

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
JANUARY 19, 2011**

**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, January 19, 2011. Chairman Aceto presided with the following members present: Bellamy, Bisette, Bryson, Haner, Kelly, Root, Russell, VeHaun and Watts. Mr. Creighton and Mr. Stanley were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Inc., Joseph Martin with Woodfin Sanitary Water & Sewer District, Stan Boyd, Ed Bradford, Jim Hemphill, Scott Powell, Peter Weed, John Kiviniemi, Barry Cook, Angel Banks, Julie Willingham and Sondra Honeycutt, MSD.

**2. Inquiry as to Conflict of Interest:**

Mr. Aceto asked if there were any conflicts of interest with the agenda items. Mr. Bisette stated that he had a conflict with Item b. (The Settings of Black Mountain) of the Consolidated Motion Agenda and asked to be excused from voting on this item. Mr. Bisette was excused from deliberation and voting on this item.

**3. Approval of Minutes of the December 15, 2010 Meeting:**

Mr. Aceto asked if there were any changes to the Minutes of the December 15, 2010 Board Meeting. With no changes, the minutes were approved by acclamation.

**4. Discussion and Adjustment of Agenda:**

None.

**5. Informal Discussion and Public Comment:**

Mr. Aceto welcomed Mr. Martin.

**6. Report of the General Manager:**

Mr. Hartye presented a telephone message from Harry Riva at 53 Cedar Trail expressing his appreciation for work done on his property by Randy Mull, Mike Rice, John Crowe, Marcus Bynum, Carl Ellington and Jason Price.

Also, Mr. Lewis Solomon of 38 Euclid Boulevard wanted to thank MSD, in particular Herman Shelton, for the quick response to a problem even though it was with his plumbing and Lynn Hills of 106 Eastwood Avenue called commending both Grady Brooks and the crew of Randy Mull and Mike Rice on how quickly they responded, and with the work they performed.

Mr. Hartye reported that MSD received a complaint against an employee in response to a situation in Biltmore Forest and that disciplinary action has been taken.

Mr. Hartye reported the District has once again been granted the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. He expressed his appreciation to Teresa Gilbert and Scott Powell.

Mr. Hartye presented a Mountain Express article on the MSD Cost Sharing Proposal. Ms. Bryson pointed out that the first part of paragraph 9 was incorrect.

As requested by a few Board Members, Mr. Hartye presented a video of MSD System Services employees performing part of their Operations Challenge, prior to the State AWWA-WEA State Convention. Mr. Hartye stated that the demonstration took place at the MSD and it was their best time at 1:22, and was very competitive with the national best time. He reported that a large part of the Operations Challenge, they had never seen before and they still came in second place.

Mr. Hartye reported that the next meeting of the Board will be held February 16<sup>th</sup> at 2 p.m. and the next Right of Way Committee Meeting will be held February 23<sup>rd</sup> at 9 a.m.

**7. Consolidated Motion Agenda:**

**a. Consideration of Annual Meeting Dates:**

Mr. Hartye reported that in addition to the dates presented, the Budget Calendar will be presented at the next meeting, showing Committee meeting dates.

**b. Consideration of Developer Constructed Sewer Systems: Ledford Development; Reems Creek Master Plan Phase II and The Settings of Black Mountain Phase III.**

Mr. Hartye reported that the Ledford Development Sewer Extension project is located at the intersection of New Leicester Highway and Elida Home Road and included the installation of approximately 47 linear feet of 8" gravity sewer to serve a commercial shopping center. Staff recommends acceptance of the developer constructed sewer system and all MSD requirements have been met.

