



**MINUTES
TOWN OF NAGS HEAD
BOARD OF COMMISSIONERS REGULAR SESSION
WEDNESDAY, MAY 6, 2026**

The Nags Head Board of Commissioners met at the Board Room located at 5401 S Croatan Highway, Nags Head, North Carolina on Wednesday, May 6, 2026 at 9:00 a.m. for a Regular Meeting.

Board Members Present: Mayor Ben Cahoon; Mayor Pro Tem Megan Lambert; Comr. Bob Sanders
Comr. Megan Vaughan; and Comr. Molly Harrison

Board Members Absent: None

Others Present: Town Manager Andy Garman; Attorney John Leidy; Amy Miller; Kelly Wyatt; David Ryan; Perry Hale; Randy Wells; Chris Montgomery; Nancy Carawan; Joe Costello; Roberta Thuman; Karen Snyder; Katie Anzalone; Matt Huntingford; Ben Jadoff; Mike Tatterson; Mike Alvarez; Steven Anderson; Eddie Williams; Raymond Schoonmaker; Josselyn Brown; Buddy Beacham; Melanie Beacham; Caleb Macon; Duke Geraghty; Donna Creef; Jim Leutgens; Mike Strader; Scott Shields; Melissa Shields; Jay Overton; Antwon Pittman; Jason Godaire; and Town Clerk Brittany A. Phillips

Mayor Cahoon called the meeting to order at 09:00 a.m. at Dowdy Park.

GRANT PRESENTATION (TRILLIUM) AT DOWDY PARK - TIME SPECIFIC 09:00 A.M.

Mayor Cahoon welcomed representatives from Trillium Health Resources, Jason Godaire and Antwon Pittman, along with members of the board. He spoke about the original vision for Dowdy Park as an inclusive space designed for people of all ages and mobility levels, and highlighted recent improvements, including irrigation of the west field. He also recalled that the town received a \$750,000 grant from Trillium for Phase 1 of the park in FY 2016/17. At that time, the park's initial wheelchair-accessible swing was purchased and served the community well until it wore out last year. The replacement swing, including installation, cost \$83,520, and the town is grateful that Trillium is covering 100% of the expense.

Mr. Godaire praised the park and its thoughtful inclusion of accessible equipment within the overall park design. He especially appreciated that the equipment was integrated alongside the other playground features, creating a welcoming environment where individuals of all abilities can play together and feel included.

The board participated in a grant check presentation from Trillium Health Resources and held a ribbon-cutting ceremony for the new We-Go-Swing® at Dowdy Park, funded by the grant.

RECESS TO BOARD OF COMMISSIONERS ROOM

Comr. Vaughan moved that the meeting recess and reconvene in the Board of Commissioners room. The motion was seconded by Comr. Sanders, which was unanimously approved. The time was 09:09 a.m.

RECONVENE/MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE APPROX. 09:30 A.M.

The board reconvened in the Board of Commissioners Room at 09:29 a.m. A moment of silence was followed by the Pledge of Allegiance.

ADOPTION OF AGENDA

MOTION: Comr. Sanders moved to adopt the May 6th agenda as presented. The motion was seconded by Comr. Vaughan, which passed unanimously.

RECOGNITION

FIFTEEN YEARS – Police Chief Perry Hale introduced Senior Police Officer/K-9 Matthew Huntingford, who was recognized by the board for fifteen years of service.

RETIREMENT – Public Services Director Nancy Carawan introduced former Water Plant Operator Marvin "Buddy" Beacham, who was thanked and congratulated by the board on his retirement.

PROCLAMATION – National Police Officer's Week - May 10 – 16, 2026

Chief Hale addressed the board regarding the significance of National Police Officers Memorial Week, speaking personally about the loss of Sergeant Earl Murray, Jr., who died in the line of duty on May 15, 2009. Chief Hale noted that the department continues to honor Sergeant Murray's memory and his surviving family each year,

including attendance at the State Memorial in Greensboro. He remarked that Sergeant Murray's widow expressed that the Nags Head Police Department has never left her alone in the seventeen years since his passing.

Mayor Cahoon thanked Chief Hale and his officers.

Mayor Cahoon read the proclamation declaring May 10 – 16, 2026 as National Police Officer's week as follows:
"WHEREAS, The Congress and President of the United States have designated May 15th as National Peace Officers Memorial Day, and the week in which May 15th falls as National Police Week; AND

'WHEREAS, The members of the Nags Head Police Department play an essential role in safeguarding the rights and freedoms of the residents and visitors of the Town of Nags Head; AND

'WHEREAS, It is important that all citizens know and understand the duties, responsibilities, hazards, and sacrifices of their law enforcement agency, and that members of our law enforcement agency recognize their duty to serve the people by safeguarding life and property, by protecting them against violence and disorder, and by protecting the innocent against deception and the weak against oppression; AND

'WHEREAS, The men and women of the Nags Head Police Department unceasingly provide a vital public service; AND

'WHEREAS, Let each of us take the time to reflect on the ultimate sacrifice Sgt. Earl Murray, Jr. made for the Town of Nags Head on May 15, 2009 and the rest of the officers that have done so nationwide. And let each of us keep their family, friends, and all fellow officers in our thoughts and prayers.

'NOW, THEREFORE, the Nags Head Board of Commissioners calls upon all citizens of the Town of Nags Head and upon all patriotic, civic, and educational organizations to observe the week of May 10 - 16, 2026 as National Police Week with appropriate ceremonies and observances in which all our people may join in commemorating law enforcement officers, past and present, who, by their faithful and loyal devotion to their responsibilities, have rendered a dedicated service to their community and, in so doing, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens.

'THEREFORE, we do hereby proclaim the week of May 10 - 16, 2026, as National Police Week and call upon all citizens of Nags Head to observe the 15th day of May 2026, as National Peace Officers Memorial Day in honor of those law enforcement officers who, through their courageous deeds, have made the ultimate sacrifice in service to their community or have become disabled in the performance of duty, and let us recognize and pay respect to the survivors of our fallen heroes."

MOTION: Mayor Pro Tem Lambert moved to adopt the proclamation recognizing National Police Officer's Week as May 10 – 16, 2026 as presented. The motion was seconded by Comr. Harrison, which passed unanimously.

PROCLAMATION – National Public Works Week - May 17 – 23, 2026

Director Carawan presented an overview of the Public Services Department's activities, highlighting the theme "Rooted in Service, Powered by Community." She emphasized that some services, such as maintenance of town buildings, grounds, public accesses, and trash collection, are highly visible, while others, such as public works administration, equipment upkeep, water production and distribution, and stormwater maintenance, remain hidden but are equally essential to community functioning. Director Carawan announced that the department would host an Open House on Tuesday, May 19, 2026, from 1:00 PM to 2:30 PM at the fleet maintenance building.

Mayor Cahoon read the Proclamation declaring May 17 – 23, 2026 as National Public Works Week as follows:
"WHEREAS, public works professionals focus on infrastructure, facilities, and services that are of vital importance to sustainable and resilient communities and to the public health, high quality of life, and well-being of the people of Nags Head; AND

'WHEREAS, these infrastructure, facilities, and services could not be provided without the dedicated efforts of public works professionals, who are responsible for rebuilding, improving, and protecting our town's transportation, water supply, water treatment and solid waste systems, public buildings, and other structures and facilities essential for our citizens; AND

'WHEREAS, it is in the public interest for the citizens, civic leaders, and children in Nags Head to gain knowledge of and maintain an ongoing interest and understanding of the importance of public works and public works programs in their respective communities; AND

'WHEREAS, the year 2026 marks the 66th annual National Public Works Week sponsored by the American Public Works Association.

'NOW, THEREFORE BE IT RESOLVED THAT, the Nags Head Board of Commissioners do hereby designate the week May 17–23, 2026, as National Public Works Week, and further extends its appreciation to our public services department for the vital services they perform. We encourage all citizens to thank and celebrate our public services employees and to recognize the substantial contributions they make to protecting our health, safety, and quality of

life and for making Nags Head a great place to live, work, and visit."

MOTION: Comr. Vaughan moved to adopt the Proclamation declaring May 17 – 23, 2026 as National Public Works Week as presented. The motion was seconded by Comr. Sanders, which passed unanimously.

PUBLIC COMMENT

Town Attorney John Leidy opened public comment at 09:44 a.m.

There was no one present who wished to speak during public comment.

CONSENT AGENDA

The Consent Agenda consisted of the following items:

- Consideration of Budget Amendment #11 to FY 25/26 Budget
- Consideration of Tax Adjustment Report
- Approval of Minutes
- Adoption of the Classification and Compensation Study
- Consideration of Personnel Policy Updates
 - Updated Motor Vehicle Record (MVR) Check Policy
 - Addition of Generative Artificial Intelligence (GenAI) Policy
- Request for Public Hearing to Consider Citizen Comments on the Town Manager's Proposed Operating Budget for July 1, 2026 – June 30, 2027, Proposed CIP Requests for FY 26/27 through FY30/31, and Updated Consolidated Fee Schedule

MOTION: Comr. Sanders moved to approve the Consent Agenda as presented. The motion was seconded by Comr. Vaughan, which passed unanimously.

Budget Amendment #11, as approved, is attached to and made a part of these minutes as shown in Addendum "A".

The Tax Adjustment Report, as approved, is attached to and made a part of these minutes as shown in Addendum "B".

The minutes from the April 1, 2026, Regular Session, the April 1, 2026, Budget Workshop, the April 15, 2026, Recessed Session, and the April 15, 2026, Stormwater Master Plan Workshop were approved by the board and are on file in the town clerk's office and on the town's website.

The summary sheet for the adoption of the Classification and Compensation Study read in part as follows:

"The Town of Nags Head selected the Archer Company to conduct a Classification and Compensation Study that began in October. The primary objectives of the Classification and Compensation study are to:

- Promote internal equity
- Ensure market competitiveness
- Establish clear and consistent position classifications
- Align our total rewards with current best practices

'Staff presented the findings of the study and subsequent recommendations at the April 1st board meeting. Staff is requesting the board adopt the final Classification and Compensation Study Report.

'This item was included in the FY 2025/26 budget. Staff recommends the board adopt the final Classification and Compensation Study. The Classification and Compensation presentation and draft report were provided at the April 1st meeting for the board's consideration."

A copy of the Classification and Compensation Study, as approved, is on file in the town clerk's office.

The summary sheet for the Consideration of Personnel Policy updates read in part as follows:

"Motor Vehicle Record Check

The purpose of this policy is to ensure the safe operation of vehicles used for town business by establishing standards for driver eligibility, monitoring driving records, and reducing risk to the town, employees, and the public. This policy applies to all employees who operate town-owned or leased vehicles or equipment requiring a valid operating license, and employees that operate a personal vehicle while conducting official town business. Our current MVR Check Policy allows for "random" checks. Upon adoption of the proposed policy, the town will conduct ongoing MVR checks for all eligible drivers to confirm our drivers maintain safe driving behavior.

'Generative Artificial Intelligence (Gen AI) Policy

The purpose of this policy is to establish standards and responsibilities for the safe, ethical, and secure use of Generative Artificial Intelligence (GenAI) by Town of Nags Head employees. This policy supports innovation while safeguarding sensitive data, maintaining public trust, and ensuring compliance with applicable laws and

regulations. This policy outlines acceptable use and provides guidance on appropriate GenAI use cases. The town currently does not have a GenAI policy and the adoption of this policy aligns with best practices recommended for local governments."

The personnel policy, as approved, is on file in the Town Clerk's office and on the Town's website.

The summary sheet for the Request for Public Hearing to Consider Citizen Comments on the Town Manager's Proposed Operating Budget for July 1, 2026 – June 30, 2027, Proposed CIP Requests for FY 26/27 through FY 30/31, and Updated Consolidated Fee Schedule, as approved, read in part as follows:

"Request that a Public Hearing be scheduled for the June 3, 2026 Board of Commissioner's meeting to consider citizen comments on the following:

- Town Manager's proposed operating budget for fiscal year July 1, 2026 – June 30, 2027
- Proposed Capital Improvement Program (CIP) requests for FY 26/27 through FY 30/31
- Updated Consolidated Fee Schedule

'Staff will provide a presentation on the recommended budget at the May 6th meeting. Board members will be provided a copy of the budget at the meeting. A digital budget will also be available for inspection on the Town's website by the date of the meeting at the following address: <https://www.nagsheadnc.gov/229/Annual-Budgets>."

PUBLIC HEARINGS

Public Hearing to Consider a Vested Right/Special Use Permit/Site Plan Amendment Submitted by WithersRavenel on Behalf of Outer Banks Hospital, for the Cancer Treatment Center Located at 4927 S. Croatan Highway. This Includes a Parking Reduction Request as Allowed by the Town's Unified Development Ordinance.

Notice of the Public Hearing was published in the Coastland Times on Wednesday, April 22, 2026 and on Wednesday, April 29, 2026 as required by law.

Attorney Leidy opened the Public Hearing at 09:46 a.m. He informed the board that their role was to adjudicate how the general laws apply to the specific situation based on the evidentiary record presented during the hearing. He highlighted their responsibilities to determine any contested facts and apply the established legal standards to those facts without changing or modifying these standards during the hearing or in making their decision.

Board members were reminded that they must refrain from participating if the outcome would have a direct and substantial financial impact on them or if they had predetermined opinions or biases. Thus, any member who had developed a preconceived opinion or bias was required to excuse themselves from the decision-making process.

Attorney Leidy emphasized that the board's decision must be based entirely on competent, substantial, and material evidence presented during the hearing, meaning the evidence had to be properly sworn statements made by witnesses. Should any member have had prior conversations or received communications about the application outside of this hearing, such communications had to be disclosed. He then confirmed that none of the board members reported any conflicts of interest or ex parte communications regarding the application.

