



Minutes

Board of Commissioners Work Session and Budget Workshop

7 p.m. May 27, 2026

Board Meeting Room, Town Hall Annex, 105 E. Corbin St.

Present: Mayor Mark Bell and commissioners Meaghun Darab, Robb English, Kathleen Ferguson and Matt Hughes

Absent: Commissioner Evelyn Lloyd

Staff: Budget Director Emily Bradford, Planning and Economic Development Manager Shannan Campbell, Administrative Services Director Jen Della Valle, Assistant Town Manager and Community Services Director Matt Efird, Budget and Management Analyst Josh Fernandez, Information Technology Manager Chris Johnston, Town Attorney Bob Hornik, Town Clerk and Human Resources Technician Sarah Kimrey, Communications Specialist JC Leser-McMinn, Town Manager Eric Peterson and Chief of Police Jason Winn

1. Opening of the work session

Mayor Mark Bell called the meeting to order at 7 p.m.

2. Agenda changes and approval

Motion: Commissioner Kathleen Ferguson moved to approve the agenda as presented. Commissioner Meaghun Darab seconded.

Vote: 4-0.

Motion: Ferguson moved to open the public hearing. Commissioner Matt Hughes seconded.

Vote: 4-0.

3. Public hearing

- A. Public Hearing to Receive Public Comment on Adoption of an Ordinance Imposing a 60-day Development Moratoria on Data Centers as a Land Use

No members of the public were present to offer comment.

Motion: Hughes moved to close the public hearing. Ferguson seconded.

Vote: 4-0.

4. Items for decision - consent agenda

- A. Miscellaneous budget amendments and transfers
B. Proclamation – LGBTQ+ Pride Month
C. Proclamation – Gun Violence Awareness Day

Motion: Hughes moved to approve all items on the consent agenda. Ferguson seconded.

Vote: 4-0. Nays: 0.

5. In-depth discussion and topics

A. Ordinance Imposing a Temporary Moratoria on Development Approvals for Data Centers, Cryptocurrency Mining Operations, and Any Use Associated with Data Center Processing Facilities within the Town of Hillsborough

Planning and Economic Development Manager Shannan Campbell explained that the town's Unified Development Ordinance does not currently recognize data centers as a defined land use, and that additional time is needed to study the issue and develop appropriate ordinance language. The board agreed that the moratorium was a prudent step to allow for thoughtful policy development.

Motion: Darab moved to adopt the ordinance imposing a 60-day moratoria on data centers. Ferguson seconded.

Vote: 4-0.

B. SecureNC Partnership with the North Carolina Department of Information Technology

Information Technology Manager Chris Johnston presented a proposed Memorandum of Understanding with the North Carolina Department of Information Technology (NCDIT) to participate in the SecureNC program, which provides access to the Tanium cybersecurity platform at no cost to the town. He explained that the program offers endpoint visibility and vulnerability management tools and would operate as a supplement — not a replacement — to the town's existing managed service provider tools.

Key points addressed during the discussion included:

- Updated MOU language clarifying that town data would not be used to train the state's models.
- The nature of NCDIT's "sanitized" visibility into the town's environment is limited to aggregate vulnerability reporting rather than access to underlying data.
- If funding ends, the town could independently contract with Tanium but would do so outside of the state's purchasing umbrella.

Motion: Ferguson moved to authorize the town manager to execute the updated SecureNC Memorandum of Understanding with the North Carolina Department of Information Technology. Hughes seconded.

Vote: 4-0.

C. Fiscal Year 2027 Budget Workshop #2

The board continued discussion on the town's proposed Fiscal Year 2027 budget. Staff presented recommendations on several fee categories and outstanding items from the first workshop. The board reached consensus on several adjustments.

