

CAROLINA BEACH

Town Council Regular Meeting

Tuesday, September 8, 2026 - 6:00 PM

Council Chambers, 1121 N. Lake Park Boulevard, Carolina Beach, NC



MINUTES

CALL TO ORDER

Mayor Barbee called the meeting to order at 6:00 PM, followed by the invocation by Mayor Pro Tem LeCompte and Pledge of Allegiance.

PRESENT

Mayor Lynn Barbee
Mayor Pro Tem Deb LeCompte
Council Member Jay Healy
Council Member Wayne Rouse
Council Member Vince Losito

ALSO PRESENT

Town Manager Bruce Oakley
Deputy Town Manager Ed Parvin
Finance Director Debbie Hall
Town Clerk Kim Ward
Town Attorney Noel Fox

ADOPT THE AGENDA

ACTION: Motion to adopt the agenda

Motion made by Mayor Barbee

Voting Yea: Mayor Barbee, Mayor Pro Tem LeCompte, Council Member Healy, Council Member Rouse, Council Member Losito

Motion passed unanimously

CONSENT AGENDA

1. Budget Amendments/Transfers
2. Approval of Council Meeting Minutes

ACTION: Motion to adopt the consent agenda

Motion made by Mayor Barbee

Voting Yea: Mayor Barbee, Mayor Pro Tem LeCompte, Council Member Healy, Council Member Rouse, Council Member Losito

Motion passed unanimously

SPECIAL PRESENTATIONS

3. Presentation by the N.C. League of Municipalities Recognizing the Carolina Beach Police Department for Continued Successful Completion of the NCLM Law Enforcement Risk Review

Ryan Thompson, Public Safety Consultant with the N.C. League of Municipalities and a former Police Chief with over 20 years in law enforcement, gave a presentation on the organization's Law Enforcement Risk Review program, a voluntary initiative that assesses compliance with best practices, legal standards, and policies across more than 40 risk categories. He noted that of the several hundred law enforcement agencies the League represents in North Carolina, just over 60 have successfully completed the review, and fewer than a dozen have completed it twice – a group that now includes the Carolina Beach Police Department.

Mr. Thompson read the executive summary aloud, highlighting the Police Department's sustained commitment to professional excellence, organizational accountability, and continuous improvement. He commended Police Chief Vic Ward and his staff for their engagement with the League over more than six years and presented a commemorative plaque on behalf of the organization.

4. Events Update

Community Services Manager Tim Murphy introduced two new special event applications requiring Council action.

Lifeguard Competition – July 2027

Fire Chief Alan Griffin presented a request to host the South Atlantic Lifesaving Association (SALA) Regional Lifeguard Championships in July 2027. He noted that the Town previously hosted the event in 2013 and 2023 and that competitors from Virginia Beach to Jacksonville Beach, FL, would attend, with an expected 200-plus participants arriving on a Tuesday and departing the following Friday. Chief Griffin said host hotels would likely be the Courtyard by Marriott and Hampton Inn and that sponsorships would be sought. He shared that the Town's lifeguard team won first place in their division at regionals and second place at nationals the prior year and that other programs are eager to return, calling Carolina Beach one of their favorite venues.

Mr. Murphy confirmed the event had been reviewed and approved by the Town's Events Committee and requested formal Council action.

ACTION: Motion to approve the lifeguard competition as presented

Motion made by Mayor Barbee

Voting Yea: Mayor Barbee, Mayor Pro Tem LeCompte, Council Member Healy, Council Member Rouse, Council Member Losito

Motion passed unanimously

Red Bull Foam Wreckers Surf Competition – October 24, 2026

Mr. Murphy presented a second application for Red Bull Foam Wreckers, described as an "anti-surf surf contest" open to all ages and skill levels using foam boards. He noted that the event date had been moved from October 3, which conflicts with the Beach Music Festival, to October 24. The entry fee of \$20 per person is returned to participants in the form of a T-shirt and lunch, and all proceeds benefit

the Surfrider Foundation Cape Fear Chapter. Mr. Murphy indicated the Events Committee had also approved this application.

ACTION: Motion to approve the surf contest as presented

Motion made by Mayor Barbee

Voting Yea: Mayor Barbee, Mayor Pro Tem LeCompte, Council Member Healy, Council Member Rouse, Council Member Losito

Motion passed unanimously

Mr. Murphy said there are lots of other events in the next month or two, including the 25th annual Police Department Bike Rodeo this Saturday, and offered to answer any questions.

