

November 19, 2025

MINUTES

**STATE OF NORTH CAROLINA
COUNTY OF HENDERSON**

**BOARD OF COMMISSIONERS
WEDNESDAY, NOVEMBER 19, 2025**

The Henderson County Board of Commissioners met for a regularly scheduled meeting at 9:30 a.m. in the Commissioners' Meeting Room of the Historic Courthouse on Main Street, Hendersonville.

Present were: Chairman William Lapsley, Vice-Chair J. Michael Edney, Commissioner Sheila Franklin, Commissioner Jay Egolf, County Manager John Mitchell, Assistant County Manager Chris Todd, Public Safety Director Jimmy Brissie, Financial Services Director Samantha Reynolds, County Attorney Russ Burrell, and Clerk to the Board Denisa Lauffer.

Absent was Commissioner Rebecca McCall

Also present were: Budget Manager/Internal Auditor Sonya Flynn, Chief Communications Officer Mike Morgan, Sheriff Lowell Griffin, Recovery Director Natalia Santana-Pollard, Planning Director Autumn Radcliff, Planner Austin Parks, Code A/V Technician Oscar Guerrero, DSS Director Lorie Horne, Parks and Recreation Director Bruce Gilliam, Grants Administrator Emily Kanipe, Director of Human Resources Karen Ensley, Behavioral Health Director Jodi Grabowski, Director of Facility Services Andrew Griffin, Soil and Water Conservation Director/Conservationist Director Jonathon Wallin, Capital Projects Manager Bryan Rhodes, Social Media Coordinator Tiffany Lucey, Finance Director Randal Cox, and NC Lead Fellow Abby Buxton. Deputy Chris Stepp provided security.

CALL TO ORDER/WELCOME

Commissioner Lapsley called the meeting to order and welcomed all in attendance.

INVOCATION

John Mitchell provided the invocation.

PLEDGE OF ALLEGIANCE

Chairman Lapsley led the Pledge of Allegiance to the American Flag.

PUBLIC COMMENT *(Comments are the views and opinions of the speaker)*

- Steve and Carey Hayo spoke about losing their home during Hurricane Helene and expressed frustration with the lack of response from FEMA. They requested clearer communication on the County's current status and progress in recovery efforts.
- Brett Warner informed the Board that the two EV chargers at the Historic Courthouse are currently blocked by construction portables. He noted that the \$111,000 project took several years to complete, the chargers were only operational for two weeks, and placing the construction trailers about 16 feet to the right would have kept them accessible. He requested that the chargers remain available throughout the construction period.

Approved: January 5, 2026

DISCUSSION/ADJUSTMENT OF AGENDA

Chairman Lapsley made a motion to approve the agenda as presented. All voted in favor, and the motion carried.

Vice-Chair Edney made a motion to adopt the consent agenda. All voted in favor, and the motion carried.

CONSENT AGENDA

Approval of Minutes

Draft minutes were presented for Board review and approval for the following meeting:

November 3, 2025

Motion: I move the Board approve the minutes from November 3, 2025.

Tax Collector's Report

The following report from the office of the Tax Collector was provided for the Board's information.

Please find outlined below collections information through November 5, 2025 for 2025 real and personal property bills mailed on July 31, 2025. Vehicles taxes are billed monthly by NC DMV.

Henderson County Annual Bills (Real and Personal Property):

2025 Beginning Charge:	\$103,835,355.51	
Discoveries & Imm.	\$204,717.83	
Releases & Refunds:	(\$89,663.07)	
Net Charge:	\$103,950,410.27	
Unpaid Taxes:	\$74,231,483.95	
Amount Collected:	\$29,718,926.32	
		Unpaid 71.41%
		Paid 28.59%



Henderson County Registered Motor Vehicles (As Collected by NC DMV):

Net Charge:	\$2,838,085.01	
Unpaid Taxes:	\$10,681.56	99.62%
Amount Collected:	\$2,827,403.45	

Henderson County FY25 Budget Analysis:

	Budget Ordinance	Revenue Collected
Ad Valorem:	\$106,227,288.00	\$32,546,329.77
Prior Years:	\$1,030,500.00	\$331,756.91
Budget Total:	\$107,257,788.00	YTD Revenue: \$32,878,086.68



Vendor Proposal Approval

The Board was requested to approve Palmetto State Roofing and Sheet Metal's proposal and authorize staff to proceed with the procurement and installation of the Henderson County Public Schools (HCPS) MRTS Various Roofing Projects, inclusive of projects at East Henderson High School and Flat Rock Middle School, per the approved HCPS MRTS FY2026 Projects Listing.

The proposal received from Palmetto State Roofing and Sheet Metal is for a total price of \$402,200 (including the base bid and alternate #1), versus the budget of \$500,000 for HCPS MRTS FY2026 Various Roofing Projects.

Approved: January 5, 2026

Motion: I move the Board award the contract, for the purchase and installation of the HCPS MRTS Various Roofing Projects FY2026, to Palmetto State Roofing and Sheet Metal, for \$402,200.

2025.193 Reimbursement Resolution – Clear Creek and Etowah Sewer Systems

The Board was presented with a proposed reimbursement resolution for consideration. The purpose of a reimbursement resolution is to allow construction project and planning costs incurred prior to the closing of the financing to be reimbursed from the financing proceeds.

NOTE: The “not to exceed” figures in the resolution is ***not*** intended to accurately state the project costs, but rather to act as a safe harbor number for the purpose of these resolutions only.

*Motion: I move that the Board approve the reimbursement resolution *attached to this agenda item for the Clear Creek Sewer System.*

*Copy attached to these minutes.

Public Health Records Destruction Request

Staff requested approval from the Board of Commissioners to destroy original records listed on the Public Disposal Requests and Destruction Logs that were provided – 29 total pages included in accordance with the North Carolina Department of Natural and Cultural Resources Local Health Department Records Retention and Disposition Schedule as the period of these records have expired.

The Board of Health approved the destruction of these records at their August 18, 2025 meeting.

Motion: I move the Board approve the destruction of public health records as presented.

2025.194 Vendor Contract Approval and Budget Amendment – HCPS MRTS

The Board was requested to approve the proposal from LS3P of \$676,500 for architectural design services for the new Henderson County Public Schools Bus Garage.

The Board was also requested to appropriate \$676,500 in unallocated fund balance from the HCPS MRTS fund to fund the architectural design services.

Motion: I move the Board approve the proposal from LS3P and the associated budget amendment.

2025.195 US DOJ Asset Forfeiture Fund Expenditure

The Sheriff's Office requested that the Board approve an appropriation from the Sheriff's Office Restricted US DOJ funds (114431-451005-9066) in the amount of \$104,027 to purchase the list of equipment provided to enhance the operations of the Sheriff's Office.

Motion: I move the Board approve the budget amendment to allow appropriation from Restricted US DOJ funds.

2025.196 Hendersonville Board of Realtors Lease

Henderson County has approached the Hendersonville Board of Realtors to lease parking spaces located at their office. This parking will serve as additional parking to support the Courthouse and

Approved: January 5, 2026

Detention Center Renovation projects.

Motion: I move the Board approve the lease between Henderson County and Hendersonville Board of Realtors and authorize the County Manager to execute the lease on behalf of Henderson County.

Hurricane Helene Update

The most current information pertaining to Hurricane Helene was provided as part of this agenda item for the Board's review.

Vice-Chair Edney made a motion to adopt the consent agenda. All voted in favor, and the motion carried.

PUBLIC HEARINGS

2025.197 Name Two Unnamed Rights-of-Way

Motion: Chairman Lapsley made a motion to go into the public hearing. All voted in favor, and the motion carried.

Staff provided notice to all property owners, and one property owner suggested road names of Joyce Whitmire Dr and James Osteen Dr to the two unnamed rights-of-way (ROW). The ROWs are required to be named under the Property Addressing Ordinance for E911 purposes.

Staff sent letters to all property owners notifying them of the date and time of the public hearing and the proposed road names, and the hearing was advertised in the Hendersonville Lightning.

Public Input: There was none.

Motion: Chairman Lapsley made a motion to go out of the public hearing. All voted in favor, and the motion carried.