Fees:

The board agreed to increase park shelter and athletic field rental fees, which had not seen a meaningful rate adjustment in several years. After discussion about market rates and cost recovery, the board reached consensus on the following revised rates:

- Gold Park large picnic shelter — Increased to \$30 per rental period for residents and \$60 for non-residents.
- Gold Park athletic fields — Increased to \$25 per hour for residents and \$50 per hour for non-residents.

Nonprofit Partnerships:

The board continued to discuss funding for local nonprofits and changed the following planned allocations in the Fiscal Year 2027 budget:

- Orange County Congregations in Mission — Increased to \$21,000
- Orange County Arts Alliance — Reduced to \$0

The Arts Alliance was awarded \$10,000 from the Hillsborough Tourism Development Authority at its May meeting.

The town board directed the Hillsborough Arts Council to the Hillsborough Tourism Board and Tourism Development Authority for fund requests in excess of \$15,000.

Property Tax:

The board continued discussion on the town's tax rate, recommending a 2-cent increase to 53.3 cents to:

- Avoid using savings to fund the Fiscal Year 2027 budget and ensure adequate funds are available to respond to future needs and natural disasters.
- Reduce future tax rate increases related to major projects such as the train station, Ridgewalk greenway and downtown fire station.
- Prepare for possible state-imposed property tax restrictions.

For property owners, the tax increase means \$7.50 per month for those with a \$450,000 home.

Town Manager Eric Peterson offered broader remarks on the fiscal outlook heading into the Fiscal Year 2028 budget cycle, noting the strain on staff from flat hiring over multiple years and a growing workload. He indicated that the upcoming strategic plan update would focus on identifying internal barriers to efficiency and on doing fewer things more effectively, rather than expanding services.

6. Committee updates and reports

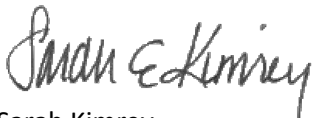
Board members gave updates on the committees and board on which they serve.

7. Adjournment

Motion: Ferguson moved to adjourn at 8:44 p.m. Hughes seconded.

Vote: 4-0.

