

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
FEBRUARY 16, 2005**

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 PM, Wednesday, February 16, 2005. Vice Chairman, Mike Sobol opened the meeting with the following members present: Aceto, Bellamy, Bissette, Bryson, Gantt, Graham, Kelly, Pace, VeHaun and Venable. Ms. Ball was absent.

Others present were: Stan Boyd, Director of Engineering Services, William Clarke, General Counsel, Gary McGill and Forrest Westall with McGill Associates, Larry Frost with DENR, Joseph Martin with Woodfin Sanitary Water & Sewer District, Martha Zeigler, Ed Bradford, Ann LeMieux, John Kiviniemi, Peter Weed, Mike Butler and Sondra Honeycutt, MSD

Mr. Sobol welcomed new Board Member, Mr. Louis Bissette, who was appointed by the City of Asheville. He also welcomed, Mr. Frost, Mr. Martin and Mr. Westall. Mr. Sobol expressed congratulations to Ms. Bellamy on the birth of her baby girl.

2. Election of Chairman:

Mr. Sobol nominated Mr. Aceto for Chairman. Mr. Venable seconded the motion. Mr. Paced moved that the nominations be closed. Mr. Gantt seconded the motion. Voice vote in favor of both motions was unanimous.

Mr. Aceto expressed his appreciation to the Board and recognized Brady Blackburn for his excellent service as Chairman of the Board. He stated that Mr. Blackburn helped the Board strike a good balance between its leadership and independence of the Staff and hoped to continue that balance. He further stated that he respects the opinions of the Board, since each Member brings something unique and valuable to the table.

3. Approval of Minutes of the January 19, 2005 Meeting:

Mr. Gantt moved that the minutes of the January 19, 2005 Meeting be approved as presented. Mr. Venable seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

Ms. Bellamy requested that Item e. (developer constructed sewer systems) of the Consolidated Motion Agenda be pulled due to a potential conflict of interest.

5. Informal Discussion and Public Comment:

None

6. Report of General Manager:

In the absence of Mr. Hartye, Mr. Boyd presented information regarding Industrial Workshop, Kudos, Leadership Center, Good Correspondence and Board/Committee Meetings.

Mr. Boyd reported that an Industrial Workshop was held February 4th to discuss permit issues. He stated that the workshop was well attended with 31 people representing 21 out of 23 of MSD's permitted industries. Mr. Boyd

expressed appreciation to Monty Payne, Jon VanHoff and the Industrial Waste Staff for their efforts in putting the workshop together.

Mr. Boyd reported that each year the YWCA recognizes the contributions of women in management through their Tribute to Women of Influence program. He recognized Ms. Ziegler who was recently selected as an Honoree.

Mr. Boyd reported that Mr. Hartye is attending a course given by the Leadership Center (an AWWA, WEF and AMSA combined effort for Utility Managers) at UNC Business School from February 13 – 25th.

Regarding Good Correspondence, Mr. Boyd presented a note from Elizabeth Johnson expressing her appreciation to Nathan Scruggs, MSD's Construction Inspector for good customer service, and a letter from County Parks and Recreation recognizing MSD's Construction Administration Staff and Contractor on the Lake Julian project.

Mr. Boyd reported that the Right of Way Committee will meet February 23rd at 2PM and the next regular meeting of the Board will be held March 16th at 2PM.

7. Report of Committees:

Right of Way Committee

Mr. Pace called on Mr. Sobol for a report since he was not present at the meeting. Mr. Sobol stated the report is as written in the Minutes of the Right of Way Committee.

