

MINUTES
TRANSYLVANIA COUNTY BOARD OF COMMISSIONERS
AUGUST 26, 2024 – REGULAR MEETING

The Board of Commissioners of Transylvania County met in a regular meeting on Monday, August 26, 2024, at 6:00 p.m. in the Multipurpose Chambers at the County Administration Building, located at 101 S. Broad Street, Brevard, NC.

Commissioners present were Larry Chapman, Chairman Jason Chappell, Vice-Chairman Jake Dalton, Teresa McCall, and Chase McKelvey. County Manager Jaime Laughter and County Attorney Bill Bulfer were also present. Clerk to the Board Trisha Hogan participated remotely.

Media: Dan DeWitt – *Brevard Newsbeat*
Jon Rich – *The Transylvania Times*

There were approximately 40 people in the audience.

CALL TO ORDER

Chairman Jason Chappell presiding declared a quorum was present and called the meeting to order at 6:00 p.m.

WELCOME

Chairman Chappell welcomed everyone to the meeting and introduced the Commissioners and staff in attendance.

PUBLIC COMMENT

The comments represent the speakers' opinions or points of view.

Lisa Rodke: Ms. Rodke addressed the Board, urging them to prioritize substantial school bonds over temporary fixes. She questioned the decision to include astroturf, a new wrestling facility, and playground equipment in the bond proposal despite the School Board's objections and suggested these items were consolation in exchange for a recent County Commissioner's resignation. She accused the Commissioners of undermining progress on school bonds. She criticized them for their handling of school-related issues and the selective release of emails between the School Board and County officials. Ms. Rodke defended the School System's hiring of mental health and attendance counselors with emergency relief funds, arguing that pilot programs often use such funds and that successful ones should be continued. She condemned the view that supporting children in the aftermath of a national emergency is poor business practice. Again, she urged the Board to provide meaningful support through school bonds rather than temporary solutions.

Kim Christopher: Ms. Christopher addressed the Board regarding school funding and the negative perception that the Commission is unsupportive of teachers, schools, and families. She expressed frustration with the lack of constructive effort and highlighted the complexity and long timeline involved in capital projects, which require substantial funding and cooperation with various agencies. She noted that such projects often face voter resistance due to concerns about increased taxes. Drawing on her experience with her husband, a general contractor who has built and renovated numerous schools, Ms. Christopher emphasized the challenges of capital projects, including engineering, safety protocols, and scheduling. She commended the capital report on the school bond projects for its clarity and expressed

appreciation for the diligent efforts of both the Board of Commissioners and the Board of Education. She urged everyone to focus on finding solutions rather than engaging in complaints and negative rhetoric.

Alice Wellborn: Ms. Wellborn began her comments by expressing deep sorrow over the recent tragic loss of two students from Transylvania County Schools. She extended her sympathy to their families, friends, and the entire community, noting that her son had taught the boys at Rosman High School. Ms. Wellborn emphasized that schools are a community effort, and teaching is a profound commitment beyond a mere job. She expressed concern about several issues, including respect for schools and teachers, student safety, and the need for collaborative, non-adversarial relationships between community leaders and schools. She urged the Board to support the School System in attracting and retaining excellent teachers by ensuring affordable housing, providing a supportive work environment, and offering competitive teacher supplements. She condemned public accusations against teachers involving grooming, pornography, or critical race theory as baseless and harmful, stressing that such attacks are both incorrect and demoralizing for educators. Ms. Wellborn highlighted the urgent need to issue school bonds for improving school facilities and requested clarification on whether the Local Government Commission would accept the recently completed FY 2023 audit or require the FY 2024 audit before issuing the bonds. She asked for this issue to be addressed in the presentation on the FY 2023 audit.

AGENDA MODIFICATIONS

There were no agenda modifications.

Commissioner Dalton moved to approve the agenda as submitted, seconded by Commissioner McCall, and unanimously approved.

CONSENT AGENDA

Commissioner Chapman moved to approve the Consent Agenda as presented, seconded by Commissioner McCall, and unanimously approved.

The Board approved the following items:

APPROVAL OF MINUTES

The Board of Commissioners met in a regular meeting on Monday, July 22, 2024, and following met in a closed session (3) in which the minutes were sealed. The Board approved the minutes as submitted.

JULY 2024 DISCOVERY, RELEASE, AND MONTHLY SETTLEMENT REPORT

Per N.C.G.S. § 105-312 (b), the Tax Administrator must see that all property not properly listed during the regular listing period be listed, assessed, and taxed. The Tax Administrator shall file such reports of discoveries with the Board of Commissioners. Per N.C.G.S. § 105-381 (b), the Tax Administrator must provide a monthly report to the Board of Commissioners of the actions taken by the Tax Administrator on requests for release or refund, which shall be recorded in the minutes. For July 2024, tax dollars released totaled \$3,179.17, and refunds issued amounted to 9,398.77. The Board approved the July 2024 Discovery, Release, and Monthly Settlement Report as submitted.

VAYA HEALTH FISCAL MONITORING REPORT – FY 2024 Q4

Per N.C.G.S. § 122C-117 (c), the quarterly fiscal monitoring reports for the local management entities must be presented to the Board of Commissioners. This report covers all financial statistics as of June 30, 2024.

- Current actual revenues: \$957,060,074 (96.37% of annualized budget)

- Current actual expenditures: \$947,859,225 (95.45% of annualized budget)
- Current net gain from operations: \$2,165,746
- Fund balances:
 - \$113,042,171 restricted for risk reserve
 - \$67,872,171 restricted for statute, prepaids, and investments in fixed assets
 - (\$5,230,658) unrestricted
- Operating cash: \$94,739,107 net of risk reserves
- Total spendable cash estimate: \$56,699,916

The Board received the report and the Clerk to the Board entered the report into the minutes as required by statute.

OUT OF STATE TRAINING REQUEST

The Board of Commissioners requires prior approval before allowing staff to attend training out of state. Department of Social Services Attorney Jay Taylor requested to attend training on September 27 in Indianapolis, IN at the Indiana Government Center South. The training seminar, "Dual Status Youth-Achieving the Possible", will focus on juvenile truancy, juvenile justice, and DSS court. The training is free minus the cost of travel and lodging. Funds have been included in the FY 2025 Budget for this purpose. The Board authorized the DSS Attorney to travel out of state for training purposes.

RESOLUTION DECLARING SEPTEMBER AS PREPAREDNESS MONTH

Brunswick County Commissioner Frank Williams is a past President of the NC Association of County Commissioners. His presidential initiative, "100 Counties Prepared", focused on county commissioners and other elected officials learning how to effectively lead during emergencies, knowing where the resources are, and establishing relationships with the appropriate emergency management partners. Immediately following the announcement of his initiative, Tropical Storm Fred ravaged Western North Carolina. Transylvania County Commissioner Teresa McCall participated on the presidential task force that established the training program and County Manager Jaime Laughter lent her expertise and experience dealing with emergencies as well. Brunswick County requested counties continue the annual practice of approving a resolution to highlight the importance of emergency preparedness for everyone. The Board approved Resolution #24-2024 Declaring September 2024 as "Preparedness Month" In Transylvania County.

RESOLUTION #24-2024 DECLARING SEPTEMBER 2024 AS "PREPAREDNESS MONTH" IN TRANSYLVANIA COUNTY

WHEREAS, National Preparedness Month is an observance each September to raise awareness about the importance of preparing for disasters and emergencies that could happen at any time; and

WHEREAS, Counties throughout North Carolina have been affected by a variety of emergencies, including mudslides, wildfires, flooding, earthquakes, and the COVID-19 pandemic; and

WHEREAS, the peak period of hurricane season is historically mid-August through October, and September 10 marks the statistical peak of hurricane season when conditions are most optimal for tropical storms and hurricanes over the largest area; and

WHEREAS, Brunswick County Commissioner Frank Williams introduced the presidential initiative called *100 Counties Prepared* during his term as President of the N.C. Association of County Commissioners in 2022; and

WHEREAS, The *100 Counties Prepared* initiative focused on training county commissioners on how to effectively lead during emergencies, compiling resources to assist commissioners during emergency situations, and helping commissioners establish relationships with key emergency management partners; and

WHEREAS, the Transylvania County Board of Commissioners desires that every household, property owner, and business in Transylvania County be prepared for potential emergencies;

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Transylvania County hereby declares September 2024 as Preparedness Month in Transylvania County and encourages all citizens to prepare for potential emergencies by developing an emergency plan, building an emergency kit, and communicating their emergency plan to all members of their household and/or workplace.

Adopted this the 26th day of August 2024.

S://Jason R. Chappell, Chairman
Transylvania County Board of Commissioners

REQUEST FOR OVERLAP POSITION IN THE DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) has an intake worker position, classified as Social Worker II, responsible for handling calls regarding child and adult protective services referrals and providing community resources. Jeanne Lytle, the current staff member, is set to retire on December 31, 2024. Since the State requires seven weeks of preservice training for this role, and the new employee cannot begin work until training is complete, DSS Director Amanda Vanderoef requested approval from the Board of Commissioners to post, recruit, hire, and train a replacement before Ms. Lytle's departure. This will ensure uninterrupted community service. The additional local cost of \$5,769.97 will be covered by lapsed salaries. The Board approved the request as submitted.

REQUEST TO USE COMMISSIONERS' CHAMBERS FOR COURT

The Board of Commissioners received a request from Clerk of Superior Court Kristi Brown regarding the potential unavailability of the Elections Center as a second courtroom during the week of September 9, due to ballot coding by the Board of Elections. Since Elections staff often receive notice of ballot coding only two days in advance, reserving the Multipurpose Chambers as a backup plan for the courts has been proposed. Additionally, Ms. Brown requested three alternate dates in October and November when the Elections Center conference room will be unavailable for court use.

Ms. Brown requested the use of the Multipurpose Chambers on the following dates from 8:30 a.m. to 5:00 p.m., which the Board authorized. There would be no more than 35 cases scheduled on these days.

- Monday, September 9
 - County Commissioners meeting at 4:00 p.m.
 - Courts asked to adjourn by 2:00 p.m. on this date.
- Tuesday, September 10
- Thursday, September 12
- Friday, September 13
- Tuesday, October 29
- Thursday, October 31
- Tuesday, November 19

PRESENTATIONS/RECOGNITIONS

FY 2023 AUDIT PRESENTATION

Finance Director Meagan O’Neal introduced Kelly Gooderham from Martin Starnes & Associates, who presented the FY 2023 Audit. Ms. Gooderham and Ms. O’Neal then addressed questions from the Board.