Town Clerk Brittany Phillips swore in Planning Director Kelly Wyatt, James "Jim" Leutgens, and Mike Strader.

Planning Director Kelly Wyatt summarized her report which read in part as follows:

General Information

'Applicant: WithersRavenel on behalf of Outer Banks Hospital

'Application Type: Vested Right/Special Use Permit/Site Plan Amendment

'Purpose/Request: Reduce the number of required parking spaces by three (3) to accommodate an approximately 280 square foot expansion of the existing HVAC mechanical area and the reshaping and regrading of the existing stormwater management basin. The additional mechanical equipment is necessary to ensure appropriate working conditions within the Cancer Treatment Center.

'Property Location: 4927 S. Croatan Highway, Nags Head

'Existing Land Use: Medical Office/Cancer Treatment Center

'Zoning Classification of Property: SPD-C, Village Hotel District

'Zoning Classification of Surrounding Properties: Properties to the north of the site are zoned SPD-C/Hotel (OBH Medical Offices). Properties to the south of the site are zoned SPD-C/Hotel (La Fogata Restaurant). Properties to the east, directly across S. Passage Way is zoned SPD-C/SF-2 and developed residentially. Properties to the west, directly across US Highway 158 is zoned SPD-C/Commercial-1 and is developed with the Outer Banks Mall.

'Flood Hazard Zone of Property: This property is located in an X Flood Zone. Per the Town of Nags Head local ordinance, the property is subject to a Regulatory Flood Protection Elevation (RFPE)/Local Elevation Standard (LES) of 9 ft. The proposed new equipment will need to be elevated to 9 ft.local elevation standard.

'Land Use Plan Map/Policies: The 2022 Comprehensive Land Use Plan classifies this property as General Commercial, and it is additionally located within the General Commercial Activity Node. Staff finds the expansion of mechanical HVAC equipment and subsequent site work needed to keep the Cancer Treatment Center operational to be consistent with the land use classification and stated Land Use Policies.

'Specific Information:

'Applicable Zoning Regulations:

'Use Regulations: The existing Medical Office/Cancer Treatment Center Use is permitted within the SPD-C, Village Hotel District and was previously reviewed and approved by the Board of Commissioners at their February 5, 2020, meeting. The current request does not propose any change to the approved use or operational characteristics of the facility. Rather, the applicant is seeking approval of a parking reduction pursuant to Section 10.15.6, Modified and Reduced Parking Standards, of the Unified Development Ordinance (UDO). The details of the request and supporting justification are outlined further in the parking section of this staff report.

'Lot Coverage: The SPD-C Village Hotel District establishes maximum allowable site coverage standards based on the type of improvement. The proposed development complies with these standards as summarized below:

- Maximum Building Coverage: 25% permitted; 20% proposed — Compliant
- Maximum Parking Lot Coverage: 45 permitted; 41% proposed — Compliant
- Minimum Landscaped Area: 30% required; 39% proposed — Compliant

'Height & Architectural Design Standards: These elements are not affected by the proposed scope of work and remain compliant with applicable standards.

'Parking: Section 10.15, Modified and Reduced Parking Requirements, specifically Section 10.15.2.6 of the Unified Development Ordinance (UDO), allows an applicant to seek a Special Use Permit to modify or reduce off-street parking requirements contained within Article 10, Part II, Off-Street Parking and Loading Requirements, as well as applicable provisions of Article 10, Part VI, Commercial Design Standards.

'As part of the original approval of the Outer Banks Hospital Cancer Center in February 2020, the Board of Commissioners granted a Conditional Use Permit (now Special Use Permit) that allowed a reduction in required parking based on the unique operational characteristics of the facility. Because an outpatient infusion center is not specifically identified within Table 10-2, Required Parking by Use, the parking requirement was evaluated using the UDO standard for Medical Office, which requires one parking space per 300 square feet of gross floor area plus one parking space per employee and physician. Application of this standard would have required approximately 72 parking spaces for the combined Radiation Therapy Building and Infusion Center.

'Recognizing that this parking requirement significantly exceeded the operational needs of the outpatient cancer treatment facility, the Board approved a reduced parking plan based on the limited number of treatment spaces, appointment-based scheduling, and anticipated patient volume. A condition of that approval required the applicant to perform parking utilization studies following opening of the facility to confirm that the reduced parking supply remained adequate. The site currently provides 57 off-street parking spaces serving both the Radiation Therapy Building and Infusion Center. As shown on the submitted site plan, the applicant proposes to construct an approximately 280-square-foot expansion of the existing HVAC mechanical area in order to upgrade building systems necessary to maintain appropriate conditions for compounding treatments. In order to accommodate this improvement, three existing parking spaces will be removed, although an existing paved turnaround area within the lot will be restriped to create one additional space. Following these modifications, the total on-site parking supply will be reduced from 57 spaces to 54 spaces.

'The operational characteristics of the Cancer Treatment Center inherently limit peak parking demand. The facility includes an approximately 4,500-square-foot Radiation Therapy Building and a 10,400-square-foot Infusion Center containing ten infusion bays. Due to the nature of infusion therapy, only one patient may occupy each infusion bay at a time, which restricts the number of patients present onsite concurrently. Using a parking methodology comparable to a dialysis-style medical facility, one parking space per treatment bay plus one parking space per staff member, the infusion center generates an estimated parking demand of 25 spaces, based on ten treatment bays and approximately fifteen staff members. When combined with the established 22 parking spaces associated with the Radiation Therapy Building, the total comparable parking demand for the facility is approximately 47 spaces.

'Following the proposed reduction, the site will continue to provide 54 parking spaces, exceeding this comparable demand by seven spaces. Importantly, the proposed HVAC expansion does not increase patient capacity, expand treatment areas, or result in additional staffing, and therefore does not generate additional parking demand.

'Consistent with the conditions of the original approval, a third-party parking assessment was conducted

approximately six months and twelve months after opening of the expanded Cancer Center. The study found that during peak demand periods only 32 parking spaces were occupied, representing approximately 56 percent of the available parking supply, confirming that existing parking capacity has been more than adequate to accommodate daily operations.

'Based on the operational characteristics of the facility, the results of the parking assessment, and the absence of any change in use or patient capacity, staff finds that the proposed reduction of three parking spaces (from 57 to 54 spaces) will continue to provide adequate parking for the Cancer Treatment Center without creating parking shortages, off-site parking impacts, or traffic congestion.

'Section 10.15.2.1 of the UDO establishes required findings for approval of a Special Use Permit for parking reduction. Based on the information provided and staff review, the request meets these findings in that the proposed reduction:

- Will not result in increased traffic congestion or negatively impact vehicular or pedestrian safety;
- Will not create parking impacts for adjacent properties or within town rights-of-way;
- Is consistent with the objectives of the Town's Comprehensive Plan supporting access to healthcare services;
- Is necessary to allow reasonable improvements to the existing facility; and
- Will not adversely impact adjacent properties or the surrounding area

'Based on the analysis above, staff finds that adequate parking will remain available on-site and therefore recommends approval of the requested parking reduction.

'Buffering/Landscaping: The existing buffering and landscaping associated with Section 9.24.10 of the UDO, which requires a 20-foot-wide landscaped or natural buffer where commercial or office uses abut a residential use or designation, has been installed and is functioning as intended. This request will not impact the required buffer.

'Similarly, the required parking buffer pursuant to Section 10.92.6.2 of the UDO, which requires a minimum ten (10) foot landscaped buffer between off-street parking areas and the street right-of-way where parking is located between a building and the street, is currently installed and will not be impacted by the proposed improvements.

'Vegetation preservation requirements will continue to be met, with approximately 11.5% of the lot area remaining vegetated.

'A limited number of plantings required for compliance with Section 10.93.3.7, Interior Parking Lot Landscaping, will be affected by the proposed site modifications. The applicant has indicated that these plantings will be relocated within the general vicinity of the parking area to maintain compliance with the landscaping requirements of the UDO.

'Lighting: No changes to the existing site lighting are proposed.

'Signage: No additional signage is proposed as part of this request.

'Water and Sewage Disposal: While no changes to the use or operation of the building are being proposed, the applicant has provided the original authorization from Carolina Water Service for reference.

'Traffic Circulation: Traffic circulation has been reviewed and approved by the town engineer.

'Stormwater Management: Stormwater Basin #2 is proposed to be reshaped to accommodate the HVAC equipment expansion while maintaining or improving the basin's existing stormwater management function. Revised stormwater management documentation has been reviewed and approved by the town engineer as submitted.

'Fire: The project will be required to comply with all applicable North Carolina Fire Prevention Code requirements. The deputy fire chief has reviewed and approved the proposal as submitted.

'Public Works: The existing dumpster location remains compliant and acceptable for front-load sanitation service. The public services director has reviewed and approved the proposal as submitted.

ANALYSIS

'Staff finds that the proposal remains consistent with the applicable use and development standards, as well as relevant land use policies. Additionally, staff finds that the criteria necessary to allow a reduction in parking pursuant to Sections 10.15.2.1 and 10.15.2.6 of the UDO, in conjunction with the submitted parking analysis, have been satisfied.

'Pursuant to Section 3.8.4.6 of the Unified Development Ordinance the Board of Commissioners shall issue a Special Use Permit if it has evaluated an application through a quasi-judicial process and determined that:

1. The use will not materially endanger the public health and safety if located where proposed and developed

according to the plan as submitted.

2. The use, as proposed, will not overburden the firefighting capabilities and the municipal water supply capacity of the town as such facilities and capabilities will exist on the completion date of the conditional use for which application is made.

3. The conditional use will be in harmony with the existing development and uses within the area in which it is to be located.

4. Adequate utilities, access roads, drainage, parking, or necessary facilities have been or are being provided.

'Based upon staff's review of the proposal, staff recommends approval of the Vested Right/Special Use Permit/Site Plan Amendment as presented.

'PLANNING BOARD RECOMMENDATION

'At their March 17, 2026, meeting, the Planning Board voted unanimously to recommend approval of the Vested Right/Special Use Permit/Site Plan Amendment as presented.'

Mr. Strader, with WithersRavenel, had no further evidence to present on behalf of the applicant. James Leutgens, representing ECU Health, testified that the original HVAC system was under-designed, resulting in significant humidity problems in the compounding rooms, to the point where the room experienced rain-like conditions during peak summer months. He noted that the upgrade is necessary, and they are using a temporary fix until it can be completed.

Attorney Leidy asked whether the board wished to receive any additional information. Hearing no response, he stated that the public hearing would be closed and that the board could proceed with deliberations on the proposed amendment. The time was 09:59 a.m.

MOTION: Comr. Harrison moved to approve the Vested Right/Special Use Permit/Site Plan Amendment to reduce parking as presented. The motion was seconded by Comr. Vaughan.

Mayor Pro Tem Lambert noted for the record that the facility is a scheduled business with no walk-in patients, making parking management particularly reliable.

MOTION CONT: The motion passed unanimously.

Public Hearing to Consider a Board of Commissioners Initiated UDO Text Amendment to Establish New Allowable Uses, "Wine Bar" and "Taproom," with Associated Supplemental Regulations.

Notice of the Public Hearing was published in the Coastland Times on Wednesday, April 22, 2026 and on Wednesday, April 29, 2026 as required by law.

Attorney John Leidy opened the Public Hearing at 10:00 a.m.

Planning Director Kelly Wyatt summarized her report which read in part as follows:

"At the April 15, 2026, Board of Commissioners meeting, the Board initiated a text amendment to the Unified Development Ordinance (UDO) to establish new use categories for Wine Bars and Taprooms, along with appropriate supplemental standards.

'The proposed text amendment is intended to establish clear definitions for Wine Bar and Taproom uses, provide a regulatory framework for these lower-intensity alcohol-serving establishments, maintain the Town's longstanding prohibition on stand-alone bars as a principal use, and allow for limited, controlled opportunities for beer and wine-focused establishments in appropriate zoning districts.

'Following review by the Planning Board, several revisions were made to simplify definitions and improve clarity and enforceability of the proposed regulations. These revisions include:

- Simplification of the definition of "Bar, Tavern, or Drinking Establishment" to focus on the primary activity of on-premises alcohol consumption, including beer, wine, and distilled spirits, where food service is clearly subordinate and the use is oriented toward bar service rather than seated dining.
- Simplification of the definitions of "Wine Bar" and "Taproom" to remove references to specific alcohol types (such as fortified or high-alcohol products) and instead rely on the clear prohibition of distilled spirits, with operational characteristics addressed in supplemental regulations rather than definitions.
- Revision of entertainment standards to allow indoor entertainment, provided it complies with Chapter 16, Article III (Noise Ordinance), eliminating the need to define or regulate specific types or frequency of entertainment.
- Clarification of outdoor service provisions to ensure that alcoholic beverages may be consumed in approved outdoor areas, but all ordering, sale, and dispensing of beverages must occur within the enclosed indoor portion of the establishment.

- Amendment to Section 10.16, Required Parking by Use, to propose a parking standard for the new uses, the same as restaurants and microbrewery, at one parking space per 55 square feet of customer service area.

'In reviewing common zoning practices and ordinance language from other jurisdictions, the term "Wine Bar" best reflects establishments focused on the sale and on-site consumption of wine (and beer), while "Taproom" reflects a similar concept oriented toward beer.

'While "taprooms" are often associated with outdoor gathering spaces such as beer gardens, those elements are not inherent to the use itself. The proposed ordinance intentionally distinguishes between the principal indoor use and any accessory outdoor activity to avoid unintended impacts related to noise, intensity, and compatibility with surrounding properties.