Respectfully submitted,



Sarah Kimrey
Town Clerk

Staff support to the Board of Commissioners

Budget Adjustment Report

Adjustment Detail

For Date Range: 05/27/2026 - 05/27/2026

Town of Hillsborough, NC

Account Number	Account Name	Packet Number	Post Date	Original Budget	Budget Adjustments Amount	Current Budget
Adjustment Number	Adjustment Description					
Budget Code: 2025-2026 - Budget 2025-2026 Fiscal: 2025-2026						
Fund: 10 - GENERAL						
Revenue						
Department: 3980 - DEBT ISSUANCE PROCEEDS						
10-30-3980-3900100	POWELL BILL FUND BALANCE APPROPRIATION			0.00	-4,000.00	-4,000.00
BA0000407	Powell Bill Mapping - State of NC	GLPKT03771	05/27/2026		-4,000.00	
Department 3980 Total:				0.00	-4,000.00	-4,000.00
Revenue Total:				0.00	-4,000.00	-4,000.00
Expense						
Department: 4100 - GOVERNING BODY						
10-10-4100-5300041	ATTORNEY FEES			90,000.00	9,832.00	99,832.00
BA0000402	Cover legal expenses	GLPKT03720	05/27/2026		2,332.00	
BA0000403	Cover legal fees through June	GLPKT03722	05/27/2026		7,500.00	
10-10-4100-5300080	TRAINING/CONF/CONV			24,660.00	-7,500.00	17,160.00
BA0000403	Cover legal fees through June	GLPKT03722	05/27/2026		-7,500.00	
10-10-4100-5300570	MISCELLANEOUS			4,500.00	-2,332.00	2,168.00
BA0000402	Cover legal expenses	GLPKT03720	05/27/2026		-2,332.00	
Department 4100 Total:				119,160.00	0.00	119,160.00
Department: 4600 - COMMUNICATIONS						
10-10-4600-5300080	TRAINING/CONF/CONV			8,000.00	1,858.00	9,858.00
BA0000405	Cover Comms training and conferences	GLPKT03730	05/27/2026		1,858.00	
10-10-4600-5300570	MISCELLANEOUS			6,400.00	-1,858.00	4,542.00
BA0000405	Cover Comms training and conferences	GLPKT03730	05/27/2026		-1,858.00	
Department 4600 Total:				14,400.00	0.00	14,400.00
Department: 5100 - POLICE						
10-20-5100-5300080	TRAINING/CONF/CONV			19,700.00	2,000.00	21,700.00
BA0000409	Cover per diem for training	GLPKT03786	05/27/2026		2,000.00	
10-20-5100-5300140	TRAVEL/VEHICLE ALLOTMENT			2,000.00	-2,000.00	0.00
BA0000409	Cover per diem for training	GLPKT03786	05/27/2026		-2,000.00	
10-20-5100-5300310	GASOLINE			65,000.00	8,800.00	73,800.00
BA0000408	Cover gasoline costs	GLPKT03772	05/27/2026		8,800.00	
10-20-5100-5300424	CS - SANCT DIGITAL-S SOFTWARE			1,363.00	-1,300.00	63.00
BA0000408	Cover gasoline costs	GLPKT03772	05/27/2026		-1,300.00	
10-20-5100-5300447	CS - COPIER			6,000.00	-1,100.00	4,900.00
BA0000408	Cover gasoline costs	GLPKT03772	05/27/2026		-1,100.00	
10-20-5100-5300458	DATA PROCESSING SERVICES			39,515.00	-2,000.00	37,515.00
BA0000408	Cover gasoline costs	GLPKT03772	05/27/2026		-2,000.00	
10-20-5100-5300463	CS - OC ANIMAL CONTROL			88,184.00	-2,900.00	85,284.00
BA0000408	Cover gasoline costs	GLPKT03772	05/27/2026		-2,900.00	
10-20-5100-5300574	MISC - POLICE DOG			4,100.00	-1,500.00	2,600.00
BA0000408	Cover gasoline costs	GLPKT03772	05/27/2026		-1,500.00	
Department 5100 Total:				225,862.00	0.00	225,862.00
Department: 5400 - ENGINEERING SERVICES						
10-30-5400-5300113	LICENSE FEES			20,320.00	-10,500.00	9,820.00
BA0000415	Cover Engineering expenses through year-e...	GLPKT03809	05/27/2026		-10,500.00	
10-30-5400-5300330	SUPPLIES - DEPARTMENTAL			300.00	1,000.00	1,300.00