Audit Highlight

Ms. Gooderham expressed gratitude to the Board of Commissioners for continuing to engage Martin Starnes & Associates as the County’s auditor. She reported that the Comprehensive Annual Financial Report for Transylvania County received a clean unmodified opinion, indicating that no material misstatements were found, and the financial statements are reliable and accurate.

General Fund Summary

- Revenues increased \$390,000, less than 1%, comparable to the prior year
- Expenditures increased \$770,000, or 1%, comparable to the previous year

Total Fund Balance-General Fund

- Fund balance increased by \$5.7 million, or 15%, which is due to an overall decrease in transfers to other funds as compared to the previous years.

Fund Balance Position

The available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance

Less non-spendable (not in cash form, not available)

Less stabilization by statute (by law, not available)

Available Fund Balance

This is the calculation utilized as the basis for comparing the County to other units and calculating fund balance percentages. Transylvania County’s available fund balance as calculated by the LGC is:

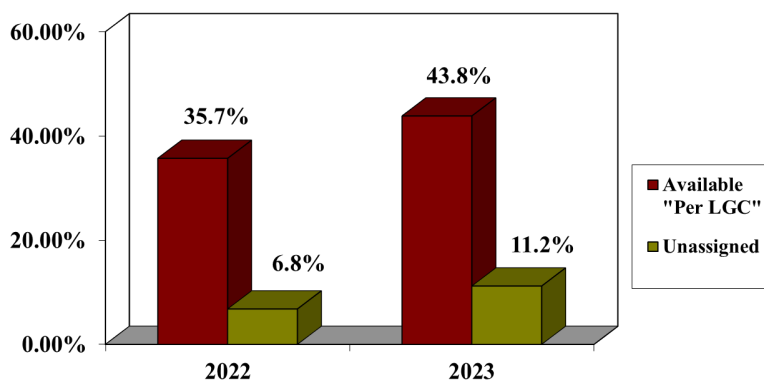
Total Fund Balance	\$42.9 million
Non-spendable	(\$3.9 million)
Stabilization by statute	<u>(\$8.2 million)</u>
Available Fund Balance FY 2023	\$30.7 million

The fund balance experienced an overall increase of \$3.8 million.

Unassigned fund balance is calculated similarly, but also removes all other Restricted Funds (\$1.2 million), Committed (\$1.9 million), and Assigned (\$19.6 million), to arrive at a total unassigned fund balance of \$7.8 million.

The unassigned fund balance as a percent of the General Fund Expenditures and Transfers Out is 11.2%. This is different from the LGC’s calculation because it excludes all restrictions, commitments, and assignments. The chart below is a comparison over the last two years.

Fund Balance as a Percent of Expenditures and Transfers to Other Funds General Fund



MARTIN • STARNES
& ASSOCIATES, CPAs, P.A.

Top Three Revenues: General Fund

- Comprise \$61 million, or 85% of revenues
 - Ad Valorem (Property) Tax
 - Increased by \$851,000 over the prior year due to increased collections
 - Tax collection rate 99.79%
 - Local Option Sales Tax
 - Decreased by \$1.7 million; however, the overall local option sales tax received in the current year did not decrease; the County began to allocate sales tax revenue to the Education Capital Reserve Fund to fund various education projects.
 - Restricted Intergovernmental revenues
 - Decreased by \$622,000 due to a decrease in several federal grants, as well as other restrictions

Top Three Expenditures: General Fund

- Comprise \$44 million, or 74% of expenditures
 - Public Safety
 - Increased by \$1 million due to an increase in salaries and related benefits and capital outlay
 - Education, excluding any debt service-related expenditures
 - Increased by \$193,000; comparable to the prior year; transfers from the General Fund to the Education Capital Reserve Fund for various education projects within FY 2023
 - Ongoing capital projects approved for funding in prior years have been previously tracked in restricted fund balance within the General Fund; however, going forward, the County plans to transfer all the restricted sales tax to the Education Capital Reserve Fund and account for all those projects within the one fund for easier tracking.
 - Human Services
 - Decreased by \$339,000 due to a decrease in other program expenditures

Solid Waste Fund

- Cash flow from operations ended at a negative \$2.7 million
- Total net position \$8.9 million
- Unrestricted net position (equivalent to unassigned fund balance in the General Fund) \$5.3 million
- The overall change in net position is a positive \$583,704

Performance Indicators

Along with submitting the audit to the LGC, the auditor must complete a data input sheet with financial information derived from the County's audited financial statements. The Finance Director reviews and certifies these templates before submission. Recently, the LGC updated this template to include performance indicators that analyze the data, such as collection percentages and available fund balances, and to highlight any audit findings. These results and findings must now be communicated to the Board at the start of each audit. In this audit, there were two significant deficiencies, and two material weaknesses identified. The significant deficiencies included a late submission of the data collection form to the federal audit clearinghouse and inadequate internal controls over DSS terminal security. The material weaknesses were related to the late audit submission and a prior period adjustment for governmental capital assets. Regarding the previous year's findings, one issue regarding the late audit submission was repeated, while the other issues were resolved in the current year.

Mr. Gooderham concluded her formal presentation. Chairman Chappell called for comments and questions from the Board.

Chairman Chappell inquired if Ms. Gooderham knew how many counties in North Carolina had submitted their audits late. Ms. Gooderham responded that while several counties were late with their audits, she did not have the exact number.

Chairman Chappell asked about the differences between designated and restricted fund balances and how they are accounted. The Manager explained that the County tracks several funds for various purposes. Designated fund balances are used for planned commitments, such as those required by statute for law enforcement separations. Restricted fund balances are legally or contractually restricted by the funding source, such as sales tax funds earmarked for capital projects. These funds were previously tracked in the General Fund (Fund 10) but are now transferred to the Education Capital Fund. Assigned fund balances are used to plan for smaller capital projects, while larger projects are funded through a separate capital fund. This approach allows the County to save over a period of time, ensuring cash availability for project design fees. Having cash on hand is crucial for securing financing, as most financing requires having bids in hand, making upfront cash flow essential.

Commissioner McCall asked for confirmation that the apparent decrease in local option sales tax is a result of how sales tax revenue is now accounted for in the Education Capital Fund rather than an actual decrease in revenue. Mr. Gooderham confirmed this, explaining that the County did not lose any sales tax revenue. The local option sales tax increased statewide for FY 2023. Prior to FY 2023, the County did not have the Education Capital Fund, so local option sales tax was managed similarly to a rainy-day fund.

Commissioner Chapman reminded the public that the delay in the audit was caused in part by the resignation of the former Finance Director during the audit process.

Commissioner Dalton asked if the \$7 million received from the State for solid waste was included in the Solid Waste Fund. Mr. Gooderham confirmed that these funds are accounted for in an enterprise capital projects fund. Expenditures are recorded as non-operating expenditures, and revenues are not recognized

until the Board draws them down. The Manager added that these funds will be reflected in the capital fund rather than the Solid Waste Fund, as the capital fund is used to manage the project from a construction perspective.

Commissioner McCall commended Ms. O’Neal for her diligent work in getting the FY 2023 audit completed. She expressed appreciation for Ms. O’Neal’s efforts and asked whether there were any concerns about the timely completion of the FY 2024 audit. Ms. O’Neal explained that while the staff is preparing internally, the audit process is delayed because the auditors' contract has not yet been approved. This delay means that auditors will need to conduct both interim work and catch up once they begin in September. Despite this, Ms. O’Neal aims to complete the FY 2024 audit by December this year, with a goal of completing audits by October 31 in future years.

The Manager clarified for the benefit of the Board and the public that the FY 2024 audit does not affect the bond sale. She explained that there is a "blackout period" for bond sales from November until the start of the calendar year. This period allows time for audits to be completed and reviewed before the LGC approves bond sales. As a result, staff are targeting October for the bond sale as it is the last chance before this blackout period. If there are any changes to the bond sale scope or plan, it would necessitate delaying the sale, potentially pushing it to the spring, which could further impact the timing related to the FY 2024 audit.

Chairman Chappell praised the Tax Administration staff for their consistently high tax collection rate, noting that Commissioners from across the State are interested in how the County achieves this success. He attributed the impressive rate to the diligence of the staff and the commitment of the County’s citizens. He also expressed his gratitude to Ms. O’Neal for her efforts.

Ms. O’Neal reported that hard copies of the audit are available for the Commissioners if they would like a copy. Additionally, the audit has been posted on the County website for public viewing.

Chairman Chappell inquired about the status of acquiring software to assist with financial public records requests. The Manager reported that staff are evaluating software options to post all County financial transactions on the website. This move is in response to a significant increase in requests for invoices and transaction records. The new software would enable the Finance Department to direct users to the website, thus reducing the need for staff to manually search for documents. The software implementation would cost \$16,000 annually, with an initial \$5,000 for setup. Staff are collaborating with the vendor to ensure that confidential information is protected and that redactions can be automated. They plan to provide the Board with a timeline and recommendations from the software company at a future meeting. Staff aim to use the same vendor for financial management to streamline processes and avoid issues with different software systems. The Manager believes this investment will be valuable given the frequent need for staff to pull records and review financial information for these requests. Chairman Chappell expressed enthusiasm for the recommendation, emphasizing its importance for both transparency and efficiency within the Finance Department.

There were no further comments, and no action was needed.

MONTHLY CAPITAL UPDATE

The Board of Commissioners requested that the County Manager provide monthly updates during regular meetings on the status of capital projects.

The Manager updated the Board on capital projects, highlighting the following:

- There are currently over \$150 million worth of projects either in development, underway, or planned.

- Approximately \$30 million in grant funding has been allocated, excluding broadband funding that is directly benefiting providers within the community.

Fix Transylvania County Schools – Step One: Investment in Capital Projects at All Nine Schools

- County staff are progressing with the bond sale process.
 - Meetings with bond rating agencies in September to obtain bond ratings.
 - The financial advisor expects the County to receive a credit rating at the mid-AA level (2nd highest achievable rate) which is a testament to the County’s management of financials over the years.
 - Bond rating will translate into better rates; 3.61% over 20 years.
- Discussions with the County’s financial advisors about the scopes of work are complete, and the financial process is underway.
- The bond sale will occur in October and close in November.
- County staff held a call with the Local Government Commission (LGC), bond counsel, and financial advisors last week and all is to remain on the projected timeline.
 - Reviewed scopes of work.
 - Discussed the next steps in the process.
 - Reviewed documentation required by the County that includes information on the County’s finances, economic development, growth trends, etc.
- Bond funds will be available in November.

