back and research it.

**Councilwoman Stanley-** But every January do you bring that up at your meeting that it's time to do that, so that if someone wants to do that.

**William Arnold-** We have rolled it over every year.

**Councilwoman Stanley-** And that just rolls over?

**William Arnold-** It's rolled over every year.

**Councilman Wright-** Brandon are you on that board?

**Brandon Longo-** I didn't know that board existed.

**Councilman Wright-** Okay, thank you.

**William Arnold-** Brandon Longo, you sat there and lied.

**Brandon Longo-** Oh I did?

**William Arnold-** Yes you did.

**Brandon Longo-** You're calling me a liar?

**Councilman Hines-** Mr. Mayor- going too far.

**Mayor Padgett-** Alright, we are starting to leave the audit now.

**Councilman Wright-** I just asked that question and he (Attorney Stroud) said I could ask that question, he said it was covered. I am talking about the relief board-the trustees.

**William Arnold-** Brandon Longo has been involved in everything that has gone over there, he has seen those documents. I have showed them to him.

**Brandon Longo-** you showed me the first time...

**William Arnold-** I have showed him, I am talking to the Town Council. I have given him every opportunity to see everything that goes on over there because one day he would possibly be the fire chief. And he needed to know how things are run and he knows more than anybody over there. Because when I was out a couple years ago with something, I forget what it was, from the house I had to tell him how to do some stuff. How to get on the bank accounts to make the tax payments. Everything has been open book over there, I don't understand the problem because in the last three months since we finally got a secretary that knew what she was doing and knew how to handle things- everything was open book. The by-laws being reviewed, open book. SOP's were given out to every member to give open opinion about what the SOP's should say. I don't understand what is going on, I really don't. I think a lot of rumors and problems is arised. Some things ya'll know about and don't know about. There is problems in the department that we will be discussing tonight that is internal; I can't discuss it here per counsel.

**Councilman Wright-** Since you brought up the by-laws- is that a plausible question Joe?

**Attorney Stroud-** Yes

**Councilman Wright-** Article five here says an annual meeting for the purpose of elections of office shall be held in December of each year and shall act as the monthly meeting of said month. Has that happened?

**William Arnold-** Has that happened? The membership or the board of directors at the time said we didn't have enough people to have elections we didn't have enough people who were qualified. You have to look at the qualifications part of that as well and we didn't have them. So they voted at the time not to have the elections.

**Councilman Wright-** Now you say time, how many years has it been since you all have had a voting.

**William Arnold-** That I can't... I don't remember.

**Councilman Wright-** The last four years, five years, six years?

**Mayor Pro-Tem Edwards-** Seven years?

**William Arnold-** We only filled vacancies as they came up because the membership, not William Arnold, the membership decided not to fill, do a general election in December.

**Councilman Wright-** Have ya'll got a response for that in the back?

**Brandon Longo-** I would like to start with the relief fund. All my knowledge of the relief fund and who sat on our committee, I learned all that in the past two weeks. You never told us who sat on our relief fund committee or even informed the membership that the committee you sit on had to sign to move the money out of the relief fund. You and Mr. Hines both are on that relief fund committee.

**William Arnold-** Yep, we are.

**Brandon Longo-** And you're going to sit here and tell them you don't know anything about it or know what it is for?

**William Arnold-** I didn't say that, I said I didn't have time to research it. Am I supposed to be answering questions to him?

**Councilman Wright-** I don't see why not he signed up to speak.

**Brandon Longo-** As assistant chief of the fire department I do find it disturbing that you are not open to answer any questions to the council.

**William Arnold-** Per counsel I have been told, per counsel.

**Mayor Padgett-** If we can't get to the bottom of it the only thing we can do is ask the police department to start investigating it because something has to happen.

**Mayor Pro-Tem Edwards-** I think the SBI.

**Mayor Padgett-** I mean, we got to reach a decision between everybody, the town, ya'll, and everybody else.

**William Arnold-** Why do ya'll get to know open book but when I ask Mr. Wright he can't tell me, but it's ok for him not to tell me one of my members that is going to him. Why do I have to be open book and he don't.

**Mayor Pro-Tem Edwards-** I heard they were threatened to be fired. I hear a lot of things.

**Councilman Hines-** Sure

**Councilwoman Dingler-** As a Councilmember we have citizens that approach us with town concerns, and it's not quite ethical to share our information as a Councilmember so as a Councilmember I wouldn't feel comfortable sharing who had the concern. They had a concern and approached Mr. Wright and he is addressing it.

**Mayor Pro-Tem Edwards-** And the person would probably get fired.

**Councilman Hines-** William, who is on the board of directors, again remind me who is on the board of directors because I want to make sure I'm sure on it. Who is on the board of directors name by name.