Mayor Barbee offered brief closing remarks, thanking all volunteers, Police, Fire, and other Town staff for what he described as a fantastic 16-week season of fireworks and music.

5. Presentation by Kevin Murphy with Life Rolls On

Kevin Murphy, Founder and President of Ocean Cure, presented data on the Town's beach accessibility program, crediting both Ocean Cure and the Parks & Recreation Department. He noted that since online booking launched in 2026, 502 beach wheelchairs and walkers had been reserved, with 403 of those reservations coming during the summer season alone, representing 39 U.S. states. Mr. Murphy emphasized that these reservations came from individuals who found Carolina Beach through internet searches – not through Ocean Cure's organized events – and that the Town is believed to have more combined beach wheelchairs than any community in the world, with over 60 total between Ocean Cure and the Parks & Recreation Department.

Mr. Murphy shared survey data indicating that 96% of respondents said they would return to Carolina Beach specifically because of accessible equipment, 64% said accessible equipment was the main factor in choosing Carolina Beach, and 78% had traveled from two or more hours away. He noted that out of nearly 200 survey responses, the overwhelming majority were deeply personal and emotional, centering on the theme of families being able to spend time together at the beach.

Mr. Murphy concluded by thanking the Town and Parks & Recreation for going above and beyond and played a short video illustrating the program's impact on participants and their families.

6. Request for Temporary Ice Rink at the Carolina Beach Boardwalk

Jim DeGilio, Executive Director of the Pleasure Island Chamber of Commerce, presented a proposal for a public ice skating rink to be installed near the Boardwalk. He proposed that the rink operate from November 27 (the day after Thanksgiving) through January 3, running Wednesday through Sunday for general public skating with Mondays and Tuesdays reserved for special programming such as figure skating exhibitions, skate lessons, and private events.

Mr. DeGilio described the proposed location as the area just south of Silver Dollar, north of Hurricane Alley's, east of Carolina Beach Avenue North, and west of the new bathrooms; Town staff had assisted

in defining the plot. He also shared that preliminary conversations had taken place with the Carolina Hurricanes about potential involvement, including bringing a replica Stanley Cup and player appearances, though nothing had been finalized.

Mr. DeGilio stated that many local business owners were excited about the proposal and noted that several had indicated they would forgo their usual seasonal layoffs in anticipation of the increased activity during the holiday period.

The Chamber requested \$50,000 in seed funding through Tourism Development Authority (TDA) funds.

Council Member Healy asked about liability and parking lot grading. Mr. DeGilio confirmed that the operator carries mandated liability insurance with minimum requirements established through the Town's legal counsel and added that the area just needs to be leveled a bit.

Mayor Pro Tem LeCompte thanked Mr. DeGilio for pursuing the proposal, noting the rink concept had been discussed for some time and that shoulder season events are critical to sustaining local businesses and attracting year-round investment. She drew a parallel to the origins of Christmas by the Sea, which was similarly created as a shoulder season event.

In response to a question from Mayor Barbee about vendors, Mr. DeGilio explained that tent spaces for a seasonal marketplace would be set up around the rink footprint this first year, with an aspiration to eventually install collapsible wooden market-style structures similar to those seen in German Christmas markets. He noted the operating company, based in Ohio, has 36 years of experience and was also operating a rink in Southport.

Mayor Barbee clarified that this would be funded with room occupancy tax money, with the Town fronting the funds and then seeking reimbursement from the TDA. He noted that the TDA board's response at a recent presentation had been very positive, though he could not speak on behalf of that board.

Council Member Rouse asked if there would be any extra costs for the Town. Mr. DeGilio mentioned electricity costs for the chillers but said an estimate was not yet available.

Mayor Barbee asked about the feasibility of grading the area. Mr. Oakley indicated that any grading needed was minor and could be handled by current staff.

