



Town of Southern Shores

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Town of Southern Shores
Council Meeting
November 7, 2007
7:00 PM.-Pitts Center

Minutes

The Southern Shores Town Council met on November 7, 2007 at the Pitts Center.

The following Council Members were present: Mayor Don Smith, Dan Shields, Jodi Hess, David Sanders, and Brian McDonald.

Also present were: Chief David Kole, interim town manager; Carrie Gordin, town clerk and Ike McRee, town attorney.

Mayor Smith called the meeting to order at 7:00 p.m., led the Pledge of Allegiance and held a moment of silence for our troops fighting around the world.

APPROVAL OF AGENDA

Mayor pro tem Shields moved to approve the agenda as presented. Council Member Sanders seconded. The motion passed with Mayor Smith and Council Members Shields, Hess, Sanders and McDonald voting aye; no Council Member voting no; and no Council Member absent.

GENERAL PUBLIC COMMENT

Mayor Smith opened the public comment section.

Don Bierwerth, 294 Sea Oats Trail, addressed council regarding his concern over the past eight years that the Pitts Center's occupancy has been changed illegally. He gave a brief history on his experience as a qualified engineer and he stated he was a council member for eight years. He questions the veracity of the building inspector regarding his competency. He stated he found out recently the occupancy of the Pitts Center was changed from 40 people to 200 to now which it is posted at 100 people. He stated he wrote a letter in January 2007 to council asking what is the occupancy and has heard nothing from council. He stated the town has never paid the state for the Pitts Center. He provided to staff and the town attorney a copy of a formal complaint he has filed with the Department of Insurance against the building inspector. He stated the occupancy permit must conform to the town's zoning requirements and is to be filled out by the building inspector. He stated the occupancy permit has not been prepared properly. He stated council is required to approve occupancy changes and this has not been done. He stated for three years the building was permitted for forty people but for two and half years the building exceeded the occupancy by two to three times and no occupancy permit was changed. He stated he did talk to Mayor Sutherland, at that time, and he was told the town was following the law. He stated that he maintains that the town does not have a valid occupancy permit for the Pitts Center. He stated he does not like criticizing the town but that the building inspector has not followed the law.

Hearing no other comments Mayor Smith closed the public comment section.

REPORTS

Planning Board

George Kowalski presented the October 15, 2007 Planning Board report.

Mayor pro tem Shields stated that it is the property owner's responsibility to see that exterior lighting is shields in accordance to zoning regulations.

Mayor Smith asked what is being done regarding any violations for not shielding lighting as discussed in the report.

Chairman Kowalski stated he thinks there has only been one complaint and that Mike Hejduk is handling it. He stated the property owner was asked to shield the light or turn it off especially during the turtle nesting season and the property owner did comply. He recommended that the town provide information in the broadcast email informing property owners that it is a violation if outdoor lighting is not shielded.

Mayor pro tem Shields suggested the lighting ordinance in the residential zone may need to be reviewed to see if changes are needed.

Council Member Hess moved to set a Conditional Use Hearing for the Chicahawk Property Owner's Association amended site plan for Trinitie Park for December 4, 2007. Mayor pro tem seconded. The motion passed with Mayor Smith and Council Members Shields, Hess, Sanders and McDonald voting aye; no Council Member voting no; and no Council Member absent.

[Clerk's Note: Planning Board Report for October 15, 2007 is attached hereto as Exhibit A].

Southern Shores Volunteer Fire Department

Chief Harvey presented monthly report.

Police Department

Chief Kole presented monthly report.

He reported that all the officers, including him, except for the night shift, attended the Kitty Hawk Elementary School Fall Festival. He stated he was very impressed with the organization and participation. He reported that the police department auctioned a bicycle and raised almost \$250 which was presented to the Kitty Hawk PTA.

He reported Officer Gilreath is participating at Kitty Hawk Elementary School by reading to second and third graders.