Motion: Commissioner Franklin made the motion that the Board approve renaming the ROWs as Joyce Whitmire Drive and James Osteen Drive in order to be in compliance with the property addressing ordinance. All voted in favor, and the motion carried.

2025.198 Name One Unnamed Right-of-Way

Motion: Chairman Lapsley made a motion to go into the public hearing. All voted in favor, and the motion carried.

Staff provided notice to all property owners, and one property owner suggested naming the unnamed right-of-way (ROW) New Morning Way. The ROWs are required to be named under the Property Addressing Ordinance for E911 purposes.

Staff sent letters to all property owners notifying them of the date and time of the public hearing

and the proposed road names, and the hearing was advertised in the Hendersonville Lightning.

Public Input: There was none.

Motion: Chairman Lapsley made a motion to go out of the public hearing. All voted in favor, and the motion carried.

Motion: Vice-Chair Edney the motion the Board approve renaming the ROWs as New Morning Way in order to be in compliance with the property addressing ordinance. I move that the Board approve renaming the ROWs as New Morning Way in order to be in compliance with the property addressing ordinance. All voted in favor, and the motion carried.

2025.199 Final Approval of a Financing Contract for the Medical Office Building – Spartanburg Highway Project and Property Purchase

Motion: Chairman Lapsley made a motion to into the public hearing. All voted in favor, and the motion carried.

A public hearing was scheduled for November 19, 2025, at 9:30 a.m. in the above matter. Notice was published in the *Hendersonville Lightning* on November 5, 2025.

The Board gave notice that this hearing would be conducted concerning the approval of the execution and delivery of the Financing Contract and the County's the acquisition, construction and equipping of the Project. Under the proposal, the County would pay the capital costs of acquisition, construction, and equipping of a new medical office building and related site improvements to expand UNC Health Pardee's outpatient and primary care services within the County (collectively, the "*Health Project*"), and (b) the acquisition, development, and improvement of real property to support economic development initiatives. This would be done pursuant to an installment financing contract (the "*Contract*"), in a principal amount not to exceed \$45,000,000 under which the County will make certain installment payments.

This public hearing was being held to satisfy two legal requirements:

1. **State law (G.S. 160A-20)** requires a public hearing before it enters into the First Amendment to the Installment Financing Contract, which is part of the overall legal structure that allows the execution and delivery of limited obligation bonds to finance these projects.
2. **Federal tax law (Section 147(f) of the Internal Revenue Code)** requires a public hearing, commonly referred to as a "TEFRA hearing," before tax-exempt bonds may be issued for projects being used by certain nonprofit entities, such as UNC Health Pardee.

Public Input: There was none.

Motion: Chairman Lapsley made a motion to go out of the public hearing. All voted in favor, and the motion carried.

Motion: Vice-Chair Edney made the motion to adopt the resolution approving an amendment to an installment financing contract and delivery thereof; and providing for certain other related matters. All voted in favor, and the motion carried.

Approved: January 5, 2026

DISCUSSION

Pardee Hospital Budget Presentation

Pardee Hospital CEO and President Jay Kirby presented the Audit Results for Pardee Hospital.

Audit Report FY2025

BDO Performed the 2025 Audit

Audit Results



- There were no changes in significant accounting policies and practices during 2025.
- Management did not make any significant changes to the processes or significant assumptions used to develop significant accounting estimates in 2025.
- There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.
- There was one uncorrected misstatement for Shared Services cost related to amortization of Epic. UNC as a system uncorrected the mapping from Shared Services to Depreciation and Amortization line item on the income statement.

Audit Report FY2025

Audit Report Yields No Weaknesses or Deficiencies for FY2025 Reporting

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	<u>X</u> no
• Significant deficiency(ies) identified?	_____ yes	<u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u>X</u> no
Federal Awards		
Internal control over major federal programs:		
• Material weakness(es) identified?	_____ yes	<u>X</u> no
• Significant deficiency(ies) identified?	_____ yes	<u>X</u> none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	

Audited Financial Performance

FY2025 Revenues

- 2025 Gross Revenue decreased 0.56% over prior year
 - Admissions decreased by 7.93%
 - Births increased by 14.65%
 - Surgeries dropped by 14.35% (*Baxter Fluid Shortage*)
 - Imaging increased by 1.08%
 - Medical Oncology increased by 2.56%
- Collection rate outperformed budget and prior year
 - UNC Pardee had \$43 million in uncompensated care for FY2025
- FY2025 Net Revenues grew by 4.5% as compared to FY 2024

Audited Financial Performance

FY2025 Expenses

- Expenses increased by 4.5% as compared to FY2024
 - Salaries and Benefits increased 5% as compared to prior year
 - Contract Labor expense decreased 20.4% when compared to prior year
 - Drugs increased by 14% due to cost related to contract pharmacy cost and increase in cancer care
 - Other expenses increase 7.5% as compared to prior year
 - Medicaid Assessment was the largest source of growth in other expenses

FY 2025 Margin

- Operating Margin FY2025 of 0.82% as compared to 0.81% in FY2024
- Investment revenue increased 41% year over year
- FY2025 Net Margin of 0.73%

Approved: January 5, 2026

Budget Forecast for FY2026

	Hendersonville County Hospital Corporation	
	UNC Health Pardee	
	2026 Budget	
Patient Service Revenue		
	Inpatient	325,690,177
	Outpatient	1,071,156,585
Total Patient Service Revenue		\$1,396,846,762
Revenue Deductions		
	Charity	37,048,768
	Bad Debt	21,720,509
	Contractual Allowances	954,374,104
	HASP	-18,473,685
	Cost Report Settlements	1,129,967
Total Revenue Deductions		\$995,799,663
Net Patient Service Revenue		\$401,047,099
Other Operating Revenue		43,026,685
Net Operating Revenue		\$444,073,784

Budget Forecast for FY2026

	Hendersonville County Hospital Corporation	
	UNC Health Pardee	
	2026 Budget	
Operating Expenses		
	Salaries and Benefits	198,498,554
	Medical and Surgical Supplies	48,107,881
	Drugs	77,900,609
	Contract Services	41,818,383
	Shared Services Allocation	22,596,444
	Other Supplies and Services	19,655,440
	Depreciation and Amortization	21,707,262
	All Other	9,351,735
Total Operating Expenses		\$439,636,308
Operating Income (Loss)		\$4,437,476

Pardee by the Numbers

60 Primary Care Providers in 14 locations	70+ Specialists representing 18 specialties	30,000 Emergency Department visits	68,400 Urgent Care visits	200,000 Primary Care visits	80,000 Specialty Care visits
>13,000 Surgeries	>300,000 Physical Therapy visits	130,000 Imaging studies	2,000 Cardiac Cath	12 Pardee @Work on-site employer clinics	UNC HEALTH Pardee

The Power of Partnership

Pardee has developed partnerships with academic institutions throughout the region to support recruitment



Primed for Growth

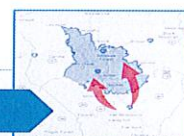
Pardee BlueMD Primary Care Expansion

Trauma Center

Spinal Neurosurgery

Cardiovascular

Neurology/Stroke



Expanding Our Regional Footprint

- Pardee BlueMD primary care services
- Pardee Rx pharmacy and drive-thru
- Specialty services



Spartanburg Hwy. Campus
Spartanburg Hwy., Hendersonville



Expanding Our Regional Footprint

UNC Health and UNC Health Pardee have filed a plan with the state's Certificate of Need (CON) office to develop UNC Health West Medical Center (UNC Health West), a new, 129-bed community hospital in Buncombe County.

UNC Health West builds on UNC Health Pardee's record of public service and proven experience and dedication to the western region and UNC Health's commitment to the health and wellness of our state, resulting in increased access and improved care for the residents of Buncombe and surrounding counties.

Approved: January 5, 2026

Meeting the Need

- UNC Health Pardee is investing \$30 million to establish a 23-bed inpatient adolescent behavioral health facility.
- The project will require renovating 40,000 square feet of hospital space and is expected to open in June 2026.
- The much-needed facility is made possible through a partnership with the North Carolina Department of Health and Human Services (NCDHHS), Vaya Health, and the UNC School of Medicine.