Mr. Hartye reported that the Reems Creek Master Plan Phase II project is located in Reems Creek just outside of Weaverville. He stated that MSD designed, permitted and obtained right of way and construction was administered by the developer Windsor-Aughtry Company, Inc. The on-site sewer system within the development will be submitted at a later date for acceptance of ownership by MSD. He further stated that the estimated cost for Phase II is \$507,496.00. The Board originally approved reimbursement funding in the amount of \$224,349.99 on October 24, 2007. Per the agreement, \$75,383.50 of these funds has been provided to the developer to date. The remaining \$148,966.49 of funding is to be provided upon acceptance of the system. Staff recommends acceptance of the developer constructed sewer system. (All MSD Requirements have been met) and authorization for the General Manager to disperse \$148,966.40 to Windsor-Aughtry Company, Inc. for the remaining cost reimbursement funds on the project.

Mr. Hartye reported that The Settings of Black Mountain Phase III project is located off Lakey Gap Road in the Town of Black Mountain. The project included the installation of approximately 1,372 linear feet of 8" gravity sewer to serve a seventeen (17) unit residential development. Staff recommends acceptance of the developer constructed sewer system. All MSD requirements have been met.

**c. Consideration to Open a Public Funds Money Rate Savings Account with BB&T:**

Mr. Powell reported the District has an opportunity to diversify its banking position while achieving a .16% higher rate of return on short-term funds with a BB&T Public Fund Money Rate Savings Account. He stated the fund is fully collateralized with the State; will yield .50% rate of return, contingent to having \$5 million dollars invested in the account, and the District will have full access to the funds with a minimum of up to six (6) withdrawals a month. Additional withdrawals will cost the District \$2.00 each. He further stated that moving the funds from Bank

of America to the BB&T product will diversify the District's short-term banking position while meeting standards outlined in the District's Investment Policy. Therefore, staff recommends approval of the banking resolution which establishes the aforementioned account. Ms. Bellamy asked if the District removed all of its funds from First Citizens Bank. Mr. Powell said no, the District still has a banking relationship with both First Citizens Bank as well as Home Trust Bank. Mr. Kelly asked if this is being done because it's in the best interest of the District, not because it's in the best interest of any particular bank. Mr. Powell said because it's in the best interest of the District. BB&T had the best vehicle to achieve a higher rate of return on short-term funds. Mr. Russell asked why the District is not moving all \$9.6 million over to BB&T, since it would earn an additional \$8,000 in interest. Mr. Powell stated the reason all of this money was at Bank of America is because of the Stand-by Bond Purchase Agreement. However, if the Board would like to move all \$9.6 million to BB&T this can be done, but the Operating Account in the amount of \$1.3 million would have to stay with Bank of America, since it is a condition of the Agreement. Also, Bank of America provided a .10% basis point reduction in the District's most recent Liquidity Agreement, which netted the District \$54,000 in savings. Mr. Clarke stated the last time the District had a Stand-by Letter of Credit, which is the liquidity facility for the variable rate bonds, a condition of getting the money was that all funds had to stay with Bank of America, but that has changed. He further stated that it is in the District's best interest to maintain a banking relationship with Bank of America since it will have to go back and get another Letter of Credit in a couple of years. Mr. Powell said that will take place in three years. Following a brief discussion, Mr. Aceto reiterated the benefits of opening an account with BB&T while maintaining a relationship with Bank of America.

**d. Cash Commitment/Investment Report – Month Ended November 30, 2010:**

Mr. Powell reported that Page two presents the makeup of the District's Investment Portfolio, with no change from the prior month. Page three is the Investment Manager Report as of the month of December. The weighted average maturity of the investment portfolio is 147 days. The yield to maturity is .91% and is exceeding bench marks of the 6-month T-Bill and NCCMT cash portfolio. Page four is an analysis of Cash Receipts. Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts compared to their respective fiscal periods. Facility and Tap fees percentage is high in relation to previous years due to the conservative nature of budgeting soft revenue sources. Page five is an Analysis of Expenditures. O&M, Debt Service, and Capital Project expenditures are considered reasonable based on historical trends. Page Six is the Variable Debt Service report. Both the 2008 A&B Series bonds are performing better than budgeted expectations. As of December, both issues have saved District customers approximately \$3.4 million dollars in debt service from April, 2008 to December, 2010.

