REQUEST FOR BOARD ACTION

HENDERSON COUNTY
BOARD OF COMMISSIONERS

MEETING DATE:	August 19, 2026
SUBJECT:	Adoption of Financing Resolution for Medical Office Building – Mills River Project
PRESENTER:	Samantha R. Reynolds, Financial Services Director
ATTACHMENTS:	Extract of proposed minutes, including proposed resolution

SUMMARY OF REQUEST:

The attached required initial resolution prepared by the County's Bond Counsel, Parker Poe Adams & Bernstein LLP, authorizes the negotiation of an installment financing contract and provides for certain other related matters for the financing of 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. The maximum amount of this borrowing would be $65,000,000. The County's obligation would be secured by the pledge of the medical office building property.

A reimbursement resolution was previously adopted by the Board on March 4, 2024.

Note: The "maximum amount" figure in the resolution is not intended to accurately state the project costs or amount to be financed but rather act as a safe harbor number for the purpose of these resolutions only.

This resolution also authorizes the refunding (refinancing) of the Series 2016A borrowing for the acquisition, construction and equipping of the Innovative High School.

The resolution makes the necessary findings for the project and the financing, authorizes the Financial Services Director to make an application to the Local Government Commission (LCG) for approval of the financing, and directs staff to retain the assistance of its bond counsel, financial advisor and the underwriter for the financing.

The resolution also sets a public hearing on the proposed financing for September 8, 2026, at 5:30 p.m. and directs the Financial Services Director to cause a notice of public hearing to be published.

BOARD ACTION REQUESTED:

Staff requests that the Board adopt the proposed initial resolution for the Medical Office Building Mills River Project and schedule the required public hearing.

Suggested Motion:

I move that the Board of Commissioners adopt the financing resolution authorizing the negotiation of an installment financing contract which provides for certain other related matters for the financing of the UNC Health Pardee Medical Office Building – Mills River Project and the refunding of the Series 2016A Project.

I further move that the Board schedule the public hearing on the proposed financing and refunding for September 8, 2026, at 5:30 p.m.

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 August 19, 2026 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:

The following members were absent:

✶ ✶ ✶ ✶ ✶

Commissioner ___________ moved that the following resolution, copies of which having 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, AUTHORIZING THE NEGOTIATION OF AN AMENDMENT TO AN INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO, DECLARING THE INTENT OF THE COUNTY TO REIMBURSE ITSELF FOR CAPITAL EXPENDITURES FROM PROCEEDS THEREOF, AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO

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 purchase price;

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*"), a portion of the proceeds of which were used to finance the renovation and expansion of the County's existing detention facility (the "*Detention Facility*") as part of the County judicial center complex, as amended by Amendment Number One to the 2025 Contract, dated as of January 1, 2026 (the "*First Amendment*") and Amendment Number Two to the 2025 Contract, dated May 1, 2026 (the "*Second Amendment*"), 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 County previously entered into an Installment Financing Contract dated as of December 1, 2016 (the "*2016 Contract*") with the Corporation, the proceeds of which were used to finance the acquisition, construction and equipping of the Innovative High School in the County (the "*Refunded Project*"), and in connection with which the Corporation executed and delivered its Limited Obligation Bonds (County of Henderson, North Carolina), Series 2016A;

WHEREAS*,* it is in the County's best interest to enter into Amendment Number Three to the 2025 Contract (the "*Third Amendment*") with the Corporation to (1) finance 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, including, but not limited to, a medical office building to be constructed on UNC Health Pardee's Mills River campus (the "*New Money Project*"), and (2) refinance the Refunded Project;

WHEREAS*,* financing the New Money Project and refinancing the Refunded Project is essential to the County's proper, efficient and economic operation and to the general health and welfare of its inhabitants; financing the New Money Project and refinancing the Refunded Project will provide an essential use and will permit the County to carry out public functions that it is authorized by law to perform; and entering into the Third Amendment is necessary and expedient for the County by virtue of the findings presented herein;

WHEREAS*,* the Third Amendment would allow the County to finance the New Money Project and refinance the Refunded Project and take title thereto at a favorable interest rate currently available in the financial marketplace and on terms advantageous to the County;

WHEREAS*,* the estimated cost of financing the New Money Project and refinancing the Refunded Project, including payment of the costs of execution and delivery of the Third Amendment, is an amount not to exceed $75,000,000 and such cost exceeds the amount that can be prudently raised from currently available appropriations, unappropriated fund balances and non-voted bonds that could be issued by the County in the current fiscal year pursuant to Article V, Section 4 of the Constitution of the State;

