VILLAGE COUNCIL
MINUTES FOR REGULAR MEETING OF MARCH 14, 2023
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
4:30 PM

The Pinehurst Village Council held a Regular Meeting at 4:30 p.m., Tuesday March 14, 2023, in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were in attendance in Assembly Hall:
Mr. John C. Strickland, Mayor
Mr. Patrick Pizzella, Mayor Pro Tem
Ms. Lydia Boesch, Councilmember
Mr. Jeff Morgan, Councilmember
Ms. Jane Hogeman, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

And approximately 16 attendees, including 6 staff and 1 press

1. **Call to Order.**
Mayor Strickland called the Village Council meeting to order.

2. **Reports:**

Village Manager

- Mr. Jeff Sanborn, Village Manager, reported Alex Cameron accepted the offer for the Planning and Inspection Director position for the Village. He noted Alex started with the Village as a Planner 1 and has steadily worked his way through the steps and of an interview team of 5, he was the number 1 candidate unanimously.

Village Council

- Mayor Strickland reported he and the Village Manager attended the latest meeting of the new Metropolitan Planning Organization structure which will be forming with other towns here in Moore County. He noted that with the new organization they would get more points for DoT projects and additional help working on projects and prioritization of future projects.

Mayor Strickland reported he made brief comments at the Pinehurst No. 6 Homeowners Association meeting and the Pinehurst Rotary meeting. He reported the opening of the new Pinehurst Comprehensive Cancer Center date is March 27th. Lastly, Mayor Strickland recognized Pinehurst resident, Vivian Cunningham, on her 100th birthday celebration, on March 18th.

- Councilmember Morgan provided no report.

- Councilmember Hogeman reported the Moore County tax revaluation is nearing completion and notices of revaluation will be mailed out on March 17th. She stated there will be informational workshops for anyone who has a question about their revaluation. She noted these will be held at the Agricultural Center in Carthage, where you can drop in Monday through Friday from 9 am to 3:30 pm during the last week of March and the first two months of April. She stated for anyone who wants to bring a formal appeal, these can be done at the Agricultural Center by appointment only on Tuesday, Wednesday, and Thursday's during May and June, from 9 am to 3:30 pm.

  Councilmember Hogeman reported she attended the Beautification Committee on March 6th which will be holding its annual plant sale from now through April 7th. She noted you can go to the Pinehurst Garden Club website and find out how to pre-order your plants, which will be ready for pick-up on April 23rd at the Garden Haven Garden Center in Carthage. She stated the proceeds of the sales go to the scholarship the Garden Club provides for landscape design students at Sandhills Community College.

  Councilmember Hogeman reported the Beautification Committee is working on its first annual Warren Manning award for landscaping, which they hope to bestow in July. She noted they are also completing the landscaping of the solar eclipse monument on Ritter Road. Lastly, she reported the Pinehurst Business Partners had their board meeting where they discussed the Dog Jog event happening on April 15th. She noted it will begin at 9:30 am at Tufts Memorial Park and will involve a walk with your dog to the Arboretum and the cost is $15 to register your dog. She stated the event will end with a celebratory event at the Arboretum and all proceeds from the event go to the Linden Lodge Wellness Center a mental wellness center.

- Councilmember Boesch congratulated Mr. Cameron on his acceptance of the Village's offer and acknowledged his valuable skills he is already providing the Village.

- Mayor Pro Tem Pizzella reminded residents of the many avenues the Village offers for obtaining information about current projects, events, and volunteer opportunities.

3. Motion to Approve Consent Agenda.

All items listed below are considered routine or have been discussed at length in previous meetings and will be enacted by one motion. No separate discussion will be held unless requested by a member of the Village Council.

A. Approval of Village Council Meeting Minutes
   - o February 28, 2023, Council Regular Meeting
   - o February 28, 2023, Council Work Session

B. Resolution #23-09 Honoring Thomas Schroeder (HPC)

C. Resolution #23-10 Honoring Terry Lurtz (HPC)

End of Consent Agenda.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved the Consent agenda by a vote of 5-0.

4. **Present Resolution #23-06 Honoring Eric Von Salzen for time served on the Historic Preservation Commission.**
Mayor Strickland read and presented Resolution #23-06 to Mr. Eric Von Salzen in appreciation of his time served on the Historic Preservation Commission.