Ms. Bellamy moved that the Board adopt the Consolidated Motion Agenda as presented, with the exception of Item b. (The Settings of Black Mountain). Mr. VeHaun seconded the motion. With no discussion, Mr. Aceto called for the question. Roll call vote was as follows: 10 Ayes; 0 Nays.

Mr. Russell moved that the Board adopt Item b. (The Settings of Black Mountain) of the Consolidated Motion Agenda. Ms. Bellamy seconded the motion. With no discussion, Mr. Aceto called for the question. Roll call vote was as follows: 9 Ayes; 0 Nays. Mr. Bissette was excused from voting.

**8. Old Business:**

None

**9. New Business:**

A discussion was held regarding recognition for Leah Karpen.

**10. Adjournment:**

With no further business, Mr. Aceto called for adjournment at 2:30 p.m.

---

Jackie W. Bryson, Secretary/Treasurer

# MSD

## Regular Board Meeting

Metropolitan Sewerage District  
of Buncombe County, NC

## AGENDA FOR 1/19/11

✓	Agenda Item	Presenter	Time	
	Call to Order and Roll Call	Aceto	2:00	
	01. Inquiry as to Conflict of Interest	Aceto	2:05	
	02. Approval of Minutes of the December 15, 2010 Board Meeting.	Aceto	2:10	
	03. Discussion and Adjustment of Agenda	Aceto	2:15	
	04. Informal Discussion and Public Comment	Aceto	2:20	
	05. Report of General Manager	Hartye	2:25	
	06. Consolidated Motion Agenda		2:40	
	a. Consideration of Annual Meeting Dates.	Hartye		
	b. Consideration of Developer Constructed Sewer Systems: Ledford Development; Reems Creek Master Plan Phase II; The Settings of Black Mountain Phase III.	Hartye		
	c. Consideration to Open a Public Funds Money Rate Savings Account with BB&T.	Hartye		
	d. Cash/Commitment Investment Report Month Ending November 30, 2010.	Hartye	2:55	
	07. Old Business:	Aceto	3:00	
	08. New Business:	Aceto	3:05	
	09. Adjournment (Next Meeting February 16, 2011)	Aceto	3:10	

# MINUTES

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
DECEMBER 15, 2010**

**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 15, 2010. Chairman Aceto presided with the following members present: Bellamy, Bissette, Bryson, Creighton, Haner, Kelly, Root, Russell, Stanley, VeHaun and Watts.

Others present were: Thomas E. Hartye, General Manager, Marjorie Mann, Roberts & Stevens, Gary McGill with McGill Associates, Inc., Russell Coleman of Cherry, Bekaert & Holland, L.L.P., Joseph Martin with Woodfin Sanitary Water and Sewer District, Esther Manheimer, Jennifer Mazza and Cathy Ball, City of Asheville, Mike Plemmons, CIBO, Ben Pace, Christopher George with Mountain Express, Barry Cook, Stan Boyd, Ed Bradford, Peter Weed, Jim Hemphill, Scott Powell, John Kiviniemi, Angel Banks, Ben Reeves, Julie Willingham, Pam Thomas and Sondra Honeycutt.

**2. Inquiry as to Conflict of Interest:**

Mr. Aceto asked if there were any conflicts of interest with the agenda items. Mr. Bissette stated that he had a conflict with Item e. (Carolina Hand Surgery) of the Consolidated Motion Agenda and asked to be excused from voting on this item. Mr. Bissette was excused from deliberation and voting on this item.

**3. Approval of Minutes of the November 17, 2010 Meeting:**

Mr. Aceto asked if there were any changes to the Minutes of the November 17, 2010 Board Meeting. Mr. Watts moved that the Minutes be approved as presented. Mr. Stanley seconded the motion. Voice vote in favor of the motion was unanimous.

**4. Discussion and Adjustment of Agenda:**

Mr. Aceto stated that Mr. Plemmons of CIBO requested the opportunity to address the Board regarding the impact of the proposed Planning Committee Item i. of the Consolidated Motion Agenda, on small developers.