Budget Adjustment Report

For Date Range: 05/27/2026 - 05/27/2026

Account Number	Account Name	Packet Number	Post Date	Original Budget	Budget Adjustments	Current Budget
Adjustment Number	Adjustment Description				Amount	
BA0000415	Cover Engineering expenses through year-e...	GLPKT03809	05/27/2026		1,000.00	
10-30-5400-5300455	CS - ENGINEERING			0.00	9,500.00	9,500.00
BA0000415	Cover Engineering expenses through year-e...	GLPKT03809	05/27/2026		9,500.00	
Department 5400 Total:				20,620.00	0.00	20,620.00
Department: 5600 - STREETS						
10-30-5600-5300760	POWELL BILL			330,000.00	4,000.00	334,000.00
BA0000407	Powell Bill Mapping - State of NC	GLPKT03771	05/27/2026		4,000.00	
Department 5600 Total:				330,000.00	4,000.00	334,000.00
Department: 6300 - PUBLIC SPACE						
10-10-6300-5300154	MAINT - GROUNDS			253,556.00	3,000.00	256,556.00
BA0000411	Cover Public Space grounds maintenance	GLPKT03795	05/27/2026		3,000.00	
10-10-6300-5300570	MISCELLANEOUS			7,000.00	-3,000.00	4,000.00
BA0000411	Cover Public Space grounds maintenance	GLPKT03795	05/27/2026		-3,000.00	
Department 6300 Total:				260,556.00	0.00	260,556.00
Department: 6600 - SAFETY & RISK MANAGEMENT						
10-10-6600-5300113	LICENSE FEES			1,200.00	-200.00	1,000.00
BA0000404	Cover gasoline for Safety and Risk	GLPKT03729	05/27/2026		-200.00	
10-10-6600-5300158	MAINT - EQUIPMENT			13,000.00	20,275.00	33,275.00
BA0000406	Cover ArcFlash study at WWTP for new elect...	GLPKT03752	05/27/2026		20,275.00	
10-10-6600-5300310	GASOLINE			1,000.00	200.00	1,200.00
BA0000404	Cover gasoline for Safety and Risk	GLPKT03729	05/27/2026		200.00	
10-10-6600-5300332	SUPPLIES - OSHA			50,000.00	-10,275.00	39,725.00
BA0000406	Cover ArcFlash study at WWTP for new elect...	GLPKT03752	05/27/2026		-10,275.00	
10-10-6600-5300572	SAFETY AWARDS PROGRAM			10,000.00	-10,000.00	0.00
BA0000406	Cover ArcFlash study at WWTP for new elect...	GLPKT03752	05/27/2026		-10,000.00	
Department 6600 Total:				75,200.00	0.00	75,200.00
Expense Total:				1,045,798.00	4,000.00	1,049,798.00
Fund 10 Total:				1,045,798.00	0.00	1,045,798.00
Fund: 30 - WATER/SEWER						
Revenue						
Department: 3900 - FUND BALANCE APPROPRIATION						
30-80-3900-3900000	FUND BALANCE APPROPRIATION			-675,666.00	-755.00	-676,421.00
BA0000413	Cover Utilities CS & Innovation Awards	GLPKT03802	05/27/2026		-755.00	
Department 3900 Total:				-675,666.00	-755.00	-676,421.00
Revenue Total:				-675,666.00	-755.00	-676,421.00
Expense						
Department: 7200 - ADMINISTRATION OF ENTERPRISE						
30-80-7200-5350580	CUSTOMER SERVICE & INNOVATION AWARD			4,000.00	755.00	4,755.00
BA0000413	Cover Utilities CS & Innovation Awards	GLPKT03802	05/27/2026		755.00	
Department 7200 Total:				4,000.00	755.00	4,755.00
Department: 8120 - WATER TREATMENT PLANT						
30-80-8120-5300112	POSTAGE			100.00	150.00	250.00
BA0000412	Cover lab supplies and postage for WTP year...	GLPKT03796	05/27/2026		150.00	
30-80-8120-5300158	MAINT - EQUIPMENT			88,400.00	-12,150.00	76,250.00
BA0000412	Cover lab supplies and postage for WTP year...	GLPKT03796	05/27/2026		-12,150.00	
30-80-8120-5300327	SUPPLIES - LAB			30,000.00	12,000.00	42,000.00
BA0000412	Cover lab supplies and postage for WTP year...	GLPKT03796	05/27/2026		12,000.00	
Department 8120 Total:				118,500.00	0.00	118,500.00
Department: 8140 - WATER DISTRIBUTION						
30-80-8140-5300112	POSTAGE			100.00	-100.00	0.00
BA0000401	Supplies and parts for upcoming work	GLPKT03713	05/27/2026		-100.00	