WHEREAS*,* although the cost of financing the New Money Project and refinancing the Refunded Project pursuant to the Third Amendment is expected to exceed the cost of financing the New Money Project and refinancing the Refunded Project pursuant to a bond financing for the same undertaking, the cost of financing the New Money Project and refinancing the Refunded Project pursuant to the Third

Amendment and the obligations of the County thereunder are preferable to a general obligation bond financing or revenue bond financing for several reasons, including but not limited to the following: (1) the cost of a special election necessary to approve a general obligation bond financing, as required by the laws of the State, would result in the expenditure of significant funds; (2) the time required for a general obligation bond election would cause an unnecessary delay which would thereby decrease the financial benefits of financing, constructing, and improving the New Money Project and refinancing the Refunded Project; and (3) the New Money Project and the Refunded Project would produce insufficient revenues to permit a revenue bond financing;

WHEREAS, the estimated costs of financing the New Money Project and refinancing the Refunded Project pursuant to the Third Amendment reasonably compares with an estimate of similar costs under a bond financing for the same undertaking as a result of the findings delineated in the above preambles;

WHEREAS, any future property tax increase, if necessary, to pay installment payments falling due under the Third Amendment will not be excessive;

WHEREAS, the sums to fall due under the Third Amendment will be adequate but not excessive for its proposed purpose;

WHEREAS, no deficiency judgment may be rendered against the County in any action for its breach of the Third Amendment, and the taxing power of the County is not and may not be pledged in any way directly or indirectly or contingently to secure any money due under the Third Amendment;

WHEREAS, the County is not in default under any of its debt service obligations;

WHEREAS, the County's budget process and Annual Budget Ordinance are in compliance with the Local Government Budget and Fiscal Control Act, and external auditors have determined that the County has conformed with generally accepted accounting principles as applied to governmental units in preparing its Annual Budget Ordinance;

WHEREAS, past audit reports of the County indicate that its debt management and contract obligation payment policies have been carried out in strict compliance with the law, and the County has not been censured by the North Carolina Local Government Commission (the "*LGC*"), external auditors or any other regulatory agencies in connection with such debt management and contract obligation payment policies;

WHEREAS, a public hearing on the Third Amendment after publication of a notice with respect to such public hearing must be held, and approval of the LGC with respect to entering into the Third Amendment must be received;

WHEREAS, the County will incur and pay certain expenditures (the "*Original Expenditures*") in connection with the New Money Project prior to the date of execution and delivery of the Third Amendment, such Original Expenditures to be paid for originally from a source other than the proceeds of the Third Amendment, and the County intends, and reasonably expects, to be reimbursed for such Original Expenditures from a portion of the proceeds of the Third Amendment; and

WHEREAS, all findings, conclusions and determinations of the County in this Resolution are subject to modification or affirmation after all interested parties have been afforded the opportunity to present their comments at a public hearing regarding the execution and delivery of the Third Amendment and the New Money Project financed thereby and the Refunded Project refinanced thereby.

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

Section 1. ***Authorization to Negotiate the Third Amendment***. The County Manager, the Financial Services Director, and the Finance Director, or their respective designees (collectively, the "*Authorized Officers*"), with advice from the County Attorney and the County's bond counsel, are authorized and directed, individually and collectively, to proceed and negotiate on behalf of the County the Third Amendment for a principal amount not to exceed $75,000,000 to finance the New Money Project and refinance the Refunded Project, to be entered into in accordance with the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended.

Section 2. ***Application to LGC.*** The Authorized Officers are directed to file with the LGC an application for its approval of the Third Amendment and all relevant transactions contemplated thereby on a form prescribed by the LGC and to state in such application such facts and to attach thereto such exhibits regarding the County and its financial condition as may be required by the LGC.

Section 3. ***Direction to Retain Professionals.*** The Authorized Officers, with advice from the County Attorney, are authorized and directed to retain the assistance of Parker Poe Adams & Bernstein LLP, as bond counsel, DEC Associates, Inc., as municipal advisor, PNC Capital Markets LLC, as underwriter, and U.S. Bank Trust Company, National Association, as trustee. The Authorized Officers are authorized to retain such other professionals as they deem necessary in their judgment to carry out the transaction contemplated in this Resolution.

Section 4. ***Public Hearing.*** The Board of Commissioners of the County shall conduct a public hearing (the "*Public Hearing*") on September 8, 2026 at 5:30 p.m. in the Commissioners' Meeting Room, Henderson County Historic Courthouse, 1 Historic Courthouse Square, Hendersonville, North Carolina, concerning the Third Amendment, the proposed financing of the New Money Project and refinancing of the Refunded Project, and any other transactions contemplated therein and associated therewith.