Pardee Adolescent Behavioral Health Center
Pardee Hospital, Hendersonville



Henderson County Audit Results for the Fiscal Year ended June 30, 2025 *(this item was moved up in the discussion portion of this meeting)*

Cherry Bekaert Engagement Director Daniel Gougherty presented the audit results to the Board.

Henderson County, North Carolina **Audit Executive Summary**

November 19, 2025



Results of the Audit

We have audited the financial statements of Henderson County, North Carolina ("County") as of and for the year ended June 30, 2025, in accordance with generally accepted auditing standards and *Government Auditing Standards* and have issued our report dated November 14, 2025.

We have also audited the County's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina that could have a direct and material effect on each of the County's major federal and state programs for the year ended June 30, 2025.

We have issued an unmodified opinion on the financial statements and will issue an opinion on the single audit upon completion.

Approved: January 5, 2026

Internal Control Communication

In planning and performing our audit, we considered internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and on compliance with Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Internal Control Communication

Material Weakness

- ▶ A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

Significant Deficiency

- ▶ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We identified a deficiency that we considered to be a material weaknesses as noted on the next slide.

Internal Control Communication

Material Weakness

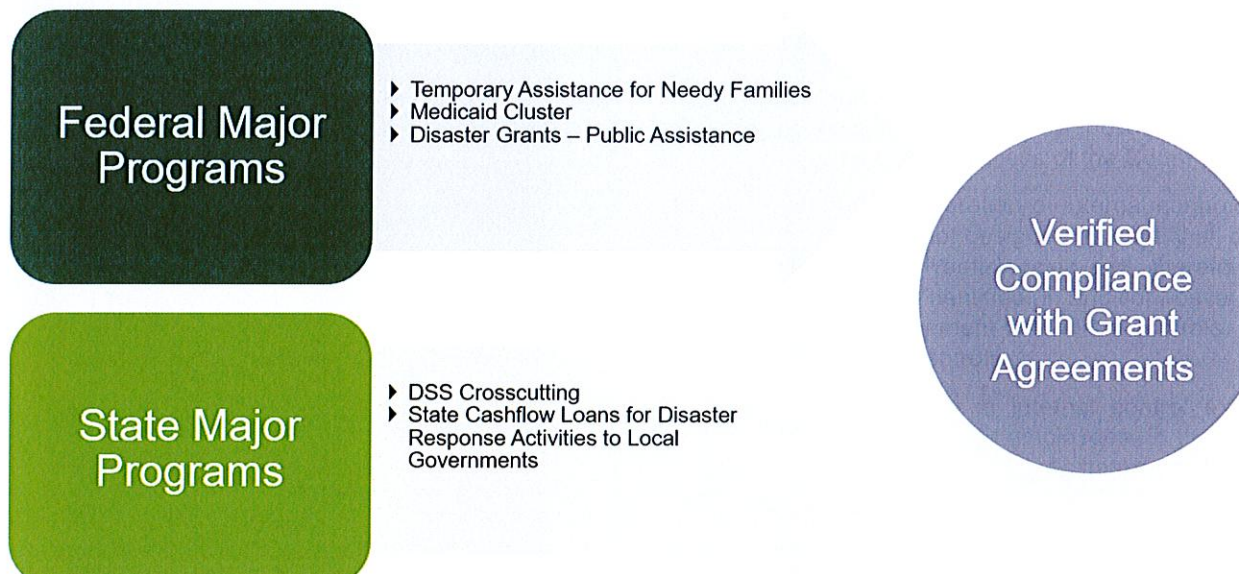
▶ Finding 2025-001:

▶ Financial Reporting - Accruals

- ▶ The County should have recorded a receivable and revenue of approximately \$2.1 million in the General Capital Project Fund and Government Wide financial statements in the prior year for a reimbursement request related to costs incurred prior to June 30, 2024 that were received within the County's 90-day availability period.

Approved: January 5, 2026

Internal Control and Compliance Single Audit (Grants)



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Corrected Misstatements

- ▶ To record a restatement of \$11,421,572 in the Government Wide Financial Statements related to the Opioid Settlement Memorandum of Agreement to record the receivable and revenue due to the receivable being related to an exchange like transaction rather than a non-exchange transaction.

Corrected and Uncorrected Misstatements

Uncorrected Misstatements

An understatement of the beginning net position and expenses related to the County's vacation accrual of approximately \$398,000 related to the inclusion of pension plan contributions in the prior year before the implementation of GASB 101.

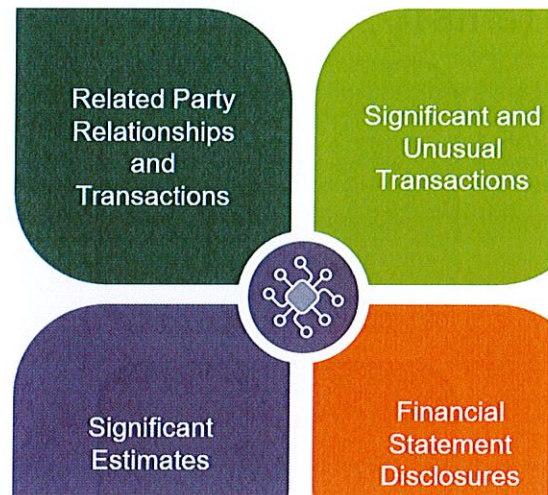
An understatement of approximately \$440,000 of account payable and expenditures in the General Capital Projects Fund.

An understatement of accounts receivable and revenue of approximately \$34,000 in the Solid Waste Fund to convert to the accrual basis of accounting.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements.

The County changed accounting policies related to compensated absences liability by adopting Governmental Accounting Standards Statement No. 101, *Compensated Absences*, implemented during fiscal year June 30, 2025.



As part of our audit, we evaluated the County's identification of, accounting for, and disclosure of the County's relationships and transactions with related parties as required by professional standards.

We noted none of the following:

- Related parties or related party relationships or transactions that were previously undisclosed to us;
- Significant related party transactions that have not been approved in accordance with the County's policies or procedures or for which exceptions to the County's policies or procedures were granted;
- Significant related party transactions that appeared to lack a business purpose;
- Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions; and
- Difficulties in identifying the party that ultimately controls the County.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Allowance for doubtful accounts;
- Depreciation expense (estimated useful lives of assets);
- Pensions, OPEB, and IBNR liabilities and related deferred outflows and inflows;
- Landfill liability; and
- Lease and SBITA liabilities, receivables and related right to use assets and deferred inflows.

Management's estimate of the identified above estimates are based on the analysis of historical collection trends, estimated useful life of the asset, actuarial valuations, engineers estimates for closure and post-closure costs, and the County's incremental borrowing rate and SBITA or lease terms. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.



We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

For purposes of this presentation, professional standards define significant, unusual transactions as transactions that are outside the normal course of business for the County or that otherwise appear to be unusual due to their timing, size, or nature. We noted no significant, unusual transactions during our audit.

The financial statement disclosures are neutral, consistent, and clear.

Approved: January 5, 2026




Independence Considerations

<div style="background-color: #2c3e50; color: white; padding: 5px; text-align: center; font-weight: bold;">Nonattest Services</div> <div style="background-color: #1a3d3d; color: white; padding: 10px;"> <ul style="list-style-type: none"> ▶ We will complete the appropriate sections and sign the data collection form. ▶ For all nonattest services we perform, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services. </div> <div style="text-align: center; margin-top: 10px;">  </div>	<div style="background-color: #76923c; color: white; padding: 5px; text-align: center; font-weight: bold;">Independence Conclusion</div> <div style="background-color: #557a2c; color: white; padding: 10px;"> <ul style="list-style-type: none"> ▶ We are not aware of any other circumstances or relationships that create threats to auditor independence. ▶ We are independent of the County and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. </div> <div style="text-align: center; margin-top: 10px;">  </div>
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Other Required Communications

Difficulties Encountered	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Disagreements with Management	Includes disagreements on a financial accounting, reporting, or auditing matter, <u>whether or not</u> resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.
Auditor Consultations	We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.
Management Representations	We have requested certain representations from management that are included in the management representation letter dated November 14, 2025
Management Consultations	In some cases, management may decide to consult with other accountants about auditing and accounting matters, <u>similar to</u> obtaining a "second opinion" on certain situations. To our knowledge, there were no such consultations with other accountants.
Other Findings or Issues	We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year. These discussions occurred in the normal course of our professional <u>relationship</u> and our responses were not a condition to our retention.
Fraud and Illegal Acts	As of the date of this presentation, no fraud, illegal acts, or violations of laws and regulations noted.
Going Concern	No events or conditions noted that indicate substantial doubt about the County's ability to continue as a going concern.