Budget Adjustment Report

For Date Range: 05/27/2026 - 05/27/2026

Account Number	Account Name	Packet Number	Post Date	Original Budget	Budget Adjustments	Current Budget
Adjustment Number	Adjustment Description				Amount	
30-80-8140-5300145	MAINT - BUILDINGS			2,000.00	-907.01	1,092.99
BA0000401	Supplies and parts for upcoming work	GLPKT03713	05/27/2026		-907.01	
30-80-8140-5300154	MAINT - GROUNDS			36,000.00	-4,391.26	31,608.74
BA0000401	Supplies and parts for upcoming work	GLPKT03713	05/27/2026		-4,391.26	
30-80-8140-5300158	MAINT - EQUIPMENT			21,000.00	-4,316.34	16,683.66
BA0000401	Supplies and parts for upcoming work	GLPKT03713	05/27/2026		-4,316.34	
30-80-8140-5300326	SUPPLIES - PATCH			8,000.00	-2,000.00	6,000.00
BA0000401	Supplies and parts for upcoming work	GLPKT03713	05/27/2026		-2,000.00	
30-80-8140-5300330	SUPPLIES - DEPARTMENTAL			120,000.00	12,814.61	132,814.61
BA0000401	Supplies and parts for upcoming work	GLPKT03713	05/27/2026		12,814.61	
30-80-8140-5300351	RENTAL - EQUIPMENT			2,000.00	-1,100.00	900.00
BA0000401	Supplies and parts for upcoming work	GLPKT03713	05/27/2026		-1,100.00	
Department 8140 Total:				189,100.00	0.00	189,100.00
Department: 8200 - WASTEWATER COLLECTION						
30-80-8200-5300112	POSTAGE			50.00	-50.00	0.00
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		-50.00	
30-80-8200-5300145	MAINT - BUILDINGS			2,000.00	50.00	2,050.00
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		50.00	
30-80-8200-5300165	MAINT - INFRASTRUCTURE			160,000.00	21,656.81	181,656.81
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		21,656.81	
30-80-8200-5300320	SUPPLIES - OFFICE			2,000.00	-1,789.94	210.06
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		-1,789.94	
30-80-8200-5300323	SUPPLIES - CHEMICALS			500.00	-500.00	0.00
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		-500.00	
30-80-8200-5300326	SUPPLIES - PATCH			8,000.00	-4,110.00	3,890.00
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		-4,110.00	
30-80-8200-5300330	SUPPLIES - DEPARTMENTAL			70,000.00	5,450.00	75,450.00
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		5,450.00	
30-80-8200-5300331	SUPPLIES - SAFETY			1,500.00	-11,128.35	-9,628.35
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		-11,128.35	
30-80-8200-5300416	CS - ROOT CONTROL SERVICE			20,000.00	-8,984.34	11,015.66
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		-8,984.34	
30-80-8200-5300570	MISCELLANEOUS			3,000.00	-594.18	2,405.82
BA0000414	Cover overages in Wastewater Collection	GLPKT03803	05/27/2026		-594.18	
Department 8200 Total:				267,050.00	0.00	267,050.00
Expense Total:				578,650.00	755.00	579,405.00
Fund 30 Total:				-97,016.00	0.00	-97,016.00
Budget Code 2025-2026 Total:				948,782.00	0.00	948,782.00

Budget Adjustment Report

Description

Fund Summary

Description	Fund	Original Budget	Budget Adjustments	Current Budget
Budget Code: 2025-2026 - Budget 2025-2026 Fiscal: 2025-2026				
	10	1,045,798.00	0.00	1,045,798.00
	30	-97,016.00	0.00	-97,016.00
Budget Code 2025-2026 Total:		948,782.00	0.00	948,782.00

APPROVED: 4/0

DATE: 5/27/26

VERIFIED: *Shan E. Kinney*



PROCLAMATION LGBTQ+ Pride Month

WHEREAS, all are welcome in the Town of Hillsborough to live, work, and play, and every family deserves a place to call home where they are safe, happy, accepted and supported; and

WHEREAS, the Town of Hillsborough denounces prejudice and discrimination based on age, gender identity, gender expression, race, religion, marital or familial status, national origin, immigration status, sexual orientation, or physical attributes as an affront to our fundamental principles; and

WHEREAS, Pride Month began in June of 1969 on the one-year anniversary of the Stonewall Uprising in New York City after Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ+) and allied friends rose and fought against the constant police harassment and discriminatory laws that have since been declared unconstitutional; and