A factor that the LGC considers for the bond sale is whether the County can show them a plan for completing 85% of the projects within three years of the bond sale, from design to construction. Because the list of projects is robust, the financial advisor recommended two bond sales. Projects 1-8 in the list below will be included in the October bond sale. Projects 9-13 in the list below will be included in the second bond sale in 2028, which is the last year the Board can sell the bonds.

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All these scopes of work incorporate the individual items that were reported in the building assessment. When the Work Group reported to the two Boards in March, they presented a long and detailed list of needs, along with the associated construction costs for each. The scoping process categorized the projects in such a way that they can be contracted for design and then bid out for construction which is why the above list of projects appears to be reduced. The smaller projects are simply incorporated into the larger scopes of work.

Fix Transylvania County Schools – Cash Funding

As part of the funding plan, cash funding was allocated for certain projects. The remaining projects will be funded in the two bond sales.

The Commissioners have funded the following projects to date, based on the March recommendation and additional requests that emerged:

- **Air Quality:** In June 2024, Commissioners allocated \$200,000 for moldy ceiling tile replacements.
- **HVAC Boilers:** Urgently needed for winter 2024-2025, the School System's boiler purchases for BMS, PFE, and RHS were funded with a total allocation of \$395,270.
- **HVAC Projects Shortfall:** \$412,121 from the Education Capital Fund was allocated to address a portion of the shortfall in ESSER-funded HVAC projects.
- **BHS Structural Maintenance:** The structural maintenance and repair of glulam beams at the BHS cafeteria and old gym, totaling \$106,000, was approved by Commissioners in June 2024. Both Boards approved and signed the contracts on July 22, 2024.
- **RHS Retaining Wall:** Commissioners allocated \$421,038 to assess and repair the retaining wall which requires hiring a structural engineer.
- **Outstanding Capital Projects:** \$890,000 from prior fiscal years allocated by project in the Education Capital Fund.
- **Annual Capital Funding:** Direct funding of \$1 million to Transylvania County Schools for furniture, fixtures, equipment, and vehicles, not tied to certain projects. In FY 2024 and FY 2025 combined, the County allocated the following: \$1 million for computers, \$24,000 for media equipment, \$23,000 in science equipment, \$8,000 in cultural equipment, \$28,000 in band equipment, \$180,000 in athletic equipment, and \$148,000 in furniture and equipment systemwide.

Fix Transylvania County Schools – Funding Plan/Bond Funds

- **General Obligation Bonds:** These are financed by the County because schools cannot secure financing without the County's commitment to repay. State statutes do not give boards of education the authority to levy a tax, so they cannot finance their capital which sometimes creates tension around financial responsibilities. The County is responsible for the reporting requirements. Staff will be attending training with bond counsel on the reporting requirements. The County is accountable to the LGC and the Internal Revenue Service to ensure that funds are spent correctly and as prescribed by law.
- **LGC Review:** LGC staff are assessing whether the planned scopes of work are feasible to complete 85% of the listed projects within three years. The LGC acknowledged this is an incredible amount of work but was agreeable to moving the scopes of work forward through the process. Any rescoping plans would delay the bond sale until the spring.
- **Bond Sale Plan:** The County's financial advisor recommended a first tranche sale of \$50.5 million, plus issuance costs, in October. The remaining projects from the Step One Investment and additional needs identified in the study will be included in a second sale in 2028, up to the \$68 million bond capacity approved by voters.
- **Project Management:** Managing these projects will be complex and requires careful oversight to stay on track. The LGC expects the scopes of work to be completed with the bond funding, and each project has an associated budget. It is crucial to control scope creep to prevent depleting funds before project completion.

Create Jobs and Safe Community – New Space for Growing Businesses and Upgrading Public Safety

- **EMS Main Station:** Completed under budget.

- **Sylvan Valley Industrial Building Phase 2:** Under contract; earthwork currently underway.
- **Hart Road Flood Mitigation:** Design and right-of-way acquisition are underway
- **New Courthouse:** Onsite tour scheduled for August 27 to finalize the program information interviews; final programming expected in October.
- **Library Amphitheater:** The next steps are yet to be determined following unsuccessful requests for qualifications.

Protect Transylvania Natural Resources – Clean Water, Sanitary Sewer, Solid Waste Disposal, and Restore Streambanks

- **Water and Sewer Access:** US 64 project complete.
- **Rosman Burlingame System:** Completed engineering study.
- **Water and Sewer System Interconnection:** The interconnection project between the Town of Rosman and the City of Brevard for emergencies is out for bids. The bid opening is scheduled for September 19.
- **Landfill Expansion:** Bids will open on August 30 for the new landfill cell to extend the County landfill's lifespan, with construction slated for completion by July 2025.
- **Streambank Restoration:** Emergency water protection streambank restoration projects, necessitated by damage from Tropical Storm Fred, are currently underway and nearing completion.

The Manager concluded the capital presentation and called for comments and questions from the Board.

Commissioner Chapman addressed recurring public comments accusing the Board of Commissioners of pressuring the Board of Education to construct a new wrestling facility, install turf on the Rosman High School football field, and other projects. He requested that if the Board of Education felt this was true, they should communicate it. He also asked the Manager to clarify the actions taken by the Commissioners on these projects. The Manager explained that the original recommendation for these projects came unanimously from the Step One: Investment working group and was endorsed by both the Board of Commissioners and the Board of Education. These projects, including the wrestling facility and turf field, were thoroughly discussed in work-study group meetings. She noted concerns about delaying or removing projects, as doing so would leave no funding for them later if needs arose, like for playground replacements. The Manager also clarified that the athletic facilities, including the wrestling room and the football field, were cash-funded, meaning the Board of Commissioners had already allocated the money. If the Board of Education did not prioritize these projects, they were not obligated to spend the funds. However, removing the projects entirely would make it difficult to secure funding in the future. The turf installation aimed to address drainage issues and recurring sinkholes. The School System had approached the County earlier in the year requesting additional funds and considered turf as a solution. The project was included in the work-study group's recommendations following public discussions and email exchanges. The need for a new wrestling facility was linked to a Title IX issue. The women's wrestling team currently practices in the men's locker room which is inadequate and raises concerns about privacy and logistics. While temporary solutions were discussed, a permanent fix has not been presented. If the Board of Education secures a grant, then the problem could be resolved; if not, the issue remains. Playgrounds were also assessed for short-term and long-term needs, with some slated for replacement. The Manager emphasized that removing these projects from the funding list could make it difficult to address urgent safety concerns later. She explained that the purpose of a five-year capital plan is to prioritize projects, like roof replacements, to avoid scrambling for funds. She urged both Boards to keep all items on the project list so they could be addressed as needed over time.

Commissioner Chapman then asked the Board of Education if they felt the County Commissioners were forcing projects upon them.

Board of Education Chairman Kimsey Jackson responded by stating the Board of Education had voted twice against the wrestling facility and turf field projects. He argued that the wrestling facility, costing \$1.2 million, did not make sense given more pressing needs like roof replacements. He questioned the priority given to a wrestling building when other sports teams (e.g., swim, golf) lacked basic resources like a pool or golf course. Mr. Jackson acknowledged the persistent drainage problems and past sinkholes on the Rosman High School football field but confirmed the Board of Commissioners did not force this project on the Board of Education and that the project was not on the list.

The Manager reiterated that both Boards had endorsed the full project list, including the athletic facilities, in March. She referenced meeting minutes and discussions to support this. Both Boards had agreed on the full list during a recorded meeting, and no items were officially removed at that time.

Chairman Chappell clarified that although the funding had been allocated, it was the Board of Education's decision whether to proceed with the projects.

The Manager added that a grant, which was being considered during this meeting, could fund several components, including the wrestling facility. However, even if the grant were awarded, it would take at least three years for construction, meaning interim issues like leaks would still need to be addressed.

Switching briefly to an economic development project, Chairman Chappell inquired about the timeline for removing unsuitable soils from the Sylvan Valley Industrial Building project site. The Manager responded that the earthwork would be completed in about a month and a half, with the soil being repurposed as landfill cover. She agreed with Chairman Chappell's suggestion to reroute trucks hauling the soil by way of Landfill Road instead of Old Toxaway Road and she would communicate that to the contractors.

Commissioner McCall emphasized the importance of keeping the current project list intact for the upcoming bond sale in October. She warned that removing any items from the list would risk delaying the bond sale. The Manager confirmed this and noted that regrouping at this point would reset the planning process and delay the projects.

Commissioner McCall stressed that while not all projects may need to be completed immediately, removing them would jeopardize the bond sale. The Manager further clarified that if the grant were awarded, certain projects would be removed from the initial Step One list, but it made no sense to pull projects like gym window replacements or roof repairs prematurely. Immediate issues like leaks would still need attention.

Chairman Jackson returned to the podium, agreeing with Commissioner McCall about keeping the projects on the list but reiterating that the Board of Education did not plan to spend the allocated funds at this time.

Commissioner McCall thanked the County Manager and Superintendent Fletcher for their work in preparing the projects for the bond sale.

The Manager concluded this by reviewing the minutes from the Board of Education's March 18 meeting, which confirmed that the Board of Education had unanimously approved the phase one projects.

The Board of Commissioners will discuss more in-depth capital planning in an upcoming workshop. In addition to school-related projects, other substantial County needs, such as the courthouse, parks, infrastructure, etc. will also be considered. The County's financial advisor will assist the Board in

managing the financial component of the five-year capital plan, balancing education projects with broader County capital needs, which currently total \$300 million.

APPOINTMENTS

TRANSPORTATION ADVISORY COMMITTEE

With two vacancies on the Transportation Advisory Committee, one from the City of Brevard and one member-at-large from Transylvania County, the Clerk to the Board received five applications for the Board's consideration. Planning and Community Development Director Jeff Adams reviewed the applications and indicated a strong geographic representation for Pisgah Forest, Brevard, and the agricultural valley along the Rosman to Brevard corridor. Although no applications were received from the Rosman area or the western portions of the County, Mr. Adams indicated that two of the applicants would provide the County an opportunity to seat someone representing the DuPont area. Both have an ample background in serving on boards and commissions and the Planning and Community Development department has worked well with both applicants in the past.