Other Matters

Required Supplementary Information	Supplementary Information	Other Information
<p>We applied certain limited procedures to the required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI. We were engaged to report on the other supplementary information which accompanies the financial statements, but which is not RSI.</p> 	<p>With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p> 	<p>We were not engaged to report on the introductory and statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements themselves and, accordingly, we do not express an opinion or provide any assurance on it.</p> 

Upcoming Financial Reporting Changes

These standards will be effective for the County in the upcoming years and may have a significant impact on the County's financial reporting.

We would be happy to discuss with management the potential impacts on the County's financial statements and how we may be able to assist in the implementation efforts.

- ▶ *GASB 103 – Financial Reporting Model Improvements – 2026*
- ▶ *GASB 104 – Disclosure of Certain Capital Assets – 2026*

Local Government Commission Performance Indicators

Audit Report –

- ✓ Financial performance indicators to be considered upon submission to the LGC
- ✓ Budgeted tax levy for the General Fund did not have more than 3% uncollected
- ✓ Positive General Fund total fund balance
- ✓ Effective pre-audit process to avoid pervasive budget violations
- ✓ No late debt service payments or debt covenant compliance issues
- ✓ No statutory violation within Annual Comprehensive Financial Report
- ✓ To respond to LGC within 60 days of this presentation related to the finding reported

General Fund Expenditures July 1, 2024 – June 30, 2025

Budgeted expenditures	\$ 222,573,342
Actual expenditures	\$ 204,002,498
Net expenditures under budget	\$ 18,570,844

(Expenditures include transfers out)

General Fund Revenues - Budget July 1, 2024 – June 30, 2025

Annual revenues	\$ 190,141,969
Other financing sources:	
Lease Liability Issued	\$ 66,117
Transfers in	\$ 4,807,080
Appropriated Fund Balance	\$ 27,558,176
Total budgeted revenues	\$ 222,573,342

General Fund Revenues July 1, 2024 – June 30, 2025

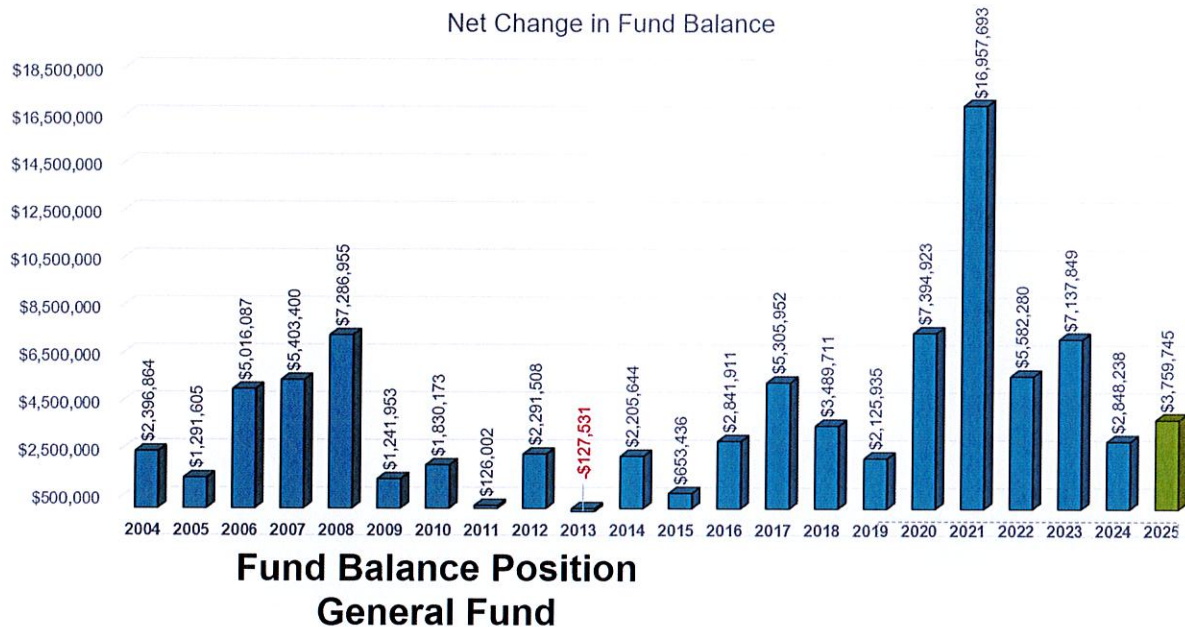
Total budgeted revenues (Includes Fund Balance)	\$ 222,573,342
Actual revenues	\$ 207,762,243
Net revenues under budget	\$ -14,811,099

General Fund Summary Report July 1, 2024 – June 30, 2025

	Actual
Total revenues	\$ 207,762,243
Total expenditures	\$ 204,002,498
Net Change in Fund Balance	\$ 3,759,745

Approved: January 5, 2026

Fund Balance History



Unassigned Fund Balance	\$	42,193,732
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BOC Policy Level (12% of actual FY 25 expenditures)	\$	24,480,300
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Amount over BOC Policy (as of July 1, 2025)	\$	17,713,432
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Clear Creek Sewer System Funding Options

Chairman Lapsley noted that several developments have occurred since the Board's last meeting. At that meeting, the Board discussed the loss of \$12.7 million in funds that had been reallocated to the Etowah Sewer System.

Vice-Chair Edney briefed the Board and the public on a recent meeting he and Commissioner McCall held with Senator Tim Moffitt and Representative Jennifer Balkcom. It was confirmed that the funds were committed as ARPA funds and must be spent by December 31, 2026. He emphasized that the process has been transparent and open, and expressed confidence that the County will work through the situation and ultimately be better positioned. Chairman Lapsley also noted that DEQ's interpretation had been received the previous night.

John Mitchell said today's discussion would begin with a presentation from County Engineer Marcus Jones outlining options for how the Board may wish to proceed. In preparing these options, staff has been in communication with the contractor, the project engineer, the General Assembly, and DWI.

Mr. Mitchell stated that timing remains the key issue. He noted that the Board must decide how to proceed with the bids currently in hand and that, after today's discussion and review of options, the Board will need to act before the bids expire at the end of December.

Marcus Jones then presented the following to the Board.

General Points

Clear Creek Sewer System	• Reimbursement of approximate \$1M spent of APRA funds (\$11.7 million moved to Etowah)
Options without \$12.7 M ARPA Funds	• Easements have been purchased for all options
November 19, 2025	• Justice Academy funds (\$750,000) available for current scope only

Options without \$12.7M ARPA Funds

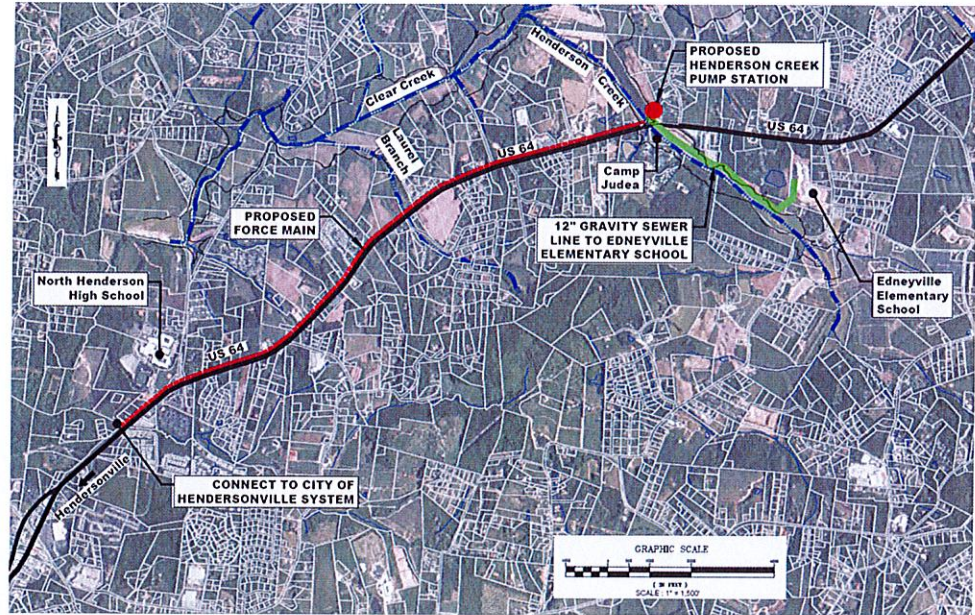
1. Borrow \$12.7M to replace Federal American Rescue Plan Act allocation from State
2. Reduce Scope: Henderson Creek Pump Station and Gravity Line
3. Change Scope: Edneyville Elementary School Pump Station
4. Delay Project until Grant Funding is Approved
5. Customer Rates

Mr. Mitchell stated that, based on the information received from DWI, additional discussion was needed to determine whether any ARPA funds may be used for one of the reduced-scope project options. He noted that this was explicit in the letter received from Shadi Eskaf, the Director of the Division of Water Infrastructure within the NC Department of Environmental Quality, the previous evening.

