

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

DECEMBER 18, 2002

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, December 18, 2002. Chairman Blackburn presided with the following members present: Aceto, Ball, Bryson, Field, Gantt, Pace, Sobol and Venable. Ms. Graham and Mr. Kelly were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill and Danny Bridges of McGill Associates, Leah Karpen and Bette Jackson with the League of Women Voters, True Morris with Mission/St. Joseph's Hospital, Wayne Marshall with Gould Killian CPA Group, Tony McCully with Enviro Systems, John Kiviniemi, Stan Boyd, Martha Zeigler, Ed Bradford and Sondra Honeycutt, MSD.

2. Approval of Minutes of the November 20, 2002 Meeting:

Mr. Venable moved that the Minutes of the November 20, 2002 Meeting be approved as presented. Ms. Bryson seconded the motion. Voice vote in favor of the motion was unanimous.

3. Discussion and Adjustment of Agenda:

Mr. Sobol asked that Item 6.b of the Consolidated Motion Agenda be pulled for further discussion. Mr. Blackburn pulled Item 6.c for discussion in the Finance Committee report.

Mr. Blackburn welcomed those guests in attendance.

4. Informal Discussion and Public Comment:

None

5. Report of General Manager:

Mr. Hartye presented information regarding Reading; Kenilworth; Good Communication and Happenings.

Mr. Hartye presented articles that appeared in Water World regarding the Environmental Protection Agency (EPA) and the General Accounting Office (GAO) examination of the funding gap. He also presented an editorial on how sewer studies help utilities comply with the Governmental Accounting Standards Board (GASB) Statement 34.

With regard to Kenilworth, Mr. Hartye reported that the District is proceeding with a small lining project, which feeds into the Ross Creek line just above Kenilworth Lake.

Regarding Good Communications, Mr. Hartye presented a letter commending Jeff Eckerich, Joe Tarrant and Jason Capizzi of MSD's System Services Division for a job well done and a letter of appreciation for Dennis Lance and Plant staff from a visiting engineer who toured the facility.

Mr. Hartye reported that the Employee Christmas Luncheon was very successful and well attended and that the annual Health Fair would be held at the Woodfin Community Center December 19th.

Minutes

December 18, 2002

Page Two

Mr. Venable quoted a paragraph from the Editor of Water World stating that "I believe these reports, requested by Congress to help with budgeting consideration, send the message that the looming infrastructure funding crisis is more a matter of inadequate management and planning and not primarily a funding issue". Mr. Venable asked Mr. Sobol if this issue has anything to do with the Committee he serves on (AMSA Task Force on Wastewater Infrastructure Financing). Mr. Sobol stated that it does indirectly, but the only way to get the attention of Congress for this type of funding is to tie it in to a jobs creation program, which will help the economy. He asked for Mr. McGill's help on this issue and stated that the AMSA Taskforce will meet again in January to formalize this effort. Mr. Sobol further stated that the amount of funds necessary is \$500 billion over a twenty-year period. Mr. McGill stated that in addition to the economic impacts, its important to build some mass between the agencies so there is strength in numbers.

6. Report of Committee Chairs:

Right of Way Committee

Mr. Pace reported that the Right of Way Committee met November 20, 2002 to consider the compensation budget for Fairway Drive/Tomahawk Basin Rehabilitation.

Personnel Committee

Mr. Venable reported that the Personnel Committee met today and agreed to recommend to the full Board that the General Manager's compensation be increased by 2.5%, which was the same as the employee Cost of Living increase made in July. He stated that the Board uses compensation to show employees they are doing a good job, but in this case and given the current economy, its difficult to use compensation to show appreciation. He further stated that the 2.5% in no way reflects the way the Committee feels about the job Mr. Hartye has done during the past year. Also, the Committee agreed to re-evaluate the General Manager on a fiscal year rather than a calendar year basis. Mr. Venable moved that the Board approve the recommendation of the Personnel Committee to increase the General Manager's salary by 2.5%. Mr. Pace seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays. Mr. Venable moved that the Chairman of the Board and Chairman of the Personnel Committee be authorized to work out the change in evaluation for the General Manager from a calendar year to fiscal year. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous. Ms. Field stated that Mr. Hartye proposed to the Personnel Committee that he receive the same increase as the rest of the employees and feels he should be commended for this action.

Finance Committee

In the absence of Mr. Kelly, Mr. Hartye reported that the Finance Committee met December 2, 2002 to consider the Budget Calendar for FY 03-04, Financial Statements for year ending June 30, 2002 and Continuing Disclosure. He further reported that the Committee recommends the Board approve the Comprehensive Annual Financial Report (CAFR) for year ended June 30, 2002. With regard to page 24, paragraph 2, Deposits and Investments, Mr. Venable asked why there is such a large difference in the amount of deposits this year (\$5,837,693.00) compared to last year (\$131,000.00). Mr. Marshall stated that the difference could be attributed to the release of a large amount of checks at year-

Minutes

December 18, 2002

Page Three

end or a large deposit that had not cleared. Ms. Zeigler added that the District issued bonds in December 2001, which is money that had not been spent. Ms. Ball asked if there is any mention made in the CAFR that the audit was clean. Mr. Marshall referenced page 63 (Summary of Auditor's Results) and stated that the auditors had issues an "unqualified opinion", which has the same meaning. With no further discussion, Mr. Pace moved that the Board approve the CAFR as presented. Ms. Ball seconded the motion. Voice vote in favor of the motion was unanimous.

7. Consolidated Motion Agenda:

a. Consideration of Compensation Budget - Fairway Drive/Tomahawk Basin Rehabilitation:

Mr. Hartye reported that the Right of Way Committee recommends approval of the Compensation Budget.

b. Consideration of Cost Participation in Sewer Rehabilitation Project - Mission Hospital/Biltmore Avenue Sewer Rehabilitation:

Mr. Hartye reported that the Mission Hospital/Biltmore Avenue sewer rehabilitation project was constructed by Mission/St. Joseph's Health System and was accepted for MSD ownership by the Board on November 20th. He further reported that the project included the replacement of

approximately 928 linear feet of existing 6" public sewer with 10" DIP sewer, which was needed to accommodate the hospital expansion. He stated that the total cost of the project is \$143,184.15 and the 50% cost participation of \$71,592.08 is based on the cost sharing evaluation. He further stated that staff recommends MSD participate in 50% of the construction cost in the amount of \$71,592.08. Mr. Sobol moved that the Board approve the recommendation of staff. Mr. Pace seconded the motion. A discussion was held regarding the form used to determine cost participation in a project. Mr. Morris expressed his appreciation to the Board for its consideration and to staff for their cooperative involvement. Mr. Venable asked if this project would have been moved up in the CIP if not for the new addition. Mr. Hartye stated the line would have been eventually replaced, but it was not on the CIP. With no further discussion, roll call vote was as follows: 9 Ayes; 0 Nays.

c. Presentation of Comprehensive Annual Financial Report for FY 2002:

Approved in the Report of the Finance Committee.

d. Cash Commitment/Investment Report for Period Ended 10/31/02:

Mr. Hartye reported that the unencumbered balance is \$3,081,703.00.

Mr. Gantt moved that the Board approve Item a. of the Consolidated Motion Agenda as presented. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

8. Old Business:

None

Minutes

December 18, 2002

Page Four

9. New Business:

None

10. Adjournment:

With no further business, Mr. Venable moved for adjournment at 2:30 p.m. Mr. Pace seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer