

December 5, 2019
Regular Meeting of the City Council
City Hall – Council Chambers
5:45 p.m.

Present: Mayor Barbara G. Volk, Mayor Pro Tem Ron Stephens and Council Members: Steve Caraker, Jerry Smith and Jeff Miller, Council Members Elect Jennifer Hensley and Lyndsey Simpson

Staff Present: City Manager John F. Connet, City Attorney Sam Fritschner, City Clerk Tammie Drake, Police Chief Herbert Blake, City Engineer Director Brent Detwiler, Development Assistance Director Susan Frady, Human Resources Director Jennifer Harrell, Management and Budget Analyst Adam Murr, Assistant Manager Brian Pahle, Utilities Director Lee Smith, Interim Fire Chief James Miller, Public Works Director Tom Wooten

1. Call to Order: Mayor Volk called the meeting to order at 5:45 p.m. and welcomed those in attendance. A quorum was established with all five members in attendance.

2. Invocation and Pledge of Allegiance: A moment of silence for prayer was followed by the Pledge of Allegiance to the Flag.

3. Public Comment Time:

Ken Fitch, 1046 Patton Street, Hendersonville, expressed his appreciation and praise for recent accomplishments to:

Ron Stephens for helping preserve the Hendersonville High School Stillwell Building. His focus was always the safety of the students and staff. He acted in accordance with values and principles.

Steve Caraker for being a leader in grassroots movement that would have disrupted the skyline of the City and altered the historic character of downtown (building height controversy), his foundational contribution to the City, his wide knowledge and his long-standing commitment to historic preservation and a recent Eagle Scout project.

4. Consideration of Agenda: The following amendments were made to the agenda:

Addition to Regular Agenda - Staff Comments:

D. Request for Declaration of Surplus Items

Additions to Consent Agenda

K. Consideration of the Acceptance of Grant Contract #8048 - Seventh Avenue Green Stormwater Infrastructure Demonstration Project

L. Consideration of the Acceptance of the Official Election Results

Council Member Caraker moved approval of the agenda as amended. A unanimous vote of the Council followed. Motion carried.

5. Unfinished Business (Considered by Current Council)

a. Public Hearing - Consideration of an Application from Marilyn Gordon of Miken, LLC to Rezone Parcel #9568-64-8536 and #9568-64-8783 from R-15 Medium Density Residential to C2 Secondary Business District – Open Public Hearing and Continue to December 5, 2019 Meeting at the Request of the Applicant: Mayor Volk stated this public hearing was opened and continued to this meeting.

Senior Planner Daniel Heyman presented the application for a rezoning from Miken, LLC. The applicant is requesting to rezone the subject property from R-15 Medium Density Residential to C-2 Secondary Business. The total area is approximately 0.81 acres.

Comprehensive Plan Consistency: The 2030 Comprehensive Plan's Future Land Use Map designates the subject area as Medium Intensity Neighborhood. He stated the purpose of that category is to "Provide a transition between high and low-intensity neighborhood areas while providing a wide range of housing formats and price points, promote walkable neighborhood design and compatible infill development in new neighborhoods and as a means of preserving and enhancing existing neighborhoods."

Mr. Heyman stated parcels to the north are classified as high and medium intensity neighborhood. Parcels to the east are classified as high intensity, and to the south and west is medium intensity.

Mr. Heyman stated since 2017, governing bodies, when reviewing zoning map amendments that are not in compliance with comprehensive plans, may approve the map amendment and subsequently the comprehensive plan, along with an explanation of the change in conditions.

Mr. Heyman reported the applicant has requested to amend the 2030 Comprehensive Plan Future Land Use Map to designate this property as high intensity neighborhood. The goal of the classification is to “Encourage low-maintenance, high-density housing that supports neighborhood and regional activity centers and downtown and provides a transition between commercial and single-family development, to promote walkable neighborhood design that creates attractive and functional roadway corridors and multi-family residential neighborhoods.”

Mr. Heyman stated notable changes in conditions in the vicinity of the subject area include Kanuga Road and White Street NCDOT roadway improvements. The Kanuga Road project calls for the widening of the existing roadway. The intersection of Kanuga Road and Hebron Road will have a new roundabout constructed as well. He provided a map provided by the applicant’s surveyor showing the proposed new right-of-way.

Existing Land Use and Zoning: Mr. Heyman reported both parcels are currently zoned R-15 Medium Density Residential. Parcel # 9568-64-8536 is a vacant lot, parcel # 9568-64-8783 contains an accessory structure. Parcels to the north are zoned R-15 Medium Density Residential and C-2 Secondary Business. The parcel to the east is zoned C-2 Secondary Business and contains Norm’s Minit Car Wash. Parcels to the south are zoned R-15 Medium Density Residential and contain residential uses. Parcels to the west are zoned R-15 Medium Density Residential and contain the West Hendersonville Baptist Church facility. He reviewed surrounding land uses and zoning districts on maps.

Proposed Zoning Classification: Mr. Heyman reported the subject area is proposed to be rezoned to C-2, Secondary Business zoning district which is designed primarily to accommodate existing developments of mixed commercial and light industrial uses, and certain commercial and light industrial uses compatible with one another but inappropriate in certain other zoning district classifications.

Analysis: Mr. Heyman reviewed the dimensional requirements for the C-2 and R-15 zoning district classifications.

Planning Board Recommendation: Mr. Heyman reported the Planning Board recommended Council approve the rezoning request and Comprehensive Plan Future Land Use Map amendment.

Zoning Ordinance Guidelines: Mr. Heyman reviewed the guidelines that must be considered by the Council prior to rezoning contained in Section 11-4 of the Zoning Ordinance.

At 6:01 p.m., Mayor Volk asked for those wishing to speak in favor of the application.

Kenneth Gordon, 140 Sultana Drive, stated they have operated a car wash within 50 feet of this location for 15 years without complaints. They may or may not construct a car wash there as it depends on factors out of their control, e.g., NCDOT access, etc. They appreciate the opportunity to continue to serve their customer base in the area.

Ken Fitch, 1046 Patton Street, stated he is not speaking in favor of or in opposition to the project but there are serious issues with it. He stated the NCDOT proposed round-about will affect every commercial and residential property it touches. He noted the flooding situation in the area which the car wash might further exacerbate. The City has approved the NCDOT project and they should work with NCDOT to resolve any issues.

Marilyn Gordon, applicant, stated she appreciates consideration of the rezoning request. She stated they do not have definitive plans for the property but want options for the property when the NCDOT access is changed. They are forced to make this decision because of the change in access. She stated they have not had issues with the church or neighbors. She stated they have addressed water issues on this property and intent to follow all regulations to be good neighbors.

Speaking opposed to the rezoning:

Mary Schwendinger, 625 Kanuga Road, opposed the request and also spoke on behalf of the neighbors. She asked for protection from commercial encroachment into their residential area. She noted: the criteria for a zoning change in the Comprehensive Plan, the plan for the property will have adverse impact on stormwater management as to a loss of impermeable land, the intended use will have major impacts: 24/7 hours of operation, air pollution and lighting, the surrounding land uses are medium intensity, White Street is a narrow street that can only accommodate limited traffic, citizens are weary of changes, effects on property rights, commercial property is available elsewhere, many are losing property to NCDOT’s proposed roundabout but NCDOT will buy the land from displaced businesses and pay to relocate them to another property, and the applicant owns other commercial property. She asked for protection of the neighborhood and their rights to a quiet atmosphere and protection from commercial encroachment into residential community.

Dr. Chris Keifer, Chiropractor, owns property next to the rezoning. He expressed concerns about White Street: it is almost a one-way street and 60-80 cars daily use that street, the infrastructure of White Street, a serious water/flooding problem and impacts of further commercial development on his business. He asked for clarity for the plans for the property.

Chris Weiner, 610 Willow Road, Kanuga, expressed issues with parking, traffic concerns and safety because of the infrastructure of White Street. He stated it is not sustainable for commercial business, parking, etc. He commended Ms. Schwendinger for her comments and agreed with her.

Teresa Drevar, owns property across street, stated they hear people going into car wash all hours of the day and night, bright lights, loud music. She stated to bring it closer will be very disruptive and will have a detrimental effect on the neighborhood.

Roberta Weiner, 849 Temon Street, expressed a concern about an entrance to the project across from Temon Street that will be dangerous. She stated all the families and residential area will be impacted when leaving their home. She stated using Mountain View or Kanuga is dangerous.

No one else expressed a desire to speak. The public hearing was closed at 6:22 p.m.

Council Member Miller asked Dr. Keifer about his opposition to the rezoning. Dr. Keifer stated he was hoping to get more details about the proposal but did not and is undecided; it will depend on how it will impact his business.

Council Member Miller commented anything built there will have impermeable surface and will impact stormwater. Regarding compatibility: Council Member Miller comment C-2 zoning is contiguous and there has been a change in conditions: NCDOT's plans drastically changed the conditions with the road improvements and a proposed round-about.

Council Member Caraker commented the road construction plans are not complete with the proposed round-about. He stated the proposed project will have no more impact than what is currently there. He stated any development will have to address stormwater. He stated NCDOT funds have been cut and the project could change. Mayor Pro Tem Stephens agreed neighbors cannot count on NCDOT plans at this time. He supported the rezoning request.

Council Member Smith commented this request is the reason conditional zoning was created because they are not sure of plans. He stated he cannot support the rezoning but would consider conditional zoning with certain plans. He agreed the impacts are unknown until the round-about is built. He voiced support of conditional zoning. Mayor Volk agreed because there are so many unknowns. She stated a request for general rezoning is premature. She stated it is likely the parcels will get developed but the neighbors will be more comfortable if they know the development plans. She stated traditional rezoning limits the Council on any conditions that may be imposed. She also voiced support of conditional zoning, so the neighbors know the plans.

Council Member Caraker moved the City Council to adopt an ordinance amending the official City of Hendersonville's 2030 Comprehensive Plan Future Land Use Map for parcel numbers 9568-64-8536 and 9568-64-8783 from Medium-Intensity Neighborhood to High Intensity Neighborhood because rezoning is consistent with existing zoning. He further moved the City Council to adopt an ordinance amending the official zoning map of the City of Hendersonville changing the zoning designation of parcel numbers 9568-64-8536 and 9568-64-8783 from R-15, Medium Density Residential to C-2, Secondary Business, finding that the rezoning is consistent with the Comprehensive Plan's Future Land Use map amendment to High Intensity Neighborhood, the rezoning is reasonable and in the public interest for the following reasons: because it restores property taken away from the owners for common traffic concerns. The vote was three in favor; two opposed (Volk, Smith). City Attorney Fritschner reminded the Council of the NC General Statute that an ordinance or action having the effect of an ordinance requires a super majority vote on the first reading, so a second vote is required. He stated a simple majority may carry the second reading. Mayor Volk announced the second vote will be held at the January 9, 2020 meeting. **No action was taken.**

b. Public Hearing – Consideration of a Zoning Ordinance Text Amendment to Article XIII Sign Regulation Maintenance and Enforcement Section 13-1-5 Animated and Illuminated Signs, Section 13-3-1 Maintenance Requirements and Article XII Definition of Terms Section 12-2 Definition of Commonly Used Terms: Planner Tyler Morrow explained the City Council directed staff to investigate regulations for animated signs. He provided some history of the project.