Southern Shores Civic Association -None

Chicahauk Property Owners Association

Karl Daniels, vice president, announced the CPOA board meeting is held the first Thursday of each month in the Pitts Center. He stated there are nine board members and all Chicahauk property owners are required to pay homeowner's dues. He stated a representative from the Department of Environment and Natural Resources will be a guest speaker at the December 6 meeting.

Karl Daniels stated the planning board has recommended approval of the site plan for Trinitie Park and council has set a conditional use hearing. He commended the police department for their quick action on Halloween night by investigating a suspicious looking van. He stated there was concern for the safety of the children.

He reported there are some adult bicyclists (groups) that are not abiding by safe road rules and he asked the police department to look into this and ask them to adhere to the laws.

APPROVAL OF MINUTES-October 2, 2007 and Recessed October 8, 2007

Council Member Hess moved to approve the October 2, 2007 minutes and the recessed October 8, 2007 minutes as presented. Mayor pro tem Shields seconded. The motion passed with Mayor Smith and Council Members Shields, Hess, Sanders and McDonald voting aye; no Council Member voting no; and no Council Member absent.

CONSENT AGENDA

Mayor pro tem Shields moved to approve Budget Amendment #1 for FY 2007-08 as presented. Council Member Hess seconded. The motion passed with Mayor Smith and Council Members Shields, Hess, Sanders and McDonald voting aye; no Council Member voting no; and no Council Member absent.

[Clerk's Note: A copy of Budget Amendment #1 for FY 2007-08 is attached hereto as Exhibit B].

CONDITIONAL USE HEARING

Starbucks Restaurant (LDA-2007-09-01) at the Market Place

Ike McRee reviewed the conditional use hearing process and opened the hearing for Starbucks Restaurant LDA-2007-09-01.

Carrie Gordin, town clerk sworn in George Kowalski, planning board chairman.

Chairman Kowalski stated that the planning board reviewed and recommended unanimously to approve the site plan for the Starbucks Restaurant at their September 17, 2007 meeting with certain conditions. He stated a conditional use hearing is required. He stated Mike Hejduk recommended that even though Starbucks is not a full service restaurant that it should follow the conditional use procedure.

Mr. McRee asked if there were any one wishing to speak or provide evidence on behalf of Starbucks. A representative for Starbucks was present but did not offer to speak. Mr. McRee asked if she was satisfied to stand by the application as submitted. She said yes.

Hearing no other comments Mr. McRee closed the hearing.

Council had no questions and was satisfied with the application.

Mayor pro tem Shields moved to approve the Starbucks Restaurant (LDA-2007-09-01) at the Market Place site plan as a conditional use and to include the standard and special conditions as found in the Executive Summary dated September 17, 2007. Council Member Sanders seconded. The motion passed with Mayor Smith and Council Members Shields, Hess, Sanders and McDonald voting aye; no Council Member voting no; and no Council Member absent.

[Clerk's Note: A copy of the standard and special conditions is attached hereto as Exhibit B].

OLD BUSINESS –None

NEW BUSINESS

Board of Adjustment – Re-appoint members

Staff presented three members of the Board of Adjustment for re-appointment for another three years. Al Smith, Frans Koeleveld and Peter McOrmond's terms expire on November 17, 2007. Cyndy Gabrys, Code Enforcement Administrative Assistant, has contacted them and they all are requesting to be re-appointed.

Council Member Hess moved to re-appoint Al Smith, Frans Koeleveld and Peter McOrmond each for another three-year term to the Board of Adjustment. Council Member Sanders seconded. The motion passed with Mayor Smith and Council Members Shields, Hess, Sanders and McDonald voting aye; no Council Member voting no; and no Council Member absent.

Other Items

Town Manager

Chief Kole stated Joe Anlauf with Quible is working in-house on the dredging project manager and it is moving forward.

He commended the Public Works Department for the great job they are doing. He stated they each have experience doing different things and it is saving the town money instead of contracting out for repairs and maintenance.

He stated Bonnie Swain and Cyndy Gabrys are continuing to work on the process for hiring a town manager.

He stated the town attorney is reviewing contracts for Ocean Rescue and Quible and these will be presented to council for approval soon.