'The proposed supplemental standards are designed to clearly differentiate Wine Bars and Taprooms from prohibited bar or nightclub-type uses. Key provisions include:

- Prohibition on the sale and service of distilled spirits.
- Requirement that the use be designed and operated primarily for seated patron service.
- Limitation of hours of operation, with all service ceasing and the premises closed to patrons by 11:00 p.m.
- Allowance of indoor entertainment, provided it complies with the Town's Noise Ordinance.
- Prohibition of outdoor entertainment.
- Regulation of outdoor customer service and patron areas, including size limitations and screening, and requiring that all beverage service occur within the enclosed indoor portion of the establishment

'Collectively, these standards are intended to ensure that the use remains lower in intensity and does not evolve into a bar, nightclub, or event-driven establishment. From a land use and planning perspective, potential impacts associated with alcohol-serving establishments are more closely related to operational characteristics, such as hours of operation, entertainment, and overall intensity of use, than to the specific type of alcohol served. The proposed ordinance addresses these factors through limitations on hours, requirements for indoor service, and controls on outdoor activity, in order to promote compatibility with surrounding properties.

'Per Section 10.93.3.3, microbreweries are currently classified as high-impact uses, requiring increased buffering, due to their combined production, event, and outdoor activity components. By contrast, the proposed wine bar and taproom uses are intentionally structured as lower-intensity establishments. With prohibitions on distilled spirits, outdoor entertainment, and late-night operations, these uses are not anticipated to generate the same level of impact on adjacent residential properties and are therefore not proposed to be classified as high-impact uses. Any new commercial development, including these uses, would still be required to comply with Section 10.93.3.2, Commercial Transitional Protective Yards, which requires a minimum 10-foot buffer with two rows of plantings when adjacent to residentially zoned or developed properties.

'The proposed amendment allows Wine Bars and Taprooms in the same zoning districts where Microbreweries are currently permitted (C-1, C-2, C-4, and C-5). Staff does not recommend expanding these uses into the CR District at this time, as the oceanfront area is more sensitive to intensity and compatibility concerns. This approach is consistent with the intent to introduce these uses in a controlled manner within commercial districts where similar uses are already established.

'Parking requirements for Wine Bars and Taprooms are proposed to be consistent with existing standards for restaurants and microbreweries, requiring one parking space per 55 square feet of customer service area.

'Staff finds that the proposed amendment establishes a clear and enforceable framework for limited, lower-intensity alcohol-serving uses, while maintaining the Town's longstanding prohibition on stand-alone bar uses. The amendment is therefore likely consistent with the policy direction of the Town's adopted Land Use Plan.

'Two draft ordinances are provided for the Board's consideration:

Draft Ordinance A — The most recent revised version incorporating changes discussed and recommended by the Planning Board at their April 21st, 2026 meeting.

Draft Ordinance B — The clean, non-marked-up version of the ordinance as originally reviewed by the Planning Board prior to those revisions.

'If the Board of Commissioners is inclined to adopt this proposed text amendment, please reference Appendix A for the Statement of Consistency with the Town's adopted Comprehensive Land Use Plan requirements (attached).

STAFF RECOMMENDATION

'Staff recommends approval of the proposed text amendment to the Unified Development Ordinance to establish the use categories of "Wine Bar" and "Taproom," with the associated definitions and supplemental regulations as

presented.

'The proposed amendment provides a clear regulatory framework that distinguishes these uses from prohibited bar or nightclub-type establishments and incorporates operational limitations intended to maintain compatibility with surrounding properties. The amendment is consistent with the Town's existing approach to managing the intensity of commercial uses and aligns with the general policy direction of the Land Use Plan.

'PLANNING BOARD RECOMMENDATION

'At their April 21, 2026, meeting, the Planning Board voted unanimously to recommend adoption of the proposed text amendments establishing the new use categories for "Wine Bar" and "Taproom". Areas of discussion are noted within the staff report and represented in the draft ordinance for the Board of Commissioner's consideration."

In response to a question from Mayor Pro Tem Lambert about the potential for outdoor patron areas to expand under proposed state legislation that could eliminate parking standards, Director Wyatt confirmed that the outdoor area cap in the supplemental regulations of 500-square-foot or 25 percent of indoor customer service area provides a regulatory limit independent of parking requirements.

Comr. Harrison asked about the rationale behind prohibiting outdoor entertainment. Director Wyatt explained that outdoor activity, entertainment, and service were identified as characteristics most likely to generate noise complaints and neighborhood compatibility concerns, and that the Planning Board chose to keep these elements limited and simple. She also noted that, in light of proposed state legislation (Senate Bill 382) that could restrict a town's ability to down-zone or roll back newly permitted uses, staff and the Planning Board recommended a more conservative initial approach, with the understanding that regulations could be relaxed in the future if warranted, but potentially could not be made more restrictive.

Attorney Leidy asked whether any members of the public wished to comment or if the board wished to receive any additional information regarding the proposed UDO text amendment. Hearing no response, he stated that the public hearing would be closed and that the board could proceed with deliberations on the proposed amendment. The time was 10:13 a.m.

Comr. Vaughan stated she had no questions at this time and characterized the proposed ordinance as largely a housekeeping measure, noting that the town already permits microbreweries through the special use process. She suggested it may be helpful to clarify how the proposed use differs from a microbrewery and noted that microbreweries already serve beer and wine. She then described the ordinance as a natural progression from existing allowances while remaining a sensible and conservative step for the town. She also expressed appreciation for the marked-up ordinance versions prepared by staff, noting they were helpful in identifying changes and revised definitions, and acknowledged the Planning Board's extensive review of the matter.

Mayor Cahoon asked Director Wyatt to explain the distinction between microbreweries and taprooms for the board's clarification.

Director Wyatt explained that microbreweries are defined by several required components, including on-site brewing and an educational component, along with features such as seating areas and encouraged outdoor spaces. She described microbreweries as a higher-intensity use due to the likelihood of outdoor seating, displays, and other outdoor activities, which can create potential impacts on surrounding properties and therefore require larger transitional buffers. She stated that the proposed ordinance would constitute a less intensive use because it limits outdoor entertainment and customer service areas. She also clarified that, unlike the proposed ordinance, there are currently no restrictions on what microbreweries may sell.

Comr. Harrison asked Director Wyatt to clarify how existing retail establishments in town are currently permitted to offer alcohol tastings. Director Wyatt explained that several businesses, including retail establishments at Outlets Nags Head, operate primarily as retail uses and not as alcohol-serving establishments. She noted that the sale and sampling of alcoholic beverages is only a minor component of their operations and occupies a small portion of their floor space. Mayor Cahoon concurred, emphasizing that alcohol sales and tastings are not the principal use of those businesses.

Comr. Sanders stated that he agreed with Comr. Vaughan's comments. He expressed appreciation for the work staff had done to incorporate safeguards into the ordinance in light of the down-zoning legislation and noted that the matter had been reviewed extensively.

Mayor Pro Tem Lambert stated that she agreed with Comr. Vaughan's comments and similarly viewed the proposed ordinance as a housekeeping measure related to the town's existing allowance of microbreweries. She recalled previously discussing with Manager Garman the rationale for permitting microbreweries, which she understood to be to support craftsmanship and similar business activity within the town. Lambert stated that because the town already permits microbreweries and has not identified significant negative impacts associated with them, she saw no reason not to allow similar establishments to serve beer and wine under the proposed ordinance. She concluded that the ordinance was a logical cleanup and clarification of uses that are already effectively permitted.

Comr. Harrison agreed with the previous comments in support of the ordinance and asked whether the Planning Board had discussed allowing establishments to serve distilled spirits in addition to beer and wine. Director Wyatt responded that some Planning Board members believed distilled spirits could potentially be appropriate if accompanied by sufficient operational standards, such as restrictions on late-night hours and measures to avoid a nightclub atmosphere. However, she noted that the Planning Board generally viewed the proposed beer and wine ordinance as a cautious first step and acknowledged that future amendments could be considered if the ordinance proved successful over time.

Comr. Harrison agreed with the phased approach, stating that the town could revisit the issue in the future if there was broader community support for neighborhood-style bars serving distilled spirits. She expressed comfort with the current proposal allowing only beer and wine establishments and stated that the ordinance's operational parameters aligned with the character of Nags Head by encouraging neighborhood gathering places or a third spaces rather than nightclub-type venues.

MOTION: Comr. Harrison moved to approve the UDO text amendment adding Wine Bar and Taproom as allowable uses as presented in draft ordinance A with the attached statement of consistency. The motion was seconded by Comr. Vaughan, which passed unanimously.

The ordinance, as adopted, is attached to and made a part of these minutes as shown in Addendum "C".

Public Hearing to Consider UDO Text Amendments Submitted by Albemarle & Associates, Ltd on Behalf of Blue Moon Five-2, LLC (Blue Moon Restaurant), to Create a New Accessory Use to Restaurants, "Restaurant Waiting Lounge", with Associated Supplemental Regulations.

Notice of the Public Hearing was published in the Coastland Times on Wednesday, April 22, 2026 and on Wednesday, April 29, 2026 as required by law.

Attorney John Leidy opened the Public Hearing at 10:23 a.m.

Planning Director Kelly Wyatt summarized her report which read in part as follows:

"Following the Board of Commissioners' April 15, 2026, discussion, which included concerns regarding the potential for bar-type uses and the overall scope and applicability of the proposed ordinance, the Planning Board revisited the item at their April 21, 2026, meeting. The purpose of this follow-up review was to consider the Board of Commissioners' feedback and further refine the ordinance language to better align with the Town's intent.

'In coordination with staff, the Planning Board conducted a detailed, line-by-line review of the draft ordinance, focusing on clarifying the accessory nature of the use, limiting its potential intensity, and ensuring consistency with the Town's longstanding approach to prohibiting stand-alone bar-type establishments.

'Through this discussion, the Planning Board reached consensus on several refinements which are incorporated into the current draft ordinance. Key updates include:

- Replacing the term "lounge" with "facility" to avoid varied interpretations; facility more clearly conveys a separate, enclosed structure rather than incidental or outdoor space.
- Aligning definitions of "Bar, Tavern, or Drinking Establishment" with those proposed under the related Wine Bar and Taproom text amendment for consistency across the UDO.
- Removing language prohibiting the use from being a bar, tavern, or drinking establishment, as this distinction is now addressed through clarified definitions.
- Establishing clear hours of operation, requiring the facility to operate only in conjunction with the principal restaurant and to close at 11:00 p.m. or when the restaurant closes, whichever occurs first.
- Removing redundant provisions related to independent operation, as the accessory nature of the use is otherwise clearly established.
- Simplifying entertainment provisions by eliminating subjective standards and requiring compliance with the Town's noise ordinance.
- Limiting signage to wall signage only, consistent with other accessory uses, and prohibiting freestanding signage.

'While the Planning Board did not issue a new formal recommendation following their April discussion, there was clear consensus to continue supporting the ordinance as revised and to move the item forward for Board of Commissioners consideration.

'Two draft ordinances are provided for the Board's consideration:

Draft Ordinance A — The most recent revised version incorporating changes discussed and supported by the Planning Board at their April 21st, 2026 meeting.

Draft Ordinance B — The clean, non-marked up version of the ordinance as originally reviewed by the Planning Board prior to those revisions.

'If the Board of Commissioners is inclined to adopt this proposed text amendment, please reference Appendix A for the Statement of Consistency with the Town's adopted Comprehensive Land Use Plan requirements (attached).

'APRIL 15TH BOARD OF COMMISSIONERS STAFF REPORT

'Albemarle & Associates, Ltd., on behalf of Blue Moon Five 2, LLC (Blue Moon Beach Grill), has submitted the attached request to amend the Town of Nags Head Unified Development Ordinance (UDO) to create a new use category titled "Restaurant Waiting Lounge."

'Blue Moon Beach Grill relocated to its current location at 102 E. Dove Street in 2023 and has experienced significant success and popularity as a dining destination within the Town of Nags Head. While the restaurant's success has been positive for the local economy and community, it has also resulted in operational challenges related to customer waiting areas and parking demand during peak dining periods. During busy service times, patrons often wait outside the restaurant or in nearby areas until seating becomes available. During peak periods, this has contributed to patrons circulating through the parking lot seeking available spaces, parking along nearby roadways where parking is not permitted, and occasionally utilizing adjacent vacant lots. While these issues were largely the result of the restaurant's popularity, they created traffic circulation and parking concerns that needed to be addressed.

'In late 2024, the owners of Blue Moon Beach Grill (the Shields family) purchased the property located at 101 E. Dove Street, directly across the street from the restaurant, at 102 E. Dove Street. The property was already permitted for Indoor Public Assembly (Keepers Galley). Since acquiring the property, the owners have primarily utilized the site to provide additional parking relief for the restaurant.

'Recognizing that ownership of the additional property was helping alleviate many of the overflow parking concerns, the owners began exploring ways the existing structure could be utilized in a manner that would remain operationally connected to the restaurant, while avoiding the creation of a new principal commercial use that could compete for parking.

'In early 2025, the Shields and their engineer, Jay Overton of Albemarle & Associates, met with Town staff to discuss potential options. One concept involved utilizing the existing structure as a waiting and gathering space for patrons awaiting seating at the restaurant, where guests could sit comfortably and potentially purchase a beverage while waiting for their table. However, as discussions progressed, it became apparent that the Town's UDO does not currently contain a provision that would allow this type of arrangement between two properties operating in conjunction with a single restaurant use. Likewise, the UDO does not permit stand-alone bars as principal uses.

'Additionally, the Alcoholic Beverage Control (ABC) licensing structure required for the proposed waiting area concept differs from the licensing associated with the building's existing Indoor Public Assembly use, which has historically been used primarily for catered events.

'Because the ordinance did not provide a mechanism to allow this type of arrangement while maintaining the Town's policy framework, the applicant submitted a text amendment request proposing the creation of a new use category titled Restaurant Waiting Lounge.

