

DRAFT

1/22/2013

cc: BOC
steve
David
Russ,
Christy

MINUTES

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

BOARD OF COMMISSIONERS
WEDNESDAY, JANUARY 16, 2013

The Henderson County Board of Commissioners met for a regularly scheduled meeting/budget retreat at 9:00 a.m. in the Commissioners' Meeting Room of the Historic Courthouse on Main Street, Hendersonville.

Those present were: Chairman Charlie Messer, Vice-Chairman Tommy Thompson, Commissioner Larry Young, Commissioner Grady Hawkins, Commissioner Michael Edney, County Manager Steve Wyatt, Interim Assistant County Manager David Whitson, Attorney Russ Burrell and Clerk to the Board Teresa Wilson.

Also present were: Finance Director J. Carey McLelland, County Engineer Marcus Jones, Interim Planning Director Autumn Radcliff, Elections Director Beverly Cunningham, Library Director Bill Snyder, Animal Services Director Brad Rayfield, Auditor Darlene Burgess, HR Director Jan Prichard, Soil & Water Conservation District Director Jonathan Wallin, IT Director Becky Snyder, Tax Assessor/Collector Stan Duncan, Recreation Director Tim Hopkin, Code Enforcement Director Toby Linville, Building Services Director Tom Staufer, Environmental Health Supervisor Seth Swift, Health Department Director Tom Bridges, Research/Budget Analyst Amy Brantley, DSS Administrative Officer Joseph Maxey, Captain Steve Carter, Sheriff Charlie McDonald, Captain Frank Stout, Travel & Tourism Director Beth Carden, Chief Deputy Rodney Raines, Lieutenant Gloria Nock, Deputy County Attorney Sarah Zambon, Planner Matt Cable, EMS Director Mike Barnett, Director of Communications Lisha Corn, Social Work Program Administrator Jerrie McFalls, DSS Director Liston Smith, and Department of Health Administrative Assistant Cathy Nicholson.

CALL TO ORDER/WELCOME

Chairman Messer called the meeting to order and welcomed all in attendance.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the American Flag was led by Commissioner Hawkins.

DISCUSSION/ADJUSTMENT OF AGENDA

Chairman Messer made the motion to adopt the Agenda with the addition of a Resolution regarding the final approval of Lexon Litigation Settlement, a closed session, and brief discussion of representatives for the Land-of-Sky Regional Council. All voted in favor and the motion carried.

LAND-OF-SKY REGIONAL COUNCIL REPRESENTATIVE

Commissioner Hawkins requested that he serve as the primary representative for the Land-of-Sky Council and nominated Glen Engram as the alternate.

Commissioner Hawkins made the motion that the Commissioners appoint him as the primary representative for the Land-of-Sky Regional Council and Glen Engram as the alternate representative. All voted in favor and the motion carried.

RESOLUTION REGARDING FINAL APPROVAL OF LEXON LITIGATION SETTLEMENT

Commissioner Hawkins made the motion that the Board adopts the Resolution regarding final approval of the Lexon Litigation Settlement. All voted in favor and the motion carried.

DATE APPROVED:

FY 2013-2014 Board of Commissioners' Planning Workshop

FY 2012-2013 Mid-Year Financial Update

- FY 2012-2013 Expenditures
- FY 2012-2013 Revenues
- FY 2012-2013 Sales Tax Collections
- Capital Reserve Fund

FY 2012-2013 County Expenditures

County Department	BOC Adopted	Revisions (As of 12.31.12)	Total Revised Budget	\$ Expended (As of 12.31.12)	% Expended (As of 12.31.12)
Governing Body	\$352,937	\$0	\$352,937	\$143,793	40.7%
Dues & Non-Profits	\$483,695	\$0	\$483,695	\$285,336	59.0%
County Administration	\$712,274	\$0	\$712,274	\$310,044	43.5%
Human Resources	\$530,512	\$12,144	\$542,656	\$274,960	50.7%
Elections	\$783,672	\$13,417	\$797,089	\$438,878	55.1%
Finance	\$704,745	\$1,138	\$705,883	\$344,027	48.7%
Assessor	\$1,706,312	\$0	\$1,706,312	\$761,706	44.6%
Tax Collections	\$431,301	\$15,000	\$446,301	\$190,804	42.8%
Legal	\$647,561	\$6,344	\$653,905	\$294,310	45.0%
Register of Deeds	\$376,901	\$95,175	\$472,076	\$212,474	45.0%
Engineering & Facility Serv.	\$2,539,826	\$21,174	\$2,561,000	\$1,128,391	44.1%
Court Facilities	\$190,000	\$0	\$190,000	\$77,661	40.9%
Information Technology	\$1,790,245	\$0	\$1,790,245	\$884,526	49.4%

County Department	BOC Adopted	Revisions (As of 12.31.12)	Total Revised Budget	\$ Expended (As of 12.31.12)	% Expended (As of 12.31.12)
Sheriff	\$12,025,940	\$387,334	\$12,413,274	\$5,892,913	47.5%
Detention Facility	\$4,230,795	\$0	\$4,230,795	\$1,869,038	44.2%
Emergency Management	\$204,778	\$136,000	\$340,778	\$157,397	46.2%
Fire Marshal	\$412,112	\$0	\$412,112	\$245,833	59.7%
Building Services	\$801,826	\$1,119	\$802,945	\$343,621	42.8%

Wellness Clinic	\$380,685	\$0	\$380,685	\$171,669	45.1%
Emergency Medical Services	\$3,930,229	\$249,378	\$4,179,607	\$2,326,693	55.7%
Animal Services	\$563,601	\$10,153	\$573,754	\$279,635	48.7%
Rescue Squad	\$110,360	\$0	\$110,360	\$81,667	74.0%
Forestry Services	\$65,899	\$0	\$65,899	\$28,999	44.0%
Soil & Water Conservation	\$264,061	\$96,000	\$360,061	\$194,684	54.1%
Utilities	\$278,282	\$0	\$278,282	\$104,090	37.4%
Planning	\$538,674	\$0	\$538,674	\$238,630	44.3%

County Department	BOC Adopted	Revisions (As of 12.31.12)	Total Revised Budget	\$ Expended (As of 12.31.12)	% Expended (As of 12.31.12)
Code Enforcement	\$244,887	\$14,000	\$258,887	\$126,103	48.7%
Cooperative Extension	\$321,326	\$0	\$321,326	\$150,682	46.9%
Economic Development	\$510,801	\$42,698	\$553,499	\$414,107	74.8%
Public Health	\$5,871,667	\$166,784	\$6,038,451	\$2,681,656	44.4%
Environmental Health	\$937,464	\$0	\$937,464	\$433,432	46.2%
Home & Community Care Grant	\$768,216	\$0	\$768,216	\$319,837	41.6%
Medical Services	\$46,250	\$0	\$46,250	\$15,300	33.1%
Mental Health	\$528,612	\$0	\$528,612	\$235,806	44.6%
ROAP (Rural Operating Assistance)	\$267,294	\$0	\$267,294	\$67,434	25.2%
Social Services	\$11,784,066	\$56,928	\$11,840,994	\$5,507,181	46.5%
DSS – Smart Start	\$535,741	\$0	\$535,741	\$181,248	33.8%
DSS – Federal & State	\$6,563,273	\$0	\$6,563,273	\$2,703,660	41.2%
DSS – General Assistance	\$57,000	\$0	\$57,000	\$13,703	24.0%

County Department	BOC Adopted	Revisions (As of 12.31.12)	Total Revised Budget	\$ Expended (As of 12.31.12)	% Expended (As of 12.31.12)
Juvenile Justice Grant	\$193,745	\$0	\$193,745	\$81,335	42.0%
Veteran's Services	\$44,888	\$0	\$44,888	\$13,461	30.0%
Public Library	\$2,864,975	\$51,315	\$2,916,290	\$1,543,047	52.9%
Recreation	\$1,418,049	\$6,528	\$1,424,577	\$574,151	40.3%
County Debt Service	\$3,932,431	\$43,841	\$3,976,272	\$1,312,488	33.0%
Non-Departmental	\$225,000	-\$127,492	\$97,508	\$60	0.1%
Transfers to Other Funds	\$688,845	\$627,220	\$1,316,065	\$219,744	16.7%
TOTAL	\$72,861,753	\$1,926,198	\$74,787,951	\$33,876,215	45.3%

FY 2012-2013 Education Expenditures

	BOC Adopted	Revisions (As of 12.31.12)	Total Revised Budget	\$ Expended (As of 12.31.12)	% Expended (As of 12.31.12)
Henderson County Public School System					
<input type="checkbox"/> Current Expense	\$21,200,000	\$0	\$21,200,000	\$10,600,000	50.0%
<input type="checkbox"/> Debt Service	\$8,993,313	\$40,469	\$9,033,782	\$4,930,690	54.6%
TOTAL	\$30,193,313	\$40,469	\$30,233,782	\$15,530,690	51.4%

Blue Ridge Community College					
<input type="checkbox"/> Current Expense	\$2,825,977	\$0	\$2,825,977	\$1,653,153	58.5%
<input type="checkbox"/> Debt Service	\$1,616,429	\$0	\$1,616,429	\$490,780	30.4%
TOTAL	\$4,442,406	\$0	\$4,442,406	\$2,143,934	48.3%

FY 2012-2013 Total Expenditures

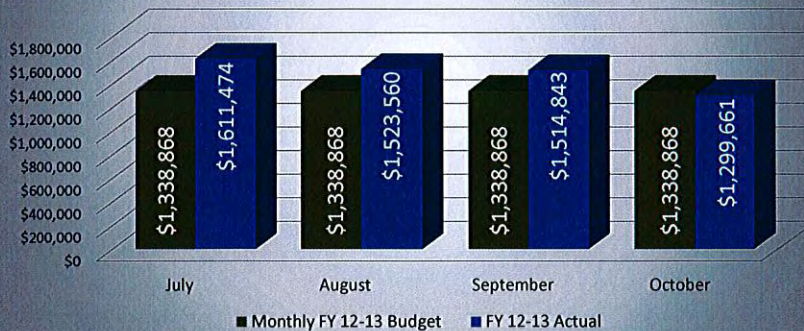
	BOC Adopted	Revisions (As of 12.31.12)	Total Revised Budget	\$ Expended (As of 12.31.12)	% Expended (As of 12.31.12)
GENERAL FUND TOTAL	\$107,497,472	\$1,966,667	\$109,464,139	\$51,550,839	47.1%