ACTION: Motion to approve the Chamber's request for the \$50,000 seed money for the ice skating rink from November 27 through January 3

Motion made by Mayor Pro Tem LeCompte

Voting Yea: Mayor Barbee, Mayor Pro Tem LeCompte, Council Member Healy, Council Member Rouse, Council Member Losito

Motion passed unanimously

7. Manager's Update

Mr. Oakley gave an update on various projects:

- The stormwater force main project will receive a notice to proceed on October 13.
- Well 15H work will begin in January, with filtration installation to follow the next fall.
- Automated Meter Installation (AMI) is underway, with testing in progress and equipment being stored at the Dow Road garage.
- The Lake Park bridge and bathroom demolition will begin in October, earlier than previously anticipated, to ensure completion before the November 27 Lighting at the Lake and associated Christmas festivities.
- The N.C. Resilient Coastal Communities Program (RCCP) open house is scheduled for October 16 at Town Hall.
- The NC BikeWalk Transportation Summit will take place September 17-19 in Carolina Beach.
- Chief Ward has been selected to serve on two committees of the International Association of Chiefs of Police – the Professional Standards, Ethics and Image Committee as well as a working group focused on the ethical and responsible use and governance of automated license plate reader systems. Among the four members drafting a model policy for that working group, Chief Ward was included because the Town’s existing policy is already stronger than the organization's current standard.

Mayor Barbee commented that the Town’s new pump house at Lake Park is an impressively built piece of generational infrastructure and thanked the staff involved.

PUBLIC COMMENT

Mayor Barbee noted that many of those signed up wished to speak about the Proximity item, which was the subject of a public hearing later in the agenda, and he asked that those individuals hold their comments until that portion of the meeting.

Kristen Dunn of 907 Ocean Boulevard commended Ocean Rescue Captain Shawn Kelly and the rest of the team, acknowledging that the young local lifeguards work hard in difficult conditions and that the lifeguard camp is a beloved summer program that sells out in minutes. She then raised concerns about the Town’s recent vote on the Pivot Parking contract, which she said occurred at a workshop without public comment. Ms. Dunn expressed frustration about the situation and noted that monthly Pivot data had not been made available to residents or, in her view, to Council prior to the vote. She also stated that she had been waiting on public records requests. Ms. Dunn referenced Mayor Barbee’s weekly report characterizing certain claims as “conspiracy theories” and said she wanted it on public record that the land on Bridge Barrier Road she had discussed was connected to Indic Group Holdings LLC, which was tied to SunFun Rentals.

Mark Williams of 105 North 6th Street in Wilmington, an attorney, spoke on behalf of DeFlockILM, the movement to remove Flock license plate reader cameras. He noted that nearly 3,900 people had signed a petition to take down the cameras, with more signers from Carolina Beach than any other beach town. Mr. Williams cited data showing the Town’s five cameras had been searched approximately 3 million times in a single quarter, with the vast majority of searches conducted by outside agencies. He noted that New Hanover County and Dare County had recently voted unanimously to remove or reject Flock cameras and referenced a Brunswick County Deputy resignation

and a Wrightsville Beach Officer losing their job for misusing cameras. Mr. Williams concluded by invoking the Town's historical identity as a place of freedom and asked Council to remove the cameras.

Lynn Conto of 707 Magnolia Avenue spoke in support of Flock cameras. She argued that license plate recognition technology is not new, that a license plate is not private information, and that the small percentage of officers who have misused the data should be prosecuted but should not be reason to eliminate the program entirely. Ms. Conto noted that Flock does not track a driver personally, only records the plate, vehicle, and color. She argued the cameras are a valuable tool for resolving crimes involving missing seniors, abducted children, human trafficking, stolen vehicles, and outstanding warrants. Ms. Conto suggested that rather than removing the cameras, the Town should implement guardrails, such as limiting which employees have access to Flock data and creating proper default settings.

Cheyenne Santos of 2513 Troy Drive in Wilmington, representing ILM Action Network, spoke in opposition to Flock cameras. She stated that she had personally been tracked by the New Hanover County Sheriff's Office using Flock prior to a protest she was organizing in November 2025 and that the tracking was labeled "protest intel." She described this as a violation of her First Amendment rights. Ms. Santos also spoke as a transgender woman who feels particularly unsafe in light of limited State-level protections for her community. She called for the total removal of all Flock cameras and related systems such as Axon and Condor, stating that until a citizen has committed a crime, they should not be treated as a suspect.