Mr. Plemmons reported that Mr. Hartye and others attended CIBO's Issues Meeting on December 3, 2010 to discuss MSD's proposals concerning revenue sharing for sewer extensions constructed by member agencies and private developers, but because of bad weather, they have not been able to address this issue. He stated that CIBO had planned to get a group of small to medium developers together to look at this policy to see if this is something they could really use, and feels these two groups could utilize the policy more so than large developers. Therefore, CIBO is asking for a delay of one month to get these groups together. He further stated that CIBO was the group that put this together and pushed hard to get the parties to the table, and do not want anything to damage MSD. If it's not a "net positive" to MSD, CIBO does not want it. He reminded the Board of the Incinerator project where there were groups that wanted to compost all sewer sludge, but CIBO pushed for the incinerator. He stated that CIBO appreciates the work MSD does and wants to be part of this process. He further stated that MSD, along with other authorities, could be an economic push for the area and would appreciate a delay in this matter.

As a result of CIBO's presentation, and in the absence of Mayor Bellamy, Mr. Russell moved that the Board table Item i. (revenue sharing for sewer extensions) of the Consolidated Motion Agenda and allow CIBO and impacted developers time to look at the proposal. Mr. Root seconded the motion. Mr. Haner said he is not in favor of tabling the vote, but instead have the Planning Committee assign an ad hoc committee of not only its members, but members of the small business community that know what

constitutes a turning point in the construction and design process. Mr. Bissette said he is willing to table this for one month in order to get comments on the proposal, but does not see the need to appoint a special committee. Mr. Creighton expressed a concern about the delay. He stated that the proposal, as written, is not for small developers, but rather to reimburse for lines. Mr. Kelly asked Mr. Plemmons to define the difference between a small and large developer. Mr. Plemmons said it is difficult to make such a distinction, since CIBO has not had a chance to meet with the developers. Mr. Pace stated that a small developer is three lots or less and there is a big difference. On behalf of the City of Asheville, Ms. Manheimer said she supports the motion if it involves the process whereby the City has an opportunity to make a modification to the current proposal, if the proposal is not acceptable by a majority. She further stated that MSD is very thorough and wants to make sure this is something that can be supported. She suggested considering public and private developments separately. Ms. Manheimer reported that the City of Asheville is about to begin a major project (Azalea Road) which is a large storm water and road project. She stated that if this policy is adopted, the City could also include new MSD lines in the area, which is a pocket in the City that is currently not being served. With no further discussion, Mr. Aceto called for the question. By a show of hands the motion carried with a vote of 6 in favor and 5 against (Mr. Vehaun, Mr. Haner, Mr. Creighton, Ms. Bryson and Mr. Kelly). Ms. Bellamy was absent during the vote. Mr. Bissette suggested that comments from CIBO, the City of Asheville and others be received by January 6<sup>th</sup>. Mr. Creighton announced that he and Mr. Stanley will be out of town for the January Meeting. As a result, Mr. Aceto suggested that this issue be moved to the February meeting of the Board. Mr. Hartye stated that he will forward comments to the Board and Planning Committee Members and decide if another committee meeting is necessary or if the proposal can be changed by amendment. Mr. Haner requested an opinion from Counsel as to whether MSD is exposing itself legally if it draws a line between small and large developers. Mr. Aceto reminded the Board that the current policy does not distinguish a difference between the two.

**5. Informal Discussion and Public Comment:**

Mr. Aceto welcomed other guests, Mr. Coleman, Mr. Martin, Ms. Mazza, Ms. Ball and Mr. George.