FY 2012-2013 Revenues

County Department	BOC Adopted	Revisions (As of 12.31.12)	Total Revised Budget	\$ Received (As of 12.31.12)	% Received (As of 12.31.12)
Ad Valorem Taxes – Current Year	\$59,132,749	\$0	\$59,132,749	\$47,435,124	80.2%
Ad Valorem Taxes – Prior Years	\$1,775,000	\$0	\$1,775,000	\$1,105,756	62.3%
Local Option Sales Taxes	\$16,066,421	\$0	\$16,066,421	\$5,949,538	37.0%
Other Taxes and Licenses	\$536,850	\$0	\$536,850	\$264,891	49.3%
Unrestricted Intergovernmental	\$84,000	\$0	\$84,000	\$24,867	29.6%
Restricted Intergovernmental	\$17,118,652	\$402,066	\$17,520,718	\$8,521,163	48.6%
Permits and Fees	\$930,750	\$0	\$930,750	\$674,521	72.5%
Sales and Services	\$4,808,836	\$0	\$4,808,836	\$2,071,086	43.1%
Investment Earnings	\$350,000	\$0	\$350,000	\$262,813	75.1%
Other Revenues	\$504,910	\$440,653	\$945,563	\$752,679	79.6%
Transfers from Other Funds	\$572,098	\$9,429	\$581,527	\$271,049	46.6%
Total General Fund Revenues	\$101,880,266	\$852,148	\$102,732,414	\$67,333,485	65.5%
Fund Balance Appropriated	\$5,617,206	\$1,114,519	\$6,731,725	\$0	0.0%

FY 2012-2013 Sales Tax Revenues

- Local Option Sales Tax = \$ 16,066,421
- Year to Date Variance = \$ 594,066



Capital Reserve Fund

Capital Reserve Fund established in FY 2007		Deposit/ Appropriation	Running Balance
FY 2007	Deposit – Sale of Land Development Building	\$ 1,337,195	\$ 1,337,195
FY 2008	Deposit – Transfer from General Fund	\$ 1,400,000	\$ 2,737,195
FY 2009	Appropriation – Detention Center Generator	(\$ 300,000)	\$ 2,437,195
FY 2010	Deposit – Transfer from General Fund	\$ 772,677	\$ 3,209,872
	Appropriation – Compressed Natural Gas Project	(\$ 35,000)	\$ 3,174,872
FY 2011	Appropriation – Parks and Recreation projects	(\$ 156,249)	\$ 3,018,623
	Appropriation – Tuxedo Mill Demolition	(\$ 143,324)	\$ 2,875,299
	Appropriation – Law Enforcement Center	(\$ 1,058,347)	\$ 1,816,952
	Deposit – Progress Energy (Bent Creek Easement)	\$ 8,500	\$ 1,825,452
	Appropriation - Boyd Property	(\$ 750,000)	\$ 1,075,452
FY 2012	Deposit – Sale of Nuckolls Building	\$ 700,000	\$ 1,775,452
	Appropriation – Parks and Recreation projects	(\$ 535,039)	\$ 1,240,413
FY 2013	Deposit – Transfer from General Fund (Recreation)	\$ 200,000	\$ 1,440,413
	Appropriation – Parks and Recreation projects	(\$ 26,848)	\$ 1,413,565
	Appropriation – 1995 Courthouse Congressional Office	(\$ 27,000)	\$ 1,386,565

Capital Financing Debt Schedules

- Retiring Debt Service – Education
- Retiring Debt Service - County
- Outstanding Debt Principal – Education
- Outstanding Debt Principal – County

Debt Schedule Highlights

- Consistent pay down of debt principal
- Subsequent decrease in debt service
- FY 2014 Debt Service increase due to final principal payoff of 2002 School QZABs

Retiring Debt Service – Education

HC Public Schools	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017	6.30.2018
2012 Refinancing Bonds	\$1,075,245	\$1,043,347	1,012,103	\$977,379	\$941,737	\$906,476
2010 Refinancing Bonds	\$2,367,703	\$2,299,419	\$ 2,225,800	\$2,149,148	\$,851,075	\$1,036,625
2010 Apple Valley/North High	\$827,533	\$815,710	\$799,892	\$780,911	\$759,431	\$735,621
2010 School QZABs – Repairs	\$259,702	\$249,833	\$239,964	\$230,095	\$220,226	\$ 210,357
2009 School QSCBs – Repairs	\$490,926	\$482,940	\$474,954	\$466,969	\$458,983	\$450,997
2008 Hillandale/Mills River	\$2,395,511	\$2,403,132	\$2,356,229	\$2,309,326	\$2,262,423	\$2,215,520
2006 Sugarloaf Elementary	1,352,715	\$1,316,141	\$1,275,718	\$1,235,296	\$1,194,873	\$1,154,451
2002 School QZABs	\$164,364	\$722,686	\$ -	\$ -	\$ -	\$ -
TOTAL HC PUBLIC SCHOOLS	* \$8,933,699	\$9,333,208	\$8,384,660	\$8,149,124	\$7,688,748	\$6,710,047

* 6.30.2013 figure reflects actual debt service to be paid. This is \$100,083 lower than the budgeted amount, due to savings from refinancing.

BRCC	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017	6.30.2018
2010 Repair and Renovations	\$241,019	\$237,575	\$232,968	\$227,439	\$221,184	\$214,249
2006 Technology Building	\$1,375,410	\$1,337,847	\$1,296,332	\$1,254,817	\$1,213,817	\$1,171,787
TOTAL BRCC	\$1,616,429	\$1,575,422	\$1,529,300	\$1,482,256	\$1,435,001	\$1,386,036

Retiring Debt Service - County

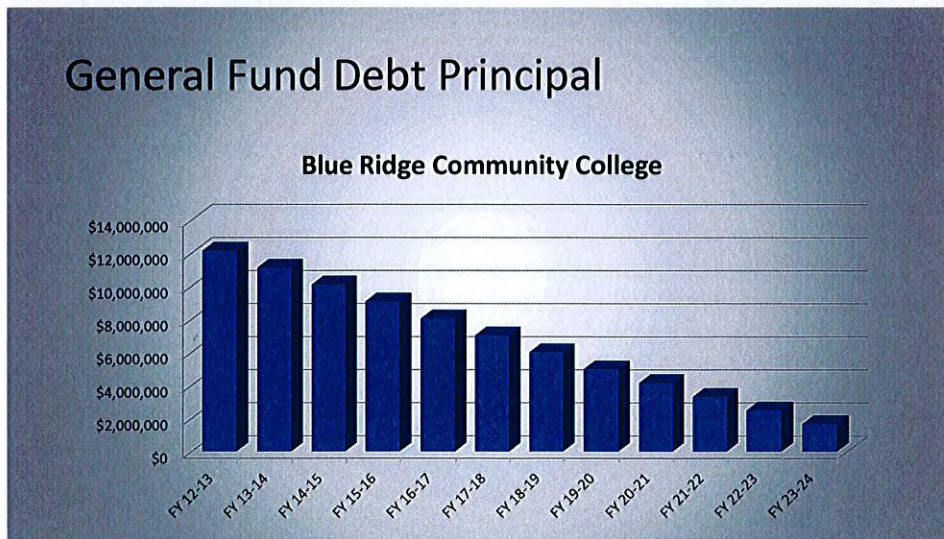
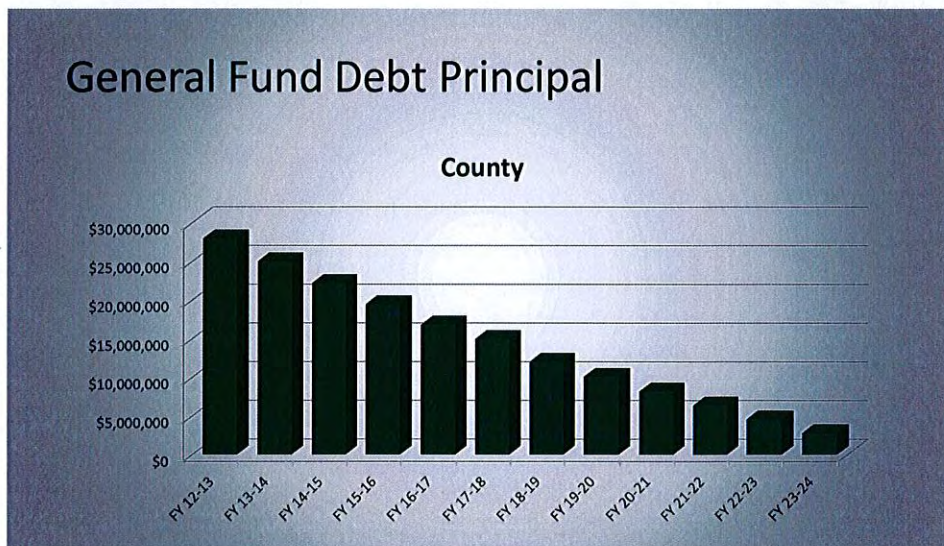
	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017	6.30.2018
2012 Refinancing Bonds	\$1,211,690	\$1,130,293	\$1,096,445	\$1,058,828	\$1,020,216	\$982,015
2010 Refinancing Bonds	\$185,537	\$180,186	\$174,417	\$168,411	\$145,053	\$81,232
2010 LEC/Court Services	\$836,000	\$812,000	\$788,000	\$764,000	\$740,000	\$716,000
Detention Center	\$557,342	\$540,431	\$523,748	\$504,189	\$484,827	\$464,662
Historic Courthouse	\$904,875	\$883,163	\$855,850	\$828,538	\$801,225	\$773,913
Former 6th Avenue Clubhouse Property	\$34,012	\$34,011	\$34,011	\$ -	\$ -	\$ -

E911 Communications Center Project	\$16,477	\$ -	\$ -	\$ -	\$ -	\$ -
New Ambulances/EMS Equipment	\$128,717	\$235,352	\$235,352	\$171,478	\$106,636	\$ -
TOTAL COUNTY	* \$3,874,650	\$3,815,436	\$3,707,823	\$3,495,444	\$3,297,957	\$3,017,822

* 6.30.2013 figure reflects actual debt service to be paid. This is \$101,622 lower than the budgeted amount, due to savings from refinancing.