Randy Cook of 4900 Lake Renaissance Circle in Wilmington spoke forcefully in opposition to Flock cameras. He cited the fact that New Hanover County had unanimously terminated its Flock contract that morning. Mr. Cook highlighted specific search numbers: Houston Police alone had searched the five Carolina Beach cameras 183,000 times, and the FBI had searched them more than 16,000 times in May alone. He stated this was possible because Carolina Beach had "nationwide discoverability" enabled. Mr. Cook argued these are not local Police cameras but "five little doors into a national surveillance machine." He also noted that more than 258,000 searches were labeled "traffic infraction," which he said is prohibited under North Carolina law. Mr. Cook further raised concerns about the Carolina Beach Police Department holding an active Clearview AI facial recognition license with unlimited searches, stating that in combination with Flock, outside agencies could identify both a vehicle and its driver. He called on Council to turn off nationwide sharing and put the contract to a public vote.

Alex Torres of 310 Spencer Farlow Drive addressed three topics. On Proximity, he stated the Town already has plenty of vacation rentals and that what is being lost is housing for people who want to live in the community, adding that if it was approved as residential, it should remain residential. On Flock cameras, Mr. Torres said a system that tracks vehicles entering and leaving the community should have been discussed publicly before installation. On citizen committees, he expressed frustration that many had been eliminated, arguing this reduces meaningful public input and that staff cannot replace residents in that role. Mr. Torres characterized a broader pattern of the public being brought into conversations after decisions have already been made.

David Perry of 4709 Cornus Drive in Wilmington, a former Carolina Beach resident and elected member of the New Hanover County Board of Education, spoke in opposition to Flock cameras. He cited his oath of office to uphold the Constitution, including the Fourth Amendment. Mr. Perry disputed a prior speaker's characterization, stating Flock does record every person who passes the cameras and feeds data into State and Federal databases. He raised concerns about Flock's API allowing automated, continuous data extraction into third-party systems where it can be stored indefinitely. Mr. Perry described the New Hanover County Board of Commissioners meeting the prior month, where 70 to 80 citizens of diverse political backgrounds attended to oppose the cameras, and he asked Council to follow the Commissioners' lead in canceling the contract and enacting a local ordinance to prevent future installations.

Maureen Lewis of 1407 Croaker Lane offered comments on the Proximity matter, acknowledging the Planning and Zoning Commission's thorough review, but she said she disagreed with their recommendation. She described attending meetings in 2021 where the Proximity team repeatedly promised that short-term rentals would not be permitted for at least 10 years. Ms. Lewis stated that Town leaders had relied on that commitment and that the developer's claim of hardship was undermined by a 97% occupancy rate. She argued that if noise is an issue in certain units, the developer should soundproof them or adjust rental rates rather than seeking to change the zoning condition. Ms. Lewis called on Cape Fear Development to keep their word.

PUBLIC HEARINGS

8. Consider a Modification to Conditional Zoning Ord. 21-1156 for PID R08814-003-015-000 to Update the Outdoor Amenity Areas and Allow for 10% of the Residential Units to Be Short-Term Rentals
Applicant: The Proximity at Carolina Beach

Community Development Director Jeremy Hardison provided background on the project, which was approved in 2021 as a mixed-use commercial development with over 44,000 square feet of commercial space and 261 residential units. He said currently, 250 residential units and 10 commercial units have received certificates of occupancy.

Mr. Hardison explained that the applicant is requesting two modifications. The first is to amend the condition requiring that all residential units be restricted from rentals of fewer than 90 days so that the restriction would apply to only 90% of units, allowing up to 25 of the 250 existing units to be rented for periods of less than 90 days. He clarified procedural history: The 90-day lease condition was proposed by the applicant themselves – not imposed by the Town – and there had been little discussion of it at the 2021 Council meeting, where the primary focus was traffic.

The second modification is to update the site plan to formally define the outdoor amenity areas – including the pool courtyard, pond viewing platform and bridge, and the courtyard behind the commercial establishments – for use by residents, their guests, and business patrons as well as for programmed activities such as exercise classes, private parties, or live music.

Mr. Hardison confirmed that the Unified Development Ordinance (UDO) does not regulate lease terms and that the Land Use Plan does not establish short-term rental regulation as a priority objective in this

context. He noted that short-term rentals in commercial zones may actually be more appropriate under the Land Use Plan than in residential neighborhoods, where the primary concern has been their encroachment.

Mr. Hardison reported that the Planning and Zoning Commission reviewed the request the prior month and recommended approval 5-2. However, the Commission modified the proposal to limit units to a flat number of 12 with a minimum rental term of 31 days rather than the applicant's proposed 90-day threshold. The applicant did not agree to this modification, maintaining their original 10% request, but acknowledged the Commission was free to make a different recommendation to Council.