Commissioner Chapman suggested delaying or tabling the member-at-large appointment because he felt strongly that the western portion of Transylvania County should be represented on the Transportation Advisory Committee.

Commissioner Chapman moved to table the vacant member-at-large position on the Transportation Advisory Committee to a future meeting, seconded by Commissioner McKelvey and unanimously approved.

JUVENILE CRIME PREVENTION COUNCIL

Former County Commissioner Emmett Casciato filled the County Commissioner position on the Juvenile Crime Prevention Council (JCPC). Since his resignation, the position has been vacant. The JCPC does not meet during the summer months but will resume its regular meeting schedule in September. Staff requested the Board appoint a County Commissioner to fill the position.

Chairman Chappell moved to appoint Commissioner Jake Dalton to fill the County Commissioner position on the Juvenile Crime Prevention Council, seconded by Commissioner Chapman and unanimously approved.

OLD BUSINESS

TRANSYLVANIA COUNTY SCHOOLS BUDGET AMENDMENTS REQUEST

At their July meeting, the Board of Education adopted budget amendments for the Board of Commissioners to consider. For presentation purposes, the Manager presented the budget amendment requests in three parts and asked the Commissioners to consider them in that manner.

Part 1: Budget Amendment 1

The proposed amendment aimed to cancel and reallocate funds for various projects, but all items are already included in the Step One Investment five-year plan. Removing specific projects, such as paving at TC Henderson Elementary, would disrupt the overall plan, which includes site-wide paving after construction to avoid further damage and streamline bidding. The Manager recommended rejecting the amendment since all projects are currently funded.

Commissioner Chapman moved to reject Budget Amendment 1 due to all projects already being funded, seconded by Commissioner McKelvey, and unanimously approved.

Part 2: Budget Amendment Request for \$220,000 in Capital Repair Funds for FY 2025

The Board of Education requested \$220,000 for FY 2025 capital repairs, which was not initially approved. In FY 2024, they received \$220,000 but, as of August, have only spent \$180,622.30. Recently, the Board requested funds to scrape and repaint the Brevard High School cafeteria ceiling due to flaking paint. The County issued a purchase order to ensure the work started before the school year, leaving a balance of \$26,077.70 in the capital repair fund.

The Manager recommended appropriating an additional \$220,000 to the Education Capital Fund to cover smaller projects and unexpected issues, such as vandalism. Per the FY 2025 Budget Ordinance, contracts will include the County as a party, and payments will be made directly to the vendor.

Commissioner Chapman asked if the ceiling repair was completed, noting he was told the cleaning chemicals used had caused the flaking. The Manager clarified that the Assistant County Manager confirmed with the vendor that their products did not contribute to additional paint peeling. She added that a parent had previously raised concerns about paint flakes falling into students' food. The Manager emphasized the urgency of the project and anticipated receiving the invoice soon.

Commissioner McCall moved to appropriate \$220,000 in the Education Capital Fund for capital repairs and that contracts will need to include the County, and the County will pay the vendor directly as outlined in the FY 2025 Budget Ordinance, seconded by Commissioner Chapman, and unanimously approved.

Part 3: Budget Amendment Request for Funding for HVAC Contracts

The Board of Education asked the Board of Commissioners to reconsider a prior amendment request to fund HVAC contracts that exceeded the available budget from both ESSER and County funds.

On June 24, the Commissioners approved \$412,121 to cover part of the overcommitment and allowed the Board of Education to use savings from Fund 2 (current expenses) to cover the remaining shortfall. By state law, the Commissioners must approve fund transfers to and from the capital fund (Fund 4). On June 25, the Board of Education approved a plan to transfer funds from Fund 8 (other special revenue) to address the remaining deficit. In July, the Board requested that the Commissioners reallocate County capital funds to cover the shortfall.

The Manager informed the Commissioners of a recent letter raising legal concerns related to this issue and asked the County Attorney to address the matter before discussing the budget request further.

County Attorney Bill Bulfer addressed recent correspondence that cited "serious legal issues" but lacked specific details. After discussions with the Board of Education's attorney, Mr. Bulfer concluded that no actual legal issues exist. He explained that if this situation were deemed an emergency, the Board of Education could use its current expense fund balance to address the shortfall. If it is not an emergency, they must formally request additional funds from the Board of Commissioners. The investigation revealed that the cost overrun was foreseeable, but approval for additional funds was assumed rather than formally sought. As a result, the decision now lies with the Commissioners to determine if they will allocate more funding beyond what has already been budgeted. This "serious legal issue" is, therefore, more about determining the appropriate response, rather than a matter of legality. Both Boards must now collaborate to resolve the funding dilemma.

Chairman Chappell stated that it was necessary to clarify the situation due to misleading headlines and social media posts suggesting "serious legal issues." This prompted him to request Mr. Bulfer's detailed explanation, emphasizing the importance of correcting any misconceptions in the public narrative.

The Manager addressed concerns about her use of source documents in presentations, emphasizing that her intent is not to create a “gotcha moment” or embarrass anyone, but rather to provide transparency and factual support. She explained that using public records helps validate the information presented and is a standard she believes all public officials should uphold. She stressed the importance of focusing on facts during the decision-making process and removing emotion to ensure informed and objective discussions.

The Manager provided a detailed overview of the relevant statute, N.C.G.S. § 115C-433, which governs amendments to the budget resolution and budget transfers for secondary education funding. She clarified that while the law can sometimes confuse the responsibilities of the County Commissioners and the Board of Education, it is clear in this instance. Specifically, any intent to transfer funds to or from the capital outlay fund (Fund 4) requires County Commissioner approval. Additionally, such transfers are only permitted in cases of emergencies that were unforeseen or unforeseeable at the time the budget was adopted. The statute also outlines a process for documenting mutual agreement between both Boards to validate the emergency and authorize the transfer.

The Manager recapped the history of the issue, highlighting concerns raised by the Board of Commissioners in FY 2019. At that time, the Commissioners felt they were not receiving clear information about whether school budget allocations were being used as intended or redirected to other projects. While changes to a priority list mid-year can be justified—such as shifting funds from a playground to an urgent roof repair—the lack of communication left the Commissioners uncertain about how project funds were being managed. The Manager clarified that this was not due to any misconduct but rather a need for better transparency and reporting.

In FY 2020, the Board of Commissioners began allocating capital funds for specific projects, as permitted by statute for projects exceeding \$50,000. This practice has continued through the present budget cycle. Documentation confirms that both the Board of Education and County staff have consistently communicated and understood the project-based appropriation process. The statutory process requires that budget amendment requests be submitted to the Board of Commissioners for approval. While most amendments have been approved, the Commissioners are not obligated to approve them, as with any other budget request. Furthermore, County staff have maintained communication regarding project histories and procedures, even during staff transitions, to ensure clarity and continuity on both sides.

The Manager explained that, by law, funds must be secured before capital project contracts are awarded. This provision ensures local governments cannot make financial commitments without available funding. When the Board of Commissioners sets a tax rate, the County is obligated to collect those funds; if a contract exceeds the current budget, it could take another fiscal year to secure additional revenue—unless reserves are available. This requirement applies universally to all local entities in North Carolina, including school systems, counties, and municipalities. Contracts and purchase orders must be pre-audited to confirm that funding is in place, ensuring compliance and financial accountability. Because the Board of Education cannot levy taxes, any contract extending beyond the current fiscal year must receive County Commissioner approval. This safeguard prevents the Board of Education from making future funding commitments without County oversight. For example, when architect contracts for proposed bond projects spanned multiple years, they required Commissioner approval to ensure that the County agreed to fund these obligations over time.

The Manager reviewed a detailed chart outlining revenues and expenditures for three multi-year HVAC contracts across different schools, reiterating that by law, funds must be in place at the time of contract execution. The chart also tracked whether the County received invoices from the School System for reimbursement, ensuring compliance with the fiscal year allocations. All processes seemed properly aligned until FY 2023. In May 2023, three contracts were signed. While two of these had partial funding approved by the Board of Commissioners, the total funds were insufficient to cover the full project costs.

The School System intended to use \$2.4 million in federal ESSER funding, but after accounting for this amount, there was still a \$1 million shortfall between the total contract value and available funding. During the May 1, 2023, Board of Education meeting, school staff inquired if the contracts needed County Commissioner approval. The School Board Attorney advised that approval was not required, likely due to confusion about the actual funding breakdown. With no further discussion, the contracts were signed, and the funds were incorrectly marked as committed despite the shortfall. At the same time, the Board of Education submitted its FY 2024 budget request, which did not include additional funding to cover these contracts but instead prioritized other projects. This omission suggests that the oversight was unintentional—a human error rather than an attempt to circumvent the process. The Manager emphasized this to clarify that it was not a deliberate violation but a misunderstanding of the funding requirements at the time.

The Manager summarized her findings as of June 24, noting that the initial plan was to use \$2.4 million in ESSER funding. County project funding was clearly communicated, and extensive documentation exists to support this understanding among staff and the Boards. While there is some disagreement from the School Board Attorney, the Manager believes that the communications reflect transparency and clarity. She attributed the issue to staff turnover and human error, which led to the Board of Education overcommitting by \$912,121. This overcommitment was identified through detailed tracking of the project budget and contract approvals. Looking ahead, the new FY 2025 process aims to prevent similar issues by involving the County earlier in contract management and having the County pay vendors directly. This change allows for better oversight and alignment of expenditures with project funds. However, the Manager acknowledged that while the new process will improve accountability, it may not eliminate the risk of similar errors in the future.

The Manager outlined the current funding request status. In June, the Commissioners approved \$412,121—about half of the \$912,121 overcommitment identified in the County’s analysis. The first budget amendment request from the Board of Education came in February 2024, proposing to cancel previously approved projects. This included a \$750,000 project from FY 2024 and several smaller ones from FY 2022 and FY 2023, totaling over \$1 million, to redirect funds to cover the overcommitted contracts. The current shortfall is now \$883,498, which includes funds previously approved by the Commissioners plus an additional \$471,377 request. The Board of Education justified their request for funding, summarized in the following statements:

1. The School Board Attorney and auditor do not believe the expenses qualify as "unforeseen and unforeseeable" under the statute’s requirements.
2. Transylvania County Schools cited concerns over the emergency use of current expense funding.
3. Transylvania County Schools expected that reallocation requests would be honored.
4. Transylvania County Schools claimed no availability of current expense dollars to divert to capital expenditures and therefore assumed that the County’s available funds could be used to fill the gap.
5. Their auditor recommended transferring funds from Fund 8 (Other Special Revenue) to Fund 4 (Capital Improvements) to address the remaining shortfall.