Mr. Morrow reported the Planning Board appointed a subcommittee of three Planning Board members who met twice with staff to craft changes to the ordinance that addressed the light emission levels, sign display area and message transitions of animated signs. The Planning Board voted five in favor and one opposed to recommend that City Council adopt the amendments as recommended.

Mr. Morrow stated the public hearing was continued from November 7 to this meeting to allow time for the Business Advisory Committee to review the recommendations. He reported the Business Advisory Committee recommended an amendment to reduce the time a message may be continuously displayed from 20 seconds to eight seconds which is the same amount of time for NCDOT has for animated billboards. NCDOT does not regulate those within municipalities.

Mr. Morrow reviewed examples of regulations from other municipalities and provided a video of illuminated signs currently in use. He stated staff looked at certain areas: brightness limits, how much of the sign face can

be animated, the duration between changes and time restrictions. He stated the regulations in the municipalities across the state vary greatly.

Mr. Morrow explained nits are used to measure brightness and is used by most municipalities. He then reviewed the proposed amendments to the ordinance, what is currently allowed versus the proposed amendments.

Enforcement: Mr. Morrow stated the Development Assistance Department may revoke a sign permit that has been issued if a sign is altered in any way. He also reviewed where these signs are permitted.

Mr. Morrow reviewed the guidelines that must be considered by the Council prior to rezoning contained in Section 11-4 of the Zoning Ordinance.

At 6:47 p.m., Mayor Volk opened the public hearing in accordance with North Carolina General Statutes by notice published in the Times News.

Ralph Hammond-Green, 1232 Hyman Avenue, suggested adding incandescent bulbs to Section 13-1-5 (b) because they are still being used. Council Member Miller voiced support of adding the language.

No one else expressed a desire to speak. The public hearing was closed at 6:49 p.m.

Mayor Pro Tem Smith expressed appreciation to the Development Assistance Department staff. Council Member Miller also commented this is a good use of the Business Advisory Committee.

Council Member Caraker moved the City Council to adopt an ordinance amending the City of Hendersonville Zoning Ordinance Article XIII Sign Regulation Maintenance Section 13-1-5-A Animated and Illuminated Signs, 13-3-1 Maintenance Requirements and Article XII Definition of Terms, adding incandescent lighting. A unanimous vote of the Council followed. Motion carried.

Ordinance #19-1289

**AN ORDINANCE AMENDING ARTICLE XIII SIGN REGULATION MAINTENANCE AND ENFORCEMENT
SECTION 13-1-5 ANIMATED AND ILLUMINATED SIGNS**

WHEREAS, the General Assembly of the State of North Carolina has granted authority to municipalities to adopt, administer and enforce zoning and subdivision regulation ordinances, building codes, and minimum housing standards and other related measures, and

WHEREAS, the General Assembly of the State of North Carolina has granted authority to municipalities to amend, supplement, change, modify or repeal zoning regulation ordinances, and

WHEREAS, the City of Hendersonville understands the need to serve all members of the community, and

WHEREAS, the City of Hendersonville supports organizations that supply services to those in need, and

WHEREAS, the City of Hendersonville desires to amend those regulations with regards to animated and illuminated signs.

NOW, THEREFORE, be it ordained by the City Council of the City of Hendersonville:

1. Article XIII Sign Regulation Maintenance and Enforcement, Section 13-1-5 Animated and Illuminated Signs and 13-3-1 Maintenance Requirements are hereby amended as follows:

13-1-5 Animated and Illuminated Signs.

a) A sign may be illuminated internally or externally if such illumination is confined to or directed to the surface of the sign, ~~or internally~~. No animated sign shall be permitted except in the C-2, C-3 and I-1 zoning district classifications or in corresponding conditional zoning districts, if any. Animated signs may be permitted in HMU District if the property fronts on a thoroughfare.

b) For externally illuminated signage, the light source of the signs shall be designed and shielded that it cannot be seen from beyond the property lines on which the sign is located. Signs illuminated internally by fluorescent or incandescent bulbs, light emitting diodes (LED), fiber optics, plasma or other similar technology, and neon tubes shall be limited to commercial and industrial use districts. Except as outlined above, electronic signs are not permitted within the Main Street Historic District.

c) The animated sign shall not exceed 50% of the total area of the permitted sign face or 35 square feet.

d) Each animated sign message shall be continuously displayed for a minimum of eight (8) seconds before changing to another message. No animated sign message display shall be allowed to flash, animate, scroll, or otherwise move, or transition from one message to another in a moving manner. Transitions between messages shall be simultaneous and last no longer than three tenths (3/10) of a second.

e) Each animated sign shall be equipped with a control system that automatically adjusts light emission level to ambient light conditions so as to not cause glare or excessive brightness. In no case shall the light level of any such sign exceed five hundred (500) nits between the time of dusk to dawn, nor five thousand (5,000) nits at other times.

f) Any animated sign located within 100 feet of a residential district shall be operated or lit only between the hours of 7:00 a.m. and 10:00 p.m. and shall be equipped with an automatic timer control that assures compliance with this requirement.

g) The applicant must provide a written certification from the sign manufacture stating that the sign is programmed in accordance with this ordinance. If the sign is changed or altered in any way that violates this ordinance after the permit has been issued, the Development Assistance Department will give written notice of the violation and reserves the right to revoke the sign permit if the sign is not brought into compliance.

Section 13-3-1 Maintenance Requirements

- a) No sign shall be in a state of disrepair where more than 20% of its surface area is covered with disfigured, cracked, ripped or peeling paint or poster board.
- b) No sign shall be allowed to stand with bent or broken sign facing, broken supports, loose appendages or struts, or be allowed to stand more than 15 degrees from the perpendicular.
- c) No sign shall be allowed to have weeds, trees, vines or other vegetation growing on it or obscuring it from the street or highway from which it is intended to be viewed.
- d) No neon or ~~internally illuminated~~ electronic sign shall be allowed to stand with only partial illumination.

Article XII Definition of Terms

Scroll, Section 12-2 Definition of Commonly Used Terms and Words

Sign, Animated: A sign that uses mechanical, electrical or illuminating devices that blink, flash, flicker, scintillate, scroll, vary in intensity, brightness or color that depicts or gives the appearance of action, motion, movement or rotation of a sign image or text.

Sign, Electronic: A sign with a fixed or changing display/message composed of a series of lights that may be changed through electronic means.

2. Any person violating the provisions of this ordinance shall be subject to the penalties set forth in Section 9-8 of the Zoning Ordinance.
3. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.
4. If any section, subsection, paragraph, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed severable and such holding shall not affect the validity of the remaining portions hereof.
5. The enactment of this ordinance shall in no way affect the running of any amortization provisions or enforcement actions, or otherwise cure any existing zoning violations.
6. This ordinance shall be in full force and effect from and after the date of its adoption.

Adopted this fifth day of December 2019.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

Approved as to form: /s/Samuel H. Fritschner, City Attorney

c. Public Hearing – Consideration of an Ordinance Designating the Grey Hosiery Property Located at 301 4th Avenue East as a Local Historic Landmark:

Senior Planner Daniel Heyman reported a request was made to designate the Grey Hosiery Mill property as a local historic landmark. He stated this ordinance was adopted at Council's November meeting but to ensure compliance with North Carolina General Statutes, a public hearing was scheduled for this meeting.

At 6:52 p.m., Mayor Volk opened the public hearing in accordance with North Carolina General Statutes by notice published in the Times News. No one expressed a desire to speak. The public hearing was closed.

Council Member Caraker moved the City Council to adopt an ordinance designating the Grey Hosiery Mill, located at 301 4th Ave E., as a local historic landmark. A unanimous vote of the Council followed. Motion carried.

Ordinance #19-1186

**AN ORDINANCE DESIGNATING PROPERTY KNOWN AS
GREY HOSIERY MILL AND LOCATED AT 301 4TH AVENUE EAST
AS A LOCAL HISTORIC LANDMARK**

WHEREAS, pursuant to N.C. General Statutes Sections. 160A-400.5 and 160A-400.6 and Chapter 28 of the Code of Ordinances of the City of Hendersonville, the City has the authority for designation of a local historic landmark; and

WHEREAS, Henderson County Tax Records for Parcel # 9568-88-7494, located at 301 4th Avenue East and known as Grey Hosiery Mill, lists Grey Mill Ventures, LLC as the property owners; and

WHEREAS, The property owners have caused to be made an investigation and report on the historic, architectural, and cultural significance of the buildings and property proposed for designation located at 301 4th Avenue East; and

WHEREAS, the North Carolina Department of Cultural Resources has reviewed and commented on the proposed designation; and

WHEREAS, a public hearing on the designation of Grey Hosiery Mill as a local historic landmark was held by the Hendersonville Historic Preservation Commission on September 18, 2019, and the following findings were made:

- a. First constructed in 1915, the Grey Hosiery Mill is the only remaining early twentieth century industrial structure in Hendersonville.
- b. The Grey Hosiery Mill is significant for its association with Hendersonville's industrial and social history.
- c. The Grey Hosiery mill is significant in the area of architecture for being representative of early twentieth century mill design in the area: one-to-two story brick buildings with minimalist, unadorned facades characteristic of International Modernism architecture.

WHEREAS, the Hendersonville City Council has taken into full consideration all statements and information presented at its public hearing on December 5, 2019 and considered the recommendation of the Hendersonville Historic Preservation Commission after its public hearing held on September 18, 2019, on the question of designating the property known as Grey Hosiery Mill, 301 4th Avenue East, a local historic landmark.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HENDERSONVILLE:

Section 1. The findings set out above are hereby adopted, and all of the property known as Grey Hosiery Mill and located at 301 4th Avenue East, and further described in Exhibit A, is hereby designated as a local historic landmark pursuant to

Part 3C of Article 19 of Chapter 160A of the North Carolina General Statutes and Section 28 of the Code of Ordinances of the City of Hendersonville, and is subject to the conditions and restrictions set forth therein and below:

- a. The interior and exterior of the mill building, all of the historic acreage currently associated with the parcel (1.09 acres), and all contributing outbuildings or additions shall not be demolished, materially altered, restored, or removed, nor any new structure built upon the lot without a Certificate of Appropriateness issued by the Hendersonville Historic Preservation Commission.
- b. The Certificate of Appropriateness shall reference the Historic Preservation Commission Design Guidelines.
- c. Any application for demolition of the mill building or its additions shall require the waiting period set forth in Part 3C of Article 19 of Chapter 160A of the North Carolina General Statutes.

Section 2. If any section, subsection, sentence, clause, or phrase of this ordinance is, for any reason, held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance, and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

Section 3. All ordinances and clauses of ordinances in conflict herewith be and are hereby repealed, to the extent of such conflict.

Section 4. This ordinance shall be in full force and effect on the date of adoption.

Section 5. Violation of this ordinance shall be subject to the remedies set forth in Section 1-6 of the City Code, in addition to other remedies provided by law.