'The proposed ordinance amendment would establish a new accessory use category titled "Restaurant Waiting Lounge", along with associated definitions, supplemental regulations, and parking standards. If adopted, the ordinance would allow a restaurant to establish a waiting lounge within a detached structure located on the same parcel or on a contiguous parcel separated only by a town maintained public street or right-of-way, provided the parcels are under common ownership or operational control and approved as part of a unified development plan.

'Importantly, the ordinance is structured so that the waiting lounge remains accessory and subordinate to the principal restaurant use and cannot operate as an independent establishment.

'The Town of Nags Head has historically taken a deliberate approach to limiting bars, nightclubs, and similar alcohol-focused establishments as principal uses due to potential impacts related to public safety, nuisance, and compatibility with nearby residential areas. Establishments primarily oriented toward alcohol service often operate later into the evening and can generate more substantial impacts than traditional restaurants if not properly managed. As a result, the Town's regulatory framework has historically allowed alcohol service primarily as an accessory component of restaurant uses rather than as a stand-alone principal use.

'The proposed amendment establishes two new definitions within the UDO. Restaurant Waiting Lounge, defined as an indoor, detached, and fully enclosed permanent structure accessory to a principal restaurant use that provides waiting or gathering space for patrons of the associated restaurant. The definition was intentionally crafted to avoid confusion with outdoor gathering spaces, patios, bars, stages, tents, or other temporary or unenclosed areas commonly associated with restaurants. The definition ensures that outdoor restaurant spaces remain regulated as part of the principal restaurant use and prevents temporary structures, such as tents, from being used as waiting lounges.

'The ordinance also introduces a definition for "Bar, Tavern, or Drinking Establishment" to provide clarity regarding establishments where the principal activity is the sale and consumption of alcoholic beverages. This definition was

included to clearly distinguish the proposed waiting lounge use from establishments primarily oriented toward alcohol service. The amendment also updates Section 6.5 – Classification and Review of Unlisted Uses to expressly prohibit Bar, Tavern, or Drinking Establishments as principal uses within the Town’s zoning jurisdiction.

'Section 6.6, Table of Uses and Activities is proposed to be amended to include "Restaurant Waiting Lounge – Accessory to Restaurant, Sit Down" within the Accessory Uses category. The use would be allowed by Special Use Permit in the same commercial districts where a Restaurant, Sit Down is permitted. Including the use in the table ensures clarity within the ordinance and confirms that the waiting lounge is only permitted as an accessory use to a restaurant and not as a principal commercial use.

'The proposed ordinance includes several provisions intended to ensure the waiting lounge remains clearly tied to the restaurant and cannot evolve into a separate alcohol-focused establishment. Key safeguards include:

- Approval through a Special Use Permit and Unified Development Plan.
- Requirement that the lounge remain an accessory and subordinate to the restaurant.
- Limiting the restaurant waiting lounge to the same hours of operation as the restaurant.
- Prohibiting the restaurant waiting lounge from operating as an independent bar, tavern, nightclub, or drinking establishment.
- Requiring signage to incorporate the associated restaurant name.
- Requiring that the lounge serve patrons of the restaurant only.

'These provisions are intended to allow restaurants to better manage customer waiting areas while maintaining the Town’s longstanding policy of not allowing stand-alone bars or drinking establishments.

'The ordinance also clarifies how parking for a Restaurant Waiting Lounge would be calculated. The Town’s existing parking standard for Restaurant, Sit Down, requires one parking space for every 55 square feet of indoor customer service area. The amendment updates Section 10.16, Required Parking by Use to specify that the square footage of any Restaurant Waiting Lounge must be included in the calculation of indoor customer service area for the associated restaurant. This ensures that any additional waiting area contributes to the restaurant’s total parking demand and prevents the lounge from creating additional parking impacts without being accounted for.

'As with all Unified Development Ordinance text amendments, the request before the Board is legislative in nature and not site-specific. While the request was prompted by the circumstances surrounding Blue Moon Beach Grill, if adopted, the ordinance would apply to any restaurant within the applicable zoning districts that meets the ordinance requirements and obtains approval through the Special Use Permit process. The Special Use Permit requirement provides an additional level of oversight by allowing the Board of Commissioners to review each proposal individually and impose conditions as necessary to ensure the use remains clearly accessory to the principal restaurant.

'POLICY CONSIDERATIONS

LU-1 — Ensure that the character of Nags Head is preserved as a single-family residential beach community with ties to its natural environment. This character is defined by:

- Commercial development that serves the needs of residents and visitors but respects the goals of the community related to design and appearance.
- Land uses that are compatible with the community and with adjacent properties that don't create excessive noise, light, unsafe conditions, or other nuisances.

LU-5 — Promote contiguous and cohesive nodes of commercial development of appropriate size and massing for the surrounding area.

LU-9 — Encourage land uses that serve the needs of both year-round and seasonal residents in support of the town's overall vision for the community.

LU-10 - Discourage high intensity land uses that produce significant noise, light, heavy vehicle traffic, noxious fumes or poor air quality, are unsightly, encourage unsafe behavior, or require large amounts of land for heavy industrial uses, processing, or storage or material or equipment.

LU-23 — Require sufficient parking for commercial businesses with parking area design regulations that limit impacts on neighbors and surrounding land uses.

EC-6 — Support and foster small, local businesses that preserve and uphold the vision and legacy of the town.

'STAFF RECOMMENDATION

'Based on staff’s review of the request and the proposed ordinance language, staff believes the amendment provides a reasonable regulatory mechanism for restaurants to manage customer waiting areas while maintaining the Town’s longstanding policy of not allowing stand-alone bars or drinking establishments. The ordinance establishes clear definitions, operational safeguards, and parking standards to ensure that a Restaurant Waiting

Lounge remains subordinate to a principal restaurant and cannot operate independently. Staff therefore recommends approval of the proposed Unified Development Ordinance text amendment creating the use category "Restaurant Waiting Lounge" as presented.

'If the Board of Commissioners is inclined to adopt this proposed text amendment, please reference Appendix A for the Statement of Consistency with the Town's adopted Comprehensive Land Use Plan requirements (attached).

'STAFF RECOMMENDATION

'Staff continues to recommend approval of the proposed amendment as revised. The additional standards and clarifications further define the accessory nature of the use, limit its scale and applicability, and establish operational controls intended to maintain compatibility with surrounding properties. As revised, the ordinance provides a clear and structured framework to ensure the use remains subordinate to a principal Restaurant, Sit Down use and does not function as a bar or independent establishment. These revisions are intended to address concerns raised by the Board and further ensure that the Restaurant Waiting Lounge remains a limited, accessory use that does not function as a bar, tavern, or independent drinking establishment.

'PLANNING BOARD RECOMMENDATION

'At their March 17, 2026 meeting, the Planning Board reviewed and discussed this item and voted unanimously to recommend adoption of the proposed text amendment. The recommendation included additional language within the supplemental regulations to address pedestrian connectivity between contiguous lots, which has since been incorporated into the ordinance for the Board of Commissioners' consideration.

'UPDATED: At their March 17, 2026, meeting, the Planning Board provided a formal recommendation of approval for the proposed Restaurant Waiting Facility ordinance, finding it consistent with the requirements of the Unified Development Ordinance. Following the Board of Commissioners' April discussion, the Planning Board revisited the ordinance at their April 21, 2026 meeting to further evaluate specific concerns and refine the proposed text. The Planning Board conducted a detailed, line-by-line review in coordination with staff, focusing on clarity, consistency, and alignment with the Town's longstanding intent regarding bar-type uses. Through this discussion, the Planning Board reached consensus on several key revisions which are incorporated into the current draft ordinance, including:

- Replacing the term "lounge" with "facility" to avoid varied interpretations; facility more clearly conveys a separate, enclosed structure rather than incidental or outdoor space.
- Aligning the definition of "Bar, Tavern, or Drinking Establishment" with the definitions proposed in the related Wine Bar and Taproom ordinance to ensure consistency across the UDO.
- Removing language stating the use "shall not be a bar, tavern, or drinking establishment," as the clarified definitions adequately address this distinction.
- Clarifying hours of operation to establish that the facility may only operate when the principal restaurant is open and must close at 11:00 p.m. or when the restaurant closes, whichever occurs first.
- Removing redundant language regarding independent operation, as the accessory nature of the use is otherwise clearly established.
- Simplifying entertainment provisions by removing subjective language and requiring compliance with the Town's noise ordinance.
- Limiting signage to wall signage only, consistent with other accessory uses, and prohibiting freestanding signage.

'While the Planning Board did not issue a new formal recommendation following the April discussion, there was consensus to continue supporting the ordinance as revised and to move the item forward for Board of Commissioners consideration."

Attorney Leidy opened up the floor for board questions.

Comr. Vaughan asked for clarification regarding Section 7.31.3.2, specifically the provision prohibiting the location of a waiting facility within multi-tenant commercial developments or shopping centers. She noted that the Planning Board had briefly discussed the issue and requested additional background on the origin and rationale for the restriction.

Planning Director Wyatt explained that the restriction on waiting facilities within multi-tenant commercial developments or shopping centers was intended to limit the scope of the proposed amendment. She noted that existing principal sit-down restaurants in shopping centers already have the ability to expand laterally into adjacent vacant units while still meeting restaurant criteria, including kitchen size, full-service seating, and entertainment requirements.

She stated that staff had received mixed public feedback, with some stakeholders viewing the amendment as too narrow and others expressing concern that it could lead to excessive expansion of waiting facilities. Following the Planning Board meeting, staff reviewed restaurants throughout the Town of Nags Head and found that a majority of the approximately 35 restaurants are located within shopping centers. Staff determined that allowing restaurants in shopping centers to establish detached waiting facilities elsewhere onsite would significantly broaden the

amendment's impact.

She explained that the proposed limitation was intended as a more cautious approach in light of Senate Bill 382, while still allowing existing restaurants in shopping centers to expand through current methods. Wyatt concluded that staff was attempting to balance differing concerns by "threading the needle" between requests for broader participation and concerns about overexpansion.

Comr. Harrison asked whether a waiting lounge could instead be located within a contiguous unit of the same shopping center. Planning Director Wyatt responded that a waiting lounge could potentially be located within a contiguous unit of the same shopping center. She stated that if the ordinance language unintentionally precluded that option, staff could address it if the board wished to do so. Wyatt noted that such a proposal would still require approval through the special use permit process, including submission of floor plans demonstrating continued compliance with sit-down restaurant requirements and incorporation into the unified development plan. She clarified that the ordinance language under discussion was primarily intended to address accessory waiting facilities associated with shopping centers.

Comr. Sanders questioned whether a waiting lounge located within a contiguous shopping center unit would qualify as an accessory use or accessory structure under the proposed language. He observed that the ordinance appeared to be written primarily to address detached accessory facilities and suggested that the provision might not apply in the same way to an adjoining tenant space within a shopping center. Director Wyatt gave a hypothetical example involving Dune Street Raw Bar and Grill. It was noted that the business has an adjacent lot to the south where several older structures were recently demolished. She discussed that requiring customers to leave the restaurant and walk to a separate detached waiting facility on the adjacent property would not be practical. This example was cited as part of the rationale behind the restriction on waiting facilities within multi-tenant commercial developments or shopping centers.

Comr. Vaughan asked for clarification on the proposed language, stating that as written it appeared to prohibit such use within a shopping center or multi-tenant commercial development. She noted agreement with concerns about customers leaving a shopping center to access a separate detached structure but questioned whether the current wording unintentionally barred the use entirely within multi-tenant commercial developments.

Director Wyatt stated that, if the board was inclined to move forward, staff could prepare revised language for further consideration. Discussion noted that when a restaurant within a shopping center leases adjacent space, it may either incorporate the space into the principal restaurant use while maintaining applicable criteria, as previously occurred with Blue Moon Beach Grill in Surfside Plaza or potentially designate the space as a restaurant waiting facility. She indicated that staff could revisit the language and requested guidance from the board on whether such allowance should be limited to contiguous spaces or could extend to units located farther away within the development.

Comr. Vaughan clarified that she was not advocating for a particular outcome but was seeking to confirm her understanding of the proposed prohibition. Director Wyatt acknowledged that, as currently written, the language would appear to prohibit the use within a multi-tenant commercial development.

Town Manager Garman noted that the proposed definition of a restaurant waiting facility described it as an "indoor, detached, and fully enclosed permanent structure accessory" use. He stated that this language appeared intended to address situations involving a separate detached building, and clarified his understanding that the provision, as written, would prohibit a detached waiting facility associated with a restaurant in a multi-tenant shopping center. He asked Director Wyatt to confirm whether that interpretation was correct.

Director Wyatt confirmed that the intent of the proposed language was to prohibit detached restaurant waiting facilities associated with multi-tenant shopping centers, while not necessarily preventing a restaurant from leasing an adjacent unit within the same building. Comr. Vaughan noted that this interpretation became clearer when referring back to the definition section. Manager Garman commented that the language appeared confusing because it required cross-referencing between the definition and the operative provision to fully understand the intent.

Mayor Cahoon referenced discussion from earlier public hearings regarding concerns that restaurant waiting facilities could evolve into standalone bars or nightclubs, creating compatibility and intensity-of-use issues. He asked whether it would be fair to characterize the proposed ordinance as providing similarly robust safeguards against those outcomes. Director Wyatt responded that staff and, to her understanding, the Planning Board believed the ordinance included substantial safeguards. She stated that staff continued to recommend approval and that the provisions were intended to ensure any approved waiting facility would operate as part of a unified development plan in conjunction with the principal restaurant, rather than as an independent use.