Option 1: Borrow \$12.7M

- General fund will need to participate significantly or fully with debt service
- Rates for system with Debt Service will not be feasible for customers and limit or prohibit system growth
- Possible for long term repayment from Clear Creek enterprise fund to general fund: 20-50 years out
- Bid are good until January 2, 2026, with 30-day extension
- Best option for cost / customers served

Option 2: **Henderson** **Creek Pump** **Station and** **Gravity Line**



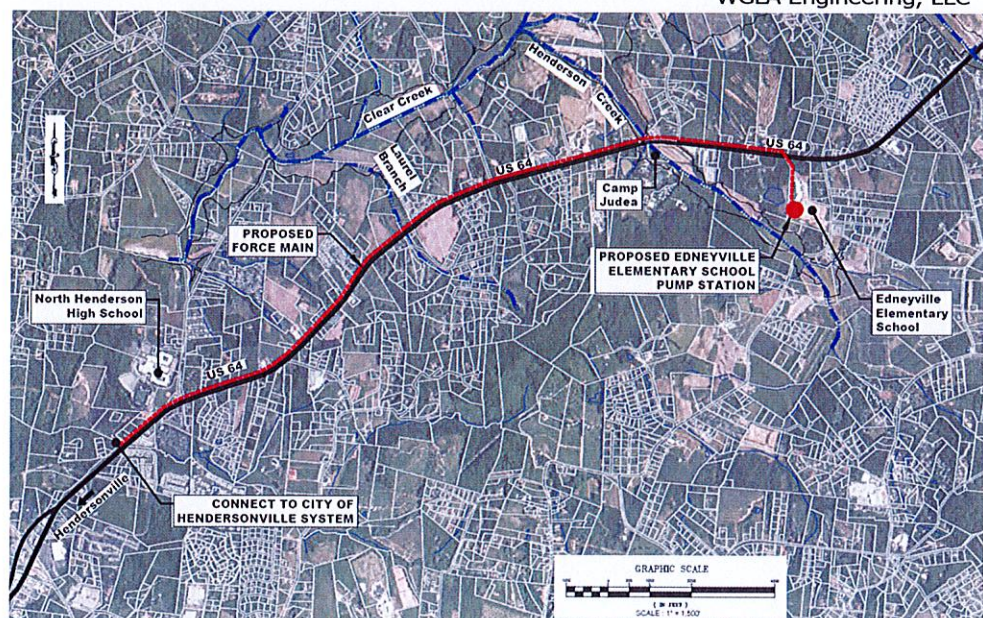
WGLA Engineering, LLC

Option 2: Henderson Creek Pump Station and Gravity Line

- Budget Estimate: \$6,650,000
- Rebid required
- Serves school, Camp Judea, all parcels between the two, and possible gravity mains along US64
- Could accommodate flow from Lewis Creek pump station in the future
- Permits previously secured should support this project

WGLA Engineering, LLC

Option 3: **Edneyville** **Elementary** **School** **Pump** **Station**



WGLA Engineering, LLC

Option 3: Edneyville Elementary School Pump Station

- Budget Estimate: \$4,435,000 (\$5,500,000 if 2nd PS needed)
- Updated design, new or modified permitting, and a rebid will need to be needed
- Serves school only

WGLA Engineering, LLC

Option 4: Delay Project until Grant Funding is Approved

- Rebid likely needed
- Cost will increase due to escalation
- Permits are good for a year and then extensions or new permitting will be needed

Financing Options

OPTION 1 - Borrow \$12.7M reallocated to Etowah Sewer System project <i>No changes to current scope</i>					
Financing Term	Amount Financed	All in Cost	Annual Debt Service	Total Debt Service	Tax Rate Cent Increase
30 Years	13,017,500	5.00%	846,807	25,404,212	0.34
20 Years	13,017,500	5.00%	1,044,558	20,891,158	0.42
10 years	13,017,500	5.00%	1,685,826	16,858,258	0.67

OPTION 2 - Borrow \$6,650,000 + \$985,000 spent <i>Reduced Scope - Henderson Creek Pump Station and Gravity Line</i>					
Financing Term	Amount Financed	All in Cost	Annual Debt Service	Total Debt Service	Tax Rate Cent Increase
30 Years	7,825,875	5.00%	509,084	15,272,532	0.20
20 Years	7,825,875	5.00%	627,968	12,559,369	0.25
10 years	7,825,875	5.00%	1,013,487	10,134,866	0.41

Option 3 - Borrow \$4,435,000 + 985,000 spent <i>Change Scope - Edneyville Elementary School Pump Station</i>					
Financing Term	Amount Financed	All in Cost	Annual Debt Service	Total Debt Service	Tax Rate Cent Increase
30 Years	5,570,875	5.00%	362,393	10,871,802	0.15
20 Years	5,570,875	5.00%	447,021	8,940,428	0.18
10 years	5,570,875	5.00%	721,454	7,214,538	0.29

Approved: January 5,2026

Customer Rates

- Current rate analysis was studied with Blacksmith Run and a separate treatment plant: \$56 / month three years ago
- A new rate analysis will be needed after contract award
- New analysis will include bulk rate negotiations with the City of Hendersonville

Board Discussion

Vice-Chair Edney reported that while Senator Moffitt did not make a firm commitment, he indicated he believed he could secure funding for the Clear Creek Sewer Project. Edney added that the County subsidizes many services for individuals—such as EMS, building inspections, health and environmental health inspections, DSS, Parks and Recreation, and veterans services—because they serve a broader community need. Although he does not view the Clear Creek Project as falling into that category, he believes the project should still move forward as planned.

Commissioner Franklin asked why a wastewater package plant was not pursued as an option. County Engineer Marcus Jones responded that the decision was based on cost and permitting challenges. He noted that the State prefers to reduce—not expand—the number of package plants, and that both capital and operating costs for such a facility would be significantly higher. Will Buie added that a package-type wastewater treatment plant was explored; however, it was not possible to secure all required components within the ARPA funding timeline.

Commissioner Egolf stated that it is difficult for the Board to make a decision without knowing the amount of funding that will ultimately be available. He noted that during his time on the School Board, there was extensive discussion beginning in 2017 about Edneyville Elementary and the need for a sewer solution, including public meetings and community outreach. Egolf emphasized that any solution must include Edneyville and stated he is opposed to increasing discharge into Henderson Creek. He added that Option 3 does not adequately address the problem.

Mr. Mitchell stated that the key decision before the Board was whether to proceed with the bids currently in hand, which apply only to Options 1 and 2. He noted that Option 2 aligns with the scope included in the October bid. For Option 1, he does not believe any ARPA funds could be used due to the project's timeline.

There was discussion regarding borrowing funds for the project, the timeline associated with securing financing, and the availability of grants, including whether those grants would be reimbursable.

Commissioner Egolf questioned whether the Edneyville community supports the growth that sewer infrastructure would bring and stated that he does not support borrowing funds for the project.

Chairman Lapsley stated that the Board has some time before a final decision must be made. He said the County needs to direct the consultant/engineer to ask the contractor for an extension of the current bids. He noted that the next meeting falls within the 60-day bid timeframe. The Board agreed to wait to make a decision.