Mr. Hardison also noted that the Town has limited authority under State law to regulate short-term rentals but that conditions voluntarily proposed by an applicant and adopted as part of a Conditional Zoning (CZ) ordinance are enforceable by staff.

Mike Brown of 1922 Brookhaven Road in Wilmington, representing Cape Fear Development, emphasized the company's commitment to the project and community, noting more than \$80 million invested. He stated that the project delivered on its promises with 250 apartments, more than 30,000 square feet of commercial space, preserved trees and open space, pedestrian infrastructure, and a strong mix of local businesses.

Mr. Brown acknowledged the 90-day minimum lease condition was proposed voluntarily and that it was not the central focus of the 2021 approval, which he said was primarily about traffic and community aesthetics. He stated that the formal request remains capped at 10% of units but said he is open to a reasonable adjustment and mentioned he had offered 15 units during the Planning and Zoning Commission hearing. Mr. Brown emphasized that at least 90% -- possibly more -- of the units would remain subject to the 90-day minimum. He noted that after years of operating the property, the company sees limited opportunities where flexibility for shorter-term leases would be useful, particularly for units located above commercial spaces, where noise attenuation is an acknowledged challenge, and for townhome-style units where configuration may suit furnished, shorter-term housing.

Mr. Brown said the request is consistent with the Land Use Plan's vision for a vibrant, locally oriented economy that respects tourism and asked Council to approve the modification. He stressed that shorter-term use would not mean nightly vacation rentals but could include corporate housing, traveling professionals, people between homes, or visiting family members.

On the amenity space request, Mr. Brown described the purpose-built event lawn and gathering areas as spaces intended to serve residents, commercial tenants, and the broader community and said they are seeking a clear framework for thoughtful programming -- such as live music, wellness activities, pop-ups, and nonprofit events -- without the property being treated as an unrestricted event venue.

Mr. Brown noted the presence of on-site management as a key differentiator from unmanaged short-term rentals. He said following the Planning and Zoning Commission hearing, his team invited all 250 residents to seven separate meeting opportunities and met with 15 tenants. Mr. Brown said the conversations were productive and generated an action list that management is working through. He

acknowledged that the company became aware of areas needing improvement and is addressing them, not because of the hearing but because they demand a high standard that was not consistently being delivered.

Council Member Healy asked if specific units have been identified for short-term rentals. Mr. Brown said no specific units have been formally designated for short-term use yet. He said the units could change over time depending on needs and circumstances.

Mayor Barbee asked what has changed since the applicant accepted the existing condition of no short-term rentals. Mr. Brown said this was never part of the long-term plan and that the intent is not to be in the hotel business, but after a few years of operating they see gaps they could fill with flexibility. He emphasized that this doesn't mean the flexibility will be used in all of the units but just as different needs arise.

Council Member Losito asked what the current minimum lease term is when people sign. Mr. Brown said it must 90 days or more to be consistent with the existing ordinance but added that leases do not contain an explicit representation to residents that no short-term rentals would ever exist.

Mayor Barbee began calling names of those who signed up to speak on the matter.

Christina Bowen of 906 North Lake Park Boulevard, Apartment 312, stated she had driven 26 hours across the country to move to Carolina Beach based on Proximity's marketing as a secure residential community. She quoted Planning and Zoning Commission meeting minutes from October 14, 2021, in which developer Brian Eckel stated that residential leases would be for one year, subleasing would require a 90-day minimum, and short-term rentals would be prohibited. Ms. Bowen noted that the Town's Planning Director had confirmed at that meeting that conditions run with the land. She said later that month, Council approved the CZ ordinance that included a condition that prohibited residential units being leased for less than 90 days and indicated that penalties would apply for violations. Ms. Bowen alleged that Apartment 115 in Building 906 had been operated as a short-term rental for friends and family since last October while simultaneously serving as a model unit, raising compliance questions. She stated she had never in her career seen a significant development condition reversed simply to accommodate a change in a developer's business model.

Barbie Vanlenten of 906 North Lake Park Boulevard described ongoing housekeeping and safety concerns at Proximity. She cited a leaking dumpster outside Building 906, trash overflowing in common areas, pet feces in walkways, pool infractions including dogs in the pool, and doors held open with bungee cords or rocks rather than fob access. Ms. Vanlenten said she had submitted photographs and videos to management with no response and had also raised concerns in a one-on-one meeting with Mr. Brown. She stated she had observed a large coyote roaming the apartment corridors as recently as the prior week due to an unsecured door. Ms. Vanlenten questioned whether adding short-term renters, whom she characterized as people who do not care about where they live, would be appropriate when existing issues have not been resolved. She noted that on the day of the meeting, a door sensor was being installed and said there had been a pool monitor for one day but characterized these as last-minute gestures.