Jay Overton addressed the board on behalf of the applicant and stated that the proposed ordinance had undergone extensive review and refinement in response to prior Board of Commissioners and Planning Board discussions. He explained that the proposal was intended to support the continued success of restaurant businesses by addressing operational issues such as parking constraints and the need for seating for waiting customers.

Mr. Overton stated that the ordinance was designed to allow expansion of an existing restaurant operation through a special use permit process requiring the involved properties to be under common ownership and control. He noted that these requirements would ensure unified management and operational oversight between the principal restaurant and any ancillary waiting facility.

He further stated that the proposal was intended to solve a specific operational issue rather than create a new use category, drawing comparisons to recently adopted regulations related to wine bars and taprooms. Mr. Overton emphasized that the ordinance included a clear definition of bars and additional definitions for related uses, including the proposed restaurant waiting facility. He also noted that opportunities for such facilities would likely be limited because they would generally apply only to standalone restaurant sites rather than shopping centers, where adjacent tenant spaces could instead be incorporated into the primary restaurant use.

Mr. Overton highlighted that any proposed waiting facility would require special use permit approval by the board, providing an additional level of review and oversight beyond what is required for permitted uses such as wine bars and taprooms. He stated that the facility would remain subject to all restaurant operational standards and acknowledged prior discussion regarding crowd control and operational management, noting that successful operation would depend on responsible management by business operators. He concluded by offering to respond to any specific questions from the board to which there were none.

Attorney Leidy asked whether any members of the public wished to comment or if the board wished to receive any additional information regarding the proposed UDO text amendment. Hearing no response, he stated that the public hearing would be closed and that the board could proceed with deliberations on the proposed amendment. The time was 10:50 a.m.

Comr. Harrison stated that she had carefully reviewed the proposed ordinance from multiple perspectives and expressed a desire to support both the applicant and small businesses within Nags Head. However, she indicated that several aspects of the ordinance continued to raise concerns for her. Harrison noted that she had heard the proposal informally described by members of the public as "the bar that's not a bar," and stated that she believed the town should be more direct and transparent if the community desired to allow full bar-type uses. She expressed interest in hearing additional public input regarding whether that direction was supported town-wide. She further stated that, while she could see how the proposal might function effectively in specific cases, including the situation involving Blue Moon Beach Grill, she remained concerned about broader town-wide implications and the potential for unintended future applications. Harrison also raised concerns regarding enforcement and the practical difficulty of monitoring operational details associated with restaurant waiting facilities. She concluded that, despite continued review and consideration, she remained hesitant to support the ordinance in its current form.

Mayor Pro Tem Lambert stated that she believed the proposed ordinance did more than create a new use category and instead established a means of circumventing existing town policies. She emphasized the importance of applying policies consistently and expressed concern that approving the amendment could undermine existing regulations and create inequities for businesses currently operating within established rules. Lambert stated that, although she supported small businesses and viewed the applicant and business positively, the board's responsibility when considering a text amendment was to evaluate potential impacts town-wide rather than focusing solely on a specific applicant. She expressed concern that a facility where patrons could gather, order drinks, and socialize functioned similarly to a bar regardless of the terminology used, and noted that current regulations limit bar areas associated with restaurants to 15 percent. She stated that the proposed ordinance could effectively allow a separate structure functioning primarily as a bar, which she viewed as inconsistent with current policy. She further stated that, if the town wished to consider allowing standalone bar-type uses more broadly, she believed that discussion should occur through a separate policy conversation with greater public input rather than through the proposed ordinance amendment.

Comr. Sanders stated that he generally agreed with staff and the Planning Board that the proposed ordinance included sufficient safeguards and could function as intended. He disclosed that he owns a business with an adjacent vacant lot that he purchased for parking purposes and noted that the applicants have pursued a similar approach of acquiring nearby property to support their operations. Sanders described the situation as a "good problem" associated with successful, high-demand restaurants that experience overcrowding, limited space, and operational challenges, including congestion and difficulties managing customer flow. He explained that the proposal could help address these issues by providing an indoor waiting area that improves logistics and reduces pressure on the principal restaurant space. He further noted that such waiting areas would likely close when the principal restaurant closes and expressed confidence that the facility would function primarily as a waiting space rather than a standalone bar. Sanders added that the use would remain subject to special use permit approval and ongoing oversight and concluded that he supported the ordinance based on the safeguards included.

Comr. Vaughan stated that she had not substantially changed her position since the previous meeting but had further reviewed planning board discussions and public input. She explained that her opposition to the proposed text amendment is based on the premise that it treats a restaurant and an associated waiting lounge/facility as a unified development, whereas she considers them to be, in practice, two separate buildings and potentially two separate uses. She noted that her concern is not limited to the presence of a road or parcel configuration, but applies broadly, including single-parcel developments. She emphasized that the proposed amendment would have town-wide applicability and could create enforcement challenges. She stated that there is no reliable way to ensure

that individuals entering a waiting facility would also dine in the associated restaurant. She further expressed concern that the amendment could effectively allow alcohol service in a separate building adjacent to a restaurant, including in multi-tenant commercial areas, which she viewed as problematic for small or existing restaurant settings. Vaughan acknowledged the efforts of the applicant, staff, and planning board, but stated she was not comfortable supporting what she characterized as a significant change to the Unified Development Ordinance. She added that such changes should address broader community development needs rather than a narrowly focused request. She concluded by stating that any change of this magnitude should more clearly define the use as a bar and that public input should be directly solicited regarding stand-alone bars prior to consideration of approval.

Mayor Cahoon stated that he believed the previously approved proposal effectively created two categories, Wine Bar and Taproom, where alcohol service is permitted but does not adequately address restaurants' need to manage waiting periods. He expressed concern that the board would be disallowing a facility that is substantially similar in function and regulatory control, which he viewed as intended to help restaurants address waiting issues. He also thanked staff, the Planning Board, and the applicant for their efforts and time spent developing the proposal. He concluded by indicating that he would entertain a motion.

Comr. Harrison stated that there is a distinction between previously approved uses and the current proposal. She noted that the board had previously allowed standalone beer and wine bars, whereas the current amendment would permit full bars. She emphasized that the consideration of approving full bars in Nags Head should proceed cautiously. She concluded by reiterating that, although the matters involve separate ordinances, there is an important distinction between what has been previously permitted and what could be authorized under the proposed amendment.

Mayor Pro Tem Lambert stated that while it is true individuals may enter other restaurants, purchase alcoholic beverages, and leave, those establishments are still subject to existing regulatory limits, including the 15 percent threshold. She noted that the proposed amendment would allow a bar operation that would not be subject to the same limitations, making the comparison not directly equivalent. She further expressed concern that, although the proposal is being discussed in the context of a specific restaurant seeking to address a waiting issue, the amendment would apply town-wide. She stated that not all future applicants would necessarily be intending to solve operational challenges and could instead be used as a means to establish bar uses indirectly. She concluded that this potential for broader application beyond the original intent was her primary concern.

Comr. Sanders stated that he understood the concerns raised but also recognized the applicant's perspective. He noted that the site includes a parking lot and an unused building that could provide an air-conditioned waiting area, which may be particularly beneficial for patrons, including older individuals, who might otherwise have to wait outdoors in uncomfortable conditions such as heat, rain, or insects. He indicated that he believed staff had incorporated sufficient safeguards into the proposal and expressed the view that the amendment could be workable and address a legitimate operational issue for a popular establishment.

Mayor Cahoon reiterated that his remarks were not site-specific and stated that restaurants throughout the town face ongoing waiting challenges. He expressed the view that, if the amendment is not approved, the town would not be providing a regulatory pathway to help restaurants address those waiting-related problems. He then noted that a motion would be in order.

MOTION: Comr. Vaughan moved to deny the UDO text amendment, creating Restaurant Waiting Facility as an accessory use as presented. The motion was seconded by Mayor Pro Tem Lambert, which passed 3-2 with Comr. Sanders and Mayor Cahoon casting the nay votes.

RECESS/RECONVENE – The board took a brief recess at 11:02 a.m. and reconvened at 11:13 a.m.

Public Hearing to consider a Special Use Permit/Site Plan Amendment Submitted by Albemarle & Associates, Ltd on behalf of Blue Moon Five-2, LLC (Blue Moon Restaurant) Seeking Approval of the Unified Development Plan for Blue Moon Restaurant and a Proposed Restaurant Waiting Lounge Pursuant to the Supplemental Standards Proposed in Section 7.31.3 of the UDO. The Subject Properties are Zoned C-5, Historic Character Commercial District, and Located at 101 & 102 E. Dove Street.

Notice of the Public Hearing was published in the Coastland Times on Wednesday, April 22, 2026 and on Wednesday, April 29, 2026 as required by law.

This item was not taken up, as the denial of the text amendment creating a new accessory use, "Restaurant Waiting Lounge" rendered the site-specific special use permit application moot.

REPORTS AND RECOMMENDATIONS FROM THE PLANNING BOARD AND THE PLANNING AND DEVELOPMENT DIRECTOR

Update from Planning Director

Planning Director Kelly Wyatt summarized her report which read in part as follows:

"This memo provides an overview of selected Planning and Development Department activities, projects, and initiatives. If requested, staff will be prepared to discuss any of this information in detail at the Board of Commissioners meeting on Wednesday, May 6, 2026.

'Monthly Activity Report

In addition to permitting, inspections, code enforcement, and Todd D. Krafft Septic Health Initiative activities, staff were involved in the following meetings or activities of note during the month of April:

- Wednesday, April 1st — Board of Commissioners Meeting and Budget Workshop
- Tuesday, April 7th — Technical Review Committee Meeting
- Wednesday, April 8th — Committee for Arts and Culture Meeting
- Thursday, April 9th — Board of Adjustment Meeting (no hearings)
- Saturday, April 11th — Dowdy Park Winter Market 9am - noon
- Wednesday, April 15th — Board of Commissioners Mid-Month Meeting and Stormwater Master Plan Workshop
- Saturday, April 18th — Dark Skies, Bright Stars Stargazing Event, Barnes Street Town Park 7:30pm - 9:30pm
- Tuesday, April 21st — Planning Board Meeting
- Monday, April 27th — Septic Health Advisory Committee Meeting

'Planning Board — Pending Applications and Discussions

The Planning Board most recently met on Tuesday, April 21, 2026. At that meeting, the Board took the following actions:

- Considered a Board of Commissioners–initiated UDO text amendment to establish new allowable uses for “Wine Bar” and “Taproom,” together with associated supplemental regulations. The Planning Board voted unanimously to recommend approval of the proposed text amendment, with several revisions that have been incorporated into the ordinance now before the Board of Commissioners for consideration at their May 6, 2026, meeting.
- Considered revised language for a previously submitted UDO text amendment by Albemarle & Associates, Ltd., on behalf of Blue Moon Five-2, LLC (Blue Moon Restaurant), to establish a new use titled “Restaurant Waiting Facility,” together with associated supplemental regulations, parking requirements, and definition clarifications. While the Planning Board did not issue a new formal recommendation following its April discussion, there was consensus on a number of revisions and general support for the ordinance as revised, with direction to move the item forward for Board of Commissioners consideration.

'The next Planning Board meeting is scheduled for Tuesday, May 19, 2026. At this time, the agenda is anticipated to include consideration of a Site Plan Review submitted by Michael Robinson, P.E., on behalf of Tar Heel Motel of OBX, LLC (The Tar Heel Motel), for construction of a two-story, 26-guest room hotel. The property is zoned C-2, General Commercial, is located within the Hotel Overlay District, and is addressed as 7001 S. Croatan Highway, Nags Head. The agenda is also expected to include an update on the Strategic Plan following the February 2026 Board of Commissioners Retreat, specifically addressing action items related to Planning.

'Board of Adjustment – Recent and Pending Applications — There were no items for the Board of Adjustment's consideration in April 2026.

'Additional Updates

- DWMP/Septic Health Advisory Committee — The Septic Health Advisory Committee met on Monday, April 27th. The committee continues to advance implementation of the Town's septic health initiatives, with a strong focus on outreach, participation, and program expansion. A new combined Septic Health and Dark Skies mailer was recently distributed to Nags Head property owners and has already generated a measurable response, with approximately 30 new inspection requests attributed to the mailing and five pump-out credits requested to date. Overall program participation remains steady, with over 138 inspections completed, 117 pump-outs performed, and eight loans issued, with additional applicants currently in discussion.

'The Committee continues to explore additional outreach strategies to further expand participation, including updates to existing materials, targeted engagement with property owners, and consideration of expanded marketing efforts. The Committee and staff are also preparing to roll out the Division of Water Infrastructure (DWI) zero-interest loan program following formal approval of the scope of work.

- Estuarine Shoreline Management Plan — Work continues to advance on multiple components of the Estuarine Shoreline Management Plan (ESMP), with several projects progressing through design, permitting, and coordination phases.
 - The Harvey/Soundside Event Site Living Shoreline project remains in the permitting phase, with a revised design submitted following wetland delineation updates. Due to permitting timelines, approvals are now anticipated in Fall 2026, with construction expected to begin in early 2027.
 - For the Villa Dunes Drive project area, the Town has engaged Environmental Professionals, Inc. to

work directly with property owners to better understand site-specific concerns and identify feasible implementation strategies.