NOMINATIONS AND APPOINTMENTS

1. Fletcher Planning and Zoning Board of Adjustment – 1 vac

There were no nominations, and this item was carried to the next meeting.

2. Henderson County Zoning Board of Adjustment – 2 vacs.

Chairman Lapsley made the motion to nominate Carlos Ruiz for reappointment to Seat #4 and Mark Casoria for reappointment to Seat #7. All voted in favor, and the motion carried.

3. Hendersonville City Zoning Board of Adjustment – 2 vacs.

There were no nominations, and this item was carried to the next meeting.

4. Hendersonville Planning Board – 1 vac.

Vice-Chair Edney made the motion to nominate Lauren Rippy for reappointment to Seat #1. All voted in favor, and the motion carried.

5. Home and Community Care Block Grant Committee – 1 vac.

Chairman Lapsley made the motion to nominate Erica Sutton for reappointment to Seat #1. All voted in favor, and the motion carried.

6. Metropolitan Sewerage District of Buncombe County (MSD) – 1 vac.

Commissioner Franklin made the motion to nominate Jim Player for reappointment to Seat #2. All voted in favor, and the motion carried.

7. Nursing/Adult Care Home Community Advisory Committee – 16 vacs.

Commissioner Franklin made the motion to nominate Charlotte Hooker for reappointment to Seat #1, Bob Tomasulo for reappointment to Seat #18, and Ron Howard for reappointment to Seat #21. All voted in favor, and the motion carried.

COMMISSIONER UPDATES

Commissioners Egolf, Franklin, and Edney had no comments.

Chairman Lapsley commented on the recent positive response regarding FEMA funds. Some invoices have now been obligated, but the County still has not received any money in its bank account. He referenced an October 30 letter from the attorney for the debris contractor, to whom the County owes \$30 million, reminding the County of its obligation to pay. The balance of those invoices continues to accrue interest the longer they go unpaid.

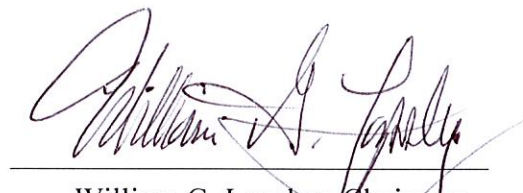
GENERAL ASSEMBLY UPDATE

John Mitchell said the General Assembly will return to Raleigh tomorrow, November 20. He is not certain which items they will take up, but noted they will need to address the items that have already crossed over. Mitchell also mentioned that representatives from Congressman Edwards' office and Senator Ted Budd's office were in attendance at today's Board meeting.

COUNTY MANAGER'S REPORT

Mr. Mitchell noted that only one Board meeting remains before budget season is in full swing. The January mid-month meeting on January 21, 2026, will serve as the County's annual Budget Retreat. He added that the Federal Reserve will be meeting in the near future to discuss interest rates. In closing, he said the Planning Department plans to provide the Board with an update at an upcoming meeting on the progress made on the Land Development Code.

Motion: Vice-Chair Edney made the motion to go into Closed Session pursuant to NCGS 143.318.11(a)(3). All voted in favor, and the motion carried.

ADJOURN
Denisa A. Lauffer, Clerk to the Board
William G. Lapsley, Chairman

Wednesday, November 19, 2025 – Board of Commissioners Meeting

2025.193 Reimbursement Resolution – Clear Creek and Etowah Sewer Systems

2025.194 Vendor Contract Approval and Budget Amendment

2025.195 US DOJ Asset Forfeiture Fund Expenditure

2025.196 Hendersonville Board of Realtors Lease

2025.197 Name Two Unnamed Rights-of-Way

2025.198 Name One Unnamed Right-of-Way

2025.199 Final Approval of a Financing Contract for the Medical Office Building – Spartanburg Highway Project and Property Purchase

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: November 19, 2025

SUBJECT: Vendor Contract Approval and Budget Amendment --
Henderson County Public Schools MRTS

PRESENTER: Bryan Rhodes, Capital Projects Director

ATTACHMENTS: YES

- 1.) Budget Amendment
- 2.) LS3P Proposal Letter

SUMMARY OF REQUEST:

The Board is requested to approve the proposal from LS3P of \$676,500 for architectural design services for the new Henderson County Public Schools Bus Garage.

The Board is also requested to appropriate \$676,500 in unallocated fund balance from the HCPS MRTS fund to fund the architectural design services.

BOARD ACTION REQUESTED:

The Board is requested to approve the proposal from LS3P and associated budget amendment and authorize Henderson County staff to execute a contract and proceed into the programming phase for the new Henderson County Public Schools Bus Garage.

Suggested Motion:

I move the Henderson County Board of Commissioners to approve the proposal from LS3P and associated budget amendment.

**LINE-ITEM TRANSFER REQUEST
HENDERSON COUNTY**



Department: ADMINISTRATIVE SERVICES

Please make the following line-item transfers:

What expense line-item is to be increased?

Account	Line-Item Description	Amount
<u>435691-535103-5691</u>	<u>PLANNED PROJECTS - HCPS MRTS</u>	<u>\$676,500</u>
<u>445691-598043</u>	<u>TRANSFER TO SCHOOLS CAPITAL PROJECT FUND</u>	<u>\$676,500</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u>\$1,353,000</u>

What expense line-item is to be decreased? Or what additional revenue is now expected?

Account	Line-Item Description	Amount
<u>434691-404400-5691</u>	<u>TRANSFER FROM HCPS MRTS</u>	<u>\$676,500</u>
<u>444691-401000</u>	<u>FUND BALANCE APPROPRIATED</u>	<u>\$676,500</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u>\$1,353,000</u>

Justification: Please provide a brief justification for this line-item transfer request.

TO BUDGET FOR ARCHITECTURAL AND DESIGN SERVICES FOR THE NEW HENDERSON COUNTY BUS GARAGE. BOC APPROVED 11.19.2025

ADMINISTRATIVE SERVICES
Authorized by Department Head

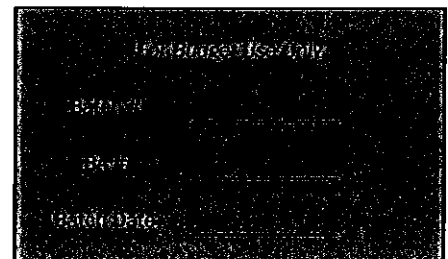
11.19.2025
Date

Authorized by Budget Office

Date

Authorized by County Manager

Date



REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: November 19, 2025

SUBJECT: US DOJ Asset Forfeiture Fund Expenditure

PRESENTER: Sheriff Lowell S. Griffin

ATTACHMENTS: Yes

1. Budget Amendment
2. List of Items to Be Purchased

SUMMARY OF REQUEST:

The Sheriff's Office is requesting that the Board approve an appropriation from the Sheriff's Office Restricted US DOJ funds (114431-451005-9066) in the amount of \$104,027 to purchase the attached list of equipment to enhance the operations of this office.

BOARD ACTION REQUESTED:

The Board is requested to approve an appropriation from Restricted US DOJ funds in an amount not to exceed \$104,027 and the necessary budget amendment, and to authorize the Sheriff's Office to purchase equipment to enhance the operations of this office.

Suggested Motion:

I move the Board of Commissioners approve the attached budget amendment to allow appropriation from Restricted US DOJ funds.

HENDERSON COUNTY



Department: Sheriff

Please make the following line-item transfers:

What expense line-item is to be increased?

Account	Line-Item Description	Amount
115431-551000-9066	Capital Outlay - Equipment	\$50,296
115431-526020-9066	Dept Supplies - Nonexpendable	\$19,935
115431-526000-9066	Dept Supplies & Materials	\$1,718
115431-538100-9066	Professional Services	\$2,549
115431-526021-9066	Weapons & Tactical Devices	\$29,529

What expense line-item is to be decreased? Or what additional revenue is now expected?

Account	Line-Item Description	Amount
114431-451005-9066	US DOJ Funds	\$104,027

Justification: Please provide a brief justification for this line-item transfer request.
To purchase equipment approved at 11.19.25 BOC mtg.