**William Arnold-** William Arnold, Greg Hines, Brandon Longo, Amy Helms, James Simione, James Mullis, we don't have a treasurer right now because we are using the CPA as our treasurer which is legal.

**Councilman Hines-** And those people know what goes on in the fire department because they have made most of the decisions when we didn't have a quorum to take care of it. Is that what you are saying?

**William Arnold-** Yes

**Mayor Padgett-** Scott?

**Scott Longo-** Did the county notify the Town about the audit, the red flag on the audit?

**William Arnold-** What red flags, I don't know nothing about the red flags.

**Scott Longo-** I just addressed the Council.

**Mayor Padgett-** John, I have to throw this one back at you.

**Manager Maiorano-** I did speak to someone at the county on this. Namely Norman Bryson and there was a concern on the fund balance issue specifically. There were couple of concerns on the \$5,000 just roughly on the savings and I think you don't have any more than

\$5,000 which is the concern, liquid cash if you will if something were to break. I am trying to stay out of having my own concerns and let the council ask these questions. I have some questions on the audit but the council has most of these questions. There is also concern on the relief fund; I think that the relief fund is very specific in what it goes for. I personally know the five members on the relief fund and no one has asked me, that is fine. The relief fund whether it can be rolled into the pension I think that is fine if that is what occurred and was voted on by each member of the relief fund. If that didn't occur then I think something was done wrong, not necessarily criminal but maybe didn't know any better. I don't know the specifics on it; I just noticed that there is a very specific note of special interest in the budget from the auditor specifically on the relief fund. It sticks out because it is outside the budget. The budget goes just like ours, July 1<sup>st</sup> to June 30<sup>th</sup> 2011, but he makes a specific mention on July 11 that something occurred, so he is kind of going outside of the budget to make that. That probably sticks out at the county level. I think that it is probably fine that the county has some concerns over funding also. Yes, to answer your question, that is who I spoke to.

**Mayor Padgett-** Does that answer your question?

**Scott Longo-** It does. In the concerns of the Council that audit would be what? What would be the concerns of the audit be with the town, where do you stand on this audit?

**Councilman Wright-** We are concerned with what the auditor was concerned with. We are concerned why that money was...

**Scott Longo-** Besides the mismanagement of money just the little bit that I know concerns me. I would consider... I would welcome those that go to the meeting tonight from the council and see what is going on over there. I blame that on the town not being a part of that process. Go to a meeting or two and see what's going on over there, see where your money is going, see where the town's people monies are going.

**Councilwoman Stanley-** This is a public meeting?

**William Arnold-** No

**Scott Longo-** As a council you can go to those meetings.

**William Arnold-** No you are wrong.

**Mayor Pro-Tem Edwards-** We have a councilman on the board over there.

**William Arnold-** Can I say something Mayor? Last month's meeting, this audit was given to every board of director that was at the membership meeting and was told that this month we were going to discuss it tonight at our board meeting. Okay, two things have happened since

then: I been accused of something very personal from some people over there. Another member of the department has been accused of something personal over there. I have not had time to look at this audit; I'm going to be honest with you I have not even read the notes. The entire board has this, tonight was the night to discuss their concerns. We have not even had time to hash this out, I have never in the last 11 years given the town a copy without the board going over the audit. I don't even know about what John is talking about in there. It is very odd to me that the county, since I sit on the Fire and Rescue Commission, hasn't even said a word to me about it. The auditor didn't say anything that was out of line or out of place or anything like that. I haven't read it completely yet, and that is my thought. Also happened since then is I have been sick, my wife's dad was in the hospital with a stroke for the past week- that is where I have been when I got the phone call the other day. Then during that I got sick and had a virus, so I have not had time to do anything. I have been trying to prepare for tonight, then I ended up having to prepare for this today which I had nothing to go off of. I have been blindsided badly and there's a lot of people throwing stones at a glass house I will tell you that.

**Doug Turner-** Just as an observation, a question, is the chief position a paid position at the fire department?

**Councilwoman Stanley-** It is as far as I know.

**William Arnold-** I get a stipend. Same thing, yes.

**Doug Turner-** You get paid. There's not elections every year from what I have heard here. Not having elections every year, is that true? It just rolls over, the officers just roll over?

**William Arnold-** Yes. Based off of the membership voting that we aren't going to have the annual election correct, not because William Arnold said it.

**Doug Turner-** Whoever said it, once the person gets that position, paid position, coming from wherever the funds are coming from that person stays? Another question, that person oversees the finances of the fire department, the chief?

**William Arnold-** Yeah, I would hope so because he is the chief.

**Doug Turner-** Okay, and by overseeing that, that person stays in that position without any elections being held until when?