5. **Discuss and Consider Resolution #23-07, Amending Terminology in the Fund Balance Policy in Accordance with GASB Statement No. 98.**
Dana Von Nostrand, Financial Services Director, reported that in October 2021, the Government Accounting Standards Board (GASB) issued Statement No. 98 *The Annual Comprehensive Financial Report.* She stated this Statement replaced the term *comprehensive annual financial report* and its acronym with the term *annual comprehensive financial report* and its acronym *ACFR.* GASB Statement No. 98 made this change to terminology because the common pronunciation of the acronym for comprehensive annual financial report sounds like a racial slur in some cultures.

Ms. Von Nostrand stated the Village made this change in terminology beginning with its ACFR issued for fiscal year 2021. She stated references to the comprehensive annual financial report and its acronym in other documents, such as policies and webpages, should be updated accordingly. She reported the Village does not need to change the terminology used in audit reports or strategic operating plans previously issued. She noted the vopnc.org webpages using comprehensive annual financial report and its acronym have been update. She stated that since the Fund Balance Policy is a "living" document that is frequently referenced, she recommends Council approve amending the Fund Balance Policy to utilize the appropriate terminology for the ACFR.

Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Resolution 23-07, amending terminology in the Fund Balance Policy in accordance with GASB Statement No. 98, by a vote of 5-0.

6. **Discuss and Consider Resolution #23-08, Adopting a Grants Allowable Costs and Cost Principles Policy.**
Dana Von Nostrand, Financial Services Director, reported the Village receives federal grants and grants from funding sources from time-to-time, such as FEMA disaster assistance, equipment grants for the Police and Fire departments, library grants, and COVID-19 recovery grants. She stated these grants are ultimately governed by the terms and conditions of the specific grant agreements and all federal grants must comply with the requirements of the Uniform Guidance (2 CFR 200 or UG). She reported grants from state and other funding sources may not require compliance with the UG, but it is best practice to have policies and procedures for all grants that meet UG requirements.

Ms. Von Nostrand stated the UG requires the recipient to have written policies for certain requirements. She noted allowable costs and cost principles is one of the areas that requires a written policy, however, the Village does not currently have a written policy that addresses these requirements.

Ms. Von Nostrand stated the absence of a written policy for allowable costs and cost principles exposes the Village to the risk that grant funds are not used for activities and costs allowed by the grant agreements. She reported it also poses an audit risk to the Village and if the Village does not comply with the UG requirements or terms and conditions of grant agreements, it could be required to repay the unallowable costs. She stated audit findings could impact the Village's ability to receive grants in the future. She noted the $5.2 million of ARPA funds expended in fiscal year 2023 will be subject to a compliance examination by the Village's audit firm.

Ms. Von Nostrand stated the purpose of the Grants Allowable Costs and Cost Principles Policy staff is proposing is to comply with the allowable costs and cost principles requirements of the UG, State of North Carolina regulations, sponsor policies, program objectives, and grant agreement terms and conditions. She noted the UG, specifically Subpart E, defines those items of cost that are allowable, and which are unallowable under federal awards. She stated the policy details the tests of allowability under these principles, such as the costs must be necessary and reasonable for the performance of the award, within the award budget and budget period, consistent with policies and procedures for other activities of the Village, and adequately documented.

Ms. Von Nostrand stated unallowable items fall into two categories: expenses which are by their nature unallowable (e.g., alcohol), and unallowable activities (e.g., fund raising). She stated the policy acknowledges that the Village is responsible for the efficient and effective administration of grant awards in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the awards through sound management practices. She reported the application of these cost principles should require no significant change in the internal accounting policies and practices of the Village. She noted the policy assigns responsibility for following these guidelines and associated procedures to the Financial Services Director along with the Department Heads, who are charged with the administration and financial oversight of grant funds they receive. She stated the Financial Services Director is responsible for ensuring audits of grant funds are performed as required by the UG, the North Carolina State Single Audit Implementation Act, or other funder requirements.

Ms. Von Nostrand stated staff recommends the Council approve the resolution to adopt this new financial policy to comply with the requirements of the UG, State of North Carolina regulations, sponsor policies, program objectives, and grant agreement terms and conditions
Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved Resolution 23-08, adopting a Grants Allowable Costs and Cost Principles Policy, by a vote of 5-0.