WHEREAS, throughout much of the history of the United States, same-sex relationships were criminalized in many states and many LGBTQ+ people in the United States were forced to hide their LGBTQ+ identities while living in secrecy and fear, including under previous policies such as "Don't Ask, Don't Tell"; and

WHEREAS, LGBTQ+ people in the United States face disparities in employment, healthcare, education, housing, and many other areas central to the pursuit of happiness in the United States; and

WHEREAS, numerous states have no explicit ban on discrimination based on sexual orientation and gender identity in the workplace (16), housing (18), public accommodations (21), and in schools (25); and

WHEREAS, there are members of the North Carolina General Assembly who remain insistent on attempting to pass legislation that prohibits LGBTQ+ people, especially transgender youth, from living authentic, thriving lives; and

WHEREAS, Hillsborough has historically offered support to the LGBTQ+ community by extending same-sex partner benefits to town employees before the legalization of same-sex marriage and officially opposing the 2012 amendment to the North Carolina Constitution defining marriage as being between one man and one woman; and

WHEREAS, Hillsborough first proclaimed LGBTQ+ Pride Month in 2019 at the suggestion of the town's first out member of the Board of Commissioners; and

WHEREAS, Hillsborough became the first municipality in North Carolina to pass a non-discrimination ordinance after the sunset of House Bill 142 to extend vital protections to LGBTQ+ individuals in our town; and

WHEREAS, the Town of Hillsborough appreciates the cultural, civic, and economic contributions of the LGBTQ+ community which strengthens our collective community and social welfare; and

WHEREAS, it is imperative that young people in our community, regardless of sexual orientation, gender identity, and expression, feel valued, safe, empowered, and supported by their community; and

WHEREAS, despite being marginalized, LGBTQ+ people continue to celebrate authenticity, acceptance, and love;

NOW, THEREFORE, I, Mark Bell, mayor of the Town of Hillsborough, do hereby proclaim the month of June as "LGBTQ+ Pride Month" and urge residents to recognize the contributions made by members of the LGBTQ+ community and to actively promote the principles of equality, liberty, and justice in the Town of Hillsborough.

IN WITNESS WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hillsborough to be affixed this 27th day of May in the year 2026.



Mark Bell

Mark Bell Mayor
Town of Hillsborough



PROCLAMATION

National Gun Violence Awareness Day

WHEREAS, every day, more than 120 Americans are killed by gun violence and more than 200 are shot or wounded; and

WHEREAS, Americans are 26 times more likely to be murdered with guns than people in other developed countries; and

WHEREAS, North Carolina ranks 23rd amongst states for gun deaths in the United States with an average of 1,636 deaths every year with 54% of gun-related deaths by suicide; and

WHEREAS, in 2025, the Town of Hillsborough experienced one accidental shooting resulting in bodily injury, one assault with a deadly weapon inflicting serious injury, one suicide, and one robbery at gunpoint; and

WHEREAS, support for the Second Amendment rights of law-abiding citizens goes hand-in-hand with keeping guns away from dangerous people; and

WHEREAS, together with our neighbors in Orange County, Carrboro, and Chapel Hill, the Town of Hillsborough supports efforts to enact commonsense gun safety laws and educate the community on gun safety; and

WHEREAS, anyone can join this campaign by pledging to wear orange on Friday, June 5th to help raise awareness about gun violence; and

WHEREAS, by wearing orange on June 5th, Americans will raise awareness about gun violence and honor the lives and lost human potential of Americans stolen by gun violence; and

WHEREAS, we renew our commitment to reduce gun violence and pledge to do all we can to keep firearms out of the wrong hands and encourage responsible gun ownership to help keep our children safe;

NOW, THEREFORE, I, Mark Bell, mayor of the Town of Hillsborough, do hereby proclaim June 5, 2026, as "National Gun Violence Awareness Day" in the Town of Hillsborough and encourage everyone to support their local communities' efforts to prevent the tragic effects of gun violence and to honor and value human lives.