Adopted by the City Council at a meeting held on the sixth day of November 7, 2019 and on December 5, 2019.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

Approved as to form: /s/Samuel H. Fritschner, City Attorney

d. Consideration of a Bond Order Authorizing the Issuance of not to Exceed \$12,897,000 City of Hendersonville Water and Sewer System Revenue Bond, Series 2019; Authorizing the Approval, Execution and Delivery of Various Documents in Connection with the Issuance of the Bond; Providing for the Issuance of the Bond; and Providing for Certain Other Matters in Connection with the Issuance and Delivery of the Bond: Budget Analyst Adam Murr addressed the Council and explained this is a follow-up from the November meeting. He explained adoption of the bond order will further the issuance of the revenue bond. He reported the Local Government Commission has reviewed and approved the City's application.

Council Member Caraker moved the City Council to resolve to adopt the Bond Order authorizing the issuance of a Series 2019 Water and Sewer System Revenue Bond, not to exceed \$12,897,000. A unanimous vote of the Council followed. Motion carried.

Order #19-1290

BOND ORDER AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$12,897,000 CITY OF HENDERSONVILLE, NORTH CAROLINA WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2019; AUTHORIZING THE APPROVAL, EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF THE BOND; PROVIDING FOR THE ISSUANCE OF THE BOND; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE AND DELIVERY OF THE BOND

WHEREAS, the City of Hendersonville, North Carolina (the "City") is authorized by the State and Local Government Revenue Bond Act, General Statutes of North Carolina, Section 159-80 et seq. (the "Act"), to issue, subject to the approval of the Local Government Commission of North Carolina (the "LGC"), at one time or from time to time, revenue bonds of the City for the purposes as specified in the Act;

WHEREAS, the City has determined to issue its Water and Sewer System Revenue Bond, Series 2019 (the "2019 Bond") in an aggregate principal amount not to exceed \$12,897,000 to provide funds to (1) finance improvements to the City's water system identified in the City's water system master plan, including water line and tank replacements (the "2019 Project"), (2) prepay a lease-purchase agreement, the proceeds of which were used by the City to advance funds to acquire and install automated meters and related technology for the City's water system (the "2012 Project") and (3) pay the costs of issuing the 2019 Bond;

WHEREAS, the City will issue the 2019 Bond under the General Trust Indenture dated as of December 1, 2019 (the "General Indenture") between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and Series Indenture, Number 1 dated as of December 1, 2019 (the "Series Indenture") between the City and the Trustee;

WHEREAS, the City has filed with the LGC an application for the approval and private sale without advertisement of the 2019 Bond in accordance with Section 159-85 of the General Statutes of North Carolina, as amended;

WHEREAS, the City and the LGC have arranged for the issuance of the 2019 Bond to STI Institutional & Government, Inc. (the "Lender");

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been filed with the City:

- (1) the General Indenture;
- (2) the Series Indenture; and
- (3) a Master Subordination Agreement between the City and the State of North Carolina (the "Subordination Agreement") whereby the State will agree to subordinate all of the loans with City to the bonds issued under the General Indenture;

NOW THEREFORE, BE IT ORDERED BY THE CITY COUNCIL OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA:

Section 1. The 2019 Bond is hereby authorized and will be issued pursuant to the Act to raise the money required, in addition to any funds which may be made available for such purpose from any other source, to (1) finance the 2019 Project, (2) prepay a lease-purchase agreement related to funds advanced by the City for the 2012 Project and (3) pay the costs of issuing the 2019 Bond, all as set out fully in the documents attached to the City's application to the LGC. The use of the proceeds of the 2019 Bond, as described, is necessary to meet the demands of the users of the City's Water and Sewer System (as defined in the General Indenture).

Section 2. The aggregate principal amount of the 2019 Bond authorized by this order will not exceed \$12,897,000. The 2019 Bond hereby authorized will be a special obligation of the City, secured by and paid solely from the proceeds thereof or from revenues, income, receipts and other money received or accrued by or on behalf of the City from or in connection with the operation of the City's Water and Sewer System.

Section 3. The City requests that the 2019 Bond be sold at private sale without advertisement to the Lender at such price as the LGC determines to be in the best interest of the City and as provided in the City's application. The City Council approves the sale of the 2019 Bond to the Lender on the terms provided in the term sheet provided by the Lender and as provided in the Series Indenture. The Authorized Officers (as defined below), are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to consummate the issuance of the 2019 Bond.

Section 4. The City's issuance of the 2019 Bond, in substantially the form to be provided in the Series Indenture, is hereby in all respects approved and confirmed. The provisions of the General Indenture and the Series Indenture with respect to the 2019 Bond are hereby approved and confirmed and are incorporated herein by reference. The proceeds from the issuance of the 2019 Bond will be deposited in accordance with the Series Indenture. The principal of, premium, if any, and interest on the 2019 Bond will not be payable from the general funds of the City, nor will the 2019 Bond constitute a legal or equitable pledge, charge, lien or encumbrance on any of the City's property or on any of its income, receipts or revenues except the funds which are pledged under the General Indenture. Neither the credit nor the taxing power of the State of North Carolina (the "State") or the City is pledged for the payment of the principal of, premium, if any, or interest on the 2019 Bond, and no holder of the 2019 Bond has the right to compel the exercise of the taxing power by the State or the City or the forfeiture of any of its property in connection with any default thereon.

Section 5. The form and content of the General Indenture, the Series Indenture and the Subordination Agreement, including the exhibits thereto, are hereby in all respects approved and confirmed. The Mayor, the City Manager, the Assistant City Manager, the City Attorney, the Finance Director and the City Clerk, including anyone serving as such in an interim capacity, or their respective designees (collectively, the "Authorized Officers") are hereby authorized, empowered and directed to execute and deliver the General Indenture, the Series Indenture and the Subordination Agreement for and on behalf of the City, including necessary counterparts, in substantially the form and content presented to the City, 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 City Council's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the General Indenture, the Series Indenture and the Subordination Agreement, the Authorized Officers are hereby authorized, empowered and directed 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 General Indenture, the Series Indenture and the Subordination Agreement as executed. The Trustee is hereby appointed as Registrar and Paying Agent under the Series Indenture.

Section 6. The City Manager, the Assistant City Manager or the Finance Director is hereby authorized to execute a tax certificate to comply with Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Section 7. If any one or more of the covenants, agreements or provisions contained in this Bond Order is held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or is for any reason whatsoever held invalid, then such covenants, agreements or provisions will be null and void and will be deemed separable from the remaining agreements and provisions and will in no way affect the validity of any of the other agreements and provisions of this Bond Order or of the 2019 Bond authorized hereunder.

Section 8. No stipulation, obligation or agreement contained in this Bond Order or contained in the 2019 Bond, the General Indenture, the Series Indenture or any other instrument related to the issuance of the 2019 Bond is a stipulation, obligation or agreement of any officer, agent or employee of the City in his or her individual capacity, and no such officer, agent or employee is personally liable on the 2019 Bond or subject to personal liability or accountability by reason of the issuance thereof.

Section 9. The Authorized Officers are hereby authorized, empowered and directed 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 this Bond Order, the General Indenture or the Series Indenture; except that none of the above is hereby authorized or empowered to do anything or execute any document which is in contravention, in any way, of (a) the specific provisions of this Bond Order, (b) the specific provisions of the General Indenture or the Series Indenture, (c) any agreement to which the City is bound, (d) any rule or regulation of the City or (e) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State.

Section 10. The Authorized Officers are hereby authorized, empowered and directed to prepare and furnish, when the 2019 Bond is issued, certified copies of all the proceedings and records of the City Council relating to the 2019 Bond, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the 2019 Bond as such facts appear on the books and records in such party's custody and control or as otherwise known to them; and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, constitute representations of the City as to the truth of all statements contained therein.

Section 11. All acts and doings of the Authorized Officers that are in conformity with the purposes and intent of this Bond Order and in the furtherance of the issuance of the 2019 Bond and the execution, delivery and performance of the General Indenture and the Series Indenture are hereby in all respects approved and confirmed. Any provision in this Resolution that authorizes more than one Authorized Officer to take certain actions will apply to the respective designees of the Authorized Officers, including any person serving in an interim capacity, and will be read to permit such persons to take the authorized actions either individually or collectively.

Section 12. All resolutions or parts thereof of the City Council in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 13. This Bond Order will take effect immediately on its adoption and, pursuant to Section 159-88 of the General Statutes of North Carolina, as amended, need not be published or subjected to any procedural requirements governing the adoption of ordinances or resolutions by the City Council other than the procedures set out in the Act.

PASSED, ADOPTED AND APPROVED this fifth day of December 2019.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

Approved as to form: /s/Samuel H. Fritschner, City Attorney



6. Special Recognitions

a. Other: City Manager John Connet welcomed the Blue Ridge Honor Air Flight Board of Directors, Chair Mary Beth Burns. Ms. Burns requested the City rename the gateway park located at the south end of Main Street be renamed “Honor Flight Park.” She stated they plan to purchase and place a bronze plaque in the flower bed at the crosswalk between Third and Fourth Avenues which will read “Honor Flight Park, established 2019, located five blocks south of this location. Honor Flight Park is named in honor of all veterans of western North Carolina and to recognize the founder of Blue Ridge Honor Flight, Jeff Miller, local businessman and community servant. Miller established Honor Air, and now Blue Ridge Honor Flight in 2006 in Henderson County with the goal of flying every World War II veteran to visit their memorial in Washington DC. Honor Air became the founding partner of the Honor Flight network, a national organization with more than 140 hubs serving veterans in 45 states. Blue Ridge Honor Flight continues its mission today, now also flying veterans from the Korean and Vietnam Wars as well, honoring the service and sacrifices of all veterans, their families and friends, together with support from area Rotary Clubs and many committed volunteers. A grateful community thanks all of its veterans and honors the work of Mr. Miller, the Blue Ridge Honor Flight organization and the National Honor Flight network.” She expressed appreciation to the Council for their consideration.

Council Member Caraker moved the City Council adopt the name of Blue Ridge Honor Flight Park for the gateway park. A unanimous vote of the Council followed. Motion carried.

Council Member Miller welcomed and thanked the Blue Ridge Honor Flight Board and those who put their hearts out for the veterans.

