

ORDINANCE NO. 04-2026

**A FY 2025-2026 BUDGET ORDINANCE AMENDMENT NO. 1 FOR
CLEVELAND COUNTY WATER**

WHEREAS, in accordance with applicable provisions of the North Carolina Budget and Fiscal Control Act, Cleveland County Water finds it advisable and necessary to revise and amend its annual budget for FY 2025-2026: and,

WHEREAS, the General Manager (Budget Officer) has recommended certain amendments to the budget which the governing body finds acceptable; and,

WHEREAS, the Cleveland County Water Board of Commissioners now desires to act on the recommended budget amendments and approve the same for implementation and compliance with the Fiscal Control Act;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF CLEVELAND COUNTY WATER:

Section 1: Cleveland County Water's FY 2025-2026 Budget is hereby amended as follows to provide for Budget Amendment No. 1 for the year:

(A) The Board of Commissioners, in order to provide funding for the operations of the District, must appropriate sufficient revenues and expenditures to make funding available.

1. The following Revenue and Expenditure line items are amended:

| | |
|--|-------------------|
| i. Increase Revenue 4-44485 | \$ 204,116 |
| Settlement Revenue | |
| Increase Revenues 4-44160 | \$ 47,344 |
| Town of Fallston | |
| Total | <u>\$ 251,460</u> |
| ii. Increase Capital Project Reserve 9-99230 | \$ 251,460 |
| NCCMT Capital Reserves | |
| Total | <u>\$ 251,460</u> |

Section 2. The following revenues, expenditures, and amendments set forth in Section 1 of this ordinance are hereby summarized as follows:

| | <u>Current Budget</u> | <u>Amendment No. 1</u> |
|---------------------------|-----------------------|------------------------|
| Administration | \$ 2,981,125 | \$ 2,981,125 |
| Maintenance | \$ 3,062,950 | \$ 3,062,950 |
| Production | \$ 1,724,645 | \$ 1,724,645 |
| Meter Services | \$ 450,565 | \$ 450,565 |
| IT/GIS | \$ 367,333 | \$ 367,333 |
| Governing Body | \$ 68,885 | \$ 68,885 |
| Greenway | \$ 375,000 | \$ 375,000 |
| Non-Departmental | \$ 2,915,256 | \$ 3,166,716 |
| FY 2025-2026 Budget Total | \$11,945,759 | \$12,197,219 |

Section 3. Copies of this Budget Amendment shall be furnished to the General Manager as Budget Officer, and the Finance Director to be kept on file by them for their direction in the collection and disbursement of funds. Said officials are hereby authorized to receive and expend funds as herein set forth in accordance with the General Statutes of North Carolina inclusive of GS 159-28 governing budgetary accounting of appropriations.

Section 4. This ordinance shall become effective upon its adoption and approval.

Adopted and approved this the 14th day of April 2026.

Bill Cameron

Bill Cameron
Chairman

ATTEST:

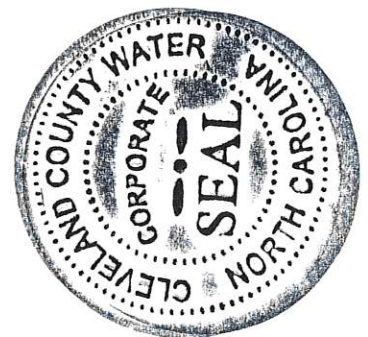
Tony M. Brooks

Tony M. Brooks
Secretary

APPROVED AS TO FORM:

Delton W. Barnes

Delton W. Barnes
District Attorney





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Memorandum

To: Brad Cornwell, General Manager

From: Ginger Fern, Finance Director *GF*

Date: March 24, 2026

Subject: FY 2025-2026 Budget Amendment #1

As a result of the 2025 PFAS chemical litigation settlement, Cleveland County Water has been receiving incremental payments from 3M and DuPont for our share of the claim. Although the majority of our payout has already been received, lesser payments will be disbursed annually through the year 2033.

Also, to coincide with the Town of Fallston USDA transfer completion, CCW received the balance of the Fallston debt service reserve account.

This budget amendment is to recognize these revenues for this current fiscal year, as well as to show that these funds will be allocated to the Capital Project Reserve account with the NC Capital Management Trust.