- At the Soundside Road project area, staff has requested a scope modification to focus on a resiliency berm and associated stormwater improvements in lieu of offshore breakwaters. Project kickoff has occurred, with easement development and initial stakeholder engagement anticipated this spring and summer. Design and permitting are expected to continue into 2027.
- Staff has also proposed a scope revision to include a living shoreline project at the Catfish Farm/Causeway area as an alternative priority location. This effort would focus on protecting critical infrastructure and environmentally sensitive areas through nature-based shoreline stabilization approaches.
- Sand Relocation and Dune Management Cost Share Program – The application deadline for Sand Relocation Authorizations was April 15, with all authorized work required to be completed by April 30 and equipment removed from the beach in advance of the sea turtle nesting moratorium. Staff issued 270 Sand Relocation Authorizations and approximately 10 CAMA Repair and Maintenance permits for work outside the nourishment area (north of Bonnett Street). To date, approximately \$363,000 of the \$400,000 allocated for these programs has been committed. With an estimated 17 applications still pending, total demand is expected to meet or exceed available funding this season, underscoring the continued need for this program.
- Dowdy Park Events/Farmers Market/Holiday Markets/Art & Culture — Preparation for the 2026 summer season at Dowdy Park is largely complete, with the Farmers Markets, Summer Concert Series, and fitness programming all scheduled and ready to launch. Staff is currently finalizing promotional materials, including posters for both the market and concert series, and coordinating details for upcoming Family Fun events, with programming to include partners such as the Corolla Wild Horse Fund and Ascension Music.

In advance of the season, two informational meetings were held with Farmers Market vendors to review expectations, clarify rules, and provide an opportunity for questions. These meetings were well received and are intended to support a smooth and well-coordinated start to the season.

Additionally, the Town was awarded \$2,000 through the SAFE Monarch Habitat Grant Program to support enhancements to the Dowdy Park pollinator garden. Rachel Veal with the NC Aquariums has assisted with the grant application and will continue to support project preparation, with planting anticipated in October.

'Upcoming Meetings and Other Dates

- Tuesday, May 5th — Technical Review Committee Meeting
- Tuesday, May 5th — Conner Twiddy attending and presenting at Septic Health Think Tank in Columbia, SC
- Wednesday, May 6th — Board of Commissioners Meeting
- Wednesday, May 13th — Committee for Arts and Culture Meeting
- Thursday, May 14th — Board of Adjustment Meeting (no hearings)
- Monday, May 18th — Discuss DWI Loan Roll Out Meeting
- Tuesday, May 19th — Planning Board Meeting
- Wednesday, May 20th — Board of Commissioners Mid-Month Meeting

'Please find attached a monthly update from Planning Director Kelly Wyatt that includes permitting and code enforcement data through March 2026.'

Mayor Cahoon and the board thanked Director Wyatt for her efforts and complimented the recent mailer which combined Septic Health and Dark Skies information.

Lights down, stars up.
Five Lighting Principles for Nags Head's Dark Skies Bright Stars Initiative

- USEFUL**
Use light only if it is needed. Every light should serve a purpose. Consider impacts on neighbors, wildlife, and nesting sea turtles.
- TARGETED**
Direct light downward where it is needed. Use fully shielded fixtures that prevent glare and light spill onto neighboring properties, the beach, or into the night sky.
- LOW LEVEL**
No brighter than necessary. Excess light reflects off surrounding surfaces such as sand, driveways, and buildings, contributing to sky glow.
- CONTROLLED**
Set it and forget it. Install timers or motion sensors. Dim lights when possible and turn them off when not in use.
- WARM-COLORED**
Use warmer color lighting. Limit blue-white light. Warmer tones are better for wildlife and protect our coastal night sky.

To learn more about the Dark Skies, Bright Stars Initiative contact Chris Trembly at 252-449-6045 or chris.trembly@nagsheadnc.gov. You can also visit nagsheadnc.gov/DarkSkies or scan the code.

Town of Nags Head
Nags Head, NC 27959

Protect your home. Protect our water.
Approximately 80% of properties in Nags Head rely on septic systems. These systems can fail due to age, high occupancy, or improper maintenance, and repairs can cost thousands. The Town of Nags Head offers affordable solutions to help maintain a healthy septic system.

Don't let this happen to you!
Routine inspection and pumping help prevent failure.

BACKED UP TANK CAN OVERFLOW
SEPTIC TANK
FAILED DRAINFIELD DUE TO AGE / OVERUSE
OVERFLOW CAN LEACH THROUGH TO BEACH
DRAINFIELD
BIOMAT LAYER DEVELOPS WHEN ROOTS AND DEBRIS BLOCK NATURAL FLOW TO GROUNDWATER
DRAINAGE DITCHES FLOW TO OCEAN OR SOUND
GROUNDWATER

Preventative maintenance typically costs \$300-\$500. Full system replacement can cost thousands.

How the Town can help:

- FREE On-Site Septic Inspection
- \$250 Water Bill Credit with pump-out
- Low-Interest Loans for repairs
- Staff assistance locating and evaluating your system

Inspections are focused solely on your septic system and are educational and preventative in nature.

TOWN OF NAGS HEAD
Todd D. Krafft
Septic Health Initiative

To take advantage of this voluntary program, contact Conner Twiddy at 252-449-6047 or conner.twiddy@nagsheadnc.gov. You can also visit the Town's website at nagsheadnc.gov or scan the code at right to learn more.

OLD BUSINESS/ITEMS TABLED FROM PREVIOUS MEETINGS

Actions Necessary to Approve Financing of the 2026 Beach Nourishment Project

- Consideration of Interlocal Agreement with Dare County to Provide Funding for the Project
- Consideration of Special Obligation Bond Issuance Resolution
- Consideration of Beach Nourishment Capital Project Ordinance Amendment #19
- Consideration of Budget Amendment #11.4

Deputy Town Manager/Finance Officer Amy Miller introduced this item. The summary sheet read in part as follows: "These items are necessary to provide to the Local Government Commission as part of their approval for the 2026 beach nourishment special obligation bonds. They will be approving this financing on May 5, and we will be closing May 12. We will be financing \$13,000,000 and the Webster Public Finance Corporation has agreed to purchase the bonds at an interest rate of 3.657%. Attached as the last item is the 2026 Special Obligation Bond financing document sent to the LGC for your information.

"The interlocal agreement with Dare County solidifies the cash amount Dare County will be providing towards this project. The Special Obligation Bond Issuance resolution is required as part of the financing package approval. It was prepared by the Town's bond attorney, and was agreed upon by Hornthal, Riley, Ellis, and Maland as well as Webster Public Finance Corporation. The financing has been bid and the Webster Public Finance Corporation was selected due to providing the least cost financing option. The capital project ordinance and budget amendment are necessary to establish the final project budget and transfer the Town's cash contribution from the Capital Reserve Fund to the Capital Project Fund. Staff recommends approval of these items to proceed with the project."

MOTION: Comr. Vaughan moved to approve the Interlocal Agreement with Dare County to provide funding for the 2026 Beach Nourishment Project as presented. The motion was seconded by Comr. Sanders, which passed unanimously.

The Interlocal Agreement with Dare County is on file in the town clerk's office.

MOTION: Mayor Pro Tem Lambert moved to approve the Special Obligation Bond Issuance Resolution as presented. The motion was seconded by Comr. Harrison, which passed unanimously.

The resolution, as adopted, read in part as follows:

"WHEREAS, the Town of Nags Head, North Carolina (the "Town") is authorized by Article 7A of Chapter 159 of the General Statutes of North Carolina (the "Authorizing Statute") to issue its special obligation bonds for beach erosion control and flood and hurricane protection works provided in a municipal service district;

"WHEREAS, the Board of Commissioners of the Town (the "Board") has created a Municipal Service District (the "District"), in accordance with Article 23 of Chapter 160A of the North Carolina General Statutes, in which the Town has determined to provide beach nourishment for the purpose of beach erosion control and flood and hurricane protection works (the "2026 Project");

"WHEREAS, a portion of the costs of the 2026 Project is expected to be paid from other Town funds and from funds to be provided by Dare County, North Carolina (the "County") through its beach nourishment fund program, which program is supported by a dedicated portion of the County's occupancy tax and is used to assist beach nourishment projects within the County;

"WHEREAS, the Board has determined that it is necessary and advisable at this time to issue the Town's Special Obligation Bond, Series 2026 (the "2026 Bond") in an aggregate principal amount not to exceed \$13,000,000 to provide financing for (1) the 2026 Project and (2) the costs of issuing the 2026 Bond;

"WHEREAS, Webster Public Finance Corporation (the "Purchaser"), a subsidiary of Webster Bank, National Association, has agreed to purchase the 2026 Bond as set forth in its Term Sheet dated March 26, 2026 (the "Term Sheet");

"WHEREAS, the Town has applied to the Local Government Commission of North Carolina (the "Commission") for approval of its application relating to the 2026 Bond as required by Section 159-146(k) of the Authorizing Statute and of the issuance and private sale of the 2026 Bond, which approvals are expected to be granted at the Commission's meeting on May 5, 2026 (the "Commission Approval");

"WHEREAS, the Board now desires to provide for the terms, form and issuance of the 2026 Bond in an amount not to exceed \$13,000,000; and

"WHEREAS, the Board has determined that the Town will issue the 2026 Bond on or about May 12, 2026 (the "Closing Date");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF NAGS HEAD, NORTH CAROLINA, AS FOLLOWS:

Section 1. Acceptance of Term Sheet, Issuance of Bond. The Board hereby accepts and approves the Term

Sheet offered by the Purchaser; provided, however, such Term Sheet shall not represent the final terms of the transaction, which shall be only in this Resolution, the 2026 Bond, and any closing documents. The Term Sheet is not incorporated herein. The Town shall issue in accordance with and pursuant to the Authorizing Statute and this Resolution, its 2026 Bond in an aggregate principal amount not to exceed \$13,000,000 for the purpose of providing funds, together with other available funds, to finance (1) the 2026 Project and (2) the costs of issuing the 2026 Bond. The period of usefulness of the capital projects to be financed by the issuance of the 2026 Bond is not less than five years, computed from the date of the issuance of the 2026 Bond. The Town will set forth the final aggregate principal amount of the 2026 Bond in a closing certificate delivered upon the issuance of the 2026 Bond.

Section 2. Form of Bond. The 2026 Bond shall be designated "Town of Nags Head, North Carolina Special Obligation Bond, Series 2026" and shall be issued in fully registered form. The 2026 Bond shall be issued as a single bond, shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. The Finance Director of the Town, or her designee, is appointed to be the registrar of the 2026 Bond (the "Registrar") and is directed to maintain the appropriate registration records with respect thereto.

Section 3. Details of Bond.

(a) The 2026 Bond shall be dated the date of its issuance, shall bear interest at a rate equal to 3.657% per annum, and shall be stated to mature (subject to the right of prior redemption) on June 1, 2031.

(b) The 2026 Bond is not subject to optional redemption on or before April 30, 2027. Beginning on and after May 1, 2027, the 2026 Bond shall be subject to optional redemption prior to its stated maturity at the option of the Town in whole or in part on any date upon giving the Purchaser not less than 30 days' prior written notice thereof. The redemption price of such 2026 Bond shall be equal to 100% of the principal amount of the 2026 Bond, plus interest accrued to the redemption date, plus, if so required, a redemption premium calculated as a percentage of the outstanding principal amount of the 2026 Bond as follows:

REDEMPTION PERIOD (DATES INCLUSIVE)	REDEMPTION PREMIUM
May 1, 2027 through April 30, 2029	1%
May 1, 2029 and thereafter	No premium due

Any partial redemption shall (i) occur no more than once during any consecutive 12-month period, (ii) be in a principal amount of not less than \$300,000, and (iii) be applied in inverse order of principal portions of the 2026 Bond coming due. Upon any optional redemption in part, the Purchaser shall provide the Town with a new amortization schedule which reflects such redemption.

(c) The 2026 Bond is subject to mandatory sinking fund redemption prior to maturity in part on June 1 of each year at the redemption price of 100% of the principal amount thereof, without premium, in the amounts and on dates which shall be set forth in a closing certificate delivered upon the issuance of the 2026 Bond. The Town will pay the mandatory sinking fund redemption amounts to the Purchaser without prior notice of redemption.

(d) Interest on the outstanding principal amount of the 2026 Bond shall be payable on each June 1 and December 1, beginning December 1, 2026 (each, an "Interest Payment Date") until all principal has been paid in full. Interest on the 2026 Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of, premium, if any, and interest on the 2026 Bond shall be payable to the registered owner appearing on the registration records of the Registrar by wire transfer or by check, mailed to such registered owner at its address as it appears on such registration books and shall be received by the registered owner on the date such payment is due.

(e) The Town may modify the provisions of this Section 3 pursuant to a closing certificate delivered in connection with the issuance of the 2026 Bond with the consent of the Purchaser.

Section 4. Security for the Bond. The 2026 Bond shall be a special obligation of the Town and the principal of, redemption premium, if any, and interest on the 2026 Bond shall be payable solely from the following sources:

(a) that portion of the 3% Room Occupancy Tax authorized by House Bill 532, 1985 Session, General Assembly of North Carolina (Session Law 1985 449), effective June 24, 1985, levied by the County and distributed to the Town; and

(b) one or more additional sources of funds identified by the Board in future proceedings of the Board, so long as (i) the pledge of such sources does not constitute a pledge of the taxing power of the Town and (ii) the pledge of such sources is first approved by the Commission as set forth in the Authorizing Statute.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN ARE PLEDGED FOR THE PAYMENT

OF THE PRINCIPAL OF, INTEREST, OR ANY PREMIUM ON, THE 2026 BOND, AND NO OWNER OF THE 2026 BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON.

Section 5. Application of the Bond Proceeds; Creation of Funds. On or before the date of the initial issuance of the 2026 Bond, the Town will create an account with a financial institution of the Town's choosing known as the "Nags Head Beach Nourishment 2026 Project Fund" (the "Project Fund"). On the Closing Date, the Purchaser shall deposit the proceeds of the 2026 Bond into the Project Fund. The money in the Project Fund will be invested, with the approval of the Town, in investments authorized by Section 159-30 of the General Statutes of North Carolina. Amounts in the Project Fund shall be applied solely to pay for the costs of the 2026 Project and the costs of issuing the 2026 Bond. The Town shall consult with its bond counsel regarding the disposition of any money remaining in the Project Fund after the completion of the 2026 Project, and, if so permitted by the Internal Revenue Code of 1986, as amended (the "Code"), such amount shall be used for any lawful purpose.