Mr. Dave Adams stated he thought this was a wonderful way to recognize Henderson County because so many have supported the flights and has become a national phenomenon by putting a plaque on Main Street. He stated he enjoys working on committee and the veterans are very appreciative.

b. Planning Board Members: Mayor Volk presented Certificates of Commendation to Planning Board members Steve Johnson for 15 years of service, Jay Thorndike for 12 years of service, and Ray Mundy (absent) for six years of service. Mayor Volk commented the City is very appreciative of all volunteers that serve the City.

c. City of Hendersonville Academy Participants: Ten employees were recognized for their participation in the City of Hendersonville Academy: Water & Sewer - Drew Finley, Sarah Wykle, Finance - Tamara Amin, Kaitland Finkle, Ligia Guinea, Ashley Staton, Public Works - Kimberly Jackson, Fire - Holly Nourigat, Cameron Womack and Admin - Allison Nock. A challenge coin was presented to the participants by Human Resources Director Jennifer Harrell. Ms. Nourigat was also recognized for a recent promotion to battalion chief in the Fire Department.

d. Consideration of a Resolution to Recognize the Distinguished Service of Police Lieutenant Todd Letterman and the Awarding of his Badge and Service Side Arm: Mayor Volk presented the following resolution to Lieutenant Todd Letterman:

Resolution #19-1292

RESOLUTION TO RECOGNIZE DISTINGUISHED SERVICE TO THE CITY OF HENDERSONVILLE AND AWARDING OF SERVICE SIDE ARM

WHEREAS, North Carolina General Statutes 20-187.2 provides that retiring members of law enforcement agencies may receive, at the time of their retirement, the badge worn or carried by them during their service; and

WHEREAS, NCGS 20-187.2 further provides that the governing body of the governing law enforcement agency may, at its discretion, award to a retiring member their service side arm, at a price determined by such governing body, upon determining that the person receiving the weapon is not ineligible to own, possess, or receive a firearm under the provisions of State or federal law, and

WHEREAS, the City of Hendersonville hereby recognizes 28 years 11 months of distinguished service as a law enforcement officer by Todd Letterman for the City of Hendersonville and its residents, and

WHEREAS, the City of Hendersonville wishes to recognize Lieutenant Todd Letterman’s service in a manner that is customary for persons retiring from distinguished law enforcement service.

NOW THEREFORE, the City Council of the City of Hendersonville hereby awards to Lieutenant Todd Letterman his service side arm, Glock model 45, 9 mm serial number BLKB790, for a cost of \$1 as determined in the Policy for the Granting of Badges and Service Side Arms for Sworn Law Enforcement Officers, as a token of appreciation for his many years of service and dedication to the City of Hendersonville and its residents.

Adopted this fifth day of December 2019.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

e. Proclamation of Appreciation and Respect for Departing Council Member Steve

Caraker: Mayor Volk read the following proclamation to departing Council Member Steve Caraker and presented him with an engraved rocking chair.

**A Proclamation of Respect and Appreciation for
STEVE CARAKER**

On this fifth day of December 2019 after serving the past twelve years as Council Member, two of those years as Mayor Pro Tempore, **Steve Caraker** departs leaving behind him an impressive legacy of public service. We, the Governing Body, employees and citizens of Hendersonville wish to acknowledge publicly the contributions made by Steve Caraker.

It would be inappropriate not to mention some of the most recent and noteworthy accomplishments during **Steve Caraker's** tenure on the City of Hendersonville City Council. He was instrumental in:

- Public service during two terms on the City's Historic Preservation Commission from August 2000 to December 2007, serving as Chairman much of that time, French Broad MPO and Henderson County Transportation Advisory Committee, the Firemen's Relief Fund, the Historic Seventh Avenue District Advisory Committee and Water and Sewer Advisory Committee
- Implementing a water/sewer rate structure and utility extension policies to provide more equitable funding of future utility projects
- Providing knowledge and expertise to the City Council on construction and development matters
- Implementing a Five -Party Agreement Between the City of Hendersonville, Henderson County, Wingate University, Blue Ridge Community College, and Pardee Memorial Hospital for the construction and lease of, and relative interests in a building to be situated at 747 Sixth Avenue West for a Health Sciences Facility
- Supporting the development of a downtown hotel and additional parking by advocating the purchase of available land in the downtown area to construct a parking garage within a block of Main Street
- Supporting the sale and redevelopment of the Grey Hosiery Mill and putting it back on the tax rolls
- The purchase of property and construction of downtown public restrooms, the purchase of property for a new Police Station and Fire Station #3
- Strong advocate for City employees, benefits, and one of their biggest supporters.

During his tenure on the City Council, the Council's accomplishments number many. Included are: great public services such as a new website, upgraded downtown wi-fi, downtown ambassadors, improving internal controls, long-range capital planning, long-range financial forecasting, numerous amenity improvements such as the Oklawaha Greenway expansion, park improvements and expansion of downtown events, affordable housing projects, façade/tax incentive programs for the Main Street and Seventh Avenue areas, street and sidewalk improvements, street resurfacing, water and sewer master plans, downtown signage and parking lot improvements and Fire Station #2.

Steve Caraker has been a champion for the Seventh Avenue revitalization, a staunch proponent of quality development in Hendersonville and a liaison for many area road construction projects.

It is with a great sense of gratitude that we now express our appreciation on behalf of the citizens of Hendersonville to **Steve Caraker**.

Signed this fifth day of December 2019.

/s/Barbara G. Volk, Mayor

Mr. Caraker commented he got involved because of the proposed historic district. He stated he loves Hendersonville and is proud of what the Council has accomplished over the last 12 years and it has been one of the most rewarding of his life. He adopted Hendersonville as his hometown 35 years ago. To the newcomers, he said the bar has been set very high and asked them to maintain the standard. He stated serving as Council member was an opportunity of a lifetime.

f. Proclamation of Appreciation and Respect for Departing Council Member Ron Stephens:

Mayor Volk read the following proclamation to departing Mayor Pro Tempore Ron Stephens and presented him with an engraved rocking chair.

**A Proclamation of Respect and Appreciation for
Ron Stephens**

On this fifth day of December 2019 after serving the past eight years as Council Member, and four previous years on the City Council, four years of his term on the City Council as Mayor Pro Tempore, **Ron Stephens** departs leaving behind him an impressive legacy of public service. We, the Governing Body, employees and citizens of Hendersonville wish to acknowledge publicly the contributions made by Ron Stephens.

It would be inappropriate not to mention some of the most recent and noteworthy accomplishments during **Ron Stephens'** tenure on the City of Hendersonville City Council. He was instrumental in:

- Public service during two terms on the City's Planning Board, serving as Chairman much of that time, Chairman of the Mud Creek District Advisory Council, Downtown Advisory Committee, Local Government Committee for Cooperative Action (LGCCA), and the Land-of-Sky Regional Council
- Implementing a water/sewer rate structure and utility extension policies to provide more equitable funding of future utility projects

- Implementing a Five-Party Agreement Between the City of Hendersonville, Henderson County, Wingate University, Blue Ridge Community College, and Pardee Memorial Hospital for the construction and lease of, and relative interests in a building to be situated at 747 Sixth Avenue West for a Health Sciences Facility
- Active involvement in preserving the Erle Stillwell Building at Hendersonville High School
- Supporting the development of a downtown hotel and additional parking by advocating the purchase of available land in the downtown area to construct a parking garage within a block of Main Street
- Supporting the sale and redevelopment of the Grey Hosiery Mill and putting it back on the tax rolls
- The purchase of property and construction of downtown public restrooms, property for a new Police Station and a new Fire Station #3 and a new downtown hotel.

During his tenure on the City Council, the Council's accomplishments number many. Included are: great public services such as a new website, upgraded downtown wi-fi, downtown ambassadors, improving internal controls, long-range capital planning, long-range financial forecasting, numerous amenity improvements such as the Oklawaha Greenway expansion, park improvements and expansion of downtown events, affordable housing projects, façade/tax incentive programs for the Main Street and Seventh Avenue areas, street and sidewalk improvements, street resurfacing, water and sewer master plans, downtown signage and parking lot improvements and Fire Station #2.

Ron Stephens has continued to be a staunch proponent of quality development in Hendersonville and has given voice to the concerns of the business and development interests while balancing these concerns with those of the larger Hendersonville community.

It is with a great sense of gratitude that we now express our appreciation on behalf of the citizens of Hendersonville to **Ron Stephens**.

Adopted this fifth day of December 2019.

/s/Barbara G. Volk, Mayor

Mr. Stephens commented it has been an honor and privilege to serve this town. He has loved living here since 1996. The accomplishments of the City Council have been a team effort.

There was a brief recess.



ORGANIZATIONAL MEETING OF THE COUNCIL

7. Administration of the Oath of Office and Presentation of Certificate of Election to Council Member Jennifer Hensley by the Honorable Representative Chuck McGrady:

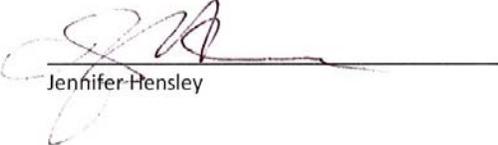
State of North Carolina
County of Henderson

In the Matter of
City of Hendersonville, City Council Member

OATH OF OFFICE

I, Jennifer Hensley, do solemnly and sincerely swear (or affirm) that I will support the Constitution and laws of the United States; that I will be faithful and bear true allegiance to the State of North Carolina, and to the constitutional powers and authorities which are or may be established for the government thereof; that I will endeavor to support, maintain and defend the Constitution and laws of said State, not inconsistent with the Constitution of the United States, to the best of my knowledge and ability; and that I will faithfully discharge the duties of my office as City Council Member, so help me God.

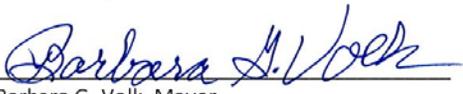
This is the fifth day of December 2019.


Jennifer Hensley

Sworn to and subscribed before me,
this fifth day of December 2019.


Representative Chuck McGrady

8. Administration of the Oath of Office and Presentation of Certificate of Election to Council Member Lyndsey Simpson by the Honorable Mayor Barbara G. Volk:

<p>State of North Carolina County of Henderson</p> <p>In the Matter of City of Hendersonville, City Council Member</p> <p style="text-align: center;">OATH OF OFFICE</p> <p>I, Lyndsey Simpson, do solemnly and sincerely swear (or affirm) that I will support the Constitution and laws of the United States; that I will be faithful and bear true allegiance to the State of North Carolina, and to the constitutional powers and authorities which are or may be established for the government thereof; that I will endeavor to support, maintain and defend the Constitution and laws of said State, not inconsistent with the Constitution of the United States, to the best of my knowledge and ability; and that I will faithfully discharge the duties of my office as City Council Member, so help me God.</p> <p>This is the fifth day of December 2019.</p> <p style="text-align: right;">  _____ Lyndsey Simpson </p> <p>Sworn to and subscribed before me, this fifth day of December 2019.</p> <p style="text-align: center;">  _____ Barbara G. Volk, Mayor City of Hendersonville </p>
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9. Remarks by Council Members Jennifer Hensley and Lyndsey Simpson and Others:

Council Member Hensley thanked Representative McGrady for being an example of a proud and strong leader in the State and we are all better for his representation. She expressed appreciation for his leadership, advice and support. She also thanked her family for their support and sacrifice during the campaign. She expressed appreciation to the out-going City Council members for laying the groundwork and the work they have done. She thanked the manager, staff and the current City Council for welcoming her and to the voters for supporting her. She states he believes in local elections and government that partisanship is not welcome. She stated she wants to maintain her commitment to represent every resident of the City with respect and responsibility. She stated it is excited to be serving.

Council Member Simpson thanked everyone for their support including her family and friends stating it was a sacrifice for all of them. She thanked the voters for putting their faith in her to represent them. She also expressed appreciation to City staff. She said she is honored to be in this position. They moved here four years ago but as soon as they stepped on Main Street, she knew this was her home. She said she is excited to serve the community in this capacity.