IN WITNESS WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hillsborough to be affixed this 27th day of May in the year 2026.



Mark Bell

Mark Bell, Mayor
Town of Hillsborough



ORDINANCE

Imposing a Temporary Moratoria on Development Approvals for Data Centers, Cryptocurrency Mining Operations, and Any Use Associated with Data Center Processing Facilities within the Town of Hillsborough

WHEREAS, pursuant to N.C. General Statute § 160D-107 local governments may adopt an ordinance authorizing a temporary moratorium on any development approvals required by law; and

WHEREAS, the Hillsborough Board of Commissioners passed a Resolution of Intent on May 11, 2026, indicating that they intended to take up the question of whether to adopt a temporary moratoria on processing applications or approving permits for “data centers” at a public hearing to be conducted on May 27, 2026; and

WHEREAS, the Town of Hillsborough Unified Development Ordinance does not specifically define “data center,” “cryptocurrency mining,” “data processing facility,” and other similar or associated uses as a specific use; and

WHEREAS, the Unified Development Ordinance does not consider the impact of the aforementioned uses on existing town infrastructure and how the impact will affect utility extensions; and

WHEREAS, at its May 27, 2026 regular meeting, the town board held a legislative public hearing regarding this moratoria in accordance with N.C. General Statute § 160D-601; and

WHEREAS, the town board believes such a moratorium will protect the public interest and welfare of the residents of the Town of Hillsborough until such regulations regarding the aforementioned uses are adopted, and until the town can assess the potential impact of such uses on utility extensions made pursuant to the Unified Development Ordinance.

NOW, THEREFORE, the Hillsborough Board of Commissioners ordains:

Section 1. A temporary moratoria is hereby imposed commencing on May 28, 2026 and expiring no later than July 27, 2026, unless further extended after notice and hearing as required by 160D-107 or on approval of new zoning regulations regarding data centers, data processing facilities, cryptocurrency mining, and any other uses associated with data processing facilities not yet defined by the Hillsborough Unified Development Ordinance. The moratorium specifically includes the corporate limits of the Town of Hillsborough, its extraterritorial jurisdiction and any future Town of Hillsborough planning area as depicted on the Town of Hillsborough Land Use Map. For the purposes of this moratorium, a “data center” or “data processing facility” refers to a building, a dedicated space within a building, or group of buildings housing computer systems and associated components, such as telecommunication and data processing systems, to be used for remote storage, processing, or distribution of large amounts of data. Examples of such data include, but are not limited to, computationally intensive applications such as cryptocurrency mining, artificial intelligence computing, weather modeling, genome sequencing, application hosting, cloud storage, video and technical streaming services, etc. Such facilities may include air handlers, power generators, water cooling and storage facilities, utility substations, and other infrastructure to support operations.

This moratorium shall not apply to data processing equipment or server rooms that are clearly incidental and subordinate to a permitted principal use and are intended solely to support on-site operations of such principal use, provided such equipment or server rooms comply with all

other applicable provisions of the Hillsborough Unified Development Ordinance. Such principal use may include, but is not limited to, hospitals, medical facilities, financial institutions, offices, educational institutions, or similar uses, as long as such data processing activities are not offered as a primary service to off-site users. Projects classified as exempt in accordance with N.C. General Statute 160D- 107(c) are also excluded from this moratorium as a matter of law.