GRAND TOTAL	\$14,424,778	\$14,724,066	\$13,621,783	\$13,126,824	\$12,421,706	\$11,113,905
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FY DEBT SERVICE IMPACT		\$299,288	\$(1,102,283)	\$(494,959)	\$(705,118)	\$(1,307,801)
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General Fund Debt Principal

Henderson County Public Schools

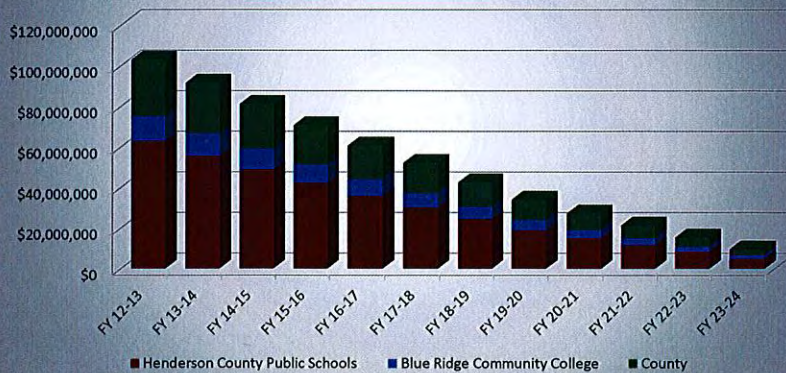


General Fund Debt Principal

Henderson County Public Schools



General Fund Debt Principal



Outstanding Debt Principal – Education

HC Public Schools	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017	6.30.2018
2012 Refinancing Bonds	\$9,076,800	\$8,251,200	\$7,423,200	\$6,592,800	\$5,781,600	\$4,989,600
2010 Refinancing Bonds	\$10,807,453	\$8,891,149	\$6,974,845	\$5,058,541	\$3,368,176	\$2,435,129
2010 Apple Valley/North High	\$4,662,153	\$3,996,131	\$3,330,109	\$2,664,087	\$1,998,066	\$1,332,044
2010 School QZABs – Repairs	\$1,265,250	\$1,084,500	\$903,750	\$723,000	\$542,250	\$361,500
2009 School QSCBs – Repairs	\$2,989,280	\$2,562,240	\$2,135,200	\$1,708,160	\$1,281,120	\$854,080
2008 Hillandale/Mills River	\$22,857,143	\$21,028,571	\$19,200,000	\$17,371,429	\$15,542,857	\$13,714,286
2006 Sugarloaf Elementary	\$10,495,050	\$9,686,600	\$8,878,150	\$8,069,700	\$7,261,250	\$6,452,800
2002 School QZABs	\$722,686	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL HC PUBLIC SCHOOLS	\$62,875,815	\$55,500,391	\$48,845,254	\$42,187,717	\$35,775,319	\$30,139,439

BRCC	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017	6.30.2018
2010 Repair and Renovations	\$1,357,847	\$1,163,869	\$969,891	\$775,913	\$581,934	\$387,956
2006 Technology Building	\$10,778,700	\$9,948,400	\$9,118,100	\$8,287,800	\$7,457,500	\$6,627,200
TOTAL BRCC	\$12,136,547	\$11,112,269	\$10,087,991	\$9,063,713	\$8,039,434	\$7,015,156

HC Public Schools	6.30.2019	6.30.2020	6.30.2021	6.30.2022	6.30.2023	6.30.2024
2012 Refinancing Bonds	\$4,214,400	\$3,460,800	\$2,726,400	\$2,013,600	\$1,322,400	\$650,400
2010 Refinancing Bonds	\$1,510,449	\$606,691	\$ -	\$ -	\$ -	\$ -
2010 Apple Valley/North High	\$666,022	\$ -	\$ -	\$ -	\$ -	\$ -
2010 School QZABs – Repairs	\$180,750	\$ -	\$ -	\$ -	\$ -	\$ -
2009 School QSCBs – Repairs	\$427,040	\$ -	\$ -	\$ -	\$ -	\$ -
2008 Hillandale/Mills River	\$11,885,714	\$10,057,143	\$8,228,571	\$6,400,000	\$4,571,429	\$2,742,857
2006 Sugarloaf Elementary	\$5,646,200	\$4,839,600	\$4,033,000	\$3,226,400	\$2,419,800	\$1,613,200

2002 School QZABs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL HC PUBLIC SCHOOLS	\$24,530,575	\$18,964,234	\$14,987,971	\$11,640,000	\$8,313,629	\$5,006,457

BRCC	6.30.2019	6.30.2020	6.30.2021	6.30.2022	6.30.2023	6.30.2024
2010 Repair and Renovations	\$193,978	\$ -	\$ -	\$ -	\$ -	\$ -
2006 Technology Building	\$5,798,800	\$4,970,400	\$4,142,000	\$3,313,600	\$2,485,200	\$1,656,800
TOTAL BRCC	\$5,992,778	\$4,970,400	\$4,142,000	\$3,313,600	\$2,485,200	\$1,656,800

Outstanding Debt Principal – County

	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017	6.30.2018
2012 Refinancing Bonds	\$9,833,200	\$8,938,800	\$8,041,800	\$7,142,200	\$6,263,400	\$5,705,400
2010 Refinancing Bonds	\$846,888	\$696,724	\$546,559	\$396,395	\$263,935	\$190,820
2010 LEC/Court Services	\$6,500,000	\$6,000,000	\$5,500,000	\$5,000,000	\$4,500,000	\$4,000,000
Detention Center	\$2,730,000	\$2,257,000	\$1,789,000	\$1,329,000	\$877,000	\$434,000
Historic Courthouse	\$7,091,250	\$6,545,000	\$5,998,750	\$5,452,500	\$4,906,250	\$4,360,000
Former 6th Avenue Clubhouse Property	\$82,822	\$52,254	\$20,187	\$ -	\$ -	\$ -
E911 Communications Center Project	\$118,869	\$ -	\$ -	\$ -	\$ -	\$ -
New Ambulance/EMS Equipment	\$726,438	\$501,479	\$273,165	\$105,319	\$ -	\$ -
TOTAL COUNTY	\$27,929,467	\$24,991,257	\$22,169,461	\$19,425,414	\$16,810,585	\$14,690,220

GRAND TOTAL	\$102,941,829	\$91,603,917	\$81,102,706	\$70,676,844	\$60,625,338	\$51,844,815
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FY DEBT PRINCIPAL REDUCTION	\$(11,337,912)	\$(10,501,211)	\$(10,425,862)	\$(10,051,506)	\$(8,780,523)
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	6.30.2019	6.30.2020	6.30.2021	6.30.2022	6.30.2023	6.30.2024
2012 Refinancing Bonds	\$4,565,600	\$3,749,200	\$2,953,600	\$2,181,400	\$1,432,600	\$704,600
2010 Refinancing Bonds	\$118,361	\$47,541	\$ -	\$ -	\$ -	\$ -
2010 LEC/Court Services	\$3,500,000	\$3,000,000	\$2,500,000	\$2,000,000	\$1,500,000	\$1,000,000
Detention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Historic Courthouse	\$3,815,000	\$3,270,000	\$2,725,000	\$2,180,000	\$1,635,000	\$1,090,000
Former 6th Avenue Clubhouse Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
E911 Communications Center Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Ambulances/EMS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL COUNTY	\$11,998,961	\$10,066,741	\$8,178,600	\$6,361,400	\$4,567,600	\$2,794,600

GRAND TOTAL	\$42,522,314	\$34,001,375	\$27,308,571	\$21,315,000	\$15,366,429	\$9,457,857
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FY DEBT PRINCIPAL REDUCTION	\$(9,322,501)	\$(8,520,939)	\$(6,692,804)	\$(5,993,571)	\$(5,948,571)	\$(5,908,572)
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Financial Forecast

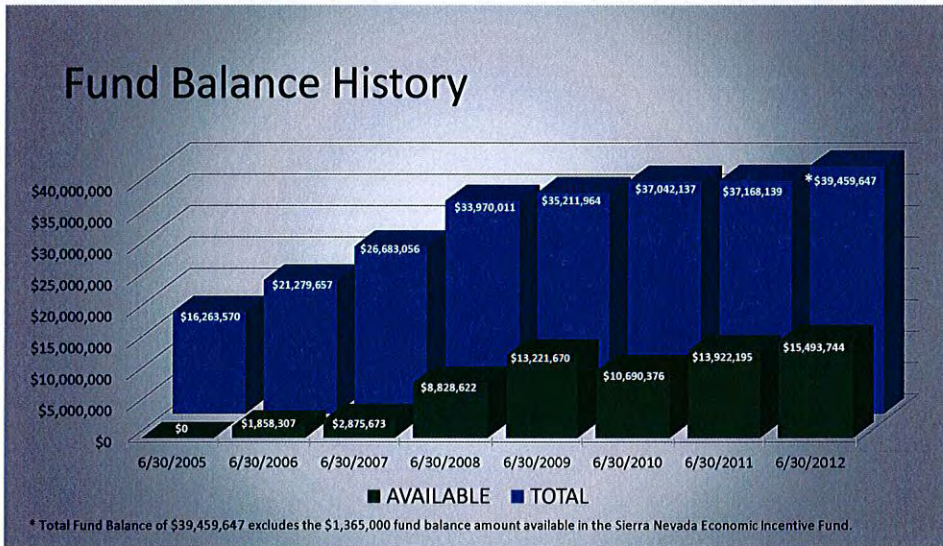
- FY 2009-2013 Historical Budget Information
- FY 2013-2014 Forecast
- FY 2014-2015 Forecast

Historical Budget Information

REVISED BUDGET EXPENDITURES					
FY 2009 - 2013					
	FY 2008-2009	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013 (As of 12.31.12)
COUNTY					
Operational	\$ 78,333,730	\$ 74,091,045	\$ 74,629,242	\$ 72,368,039	\$ 70,811,679
Capital Debt Service	\$ 3,975,331	\$ 3,380,356	\$ 3,319,481	\$ 3,984,386	\$ 3,976,272
TOTAL COUNTY	\$ 82,309,061	\$ 77,471,401	\$ 77,948,723	\$ 76,352,425	\$ 74,787,951
HENDERSON COUNTY PUBLIC SCHOOLS					
Current	\$ 20,205,922	\$ 20,392,939	\$ 20,698,218	\$ 18,561,999	\$ 21,200,000
Capital (Including FF&E)	\$ 2,255,339	\$ 449,889 *	\$ 449,889	\$ 1,000,000	---
Capital Debt Service (Including QZAB)	\$ 9,760,528	\$ 9,437,123	\$ 9,810,746	\$ 9,648,824	\$ 9,033,782
TOTAL HCPS	\$ 32,221,789	\$ 30,279,951	\$ 30,958,853	\$ 29,210,823	\$ 30,233,782