Tim Bryson of 906 North Lake Park Boulevard said several promises made to early tenants had not materialized. He cited the elevator being out of service for seven weeks, noting it poses a health and safety risk, particularly for handicapped residents on upper floors. Mr. Bryson said the property should have seven employees but typically has three to five and is sometimes unstaffed on weekends. He argued that if the developer cannot maintain the property at current capacity, they are not prepared to manage short-term rentals. Mr. Bryson also questioned the use of the word “optionality,” which he said Mr. Brown had used to describe the flexibility being sought, and asked Council to require specificity before approving anything.

Donna Shea of 906 North Lake Park Boulevard said she had been told when she moved in that building corridor and elevator doors would be secured for residents only, a promise that had not been kept. She said she now carries pepper spray at night due to people roaming the parking lot. Ms. Shea described her experience living near short-term rentals and noted the common issues: trash, noise, multiple cars, and unknown occupants. She argued that Proximity is not suited for short-term renters and that the developer’s energy should be focused on making Proximity a premier long-term residential community for permanent residents.

Anthony Dattomo of 1004 North Lake Park Boulevard, Apartment 302, stated that residents were told security improvements would be a priority. He said buildings were pre-wired for key fob access, but 15 months later it had not been installed. Mr. Dattomo cited inadequate lighting near the dog park, single-employee or no-employee maintenance coverage on weekends, and the coyote entering the property due to unsecured trash areas. He stated that residents had reported these issues but that no notice had been sent to warn neighbors. Mr. Dattomo argued that allowing short-term rentals would worsen all of these issues by increasing demands on an already understaffed operation. He asked Council to deny the request until the outstanding commitments are fulfilled.

Price Carter of 906 North Lake Park Boulevard said he chose Proximity in part for safety given he has a young son. He described the broken key fob system on the building doors and said that despite promises, the corridor door to his girlfriend’s building opens without any fob and that she works late shifts returning home at 2:00 AM. Mr. Carter stated that he personally knows two people who were mugged in the parking lot and expressed concern that adding short-term renters to an already unsecured environment would make it worse. He said his primary concern was safety, not the broader zoning question.

Mike Mytych of 906 North Lake Park Boulevard, Apartment 406, stated that the hearing is fundamentally about trust. He said characterized the flexibility the developer is seeking as a “loophole.” Mr. Mytych challenged the claim that the modification is needed due to a business plan issue, arguing that overspending on items such as a traffic signal is a corporate planning failure that residents should not pay for. He noted that Carolina Beach and Kure Beach already have over 2,200 active short-term rental listings and questioned the need for more. Mr. Mytych also raised concerns about the resident engagement process, noting that residents received only one day of notice before the Planning and Zoning Commission meeting. He asked Council to deny the request and offered an alternative: Allow the developer to come back in one year for the amenity space provision after resolving outstanding issues but maintain the 100% 90-day lease requirement.

Kathy Ann Martin of 906 North Lake Park Boulevard, a handicapped resident, focused her comments on elevator safety and fire evacuation concerns. She stated that stairways are inaccessible to people using walkers or wheelchairs and that the broken elevator – out of service for over seven weeks – effectively confines her and at least one other known handicapped resident to their units. Ms. Martin noted that fire alarms have taken 15 minutes for Fire Department response and suggested there may be a disconnect between the alarms and the dispatch system. She stated that these safety issues must be resolved before any consideration of increased occupancy through short-term rentals.

Robin Tkatch of 906 Lake Park Boulevard stated she moved to Proximity with the understanding that residents would be thoroughly vetted. She submitted a public records request for Police Department incident reports and read a list of incidents reported at the property, including assaults, aggravated assault on a minor, cyber pornography distribution, exploitation of children, larceny, vandalism, drug distribution, domestic violence, a fugitive warrant, false imprisonment, kidnapping, and strangulation. Ms. Tkatch also raised concerns about the third-party vetting company used by management, Yardi, also known by several other names, which she said has been the subject of multiple nationwide lawsuits for inaccurate criminal background screening and identity mismatches, including a settlement of \$2.25 million. She asked Council to vote no.