8. Consolidated Motion Agenda:

Mr. Boyd went over the following items:

a. Consideration of Compensation Budget – Brucemont Place Phase 2 Rehabilitation Project:

Mr. Boyd reported that the Right of Way Committee recommends approval of the Compensation Budget for Brucemont Place – Phase 2.

b. Consideration of Compensation Budget – Delaware Avenue Rehabilitation Project:

Mr. Boyd reported that the Right of Way Committee recommends approval of the Compensation Budget for Delaware Avenue.

c. Consideration of Compensation Budget – Nesbitt Drive Rehabilitation Project:

Mr. Boyd reported that the Right of Way Committee recommends approval of the Compensation Budget for Nesbitt Drive.

d. Consideration of Construction without Easement – Upper Ross Creek Rehabilitation Project:

Mr. Boyd reported that the Right of Way Committee recommends authority to construct without a recorded easement on the Upper Ross Creek Rehabilitation Project.

e. Consideration of Acceptance of Developer Constructed Sewer System – Caldwell Property and Northpoint Commons:

Mr. Boyd reported that Staff recommends acceptance of the developer constructed sewer systems and that all MSD requirements have been met. This item will be considered separately as requested by Ms. Bellamy.

f. Report on First Six Months Revenues and Expenditures:

Presented as information only.

g. Report on First Six Months Liability Insurance Plan Performance:

Mr. Aceto called on Ms. Zeigler for an explanation of MSD's Liability Claims History and graphs. Ms. Zeigler reported that the Liability Claims History shows a breakdown of claims and the cost of each. She stated that sewer backups (the greater portion of claims) are down, which is primarily due to the continued efforts of the System Services and CIP Divisions. She further stated that although the total number of claims is down, the reason for the increase in the amount of the claims is due to hurricanes in September. Mr. Pace noted that during the last 10 years MSD has prioritized its work based on need instead of doing one large project at a time, which has helped to eliminate SSO's.

h. Second Quarter City of Asheville Billing Report:

Mr. Venable asked why the Second Quarter adjustments are so high. Mr. Zeigler stated that the adjustments are due to an increase in water usage for cleanups during the hurricanes. Mr. Kelly asked Ms. Zeigler if she is satisfied with the accuracy of the reports from the City of Asheville. Ms. Zeigler stated yes, because the City's Auditors have not made any adjustments to the final quarter in the past two years.

i. Six-month City of Asheville:

Presented as information only.

j. Cash Commitment/Investment Report – Month Ended December 31, 2004:

Ms. Zeigler stated that the Cash Commitment/Investment report includes results from MSD's Investment Advisor, which includes a Summary of Asset Transactions, Value and Income by Maturity, Month End Portfolio and Investment Portfolio information. Mr. Venable asked why MSD is holding close to \$10 million in the Money Market account. Ms. Zeigler stated that she has not looked at cash projection for the next quarter and wanted to make sure there is enough money to cover expenses. Mr. Venable asked if the MSD has any say in how funds held by the Bond Trustee are invested. Ms. Zeigler said yes. She stated that MSD has guaranteed investment contracts and MSD directs Trustee as to how it should invest funds held for the District. She further stated that the reason cost is so large at December 31, 2004 is because MSD has to pay interest and principal at that time.

Ms. Bryson moved that the Board approve items a.b.c.d.f.g.h.i.j. of the Consolidated Motion Agenda. Mr. Pace seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

Regarding Item e. (developer constructed sewer systems) Mr. Aceto excused Ms. Bellamy from voting. With no discussion, Mr. Kelly moved that the Board approve the recommendation of staff. Mr. Venable seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

9. Old Business:

None

10. New Business:

A discussion was held regarding dates for the Board Retreat and whether it was better to hold it during the week or on the weekend. Ms. Graham suggested that the Retreat be held in the Boardroom instead of another location. Mr. Aceto stated that Staff will set a date after the Board is polled for a specific date during the last week. Mr. Venable asked who will facilitate the meeting. Mr. Aceto stated that Mr. Hartye will facilitate with the help of Mr. McGill. He further stated that the purpose of the Retreat is to bring everyone up to date on what is in the Master Plan; what has been accomplished and what is left to be done.

11. Adjournment:

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

Jackie W. Bryson, Secretary/Treasurer