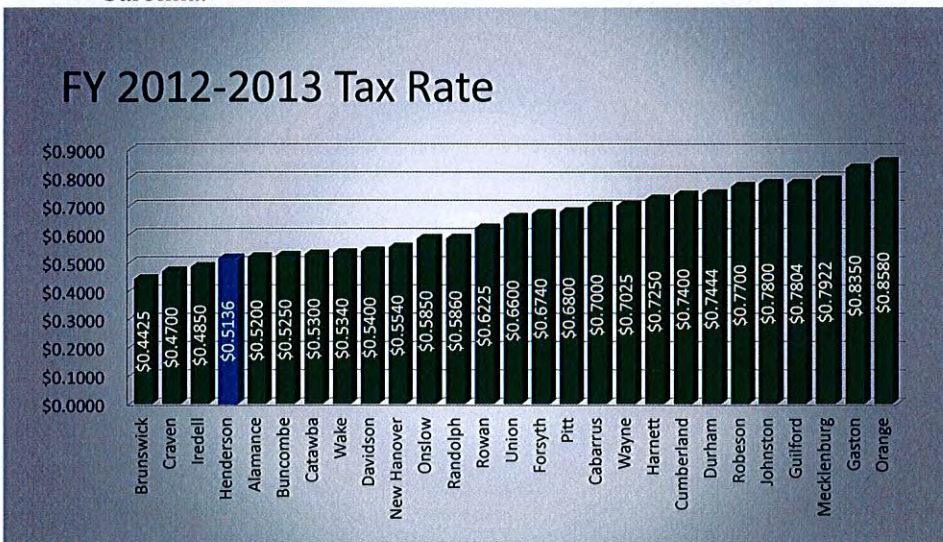
BLUE RIDGE COMMUNITY COLLEGE					
Operational	\$ 2,314,409	\$ 2,314,409	\$ 2,325,516	\$ 2,151,102	\$ 2,825,977
Capital	\$ 90,724	\$ 90,724 *	\$ 90,724	\$ 90,724	---
Capital Debt Service	\$ 1,668,510	\$ 1,559,889	\$ 1,706,837	\$ 1,653,247	\$ 1,616,429
TOTAL BRCC	\$ 4,073,643	\$ 3,965,022	\$ 4,123,077	\$ 3,895,073	\$ 4,442,406
TOTAL	\$ 118,604,493	\$ 111,716,374	\$ 113,030,653	\$ 109,458,321	\$ 109,464,139

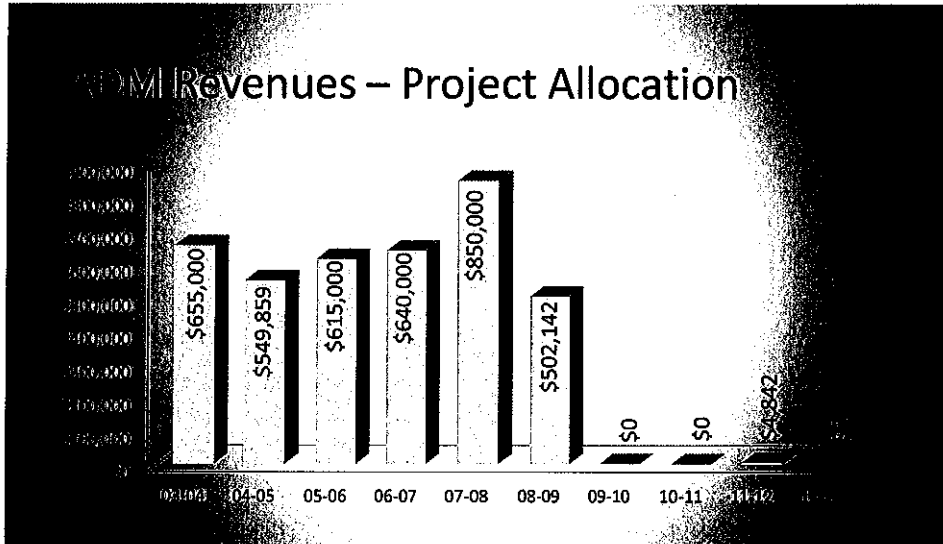
* FY 09-10, the County funded the Maintenance and Repair Initiative. HCPS received \$4,000,000 and BRCC received \$2,000,000.



FY 2012-2013 Tax Rate

- The tax rate of \$0.5136 per \$100 of valuation is the 4th lowest tax rate of the 27 urban counties -- those with a population over 100,000 -- and the 22nd lowest of all 100 counties in North Carolina.





ADM Revenues – Project Allocation

Average annual ADM receipts
 -FY 04 through FY 09 \$635,333

Estimated loss of ADM revenue
 -FY 10 through FY 13 \$2,541,332

Financial Forecast

- Third year of a four year plan
 - The next reappraisal cycle will be in effect for the FY 2015-2016 budget
- No increase in the property tax rate
- Revenue projections based on FY12 actual receipts
- Fund balance appropriated?

FY 13-14 Recommended Budget

1 cent tax rate equivalent
 (TRE) = \$1,164,000

Ad Valorem Current Year Tax Revenue Scenarios

1. FY 2012 – 2013 Rate of 51.36 cent =	\$59,783,040
2. Reduction of Rate to 50 cent =	\$59,200,000
Variance =	\$ 1,583,040

FY 2013-2014 Financial Forecast

Needed to meet current obligations \$ 110,000,000
 * Does not include any expansion items

1% budgetary flexibility? \$ 1,100,000

Budget Cap?

FY 2013-2014 Financial Forecast – 3rd Year

To meet current obligations for FY 13-14	\$110,000,000*
*Does not include any expansion items	
Projected Revenues for FY 13-14	<u>\$106,000,000</u>
Projected Revenue Shortfall	\$ 4,000,000

FY 2013-2014 Financial Forecast

Total available fund balance over 12% as of July 1, 2012	\$ 15,493,744
Less FY-13 appropriations/commitments:	
Fairground Property Clean-Up	\$ 1,147,000
Tax Collector Legal Services	\$ 1,100,000
Emergency Communications Project	\$ 677,200
Register of Deeds	\$ 1,000,000
Additional Sheriff's Deputies	\$ 2,000,000
Hendersonville Christian Academy Purchase	\$ 2,100,000
Jackson Park Improvements	\$ 2,800,000
Boyd Property Purchase (\$750,000 already in escrow)	\$ 2,000,000
TOTAL FY 13 Appropriations/Commitments	\$ 5,350,000
Total Projected Available Fund Balance over 12%	\$ 10,143,744

FY 2013-2014 Financial Forecast

Total projected available fund balance over 12% as of July 1, 2012
 \$10,143,138

Total projected available fund balance over 15% as of July 1, 2012
 \$ 7,008,357

FY 2013-2014 Financial Forecast

Anticipated Available Fund Balance over 12%	\$10,143,138
Projected Shortfall	<u>\$ 4,000,000</u>
Difference	\$ 6,143,138

FY 2014-2015 Financial Forecast

If the Board of Commissioners utilizes \$4,000,000 in fund balance to balance FY 13-14...
 The total projected available fund balance over 12% as of July 1, 2013 will be \$6,143,138.

FY 2013-2014 Financial Forecast

Anticipated Available Fund Balance over 15%	\$7,008,357
Projected Shortfall	<u>\$4,000,000</u>
Difference	\$3,008,357

FY 2014-2015 Financial Forecast

IF the Board of Commissioners utilizes \$4,000,000 in fund balance to balance FY 13-14...
 The total projected available fund balance over 15% as of July 1, 2013 will be \$3,008,357.

Updates and Emerging Issues

- Seven Falls
- Emergency Medical Services Response Time
- Sheriff's Department
- Courthouse Office Renovations
- Jackson Park Improvements
- E-911 Equipment and Relocation

Seven Falls

Russ Burrell explained where the County stands with Seven Falls and the Improvement Guarantee. The

County's attorney and Planning Department's number one goal is to make sure it has absolutely no affect on the County's budget, revenue or expenditure. The Seven Falls subdivision, a part of the Seven Falls Development, was approved, and in order to have the plat recorded an improvement guarantee had to be posted. This guarantee, to do the improvements, is required under the County's Subdivision Ordinance to be allowed to do a subdivision. To secure their actions under that performance guarantee, a bond in the amount of \$6 million was posted. That performance was not completed.

The County filed suit to collect the bond and ultimately did settle with proceeds of exactly \$6 million. The improvement guarantee covers the following things:

- Clearing and grading of the site
- Roadway grading
- Roadway paving
- Roadway stone base
- All storm water drainage improvements
- Seeding
- Erosion control measures
- Construction of bridges
- Installation of a water distribution system including a water storage tank
- Installation of a sewer distribution system including a waste water treatment plant

The County has obtained the original designing engineers estimates and the best guess at current prices to complete the list will use of all or more than the \$6 million.

Further complicating the factor, the developer was required to pay certain cost to the US Army Core of Engineers for stream mitigation at a cost of a little over \$800,000. The developer did not pay those sums. The Core has stated that no improvements can be done until the \$800,000 is paid to them.

The Division of Water Quality of the NC Department of Natural Environment has assessed fines because of storm water violations on that project. Those amounts are pretty significant. The County of Henderson has also assessed significant fines.

Before the County can go forward with the project, it must be determined where the \$6 million will be utilized.

If the County cuts down the amount of work to be done and spends \$800,000 to pay the assessment that the Core of Engineers wants, Mr. Burrell feels that the County will be open to suit by the individuals who purchased lots in the subdivision, relying on the improvement guarantee. They purchased lots the developer was allowed to sell based on the fact that there was an Improvement Guarantee and that there would be a road to get to that subdivision. "You must take hiking boots to get to any lots on the subdivision."

FOR THE COUNTY TO DO ALL WORK LISTED AFTER PAYING OFF THE CORE OF ENGINEERS AND THE DIVISION OF WATER QUALITY, THE SCOPE OF WORK MUST BE CUT SIGNIFICANTLY BELOW THAT WHICH WAS COVERED BY THE IMPROVEMENT GUARANTEE.

Mr. Burrell believes that if the County cuts the scope of work included in the improvement guarantee in order to pay fees to the Core of Engineers and the Division of Water Quality, those folks who are beneficiaries of that improvement guarantee can sue the County, whether successfully or not is unclear.

Mr. Burrell suggested that first, the County attempt to obtain an agreement from all concerned (every property owner, mortgage holders, Core of Engineers, Division of Water Quality, and anyone holding a

lien on property in the subdivision) of what they feel is a priority with the \$6 million.

The only other option is to bring action (Federal Court) suing all of the same people. By filing an “interpleader” action in federal court, Mr. Burrell feels the county essentially puts decisions about how that money is spent in the hands of a judge. If those negotiations fail to produce progress within about 30 days, the board agreed the county has no other option than to sue those parties to force a federal judge to mandate how the \$6 million should be spent.