He stated he would like to clarify that it is his choice to not attend the "mayor's chats". He stated he knows he can attend but for anyone who would like to talk to him he has an open door policy and welcomes everyone.

Chief Kole presented a draft Retiree Health and Dental Insurance Benefits policy for council's consideration.

Mayor pro tem Shields moved to excuse Mayor Smith from the discussion and vote on this item due to his wife being an employee of the town. Council Member Hess seconded. The motion passed with Council Members Shields, Hess, Sanders and McDonald voting aye and Mayor Smith excused.

Chief Kole stated the past town manager was in the process of clarifying the retiree benefits policy. He stated from discussions held before it was unclear what the intent of council was for retiree benefits. He stated Bonnie Swain looked at what the other towns provide and she talked with the personnel attorney and provided this policy. He stated the current policy is unclear on how long the town is to pay health benefits for a retiree before they can participate in Medicare.

Chief Kole stated he had a conversation with the mayor and he is concerned that, in this draft, there is no examples shown and it still may not be clear.

He stated this amended draft is to clarify some prior confusion that if an employee worked for the town for ten years and was eligible through the retirement system, meeting their criteria, the town would pay a hundred percent medical health benefits for the rest of the employee's life.

Council Member Hess stated being involved in human resources in her past employment she feels this is more in line with the other towns now.

Council Member Hess moved to accept the Retiree Health and Dental Insurance Benefits policy as presented. Council Member Sanders seconded. The motion passed with Council Members Shields, Hess, Sanders and McDonald voting aye. Mayor Smith excused from voting.

Council Member McDonald asked what was unclear in the past.

Bonnie Swain explained in the previous draft it showed examples of reduced or unreduced benefits that would be paid by the state retirement system but the attorney advised not including that information in the policy since it might change over the years.

Council Member McDonald asked would the town not want to control who the retiree is insured with for re-imbusement payments. Chief Kole stated the town would only reimburse a retiree in the amount that the town is currently paying for an active employee, it doesn't matter who the retiree is insured with.

[Clerk's Note: A copy of the Retiree Health and Dental Insurance Benefits policy is attached hereto as Exhibit D].

Mayor Smith returned to the meeting.

Town Attorney

Ike McRee requested council go into closed session following the agenda items under N.C.G.S. 143.318.11(a)(3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body which privilege is acknowledged.

Mayor

Mayor Smith thanked all the candidates for running and for all the voters who voted. He congratulated Jodi Hess, Jim Pfizenmayer and Kevin Stroud.

He stated he is very disappointed when he learns that people have not voted. He stated our military fights for our rights to allow us to have the freedom to vote.

He stated the new council members would be sworn in at the December 4th council meeting. He stated the official voting results would come from the Board of Elections on November 13, 2007.

Council

Council Member McDonald thanked Council Members Shields and Sanders for being his friends and fellow council members and he hates to see them go. He stated it is a lot of work and effort to be on council. He hopes they will still be around to help.

Council Member Sanders thanked the citizens for a good turnout. He congratulated Jim Pfizenmayer and Kevin Stroud. He stated he has gained a lot from being on council and he would be happy to help.

Council Member Hess thanked everyone and appreciated the voters for a great turnout. She was happy to see six candidates running for three seats. She stated the more interest the better. She is looking forward to the opportunity to work from a clean slate and to move forward.

Mayor pro tem Shields thanked everyone for voting and stated he has enjoyed the last five year being on council. He stated he will continue to help the greatest place on the Outer Banks. He thanked everyone for allowing him to sit on council.

GENERAL PUBLIC COMMENT

Mayor Smith opened the public comment section. Hearing no comments or other comments Mayor Smith closed the public comment section.

Mayor pro tem Shields moved to go into closed session under G.S. 143.318.11(a)(3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body which privilege is acknowledged. Council Member Hess seconded. The motion passed with Mayor Smith and Council Members Shields, Hess, Sanders and McDonald voting aye; no Council Member voting no; and no Council Member absent.