Section 6. Execution of the Bond. The 2026 Bond, issued as a single bond, shall be executed in the name of the Town by manual or facsimile signatures of the Town's Mayor or the Town Manager and the Town Clerk, and the Certificate of Approval of the Commission shall bear a facsimile or manual signature of the Secretary or Deputy Secretary of the Commission or their designated assistant.

Section 7. Private Sale of Bond. The Board requests that the Commission sell the 2026 Bond at private sale without advertisement to the Purchaser in the form of a single registered bond containing such provisions as set forth above.

Section 8. Authorization for Delivery of Bond. The Mayor, the Town Manager, the Finance Director, and the Town Clerk (individually or collectively, the "Authorized Officers") are authorized and directed to cause the 2026 Bond to be prepared and, when it shall have been duly sold by the Commission, to execute the 2026 Bond and deliver the same to the Purchaser.

Section 9. Arbitrage and Tax Covenants. The Town covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipient thereof for federal income tax purposes of interest on the 2026 Bond and, if it should take or permit, or omit to take or cause to be taken, any such action, the Town will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The Town acknowledges that the continued exclusion of the 2026 Bond from the owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code.

The Town covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2026 Bond or other funds under its control to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2026 Bond to be "arbitrage bonds" for purposes of Section 148 of the Code. The Town covenants that it will comply with the investment instructions in the Tax Certificate executed and delivered with respect to the 2026 Bond.

Section 10. Authorization for Other Acts. The Authorized Officers are further authorized and directed to take such action and to execute and deliver any such documents, deeds, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by this Resolution. Such officers are hereby directed to take all actions necessary to effectuate the transaction set forth above, including taking any such actions or making any such changes as may be required by the Commission Approval, and for the on-going administration of this Resolution and the 2026 Bond.

Section 11. Transfer Restrictions. Notwithstanding any other provisions of this Resolution to the contrary, the 2026 Bond will be non-transferable, except to an affiliate of the Purchaser, a bank, insurance company or other financial institution or any other entity approved by the Commission. The Town will have no obligation to pay any amounts due on the 2026 Bond to anyone other than the Purchaser of the 2026 Bond as shown on the registration books kept by the Registrar. Nothing herein shall limit the right of the Purchaser to sell participation interests in the 2026 Bond to one or more entities listed in this Section.

Any reference to the Purchaser in this Resolution will include its successors or assigns made in accordance herewith.

The provisions of this paragraph may not be amended without the prior written consent of the Commission.

Section 12. Reporting Requirements for the Town. The Town will furnish to the Purchaser of the 2026 Bond current audited financial statements in reasonable detail, with supporting schedules (the "Audit"), as soon as practicable after the Town's acceptance thereof and in any case within 270 days after the end of each Fiscal Year, which may be in electronic .PDF format. In the event that the Audit is not available within 270 days of the

end of a Fiscal Year, the Town will furnish unaudited financial statements to the Purchaser of the 2026 Bond in the manner described in this paragraph within such period, and will then supply the Audit immediately upon the availability thereof. Upon request, the Town will furnish to the Purchaser of the 2026 Bond such other additional information, reports or schedules (financial or otherwise) as the Purchaser of the 2026 Bond may reasonably request. The electronic audited financial statements, and other financial information may be sent to the Purchaser at the following email address (or such other email address as the Purchaser supplies to the Town in writing): PublicFinance@WebsterBank.com.

Notwithstanding the foregoing, the Town may satisfy the reporting requirement of this Section 12 by filing the Audit on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system website, or its successor ("EMMA").

Section 13. Governing Law. This Resolution and the 2026 Bond are governed by and to be construed in accordance with the laws of the State of North Carolina without regard to conflict of law principles.

Section 14. Repealer. All orders and resolutions and parts of orders and resolutions in conflict with this Resolution, if any, shall be and the same are hereby repealed to the extent the conflict exists.

Section 15. Effectiveness of Resolution. This resolution shall be effective immediately upon its adoption by the Board."

EXHIBIT A
FORM OF 2026 BOND
THIS BOND IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS DESCRIBED HEREIN.
No. R-1 \$13,000,000
UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA
TOWN OF NAGS HEAD, NORTH CAROLINA
SPECIAL OBLIGATION BOND,
SERIES 2026

INTEREST RATE	MATURITY DATE	DATED DATE
3.657%	June 1, 2031	May 12, 2026

REGISTERED OWNER: WEBSTER PUBLIC FINANCE CORPORATION

PRINCIPAL SUM: THIRTEEN MILLION AND NO/100 DOLLARS

"THE TOWN OF NAGS HEAD, NORTH CAROLINA (the "Town") acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner named above, on the Maturity Date specified above, on surrender hereof, the Principal Sum shown above and to pay to the Registered Owner hereof interest thereon from the date of this Bond until it shall mature at the Interest Rate per annum specified above, such interest to be payable on each June 1 and December 1, beginning December 1, 2026, until the Maturity Date or earlier date on which all principal is paid. Interest on this Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and interest on this Bond are payable in immediately available funds to the Registered Owner. All capitalized terms used in this Bond and not otherwise defined herein have the meanings assigned to them in the issuance resolution adopted by the Board of Commissioners of the Town (the "Board") on May 6, 2026 and effective on the date of its adoption related to this Bond (the "Issuance Resolution").

'This Bond is issued in accordance with the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, and pursuant to Article 7A of Chapter 159 of the General Statutes of North Carolina and the Issuance Resolution. This Bond is being issued to finance the provision of beach nourishment for the purpose of beach erosion control and flood and hurricane protection works and to pay issuance costs relating to this Bond.

'This Bond is not subject to optional redemption on or before April 30, 2027. Beginning on and after May 1, 2027, this Bond shall be subject to optional redemption prior to its stated maturity at the option of the Town in whole or in part on any date upon giving the Registered Owner not less than 30 days' prior written notice thereof. The redemption price of this Bond shall be equal to 100% of the principal amount of this Bond, plus interest accrued to the redemption date, plus, if so required, a redemption premium calculated as a percentage of the outstanding principal amount of this Bond as follows:

REDEMPTION PERIOD (DATES INCLUSIVE)	REDEMPTION PREMIUM
May 1, 2027 through April 30, 2029	1%
May 1, 2029 and thereafter	No premium due

'Any partial redemption shall (i) occur no more than once during any consecutive 12-month period, (ii) be in a principal amount of not less than \$300,000, and (iii) be applied in inverse order of principal portions of this Bond coming due. Upon any optional redemption in part, the Registered Owner shall provide the Town with a new amortization schedule which reflects such redemption.

'This Bond is subject to mandatory sinking fund redemption prior to maturity in part at the redemption price of 100% of the principal amount thereof, without premium, in amounts and on the dates as follows:

REDEMPTION DATE (JUNE 1)	PRINCIPAL AMOUNT
2027	\$2,600,000
2028	2,600,000
2029	2,600,000
2030	2,600,000
2031*	2,600,000

* Maturity.

'The Town will pay the mandatory sinking fund redemption amounts as set forth above to the Registered Owner without prior redemption notification.

'This Bond shall be a special obligation of the Town and the principal of, and interest and premium on, such Bond shall be secured solely by the sources set forth in the Issuance Resolution (such sources being defined herein as the "Pledged Sources"), which are as follows:

- (a) that portion of the 3% Room Occupancy Tax authorized by House Bill 532, 1985 Session, General Assembly of North Carolina (Session Law 1985 449), effective June 24, 1985, distributed by the County of Dare, North Carolina to the Town; and
- (b) one or more additional sources of funds identified by the Board of Commissioners of the Town (the "Board") in future proceedings of the Board, so long as (i) the pledge of such sources does not constitute a pledge of the taxing power of the Town and (ii) the pledge of such sources is first approved by the Local Government Commission of North Carolina as set forth in Article 7A of Chapter 159 of the General Statutes of North Carolina.

'The uses of the Pledged Sources do not constitute a pledge of the Town's taxing power and the Town is not obligated to pay the principal of, or interest or any premium on, this Bond except from the sources set forth in the Issuance Resolution and above.

'NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE TOWN ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST OR ANY PREMIUM ON, THIS BOND, AND NO OWNER OF THIS BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE TOWN IN CONNECTION WITH ANY DEFAULT THEREON.

'It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of North Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened.

'This Bond is not valid or obligatory for any purpose until the certification hereon has been signed by an authorized representative of the Local Government Commission of North Carolina.

'This Bond shall not be transferred to any person other than a bank, insurance company or similar financial institution unless such transfer is permitted pursuant to the Issuance Resolution.

'IN WITNESS WHEREOF, the Town has caused this Bond to bear the signatures of the Town Manager and the Town Clerk of the Town, each acting on behalf of the Town and this Bond to be dated as of the Dated Date above."

MOTION: Comr. Sanders moved to adopt the Beach Nourishment Capital Project Ordinance Amendment #19 as presented. The motion was seconded by Comr. Vaughan, which passed unanimously.

The Beach Nourishment Maintenance Capital Project Ordinance Amendment #19, as adopted, is attached to and made a part of these minutes as shown in Addendum "D".

MOTION: Mayor Pro Tem Lambert moved to approve Budget Amendment #11.4 as presented. The motion was seconded by Comr. Harrison, which passed unanimously.

Budget Amendment #11.4, as approved, is attached to and made a part of these minutes as shown in Addendum "E".

NEW BUSINESS

Committee Reports

Comr. Vaughan –reported on the April 16th meeting of the Dare County Tourism Board. They welcomed new member Dillon Heikens, the newly elected Kill Devil Hills commissioner, which increases municipal representation on the board. Their draft FY 2026–2027 budget was reviewed, and a public hearing on the budget is scheduled for May 21, 2026. She also noted the recent ribbon cutting ceremony for the Soundside Event Site boardwalk, describing the event as well attended and the facility as a valuable addition to Nags Head.

Comr. Sanders – stated he had no additional updates beyond what Director Wyatt reported regarding the Estuarine Shoreline Committee.

Mayor Pro Tem Lambert – acknowledged Planning Director Wyatt's report on the Septic Health Committee and complimented the work staff is doing.

Comr. Harrison – reported that the GEACC will not meet again until June. In the meantime, members are continuing work on developing videos and sharing ways to represent their respective towns through local television programming.

Mayor Cahoon – reported that Jennette's Pier has finished its renovation project.

Discussion of Dare Housing Foundation Appointment

The summary sheet for this item read in part as follows:

"At the May 6, 2026 Board of Commissioners meeting, board members will discuss appointing an elected official to replace Manager Garman on the Dare Housing Foundation."

The board discussed the recent formation of the Dare Housing Foundation and its ongoing efforts to support affordable housing initiatives in Dare County. Board members noted that it would be appropriate for an elected member of the board to replace Manager Garman as the Town's representative.

MOTION: Mayor Pro Tem Lambert moved to appoint Comr. Sanders to the Dare Housing Foundation. The motion was seconded by Comr. Vaughan.

Comr. Sanders confirmed his willingness to serve.

MOTION CONT.: The motion passed unanimously.

Consideration of Water Operations/Distribution Floater Position

Public Services Director Nancy Carawan introduced this item. The summary sheet read in part as follows:

"Under the current organizational structure, Water Operations is staffed with one Superintendent and three Plant Operators, and Water Distribution consists of one Superintendent, one Crew Lead, and three Technicians. Water Distribution staffing was reduced by one Technician position in 2011. Additionally, a long-tenured Plant Operator has retired effective May 1, 2026.

'Staff recommends creating a hybrid "floater" position to support both Water Operations and Water Distribution, rather than filling the vacant Water Plant Operator role. This position would provide leadership with greater flexibility to allocate resources between divisions based on operational needs. While this approach results in a reduction of staff at the Water Plant, Water Operations can leverage existing SCADA infrastructure to safely manage off-hours tank monitoring.

'This change enhances support for Water Distribution by increasing capacity for preventative maintenance and repairs, without increasing headcount. Overall, this change improves operational flexibility while managing our water system responsibly.

'The position would have a matrix reporting relationship to both the Water Distribution Superintendent and the Water Operations Superintendent.

'Staff recommends approving this revision to the pay plan and organizational chart in order to backfill a recently vacated Water Plant Operator role with a new floater position supporting both Water Operations and Water Distribution Divisions."

Mayor Cahoon confirmed for the record that water safety, distribution, and availability would not be negatively impacted by this change. Director Carawan responded, stating that the current system already operates from midnight to 8:00 a.m. without being manned and emphasized that there are personnel and monitoring systems in place to handle any issues during unmanned hours, ensuring continued water safety and service reliability.

MOTION: Comr. Sanders moved to approve the proposed organization chart change. The motion was seconded by Comr. Vaughan, which passed unanimously.

MOTION: Comr. Harrison moved to approve revising the pay plan to reflect the Water Distribution Technician Operator position. The motion was seconded by Mayor Pro Tem Lambert, which passed unanimously.

Consideration of Appointments/Reappointments to Board/Committee

- Planning Board
- Personnel Grievance Panel

The agenda summary sheet read in part as follows:

"At the May 6, 2026 Board of Commissioners meeting, request Board consideration of the following appointments/reappointments:

'Planning Board:

- David Elder's term expires June 7, 2026. He is interested in being reappointed.

'Personnel Grievance Panel:

- Jean Flanigan's term expires June 7, 2026. She is interested in being reappointed.

'Attached please find the current Rosters and Candidate Charts."

MOTION: Comr. Harrison moved to reappoint David Elder to the Planning Board. The motion was seconded by Comr. Vaughan, which passed unanimously.