Council Member Miller commented he is excited for this new opportunity to serve. He said he will always listen, discuss, and will always do what he feels is best for the community as a whole. He looks forward to working with each Council member. He welcomed the new members and thanked them for their willingness to serve.

Council Member Smith commented he also appreciates their willingness to serve on the City Council and be a part of the government, and their family's help in this. He stated one of the hallmarks of democracy is a peaceful exchange of leadership. He stated he appreciates we can do this in our nation and in the City to manage a good standard of living in Hendersonville.

10. Election of Mayor Pro Tempore and Administration of the Oath of Office for Mayor Pro Tempore: Council Member Miller nominated Council Member Smith as Mayor Pro Tempore. There were no further nominations. The vote of the Council was unanimous. Motion carried. The oath of office was presented by Mayor Volk.

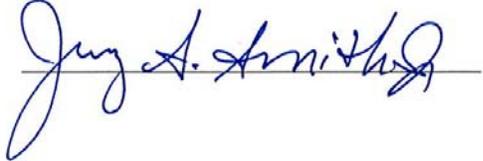
State of North Carolina
 County of Henderson

In the Matter of
 City of Hendersonville, Mayor Pro Tempore

OATH OF OFFICE

I, Jerry A. Smith, Jr., do solemnly and sincerely swear (or affirm) that I will support the Constitution and laws of the United States; that I will be faithful and bear true allegiance to the State of North Carolina, and to the constitutional powers and authorities which are or may be established for the government thereof; that I will endeavor to support, maintain and defend the Constitution and laws of said State, not inconsistent with the Constitution of the United States, to the best of my knowledge and ability; and that I will faithfully discharge the duties of my office as Mayor Pro Tempore, so help me God.

This is the fifth day of December 2019.



Sworn to and subscribed before me,
 this fifth day of December 2019.


 Barbara G. Volk, Mayor
 City of Hendersonville

11. Council Representatives to Boards:

Downtown Advisory Committee: Council Member Miller nominated Council Member Simpson. No further nominations were made. A unanimous vote of the Council followed. Motion carried.

Fireman’s Relief Board: Council Member Miller nominated Mayor Pro Tem Smith and Council Member Hensley. No further nominations were made. A unanimous vote of the Council followed. Motion carried.

French Broad River MPO, Henderson County TAC: Mayor Pro Tem Smith nominated Council Member Hensley. No further nominations were made. A unanimous vote of the Council followed. Motion carried.

Henderson County Public Schools Facility Committee: Council Member Miller nominated Mayor Pro Tem Smith. Mayor Pro Tem Smith nominated Council Member Miller. There were no further nominations. A unanimous vote of the Council followed. Motion carried.

Seventh Avenue Advisory Committee: Mayor Pro Tem Smith nominated Council Member Simpson. There were no further nominations. A unanimous vote of the Council followed. Motion carried.

Land-of-Sky Regional Council Board of Delegates: Council Member Miller nominated Mayor Volk. There were no further nominations. A unanimous vote of the Council followed. Motion carried.

Land-of-Sky Regional Council Board of Delegates (Alternate): Council Member Miller nominated Council Member Simpson. There were no further nominations. A unanimous vote of the Council followed. Motion carried.

Local Government Committee for Cooperative Action (LGCCA): Council Member Miller nominated Mayor Volk and Mayor Pro Tem Smith. There were no further nominations. A unanimous vote of the Council followed. Motion carried.

Mills River Partnership: Mayor Pro Tem Smith nominated Council Member Miller. There were no further nominations. A unanimous vote of the Council followed. Motion carried.

Water-Sewer Advisory Committee: Mayor Pro Tem Smith nominated Council Member Miller. There were no further nominations. A unanimous vote of the Council followed. Motion carried.

Business Advisory Committee: Council Member Miller nominated Council Member Hensley. There were no further nominations. A unanimous vote of the Council followed. Motion carried.

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12. Consideration of Consent Agenda (Note: All items denoted with an asterisk (*) are considered routine, noncontroversial in nature and will be considered and disposed of through a singular motion and vote.)

A. Consideration of Minutes of November 7, 2019 Regular Meeting

B. Consideration of Budget Amendments:

1. General Fund, Public Works Heat Pump
Fund 10, Increase of \$7,500
The City is receiving rent for the Patton Administration Building at \$7,500 annually. This rental income was not included in the initial budget, and Staff recommends increasing the budget to reflect revenues received. To balance the revenue, Staff also recommend increasing the capital outlay infrastructure account to assist with the purchase of a heat pump for the building.
2. General Fund, Insurance Claims Revenue
Fund 10, Increase of \$3,391
The City has received insurance settlement checks for the repair of one vehicle in the Public Works Department and one vehicle in the Police Department. This amendment increases insurance settlement revenue based on the check amounts, along with the corresponding expenditure lines.
3. Downtown - Bearfootin' Revenue
Fund 20, Increase of \$7,352
This amendment to increase revenues from Bearfootin' Bear Auction. Actual revenues exceeded budget projections by \$7,352. The contribution to non-profits from the bear auction will also be increased to reflect the higher than anticipated revenues.
4. Police Department - Needy Persons/Shop with a Cop
Fund 199, Increase of \$3,097
This amendment is to increase supplies and materials line item for the purchase of gift cards for the "shop with a cop" initiative in the Police Department - Needy Persons project. PD has indicated a need of \$6,735 expenditure budget. The PD has requested additional fund balance for use in emergency situations to support citizens through the year.
5. Etowah - Revenue Bond Amendment
Fund 370, Decrease of \$142,000
Council directed staff to pursue a revenue bond financing option for the Etowah Water Systems Improvement Project. This budget amendment increases the debt proceeds revenue line in preparation for the receipt of the revenue bond. Additionally, staff recommends transferring budget in expenditure lines to more accurately reflect the costs for the project. Cash originally budgeted (\$5,589,103) will be moved to a miscellaneous expense line for future transfer to other project s. \$142,000 will be transferred in conjunction with an existing \$308,000 budget in the Water and Sewer operating fund to fully support a Water Treatment Plant basis coating and repair project.
6. Parking Deck Due Diligence
Fund 410, Increase of \$12,000
Parking deck due diligence items will be funded by this amendment. More specifically, due diligence includes items related to geotech, engineering, environmental assessment, and reporting. Staff estimates the cost of due diligence items to be \$12,000.

C. Consideration of a Contract between the City of Hendersonville and Henderson County Public Schools for School Resource Officer(s): City Manager Connet recommended approval of a contract with Henderson County Public Schools for school resource officers. He stated presented the formal contract that specifies responsibilities and what actions will be taken when there is a complaint against the SRO. *[The contract is available in the office of the City Clerk.]*

D. Consideration of Easement Request by Duke Energy at Keith Park: Mr. Connet explained Duke Energy is in the process of updating their electrical infrastructure within Druid Hills. This upgrade consists of placing the main overhead electrical circuits underground. In order to accomplish this task, Duke Energy is requesting easements to place underground utility lines and pad mounted transformers on City property (Keith Park). Mr. Connet stated Public Works Director Tom Wooten has discussed this request with Duke Energy and has approved the locations for the transformers. He recommended approving the easements for Duke Energy to place electrical infrastructure in Keith Park. *[The easement is on file in the office of the City Clerk.]*

E. Consideration of Tax Releases, Refunds, Discoveries: Deputy Tax Collector Jennifer Musselwhite submitted for Council’s consideration the tax bill adjustments occurring between October 21, 2019 and November 19, 2019. She explained these adjustments include all discoveries, releases, refunds, and forgiven interest. These adjustments were provided by Henderson County Tax Department. *[Documentation is available in the Tax Office.]*

SUMMARY TOTAL OF DISCOVERIES, RELEASES, REFUNDS, AND FORGIVEN INTEREST		
FOR TRANSACTIONS AS OF 11/20/2019		
VALUE CHANGE	\$	(6,276.521)
RELEASES	\$	(33,366.69)
REFUNDS	\$	-
FORGIVEN INTEREST	\$	-
TOTAL TAX BILL ADJUSTMENTS	\$	(33,366.69)
<small>Adjustments, Releases, Refunds are provided by Henderson County Tax Office</small>		

F. Consideration of Waterline Extension Request for Captain Smyths Subdivision Located on Trenholm Road: Utilities Director Lee Smith presented a request to extend the City’s water system to provide service to a proposed ten-lot single family residential subdivision.

Mr. Lee Smith stated water service will be provided by the extension of 1,211 linrst feet of six-inch DIP/CL-350 and two fire hydrants. Sewer service will be provided by individual septic systems.

Mr. Lee Smith stated this project is within the Zoning and Planning Jurisdiction of the Village of Flat Rock and has received approval dated September 3, 2019.

Based on this information, Mr. Lee Smith stated the Water and Sewer Department has the capacity to support this additional infrastructure and associated connections and hereby recommends approval of said project contingent upon final approval of construction plans and specifications by the Water and Sewer Department.

G. Consideration of Exemption of Holiday Event from Chapter 6, Section 6.2 of the Code of Ordinances: Mr. Connet stated the Friends of Downtown are proposing to host their annual volunteer celebration in Downtown Hendersonville's new office space at 125 5th Avenue W. on December 18, 2019. The Friends of Downtown requested exemption from Chapter 6, Section 6.2 of the Hendersonville City Code on December 18, 2010 from 5:00 to 9:00 PM to allow them to serve alcohol at the volunteer celebration and holiday gathering.

H. Consideration of Request of Hands On! Children’s Museum for the Use of Berkeley Mills for the 2020 Mud Run: Mr. Connet presented the request of Hands On! Children's Museum for use of Berkeley Mills Park on May 30, 2020 for the 2020 Mud Run. Activities will include the Mud Run and After-Party. They also requested use of the baseball field for the Kids Zone and Festival. The After-Party typically includes the serving of alcohol. He recommended approval of the request.

I. Consideration of a Job Description and Pay Classification for Police Part-Time Operations Specialist: Police Chief Blake presented a job description for a part-time position of “Police Part-time Operations Specialist”. This employee will aid in different areas: receptionist, 911 assistant, records assistant, evidence assistant, etc. This position will be a Grade 10. [The job description is available in the office of the Human Resources Director.]

J. Consideration of the Sale of Personal Property: North Carolina General Statute 160A-266(b) allows the City to sell personal property owned by the City valued at less than \$30,000 at a fair market negotiated price. Mr. Connet reported Council Member Stephens requested permission to buy his I-Pad from the City. He researched similar devices and found the average sale price is \$285. Council Member Stephens agreed to purchase the I-Pad for that amount. Therefore, he recommended selling the Microsoft Surface Pro 3 to former Councilman Stephens for \$285.

K. Consideration of the Acceptance of Grant Contract #8048 - Seventh Avenue Green Stormwater Infrastructure Demonstration Project: Mr. Mike Huffman reported staff applied for and received a grant from the North Carolina Department of Environmental Quality (NCDEQ) 319 Grant Program to implement green stormwater infrastructure in the upcoming Seventh Avenue streetscape project. The grant is in the amount of \$150,000. He explained all matching funds required from the City for this grant will be met by the multi-area streambank restoration project which is budgeted for FY 20-21. Staff requested acceptance of the grant.