_____	11/6/2025
Authorized by Department Head	Date
_____	_____
Authorized by Budget Office	Date
_____	_____
Authorized by County Manager	Date

For Budget Use Only	
Batch #	_____
BA #	_____
Batch Date	_____

Extract of Minutes of a regular meeting of the Board of Commissioners of the County of Henderson, North Carolina, was duly held on November 19, 2025, at 9:30 a.m., in the Board of Commissioners' Meeting Room, Henderson County Historic Courthouse, 1 Historic Courthouse Square, Hendersonville, North Carolina. Board Chair William Lapsley presided.

* * *

The following members were present:

Chairman Bill Lapsley, Vice-Chair Michael Edney, Commissioner Sheila Franklin, and Commissioner Jay Egolf

The following members were absent:

Commissioner Rebecca McCall

Also present: County Manager John Mitchell, Assistant County Manager Christopher Todd, Financial Services Director Samantha Reynolds, Clerk to the Board of Commissioners Denisa Lauffer, and County Attorney Charles Russell Burrell.

* * *

Commissioner Edney moved that the following resolution (the "*Resolution*"), a copy of which was available with the Board and which was read by title:

RESOLUTION OF THE COUNTY OF HENDERSON, NORTH CAROLINA DECLARING THE INTENT OF THE COUNTY OF HENDERSON, NORTH CAROLINA TO REIMBURSE ITSELF FOR CAPITAL EXPENDITURES INCURRED IN CONNECTION WITH THE DEVELOPMENT, CONSTRUCTION AND EQUIPPING OF THE CLEAR CREEK SEWER SYSTEM, AND THE DEVELOPMENT, CONSTRUCTION AND EQUIPPING OF THE AUGMENTATION OR REPLACEMENT OF THE EXISTING ETOWAH SEWER SYSTEM FROM THE PROCEEDS OF ANY INSTALLMENT FINANCINGS OR LOAN FUNDS TO BE EXECUTED AND DELIVERED IN CALENDAR YEAR 2025, 2026 OR 2027.

WHEREAS, the Board of Commissioners of the County of Henderson, North Carolina ("*County*") has determined that it is in the best interests of County to consider financing or to seek loan funds for the development, construction and equipping of the Clear Creek Sewer System and the development, construction, equipping and replacement of Etowah Sewer System (the "*Project*");

WHEREAS, the County presently will consider, at one time or from time to time, to finance or seek loan funds for all or a portion of the costs of the Project and reasonably expects to execute and deliver its installment financing obligation (the "*Obligations*") to finance, or to reimburse itself for, all or a portion of the costs of the Project; and

WHEREAS, the County desires to proceed with the Project and will incur and pay certain expenditures in connection with the Project prior to the date of execution and delivery of the any Obligations incurred (the "*Original Expenditures*"), such Original Expenditures to be paid for originally from a source other than the proceeds of the Obligations, and the County intends, and reasonably expects, to be reimbursed for such Original Expenditures from a portion of the proceeds of the Obligations to be executed and delivered at a date occurring after the dates of such Original Expenditures;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County of Henderson, North Carolina as follows:

Section 1. ***Official Declaration of Intent.*** The County presently intends, and reasonably expects, to reimburse itself for the Original Expenditures incurred and paid by the County on or after the date occurring 90 days prior to the date of adoption of this Resolution from a portion of the proceeds of any Obligations. The County will consider executing and delivering the Obligations to finance all or a portion of the costs of the Project and the principal amount of Obligations currently expected to be executed and delivered by County to pay for the costs of the Project is \$60,000,000.

Section 2. ***Compliance with Regulations.*** The County adopts this Resolution as a declaration of official intent under Section 1.150-2 of the Treasury Regulations promulgated under Section 103 of the Internal Revenue Code of 1986, as amended, to evidence the County's intent to reimburse itself for the Original Expenditures from proceeds of the Obligations.

Section 3. ***Itemization of Capital Expenditures.*** The Finance Officer of the County, with advice from special counsel, is hereby authorized, directed and designated to act on behalf of the County in determining and itemizing all of the Original Expenditures incurred and paid by the County in connection with the Project during the period commencing on the date occurring 90 days prior to the date of adoption of this Resolution and ending on the date of execution and delivery of the Obligations.

Section 4. ***Effective Date.*** This Resolution is effective immediately on the date of its adoption.

On motion of Commissioner Edney, the foregoing resolution entitled "**RESOLUTION OF THE COUNTY OF HENDERSON, NORTH CAROLINA DECLARING THE INTENT OF THE COUNTY OF HENDERSON, NORTH CAROLINA TO REIMBURSE ITSELF FOR CAPITAL EXPENDITURES INCURRED IN CONNECTION WITH THE DEVELOPMENT, CONSTRUCTION AND EQUIPPING OF THE CLEAR CREEK SEWER SYSTEM, AND THE DEVELOPMENT, CONSTRUCTION AND EQUIPPING OF THE AUGMENTATION OR REPLACEMENT OF THE EXISTING ETOWAH SEWER SYSTEM FROM THE PROCEEDS OF ANY INSTALLMENT FINANCINGS OR LOAN FUNDS TO BE EXECUTED AND DELIVERED IN CALENDAR YEAR 2025, 2026 OR 2027**" was duly adopted by the following vote:

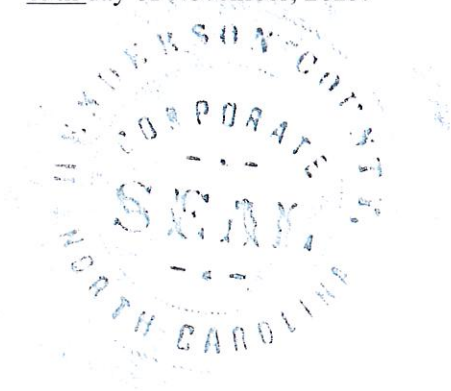
AYES: FOUR (4)


NAYS: NONE (0)

STATE OF NORTH CAROLINA)
) ss:
COUNTY OF HENDERSON)

I, *Denisa Lauffer*, Clerk to the Board of Commissioners of the County of Henderson, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled “RESOLUTION OF THE COUNTY OF HENDERSON, NORTH CAROLINA DECLARING THE INTENT OF THE COUNTY OF HENDERSON, NORTH CAROLINA TO REIMBURSE ITSELF FOR CAPITAL EXPENDITURES INCURRED IN CONNECTION WITH THE DEVELOPMENT, CONSTRUCTION AND EQUIPPING OF THE CLEAR CREEK SEWER SYSTEM, AND THE DEVELOPMENT, CONSTRUCTION AND EQUIPPING OF THE AUGMENTATION OR REPLACEMENT OF THE EXISTING ETOWAH SEWER SYSTEM FROM THE PROCEEDS OF ANY INSTALLMENT FINANCINGS OR LOAN FUNDS TO BE EXECUTED AND DELIVERED IN CALENDAR YEAR 2025, 2026 OR 2027” adopted by the Board of Commissioners of the County of Henderson, North Carolina, at a meeting held on the 7th day of August, 2023.

WITNESS my hand and the corporate seal of the County of Henderson, North Carolina, this the 19th day of November, 2025.




Denisa Lauffer
Clerk to the Board
County of Henderson, North Carolina

EXTRACTS FROM MINUTES OF THE BOARD OF COMMISSIONERS

A regular meeting of the Board of Commissioners of the County of Henderson, North Carolina, was duly held on November 19, 2025 at 9:30 a.m. in the Commissioners' Meeting Room, Henderson County Historic Courthouse, 1 Historic Courthouse Square, Hendersonville, North Carolina. Bill Lapsley presiding.