*****Settlement Disbursement Statement*****

Date: August 20, 2025

Settling Defendant: 3M Company

Client: Cleveland County Water

PWS ID(s): NC0123055

Claims Administrator Batch ID(s): 10: 3M_Phase 1_2024 Deposit_Batch 3

Estimated Future Payment Schedule:

| 3M Payment Number | Quarter/Year of Payment | Percent of Net Included in Payment | Cumulative Percent of Net Paid | Total Net Paid (Amount in Payment)* |
|-------------------|-------------------------|------------------------------------|--------------------------------|-------------------------------------|
| 3M – Payment 1 | Q2 2025 ✓ | 20.0 | 20.0 | \$65,315.95 (\$65,315.95) |
| 3M – Payment 2 | Q2-Q3 2025 ✓ | 45.6 | 65.6 | \$214,236.33 (\$148,920.38) |
| 3M – Payment 3 | Q2 2026 ✓ | 6.4 | 72.0 | \$235,137.44 (\$20,901.11) |
| 3M – Payment 4 | Q2 2027 | 4.8 | 76.8 | \$250,813.27 (\$15,675.83) |
| 3M – Payment 5 | Q2 2028 | 5.6 | 82.4 | \$269, 101.74 (\$18,288.47) |
| 3M – Payment 6 | Q2 2029 | 5.0 | 87.4 | \$285,430.73 (\$16,328.99) |
| 3M – Payment 7 | Q2 2030 | 3.4 | 90.8 | \$296,534.44 (\$11,103.71) |
| 3M – Payment 8 | Q2 2031 | 3.4 | 94.2 | \$307,638.15 (\$11,103.71) |
| 3M – Payment 9 | Q2 2032 | 3.0 | 97.2 | \$317,435.54 (\$9,797.39) |
| 3M – Payment 10 | Q2 2033 | 2.8 | 100.0 | \$326,579.77 (\$9,144.23) |

*Net in each payment, and net paid overall are estimated values based on percentages and may vary slightly.

Total of Client's Adjusted Base Scores for PWS reflected herein: 3,265,797.75

Projected Net Value (\$0.10 per ABS point) paid through 2033: \$326,579.78

*****Settlement Disbursement Statement*****

Date: November 19, 2025

From: Environmental Litigation Group

Settling Defendant: DuPont

Client: Cleveland County Water

PWS ID(s): NC0123055

Claims Administrator Batch ID(s): DuPont_Phase 1_Batch 1

Total paid (single payment): \$37,556.67

DuPont (2025)

Payment Received¹ from Claims Administrator: **\$37,556.67**

Less Contractual Fees (25%) **-\$9,389.17**

| | |
|--|------------|
| Environmental Litigation Group (12.5%) | \$4,694.59 |
| Tim Moore Attorney at Law (4.17 %) | \$1,564.86 |
| The Miller Law Group (4.17 %) | \$1,564.86 |
| The Duggan Law Firm (4.17 %) | \$1,564.86 |

NET TO CLIENT: **\$28,167.50**

¹ Pursuant to the master settlement agreement and related Court orders, the payment amount received is reduced by common benefit fees, adjusted by interest earned by the Qualified Settlement Fund from which claims administration fees and costs were withheld from the gross settlement value by the Claims Administrator. The amount withheld is reflected on this disbursement statement. Pursuant to Court order, and as noted herein, the contractual attorney's fees have been reduced by 8% as a credit for the Common Benefit / Class Counsel fees.

I, Cleveland County Water ("Client"), have read the above Settlement Disbursement Statement, acknowledge that it complies with paragraph 2 (Fees and Expenses) of the Retainer Agreement entered December 4, 2023 ("Retainer"), and state that I have the authority to sign on behalf of Client.

On behalf of Client, I acknowledge that this disbursement is made from one or more Public Water System Settlements approved by the Honorable Richard Mark Gergel as fair, reasonable, and adequate in connection with the Aqueous Film-Forming Foam (AFFF) Product Liability Litigation (MDL 2873) pending in the United States District Court for the District of South Carolina.

On behalf of Client, I acknowledge that a Court-appointed Claims Administrator received program registrations from over 5,200 public water systems and over 3,500 submissions from Phase One Claimants which account for over 16,000 water source claims.

On behalf of Client, I acknowledge that, consistent with Judge Gergel's orders, the Claims Administrator evaluated these submissions and awarded each claim an Adjusted Base Score.

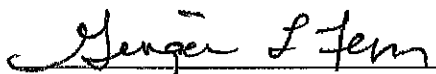
On behalf of Client, I acknowledge that Client's projected gross settlement value is based upon its *pro rata* portion of the aggregate Adjusted Base Scores from all eligible claimants and, in the case of 3M Company, the payment schedule which runs through 2033.

On behalf of Client, I authorize the above stated items to be withheld from the present value of this settlement and paid as set forth above.

On behalf of Client, I acknowledge that pursuant to Judge Gergel's orders (MDL Dkt. #s 4959, 5011), the contractual attorney's fees have been reduced by 8% as a credit for the Common Benefit / Class Counsel fee.

On behalf of Client, I further certify that our attorneys have explained this Settlement Disbursement Statement, answered any questions, and that we have received a copy thereof.

REVIEWED:


Representative of Cleveland County Water