**6. Report of General Manager:**

Mr. Hartye reported that the NC AWWA-WEA annual conference was held last month and because some of the staff was not back for the November Board meeting, he wanted to take this opportunity to recognize them. John Kiviniemi was inducted as President of the Association for this upcoming year; Stan Boyd received a lifetime service award, and System Services fielded their first ever team in the Operations Challenge. The "Mountain Tappers" came away with a second place trophy. He expressed his congratulations to the team consisting of Jason Brigmon, Grady Brooks, Shaun Armistead, and Gilbert Karn. Ben Reeves served as Captain and Dave Nisbeth as Coach with Mike Rice and Darin Prosser serving as reserves. Mr. Cook presented the Operations Challenge trophy and stated that in addition to the pipe tapping challenge, staff participated in the pump competition and beat all but one team in the State. He also presented an award given to Jason Brigmon for pipe cutting, which was best in the State. He stated that the team received great support and that he is proud of those who participated in the challenge and proud to be part of the MSD organization.

Mr. Hartye called on Russell Coleman for a presentation on the District's annual audit. Mr. Coleman expressed his appreciation to the Board for entrusting Cherry, Bekeart and Holland with the audit services for 2010. He stated Scott Powell has worked very closely in trying to make sure he is doing what needs to be done and has observed him going through the process of reviewing MSD's financial situation with respect to



financing and banking arrangements. He reported that MSD engaged his firm to not only perform a financial audit, but a compliance audit under Government Auditing Standards and requirements of the Office of Management and Budget, Budget Single Audit Act, because MSD entered into a grant where it has expended more than the base threshold for a single audit.

Mr. Coleman stated that the standards they are required to consider include risk factors which affect fairness of financial statement amounts and disclosures; laws and regulations that could materially affect the financial statements in the event of non-compliance, and major Federal and State financial assistance programs and fraud that could result in a material misstatement in the financial statements. He reported that the audit is complete and they have issued an opinion. The audit was filed with the Local Government Commission before the deadline of October 31. Also, they have issued reports on internal control and compliance with respect to Government Auditing Standards and have issued reports on compliance with the requirements of the Clean Water Act.

Mr. Coleman went over the required communications to the Board of Directors. He stated that this is a pure audit in that Mr. Powell drafted the financial statement and on occasion asked for assistance. He reported that in the concept of MSD's accounting practices, it's the auditor's responsibility to tell the Board about new accounting pronouncements which were adopted this year; GASB Statement No. 51 having to do with easements, and GASB Statement No 53 having to do with derivatives. Also, informing the Board about accounting estimates; allowance for uncollectible accounts; difficulties encountered in performing the audit; corrected and uncorrected misstatements; disagreements with management; management representations; management consultations with other independent accountants, and other audit findings or issues. He stated that no difficulties were encountered in any of the aforementioned communication requirements.

With regard to the Financial Statement Highlights, Mr. Coleman reported that Capital assets increased \$2.7 million after depreciation of \$8.6 million with expansion of collector lines and other projects. Cash increased by \$16.6 million, primarily from day to day operations, but also from sales of investments and interest, much of which goes back into the plant. Long-term debt increased by \$13.2 million through the issuance of new debt for capital construction and refunding other debt. Operating revenues and expenses are consistent with 2009, with some change within categories that offset each other. Net non-operating revenues and expenses decreased the change in net assets by \$228 thousand more in 2010. Capital contributions decreased by \$4.7 million; almost 100% of the decrease in net assets in 2010 over 2009. Mr. Coleman reported that the Cash Flow statement tells more about a public utility than anything else. Operations generated \$14.7 million in cash, after adding depreciation of \$8.6 million and changes in operating assets of \$365 thousand. Capital and related financing activities consumed \$837 thousand, and investing activities provided \$2.7 million.

Mr. Coleman reported that the results of the audits, as of and for the year ended June 30, 2010 is unqualified; it is a clean opinion. No material weaknesses were found in internal control, which includes internal control over administering the Clean Water Act Program, and issued an unqualified opinion on compliance with the requirements of this program. Mr. Coleman stated that the District embarked on a project to look for un-recovered revenue, from people using its services and not paying for it. This generated additional revenue, not only on an immediate basis, but on an on-going basis. As a result they recommend the Board consider the possible creation of a budget/internal audit position. Mr. Aceto asked what the impact was of adding derivatives. Mr. Powell noted Page 23 of the CAFR (Statement of Net Assets) under Noncurrent Assets, which shows the deferred outflow of resources at \$4,324,270 and again under Noncurrent Liabilities. He stated that the interest rate swap is performing as designed and relative impacts will

only be reflected in the Statement of Net Assets going forward. Mr. Coleman stated that Mr. Powell did a detailed calculation to determine the swap fell within certain parameters, which were tested.