**William Arnold-** It is up to the membership, which is legal by 55A.

**Councilwoman Stanley-** How many people do you have on your membership?

**William Arnold-** On the roll, probably, if I am not mistaken.... Amy?

**Amy Helms-** 27

**William Arnold-** 27

**Councilwoman Stanley-** So your quorum is what, 18?

**William Arnold-** No, if I am not mistaken....

**Amy Helms-** Five is a quorum, three which have to be non-line officers.

**Doug Turner-** What accountability does the chief have in overseeing the finances of the fire department? What does the chief take as far as the accountability for the money received both from the town and from the county? What is the accountability of that position to go along with the pay?

**William Arnold-** I don't understand the question.

**Doug Turner-** What are you accountable for? Are you accountable for the money that was transferred out that is in question? Are you accountable for knowing who is on your payroll? Are you accountable for, where does the accountability stop if it is a paid position and it would seem the person in charge would be accountable for the money?

**William Arnold-** We all know that, that the fire chief is responsible for everything and everybody, that is why I am standing here and the people who know other things are not willing to say that stuff. That is why I am standing here and that is why he is not up here talking. They know more than what they are talking about, they were involved with everything, a lot of things that were going on over there, everything that is going on over there. It's open book, they know what's going on.

**Doug Turner-** I think just as a member of the public.

**William Arnold-** I don't know about you.

**Doug Turner-** I would love to know what is going on over there, because I don't. I don't know what's going on over there.

**William Arnold-** Well, again we have to go back to the contract and 55A, state statute 55A. In incorporation I am bound by contract, I have satisfied the contract. The contract says that I would provide you an audit with the amount in it. There it is. It says Town of Holly Ridge Grant- \$108,000 for that particular year. That is what we have done as a department, we have satisfied our contract.

**Scott Longo-** The thing I think about is Greg Hines is a former chief, I am a former chief, and William is a chief, for someone not to know anything about the money- \$13,000 from a relief fund I never touched. Greg never touched. It was never meant to be touched it wasn't to pay bills and it wasn't to pay payroll and that's not even saying what the payroll is over there. Mr. Hines shouldn't even be sitting up there, he's being paid- you can call it how you want, that was William's choice to start paying him in January, that was his choice not the memberships and he is sitting on the Council. \$13,000 has been taken out in July.

Manager Maiorano- I think it was July 2011.

**William Arnold-** But it was not used. The money was moved and moved back. The money was moved from one account to another account and it got moved back.

**Mayor Pro-Tem Edwards-** Are ya'll trying to borrow \$30,000?

**William Arnold-** We already did it. That is what paid for the paving over there and the generators to the building which the membership voted and did, not William Arnold.

**Mayor Pro-Tem Edwards-** You have to borrow \$30,000?

**William Arnold-** We borrowed \$30,000 based off of the quotes.

**Mayor Padgett-** Carol has to go, can the board excuse her? She has to go to work.

A motion was made by **Councilman Hines** and seconded by **Councilman Wright** to excuse Councilwoman Stanley at 2:50 p.m. **All Agreed.**

**Mayor Pro-Tem Edwards-** How would you pay back the \$30,000?

**William Arnold-** We paid off the 2005 squad which was more than what this loan is costing us, which the membership knew that I was going to do that. I paid it off last month. So this month started the new loan and we are equal. The payment is \$50.00 almost \$60.00 less. Yes, I am aggravated, so if it seems like I am aggravated- I am. The relief fund money was moved by accident- I was on the internet. If ya'll have ever used the internet before, I was doing my monthly bills and was clicking and when I clicked, the transfer sheet came up and I tried to get out of it. It had already transferred the money. I didn't realize what I had done until several months later, that's why that happened. It was not malicious; the money was not used for anything else. As soon as I had found out I had done that from the CPA catching it, not the audit CPA, but the book CPA, the one that does the books. He came to me and said "did you mean to do this?" and I was looking at it and I couldn't believe what I was looking at. I thought someone had gotten access to our account and moved the money.

**Councilman Wright-** William, let me ask you a question. Why didn't you say this to begin with when it was asked, that is a simple explanation.

**William Arnold-** Because I went to my counsel and we went over 55A, we went over a lot of things. My counsel told me to only answer questions about the \$108,000, so actually I have gone against my counsel. The one I have gotten for the fire department because of all the other stuff going on in the fire department.

**Councilman Wright-** But it would have been so simple to answer that question like that.

**William Arnold-** Yes sir, Mr. Wright it would have been but I was going against counsel.

**Councilman Wright-** He said if it was brought up you could talk about it at the meeting

**William Arnold-** He is not my counsel. He is your counsel. He is covering the town, that is his opinion and I respect his opinion. I respectfully request to know who has come to you from the fire department.

