

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

JANUARY 17, 2001

1. Call to Order and Roll Call:

The regular monthly meeting of the Board of the Metropolitan Sewerage District was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, January 17, 2001. Chairman Blackburn presided with the following members present. Aceto, Ball, Bryson, Field, Gantt, Graham, Kelly, Pace, Sobol and Venable.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill of McGill Associates, P.A., David Nicholson, Gary Tweed and Marilyn Gordon of Henderson County, Jim Fatland, Stan Boyd, Ann LeMieux, Ed Bradford and Sondra Honeycutt, MSD.

2. Approval of Minutes of the December 13, 2000 Meeting:

Ms. Bryson moved that the minutes of the December 13, 2000 meeting be approved as presented. Mr. Gantt seconded the motion. Voice vote was unanimous in favor of the motion.

3. Discussion and Adjustment of Agenda:

None

4. Public Comment:

None

5. Report of General Manager:

Mr. Hartye reported that each month he would inform the Board of what is happening in and around the District and provide follow-up information on previous Board or Committee items. He presented information regarding the Consolidated Office Building (tentative moving schedule and kiosk), Request for Proposals for Underwriters, Recently Bid Projects (Vernel St. and Middlemont Avenue), Royal Pines Drive Project and Black Mountain Projects and Public Meeting.

Mr. Sobol asked if certified letters have been sent to property owners who will be affected by work in the Tomahawk Basin. Mr. Hartye stated that certified letters would be sent to property owners with whom the District negotiated with for

rights-of-way and would be done during Phase III of the project. He further stated that Phase I Linings (trenchless) is being done within the existing MSD easement, but that door-hangers will be placed closer to the time of construction.

6. Report of Committee Chairs:

With no Committee reports, Mr. Blackburn appointed Mr. Gantt to serve on the Personnel Committee and requested that the Committee meet to elect a Chairman. Ms. Ball expressed her willingness to serve on both the Personnel and Construction Committees. Mr. Pace asked members to notify him if they are interested in serving on the Right of Way Committee.

7. Consolidated Motion Agenda:

a. Consideration of Annual Meeting Dates:

Staff recommends approval.

Minutes

January 17, 2001

Page Two

b. Consideration of Resolution Designating Authorized Officers:

Staff recommends approval.

c. Consideration of Resolution Authorizing Signing of Checks:

Staff recommends approval.

d. Consideration of Amendment to Purchasing Policy:

Staff recommends deleting the reference to Deputy General Manager's titles and adding Director of Finance and Capital Improvement Program to the District's Purchasing Policies and Procedures.

e. Cash Commitment/Investment Report for Period Ended 11/30/00:

Presented as information only.

f. Continuing Disclosure:

Presented as information only.

Mr. Kelly moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Sobol seconded the motion. Mr. Blackburn referenced item e. (Cash Commitment/Investment Report), which was reformatted to give a breakdown of total investments and total unencumbered funds. With no discussion, roll call vote was as follows: 11 Ayes; 0 Nays.

1. Consideration of Mills River Interceptor Allocation Request:

Mr. Hartye reported that on December 3, 2000 he received a letter from the Henderson County Board of Commissioners requesting that MSD hold in reserve an additional 400,000 GPD to be allocated on a case-by-case basis for projects outside the original Cane Creek Water & Sewer District Boundary (CCWSD). He stated that the current agreement with MSD for the CCWSD holds in reserve 1.35 MGD allocation for projects within its original boundaries. Allocations that are posted against this reserve do not pay fees. MSD gives allocations to facilities outside the original boundary on an as needed basis, subject to availability and to payment of the MSD facility fee. He presented a map showing the original CCWSD boundaries and the proposed Mills River Interceptor, which should result in an additional flow of 100,000 gallons per day from existing businesses and packaged wastewater treatment plants as soon as it is constructed. He briefly discussed the amount of funding Henderson County has received for this project and the required payment of facility fees for new connections.

Mr. Nicholson reported that initially, the new Mills River Interceptor was considered because of a serious septic problem at a nearby school. As a result, Henderson County has received \$1.5 million in federal funds and \$.5million from the Clean Water Management Trust Fund toward this project. Also, money was received from the ADM Fund and the School Capital Fund. He stated that because substantial growth is expected along the new interceptor, a Land Use Study is being done and Henderson County is actively marketing the area. He further reported that he would present a proposal from Camp Dresser and McKee (CDM) to his Board to add Henderson County on to MSD's Master Plan. He stated that the purpose of the proposal is to more accurately determine the amount of flow coming out of Henderson County and the amount of flow the MSD can expect.