Mayor pro tem Shields moved to adjourn the meeting at 8:20 p.m. following the return from closed session. Council Member Hess seconded. The motion passed with Mayor Smith and Council Members Shields, Hess, Sanders and McDonald voting aye; no Council Member voting no; and no Council Member absent.

ATTEST:


Don Smith, Mayor



Respectfully submitted:


Carrie Gordin, Town Clerk

Exhibit A

: Southern Shores Town Council
CC: Town Manager
From: George Kowalski, Chairman, Planning Board
Date: 10/18/07
Re: Recap, Planning Board Meeting of October 15, 2007

Planning Board recommended actions for the Town Council:

1. Approve LDA 2007-10-01: Trinitie Park Site Improvement

Organization: Chairman Kowalski called the meeting to order at 7:00 PM. Planning Board members George Kowalski, Joe Walter, Jay Russell, alternate Nancy Wendt, sitting in for Dave Peckens, alternate Jim Connors, and ETJ Representative Ed Overton were present. Dave Peckens was absent with excuse. Also in attendance were the Code Enforcement Administrator Mike Hejduk and Administrative Support Assistant Cyndy Gabrys.

Approval of Agenda: Agenda was approved.

Approval of Minutes: The minutes of September 17, 2007 were approved.

Public Comment: There was no public comment.

Committee Reports:

The **Stormwater Management Advisory Committee** report was presented by Jay Russell, who stated that the committee met on September 19, 2007, and began the process of prioritizing areas in town prone to flooding. The next meeting will be held in November and the committee will look at different approaches to writing a storm water ordinance.

The **Hazard Mitigation Plan Committee** report was given by Mike Hejduk. He stated that the estimate for underground power lines would be available by the end of the week and that the estimate is free.

The **Vegetative Advisory Committee** report was moved to the New Business session of the meeting when a proposed ordinance would be submitted.

The **Land Use Plan/ Steering Committee:** Mike Hejduk discussed a memorandum sent to him from Charlan Owens, the DCM District Planner which outlined eighty four points that were either missing, needed, or required clarification. Copies of the eleven page document were given to each Planning Board member. The Land Use Committee will go over this report.

The **Wireless Committee:** Chairman Dave Peckens was absent therefore no report was presented.

The **Roads/Streets Committee:** Chairman Dave Peckens was absent therefore no report was presented however, Mike Hejduk said that he has met with Bonnie Swain and they have written a list for road work to be filed under Capital Improvements.

Applications:

LDA 2007-10-01 –CPOA Trinitie Park Site Improvement. The Chicahawk Property Owners Association applied for permission to demolish and remove the existing picnic shelter, deck, steps, and adjacent shrubs at their Trinitie Park site. In their place, they asked that they be allowed to construct a 20 foot by 40 foot picnic shelter with a 6 foot wide concrete patio, a 44 foot by 50 foot half basketball court, and a 4 foot by 16 foot walkway along the existing lagoon. Additional parking would be added to the current parking lot and a new small parking area would be built next to Gravey Pond. The work will be done in two phases. A Community Recreation Facility is a conditional use and must have approval by the Planning Board and Town Council and have a scheduled public hearing. The Board heard presentations from both Mike Hejduk and Jim Connors, who was representing CPOA.

Subsequent to discussion, the Board, by motion, with a 4-0 vote, with abstention by Joe Walter, making a 5-0 vote, recommended that the Town Council approve the Trinitie Park Site Improvement as a Conditional Use, Community Recreational Facility subject to the Special and Standard Conditions listed on Page 2 of the application, and that the Town Council schedule a public hearing.

Other Business

Old Business: None

New Business:

1. Ordinance No. 2007-10-PB09- Ordinance to Amend the Town of Southern Shores Zoning Ordinance Regarding Tree and Vegetation Preservation and Planting.