The Manager countered the School Board’s justification with the following explanation.

Justification Point 1. The School Board Attorney and auditor do not believe the expenses qualify as "unforeseen and unforeseeable" under the statute’s requirements.

The Manager highlighted efforts by County staff to collaborate with the School’s auditor to clarify the project appropriation process and timelines. It is crucial that the auditor fully understands how and when project funds were allocated to grasp the context of the current issue. Based on the analysis, the Manager

reiterated that the overcommitment appeared to be a human error that Transylvania County Schools did not recognize as problematic until after the fact.

The problem arose in May 2023, when the Board of Education approved HVAC contracts that exceeded available funding. Previous fiscal years had only partial funding approved for these projects, and the contracts' total value surpassed these allocations. Although ESSER funds were intended to cover the gap, the contracts did not meet the pre-audit requirements of N.C.G.S. § 115C-441(c1)(c) to be considered valid. The confusion may have stemmed from a misunderstanding at the May 2023 Board of Education meeting, where it was stated that County approval for multi-year contracts was not necessary. Simultaneously, a new list of FY 2024 capital project priorities was submitted without accounting for the remaining funds needed to complete these HVAC contracts, indicating a lack of awareness at that time that the funding issue had already occurred.

Justification Point 3. Transylvania County Schools expected that reallocation requests would be honored.

Since FY 2020, as permitted by State law, the Commissioners have approved funding on a per-project basis, and this practice has been consistently followed. When capital project funds are appropriated, any subsequent changes must be formally requested and approved by the Board of Commissioners, as outlined by law. This process has been regularly utilized, including twice in FY 2023 when issues with funding changes occurred. A review of correspondence shows no indication that the Board of Education was under the impression that Commissioner approval was not needed. On the contrary, State law requires formal approval for any changes to the budget, and this standard applies to both education and county projects. The Manager clarified that a July 2023 email she sent to the Board of Education referenced their ability to request fund reallocations. This guidance was consistent with an attachment from a prior agenda memo in spring 2023, reinforcing that the requirement for formal Board approval has been a consistent message from County staff.

Justification Point 4. Transylvania County Schools claimed no availability of current expense dollars to divert to capital expenditures and therefore assumed that the County's available funds could be used to fill the gap.

The County never suggested using current expense funds to address the deficit. Instead, County staff referred to using the Schools' current expense *fund balance* (savings from prior years) as a potential source. When discussing fund balance, it is critical to differentiate between recurring expense funds and savings accounts. While the County could choose to address the shortfall, the statute does not require them to do so in cases like this. Specifically, N.C.G.S. § 115C-429(d) states: "Nothing in this Article shall be construed to place a duty on the Board of Commissioners to fund a deficit incurred by a local school administrative unit through failure of the unit to comply with the provisions of this Article...." When a deficit is caused by procedural errors or human mistakes, the statute relieves the Commissioners of the obligation to provide additional funding.

Another concern arose last week when County staff discovered an overcommitment of approximately \$100,000 related to the Pisgah Forest piping project. The Manager has discussed the issue with the Superintendent, and County staff will need to present an amendment to the Board of Commissioners. This issue is particularly worrisome because it involves lottery funds, which are subject to strict state and federal audits. If the County violates statutes regarding the use of state funds, it could result in audit findings that negatively impact the County's fiscal health.

Additionally, there is a separate \$200,000 project funded by lottery dollars where the Manager plans to recommend using cash funding instead. The County has not yet drawn down these lottery funds. By reallocating them, the funds would remain available for future capital projects. Both Boards would need to jointly apply for these funds to ensure compliance. This change is being suggested due to concerns

about the project's accounting, where multiple purchase orders with the same vendor could trigger scrutiny in an audit, potentially leading to compliance issues.

The overcommitment of funds poses a serious concern for the County's fiscal health. As the Manager emphasized, her role includes protecting the financial stability of the County. When she brings forward these issues, it is not to embarrass or criticize any party, but to highlight the statutory requirements and fiscal responsibilities the County must adhere to. Addressing these issues is essential to avoid jeopardizing the County's financial management and compliance.

Justification Point 5. Their auditor recommended transferring funds from Fund 8 (Other Special Revenue) to Fund 4 (Capital Improvements) to address the remaining shortfall.

The state statute requires that any transfer involving the capital fund must be approved by the Board of Commissioners and must meet the criteria of being an unforeseen emergency. This is the same requirement that applies to any transfer involving capital project funding.

If Transylvania County Schools wish to pursue this option, they would need to submit a formal request to the Board of Commissioners for review and approval. As of now, the County has not received such a request. Moreover, the same criteria that restrict the use of the current expense fund balance (Fund 2) would also apply to Fund 8. This means that if the use of Fund 2 is deemed ineligible for addressing the capital shortfall, Fund 8 would similarly be restricted. The Manager noted that the recommendation from the School's auditor to use Fund 8 contradicts the rationale provided against using Fund 2, given that both funds would be subject to the same statutory restrictions.

The audits for FY 2022 and FY 2023 revealed that Fund 8 experienced an increase in fund balances over both fiscal years. Specifically:

- FY 2022: Fund 8 balance increased by \$831,370
- FY 2023: Fund 8 balance increased by \$1.5 million

By the end of FY 2023, Fund 8 had a total balance of \$2.68 million. Similarly, the current expense fund balance (Fund 2) totaled \$2.5 million at the end of FY 2023.

Summary and Recommendation for Part 3

The Manager concluded her presentation by emphasizing the critical nature of these budget discussions, particularly because they directly impact the fiscal health and stability of the County. Overcommitment of funds presents significant challenges to budget management and long-term project planning. The Manager acknowledged that while unforeseen events and expenses are a reality, state law provides clear guidelines for handling such situations, which must be adhered to.

The Manager highlighted that the County's capital project funding for education typically amounts to around \$1 million annually. Therefore, over a two-year cycle, the County allocated approximately \$4 million for education capital projects. With \$1 million already overcommitted to the HVAC contracts and an additional \$100,000 for the Pisgah Forest piping, these unexpected expenses represent a significant portion (approximately 25%) of the overall budget earmarked for educational capital projects. This type of overcommitment could jeopardize the County's ability to manage future expenditures efficiently, especially as larger projects come up in the five-year plan.

Maintaining strict compliance with the processes outlined in state statutes and having robust procedures in place will help prevent similar issues in the future and ensure that funding is secured before contracts are signed.

Given these factors, the Manager recommended that the Board of Commissioners carefully consider Transylvania County Schools' request for additional funding to cover the overcommitment related to the three HVAC contracts while keeping in mind the broader fiscal implications for the County.

Commissioner Chapman began by asking the Manager if there were specific procedures and policies in place to prevent similar issues from occurring in the future. He emphasized the importance of ensuring that this situation does not repeat itself. The Manager explained that the policies and procedures were in place but, unfortunately, were not followed in this instance.

Commissioner McCall added that while the Board of Education's focus is primarily on supporting the educational needs of the children, the Board of Commissioners has a broader mandate that includes managing large-scale capital projects and overall fiscal health. Given that the County routinely handles complex projects, she stated that it has more experience in managing such activities, making it less prone to the kinds of errors that occurred in this case. This is why the County has repeatedly offered to take on a more direct role in managing large-scale school projects to prevent such issues from happening in the future. Commissioner McCall expressed her discomfort in moving forward with the funding request without more information on how the Board of Education plans to manage future projects to prevent overcommitments.

Commissioner McCall moved to table the funding request until the next meeting or until the Board of Education has had an opportunity to meet and formally decide on how they plan to move forward with project management for the bond projects and whether the Board of Education would be willing to utilize the County's project management experience. Commissioner Chapman asked if there were any conflicts with delaying the decision. The Manager said County staff have not yet received any invoices to pay on the \$412,121 so there is at least that lead time to pay those invoices. Commissioner Chapman asked if there would be any issues or conflicts arising from delaying the decision. The Manager confirmed that no invoices had been received yet for the \$412,121, which meant there was time before any payments would need to be made. Commissioner Chapman agreed with Commissioner McCall's point that while the Board of Education should focus on education, the Commissioners should handle capital projects, thereby assuming responsibility for any issues that may arise. Chairman Chappell noted that at a prior meeting, the Board of Commissioners approved \$412,121 to help reduce the deficit, while also suggesting that the Board of Education could use their fund balance to cover the remaining shortfall. He reiterated that this fund balance consisted of previously allocated and unspent funds. Moreover, the County Attorney had reviewed the situation earlier and found no legal concerns with the approach being taken. Chairman Chappell stated that Commissioner McCall's motion was appropriate, considering that the bond projects represent a substantial investment, and there is concern about the School System's capacity to navigate such projects effectively. He also acknowledged the flexibility of holding a special meeting if any immediate needs arose. Commissioner McKelvey expressed strong support for the motion, voicing concerns over the School System's overcommitment of \$1.1 million within two years—approximately 25% of the County's total capital project budget for that period. He highlighted that if the same pattern of overcommitment occurred with the planned \$90 million in bond projects over the next five years, the shortfall could amount to an additional \$22.5 million, which is one-third of the overall bond amount. Commissioner McKelvey stressed the need for stringent plans and controls to prevent project creep, overages, and overcommitments before the larger bond projects begin. He underscored the importance of a designated project manager to oversee and execute projects accurately. He reiterated that the Board of Commissioners wants to see the schools get repaired and wants facilities that benefit both students and teachers. He expressed frustration that the Board of Education had not moved forward on projects with cash funding already allocated, adding that he was confident the two Boards would find a way to work together to complete the project list. Commissioner McKelvey noted that if pride could be set aside, the shared goal is to create great educational facilities. He looked forward to seeing what could be accomplished over the next three to five years. Chairman Chappell highlighted

that this issue involves close to \$1 million outside of the annual budget allocation. He reminded everyone that the County is going above and beyond to address these needs. **The motion passed unanimously.**

NEW BUSINESS

FY 2024 CONTRACT TO AUDIT ACCOUNTS

Finance Director Meagan O'Neal presented the FY 2024 audit contract to the Board. She explained that now that the County has completed the FY 2023 audit, it is time to move forward with the FY 2024 audit. The proposed contract and audit engagement letter from Martin Starnes and Associates were included in the Board's agenda packet for review.