Minutes

January 17, 2000

Page Three

He then recognized Ms. Marilyn Gordon, Vice Chairman of the Henderson County Board of Commissioners.

Ms. Gordon stated that in addition to serving as Vice-Chairman of the Henderson County Commission, she serves as Chairman of the Cane Creek Water & Sewer District Advisory Committee. She further stated that Henderson County appreciates its relationship with the MSD and is hopeful that they can continue to coordinate their planning efforts to insure the needed capacity for Northern Henderson County.

Mr. Blackburn stated that staff recommends the following:

1. MSD accept additional flow from Mills River Interceptor subject to available capacity and payment of facility fees.
2. MSD and Henderson County investigate the possible expansion of MSD into Henderson County.
3. Henderson County and MSD work together with CDM to identify sewer issues in North Henderson County and their impact on MSD.
4. MSD and Henderson County meet with ITT and pursue payment of the facility fee.

Mr. Clarke stated that the original agreement with Cane Creek said that MSD would accept flow from CCWSD, but the agreement was always subject to available capacity within the District. He further stated that the amendment said the District would allocate additional flows subject to available capacity and subject to payment of capacity depletion fees. Accordingly, MSD does not have to take any formal action to accept the flow from the Mills River area. It can do so under the terms of the existing agreement. A discussion was held regarding the need for regional planning, the importance of the Master Plan in providing insight into what is happening and a clarification on the total allocation needs.

Mr. Aceto asked for a clarification on each of the four recommendations made by staff and how they should be addressed. He requested that the next Planning Committee be scheduled with the understanding that a representative of Henderson County be present and that staff be prepared to suggest ways the District can approach the possible expansion of MSD into Henderson County (item 2).

Mr. Aceto requested an update on Item 4. Mr. Boyd reported that he and Mr. Tweed met with the new Plant Manager of Continental Teves (ITT) who was not aware of the situation, but was very cooperative and said he would look into the problem and report back. Mr. Hartye stated that it was the consensus of staff that one more attempt would be made to resolve the issue and then take legal action if necessary. With regard to item 3., Mr. Aceto stated that the Committee needs to discuss what CDM is being asked to do. Mr. Tweed reported that he met with CDM to discuss not only the Mills River project, but other interceptor projects Henderson County is looking at.

Mr. Blackburn suggested that Mr. Aceto contact representatives from Henderson County to attend the Planning Committee. Mr. Venable asked if the Planning Committee should tell CDM what it wants them to

Minutes

January 17, 2000

Page Four

investigate, or should the Planning Committee be looking for information from CDM after their work is complete. Mr. Blackburn stated that the Committee should meet to discuss what CDM has been told to do. Mr. Hartye stated that engineering is not the only issue. Legal, legislative and political issues are also involved. Mr. Venable referenced a memo from the General Manager and General Counsel regarding Item 4., which includes a statement that there is some disagreement between Henderson County and ITT as to who actually owes the \$30,000 facility fees. Mr. Clarke stated that a number of incentives were given to ITT when its facility was constructed, and as far as Henderson County is aware, payment of facility fees was not one of them. Mr. Nicholson stated that Henderson County's agreement with ITT clearly states that ITT is responsible for any fees.

9. Old Business:

Mr. Venable asked when CDM would make a report to the Board. Mr. Hartye stated that meetings are scheduled with the Citizens Participation

Committee and CIP Committee for February 1, with a report to the Board February 21 to address wastewater flows and where growth will occur.

10. New Business:

With regard to the previous discussion, Mr. Kelly stated that he feels the Board should keep in mind that it's the Metropolitan Sewerage District of Buncombe County and before it gets too involved in helping Henderson County and regionalism it should take care of Buncombe County first.

Mr. Blackburn announced that the next meeting of the Board is scheduled for Wednesday, February 21, 2001 at 2:00 p.m.

Mr. Kelly announced that he, Mr. Blackburn, Mr. Fatland and Mr. Hartye would meet to review Request for Proposals from Bond Underwriters to be followed by a meeting of the Finance Committee in February.

11. Adjournment:

With no further business, Mr. Venable moved for adjournment at 2:55 p.m. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

Jackie W. Bryson, Secretary/Treasurer