Jim Connors, as chairman of the Vegetative Committee, presented a nine page proposed ordinance, which culminated seven years of work by this committee. This proposed ordinance sought to control the clear cutting of lots in both new construction and remodels by requiring a submission of a Vegetative Management Plan. This plan requires that a tree canopy cover at least 10% of the lot in question. This canopy cover requirement can be fulfilled by either leaving existing vegetation or planting trees or shrubs from a list of approved vegetation. Any homeowner wanting to cut down a tree with a diameter larger than six inches would need to be aware of the canopy coverage of their lot and would need to submit a Vegetative Management Plan if the canopy coverage was affected and reduced below 10%. A list of six requirements are needed to fulfill the Vegetative Management Plan, among them is a list of the location, size, and species of all trees that are at least 6 inches in diameter, indicating which are to be preserved and which are

to be removed along with a description of the condition of these trees. Also included in this proposed ordinance was the granting to the Town Council, the right to designate any tree greater or equal to 24 inches in diameter as a heritage, memorial, or designated specimen tree. None of these trees can be removed, damaged, or disturbed in any way unless the Town Council agrees. In permitting such action, the Town Council may require that the tree be relocated on-site or to another site designated by the Town or be replaced with a similar tree or trees to approximate the canopy cover lost.

The Planning Board had a large number of questions and concerns regarding this proposed ordinance. After Mike Hejduk presented his opinion, the Planning Board asked for a motion. This motion was presented but failed to obtain a second and therefore died due to a lack of a second. The committee was given a list of options including appearing before the Council and presenting their proposed ordinance without Planning Board approval.

2. **Community Lighting.** Mike Hejduk made a presentation to the Board on the topic of residential lighting. This was based upon a complaint by a resident on 10th Avenue regarding a light post on 9th Avenue. There are a number of street lights, installed by NC Dominion on residential private properties that are violating our light code by not being shielded. There are also numerous other installed lights on residential properties, mounted on houses, fences, gates, etc., that are not shielded and violate the current ordinance. Tony Gomez, a town resident and owner of a lighting business, spoke to the Planning Board regarding shielded residential lighting and brought in an example of a shielded lighting fixture. This topic will be explored further.

Other Items:

1. Planning Board Member Concerns: none
2. Chairman Concerns: none
3. Code Enforcement Administrator concerns:
 - The Starbuck's Public Hearing is scheduled.
 - The Marketplace will be painting markings for a fire lane at the west corner of their lot.
 - My Home Options and the dentist office constructions are well on their way towards completion.

Announcements:

Next regular meeting: Monday, November 19, 2007, 7:00 PM in the Pitts Center

Adjournment: Upon motion, the Planning Board meeting adjourned.

Exhibit B

Standard and Special Conditions applied to Starbucks Restaurant LDA-2007-09-01

Standard Conditions:

1. *That the applicant must strictly abide by all requirements of the Zoning Ordinance of Southern Shores, North Carolina, and must also strictly comply with all other local, state, and federal ordinances, laws, rules and regulations as one or more ordinances, laws, rules and regulations may apply to this development; and,*
2. *No building permit shall be issued until written evidence satisfactory to the Code Enforcement Administrator is submitted to the Town in accordance with Section 10.04 B.6, Southern Shores Zoning Ordinance; and,*
3. *For purposes of this application and this application alone, the phrase "Building Inspector" found in Section 10.04 B.8, Southern Shores Zoning Ordinance, shall be the Code Enforcement Administrator as appointed by the Town Manager; and,*
4. *Per the provisions of Section 10.02 B, C and D, Southern Shores Zoning Ordinance, approval of this application shall be null and void if:*
 - a. *No building permit for the principal structure is issued within one hundred and eighty (180) days from the date of final approval of the site plan by Town Council; and,*
 - b. *The start of construction has not commenced within 180 days from the date of issuance of the building permit or if after commencement work is discontinued for a period of 12 months; or,*
 - c. *The work authorized by the building permit issued is not prosecuted to completion within 18 months of the date of issuance of the building permit.*
5. *The proposed use is consistent with the Town's CAMA Land Use Plan.*

Special Conditions:

1. *Section 10.05 Application for permit for conditional uses.*

The Southern Shores Town Council may approve permits for conditional uses in the zoning districts where such conditional uses are specified by this article. Applications for permits under article IX, Planned Unit Development, shall also be processed under the procedures of this article. The town council may impose such reasonable and appropriate conditions and safeguards upon these conditional use permits as to insure that the spirit and intent of this article is preserved.