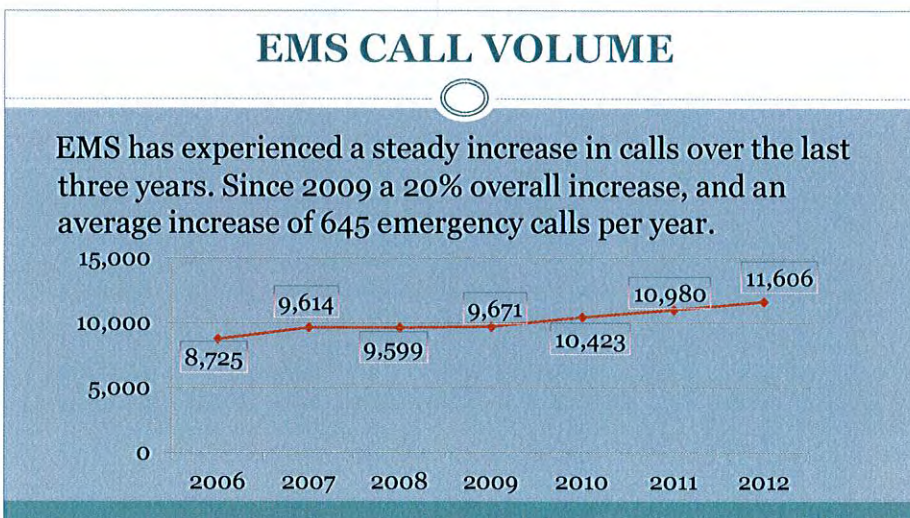
Mr. Burrell requested authorization from the Board to send a letter to all concerned on behalf of the Board of Commissioners, setting up a meeting sometime in February. The presentation will be brief and cover what was discussed during this meeting with a little more detail. They will then have the chance to come up with their own organization, group, or committee, leaving it totally up to them and see if they can reach an agreement. The County will endorse whatever agreement they come up with and move forward.

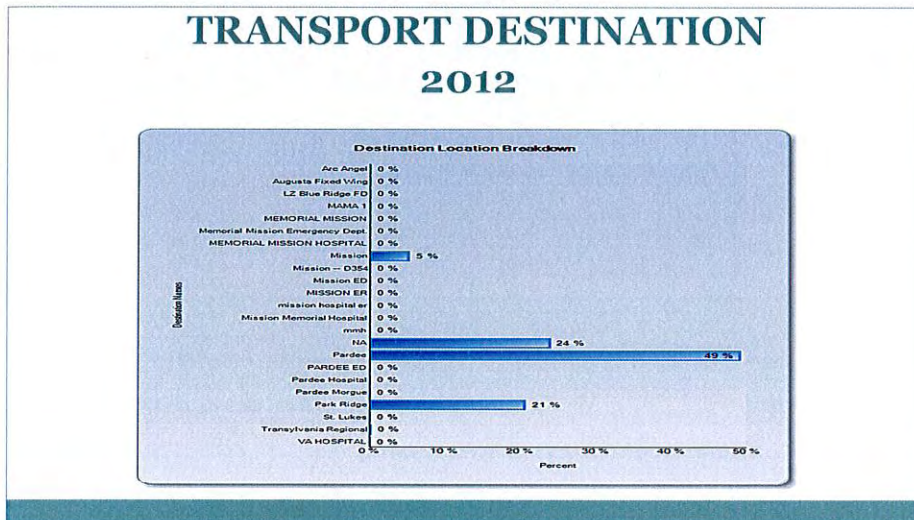
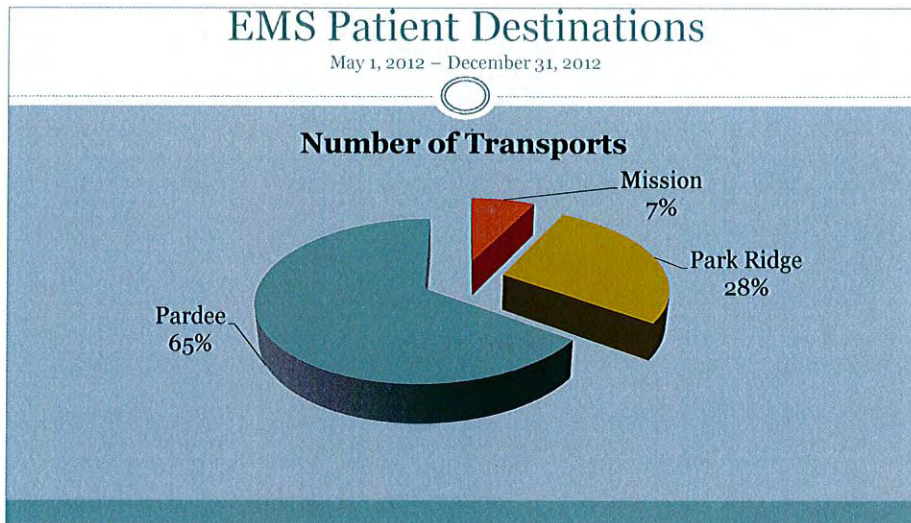
Commissioner Thompson made the motion that the Board authorizes attorney Russ Burrell to send a letter requesting a meeting of all involved parties, in an attempt to reach an agreement, and should negotiations fail, file the interpleader as necessary. All voted in favor and the motion carried.

Emergency Medical Services Response Time – Mike Barnett, EMS Manager

NEW INITIATIVES

- **Implemented new procedures for sudden cardiac arrest patients in November 2012**
 - Henderson County EMS return of pulse is 52% since November compared to 26% in 2010.
- **New heart monitors will also monitor for carbon monoxide poisoning.**
 - Will help care for our firefighters and patient exposures to carbon monoxide





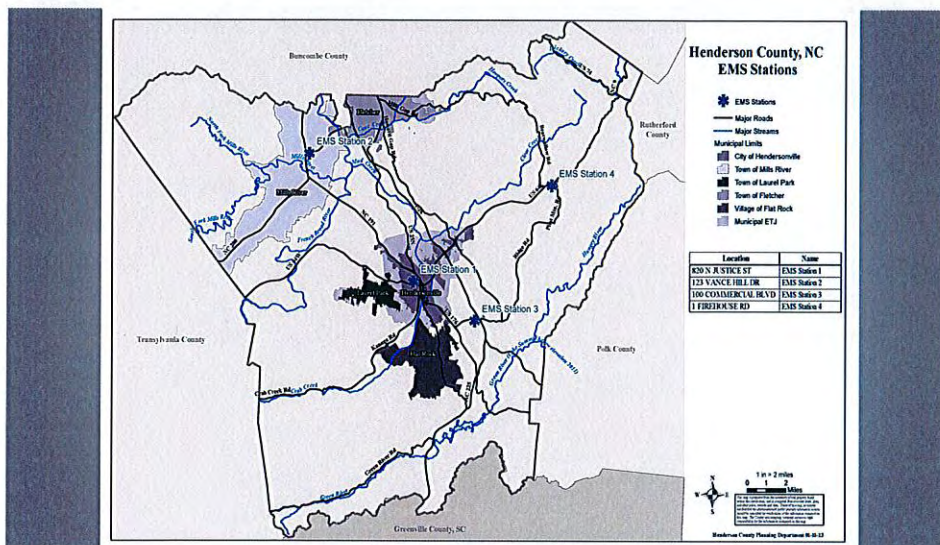
CALL VOLUME PER STATION May 1st – December 31st, 2012

Incident Summary		
EMS Station	Calls	Pct
Main	3,934	51%
Mills River	1,440	19%
Upward Road	1,678	22%
Edneyville	594	8%
Total	7,678	100%

* The outlying stations respond into the main station area 13% of the time.

SUMMARY

- EMS recognizes need for a Peak Crew.
 - 12 hours shifts (9:00 AM to 9:00 PM)
 - Based at Station #1
- If call volume continues to increase, the Peak Crew could transition to a 24 hour crew in the future.
- Last EMS unit added January 2007.



COST TO ADD ADDITIONAL EMS CREW

12 HOUR CREW

Additional EMS Unit :

- Ambulance - \$127,000
- Med Supplies/Equip - \$58,000
- Radios / IT Equip \$18,000

Total Cost Of EMS Unit = \$203,000

Plus

Four Staff – \$196,000 per year

Total For FY 2014 = \$399,000

24 HOUR CREW

Additional EMS Unit:

- Ambulance - \$127,000
- Med Supplies /Equip - \$58,000
- Radios / IT Equip - \$18,000

Total Cost Of EMS Unit = \$203,000

Plus

Eight Staff – \$392,000 per year

Total For FY 2014 = \$595,000

Sheriff's Department – Sheriff McDonald
 Sheriff's Personnel Requests

4 Deputies for Directed Enforcement Team	\$221,756
4 Vehicles	129,685
1 Crime Analyst/IT support for CID	46,000
2 Tele communicators	91,102
1 Administrative Assistant for Prof Standards	42,000
2 Deputies as SRO to help oversee school	
Adopt a School safety program	110,828
2 Police package patrol cars	64,842
Total	\$706,213

Courthouse Office Renovations

Steve Wyatt stated the 1995 Courthouse Renovations project begin with the upgrade to the old Health Department building and the move of a majority of the state agencies in which the county is required to provide space. With that move quite a bit of space was vacated in the 1995 Courthouse. Last year the Board looked at putting together a plan to utilize that space and to avoid the need of doing a physical expansion of the 1995 Courthouse. Things were put on hold in order to get the Tax Departments through tax season prior to making any moves.

Since that time Congressman Meadows has been allocated space at the 1995 Courthouse and is in the process of moving in with anticipation of an open house by the end of the month.

The Board of Commissioners has designated \$1 million for this project. The preliminary budget by the architect was around \$1.7 million, higher than the allotted amount. The Board asked staff to go back to the architect and bring it down to the \$1 million range.

It was the consensus of the Board to continue the renovation process with Commissioner Thompson serving as the liaison.

The County Manager felt it would take 3-4 months to obtain a cost estimate to be brought back before the Board for a decision.

1995 Courthouse Office Renovations

- **Objective:** To allocate and renovate the space vacated to the remaining Agencies and Departments in the Courthouse. Last year, Child Support, Juvenile and Adult Probation moved out of the Courthouse into the newly renovated Court Services Building (Old Health Building). The organizations remaining are as follows: Judges, Clerk of Court / Courtrooms, District Attorney, Public Defender, Register of Deeds, Tax Department and Congressman Mark Meadows. Also, the project will finalize the security upgrades needed to the Courthouse and associated parking areas.
- **Budget:** \$1,000,000 designated from the Capital Reserve Fund during the June 4, 2012 Board Meeting

Jackson Park Capital Improvements Update

Board of Commissioner’s approval

- Presented the short range list to commissioners that was approved on October 24, 2012

Jackson Park Baseball Tournament Standards – Estimated Budget							
Improvement Plan							
#	Project	Field 1	Field 2	Field 3	Field 7	Other	Cost
1	Batting Cages		\$7,105	\$7,105			\$14,210
2	Scoreboards (wireless)	\$5,000	\$5,000	\$5,000	\$5,000		\$20,000
3	Backstop blocked up + fencing + padding	\$5,750	\$5,750	\$5,750			\$17,250
4	Dugout replacement/repairs		\$5,500				\$5,500
5	Outfield fencing replacement	\$6,500	\$6,500	\$6,500	\$7,000		\$26,500
6	Repair and alter stairs Field 2		\$3,500				\$3,500
7	Restrooms remodeled at Field 2		\$60,000				\$60,000
8	Restrooms updated at Shelter 4					\$50,000	\$50,000
9	Pave lower parking area					\$50,000	\$50,000
10	Drawings, permits, contingency (15%)					\$37,040	\$37,040
TOTAL		\$17,250	\$93,355	\$24,355	\$12,000	\$137,040	\$284,000