Lorrie Kirlin of 906 North Lake Park Boulevard stated she chose Proximity specifically because she wanted a residential environment near the beach without a short-term rental atmosphere. She said she signed her lease expecting to live among other long-term residents, not in a community with rotating transient occupants sharing entryways, hallways, parking, trash, and the pool. Ms. Kirlin raised concerns about whether the existing understaffed management team could reasonably support the added demands of short-term rentals and asked who would manage the turnover, noise, and conduct of those guests. She asked Council to vote no.

Jay Hudson of 1009 Waterview Place, a neighbor living across the street from Proximity, spoke from personal experience owning and managing mobile home parks for decades. He described the practical realities of managing short-term renters, including being unable to remove tenants who have paid, even when they arrived with far more people than the lease allowed. Mr. Hudson said that once someone has paid and is occupying a unit, law enforcement has no authority to serve papers on them for seven days, and eviction proceedings take even longer. He warned that these are real-world management challenges that would directly affect the neighboring community.

Michelle Alberda of 205 Greenville Avenue spoke not as a Proximity resident but as a community member who attended the developer's original open houses and was impressed by the level of community engagement at the time. She stated that promises were made – including no short-term rentals and no loud concerts and that events would require a formal process – and those commitments helped build community acceptance of the project. Ms. Alberda characterized the current request as a “bait-and-switch” and raised a longer-term concern: If Proximity is eventually sold to a real estate investment trust or other entity, the zoning conditions, not the current developer's goodwill, will govern the property. She asked Council to think carefully about the long-term implications of any decision.

Kristina Lacy Ford of 1004 North Lake Park Boulevard, Apartment 417, submitted Police incident reports related to events that occurred to her personally at Proximity. She described a series of incidents: In November 2025, two of her tires were slashed in the parking lot; in April 2026, she reported elevator vandalism in Building 1004 and had to personally help identify the perpetrator; in June 2026, she was stopped, attacked, and robbed; just one week prior, a maintenance worker entered her unit without knocking while her 13-year-old daughter and three friends were home, two of them asleep. Ms. Ford stated that if management cannot vet its own staff or address residents' safety concerns, it cannot be trusted to manage short-term renters who are entirely unknown to the community.

John Farley of 906 North Lake Park Boulevard, Apartment 219, offered concerns about safety, trash collection, general sanitation, pool access, monitoring, and parking, all of which he said are affected by inadequate staffing. He acknowledged that the developer had recently shown interest in addressing issues but noted that many commitments at recent resident meetings came with indefinite qualifiers. Mr. Farley questioned who benefits from the modification, stating that residents do not need or want short-term rentals and that Proximity's 95% occupancy rate suggests no business need for them. He also cited the island-wide short-term rental market occupancy of 55% as evidence of an already oversupplied market and noted that the new hotel at SeaWitch would bring approximately 400 additional units. Mr. Farley concluded that the modification benefits Cape Fear Development financially while residents and the broader island community lose.

Mayor Barbee asked Ms. Fox to frame what Council could and could not consider. Ms. Fox clarified that the tenant-landlord issues raised by residents, while important, are disputes between private parties that the Town has no authority to address. She confirmed that State law significantly limits municipalities' authority to regulate short-term rentals generally and that the 90-day minimum lease condition exists only because the applicant voluntarily proposed it in 2021, without which the Town would not have had the authority to impose it.

Mayor Barbee asked Mr. Brown if he wanted to return to the podium to offer a response.

Mr. Brown said he respects residents' right to speak but stated he takes strong exception to characterizations that the property is a crime-ridden or poorly managed community, although he did acknowledge that some operational shortcomings had been brought to his attention through the planning process and are being addressed. He stated that all residents are vetted through criminal background checks and that anyone convicted of a felony, a sexual offense, or any similarly egregious crime is prohibited from renting and can be evicted if convicted while residing there. Mr. Brown addressed specific concerns: The elevator was struck by lightning and a replacement part had to be sourced from the United Kingdom; key fob access to gates had been ordered two months prior and installation was already underway; he has offered to relocate the handicapped resident on the fourth floor and has been checking on her.

Mayor Barbee asked Mr. Brown if they will let residents out of their leases if they are unhappy with tonight's outcome. Ms. Fox cautioned this is not something Council should consider in this matter. Mr. Brown confirmed that he had told at least one resident she could be released from her lease if she was ever unhappy with conditions at the property.