L. Consideration of the Acceptance of the Official Election Results: City Clerk Tammie Drake provided the following (portion of) Abstract of Votes for the General Election held on November 5, 2019 as certified by the Board of Elections:

November 05, 2019 General Election Results by Precinct						Thursday, December 5, 2019			
						Page 1 of 4			
Precinct	Contest	Choice	Party	Total Votes	Election Day	One Stop	Abs Mail	Provisional	
TOTAL	VILLAGE OF FLAT ROCK MAYOR	Nick Weedman		1,421	713	691	16	1	
	VILLAGE OF FLAT ROCK VILLAGE COUNCIL DISTRICT 01	Thomas F. Carpenter		992	469	515	8	0	
		Barbara Platz		818	450	356	11	1	
	VILLAGE OF FLAT ROCK VILLAGE COUNCIL DISTRICT 02	Ginger Brown		840	466	362	11	1	
		Anne Coletta		967	450	509	8	0	
	VILLAGE OF FLAT ROCK VILLAGE COUNCIL DISTRICT 03	David Dethero		1,013	478	525	10	0	
		Hilton Swing		790	435	345	9	1	
	TOWN OF FLETCHER TOWN COUNCIL DISTRICT 02	Preston Blakely		274	262	11	1	0	
		Hugh Clark		106	102	4	0	0	
	TOWN OF FLETCHER TOWN COUNCIL DISTRICT 03	Bob Davy		272	264	8	0	0	
	CITY OF HENDERSONVILLE CITY COUNCIL	Steven A. Caraker		689	521	161	6	1	
		Jennifer Hensley		942	709	226	6	1	
		Debbie Roundtree		700	491	202	6	1	
		Lyndsey Simpson		929	633	290	5	1	

Council Member Miller moved the City Council to resolve to approve/accept the items listed on the consent agenda. A unanimous vote of the Council followed. Motion carried.

13. Public Hearing – Consideration of a Petition for Annexation from D2/Dari-O, LLC for the Satellite Annexation of Property Located off Upward Road: Senior Planner Daniel Heyman presented the petition for the satellite annexation from D2/Dari-O, LLC, of PINs 9577-89-1783, 9577-89-3603, 9577-89-3576, 9577-89-4851, and 9577-89-6845 located on Upward Road comprised of approximately 2.61 acres. Please refer to the attached map.

Mr. Heyman reported the map distance from the proposed satellite corporate limits is approximately 1,656 feet from the primary corporate limits. The total area within the satellite corporate areas constitutes 5.9 percent of the area within the primary corporate limits.

Mr. Heyman stated the City Council accepted the Clerk's Certificate of Sufficiency at their November 7 meeting and set a public hearing for the annexation for this meeting.

Mr. Heyman stated the parcel is currently zoned Community Commercial by Henderson County. According to G.S. 160A-360(f), if the property is annexed, the county regulations shall remain in effect for 60 days. During this time the City may hold hearings and take any other measures that may be required in order to adopt its regulations for the area.

Mr. Heyman outlined the provisions for the public hearing and annexation set out in G.S. 160A-31.

At 7:58 p.m., Mayor Volk opened the public hearing in accordance with North Carolina General Statutes by notice published in the Times News. No one expressed a desire to speak in favor of the annexation. The following spoke in opposition:

Ken Fitch, 1046 Patton Street, expressed concerns about commercial development and near East Henderson High School. He cited safety concerns and multi-jurisdictional issues.

No one else expressed a desire to speak. The public hearing was closed.

Mayor Pro Tem Smith commented there are restaurants adjacent to Hendersonville High School, the fire station, etc.

Council Member Hensley moved the City Council to adopt an ordinance annexing the property included in the petition from D2/Dairi-O, LLC effective December 5, 2019, and direct Development Assistance Department staff to initiate a zoning map amendment for the property in accordance with adopted plans and policies. A unanimous vote of the Council followed. Motion carried.

Ordinance #19-1291

AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA AS SATELLITE ANNEXATION

Adopted date: 12.05.19
Effective date: 12.05.19
Total Acreage: 2.61 acres
Petitioner: D-2/DAIRI-O, LLC

WHEREAS, the City Council of the City of Hendersonville, North Carolina, has been petitioned under G.S. 160A-58.1 to annex the area described below; and

WHEREAS, the City Council has by resolution directed the City Clerk to investigate the sufficiency of the petition; and

WHEREAS, the City Clerk has certified the sufficiency of the petition and a public hearing on the question of this annexation was held at Hendersonville, NC, at 5:45 p.m. on December 5, 2019, after due notice by publication on November 24, 2019 and December 1, 2019; and

WHEREAS, the City Council finds the area described therein meets the standards of G.S. 160A-58.1(b), to wit:

- a. The nearest point on the proposed satellite corporate limits is not more than three miles from the corporate limits of the City of Hendersonville. The map distance is 1,656 feet.
- b. No point on the proposed satellite corporate limits is closer to another municipality than to the City of Hendersonville;
- c. The area described is so situated that the City of Hendersonville will be able to provide the same services within the proposed satellite corporate limits that it provides within its primary corporate limits;
- d. The area is not part of a subdivision as defined in G.S. 160A-376.
- e. The area within the proposed satellite corporate limits, when added to the area within all other satellite corporate limits, does not exceed ten percent of the area within the primary corporate limits of the City of Hendersonville. The total area within the satellite corporate areas, including land involved in this petition, constitutes 5.9 percent of the area within the primary corporate limits.

WHEREAS, the City Council finds that the petition has been signed by all the owners of real property in the area who are required by law to sign; and

WHEREAS, the City Council further finds that the petition is otherwise valid, and that the public health, safety and welfare of the City of Hendersonville and of the area proposed for annexation will be best served by annexing the area described;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Hendersonville, North Carolina that:

Section 1. By virtue of the authority granted by G.S. 160A-58.2, the following described non-contiguous territory is hereby annexed and made part of City of Hendersonville as of December 5, 2019:

METES AND BOUNDS DESCRIPTION

All property shown on plat recorded in PB 2017, Slide 10761, drawn by McAbee & Associates, PA as recorded in the Henderson County, NC Register of Deeds and described as follows:

PARCEL IDENTIFICATION NUMBER 9577-89-1783:

BEGINNING at a new iron pin which stands in the southeastern margin of the 60 foot right of way of Upward Road (SR #1722), said Beginning point standing South 77 degrees 48 minutes West 645.5 feet from a right of way monument of the North Carolina Department of Transportation, which right of way monument stands at the most northerly corner of the remaining property of Margie O. Jones as described in deed recorded in DB 523, PG 575, Henderson County Registry, following the taking by the Department of Transportation; and running from said Beginning point South 36 degrees 06 minutes East 155.3 feet to a new iron pin standing at the most northerly corner of the property now or formerly of Hunnicutt as described in deed recorded in DB 407, PG 557, Henderson County Registry; and running thence with the northwestern boundary of the Hunnicutt property South 45 degrees 59 minutes West 138 feet to a new iron pin standing in the northeast margin of the 26 foot right of way of Old Spartanburg Highway (SR #1803); and running thence with the northeastern margin of the 26 foot right of way of Old Spartanburg Highway North 44 degrees 51 minutes West 87.6 feet; North 43 degrees 32 minutes West 75.80 feet; North 28 degrees 59 minutes West 31.8 feet; North 09 degrees 26 minutes West 30.6 feet; North 17 degrees 36 minutes East 17.5 feet to a new iron pin standing in the southern margin of the 60 foot right of way of Upward Road (SR #1722); and running thence with the southern margin of the 60 foot right of way of Upward Road North 77 degrees 48 minutes East 140 feet to the point and place of BEGINNING, containing 0.68 acre, more or less, and being identified as Lot #1 on that survey for Margie O. Jones accomplished by Freeland-Clinkscapes and Associates, Inc.

The above described parcel includes all of Tract 1 on plat recorded in PB 2017, Slide 10761 drawn by McAbee & Associates, PA.

PARCEL IDENTIFICATION NUMBER 9577-89-3603:

BEGINNING at a stake in the northeast margin of the Old Spartanburg Highway, said stake standing South 45 degrees East along the eastern margin of said highway, 309 feet from the intersection of the center of said Old Spartanburg Highway with the center of Upward Road and runs thence from said Beginning corner with the center of the Old Spartanburg Road, South 45 degrees East 100 feet to a point in the center thereof; thence leaving said road, North 45 degrees 30 minutes East 150 feet to a stake; thence North 4;5 degrees West 100 feet to a stake; thence South 45 degrees 30 minutes West 150 feet to the BEGINNING, and being a portion of the Tract conveyed to C. M. Jones by E. L. Porter. And being all of that property described in DB 407, PG 557, Henderson County Registry.

The above described property includes all of Tract 2 on plat recorded in PB 2017, Slide 10761, drawn by McAbee & Associates, PA.

PARCEL IDENTIFICATION NUMBER 9577-89-3576:

BEGINNING at a point in the centerline of the Old Spartanburg Highway, said point being the southernmost corner of the Dewey Hunnicutt property described in DB 407, PG 557, Henderson County Registry, and runs thence from said Beginning North 45 degrees 30 minutes 00 second East, passing a new iron pin at 30 feet, a total distance of 170 feet to a new iron pin; thence South 45 degrees 00 minute 00 second East 95 feet to a new iron pin; thence South 45 degrees 30 minutes 00 second West, passing an iron pin at 140 feet, a total distance of 170 feet to a point in the centerline in the Old Spartanburg Highway; thence with said highway North 45 degrees 00 minute 00 second West 95 feet to the BEGINNING and containing 0.371 acre, more or less, according to a survey by William Patterson, RLS, dated June 1988, captioned "Portion of the property of Margie Jones" and identified as Job No. 88-06-64B. Being a portion of the property described in Deed to Margie O. Jones described in DB 523, PG 575, Henderson County Registry.

The above described property includes all of Tract 3 on plat recorded in PB 2017, Slide 10761, drawn by McAbee & Associates, PA.

PARCEL IDENTIFICATION NUMBER 9577-89-4851:

BEGINNING at a stake standing in the southern margin of the 60 foot right of way of Upward Road {SR 1722}, said Beginning point standing South 77 degrees 48 minutes West 398.3 feet from the right of way monument of the NC Department of Transportation which monument stands at the most northerly corner of the remaining boundary of the property of Margie O. Jones as originally conveyed to her by deed recorded in DB 523, PG 575, Henderson County Registry; and running thence from said Beginning point and with the southern margin of the 60 foot right of way of Upward Road, South 77 degrees 48 minutes West 150 feet to a new iron pin; thence leaving the right of way of Upward Road and running South 36 degrees 06 minutes East 155.3 feet to a new iron pin; and South 44 degrees 34 minutes East 100 feet to a new iron pin; and running thence North 45 degrees 59 minutes East 20 feet to an established iron pin; and running thence South 44 degrees 34 minutes East 95.1 feet to a new iron pin standing in the northwestern boundary of the right of way of Upward Road Extension, said last named right of way being 80 feet in width and running thence with the northwestern boundary of the 80 foot right of way of Upward Road Extension, North 50 degrees 24 minutes East 140 feet to a new iron pin; and running thence North 50 degrees 24 minutes East 30.1 feet to a new iron pin; thence leaving Upward Road Extension and

running North 34 degrees 14 minutes 28 seconds West 235.4 feet to the point and place of BEGINNING, containing 1.20 acres, more or less, and being identified as Lot #2 on that survey for Margie O. Jones as prepared by Freeland-Clinkscapes and Associates, Inc. And being all of that property described in Deed recorded in DB 11041 PG 4211 Henderson County Registry.