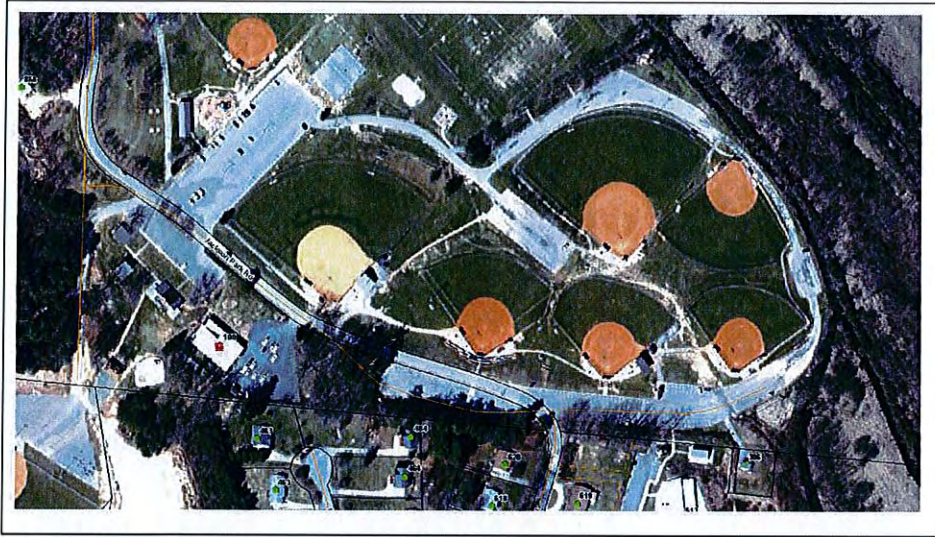
Jackson Park Baseball Tournament Standards – Budget & Contract Price			
Improvement Plan			
#	Project	Area	Contract
1	Batting Cages	Fields 2 & 3	\$19,058
2	Scoreboards (wireless)	Fields 1, 2, 3 & 7	\$26,000
3	Backstop blocked up + fencing + padding	Fields 1, 2 & 3	\$37,500
4	Dugout replacement/repairs	Field 2	\$7,376
5	Outfield fencing replacement	Fields 1, 2, 3 & 7	\$35,541
6	Repair and alter stairs Field 2	Field 2	\$4,694
7	Restrooms remodeled at Field 2	Field 2	\$80,471
8	Restrooms updated at Shelter 4	Shelter 4	\$67,059
9	Pave lower parking area		Deleted
10	Drawings, permits, contingency		\$22,300
TOTAL			\$300,000

Budget and Contract Price

- The approved budget was \$284,000
- Additional revenue from Baseball Association = \$6,000
- Additional funding from Recreation = \$10,000
- Revised Project Budget - \$300,000

Timeline

- Construction bid posting – December 11, 2012
- Construction bid opening – January 3, 2013
 - Review of bid documents are currently being done with the low bidder, Allison Contractors, Inc.
- © Scheduled completion date – March 1, 2013



Commissioner Edney made the motion that the Board authorizes an additional \$40,000 and amends the scope of work to include paving. All voted in favor and the motion carried.

E-911 Equipment and Relocation – Lisha Corn

The Henderson County E911 Center is the Primary Public Safety Answering Point (PSAP) for Henderson County. Funding for 911 comes from Henderson County Local Government and 911 funding.

911 Funding

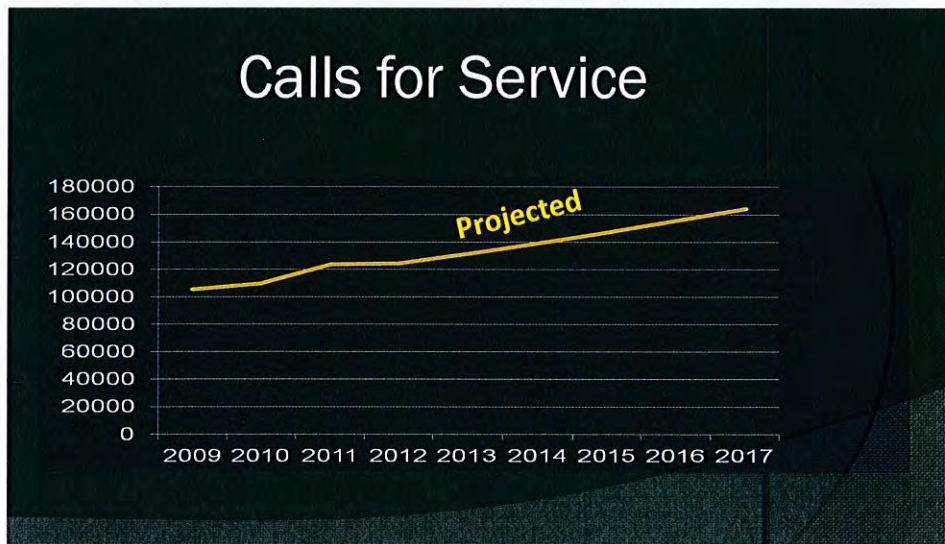
- ⊙ On July 17, 2007, the General Assembly of North Carolina revised N.C.G.S 62A, to create a 911 Board with responsibility for both wireline and wireless 911 in North Carolina and a single, statewide service charge per connection. The service charge is currently \$0.60. The proceeds from this service charge are deposited into a fund administered by the North Carolina 911 Board to eligible PSAPS. These funds can only be used for eligible expenditures as identified in N.C.G.S. 62A-46(d).
- ⊙ The 911 Center receives over \$500,000 from the State Board each year. For FY 2013. The Board has allocated \$527,426 for the 911 Center. 100% of these funds are committed for eligible costs.

Facilities and Equipment Concerns

- ⊙ Expansion Needs: There is no space for future expansion at the current location.
 - The 911 work area, server room, radio room and storage areas are all at capacity.
 - Additional personnel & work stations will be needed to meet 911 Board requirements for call taking and dispatching efficiency.
- ⊙ Other Department Needs:
 - Emergency Management needs additional space in the Emergency Operations Center (EOC) for training purposes & in order to more efficiently handle emergency incidents. They are also interested in utilizing two 911 workstations when they become available.
- ⊙ Sheriff's Department has identified the need to enhance the security of the 911 Center.
- ⊙ End of Life Status of Critical Equipment-The end of life status of current equipment in the 911 Center necessitates replacement, with or without relocating. There will be no future replacement parts, software upgrades, or other new services available for this equipment.
 - Motorola Centracom Elite Dispatch Consoles- Installed at current 911 Center location in 1997. Software & hardware upgrade in 2007. Now EOL.
 - Positron Phone System- Installed at current 911 Center location in 1997. Software & Hardware upgrade in 2007. Now EOL.
- ⊙ **Next Generation 911**-Next Generation 911 will require major equipment and network changes.

Next Generation 911 requires migration to an IP-enabled 911 system. Our current system is based on a wireline, analog, circuit-switched infrastructure that is incapable of supporting IP based technology.

- NG911 equipment allows PSAPs to communicate, transfer and share data across jurisdictional boundaries. IP-enabled systems are required for multi-site configurations. Example: back-up center
 - NG911 equipment is required in order to for the 911 Center to enable geospatial call routing and to receive emergency text messages. (The FCC has announced a plan to allow users on the nations four largest mobile carriers to text to 911 in emergencies. The plan will go into effect in most areas next year with 90% of the nation's wireless subscribers receiving coverage by May, 2014)
- ⊙ **911 Equipment Failures**-In the past several years the 911 Center has experienced several significant equipment failures that have disrupted 911 services for Henderson County.
- ⊙ **New Operating Standards**-The North Carolina 911 Board was given the power to set statewide operating standards for all Public Safety Answering Points in North Carolina that receive 911 funds, by G.S. 62A-42. They are currently working to develop these statewide standards. The goal of the Board is to create standards that will help ensure that all PSAPs meet a uniform level of service statewide. Any Primary PSAP that receives funding from the NC 911 Board is required to comply with all NC 911 Board standards. Agencies will have to meet minimum operational standards to receive 911 funds. 911 Board standards are currently in the rule making process, and will not go into effect before January 1, 2014.



GeoComm Relocation Study & Architect Selection

- ⊙ In February 2011, GeoComm Consulting was retained to develop a Public Safety Relocation plan that would help guide the move of the 911 Center from its current location to the new Law Enforcement Center.
- ⊙ GeoComm calculates the cost for the relocation to be approximately \$1,689,080. According to their estimate, approximately \$977,000 would be eligible for state 911 funding. The county's cost would be approximately \$712,080. These figures were based on nationwide averages for construction and 911 equipment.
- ⊙ On May 22, 2012, the Board of Commissioners approved funding to move forward with the selection of an architect to design the new 911 Center.
- ⊙ An RFQ for architectural design services was posted on July 6, 2012.
- ⊙ The architect selection committee is now prepared to make a recommendation to the Board for the most qualified architect that was identified during the RFQ process.

Option One

Relocate to the LEC and replace outdated equipment.

Things to consider...

- There can be a seamless cutover from the old 911 Center to the new 911 center with virtually no down time. New equipment can be installed and tested without the concern of a failure on live equipment. Training can also be completed before “go live” date.
- Equipment can be installed correctly and designed to meet recommended/required NFPA and State Operating Standards for the installation, maintenance and use of emergency services communications systems.
- There will be adequate room for future expansion, including enough space to accommodate additional Tele-communicators & workstations.
- We can configure new equipment for multi-site operations to meet State standards for backup 911 plans.
- Due to a greater roof capacity, the radio base stations located at the Historic Courthouse can be relocated to the LEC with the necessary spacing, but designed to require a minimal number of antennae. The damaged fiber link will no longer be a risk to radio communications.

Option Two

Stay and replace outdated equipment

Things to consider...

- The 911 Center will need to remain at its current location for the life of the new equipment. Due to the cost to move, and the potential for damage, it is not cost effective to move 911 equipment. (AT&T estimates between \$75,000-\$100,000 just to move the phone equipment across the street.)
- It will be almost impossible to continue working in the current 911 Center while the equipment is replaced. There WILL be significant down time. (Radio and phone vendors estimate several days to weeks.) Calls will have to be routed to another location.
- Quote from radio vendor-
“In reality this would be virtually impossible to do without introducing a high potential for the risk of property & life to emergency responders and/or the citizens of Henderson County.”
- Due to current space capacity, meeting new 911 standards in the future may be difficult.
- Increase in “calls for service” may outrun the life of the equipment, necessitating additional space and staff. The current location is at capacity.

Commissioner Young made the motion that the Board authorizes (option one) relocation of the 911 Center to the Law Enforcement Center and replace outdated equipment. He further moved that all equipment at the Historic Courthouse be moved to the Law Enforcement Center. All voted in favor and the motion carried.