MOTION: Mayor Pro Tem Lambert moved to reappoint Jean Flanigan to the Personnel Grievance Panel. The motion was seconded by Comr. Sanders, which passed unanimously.

ITEMS REFERRED TO AND PRESENTATIONS FROM TOWN ATTORNEY

Attorney Leidy provided an update on the litigation brought by Cherry, Inc. against the town related to the 2023 removal of an oceanfront cottage. The lawsuit was dismissed last summer and is now under appeal before the North Carolina Court of Appeals, with briefing currently underway and a decision expected sometime between this fall and next spring.

ITEMS REFERRED TO AND PRESENTATIONS FROM TOWN MANAGER

Presentation of Town Manager's Recommended Budget for July 1, 2026 – June 30, 2027, the Proposed Capital Improvement Program Requests for FY 26/27 through FY 30/31, and Updated Consolidated Fee Schedule

Town Manager Garman introduced the FY 2026/27 recommended budget, noting it has been published on the Town's website. He mentioned that the six-month budget process begins in November, and that the priorities created during February's strategic planning retreat were considered in the budget. The board and staff were thanked for their diligent work. A budget workshop is scheduled for May 20th, with a public hearing set for June 3rd. He emphasized that the budget reflects the ongoing commitment to responsible stewardship of Nags Head's strategic planning goals, aiming to protect the natural environment, achieve responsible adaptive development, promote a sustainable economy, and maintain efficient, high-quality government. This comprehensive approach balances fiscal management with investments in infrastructure, public safety, environmental stewardship, and the town's personnel.

Some highlights of the recommended budget are as follows, including project grants received and ongoing grant application efforts:

- **Multi-Use Path:** Design is underway for a path linking Carolista Drive to West Soundside Road, funded in part by a \$100,000 state trails grant and a \$750,000 Outer Banks Visitors Bureau grant. The estimated project cost is approximately \$1,600,000.
- **Beach Nourishment:** The 2026 project, approximately 2,500,000 cubic yards of sand along 10 miles of shoreline, at a cost of approximately \$38,000,000, is a major initiative for the year. This budget includes the first debt service payment of five.
- **Beach Accesses:** Two beach walkovers, located at Albatross Street and Glidden Street, are slated for replacement. Grant funding is being pursued for the Glidden Street project. A \$50,000 design allocation is included for the Hargrove Bathhouse replacement, anticipated in FY 2027/28 and funded in part by a \$400,000 grant already received.
- **Streets and Stormwater:** Year 7 of Nags Head's 20-year Streets/Stormwater Plan includes resurfacing multiple east-west streets and installing a new drainage collection system in Project Area 4, around Wrightsville Avenue and Dowdy Park, funded by a \$2,360,000 state grant.
- **Equipment:** Replacement of the stormwater culvert cleaner, police drone, three police vehicles, and the Knox key management system. A new forcible entry training prop for fire. A \$66,000 vacuum trailer is

proposed to support water main repairs and stormwater operations.

- **Water and Septic:** A 5-percent water rate increase is recommended. Water main extensions are planned between Finch and Forbes Streets and Dune St to E. Soundside Rd. A 10-percent increase in funding for the water credits for tank pumping is recommended. A \$10,000 marketing campaign for the septic health program and implementation of NCDWI funded 0% interest loan for septic repair/replacement is included.
- **Facilities:** A \$50,000 for schematic design of a new fire station (Phase 2 of Town Hall Campus Master Plan) and funding to update the Parks and Recreation Master Plan.
- **Personnel:** The implementation of the Classification and Compensation Study. A 3-percent cost-of-living adjustment based on CPI. Continuation of employee within-grade increases, career progression programs, performance-based merit structure, and 401K contributions at 5% with no match requirement. Health insurance premiums continue to be covered at 100 percent for employees and 80 percent for families, with an 8-percent renewal increase budgeted. Mental Health counseling services will be added for staff. A new heavy equipment operator position for facilities maintenance, a part-time year-round event planning position, and reconfiguration of existing roles to create a Human Resources Assistant.
- **Tax Rate:** No tax rate increase is proposed for FY 2026/27.

The board received hard copies of the Town Manager's Recommended Budget.

Deputy Town Manager/Finance Officer Amy Miller presented the board with information on revenue, tax rates, and forecasting. She noted the town is submitting this budget to the Government Finance Officers Association (GFOA) for its distinguished budget award program. According to the GFOA's website, the Town of Nags Head is among approximately 1,900 budgets submitted, underscoring the focus on transparency and best practices.

Miller highlighted several cost pressures affecting the budget. Key among these was a \$180,000 increase in health insurance premiums, marking an 8 percent uptick. Such a rise in health insurance costs was viewed positively by the town's broker, considering the potential for double-digit increases. Another significant pressure stemmed from continuing growth in contributions to the Local Government Employees Retirement System, with the town's required contribution now totaling approximately \$1,800,000. This contribution rate is set by the state treasurer's office and is consistent with rates applied across North Carolina.

She noted the flat nature of shared revenues, including sales tax, occupancy tax, and land transfer tax. These revenue streams are projected cautiously due to recent underperformance relative to economic predictions. She explained that the town must rely on several one-time revenue sources, such as fund balance appropriations and the drawdown of Powell Bill fund balance, to achieve a balanced budget. This reliance indicates a structural gap between recurring revenues and recurring expenditures, which signals a potential need to adjust fiscal strategies. Because of that, there is a proposed 2-cent tax increase in the plan year, FY2027/28, which the board will consider next year.

Expanding on external fiscal pressures, Miller referenced similar challenges faced by neighboring municipalities. Dare County and Southern Shores, for instance, are indicating likely tax increases in FY 2027/28. Presently, Kitty Hawk has proposed a 1.5-percent tax increase, and the Town of Manteo suggested a 3-cent increase in the current budget cycle. If these jurisdictions raise their tax levies while Nags Head does not, the town's share of distributed shared revenues would decrease, impacting the available resources for municipal services and initiatives.

The FY 2026/27 general fund budget totals \$35,000,691.30, a rise from approximately \$32,000,000 the prior year. A significant factor contributing to this increase is \$3,100,000 in debt service allocated for the beach nourishment project, essential for protecting and maintaining the town's shoreline.

Miller provided supplementary insights regarding future capital improvements. She indicated several major projects on the horizon, notably engineering costs for asbestos cement pipe replacements in FY 2027/28, as well as water station improvements for Gull Street and Eighth Street. Although the engineering for these projects are not included in the current CIP due to uncertainties in cost estimation, they represent significant future fiscal considerations.

Town Manager Garman concluded the fiscal discussion by emphasizing the need to revisit the Capital Improvement Plan (CIP). He noted that rising costs associated with implementing the stormwater master plan, water system master plan, and 20-year streets plan will place additional pressure on the town's budget. As a result, Garman indicated that more frequent mid-year budget planning sessions may be needed to address evolving fiscal needs and priorities. This approach is intended to help maintain the town's financial stability while supporting infrastructure and community service needs.

Mayor Cahoon added that there are some financial pressures coming down the pike. He agreed with the manager's approach to taking a mid-year look at the budget as being prudent. While the local tourism economy seems robust, inflation, and the reluctance of higher government tiers to implement necessary taxation and share revenues with

municipalities, are increasing the financial burden on towns.

2026 Beach Nourishment Project Update

The summary sheet for this item read in part as follows:

"At the May 6, 2026 Board of Commissioners meeting, Town Engineer Ryan will provide an update on the 2026 Beach Nourishment Project."

Town Engineer Ryan reported that pre-construction activity is well underway, with a subline already landed at Camelot Street in South Nags Head and a second subline landing anticipated south of Nags Head Pier by the end of the week. Equipment has been delivered to Conch St, NPS Ramp 1, and additional equipment mobilization is expected at Juncos Street the following week. A pre-construction survey has been completed and is being reviewed by coastal engineers to refine the design, including placement recommendations for the add-alternates, which included the additional 200,000 cubic yards of sand.

The hydraulic (cutter) dredge is anticipated on station approximately May 20th to begin pumping operations in South Nags Head. A hopper dredge is expected on station approximately May 23rd to begin work in the north end of town. During pumping, sand fencing and sprigging will be installed concurrently. Anticipated project completion is mid-July 2026.

Operations will proceed 24/7. Active work area closures will range from 1,500 to 2,000 feet during daytime hours and 1,000 feet during nighttime hours. Sand ramps will be placed at 500-foot intervals and at public beach accesses. Beach fill operations in any one area are expected to last approximately 2 to 4 days, with the north end of town seeing shorter fill periods (1–2 days) and the larger-volume south end seeing longer periods (3–4 days).

Engineer Ryan described the sequencing in detail, noting that sequencing was modified from the contractor's original plan at the town's request, in order to minimize disruption to the Fourth of July holiday period. In the south end of town, the initial pipeline landing point for the cutter dredge will be located at Camelot Street. Beach fill operations will first proceed northward toward Juncos Street, which will serve as one of the project staging areas. Upon completion of that section, operations will reverse direction and proceed southward from the landing point area. Additional staging will occur near NPS Ramp 1. In the north end of town, the primary staging area will be located at the Conch Street beach access. The landing point will be situated between Curlew Street and Nags Head Pier. From that location, beach fill operations will proceed northward toward Bonnett Street before reversing direction and proceeding southward.

Following completion of the initial sections, the hopper dredge will relocate to a landing point in the 4200 block of South Virginia Dare Trail, near St. Andrew's Church. From that location, beach fill operations will proceed northward and then southward toward Enterprise Street, which will serve as an additional staging area.

The final hopper dredge landing point will be located south of the Epstein Street bathhouse. Operations there will follow the same sequencing pattern, proceeding northward first and then southward. While the hopper dredge conducts operations in the northern sections, the cutter dredge will continue work in the southern areas. They will relocate to a subsequent landing point near the Hargrove Street beach access. Operations from that location will also proceed northward and southward. The beach fill areas associated with the hopper dredge and cutter dredge operations are anticipated to merge near Glidden Street.

Mayor Pro Tem Lambert asked about the determination of alternate sand placement. Engineer Ryan explained that once the pre-construction survey is analyzed, the engineers will identify any areas within the design template that do not meet the required level of protection. If all areas meet protection levels, the town will then determine the best location for recreational beach width enhancement.

The presentation is attached to and made part of these minutes as Addendum "F".

MAYOR'S AGENDA

Mayor Cahoon introduced Josselyn Brown, who will be shadowing him this summer through an informal internship focused on public policy and town government operations. She will attend meetings, study town documents, and work with staff to gain a broader understanding of local government.

He then reported that he, the town manager, and other board members will travel to Raleigh next week for meetings with state legislators, scheduled by the town's lobbyist, to discuss key legislative priorities. He outlined several key issues of concern for the town, including proposed downzoning legislation that has impacted ongoing planning efforts, continued legislative attempts to limit local authority (such as parking standards), and a proposed change to eliminate the prohibition on hardened structures on the beach. He also noted concerns regarding state funding requests, including support for waterline projects, and broader budget challenges related to state fiscal policy. Mayor Cahoon emphasized that the town will continue advocating for its priorities while remaining fiscally prudent and focused on the best interests of the community.

Mayor Cahoon reported on attendance at the North Carolina Beaches, Inlets and Waterways Association (NCBIWA) meeting held in Emerald Isle, where sustainable beach nourishment was a key topic of discussion and Dare County projects were prominently featured. He noted that sustainable beach nourishment depends on several factors,

including sand availability, contractor capacity, and most significantly, funding, which continues to become more expensive and increasingly critical to the economic stability of coastal communities. He further reported that federal and state participation in funding such projects appears limited, placing a greater long-term financial responsibility on local governments. The mayor noted that the Town of Nags Head has positioned itself to address these challenges through the establishment of municipal service districts to broaden its funding base but emphasized that future beach nourishment needs are expected to rely more heavily on local resources.

Mayor Cahoon reported on his attendance at the Coastal Leadership Institute, where the focus was on sustainable shorelines, including presentations from scientists and agency representatives, field observations via boat tour, and follow-up discussions on coastal infrastructure, costs, and long-term implications. He noted that the experience provided valuable context for Nags Head’s own upcoming shoreline projects. He also reported that, following recent board discussions on improving public communication, he had spoken with staff about potential outreach opportunities, such as hosting informal public engagement events during shoreline project activity. These could include inviting residents and school groups to observe project work, hear from engineers, and learn about the value and purpose of shoreline protection efforts, with the goal of strengthening public understanding and highlighting the town’s leadership in sustainable coastal management.

CLOSED SESSIONS

Mayor Cahoon – Request for Closed Session to Consider Applications for the Nags Head Lightkeeper and Nags Header Awards Pursuant to GS 143-318.11(a)(2)

MOTION: Mayor Cahoon moved to enter Closed Session to consider applications for the Nags Head Lightkeeper and Nags Header Awards pursuant to GS 143-318.11(a)(2). The motion was seconded by Comr. Sanders, which passed unanimously. The time was 12:17 p.m.

OPEN SESSION

The Board re-entered Open Session at 12:26 p.m. Attorney Leidy reported that the board had discussed and taken action regarding the Lightkeeper and Nags Header Awards, but no actions needed to be disclosed at this time.

ADJOURNMENT/RECESS TO MID-MONTH FOLLOWED BY FY 26/27 BUDGET WORKSHOP

MOTION: Comr. Sanders moved to recess to the mid-month Meeting followed by the FY 26/27 Budget Workshop on Wednesday, May 20, 2026 at 9:00 a.m. The motion was seconded by Comr. Vaughan, which passed unanimously. The time was 12:27 p.m.

Brittany A. Phillips, Town Clerk

Date Approved: June 3, 2026

Mayor: _____
Benjamin Cahoon