The above described property includes all of Tract 4 as shown on Plat recorded in PB 2017, Slide 10761.

PARCEL IDENTIFICATION NUMBER 9577-89-6845:

BEGINNING at a right of way monument standing in the southern margin of the 60-foot right of way of Upward Road (SR #1722), said Beginning point being the most northerly corner of the remaining property of Margie O. Jones as described in Deed recorded in DB 5231 PG 5751 Henderson County Registry, remaining after the taking by the North Carolina Department of Transportation, and running from said Beginning point and with the intersection of Upward Road (SR #1722) and Upward Road Extension South 09 degrees 47 minutes West 89.3 feet to a new iron pin standing in the northwestern margin of the 80 foot right of way for Upward Road Extension; and running thence with

the northwestern margin of the right of way of Upward Road Extension South 52 degrees 28 minutes West 204.1 feet to a new iron pin; and continuing with the right of way of said Upward Road Extension South 52 degrees 28 minutes West 104.1 feet to a new iron pin; thence leaving the right of way of Upward Road Extension and running North 34 degrees 14 minutes 28 seconds West 235.4 feet to a new iron pin standing in the southern margin of the 60 foot right of way of Upward Road; and running thence with the same North 77 degrees 48 minutes East 398.2 feet to the point and place of BEGINNING, containing 1.39 acres, more or less, and being identified as Tract #3 on the survey for Margie O. Jones accomplished by Freeland-Clinkscales and Associates, Inc.

The above described property includes all of Tract 5 on plat recorded in PB 2017, Slide 10761, drawn by McAbee & Associates, PA.

Section 2. Upon and after December 5, 2019 the above described territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the City of Hendersonville and shall be entitled to the same privileges and benefits as other parts of the City of Hendersonville. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

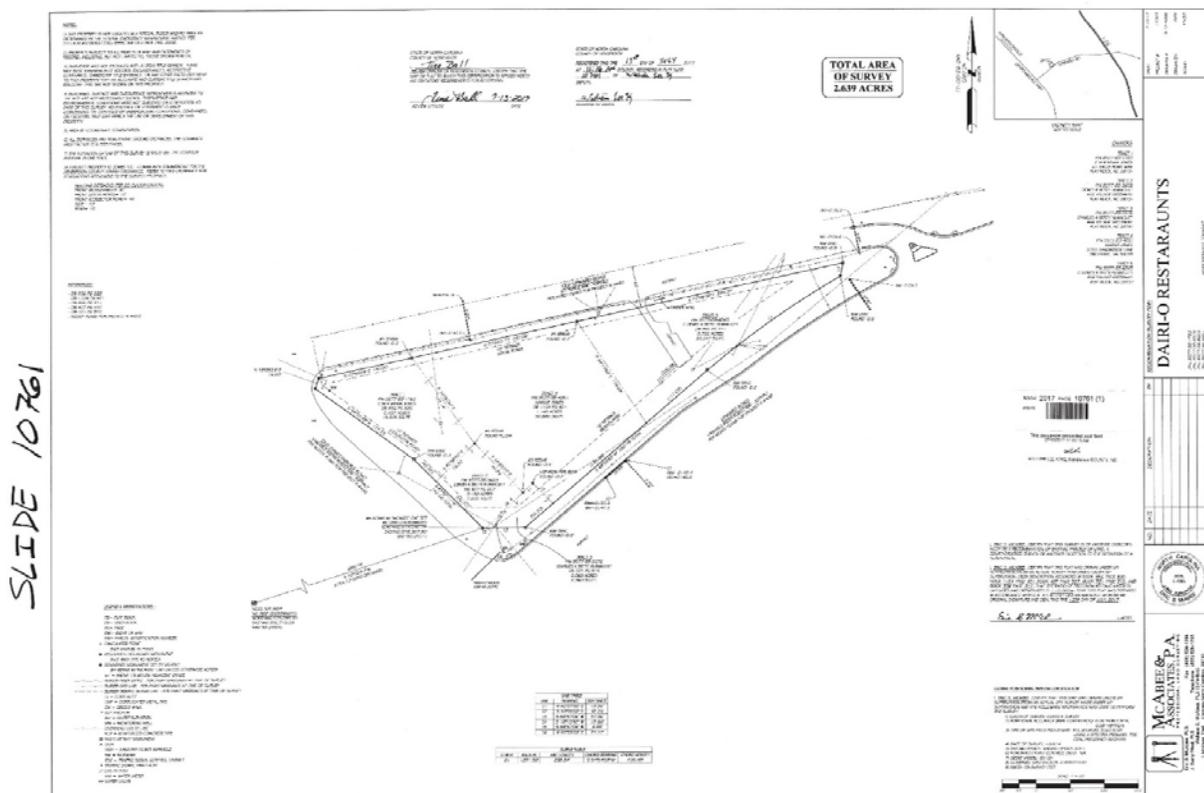
Section 3. The Mayor of the City of Hendersonville shall cause to be recorded in the office of the Register of Deeds of Henderson County, and in the office of the Secretary of State at Raleigh, North Carolina, an accurate map of the annexed territory, described in Section 1 above, together with a duly certified copy of this ordinance. Such map shall also be delivered to the Board of Elections for the City of Hendersonville, as required by G.S. 163-288.1.

Adopted this fifth day of December 2019.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

Approved as to form: /s/Samuel H. Fritschner, City Attorney



14. Council to Receive the Annual Audit: Mr. David Phillips, CPA, Partner with Greene Finney, LLP, provided highlights of the financial audit fiscal year ending June 30, 2019.

Mr. Phillips reviewed the City's and the auditor's responsibility in the audit. He provided the following report:

General Fund:

Total fund balance decreased \$0.2 million

Restricted fund balance of \$2.1 million for Stabilization by State Statute

Assigned fund balance of \$0.7 million as appropriated in the FY 2020 Budget

Non-spendable fund balance of \$0.1 million for prepaids and land held for sale/redevelopment.

Unassigned fund balance is \$4.5 million which is 29% of 2019 actual expenditures and 26% of 2020 budgeted expenditures. He stated this meets the City's Fund Balance Policy.

General Fund Revenues:

\$15.5 million for 2019:

\$8.9 million in ad valorem taxes

\$4.9 million in unrestricted intergovernmental revenues (i.e. local option sales tax, utility sales tax, etc.)

\$0.7 million in restricted intergovernmental revenues (i.e. Powell Bill, grants, etc.)

\$1.0 million for all other revenues

\$1.1 million (7%) increase from 2018

Increase primarily due to higher ad valorem tax revenues of \$0.6 million (tax rate increase of \$.02),

higher unrestricted intergovernmental revenues of \$0.3 million, and higher investment earnings of \$0.2 million

\$0.6 million (4%) over budget

Ad valorem tax revenues over budget by \$0.3 million
Unrestricted and restricted intergovernmental revenues over budget by \$0.2 million
Investment earnings were over budget by \$0.1 million

General Fund Expenditures:

\$15.3 million for 2019:

\$3.0 million in general government

\$8.1 million in public safety

\$2.0 million in transportation

\$0.6 million in culture and recreation

\$1.6 million in other expenditures (capital outlay and debt)

\$1.4 million (10%) increase from 2018

Increase in debt service of \$0.9 million as the City elected to make its debt service payments directly from the General Fund (versus in the Debt Service Fund in the prior year)

Increase in wages and benefits (primarily due to pay and class study, COLA, pay for performance adjustment, and higher costs of benefits)

\$0.6 million (4%) under budget

General government \$0.1 million under budget

Public safety \$0.3 million under budget

Other expenditures \$0.2 million under budget

General Fund Net Transfers Out:

\$1.0 million for 2019 primarily to the Governmental Capital Projects Fund to fund projects and to the Grey Hosiery Fund for land for sale/redevelopment.

Water and Sewer Fund (Modified Accrual) had a decrease in fund balance of approximately \$1.6 million.

Revenues of \$16.4 million, expenditures of \$15.4 million, and other financing uses of \$2.6 million.

Expenditures were primarily for salaries, benefits, and other operating expenses.

Capital asset additions of \$7.9 million primarily related to water/sewer system projects (i.e. French Broad River Intake, Gravity Filter, WWTP Generator, High Service Pump Station, Equipment, etc.) and depreciation expense of \$3.2 million.

Environmental Service Fund (Modified Accrual) had a decrease in fund balance of approximately \$0.1 million.

Revenues of \$1.3M and expenditures of \$1.4 million.

Expenditures were primarily for salaries, benefits, and other operating expenses.

Capital asset additions of \$0.1 million primarily related to the purchase of a truck and leaf equipment and depreciation expense of \$0.2 million.

Other Items of Note:

Total capital assets were \$109.2 million at June 30, 2019 – increase of \$7.9 million from June 30, 2018:

Total capital asset additions of \$13.0 million which consisted mainly of:

Land and Easements - \$0.6 million

Water/Sewer Projects - \$5.9 million

CIP Projects (i.e. N. Main Street Sidewalks, Ground Maintenance Building, Restrooms, etc.) - \$3.8 million

Machinery and Equipment and Other Capital Assets - \$2.7 million

Depreciation expense of \$4.9M and net disposals of \$0.2 million

Construction in progress is \$11.4 million at June 30, 2019 which primarily relates to the Police Department Building, Old Tracey Grove Road Bridge Replacement project, Grounds Maintenance Building, and various Water/Sewer projects.

Total long-term obligations outstanding at June 30, 2019 were \$35.2 million – increase of \$2.3 million from June 30, 2018

Issuance of 2018 and 2019 installment purchase contracts for \$2.5 million (for ground maintenance building) and \$0.5 million (vehicles and equipment), respectively

Principal payments of \$2.6 million made during 2019

Other increases of \$1.9 million relating to compensated absences, pension liabilities, and other postemployment benefit liability

Total debt service payments in FY 2020 on outstanding debt and installment purchase contracts is expected to be \$3.4 million (\$2.7 million in principal and \$0.7 million in interest).

Mr. Phillips noted some future significant changes in auditing principles. In July 2018, the Comptroller General of the United States issued a new version of Government Auditing Standards (“2018 Yellow Book”) which becomes applicable for the City for FY 2020. These standards will generally make it more challenging for auditors to maintain their independence on audit engagements for which they prepare the financial statements and notes by providing more safeguard requirements.