Ms. O'Neal cited the statutory requirement under N.C.G.S. § 159-34(a), which mandates that the Board of Commissioners must approve a contract annually for auditing the County's accounts. In 2022, the County sought quotes from two audit firms for a three-year proposal of service. The FY 2024 audit will be the third year of the contract with Martin Starnes and Associates.

The proposed contract price for the FY 2024 audit is not to exceed \$80,700, broken down as follows:

- Base Price: \$64,500 — This covers auditing for up to five major programs, including state and federal grant receipts.
- Additional Programs: \$3,000 per program beyond the initial five, with a maximum of eight programs to test. This can add up to an extra \$9,000.
- Financial Statement Preparation: \$7,200 for preparing the financial statements after the audit.

Ms. O'Neal noted that in previous years, the County has not exceeded eight programs to meet the required percentage of funding for testing. This historical trend was considered when proposing the contract limits.

The Board had two options to consider:

1. Approve the Contract with Martin Starnes and Associates as presented for FY 2024.
2. Direct Staff to Procure Other Services for the audit.

The staff recommendation was to proceed with the contract with Martin Starnes and Associates.

Commissioner Chapman suggested that it might be prudent to consider a different firm for the audit after so many consecutive years with the same company. He mentioned that it is often a good practice to have a fresh set of eyes review the County's finances.

Commissioner Chapman moved to approve the contract to audit accounts with Martin Starnes and Associates for another year, seconded by Commissioner McCall. Commissioner McCall noted that Martin Starnes is a reputable, large firm that regularly rotates their staff teams to ensure a fresh perspective on the County's finances. Ms. O'Neal confirmed that Martin Starnes rotates their audit managers and brings in new teams each year. **The motion passed unanimously.**

Ms. O'Neal suggested that the Board might consider soliciting requests for proposals for future audit services once the FY 2024 Audit is complete.

OVERLAP HIRING FOR ACCOUNTANT POSITION IN FINANCE

Finance Director Meagan O'Neal presented to the Board a transition plan following the recent retirement announcement of the Finance Department's Accountant. Ms. O'Neal emphasized the critical nature of the Accountant's role in maintaining the County's financial operations. She outlined the key daily, monthly,

quarterly, and annual responsibilities of the position, which include monitoring and coding bank activity, reviewing decentralized journal entries from various County departments, reconciling NCVTS, and sales tax reports, processing sales tax payments to the state, distributing funds to Brevard and Rosman, preparing and filing reports for the U.S. Department of Commerce, Transit & Use tax refunds, and Excise Tax returns. Ms. O'Neal explained that many of these tasks require specific data sources to be compiled in a precise order, making attention to detail crucial. Any delay or error in these processes can disrupt County operations and create compliance risks.

Ms. O'Neal stressed the importance of having sufficient overlap between the outgoing Accountant and the new hire to ensure a smooth transition. She noted that the current Accountant's institutional knowledge and familiarity with the nuances of the role are invaluable, and without adequate training time, the risk of costly errors or delays increases significantly.

The proposed overlap period is six weeks, allowing the new Accountant to receive hands-on training in month-end duties, quarter-end duties, and regular daily tasks. This would provide a comprehensive understanding of the position and allow time to address any questions or issues that arise during the training period.

The estimated cost for the six-week overlap period is \$11,600, which includes \$7,900 in salary (based on hiring at the midpoint of the salary grade) and 3,700 in benefits (FICA, retirement, and health insurance). Ms. O'Neal recommended that the Board approve hiring the new Accountant effective December 16, 2024, to allow for the proposed training period before the current Accountant's departure.

Commissioner McCall expressed strong support for the proposed overlap and training plan, stating that this proactive approach would benefit the County as a whole.

Commissioner McCall felt that this was good practice and would benefit the County as a whole.

Commissioner McCall moved to approve hiring an Accountant position effective December 16, 2024, to allow for approximately six weeks of training by the current Accountant and an increase to the Finance Department's salaries and benefits line of \$11,600, seconded by Commissioner Dalton and unanimously approved.

SCHOOL BOND PROJECT MANAGEMENT AGREEMENT

The Manager provided an overview of the complex funding relationship between counties and school systems in North Carolina. She explained that, under state law, school systems directly own their buildings and property and are responsible for their maintenance and management. However, the primary source of capital funding for these properties comes from county governments, which creates a unique dynamic and, at times, tension between the two boards.

School boards in North Carolina do not have the authority to levy taxes or generate revenue independently. As a result, school boards cannot finance or take on debt for school buildings, leaving them reliant on county governments for any long-term financial commitments. Since counties are responsible for providing capital funding for school properties, they bear the burden of regulatory oversight and must ensure compliance with all statutory requirements. This includes maintaining proper disclosures, accurate financial reporting, and adherence to all procurement processes. The county is also responsible for ensuring that school funds are used appropriately and in accordance with the law. The County is subject to audits, including potential reviews by the IRS for compliance related to bonds. Failure to adhere to these responsibilities can result in significant penalties for the County, making it crucial to maintain strict oversight of how capital funds are allocated and spent by the school system.

In 2019, the Transylvania County Board of Education and Board of Commissioners entered into an agency agreement to outline the roles and responsibilities of each entity concerning the intended bond projects for school facilities. Key elements of the 2019 agreement:

- The Board of Education was authorized to spend up to \$68 million in bond funds, specifically for the Brevard High School and Rosman High School/Rosman Middle School projects and enabled the Board of Education to act in a capacity similar to the County with respect to contracting.
- The agreement required that all multiyear contracts still be reviewed and formally approved by the County Commissioners, as mandated by state statute.
- The Board of Education was required to provide documentation of all procurement activities, financial obligations, and project expenditures to the County.
- A subcommittee was formed that included two County Commissioners along with staff or elected officials from Transylvania County Schools whose role was to serve an advisory function to the Board of Education.

During discussions with bond counsel, it was recommended that a new agency agreement be established to reflect the changes in project scope for the upcoming bond-financed school construction and renovation projects. Agreements of this type can vary significantly across the state and for different project types. The two options being presented tonight for consideration incorporate the core elements typically found in similar agreements.

One of the primary elements under consideration is the establishment of a joint subcommittee to provide oversight and coordination between the two Boards. The role and structure of this subcommittee need to be carefully defined to avoid an overly restrictive role that could hinder project timelines. The subcommittee should have a clearly defined purpose, such as providing oversight, enhancing communication between the Boards to ensure that both Boards receive consistent information, or reviewing project milestones and expenditures. Just as with the prior agreement, the subcommittee would be subject to open meeting laws requiring proper public notice.

The Manager developed two potential options, “Option A” and “Option B” for the new agency agreement, each addressing various elements. She also noted that the Board may wish to consider developing a third option that incorporates elements from both Option A and Option B or addresses any specific concerns not currently captured in the proposals.

Agreement Element	Option A	Option B
Procurement, Requests for Qualifications, Bids, Primary on the Contract	County	Board of Education
Approval of Change Orders	County, Board of Education, both or subcommittee	Board of Education within the established budget set by Board of Commissioners for the project only
Delegation of Authority	Board of Education delegates authority to manage improvements on their buildings to County	No delegation in either direction.
Legal Review of Contracts	Both	Both (requirement of funding)

Supervision of Contracts and Oversee Construction/Improvements	County	Board of Education
Payment of Invoices	County	County
Copies of Paperwork: Bid Documentation, Contracts, Change Orders, Payments, Designs, etc.	County must have and retain copies of all paperwork as the financially responsible party and for IRS audit purposes.	County would have some paperwork in hand, such as contracts and invoices because the County pays the vendor directly. The Board of Education would need to share additional documentation with the County, such as copies of the RFQ and bid processes, and submission of these documents could be required prior to contract approval.
Legal Enforcement of Contracts in the Event of Default or Other Issue	County (if the contract is joint then it would include Board of Education as well)	Board of Education and County (both on contract)
Lease Agreement	Attorney guidance needed	Attorney guidance needed
Other	County will hire a project manager to oversee the projects. The subcommittee could serve as an interview panel to ensure both Boards are engaged in the hiring process. The project manager would also support upcoming County projects that are more than the current staffing capacity can manage.	Design would be the decision of the Board of Education within the parameters of the budget. Before the County approves the funds for construction, the bid plans would need to be reviewed to confirm that the scopes are within the expectation/budget for that project and then the County would appropriate the remainder of the project budget in accordance with that review.

Notes:

Procurement, Requests for Qualifications, Bids, Primary on the Contract

All professional services, such as architectural and engineering services, will require a formal RFQ process as governed by state statutes. Bids for construction must follow North Carolina state statutes, including requirements for competitive bidding, advertisement timelines, and bidder qualifications. The primary party on the construction contracts will be responsible for holding contractors accountable for performance, adherence to timelines, and compliance with budget and scope.

Approval of Change Orders

A standard 10% contingency will be included in all project budgets to cover unforeseen expenses. Any change order or expense that causes the project to exceed the established budget will require formal approval from the Board of Commissioners.

Copies of Paperwork: Bid Documentation, Contracts, Change Orders, Payments, Designs, etc.

Copies of all bid documentation, including bid advertisements, bid packets, bidder responses, and selection criteria, must be shared between the Boards to maintain transparency and compliance. All contracts must be documented and shared to ensure compliance with legal and financial requirements. Both Boards must maintain a complete file of executed contracts for reference during audits and legal reviews. Payments to contractors and vendors must follow documented procedures to ensure they are consistent with the contract terms and budget. Copies of all designs, architectural plans, and specifications must be shared and stored securely to provide a reference for project scope and compliance. The prior agreement experienced challenges in document sharing. The new agreement must establish a streamlined process to facilitate the sharing of all relevant documentation.

Lease Agreement

In many cases, financing agreements may require a lease arrangement between the Board of Education and the Board of Commissioners. A lease agreement will be critical if the Board of Commissioners is securing the financing for the project. This agreement element will require input and approval from legal counsel to ensure compliance with state statutes and bond requirements.

Other

Henderson County provided a sample job description, which can be adapted to fit the needs of the new agreement.