**Councilman Wright-** Not necessarily anybody from the fire department.

**William Arnold-** Answer this - Has someone come from the fire department and asked you.

**Councilman Wright-** No

**William Arnold-** No one from the fire department?

**Councilman Wright-** No one from the fire department.

**William Arnold-** Okay

**Councilwoman Dingler-** So you are saying that you put the money back? When will it show in the records that it is back in the relief fund?

**William Arnold-** It should... right now.

**Councilwoman Dingler-** It would show there now if the CPA pulled it up?

**William Arnold-** The secretary can pull it up and show it to you.

**Councilman Hines-** I think had he known the question was going to be asked he probably would have had the CPA here.

**William Arnold-** I would have had my CPA and my counsel here. I really would. I would have both CPA's here.

**Brandon Longo-** I was approached by the county and it was asked of Chief Arnold why the money was taken out of the relief fund. He told them the board had met and decided to put this money in the pension fund.

**William Arnold-** No I did not.

**Brandon Longo-** I am going by what the county said and that ya'll had later met and decided to table that idea but didn't have the money to put right back in and said it would take three to four months.

**William Arnold-** Who was that?

**Brandon Longo-** Mr. Bryson

**William Arnold-** I don't recall that. I'm not saying I didn't talk to him about it but I don't recall that exact wording.

**Manager Maiorano-** If I could I just want to say, that might be some of the (reason for) questions- that is exactly what it (the audit) says on number six under subsequent events that (the money) was put towards the pension fund and that might be where (the concern) is coming from and that is what the auditor wrote. *(The audit is hereby incorporated by reference and made a part of these minutes and can be located in the permanent agenda book for this date.)*

**Brandon Longo-** I was told this before I came ya'll.

**Manager Maiorano-** I am just saying I saw it.

**William Arnold-** I was asked by the auditor was the uses for the relief fund was and that is the conversation I had with the CPA. Now with Mr. Bryson, I am not saying Brandon is wrong- I do remember a conversation with Mr. Bryson but I don't remember all the details. With the CPA he called me about it and asked me and I told him what he asked me, and that is what he asked me "what are some of the other uses other than...".- Scott was wrong earlier we did use the relief fund money for...and he was chief.

**Scott Longo-** Not while I was chief I never touched the relief money.

**William Arnold-** Wait a minute- when the truck rolled over.

**Scott Longo-** You can't even remember pressing a button William, how are you going to remember then?

**William Arnold-** Russell Stanley; when he got hurt we gave him money out of the relief fund money.

**Scott Longo-** Because he was hurt.

**William Arnold-** Yes

**Scott Longo-** Not to borrow money

**William Arnold-** But you said it had never been touched.

**Scott Longo-** It was touched when someone was hurt.

**William Arnold-** But you can use for more than just that Scott.

**Scott Longo-** If you choose to, that money is not to be touched and has never been touched if no one was hurt.

**William Arnold-** The money was not used, it was replaced. It was put back.

**Scott Longo-** It doesn't show in the audit anywhere that it was replaced. And that was the question the auditor had.

**William Arnold-** What we are talking about Scott is after June 30<sup>th</sup>, it is what was done after June 30<sup>th</sup> not before June 30<sup>th</sup>.

**Scott Longo-** Well the county approached this board with concerns about the money.

**William Arnold-** What board?

**Scott Longo-** The Town- they got the audit from the county.

**Councilman Hines-** When?

**William Arnold-** When?

**Councilman Wright-** Probably three weeks ago or four weeks ago.

**Councilman Hines-** So am I not a member of this board? I never received nothing.

**Manager Maiorano-** I had a conversation with the county myself; I just said that earlier. It was me, I don't know that they (contacted) the board.

**Councilman Hines-** Okay, I get a little confused when the board has done something and I feel like I am left out of some things. I don't know whether Anita got a copy of it or not?

**Councilwoman Dingler-** This is the first time I have seen this. This is the first time I have heard anything about all of this.

**Councilman Wright-** Probably the first time most everybody has seen it.

**Mayor Pro-Tem Edwards-** This is the first time I have seen it too.

**Councilman Hines-** Yes but I mean he just made the statement that the board got approached by the county and I don't know where that came from.

**William Arnold-** And why would anybody from the county come to ya'll before they come to our board of directors?

**Councilman Wright-** I can't answer that question.

**William Arnold-** And I am going to ask that question just as soon as I can get Mr. Bryson on the phone because he needs to be coming to us first and not to anybody else.