Section 2. In compliance with the requirements of N.C. Gen. Stat. 160D-107 the Town makes the following statements:

(1) Data centers, data processing facilities, cryptocurrency mining operations, and any other uses associated with data processing facilities require considerable amounts of electricity, land, and water, and their operation can result in exceedingly high greenhouse gas emissions, harmful decibel levels that exceed safe hearing limits and cause chronic sleep disturbances, the creation of heat islands, widespread pollutant exposure from backup diesel generators, e-waste, and other local impacts to residents and communities living near the facilities. The Hillsborough Planning and Economic Development Division is in the process of gathering information based upon which to develop zoning standards and mitigation methods for these intensive land use types which may cause detrimental harm to the natural environment and the quality of life of town residents. The town seeks time to develop such standards. The town has looked at alternative solutions to a moratorium, such as but not limited to immediately amending its Unified Development Ordinance to address the data center use, but found such alternatives to not be practical. The town has determined that to simply allow this intensive land use to be permitted without regard to location, height, size, density, population, industry, residence or other purpose would be counter to the stated goals of the Town of Hillsborough Comprehensive Sustainability Plan.

(2) The Unified Development Ordinance table of permitted uses does not currently include "data centers" nor does the ordinance provide a definition of this use or similar uses. The town seeks to update the Unified Development Ordinance definition section and table of uses to specifically define "data center," "data processing facility," and "cryptocurrency mining operation" as a specified land uses. The town further seeks to review the Town of Hillsborough Code of Ordinances to address the potential impact on infrastructure and utility extension. Therefore, the town seeks to place a moratorium on the use of property within the Town of Hillsborough planning jurisdiction for data centers, data processing facilities, cryptocurrency mining, and any other uses associated with data processing facilities for a period of sixty (60) days or until such time that specific land use standards for these uses can be developed. All applications for development approvals for data centers, data processing facilities, cryptocurrency mining operations, and any uses associated with data processing facilities are subject to the moratorium.

(3) The moratorium shall begin May 28, 2026 and shall end on July 27, 2026, unless further extended after notice and hearing as required by N.C. General Statute 160D-107 or upon adoption of a Unified Development Ordinance text amendment addressing the land uses of data centers, data processing facilities, cryptocurrency mining, and associated uses and any necessary amendments to the Town of Hillsborough Code of Ordinances to address utility extension, whichever comes first. This sixty (60) day moratorium is necessary to allow sufficient time for the Hillsborough Planning and Economic Development staff to study these uses and their impacts, to consider zoning standards and mitigation methods and to prepare an amendment to the Unified Development Ordinance to address data centers, data processing facilities, cryptocurrency mining, and other uses associated with data processing facilities, as well as to allow the town to adopt any needed amendments to the Hillsborough Code of Ordinances to address utility extension for these high impact uses prior to the expiration of the moratorium.

(4) Hillsborough Planning and Economic Development staff will study the impacts of data centers, data processing facilities, cryptocurrency mining, and any other uses associated with data processing facilities on communities within the first thirty (30) days of the moratorium. Concurrently, the Planning and Economic Development Staff will investigate how other communities in North Carolina and across the United States have addressed these impacts through zoning regulations. Planning and Economic Development staff will develop appropriate land use regulations designed to mitigate negative impacts associated with land uses described as data centers, data processing facilities, cryptocurrency mining operations, and any other uses associated with data processing facilities. Subsequently, in the final thirty (30) days, the town expects to consider and adopt a series of text amendments to the Unified Development Ordinance and any necessary amendments to the Town of Hillsborough Code of Ordinances to address utility extensions and other issues, following such legislative process or processes as required by law for adoption. It is anticipated that research, policy development, and legislative processes necessitate an adequate moratorium limit of sixty (60) days.

- Section 3.** If any section, subsection, sentence, phrase, or part of this ordinance is declared invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this ordinance. The Board of Commissioners hereby declares that it would have passed this ordinance, and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.
- Section 4.** All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.
- Section 5.** This ordinance shall become effective upon adoption.

The foregoing ordinance, having been submitted to a vote, received the following vote and was duly adopted this 27th day of May in the year 2026.

Ayes: 4

Noes: 0

Absent or excused: 1



Sarah E. Kimrey

Sarah E. Kimrey, Town Clerk