Before a project can begin, the first step is to allocate a design budget. Once the design phase is completed and before the project is put out to bid, a formal review process takes place. This review ensures that the project is within the approved scope and aligns with the budgetary estimates. The review should also account for cost escalations due to factors like inflation, labor, and materials costs, as well as any specific conditions that may have emerged during the design process, such as findings from soil testing. If unforeseen issues arise, adjustments can be made to the design and project scope at this stage. The revised figures and updated scope are then submitted for final approval, ensuring all parties agree on the project's expectations and funding needs before moving forward. Under both Option A and Option B, the project budgets would be appropriated in phases for refinement and to avoid scope creep. The chart below is an example of a project budget approval process.

SYS Underground Storage Tank Removal/Replace to current code as needed	Design	Prepare plan for removal of 8 aging oil storage tanks	\$ 165,000.00
	Construction	Removal and replacement as needed (includes original scope elements, general conditions, bond, profit, insurance, permitting)	\$ 1,772,138
	Contingency/Escalation	Project contingency, unforeseen scope needs IDed in design, escalation	\$ 477,252.00
	Total		\$ 2,414,390.00

The Manager recommended that the Board review Option A and Option B as presented or discuss another option that includes the core agreement elements. Once the Board selects a preferred option, the County will engage with the Board of Education to present the draft and negotiate terms for the new agreement. Bond counsel will also be involved in drafting the final agreement.

Commissioner McCall inquired whether the agreement must be finalized before meeting with bond counsel in October. The Manager clarified that while it is not a mandatory requirement, having the agreement in place is recommended.

Chairman Chappell highlighted that the recommendation for the subcommittee stemmed from discussions within the work study group. He noted that Henderson County had a similar agreement in place where their subcommittee functioned strictly in an advisory capacity, without decision-making authority. Chairman Chappell expressed concerns about potential scope creep if the subcommittee were given more authority. He recommended that the subcommittee be formed after the bond sale, questioning the necessity of its establishment prior to the sale. This approach would ensure a more focused purpose for the subcommittee once the bond sale was finalized.

Commissioner Chapman voiced his concern about the potential for committees to slow down processes. He emphasized that it was the responsibility of both the Board of Commissioners and the Board of Education to ensure that the projects were progressing efficiently. Commissioner Chapman expressed confusion over why the Board of Education was reluctant to let the County manage these projects, noting that the County had more resources and experience to handle the complexities involved. He further stated that the Board of Education should focus on its primary responsibility of educating students, while the County, with its expertise in managing large projects, should handle the buildings.

Commissioner McCall inquired if the Board needed to decide on this matter at this meeting, pointing out that they were still awaiting information from the Board of Education as per her earlier motion. This information would provide more clarity on how the projects would be managed moving forward.

Chairman Chappell responded by leaving the decision up to the Board but shared that his preference was Option A. Commissioner McCall expressed her agreement with Option A as well.

Commissioner McKelvey raised questions about several elements of the agreement, suggesting the possibility of an Option C for consideration. He expressed doubts about the Board of Education fully delegating authority to the Board of Commissioners. He was concerned about potential delays due to a back-and-forth dynamic between the two Boards. He advocated for a compromise-based approach. In terms of hiring a project manager, Commissioner McKelvey recommended that the project manager be independent and dedicated solely to the Board of Education, rather than handling any County projects. He also suggested that if the County hires a project manager, their role could include managing Requests for Qualifications (RFQs) and bidding processes, which would ease the burden on the County.

The Manager responded by explaining that the Commissioners could modify various elements of the agreement to better suit their needs. The subcommittee, as well as the project manager's role, could be defined in different ways. The agreement could also specify that the project manager would focus exclusively on education projects and provide monthly updates to both Boards during their regular meetings. The Board could include more detailed guidelines to clearly outline how these responsibilities would function within the agreement. The Manager emphasized the importance of consistency, particularly regarding the legally responsible party. Whoever holds the contract must be the legally responsible party.

Chairman Chappell acknowledged that Commissioners may want to explore a blend of different elements to create another option for managing the projects while also ensuring the Board of Education has an opportunity to provide their input.

Commissioner Dalton agreed that it would be prudent to wait for the Board of Education's feedback on how they wish the projects to be managed. While he recognized that subcommittees could slow the

process down, he also saw the benefit of having additional oversight. He aligned with Commissioner McKelvey's suggestion of hiring an independent project manager who would report to both Boards. Commissioner Dalton emphasized the importance of having someone onsite daily to monitor and oversee the projects to ensure effective and timely management.

The Manager highlighted that a project manager often comes from the private sector, where processes such as handling change orders, modifying budgets, and procurement are simpler than in the public sector. Therefore, it is essential to have structures in place to support the project manager, especially with the unique requirements of public sector operations. For instance, the County's project team includes both a project manager and a purchasing agent from the Finance Department. This ensures regular communication and adherence to public sector regulations. The Manager emphasized that the Board should keep this in mind while shaping the project manager's role.

Commissioner McCall shared her vision of a project manager who would work equally between the two Boards, ensuring regular updates to both. She pointed out that this was the structure used in Henderson County. She suggested that the Board provide input to the County Manager to help shape a new option.

Chairman Chappell encouraged the Commissioners to carefully review the various options presented and determine which elements have consensus among the full Board. His goal was to streamline the decision-making process and facilitate progress.

Commissioner Chapman raised concerns about the structure of the project manager's role, emphasizing that a potential candidate might be reluctant to answer to two Boards simultaneously. He suggested that the project manager should report to just one Board for accountability but ensure that information is shared equally with both Boards.

The Manager agreed with Commissioner Chapman, noting that it is crucial to establish clear lines of accountability for the project manager. While the project manager could be responsible for presenting information to both the Board of Commissioners and the Board of Education, the hiring authority and direct oversight should rest with one Board to maintain clarity and effective management. She explained that the focus would not be on controlling the project manager's day-to-day activities but on ensuring that they are held accountable for communication and execution of the projects. The Manager also pointed out the challenge of finding a third-party consultant with the necessary expertise in public sector work. Instead, hiring someone directly, who could provide the necessary communication and project oversight, would be key to the success of the role.

Commissioner Dalton highlighted that having a dedicated project manager onsite could help save money and keep projects on track.

The Manager explained the benefits of having a project manager with experience in overseeing construction projects. She noted that while the project manager would not manage subcontractors (which is typically the role of a general contractor), their responsibility would include ensuring that the work progresses as planned, identifying issues with quality, and holding contractors accountable. The project manager would also focus on reviewing change orders closely to prevent unnecessary expenses and spot potential cost savings.

Chairman Chappell encouraged the Commissioners to start identifying which elements they wanted to include in the agreement and to send their input to the Manager. This will allow her to compile a list of options for the next meeting.

The Manager also mentioned she would share all the slides with the school staff, enabling them to contribute their perspectives on the proposed elements.

Following this discussion, Chairman Chappell called for a 10-minute recess at 8:45 p.m.

TRANSYLVANIA COUNTY SCHOOLS REQUEST FOR PART-TIME PROJECT MANAGER POSITION

Superintendent Fletcher submitted a request on behalf of the Board of Education for the Commissioners to consider approving funding for a part-time (temporary) project manager, with the intent to utilize bond funding for the position. The justification provided included several key points:

- Kerry Putnam, the CTE Director, lacks sufficient time to be on-site daily.
- The maintenance staff is too small to adequately support project management efforts.
- The school system has a vested interest in upcoming projects and requires someone to represent them on-site.
- The position should target someone familiar with school buildings and operations.
- Numerous outside factors (e.g., power, noise, water) impact daily operations during school hours.
- The position could enhance community trust and transparency by keeping stakeholders informed.

The Manager consulted with bond counsel and confirmed that funding for this type of position would not be eligible from bond funds, meaning funding would need to come from County sources. This would necessitate a budget amendment once the anticipated costs from the School System are known, should the Board of Commissioners approve the request. The Manager recommended that the Board consider the request from Transylvania County Schools for a part-time project manager.

Chairman Chappell remarked that, based on previous discussions and as part of the ongoing agreement between the two Boards, it seems there is support for the project manager position.

Commissioner McCall moved to table this item until the County receives a response on how the Board of Education intends to manage the projects which will help the Board of Commissioners better understand how to proceed, seconded by Commissioner Dalton, and unanimously approved.

NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND GRANT APPLICATION

A portion of lottery funding collected by the State is allocated for a needs-based public school grant program, with \$254 million appropriated for FY 2023-2024. For an application to be considered, it must be endorsed by both the School Board and the County Commission. However, the responsibility for managing the funds, once awarded, falls to the counties and the North Carolina Department of Public Instruction (NCDPI). Transylvania County has previously applied for grant funds but has yet to be selected. NCDPI utilizes several distinct criteria to rank applications, established by the statute that created the program. Unfortunately, these criteria have not been favorable to Transylvania County's past applications. The specific criteria are as follows:

- Counties that have received an award but require additional funds and have not started their projects are given priority. *This does not apply to Transylvania County.*
- Counties classified as Tier 1 receive priority points. *Transylvania County does not qualify.*
- The third criterion assesses the county's ability to generate tax revenue by analyzing the value of each penny. Transylvania County has high property values, which may suggest wealth; however, this metric does not reflect the reality that public servants, such as police officers and teachers, may earn similar salaries across the state. In Transylvania County, these public servants often find it unaffordable to live here due to the higher property values.

- The fourth criterion ranks counties based on their current debt-to-tax ratio, which does not favor Transylvania County.
- Projects that directly address critical deficiencies within the school system are given higher rankings.
- Points are awarded for new construction projects or complete renovations.
- Projects that involve consolidating one or more schools through new construction or relocating to an existing site receive additional points.
- Counties that have not received a grant in the last three years are favored in the rankings.
- Applications with closer anticipated start dates are prioritized.
- Projects serving a larger percentage of the district's total student population are ranked higher.