**Councilman Wright-** And you made a statement that you could use the relief fund for other things but according to NCGS 58-84-35 it says that: The board of trustees shall have entire control of the funds derived from the provisions of this Article, and shall disburse the funds only for the following purposes:

- To safeguard any fireman in active service from financial loss, occasioned by sickness contracted or injury received while in performance of his duties as a fireman
- To provide a reasonable support for those actually dependent upon the services of any fireman who may lost his life in the fire service of his town, city, or state, either by accident or from disease contracted or injury received by reason of such service. The amount is to be determined according to the earning capacity of the deceased
- To provide assistance, upon approval by the Secretary of State Firemen's Association, to a destitute member fireman who has served honorably for at least five years
- To provide for the payment of any fireman's assessment in the Firemen's Fraternal Insurance Fund of the State of North Carolina if the board of trustees finds as a fact that said fireman is unable to pay the said assessment by reason of disability.
- To provide for benefits of supplemental retirement, workers compensation, and other insurance and pension protection for firefighters otherwise qualifying for benefits from the Firefighter's Relief Fund as set forth in Article 85 of this Chapter.

So it is very narrow things that you can use that money for.

**William Arnold-** Correct, I agree. And I told the CPA correctly because in there it says pension fund.

**Councilman Hines-** So was it used for anything outside of what it says?

**William Arnold-** No, it was not used for anything else. It was moved over and I moved it back. It did take longer than I wanted to, yeah, but it was aggravating circumstances at the time. We've got until July before we get a check from the county. We have a 14 almost 15 thousand dollar insurance payment we have to pay on top of payroll – on top of regular bills and I had just made all those payments and didn't realize what I had done. So, when I realized what I had done I made a plan – I paid back half and then a couple months later when I got a county check I put it back into the Relief Fund. Every bit of the money went right back into the Relief Fund.

**Doug Turner-** Based on what you just said William was it used for other things and you paid it back later?

**William Arnold-** I didn't have any choice.

**Doug Turner-** So the mistake that was made it moved over and you utilized that money to pay other things.

**William Arnold-** No, no, no everything else had already been paid. That stuff had already been paid – I didn't have enough money in the account to pay it all back at one time.

**Doug Turner-** And then after the fact you moved it back over?

**William Arnold-** Yes, every bit of it, I have not taken a dime.

**Doug Turner-** I am certainly not saying that, I have no idea anything that was going on. How long was the lapse time between moving it, a week?

**William Arnold-** I would have to go back. It couldn't have been weeks because don't get a check from the county but every three months. The money we get from the town monthly up until March is for payroll only and that amount is real close to what the payroll is and what the medicare and social security is, so that covers that pretty good up until March. In March we get the remainder of the town money because of timing, because in March we get a \$44,000 payment we have to pay on the two trucks we have over there that we are paying on. That leaves us with very little money and he knows how many times I have said we can't spend anything because the money is tight because we have to make that payment. We have to make that payment. So that is why the contract even says that you will disperse the donation in March before the town board meeting and I have requested twice for that and last night was the town board meeting.

**Councilman Hines-** Did ya'll even know we had a contract, that there was a contract between the fire department. Did ya'll even know that?

**Councilwoman Dingler-** No, but I was going to ask did I have it in front of me?

**Councilman Hines-** Joe did you know it?

**Mayor Pro-Tem Edwards-** What?

**Councilman Hines-** Did you know there was a contract between the town and the fire department?

**Mayor Pro-Tem Edwards-** Know that we had a contract?

**Councilman Hines-** Did you know that?

**Mayor Pro-Tem Edwards-** No, not really

**Councilman Hines-** So the majority of the board didn't even know there was a contract between...and there has been one.

**Mayor Pro-Tem Edwards-** I didn't know there was a contract. I just know we donate money.

**Councilman Hines-** By the contract

**William Arnold-** By state law we are required to have a contract with the government entity that we serve. We have two contracts, three really – two with the town, one for fire protection and one for inspections. The other contract is the county contract. The town contract, we have been trying to get it done for how long John?

**Manager Maiorano-** Since I have been back on board I think.

**William Arnold-** And it is nothing on either part we are just trying to get the wording right and we have been waiting on Gandy to get his level two because I was trying to merge both contracts into one - instead of having two, we would have one contract. Fire and inspections all in one, Gandy is a level one and he has been trying to get his level two, so we were going to incorporate, because what we have now is a level one. We were going to take over the level two's and hopefully he got his probationary three - we could put all that in the contract. That is what we have been waiting on.

**Manager Maiorano-** Can I make a suggestion Mayor? William I can appreciate the legal aspect of the audit being very specific in the understanding of how town meetings go and it's not on there for the purpose of special meeting then you don't answer it. I don't have a problem with that. I wouldn't be doing my job if I didn't say it appears the Council and some people in the audience have specific questions, would it be fair... because I know the Mayor said earlier have John investigate and then you are using a word that I don't necessarily know that we need, but would it be fair to instead of just spinning our wheels asking questions-would you answer those questions now that you have them at a later date? We can go through them and see which ones he has already answered if he has answered most of them great, if not, it might not be for this meeting we may have to properly recess this meeting and bring it back up. It might be for a whole other meeting. That is one question to the board. The second question is the release of the funds William is talking about now very specifically, does the board want to release those funds at this time per the contract. I need direction on that. So you have two questions: one, do you want him to address these later or are we all going to go away and discuss these during budget time because they are going to come back up.