 - a. *Written application for a conditional use permit shall be submitted to the planning board no later than thirty (30) days prior to the planning board meeting at which the plan is to be reviewed. Such written application shall indicate the section of this article under which a permit is being sought and shall contain the information required by the appropriate section and such other information as may be required to insure compliance with this article.*
 - b. *(1) The written application shall include a list of the names and addresses of all abutting property owners and the owners of property immediately across the street from the property affected by the conditional use application. The list shall be supplied by the applicant and shall be current according to the most recent tax listing abstract as filed in the office of the Dare County Tax Supervisor. The town council shall hold a public hearing and shall give written notice, including the date and time of a public hearing at which the application*

will be considered to the owners as contained in said listing. Notice shall be sent by certified mail to the last address of such owners as appears on the list supplied by the applicant. Notice shall be given at least ten (10) days in advance of such public hearing by a legal advertisement placed in a newspaper having general circulation in Dare County. Notice of these hearings shall be posted on the property concerned for at least ten (10) days prior to the public hearing.

- (2) The planning board shall review the application for a conditional use permit and shall submit its recommendation as to approval or disapproval along with such conditions as it may deem necessary to the town council. [completed 09/17/0]
- c. Any party may appear in person, or by agent or attorney.
- d. Before they may grant any conditional use permit or vested right, the town council shall make affirmative findings that:
- (1) The applicant has met the requirements of the applicable provisions of the Southern Shores Zoning Ordinance; subdivision ordinance, and all other applicable ordinances.
 - (2) That the use, as proposed will conform with the town's land use plan and will be compatible with the area in which it is to be located if developed in accordance with the conditions specified in the ordinance and additionally required by the town council as authorized by the ordinance.
 - (3) That the use will not materially endanger the public health and safety if located where proposed and developed according to the plan submitted.
 - (4) That the use as proposed, will not overburden the Southern Shores Volunteer Department fire fighting capabilities and the Dare County water supply capacity to the town as said facilities and capabilities will exist on the completion date of the conditional use for which the application is made.
- e. In granting any conditional use permit, the town council may prescribe appropriate conditions and safeguards in conformity with this article. Violation of such conditions and safeguards, when made a part of the terms under which the conditional use permit is granted, shall be deemed a violation of this article and punishable under article XI of this chapter. Upon final approval of a site plan by the town council, the building inspector, upon proper application, shall issue a building permit within one hundred eighty (180) days from the date of such approval, provided that all other requirements are met. If a building permit is not applied for and issued within one hundred eighty (180) days from the date of final approval of the site plan, the site plan expires and the applicant must submit a new site plan conforming to the then current provisions of the Zoning Ordinance and all other applicable ordinances for review by the planning board and town council and pay the applicable fees. If any of the conditions of approval or any part of them should be held invalid or void, the entire permit shall be void immediately.

Exhibit C

**Town of Southern Shores
Budget Amendment Number # 1**

Increases			Decreases		
Account Number	Description	Amount	Account Number	Description	Amount
General Fund (10) Revenues					
40-39909	Fund Balance Appropriated- Encumbrances	\$152,214			
		-			
		\$152,214			
General Fund (10) Expenses					
63-50137	Stormwater Management	\$4,460			
51-50112	Ammo.	\$5,004			
59-50925	Red Bay Lane	\$117,162			
63-48100	Chicahauk Hydro. Study	\$25,588			
		-			
		\$152,214			

Explanation: Encumbrances as of June 30, 2007

Recommended By:

David Kole, Interim Town Manager

Approved By:

Don Smith, Mayor

Date

Exhibit D

Adopted
November 7, 2007

**TOWN OF SOUTHERN SHORES
RETIREE HEALTH AND DENTAL
INSURANCE BENEFITS
POLICY**

A. HEALTH INSURANCE FOR RETIREES HIRED ON OR AFTER NOVEMBER 1, 2007

For employees hired on or after November 1, 2007, the term "qualified retiree" is defined as an employee who:

- (1) retires from the Town with 25 completed years of service with the Town; and
- (2) participates in the North Carolina Local Government Employee's Retirement System.