The Board of Education endorsed the application for the needs-based public school grant program during their meeting on August 19. A draft of the application was shared with the County Manager that afternoon; however, this timing did not allow for the review comments outlined below to be completed before the Board of Education meeting. As the Board of Commissioners deliberates on approving the application, they may wish to request modifications. The following comments have been prepared for their consideration:

- The budget details are limited, preventing staff from providing a thorough assessment of the figures. Correspondence from the superintendent indicates the figures are based on prior applications and the previous bond study.
- Page 8 and the justification attachment indicate that design plans were completed in 2018. However, design plans were not finalized until 2021, when the project went out for an unsuccessful bid. In 2022, an architect was tasked with removing portions of the plans, but no final design was produced. The Boards later opted to complete building assessments and form the education capital work study group. It is important to validate the figures tied to when the plans were finalized. The most recent figures, from 2021, came in over budget. Prior budgets were already inaccurate when they went to bid.
- The application timeline reflects an intent to go to bid in early February 2025, but this seems unrealistic given the standard process times required for statutory compliance. If funding is awarded in September, a new contract with an architect would be necessary to modify the existing plans. Full design and bidding previously took over 18 months to complete.
- Page 8 lists Articles 40 and 42 as the County's source of matching funds. Staff recommends modifying this to read: "Sales tax and/or property tax collections from Transylvania County."
- The application includes a statement that the cafeteria and gym beams have a five-year lifespan post-repair. However, the attached structural report indicates that following the recommended maintenance plan would extend the lifespan well beyond five years, up to 15 years. Staff recommends modifying this section to include the full paragraph from the structural engineer and/or attaching the maintenance plan for clarity. It should also be noted that the structural load in the cited photos is carried by steel plates, not wood beams.
- The application requires the Commissioners to enter into a funding agreement with NCDPI. As the County will be responsible for auditing the projects and providing matching funds, staff recommend that the Commissioners include a caveat that project management will be a contingency of approval. This will allow the County to ensure compliance with NCDPI's funding agreement and that project files meet audit standards. Any failure to comply could result in the County being required to repay the funds.

Should the needs-based public school grant be approved, it will necessitate an additional \$3.2 million county contribution on top of the \$2.2 million already spent from 2019-2022 on architect fees for project elements.

Staff recommended that the Board of Commissioners consider including the comments above as conditions in any approval motions, deliberate on the application and discuss potential amendments, and outline any conditions of approval based on staff comments and the outcome of the Board's deliberations.

Commissioner McCall asked if the \$3.2 million county contribution is in addition to the \$2.2 million already spent or if the \$2.2 million could be considered part of the matching contribution. The Manager clarified that both amounts are listed as matching contributions in the application packet, with the \$2.2 million shown as already spent. Additionally, the Axias study costs are included in this calculation. The \$3.2 million represents the additional funds that the Board must be prepared to commit as matching funds moving forward.

In response to Commissioner Chapman's question about the timeline, the Manager confirmed that the application deadline is September 13. Any changes between the Boards would need to be approved before that deadline.

Chairman Chappell suggested another modification to the application, specifically the wording in Attachment A. The statement refers to "replacing two dilapidated structures." He recommended removing the word "dilapidated", stating that it was not appropriate to describe the current facilities in such a manner.

Commissioner McCall expressed her appreciation for the work that went into the grant application and stated she would love to see it approved as it would benefit Transylvania County. However, she emphasized the importance of addressing the County Manager's concerns, as they could affect the grant's chances of being approved. Commissioner McCall noted that the inclusion of the Axias report and air quality testing results as attachments provided valuable supporting information for Dr. Fletcher and her staff. She clarified that she was not in favor of making changes to the project list being prepared for bond counsel and was not willing to risk jeopardizing the bond sale. Both sides had worked hard to get to this point. Commissioner McCall specifically pointed to a statement in the application that read, "Receiving this grant will allow for all needed renovations at Brevard High School, and then the \$68 million bond can meet the needs of the other schools throughout the district." She expressed concern with this, emphasizing that even if the grant is approved, the work would not begin immediately due to the necessary processes of tearing down structures, design, bidding, and construction. She estimated it would take around two years before these projects could begin, and during that time, repairs still needed to be made to the buildings. Furthermore, the \$68 million from the bond would not be available all at once. The Board was expecting \$50 million in the first tranche, and many projects were not contingent on whether the grant was approved. Some of these projects still needed to move forward regardless. She highlighted that the current situation arose because repairs were delayed while waiting for funding, and she was clear that they could not allow that to continue.

The Manager clarified a common misconception about bond funding, emphasizing that it is not a lump sum of money readily available for any project. Instead, the bond funds are specifically tied to the scopes of work presented when seeking approval. The Local Government Commission (LGC) reviews and approves those scopes, and changes to the projects after approval can lead to complications. For example, if repairs, like the glulam beam repair at Brevard High School, are already completed, those specific items can be removed from the scope with no penalty after the bond sale. However, adding or changing projects mid-process could risk the scope and the funding plan tied to it. She reiterated that the bond sale is not just a pot of money but a structured financial instrument, akin to securing a loan to build a house. One must present detailed plans, cost estimates, and justifications to the "bank" (in this case, the LGC), showing how the funds will be used. For new construction projects, the LGC requires that bids be in hand before funds can be drawn from the bond sale. Therefore, simply pulling money from the first tranche of bond funds to allocate to other projects or new construction is not possible without going through

additional steps. This structure is in place to ensure accountability and proper use of the bond money, just like a bank ensures that a home loan is used according to the agreed plan.

Commissioner McCall moved to approve the grant application with the suggested edits from the Manager and Chairman Chappell, seconded by Commissioner Dalton. Commissioner Dalton acknowledged the significant effort Dr. Fletcher put into the application and expressed hope, along with the entire Board, that the application is successful. Chairman Chappell added that once the Board votes, the application will be sent back to the Board of Education to incorporate the suggested changes. The Chairman will then sign the application, pending the necessary revisions. **The motion was approved unanimously.**

MANAGER'S REPORT

The Manager reported the following:

- Congressman Edwards' mobile office, the Carolina Cruiser, will be at the County's annex parking lot located at 150 S. Gaston St., Brevard) on Tuesday, August 27 from 2:00 p.m.-3:30 p.m. His staff will be available to meet with constituents and assist with casework.
- Auditors will begin work on the FY 2024 Audit during the first week of September.
- County Administration will undergo some maintenance work, including roof repairs due to a leak. At times, access to the chambers through the courtyard may be restricted. Advance notice will be provided for meetings affected by these changes.
- The County is exploring options to manage large document pulls for public records requests. The potential cost of making financial information available online is \$16,000 annually, with an initial \$5,600 setup fee. Further evaluation is needed to ensure only releasable records are posted.
- Kudos! City of Brevard's Assistant County Manager/Finance Director, Dean Luebbe, praised County Finance Director Meagan O'Neal for the impressive promptness and efficiency of the Finance department. This acknowledgment reflects the high standards and commitment within the department.
- The Manager extended heartfelt condolences to the community, noting how deeply interconnected we are in a small town. She offered a prayer for the families of Jayden Reynaldo and Layne Jones, acknowledging the immense grief their loss brings. She emphasized that the community is surrounding these families with love and support and expressed that the hearts of all parents in the county are breaking alongside them.

PUBLIC COMMENT

There were no comments from the public.

COMMISSIONERS' COMMENTS

Commissioner Chapman expressed gratitude to everyone who attended the meeting, highlighting the frustration of encountering misinformation in the community. He encouraged attendees to share accurate facts and dispel rumors. He also recounted a positive trip he had with Congressman Edwards to the Southern Highlands Reserve, during which he brought Judge Matthews' wife along. He shared that Judge Matthews had donated his house in Lake Toxaway to the Blue Line Foundation, which sold it to fund Camp Matthews, to host SHIELD Camp and children needing extra support. Commissioner Chapman thanked her for her contributions and noted the significant impact of the donation on the children in the community.

Commissioner McCall echoed the Manager's condolences to the families affected by the recent tragedy, emphasizing the emotional impact on mothers and families. She expressed gratitude to Commissioner Dalton for coordinating a welcome for students at Rosman High School that morning.

Commissioner Dalton shared that one of the boys was his neighbor and, as a father and grandfather, the situation hit him hard. He urged everyone to keep the grieving families in their thoughts. He announced that on Wednesday at Champion Park, a BBQ food truck run by Ricky Searcy and his wife would be donating all proceeds to the families, with several other food trucks joining in. Chairman Chappell mentioned that donations of desserts and other items could be dropped off at Henderson's Greenhouse in Rosman. Commissioner Dalton also invited everyone to Heritage Day at the Lake Toxaway Community Center this Saturday to learn about the county's founding history. Additionally, he noted another fundraiser for the families scheduled for September 7 at Rosman Town Hall.

Chairman Chappell thanked the school system for managing a challenging first day of school and expressed appreciation for the community's support during this difficult time. He remarked on the close-knit nature of small communities, acknowledging both the blessings and challenges that come with it. He urged everyone to remember the families affected by the tragedy and to also consider the first responders, reflecting on the difficulty such events can have on them.

Chairman Chappell expressed disappointment over remarks made during public comment that implied Commissioners bribed another Commissioner. He emphasized that such statements undermine the integrity of both the individual targeted and the entire Board. He acknowledged that disagreements over the Board's decisions are part of civil discourse, but he condemned the spreading of falsehoods and misrepresentations as politically motivated actions that reflect poorly on the community.

Chairman Chappell moved to enter into closed session per N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, and per N.C.G.S. § 143-318.11 (a) (4) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, following a 5-minute recess, seconded by Commissioner Dalton and unanimously carried.

CLOSED SESSION

Per N.C.G.S. § 143-318.11 (a) (3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged, and per N.C.G.S. § 143-318.11 (a) (4) To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, the Board entered into closed session at 9:43 p.m. Present were Chairman Chappell, Commissioners Chapman, Dalton, McCall, and McKelvey, County Manager Jaime Laughter, County Attorney Bill Bulfer, Transylvania Economic Alliance Executive Director Burton Hodges (closed sessions #1, #2, #3 and #4 only), Attorney Susan Cooper (closed session #5 only), Information Technology Director Nathanael Carver (for IT support), and Clerk to the Board Trisha Hogan.

The Board reviewed information and updates on potential economic development projects and consulted with their attorney on a privileged legal matter.

Chairman Chappell moved to leave the closed session, seconded by Commissioner McKelvey, and unanimously approved.

OPEN SESSION

Chairman Chappell moved to seal the minutes of the closed sessions until such time that opening the minutes does not frustrate the purpose of the closed sessions, seconded by Commissioner McKelvey, and unanimously approved.

ADJOURNMENT

There being no further business to come before the Board, **Chairman Chappell moved to adjourn the meeting at 10:54 p.m., seconded by Commissioner Dalton and unanimously carried.**

Jason R. Chappell, Chairman
Transylvania County Board of Commissioners

ATTEST:

Trisha M. Hogan, Clerk to the Board