**Mayor Padgett-** Okay, we have the contract that says we will release the remainder in March, I realize that. Now when you sent for it the other day I was the one that said don't pay them anything except the monthly until this is hashed out some. So you can't put that on no one else but old Elmer, he will take that one. But it is entirely up to...

**Councilman Wright-** If we have a contract we are bound by that.

**Mayor Padgett-** They have bills that have to be paid.

**Councilman Wright-** I don't think we can go against that.

**Mayor Padgett-** What John is looking for right now is – direction on releasing the rest of the money to them.

**Councilman Wright-** Like I said if we have a contract we are bound by that.

**Manager Maiorano-** We can do that as soon as Monday, if you are in a bind for that you can come over and get it but Karen won't be back until Monday.

**Councilwoman Dingler-** Do you need a motion for that?

**Mayor Pro-Tem Edwards-** Hang on; I have a question, contract. How long is this contract good for? Is it yearly?

**Mayor Padgett-** It is a yearly contract.

**William Arnold-** No, no, no contracts, this one is derived, or the last one we had done with the town is 2004. It is generally every five to ten years depending on if there is nothing changing. We have things that need to be changed to match what we are doing with the town. This contract here can be...

**Mayor Pro-Tem Edwards-** Revised?

**William Arnold-** No, we are in the revising stage right now – myself and John are doing that. You can get out of the contract is you give written notice to us within 120 days or we can get out of it if we give you a written notice of 120 days, that is what the contract says.

**Mayor Pro-Tem Edwards-** Can't we sit down and go over the contract and revise what is necessary at the next budget?

**William Arnold-** Yeah, that is what me and John are doing. That is what the Town Manager and the department head does.

**Councilman Hines-** They have it covered, they have it under control.

**William Arnold-** I think the council has looked at it already.

**Mayor Pro-Tem Edwards-** Is it totally necessary for us to have a contract with you?

**William Arnold-** Yeah state law

**Councilman Hines-** And there were some things that me and John discussed on the contract that I didn't particularly agree with as far as from the town's side. And isn't that correct John, we talked some about it.

**Manager Maiorano-** Yeah we did talk about it and it is kind of sitting on the back burner due to the fire department was looking to bring up to speed the fire inspectors, that is what has kind of put a crunch on it. I haven't heard that they have been certified, that is where it has stalled.

**William Arnold-** We were wanting to incorporate what you were asking for last year at the budget workshop about the new fire truck.

**Mayor Pro-Tem Edwards-** Yeah about the title

**Councilman Hines-** That is one thing I talked to John about as far as the ownership of that fire truck and where it would go if something happened to the fire department and that was an issue that I think was presented in the contract.

**William Arnold-** We all agreed to put that in there. Our by-laws are being re-written and revised right now. They are at our counsel right now being reviewed to make sure it is all legal and we are doing what we are supposed to do. But in that wording in there also mentions the town if the fire department completely goes under. Correct me if I am wrong Greg, or anybody, the town is mentioned in the bylaws.

**Manager Maiorano-** I think in 1990 there was a change to the by-laws where it specifically pulled away from the town. I don't know what was going on back then I was just a patrolman so I didn't get into in and maybe there was some spit and spattering going on where it pulls around it will go to the town or any like organization of the fire department. I think if we sign a contract, to protect the town we would want that removed from your by-laws. That is what I would ask for.

**Councilman Hines-** I think the revision was basically presented to state that yes the fire truck or anything like that – that was bought by the town would go back to the town and any other assets would go to another like organization that would supply fire protection for the area. So basically what it was doing is protecting the outside area that the fire department had to...

**Manager Maiorano-** Yeah I remember something back in 1990 but not too much. Mayor my question still stands because we can sit here all day and continue on but the fact is I can see – I have been to enough budget sessions at this point, probably a good 23 with the town- that we will, these questions will come up again at the budget and we may not, some of the council may not be willing to push funding or do this or that. If we end it right here we have a lot of unanswered questions, I am not trying to stir things, and I think it would be best for the fire department if ya'll have a later meeting. I don't have to be there or whatever but we need to get these questions out and answer them so that this doesn't come up at budget time and we are sitting here spinning our wheels.

**Councilman Hines-** Why can't each individual board member plan a time and meet with William and talk to him one on one? That would get your personal questions answered or at least get you an idea of where you are going. I mean I think that would be simplest thing to do then you don't have to worry about a quorum or anything else. You can talk to him

individually with your questions. To me that would be one of the simplest things to do. As far as if there are any improprieties I will be the first one to say – if anyone thinks there are any improprieties then we ought to ask the police chief to investigate. I would say that first and foremost, if there are improprieties then investigate. If you think there are improprieties then investigate? I am saying that as a board member.