Mr. Hartye called on Mr. McGill for a presentation on the treatment plant electrical system improvements.

Mr. McGill reported on the power outage event that occurred in December 2009, due to a tree falling on the Craggy distribution circuit and the events that followed. As a result of this event, the plant generator failed and a sewer overflow occurred behind the Mull building. Since that time, meetings have been held throughout the year between MSD staff, McGill's Electric Services Manager and Progress Energy Engineers to identify possible improvements to the external power supply system and internal improvements to the electrical system inside the plant. He further reported that the initial recommended improvements included upgrade of the existing generator and circuit breaker controls for equipment installation done by Progress Energy. This work is now complete, which allows MSD to operate its generator in a much more efficient manner. MSD entered into a one-year power monitoring agreement with Power Secure to see how real time motoring worked in order to anticipate something that might be coming into the plant without it failing. Also discussions were held with Progress Energy regarding the installation of an automatic circuit transfer switch in the Progress Energy substation to the Broadway Circuit, which will be installed in March, and increase electrical service reliability. Mr. McGill stated that in order to increase on-site standby power, several things at the plant need to be addressed before this can be done. The entrance switchgear needs redesign and upgraded; switchgear cannot be removed from service for maintenance and upgrade; the internal electrical distribution system is also vulnerable to outages; unable to sustain extended outages, and the need for redundant interconnections to increase system reliability.

Mr. McGill presented an aerial photo of the plant showing the substation, stand-by generator and switch gear, which generates power to all plant locations and a diagram of the current Power Distribution Plan. He reported that additional improvements to the electrical system include: alternate power source to intermediate pumps; additional standby power generation and switchgear; main primary circuit reconfiguration; relocation of two current connection points at main switchgear; alternate power source to administration building and backup power to the bar screen facility. He presented a diagram showing proposed improvements to the Power Distribution Plan and explained how it will work. He stated that these improvements do not create loops to operate all the time to give the reliability that is needed, but gives a back-up feed to all critical equipment. He presented a slide showing the costs associated with each of the aforementioned improvements. Mr. Aceto asked if there are other sections of the plant that have potential single point failures that the Board should be made aware of. Mr. McGill stated that they looked at electrical only, but touched on all of the critical components that make treated wastewater go through the plant. Mr. Aceto asked how potential single point failures are located and identified without learning about them the hard way. Mr. McGill said the one last year was odd and hard to identify, but other single point failures are not all electrical. Mr. Kiviniemi said all of the mechanical systems have built-in redundancy as far as multiple pieces of equipment. Mr. McGill said it's easier to identify problems in mechanical systems before they fail, but is different in electrical systems. Mr. Haner asked if the Board needs to take any action on this. Mr. Hartye said this will be incorporated into the CIP next year.

Mr. Hartye continued with his report. He presented an AC-T article on the Environmental Quality Institute and the VWIN Program.

Mr. Hartye reported that the employee Christmas lunch will be held on December 16<sup>th</sup> at 11:30 a.m. and the next regular Board Meeting will be held January 19<sup>th</sup> at 2 p.m. Ms. Bellamy announced that she will be absent from the January meeting.

**7. Report of Committees:**

**a. Right of Way Committee**

Mr. Kelly reported that the Right of Way Committee met December 1, 2010 to consider the compensation budget for the Sunset Drive @ Old Toll Road project; condemnations on the Liberty Street Sewer Rehabilitation project, and offer to purchase - Weaverville #2 force main relocation.