7. **Discuss and Consider Ordinance #23-03, Amending and Closing the ARPA Special Revenue Fund.** Dana Von Nostrand, Financial Services Director, reported the Village Council approved the creation of the American Rescue Plan Act Special Revenue Fund (ARPA SRF) in June 2021. She noted at that time, the appropriation was established for $4,860,000 with corresponding ARPA grant revenues to fund the appropriation, with this amount being an estimate. She stated the actual ARPA award amount of $5,296,751.52 was communicated in August 2021. She stated the AROA funds were expended for the provision of government services under the standard allowance, which is authorized as an eligible use of the

funds. She reported that as of February 28, 2023, there were sufficient allowable expenditures for fiscal year 2023 salaries and benefits in the General Fund to fully expend the ARPA SRF.

Ms. Von Nostrand reported the Village has complied with the grant terms and conditions, such as having the required written policies, submitting required reports, and expending the funds within the award period of March 3, 2021 – December 31, 2024. She noted expenditures met the allowable costs and cost principles requirements of the grant. She stated the final expenditure report as of March 31, 2023, will be submitted in April. She reported the ARPA funds will be subject to an alternative compliance examination during the fiscal year 2023 audit.

Ms. Von Nostrand reported the grant funds of nearly $5.3 million were deposited into the Village's North Carolina Capital Management Trust (NCCMT) investment account and have earned investment income of $108,286 through February 28, 2023. She noted the investment income is allowed to be kept by the Village and is not subject to the restrictions and requirements as the ARPA award funds and the Village may use the investment income to defray the administrative expenses of the program, among other things.

Ms. Von Nostrand reported that to record the use of the ARPA funds and associated investment income to reimburse the General Fund for the government services expenditures advanced from the General Fund, a budget amendment is needed to increase the ARPA SRF revenue and expenditure budgets from $4,860,000 to the total amount of ARPA revenue including investment income. Additionally, she stated the account within the ARPA SRF needs to be changed from "American Rescue Plan Expenditures" to "Transfer to General Fund" to accurately reflect the transfer in the Village's financial statements.

Ms. Von Nostrand reported after the budget amendments above are approved by the Council and recorded in the accounting system by the Financial Services department, the actual transfer of $5,405,037.52 from the ARPA SRF to the General Fund will be recorded in the accounting system. She stated this actual fund transfer will zero out the budget and fund balance in the ARPA SRF. The NCCMT investment that is currently in the ARPA SRF will also be transferred to the general fund. She noted the ARPA SRF would then be closed.

Ms. Von Nostrand stated staff recommends the Council approve the ordinance to amend the ARPA SRF budgets to reflect the final award and investment income amounts, authorize the transfer of the ARPA SRF fund balance to the General Fund, and approve closure of the ARPA SRF

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved Ordinance 23-03, amending and closing the ARPA Special Revenue Fund, by a vote of 5-0.

8. **Discuss and Consider Ordinance #23-04, Amending Chapter 31 of the Pinehurst Municipal Code.**
Jeff Sanborn, Village Manager, reported members of the Village Council recently asked staff to draft an update to Chapter 31 of the Pinehurst Municipal Code modifying language related to residency requirements for Planning and Zoning Board/Board of Adjustment members. He stated specifically, it was desired that, like the requirements for Historic Preservation Commission members, members must retain residency in the

Village or extraterritorial jurisdiction to maintain board membership. Mr. Sanborn stated while drafting these updates, staff recognized the opportunity to update various other provisions of chapter 31 that clarify previously identified points of confusion and comport with the way Pinehurst's advisory boards currently are staffed and operate.

Mr. Sanborn, joined by Alex Cameron, Planning and Inspections Director, presented Council with changes to section 31.21 addressing the number of members, vacancies, residency requirements, attendance requirements, and appointment of members. Council discussed changes to successor requirements for members from the extraterritorial jurisdiction and addressed proposed changes to the member appointment process for the Zoning Board of Adjustment. Councilmember provided feedback for changes and Mr. Sanborn will bring the Ordinance back for proposed approval at the next Council Regular meeting.

9. Other Business

Council discussed potential needs for budget priorities for legislature. Potential needs suggested included traffic circle plantings, signage, and appropriations for the Harness Track.

10. Comments from Attendees

- John Vann, Donald Ross Drive resident, addressed Council about an issue with his garden screenings.

11. Motion to Adjourn.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 6:03 p.m.

Respectfully Submitted,

Kelly Chance

Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org
Vision: The Village of Pinehurst is a charming, vibrant community, which reflects our rich history and traditions.
Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
Values: Service, Initiative, Teamwork, and Improvement