**Councilman Wright-** Do we need a motion on that to pay the \$30,000?

**Councilman Hines-** No because....

**Mayor Padgett-** It is already in the contract to do it.

**Councilman Hines-** The Mayor just has to redirect.

**Mayor Padgett-** We can sit here all day ya'll have an inner problem that ya'll need to square away. Hopefully somewhere along the line we need to get with them and get this hashed out before our 28<sup>th</sup> of April meeting or budget workshop, it needs to be worked out.

**Councilman Hines-** I think even in that contract it states about the fire department being in the budget... How does it read William?

**William Arnold-** We get the opportunity to give justification for what we are asking for.

**Councilman Hines-** So it is in the contract that the fire department is supposed to come to the board and get an opportunity to discuss the budget.

**Mayor Padgett-** I got no problem.

**William Arnold-** Do ya'll mind if I look down through these and if I can answer it I will answer it and if I can't I will...

**Mayor Pro-Tem Edwards-** I would appreciate that if you would.

**Mayor Padgett-** Before we get into that we need to take about a five minute break.

**Mayor Padgett called for a break at 3:10 p.m.**

**Mayor Padgett called the meeting back to order at 3:25 p.m.**

**Councilwoman Dinger-** Mr. Mayor I would like to request that we plan another meeting so that we can give the fire department time to answer our questions so we are not here all afternoon answer half and not answering half. Could we plan another meeting to meet for discussion?

**Mayor Padgett-** Set a date. Can the board set a date that the fire department can meet? Set it and that will give them time to look at the questions. Before the budget is set we need to have a meeting and have all of it ironed out before the budget.

**Councilwoman Dingler-** The budget is April 28<sup>th</sup>?

**Heather Reynolds-** The retreat is April 14<sup>th</sup>.

**Mayor Padgett-** Okay the retreat is set for the 14<sup>th</sup> and that is the day we all get together on Saturday and talk about the budget and all of that. This needs to be done before that.

**Councilwoman Dingler-** I don't have my calendar.

**Councilman Hines-** I don't either and I don't have a clue without my calendar. Could it be something that Heather could contact William and contact us and set it up that way because you are going to be out of town some that time too aren't you?

**Mayor Padgett-** I am going to be gone from the 22<sup>nd</sup> to the 31<sup>st</sup> I am probably going to be gone.

**Councilman Hines-** And plus we need to contact Carolyn to see what her schedule is going to be like too. So that might be something that Heather can call William and the rest of us.

**Mayor Padgett-** Ya'll don't need me you have Joe.

**Councilman Wright-** William, you were asked a question about your meeting tonight – is it a closed meeting or an open meeting can anyone come or what?

**William Arnold-** I am only being hesitant because of things going on in the fire department, it has caused us to seek legal counsel and we are making sure our by-laws are legal so we took that document to our lawyer and following 55A and it is all interpretation- anyone will tell you that. Incorporation laws for us, you don't have incorporation laws for different entities – let me give you an example, Town of Holly Ridge is incorporated but you are not private non-profit. We are private non-profit and I am speaking from the advice of counsel. Our business inside the department other than two things – this here is not even public record or open to the public until it is given to the county, once the county has it then it becomes open. Now if we did not have a contract that stated we had to give the county or you a copy of this I don't even have to show it to you. But we don't do that, I don't want anybody to get the impression that I have come here today and being a closed book. Because I have been open and honest with ya'll for so many years. But there is things that go on in a private non-profit organization no matter where we get our funds from we are still incorporated we still have to follow the corporation laws and the way it has been interpreted to me and I have two witnesses that were there – our business is closed except to members, voting members. I can't tell you anything other than that, if ya'll want to come until we get to part where I feel the incorporation needs to be closed then I will do just like ya'll do and we will vote to go into executive session just like you do. We have two county commissioners coming tonight to present whatever they are going to talk

about, that is the first thing on the agenda. We do agendas since we have a secretary she has been able to handle all of that. Before that, Brandon was the secretary. Based off of a couple audits ago and how we were doing some business we made some changes. We didn't have anyone who wanted to be a secretary so up until recently, and I don't remember when she was put in, but I went to the membership and said my signature and Brandon's signature doesn't need to be on everything. We needed a secretary because the secretary is supposed to be attesting just like the Town Clerk attest to whatever ya'll do. The secretary has basically the same position. So we elected her Amy Helms as the secretary, so those duties that she does within the corporation that has to be followed by 55A and she does a hell of a job. She has kept me straight several times about what is what. I am not sitting here trying be a closed book because I want to. I don't know what is going to happen tonight at the Board of Directors meeting at the membership meeting. There is a lot of other stuff going on that ya'll don't know about and if you do know about it then there again, if it got out it got out. I am all for answering what I can answer when I have time to look at these and get a good concrete answer for you. I mean that is all I can say right now.