Mayor Barbee asked whether the developer had ever claimed Proximity would provide affordable housing for locals. Mr. Brown said no, adding that it is a high-end community that may incidentally qualify as workforce housing by market benchmarks but was never marketed as affordable housing.

Council Member Rouse asked if the applicant would accept 15 units to be eligible for short-term rentals versus 25 in the current request. Mr. Brown said they are open to that and would self-impose that restriction.

Council Member Losito asked if they had considered making some of the problematic units office space. Mr. Brown said they do have a few units currently set up for that and would consider it.

Mayor Barbee asked about comments that one of the units has already been used as a short-term rental. Mr. Brown noted that the model unit, Apartment 115, has been used for 46 days by existing residents as overflow accommodations.

ACTION: Motion to close the public hearing

Motion made by Mayor Barbee

Voting Yea: Mayor Barbee, Mayor Pro Tem LeCompte, Council Member Healy, Council Member Rouse, Council Member Losito

Motion passed unanimously

Mayor Barbee acknowledged residents' concerns with empathy but reiterated that his role is to evaluate land use. He stated that the majority of emails received by Council on this topic cited Proximity as affordable housing for locals and that he could find no evidence of that claim in the meeting minutes or community meeting notes. Mayor Barbee said the developer had met all conditions of the original approval. He indicated he would support the modification.

Council Member Losito stated he had no objection to the amenity space modification, viewing it as an omission from the original site plan. On the short-term rental question, however, he stated that a 97% occupancy rate is not evidence of a failing business plan. Council Member Losito said the applicant made a voluntary promise to the Town and future residents – a promise reflected on the website showing a minimum six-month lease – and that residents who moved in did so with that understanding. He said he views Proximity residents as entitled to the same consideration as any other residents of the Town and would vote no on the short-term rental piece.

Mayor Pro Tem LeCompte expressed appreciation for the value the project has brought and agreed that the amenity space modification should have been a separate matter, characterizing it as an omission from the original approval. On the short-term rental question, she likened the original condition to the covenants and restrictions that protect residents in traditional subdivisions and HOAs, noting that in those contexts, a majority of owners must vote to change the rules. Mayor Pro Tem LeCompte stated that someone needs to be the voice for the tenants in this case, that the condition was self-imposed by the developer, and that she would vote no on short-term rentals.

Council Member Healy reviewed the project's history and described the short-term rental request as a "business flaw" that emerged after construction, similar to other business adjustments Council has accommodated over the years. He said in his view, this situation is consistent with other cases where Council has supported businesses that needed to adjust their business plans after approval, citing examples such as The Veggie Wagon, Neapolitan, Hurricane Alley's, and The Spot. Council Member Healy stated his belief that Mr. Brown would address the operational issues, called Proximity a good neighbor, and said he was comfortable with the short-term rental modification.

Mayor Barbee referenced the 160D State statute, which limits valid conditions to those that secure conformance with adopted ordinances or plans or address impacts reasonably expected from the development. He stated he struggled to tie the short-term rental condition to that standard in the context of an already commercial, mixed-use area surrounded by hotels and entertainment uses.

Council Member Rouse stated he would focus on land use and deferred to the Planning and Zoning Commission's deliberative process, which resulted in a 5-2 vote to recommend approval. He noted that Proximity is surrounded by two hotels, a grocery store, a liquor store, restaurants, and a gas station and that private property rights deserve healthy consideration.

ACTION: Motion that whereas in accordance with the provisions of the North Carolina General Statutes, the Council does hereby find and determine that the adoption of the modification to the Conditional Zoning district located at 1000 North Lake Park Boulevard is consistent with the goals and objectives of the adopted Land Use Plan and other long-range plans and the potential impacts on the surrounding area with the self-imposed condition that it be restricted to 15 units

Motion made by Council Member Rouse

Voting Yea: Mayor Barbee, Council Member Healy, Council Member Rouse

Voting Nay: Mayor Pro Tem LeCompte, Council Member Losito

Motion passed 3-2

Mayor Barbee clarified that the modification would apply to 15 units but that the lease term has no minimum.

COUNCIL COMMENTS

Mayor Pro Tem LeCompte reminded Council about the buoy demonstration next Wednesday.

ADJOURNMENT

Mayor Barbee adjourned the meeting at 8:52 PM.