A qualified retiree may retain health and dental insurance for themselves through the Town. In the event that the Town's health insurance plan does not provide retiree health coverage, the Town shall reimburse the qualified retiree for monthly health premiums paid by the qualified retiree for individual employee only coverage upon receipt of proof of payment in an amount not to exceed the then current health benefit paid by the Town for active employees for individual employee only coverage in accordance with the schedule below. The Town will pay the premium (as stated above), based on the years as described below, for health and dental coverage only until the retired employee's Medicare eligibility date:

<u>Years of Completed Service</u>	<u>Town will pay or reimburse qualified retiree</u>
25 years	100%
20 years, but less than 25 years	75%
15 years, but less than 20 years	50%
10 years, but less than 15 years	25%

B. HEALTH INSURANCE BENEFITS FOR RETIREES HIRED BEFORE NOVEMBER 1, 2007

For employees hired before November 1, 2007, the term "qualified retiree" is defined as an employee who:

- (1) Retires from the Town with 10 completed years of service with the Town; and
- (2) Retires with unreduced benefits from the NC Local Government Employee's Retirement System.

Once the qualified retiree has met the criteria for retirement as described above, the years of service with the Town, not total creditable service with the Retirement System, will govern which level of payment the qualified retiree will be eligible for. Once the qualified retiree meets Medicare eligibility, the Town shall reimburse the qualified retiree only for premiums paid by the employee for supplemental health coverage. Under no circumstances will the Town pay more than 100% of the amount the Town pays for individual employee only coverage for employees actively participating in the Town's health/dental program.

Dependent coverage may also be purchased, but must be paid entirely by the qualified retiree.

In the event of the death of the retired employee, covered dependents may continue coverage for 36 months under COBRA.

C. EARLY RETIREMENT

Should an employee elect an early retirement benefit provided under the North Carolina Local Government Employees Retirement System, then the same percentage reduction that is taken from their retirement benefits by the NC Local Government Employees Retirement System shall be taken from the premium amount paid by the Town.

D. DISABILITY RETIREMENT

Should an employee retire under "Disability Retirement" (defined as having been determined to be totally and permanently disabled by the Medical Review Board of the NC Local Government Employees Retirement System), they will receive unreduced credit for their actual completed years of service with the Town towards retiree health insurance. If the disability retirement is the result of a work related condition while employed with the Town of Southern Shores, then the completed years of service credit will be doubled for purposes of the determination of their health insurance benefit.

E. ELECTION OF RETIREE HEALTH INSURANCE COVERAGE

Qualified retirees must decide within sixty (60) days after their retirement if they wish to continue Town health/dental insurance coverage, if it is available through the Town's plan. Before insurance can be reinstated, the qualified retiree must make payment arrangements for any premium due during the 60 day election period. If a decision has been made not to continue coverage, coverage will not be reinstated at any future date.

F. PAYMENT OF PREMIUM

Payment of premiums for coverage on dependents and the portion of the qualified retiree's premium not covered by the Town must be made by the last business day of the month prior to coverage. For example, payments of premiums for coverage during the month of July must be made on or before June 30. (If June 30 is a Saturday, the payment must be made by June 29th). A 2% administrative fee may be charged in addition to the monthly premium. Payments can be made monthly or quarterly and can either be mailed or brought to the Town's Finance Department so long as the payment is actually received before the last business day of the month. Monthly statements will be sent out indicating any balances due. Failure to pay the required premium to the Town's Finance Department within thirty (30) days of the due date will result in cancellation and loss of coverage. Once coverage has been cancelled for any reason, it cannot be reinstated.

G. AMENDMENTS

This policy is subject to change from time to time as the coverage requirements of the NC Local Government Employee's Retirement System or other benefit plans sponsored by the Town change. This policy supersedes all other policies relating to health/dental benefits.