Mr. Phillips also reviewed future significant changes in accounting principles. GASB Statement No. 84 “Fiduciary Activities” provides new guidance on accounting for fiduciary activity and will become effective in FY 2020. They will need to review the City’s activities, including special revenue and capital projects funds, to determine whether they qualify as such, or should be moved to a different fund type.

GASB Statement No. 87 "Leases" - will be applicable for the City for FY 2021. This will require that any significant leases with a lease term greater than one year to be recorded on the City's statements of net position (treated similar to debt).

Management Letter: Mr. Phillips explained this is required communications to management and those charged with governance and there were no issues.

Compliance: Mr. Phillips made Council aware of two audit findings for FY 2019.

Material weakness for construction payable accrual: this was an invoice posted in the wrong period but has been corrected.

Noncompliance finding for insufficient collateral: New bank account and bank didn't provide collateral. Has been corrected.

A federal or state single audit was not required for FY 2019.

Summary: Mr. Phillips stated the City received an unmodified opinion on the Financial Statements from Greene Finney, LLP and is in good financial condition as of June 30, 2019.

Council Member Hensley asked about the City's fund balance ranking. Mr. Phillips stated the City's fund balance is within a reasonable range and this may be transferred to fund capital projects. Some municipalities may have 70-80% fund balance.

Mayor Pro Tem Smith asked about the new auditing standards. Mr. Phillips stated this is an ethical standard for financial statement preparation segment. He stated a firm could be hired to prepare the financial statements so they will only be auditing those statements. Another option is to have Green Finney, LLP prepare the financial statements and hire another person to oversee their work.

Mr. Phillips expressed appreciation to staff stating the City has good internal controls with checks and balances in place. Mayor Volk expressed her appreciation. **No action was required or taken by the Council.**

15. Consideration of the Northside Water System Improvements Project - Bid and Award

Update: Project Manager Zach Trammel with McKim and Creed provided an update on the bidding and funding status of the Northside Water System Improvements Project and described the importance of this project for the Town of Fletcher.

Mr. Trammel stated there are water pressure, fire flow and capacity issues near Buncombe County which will get worse as water demands increase. He stated this project will address those major issues while improving reliability and redundancy of this system.

Mr. Trammel stated this project is funded through a State Reserve Project Loan of \$2.6 million at 1.82% interest over 20 years. He stated four general contractors were pre-qualified for this project and the ground storage tank for the project was sole-sourced which resulted in a project cost of \$1,057,000 for the tank. Bids were received on September 6 from three of the pre-qualified general contractors with the following results:

M. B. Kahn Construction: \$3,743,510.00
Harper General Contractors: \$3,959,500.00
State Utility Contractors: \$4,191,000.00

Mr. Trammel reported because of the significant difference in the loan amount, a project re-bid may not be successful to reduce the cost because the bid results were closely grouped. He stated there is limited flexibility in the scope to bring costs down. He estimated the maximum total project cost of \$5.37 million, including the ground storage tank, construction costs and engineering costs. He estimated additional funds needed of \$2.75 million if cost savings are not realized. He reported they have entered into negotiations with the low bidder, M.B. Kahn Construction.

Mayor Pro Tem Smith asked what percentage of reduction is realistically possible. Mr. Trammel stated at the most a five percent reduction due to the scope of the project. Council Member Hensley asked if contingencies are included because of the presence rock. Mr. Trammel stated a contingency is built into the bid that hopefully will address most issues that arise and includes blasting and blast monitoring. Council Member Miller stated bore samplings are also done. Mr. Trammel stated they had a geotechnical subconsultant complete soil borings to determine where rock is located.

Regarding what affected the bids, Mr. Trammel stated there was only one earthworks contractor used for each of the three bidders and there is no competition. He stated site conditions also increased the cost. He stated there are escalating costs of skilled labor across the State.

Mr. Trammel stated the NCDEQ oversees the use and administration of loans. There is a deadline to award of February 3, 2020 which requires the City to have tentatively awarded to the low bidder, sent information to the State and receive authority to award by February 3. To accomplish that goal, they are assisting City staff with negotiation on bid reductions and have submitted a loan increase application to State for additional loan funding. He stated up to a 10 percent increase does not require additional LGC approval.

Mr. Connet suggested getting as much loan as possible for this project. He stated there is cash available to close the gap of financing if needed. He stated it is City staff's preference to lower the project cost as much as possible for a viable project. He explained many projects are reimbursed after paying for it.

There was further discussion on LGC review. Mr. Trammel suggested City Council move to tentatively award at the January 9, 2020 meeting if final pricing is available. **No action was required or taken by the Council.**

16. Consideration of the Use of Maple Street for the Hendersonville Farmer's Market 2020 Season: Downtown Economic Development Director Lew Holloway requested the use of Maple Street for an additional community destination event in the Seventh Avenue District.

Mr. Holloway reported the Farmer's Market will be held on Saturdays, 8 a.m. to 1 p.m., second weekend in May through the end of October. He stated it is envisioned as a true farmers market with 60% local farmer/grower/producer, 30% bakers, consumables or artisans, and 10% food trucks.

Mr. Holloway stated the event will be held on Maple Street between Seventh Avenue and the overpass and may be expanded. He stated the advisory committee is working with all of the Seventh Avenue businesses. They have spoke to existing vendors with the Henderson County tailgate market, have worked with Agri Business Henderson County to reach out to agricultural producers and Appalachian Sustainable Agriculture.

There was discussion of vendors accepting EBT. Mr. Holloway stated some will but technology is necessary. There was discussion of communicating with DSS clients, the Pardee Foundation, etc.

Mr. Holloway stated the events coordinator will staff the event.

Mayor Volk asked if any concerns were expressed by the railroad club. Mr. Holloway reported the railroad club is supportive of the market and they have had discussions about parking. He stated vendors will park off-site. Staff is also looking at parking opportunities near the site.

Council Member Miller asked about the location of public restrooms. Mr. Holloway stated restrooms are available in the Depot and portable toilets will be provided. The Council heard support of the Farmer's Market from an attendee.

Council Member Hensley moved the City Council to resolve to grant the Downtown Program and Friends of Downtown Hendersonville use of Maple Street for the Hendersonville Farmer's Market for the dates requested within the guidelines presented by staff for the summer of 2020. A unanimous vote of the Council followed. Motion carried.

17. Consideration of an Appeal from the Tree Board Decision to Allow the Removal of a Tree Partially on a Public Right-of-way: Public Works Director Tom Wooten presented an appeal from Mr. John E. Watkins concerning the removal of a large Oak tree on his property at 402 Williams Street. This Oak tree is partially within the right-of-way which requires approval by the Tree Board. He stated Mr. Watkins and his sister Dorothy are concerned about the large Oak tree falling on their home. Mr. Watkins and T&R Specialty Services completed a tree removal application and submitted it to the Tree Board for consideration at their September 5, 2019 meeting. The Tree Board considered his application; however, it was not approved. The Tree Board recommended that Mr. Watkins selectively remove some of the large limbs out of the tree rather than totally removing the tree. Mr. Watkins is appealing the decision of the Tree Board to the City Council.

Mr. Wooten reported the Tree Board hired Mr. Bill Leatherwood to complete an assessment on the large Oak tree. He determine the health of the tree is good and removal was not recommended but some limbs could be removed. He explained if this tree had been on private property, he could have proceeded with removing the tree without consulting the City.

There was discussion of the condition of the tree and any potential liability issues. City Attorney Fritschner explained the Council is acting on statements of an independent arborist. Because there is no evidence the tree is dangerous, this will insulate the Council from liability.

In discussion of the tree, Mr. Wooten stated there are two arborists on the Tree Board who did not find any issues with the health of the tree and the request to remove it was unwarranted. He stated the property was not surveyed but estimated the portion located in the right-of-way. He estimated 35% of the tree is on private property. There was discussion on how often such requests occurs. Council Member Miller suggested Council consider how will these requests will be handled in the future and that natural disasters cannot be planned for. **No motion was made. No action was taken by the City Council.**

18. Mayor and City Council Members Comments:

19. Comments from Staff

A. Report on Contingencies: In accordance with NCGS 159-13 (b) (3) Mr. Connet provided the following contingency appropriation was made:

Fund 10, \$12,500, Kimley Horn - Traffic Study

No action was required or taken.

B. Reminder/Scheduling of Special Meetings on: The following special meetings were scheduled:

City Council/Staff Planning Retreat: Thursday, February 27, 2020, 6 p.m. – 8 p.m. and Friday, February 28, 2020, 8:30 a.m. – 3 p.m.

Wastewater/Stormwater Meeting: January 21, 6 – 8 p.m.

C. Reminder: Employee/Volunteer Christmas Lunch will be held December 12, 11:30 a.m., Whitmire Activity Building.

D. Request for Declaration of Surplus Items: Mr. Connet reported the following items approved for disposal:

3 Wacker Packers, large apple crate full of small engines (leaf blowers, chainsaws, weed eaters, etc.)

2 7,000=pound Dexta axels

2 hydraulic metal can lifts

3 stationary industrial pedestal fans,

Jacobsen Model G-10 Tractor with an estimated value of \$1700.

20. Consideration of Appointments to Boards and Commissions: City Clerk Tammie Drake provided the following for consideration by the Council:

Planning Board: The terms of Mr. Peter Hanley and Mr. Robert Hogan will expire December 31, 2019. **Mr. Peter Hanley and Mr. Robert Hogan were nominated by Council Member Miller for reappointment to a three-year term. This term will expire December 31, 2022. A unanimous vote of the Council followed. Motion carried.**

Historic Preservation Commission: The terms of Ms. Kristie Ogletree and Mr. Derek Cote will expire December 31, 2019. **Council Member Hensley nominated Ms. Kristie Ogletree and Mr. Derek Cote for another term on the Historic Preservation Commission. These terms will expire December 31, 2022. A unanimous vote of the Council followed. Motion carried.**

Seventh Avenue Advisory Committee: The terms of Mr. Chris Cormier, Mr. John Ryan, Mr. Matthew Hickman and Mr. Dennis Dunlap will expire December 31, 2019. There was discussion of the participation and attendance of the members. Mr. Holloway reported term limits have been adopted consisting of two three-year terms for the Downtown Committees. **Council Member Miller nominated Mr. Chris Cormier, Mr. John Ryan, Mr. Matthew Hickman and Mr. Dennis Dunlap to serve another term on the Seventh Avenue Advisory Committee. A unanimous vote of the Council followed. Motion carried.**

Tree Board: The terms of Ms. Pat Christie and Mr. Alan Krueger will expire the end of December. **Council Member Jennifer Hensley nominated Ms. Pat Christie and Mr. Alan Krueger. These terms will expire December 31, 2022. A unanimous vote of the Council followed. Motion carried.**

Mrs. Drake reviewed the policy of the Council to receive applications at one meeting and make appointments at the following meeting of the Council. She reported vacant positions on the Business Advisory Committee, Downtown Advisory Committee, and the Walk of Fame Steering Committee.

21. New Business: There was none.

22. Adjournment: The meeting adjourned at 9:14 p.m. upon unanimous assent of the Council.