Updates and Emerging Issues

- Tourism Development Authority
- ABC Board Report
- Apple Country Transit
- Sewer

Tourism Development Authority – Beth Carden

Travel & Tourism Director Beth Carden noted two major changes that occurred during the last year.

- new director
- legislation change of Board, Henderson Development Tourism Authority (TDA)

In June, 2012, Travel & Tourism ended up in excess of \$300,000 in revenues, which shows that marketing procedures are working. One hundred thousand (\$100,000) of the \$300,000 will be used to build a new permanent stage, starting the project around the first of March.

The TDA had their first meeting on September 1, 2012. They immediately brought someone in and help them through a strategic plan meeting. For the first time in twenty-four years, the decision was made to hire a strategic planner to come in and do tourism research, and help profile visitors in the area to see where they are coming from, what they spend, how long they stay, and what bringing them to Henderson County.

The Authority's goal is to complete the plan around April and bring their recommendation to the Board of Commissioners at that time, with a proposed 1% increase for Flat Rock Playhouse. That decision will be finalized after they determine what the statistics of strategy information report reveals.

In the last meeting of TDA, they voted to buy \$25,000 worth of Playhouse tickets this year in support of the Playhouse. A committee will be working on a ticket program to see what type of package works best for all, with a theme of "Heads in Beds". In order to get a ticket to the Playhouse, a visitor must spend at least 2 nights in one of our accommodations.

Travel & Tourism has taken on a new initiative by advertising on the inside cover of the Atlanta Hawk's yearbook, which has produced numerous calls. An ad was also placed in Reader's Digest bringing in phone calls.

Garden Jubilee has grown from 20,000 attendees and 120 vendors to over 75,000 attendees and 265 vendors over the last four years.

ABC Board Report – Beau Waddell

Chair of the ABC Board Beau Waddell gave a report on meetings and outcome of those meetings. An organizational meeting was held in August 2012. At their three successive meetings, they were able to organize meetings with the three ABC Boards currently in existence in Henderson County, and all have shown concern with existence of this new board. None of the three existing ABC stores have any desire to join with the new board in any form or fashion at this point. Mr. Waddell does not believe that merging with any of the existing boards would be in the best interest of the new board at this time.

The next step for the Henderson County ABC Board will be to engage a consultant who has experience in store site selection. A solid business plan will be put together and presented either to the Commissioners or a financial institution for possible funding. Mr. Waddell feels at this time Henderson County could support one, maybe two, additional ABC stores, which would increase the funding to the County. By State Statute, the State ABC Board has final say over specific site selection, and Mr. Waddell insured the Board that the State ABC Board will listen intently to the other three ABC Boards and their concerns.

The new ABC Board has no budget. Mr. Waddell does anticipate being back in front of the Board of Commissioners within the next couple of months to ask a minimum...seed money to engage the consulting firm. If the Board of Commissioners is serious about having ABC Stores, they will need to determine if they will finance it with County funds, or steer the ABC Board toward private financing. Any funds borrowed from the County would be repaid if an ABC Store is built.

Apple Country Transit – Autumn Radcliff

CNG Bus Acquisition & Bus Stop Signage

Mrs. Radcliff informed the Board that new signs are in and will be up by February 1, 2013.

Sub-recipient Status Background

- City of Asheville is direct recipient of FTA grant funds for Henderson County.
- FTA required Asheville to purchase, own, and subsequently lease Henderson County transit buses.
- Henderson County cannot directly contact FTA or the bus manufacturers except through

Asheville.

CNG Bus Acquisition History

- 10/25/11 – PO for 3 CNG buses issued
- 12/21/11 – PO for 2 additional CNG buses issued
- 3/30/12 – 3 buses due but not delivered
- 5/30/12 – 2 additional buses due but not delivered

City of Asheville works with manufacturer (Interstate) on multiple concerns related to manufacturing and FTA compliance issues, the latest FTA compliance concern noted in October 2012.

Potential Fiscal Impacts

Should Interstate not be able to deliver buses:

- Loss of grant funding
- Loss of State match funding
- Increased transit fleet bus maintenance costs
- Unknown costs of acquiring alternative buses*
- Litigation costs against manufacturer

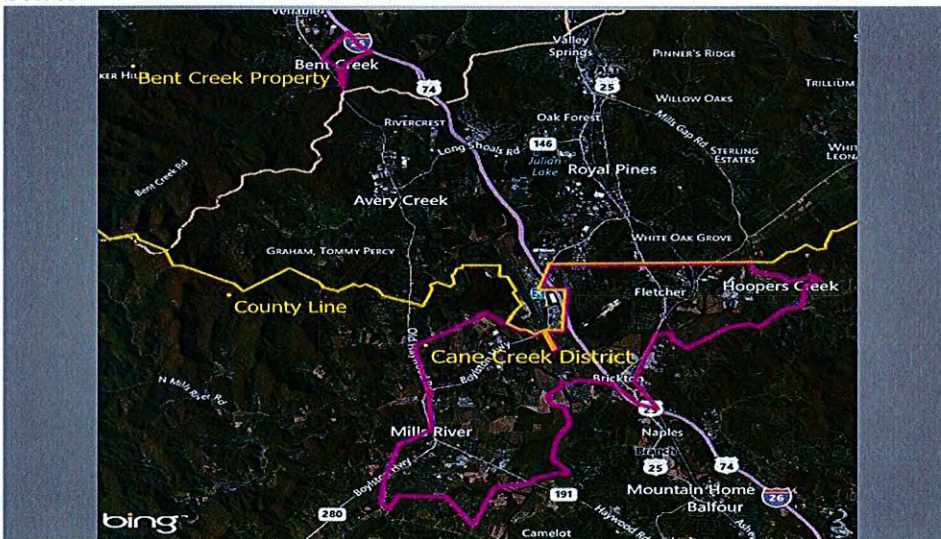
*NCDOT currently developing pending contracts for bus acquisition

Options

1. County seeks liquidated damages from Interstate to lease buses as Interstate work with FTA to comply and deliver buses.
2. County (with City of Asheville) calls surety bond, and waits for State contracts (proposing multiple fuel options) to be developed to order FTA compliant buses (costs unknown + 6-12 month typical manufacturer established bus delivery timeframe).
3. Henderson County develops new bus specifications and goes through bid process (estimated 1-2 year delivery timeframe (6-12 month anticipated bid and bid process + 6-12 month typical manufacturer established bus delivery timeframe)).

Commissioner Edney made the motion that the Board authorizes staff to pursue option #1, the County seeking liquidated damages from Interstate to lease buses as Interstate works with FTA to comply and deliver buses. All voted in favor and the motion carried.

Sewer



County Manager Steve Wyatt pointed out the Cane Creek Water and Sewer District and the Bent Creek Property.

Pending Action of the General Assembly

The General Assembly in the House are working on legislation that has been well publicized, that would consolidate the Asheville Water System with the Metropolitan Sewerage District, providing a Buncombe County wide single entity in charge of water and sewer in Buncombe County. Along with that legislation, an opportunity is offered to integrate the Henderson County Cane Creek Water and Sewer District with some level of representation into MSD, an MSD that would not only be sewer but water and sewer (Metropolitan Utilities District). It could be permissive language which allows Henderson County to join under certain circumstances, or it could be mandatory language when it is submitted to the House.

Metropolitan Sewerage District Board Meeting

The MSD Board is meeting today and discussing this issue. They are also discussing a proposal that would integrate CCWSD (outside of Legislation) which must receive Henderson County agreement. The conditions by large look reasonable except that representation has not been addressed. This is a major hang up along with the disposition of the funds being held in the Capital Fund Balance of CCWSD.

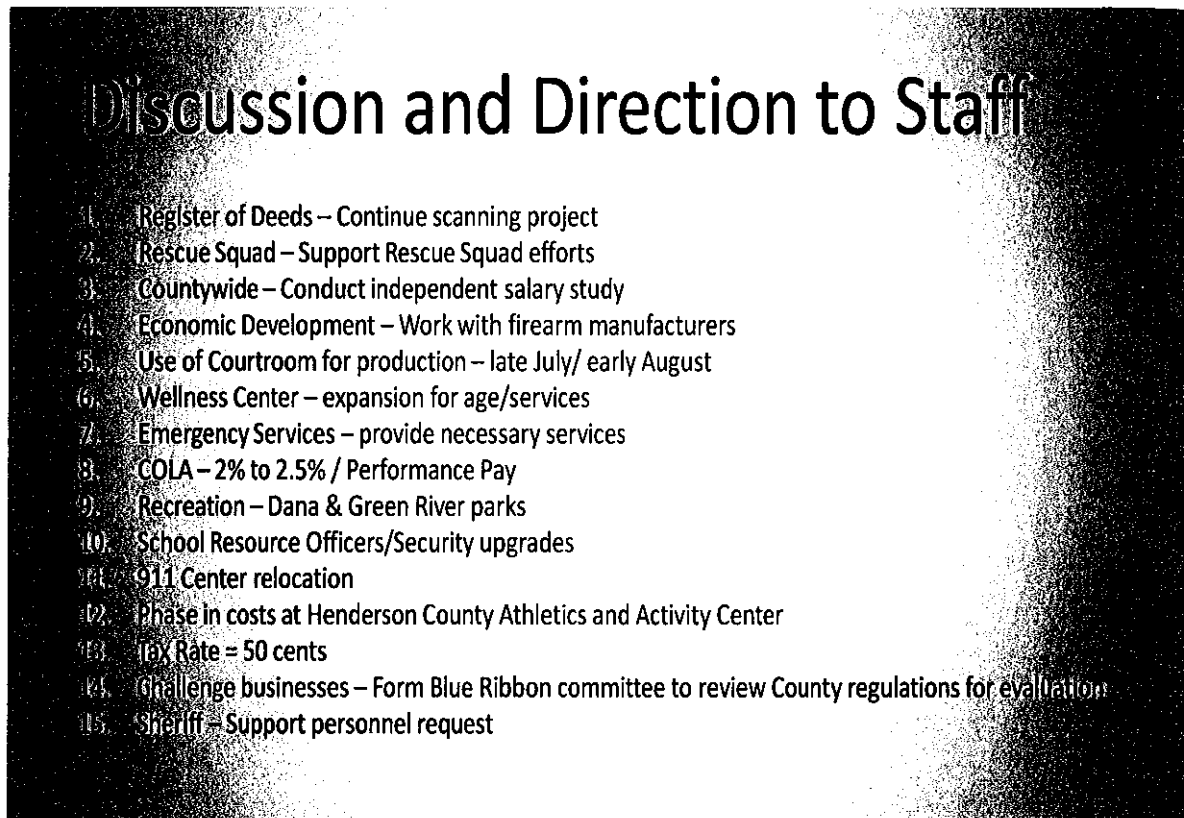
Study by Davis and Floyd

Last year Commissioners retained Davis and Floyd Engineering Firm to do a study to see what Henderson County's sewer options would be and what those options would cost. They are within 30 days of being prepared to present that study to the Commissioners in report form, followed by a public presentation around mid February.