The following members were present:

Chairman Bill Lapsley, Vice-Chair Michael Edney, Commissioner Sheila Franklin and Commissioner Jay Egolf

The following members were absent:

Commissioner Rebecca McCall

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Commissioner Edney moved that the following resolution, copies of which have been made available to the Board of Commissioners, be adopted, by reading the title thereof (further reading waived without objection):

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON,
NORTH CAROLINA, APPROVING AN AMENDMENT TO AN INSTALLMENT FINANCING
CONTRACT AND DELIVERY THEREOF; AND PROVIDING FOR CERTAIN OTHER
RELATED MATTERS**

WHEREAS, the County of Henderson, North Carolina (the "*County*") is a validly existing political subdivision, existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the "*State*");

WHEREAS, the County has the power, pursuant to the General Statutes of North Carolina to (1) enter into installment contracts to purchase, or finance or refinance the purchase of, real or personal property and to finance or refinance the construction or repair of fixtures or improvements on real property and (2) create a security interest in some or all of the property financed or refinanced to secure repayment of the money advanced therefore;

WHEREAS, the County has previously executed and delivered:

(1) an Installment Financing Contract dated as of October 1, 2025 (the "*2025 Contract*") with the Henderson County Governmental Financing Corporation (the "*Corporation*"), the proceeds of which were used to (a) finance the renovation and expansion of the County's existing detention facility (the "*Detention Facility*") as part of a County judicial center, and (b) refinance the County's outstanding installment payment obligations related to an Installment Financing Contract, dated as of August 15, 2015, between the County and the Corporation; and

(2) a Deed of Trust, Security Agreement and Fixture Filing dated as of October 1, 2025 (the "*Deed of Trust*"), pursuant to which the County granted a lien on the site of the Detention Facility, together with the real estate improvements thereon and appurtenances thereto;

WHEREAS, the Board of Commissioners of the County (the "*Board*") previously determined that it is in the County's best interest to enter into Amendment Number One to the 2025 Contract (the "*First Amendment*") and together with the 2025 Contract, the "*Contract*") in an amount not to exceed \$45,000,000 with the Corporation to finance (a) the acquisition, construction, and equipping of a new medical office building and related site improvements to expand UNC Health Pardee's outpatient and primary care services within the County, and (b) the acquisition, development, and improvement of real property to support economic development initiatives (collectively, the "*2026 Projects*");

WHEREAS, in furtherance of the above plan, the Corporation will execute and deliver its Limited Obligation Bonds (County of Henderson, North Carolina), Series 2026A (the "*2026A Bonds*") and Taxable Limited Obligation Bonds, Series 2026B (the "*2026B Bonds*" and collectively with the 2026A Bonds, the "*Bonds*") in an aggregate principal amount not to exceed \$45,000,000, each evidencing proportionate undivided interests in rights to receive certain Revenues (as defined in the Contract), under the terms of an Indenture of Trust (the "*2025 Indenture*"), as supplemented by Supplemental Indenture, Number 1 dated as of January 1, 2026 (the "*First Supplement*" and together with the 2025 Indenture, the "*Indenture*"), each between the Corporation and U.S. Bank Trust Company, National Association, as trustee;

WHEREAS, in connection with the sale of the Bonds by the Corporation to PNC Capital Markets LLC (the "*Underwriter*"), the Corporation will enter into a Contract of Purchase (the "*Contract of Purchase*") between the Corporation and the Underwriter, and the County will execute a Letter of Representation to the Underwriter with respect to the Bonds (the "*Letter of Representation*");

WHEREAS, there have been described to the Board the forms of the following documents (collectively, the "*Instruments*"), copies of which have been made available to the Board, which the Board proposes to approve, enter into and deliver, as applicable, to effectuate the proposed installment financing:

- (1) the First Amendment;
- (2) the First Supplement, including the form of the Bonds; and
- (3) the Letter of Representation;

WHEREAS, to make an offering and sale of the Bonds, there will be prepared a Preliminary Official Statement with respect to the Bonds (the "*Preliminary Official Statement*"), a draft thereof having been presented to the Board, and a final Official Statement relating to the Preliminary Official Statement (together with the Preliminary Official Statement, the "*Official Statement*"), which Official Statement will contain certain information regarding the County:

WHEREAS, it appears that each of the Instruments and the Preliminary Official Statement is in an appropriate form and is an appropriate instrument for the purposes intended;

WHEREAS, a public hearing on the First Amendment and the 2026 Projects to be financed thereby, after publication of a notice with respect to such public hearing, must be held and the Board conducted such public hearing at this meeting;

WHEREAS, the County will file an application to the North Carolina Local Government Commission (the "LGC") for approval of the First Amendment;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, AS FOLLOWS:

Section 1. ***Ratification of Instruments.*** All actions of the County, the Chairman of the Board (the "*Chair*"), the Clerk to the Board (the "*Clerk*"), the County Manager, the Financial Services Director, the Finance Director, the County Attorney, and their respective designees, whether previously or hereinafter taken, in effectuating the proposed financing, including the making of application to the LGC, are approved, ratified and authorized pursuant to and in accordance with the transactions contemplated by the Instruments.

Section 2. ***Authorization of the Official Statement.*** The form, terms and content of the Preliminary Official Statement are authorized, approved, and confirmed, and the Underwriter's use of the Preliminary Official Statement and the final Official Statement in connection with the sale of the Bonds is authorized, approved and confirmed. The Chair, the County Manager, the Financial Services Director, the Finance Director, and the Clerk (collectively, the "*Authorized Officers*"), are authorized and directed, individually and collectively, to deliver, on behalf of the County, the Official Statement in substantially such form, with such changes, insertions and omissions as he or she may approve.

Section 3. ***Authorization to Execute the Instruments.*** The Board authorizes and approves the financing of the 2026 Projects in an amount not to exceed \$45,000,000 and in accordance with the terms of the Instruments, which will be a valid, legal and binding obligations of the County in accordance with their terms. The form and content of the Instruments are authorized, approved and confirmed, and the Authorized Officers and their respective designees are authorized, empowered and directed, individually and collectively, to execute and deliver the Instruments, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as they may deem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the County's approval of any and all changes, modifications, additions or deletions therein from the form and content of the Instruments presented to the Board. From and after the execution and delivery of the Instruments, the Authorized Officers are authorized, empowered and directed, individually and collectively, to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Instruments as executed.

Section 4. ***County Representative.*** The Authorized Officers are designated as the County's representatives to act on behalf of the County in connection with the transactions contemplated by the Instruments and the Preliminary Official Statement, and are authorized to proceed with financing the 2025 Projects in accordance with the Instruments and the Preliminary Official Statement and to seek opinions as a matter of law from the County Attorney, which the County Attorney is authorized to furnish on behalf of the County, and opinions of law from such other attorneys for all documents contemplated hereby as required by law. The County Manager, the Financial Services Director, and the Finance Director are authorized, individually and collectively, to select any co-managing underwriters for the Bonds if they determine such selection to be in the best interest of the County. The Authorized Officers and their

respective designees are authorized, empowered and directed, individually and collectively, to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate to consummate the transactions contemplated by the Instruments and the Preliminary Official Statement or as they deem necessary or appropriate to implement and carry out the intent and purposes of this Resolution and to administer the transactions contemplated by this Resolution after the execution and delivery of the Bonds.

Section 5. ***Severability.*** If any section, phrase or provision of this Resolution is for any reason declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions of this Resolution.

Section 6. ***Repealer.*** All motions, orders, resolutions and parts thereof, in conflict herewith are repealed.

Section 7. ***Effective Date.*** This Resolution is effective on the date of its adoption.

On motion of Commissioner Edney, the foregoing resolution entitled "RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, APPROVING AN AMENDMENT TO AN INSTALLMENT FINANCING CONTRACT AND DELIVERY THEREOF; AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS" was duly adopted by the following vote:

AYES: Four (4)

NAYS: NONE (0)

STATE OF NORTH CAROLINA)

)

SS:

COUNTY OF HENDERSON)

I, DENISA A. LAUFFER, Clerk to the Board of Commissioners of the County of Henderson, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution titled “RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, APPROVING AN AMENDMENT TO AN INSTALLMENT FINANCING CONTRACT AND DELIVERY THEREOF; AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS” adopted by the Board of Commissioners of the County of Henderson, North Carolina in regular session convened on the 19th day of November, 2025, as recorded in the minutes of the Board of Commissioners of the County of Henderson, North Carolina.

WITNESS, my hand and the seal of the County of Henderson, North Carolina, this the 19th day of November, 2025.

(SEAL)



A handwritten signature in dark ink, appearing to read "Denisa A. Lauffer", written over a horizontal line.

Denisa A. Lauffer
Clerk to the Board of Commissioners
County of Henderson, North Carolina