Section 5. ***Notice of Public Hearing.*** The Clerk to the Board is directed to cause a notice of the Public Hearing, in the form attached hereto as Exhibit A, to be published once in a qualified newspaper of general circulation within the County no fewer than 10 days prior to the Public Hearing.

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

Section 7. ***Reimbursement.*** The County presently intends, and reasonably expects, to reimburse itself for Original Expenditures related to the New Money Project in an amount not to exceed $65,000,000 on or after the date occurring 60 days prior to the date of adoption of this Resolution from a portion of the proceeds of the Third Amendment. 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 Third Amendment. The Authorized Officers, with advice from the County's bond counsel, are 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 New Money Project during the period commencing on the date occurring 60 days prior to the date of adoption of this Resolution and ending on the date of the execution and delivery of the Third Amendment.

Section 8. ***Effective Date.*** This Resolution is effective on the date of its adoption.

On motion of Commissioner __________, the foregoing resolution entitled **"RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN AMENDMENT TO AN INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO, DECLARING THE INTENT OF THE COUNTY TO REIMBURSE ITSELF FOR CAPITAL EXPENDITURES FROM PROCEEDS THEREOF, AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO"** was duly adopted by the following vote:

AYES:

NAYS:

EXHIBIT A
NOTICE OF PUBLIC HEARING

The County of Henderson, North Carolina (the "*County*") previously entered into an Installment Financing Contract dated as of October 1, 2025 (as amended, the "*2025 Contract*") with the Henderson County Governmental Financing Corporation (the "*Corporation*"), to finance and refinance the projects described therein. To secure its obligations under the 2025 Contract, the County previously executed and delivered 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 its existing detention facility, together with the real estate improvements thereon and appurtenances thereto (collectively, the "*Mortgaged Property*").

At its August 19, 2026 meeting, the Board of Commissioners of the County adopted a resolution which authorized the County to enter into Amendment Number Three to the 2025 Contract (the "*Third Amendment*" and together with the 2025 Contract, as previously amended, the "*Contract*"), the aggregate principal amount of which is currently expected not to exceed $75,000,000, under which the County will make certain installment payments to finance 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, including, but not limited to, a medical office building to be constructed on UNC Health Pardee's Mills River campus (the "*New Money Project*") and to refinance the acquisition, construction and equipping of the Innovative High School in the County (the "*Refunded Project*").

The maximum stated principal amount of the Contract to be used to finance the New Money Project is $65,000,000. The New Money Project will be located at 3817 Boylston Hwy, Mills River, NC 28759, and will be owned and operated by the Henderson County Hospital Corporation, a nonprofit corporation organized and existing under the laws of the State of North Carolina.

The Contract and the Deed of Trust permit the County to enter into amendments to finance or refinance additional projects using the Mortgaged Property as collateral and the County may or may not grant additional collateral in connection with such amendments. On the County's payment of all installment payments due under the Contract, including any future amendments to finance or refinance projects, any lien the Deed of Trust created will terminate and the County's title to the Mortgaged Property will be unencumbered.

NOTICE IS HEREBY GIVEN, pursuant to Section 160A-20 of the General Statutes of North Carolina and Section 147(f) of the Internal Revenue Code of 1986, that on September 8, 2026 at 5:30 p.m. in the Commissioners' Meeting Room, Henderson County Historic Courthouse, 1 Historic Courthouse Square, Hendersonville, North Carolina, a public hearing will be conducted concerning the approval of the execution and delivery of the Third Amendment and the New Money Project financed thereby and the Refunded Project refinanced thereby. All interested parties are invited to present comments thereon at the public hearing.

/s/ DENISA A. LAUFFER
Clerk to the Board of Commissioners
County of Henderson, North Carolina

Published: August ____, 2026

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 entitled "**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, AUTHORIZING THE NEGOTIATION OF AN AMENDMENT TO AN INSTALLMENT FINANCING CONTRACT, DIRECTING THE PUBLICATION OF NOTICE WITH RESPECT THERETO, DECLARING THE INTENT OF THE COUNTY TO REIMBURSE ITSELF FOR CAPITAL EXPENDITURES FROM PROCEEDS THEREOF, AND PROVIDING FOR CERTAIN OTHER RELATED MATTERS THERETO"** adopted by the Board of Commissioners of the County of Henderson, North Carolina, at a meeting held on August 19, 2026.

WITNESS my hand and the corporate seal of the County of Henderson, North Carolina, this the _____ day of August, 2026.

(SEAL)

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