**Councilman Wright-** So in other words if some of the council wanted to come we can come?

**William Arnold-** Anytime, and the last time you were over there we talked about fire inspections, but you never came back and I don't know why. We had a good conversation and we shook hands when you left and you said you would be back to find out what we were going to do and you never came back.

**Councilman Wright-** It was implemented and I didn't have to come back. I said if it wasn't implemented I would be back. What I talked to you about was trying to get a better relationship between over here and over there and that was about the second or third time I had talked to you about that because we had that meeting and they were getting ready to write a letter and I asked them please do not write the letter, let me see if I can handle this. I said I would be back if it is not implemented but it was implemented the very next day. So there was no need for me to come back for that issue.

**William Arnold-** Well why did you go to Scott Longo and discuss the fire department with him?

**Councilman Wright-** I beg your pardon?

**William Arnold-** I was told by Brandon Longo that you went to Scott Longo's house to discuss the fire department.

**Councilman Wright-** I was invited to his house and it was just as a guest at his house and we talked about some things about the fire department but I didn't go there for that specific reason. But we talked about some things.

**Mayor Pro-Tem Edwards-** William, can we be as a board notified when you have meetings so that we can attend if we want to.

**William Arnold-** Sure you can get on the email chain just like the rest of the members.

**Mayor Pro-Tem Edwards-** Pardon

**William Arnold-** You can be on the email chain with the rest of the members. Sure. Now that is me speaking but I have to ask the board of directors and the membership to do that.

**Mayor Pro-Tem Edwards-** I don't know when you have the meetings so that is why I am asking to be notified.

**William Arnold-** Every Wednesday night is training meeting night depending on what night I am off at Camp Lejeune and we have done this for 11, 12, 13 – 15 years we have operated this way and now it has become a problem apparently.

**Mayor Pro-Tem Edwards-** It is every Wednesday night once a week?

**William Arnold-** Wednesday night is training night or a meeting depending on... I am off two Wednesdays and I work two Wednesdays, so I set the meeting based on when me and Brandon are off from Lejeune.

**Mayor Pro-Tem Edwards-** I wouldn't be interested in training so much but your regular meetings I might be.

**William Arnold-** It changes monthly because of the date but it is usually two weeks advance notice.

**Mayor Pro-Tem Edwards-** Is there a way you can notify the Town Clerk and then that way she can notify the board?

**William Arnold-** I will bring it up tonight at the membership meeting.

**Mayor Pro-Tem Edwards-** I mean just get a simple phone call.

**William Arnold-** It is on our website – she does it on our Facebook thing. She does it a lot of places.

**Mayor Pro-Tem Edwards-** I just think as a Town board we do need to be involved in where our money is going. That is our job.

**William Arnold-** I have no quarrels with that.

**Mayor Pro-Tem Edwards-** I understand that and we just need to be more involved because we do get asked questions, you know? And it is nice to have an answer.

**Mayor Padgett-** Okay, we are going to get back together and he is going to answer the questions because he will have time to look at them. We can sit here the rest of the day and we aren't going to get any further than we are. So Heather if you will set up the meeting and if I am not here to sign it, two of them can sign it. That will be fine. Anybody got anything else?

**Mrs. Barnette-** Will the next meeting be open to the public?

**Mayor Padgett-** We can't have a closed meeting.

**Councilman Hines-** Not unless it is litigation or something like that.

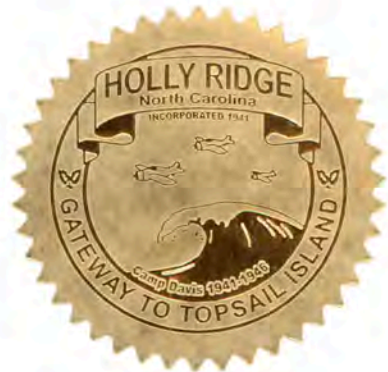
**Mayor Pro-Tem Edwards-** We don't have that 55 thing, whatever it is.

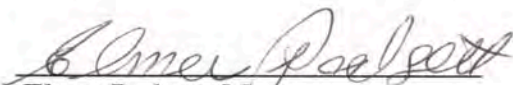
**Mayor Padgett-** I will entertain a motion to adjourn.


### Adjournment

A motion was made by **Councilman Hines** and seconded by **Mayor Pro-Tem Edwards** to adjourn at 3:40 p.m. **All Agreed.**

**Attest:**



  
**Elmer Padgett, Mayor**

  
**Heather Reynolds, Town Clerk**

**These minutes were recorded and prepared by Town Clerk Heather Reynolds and are verbatim.**