Chairman Messer does not feel any decisions need to be made until after the report has been received.

Budget Discussion

FY 2013-2014 Financial Forecast	
Needed to meet current obligations	\$ 110,000,000
Does not include any expansion items	
1% budgetary flexibility?	\$ 1,100,000
Budget Cap?	



CLOSED SESSION

The Board is requested to go into closed session pursuant to N.C. Gen. Stat. §143-318.11(a), for the following reason(s):

1. (a)(4) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body.

Chairman Messer made the motion that the Board go into closed session pursuant to N.C. Gen. Stat. §143-318.11(a)(4). All voted in favor and the motion carried.

ADJOURN

Commissioner Young made the motion that the Board go out of closed session and adjourn at 3:45 p.m. All voted in favor and the motion carried.

Attest:

Teresa L. Wilson, Clerk to the Board

Charles D. Messer, Chairman

**Before the
Board of Commissioners
Of Henderson County**

**A RESOLUTION REGARDING
FINAL APPROVAL OF LEXON LITIGATION SETTLEMENT**

Dated January 16, 2013

1 **WHEREAS**, this Board has previously given approval of a settlement with Lexon Insurance
2 Company as reflected in the attached document; and

3 **WHEREAS** the County on January 14, 2013, received the attached document, and this Board
4 desires to give its final approval to the same.


5 **NOW, THEREFORE, BE IT RESOLVED** that the County of Henderson's litigation with
6 Lexon Insurance Company, as shown in Henderson County Clerk of Court file number 10 CVS 1008, is
7 hereby settled on the terms as stated in the attached document.



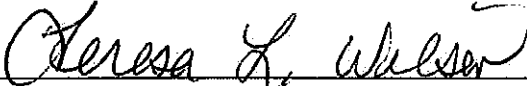
**Before the
Board of Commissioners
Of Henderson County**

Approved after motion duly made by unanimous vote of the Board of Commissioners, this the 16th day of
January, 2013.

HENDERSON COUNTY BOARD OF COMMISSIONERS

By: 
CHARLIE MESSER, Chairman

Attest:


TERESA L. WILSON, Clerk to the Board



SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT (the "Agreement") is made and entered into this 4th day of October 2012, by and between HENDERSON COUNTY (the "County"), and LEXON INSURANCE COMPANY ("Lexon").

RECITALS

WHEREAS, on June 18, 2010, the Synovus Bank filed an interpleader action against Lexon and the County, captioned *Synovus Bank v. The County of Henderson and Lexon Insurance Company*, Case No. 10-CVS-1008 (the "Trial Court Action") and deposited \$3,240,000 into the Court for determination as to whether Lexon or the County was entitled to the money;

WHEREAS, Lexon and the County both answered the interpleader, and the County filed a crossclaim against Lexon, seeking payment of \$6 million, which represented the entire penal sums of various subdivision bonds issued by Lexon to its bond principal, Seven Falls, LLC, for Seven Falls to complete certain subdivision infrastructure at a project called Seven Falls Golf & River Club (the "Project");

WHEREAS, Lexon filed third-party complaints against various third-party defendants who are not parties to this Agreement;

WHEREAS, on August 19, 2011 the Henderson County Superior Court granted the County's summary-judgment motion in the Action and ordered Lexon to pay \$6 million plus certain interest to the County;

WHEREAS, Lexon timely appealed the order, and in North Carolina Court of Appeals Case No. COA11-1601, the appellate court confirmed in part and reversed in part the summary-judgment order;

WHEREAS, Lexon timely petitioned the North Carolina Supreme Court for discretionary review of the appellate decision, but the Supreme Court has not yet ruled on the petition; and

WHEREAS, the parties now desire to settle all matters between them.

NOW, THEREFORE, in consideration of the Recitals and Mutual Releases contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. **Cash Payment.** Lexon has made and the County has received a cash payment in the amount of \$2,743,002 (Two Million, Seven Hundred and Forty-three Thousand and Two Dollars). The parties have jointly moved the Henderson County Superior Court to release all

funds (and accrued interest) held by the clerk of court in the Trial Court Action as a result of the interpleader, and the motion has been granted.

2. Satisfaction of Judgment. Within five (5) business days after executing this Agreement, the County shall file in the Trial Court Action a Satisfaction of Judgment indicating that the judgment has been paid in full and that Lexon is released from all of its bond obligations to the County under the bonds at issue in this matter. The parties agree and understand that such a filing shall not prejudice Lexon's rights against third-party defendants in the Trial Court Action.

3. The Appeals. Lexon has filed a motion seeking withdrawal of its Petition for Discretionary Review with the North Carolina Supreme Court, and Lexon will take the necessary and reasonable steps to formally end all appeals of the August 19, 2011 summary-judgment order.

4. Mutual Limited Releases.

a. The County releases and discharges Lexon and its officers, employees, successors, and assigns from all obligations, liabilities, damages, claims, causes of action, losses, damages, costs, expenses, and attorneys' fees of every kind and nature, in law or in equity, relating to the bonds at issue in this the case, the Project, the Trial Court Action, and claims that could have been brought in the Trial Court Action. This release by The County does not have and is not intended to have any effect on Lexon's claims against third-party defendants in the Trial Court Action.

b. Lexon releases and discharges the County and its commissioners, officers, employees, representatives, and agents from any and all obligations, liabilities, damages, claims, causes of action, losses, damages, costs, expenses, and attorneys' fees of every kind and nature, in law or in equity, relating to the bonds at issue in this case, the Project, the Trial Court Action, and claims that could have been brought in the Trial Court Action.

c. Notwithstanding anything contained in this Agreement, the Parties acknowledge and agree that the releases set forth above shall not include, and this Agreement shall have no effect upon, Lexon's pending claims in the Trial Court Action against the third-party defendants.

5. Resolution by the County. The County has passed a resolution adopting, ratifying, and accepting this Agreement, a true and accurate copy of which is attached as Exhibit A.

6. No Admission of Liability. The parties understand and agree that this Agreement is a compromise of actual disputes and claims and is not to be construed as an admission of liability on the part of any party. The parties hereby expressly deny liability or responsibility for all such claims.

7. Acknowledgement. The parties represent that they have had adequate opportunity to consider the terms of this Agreement and that this Agreement is being entered into

of their own free will, and not based on any coercion or inducements made by the other party. Each party has been represented by counsel in negotiating this Agreement.

8. Governing Law. All matters related to this Agreement shall be enforced and interpreted according to the laws of the State of North Carolina excluding any choice-of-law rule that would direct the application of the law of any other jurisdiction.

9. Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all previous and contemporaneous agreements, negotiations, and understandings, whether written or oral relating to the same. This Agreement may be modified only by a written agreement, signed by the parties, expressly modifying this Agreement.

10. Negotiated Settlement Agreement; Severability. This Agreement has been negotiated between the parties. In the event of any dispute over the interpretation of this Agreement, there shall be no rule of construction requiring that the Agreement be construed in favor of or against either of the parties. In case any one or more provisions of this Agreement shall be invalid, illegal, and unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions in this Agreement will not in any way be affected or impaired thereby.

11. Payment of Costs and Fees. Each party shall bear its own costs and expenses in the Action.

12. Counterparts. This Agreement may be signed in counterparts, and facsimile signatures are acceptable.

[SIGNATURE PAGES FOLLOW]

HENDERSON COUNTY

[Handwritten signature of Steve Wyatt]

By: Steve Wyatt
Its: County Manager

STATE OF NORTH CAROLINA
COUNTY OF THE

I, Kathryn L. Finotti, a Notary Public of The County and State of North Carolina, certify that Steve Wyatt ("Signatory"), County Manager, personally came before me this day and acknowledged the due execution of the above agreement on behalf of The County.

I certify that Signatory personally appeared before me this day, and
(check one of the following)

- (I have personal knowledge of the identity of Signatory); or
- (I have seen satisfactory evidence of Signatory's identity, by a current state or federal identification with Signatory's photograph in the form of:
(check one of the following)
 a driver's license or
 _____); or
- (a credible witness has sworn to the identity of Signatory).

Signatory acknowledged to me that she/he voluntarily signed the above document for the purpose stated and in the capacity indicated in the instrument.

Witness my hand and official stamp or seal this 16th day of January, 2013
~~October, 2012.~~

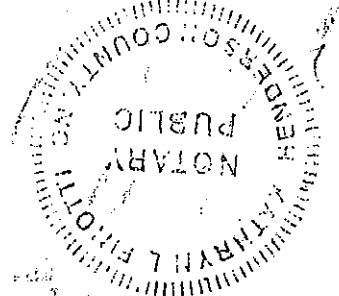
Kathryn L. Finotti
Notary Public

Print Name: Kathryn L. Finotti
[Note: Notary Public must sign exactly as on notary seal]

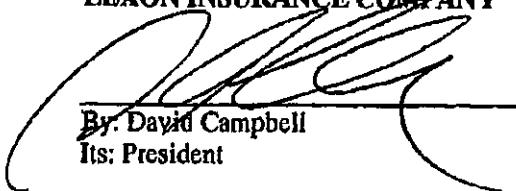
My Commission Expires: 3-23-13
[Notary Seal]

Approved as to form:

Sarah Grace Zambon
Charles Russell Burrell, attorney for Henderson County
Sarah Zambon



LEXON INSURANCE COMPANY


By: David Campbell
Its: President

STATE OF Tennessee
COUNTY OF Wilson

I, Vicki Batson, a Notary Public of Davidson County and State of Tennessee, certify that David Campbell ("Signatory"), President of Lexon Insurance Company personally came before me this day and acknowledged the due execution of the above agreement on behalf of Lexon Insurance Company.

I certify that Signatory personally appeared before me this day, and

(check one of the following)

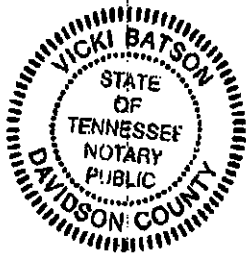
- (I have personal knowledge of the identity of Signatory); or
- (I have seen satisfactory evidence of Signatory's identity, by a current state or federal identification with Signatory's photograph in the form of:

(check one of the following)

- a driver's license or _____); or
- (a credible witness has sworn to the identity of Signatory).

Signatory acknowledged to me that he voluntarily signed the above document for the purpose stated and in the capacity indicated in the instrument.

Witness my hand and official stamp or seal this 14 day of January, 2013.



Vicki Batson
Notary Public

Print Name: Vicki Batson
[Note: Notary Public must sign exactly as on notary seal]

My Commission Expires: July 8, 2013
☐ [Notary Seal]