**b. Planning Committee**

Mr. Bissette said he had nothing further to report.

**c. Finance Committee:**

Mr. Kelly reported that the Finance Committee met earlier today to consider a Standby Bond Purchase Agreement with Bank of America for a period of three-years. Staff recommends renewing the Agreement. Mr. Stanley moved that the Board adopt staff's recommendation. Ms. Bellamy seconded the motion. With no discussion, Mr. Aceto called for the question. Roll call vote was as follows: 11 Ayes; 0 Nays. Mr. Russell was absent during the remainder of the meeting.

**8. Consolidated Motion Agenda:**

**a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Rockdale Avenue PRP:**

Mr. Hartye reported that the Rockdale Avenue project is for the replacement of an aged vitrified clay sanitary sewer line located in the Grovemont area of Swannanoa and consists of 2,683 linear feet of 8-inch DIP and 895 linear feet of 12-inch and 16-inch DIP. The following bids were received on December 2, 2010: Ruby Collins, Inc. with a total bid of \$994,345.00; Carolina Specialties Const. Co., with a total bid of \$607,900.00; Disaster Recovery Group with a total bid of \$548,539.00; Huntley Construction Co., with a total bid of \$532,384.00; Blythe Co., with a total bid of \$481,012.40; Terry Brothers Const. Co., Inc., with a total bid of \$452,049.50; T&K Utilities, Inc. with a total bid of \$427,743.00, and Buckeye Construction Co., with a total bid of \$408,486.05. Staff recommends award of this contract to Buckeye Const., Co., Inc. in the amount of \$408,486.05, subject to review and approval by District Counsel.

**b. Consideration of Compensation Budget – Sunset Drive @ Old Toll Road:**

Mr. Hartye reported that the project consists of replacing approximately 500 linear feet of 6" clay and pvc line, with 8" ductile iron pipe. The Right of Way Committee recommends approval of the Compensation Budget.

**c. Consideration of Condemnations – Liberty Street Rehabilitation:**

Mr. Hartye reported that the Right of Way Committee recommends authority to obtain appraisals and proceed with condemnations.

**d. Consideration of Offer to Purchase – Weaverville #2 Force Main Relocation:**

Mr. Hartye reported that Buncombe County is developing a new fire fighters training center on its land adjacent to the MSD pump station at the corner of Riverside Drive and Canoe Lane. The County must relocate the force main across their land to accommodate new buildings. Mr. Hartye stated that this force main relocation/rehabilitation is a future project on MSD's CIP. The Committee recommends authority to purchase the parcel for assemblage with MSD pump station site.

**e. Consideration of Acceptance of Developer Constructed Sewer System for the Carolina Hand Surgery Sewer Extension Project:**

Mr. Hartye reported this project is located inside the District boundary off Caribou Road and included the installation of approximately 300 linear feet of 8" gravity sewer to serve a Medical Office Building. Staff recommends acceptance of the developer constructed sewer system. All MSD requirements have been met.

**f. Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2010:**

Mr. Powell referred to Page 56 of the CAFR (revenues and expenditures budget to actual). He reported that sewer charges were in line with budgeted estimates; facility and tap fees were greater than budget due to a conservative budget based on the softness of that particular market and on making the appropriate changes in that budget. He stated that typically this line item is budgeted very conservatively and continued that being in a recessionary period and did have more development than anticipated during the fiscal year. He further reported that interest and miscellaneous income reflect expected earnings on investments. With regard to the expense side, the District typically achieves a 96% budget to actual ratio on O&M expenditures. This year was 95% due to efficiencies in the utility expense line item, primarily due to the wetness of the season and increase usage of the hydro plant. Capital project expenditures are at approximately 46% of budget, due to placing the secondary microscreen project on hold until FY 11 as well as achieving favorable bids during the year due to the recession. Bond principal and interest actually spent were less than budget due to actual variable interest rates averaging .32% basis points. He stated that during this fiscal year, those numbers were budgeted at 2.5%, and being in a recession, this had a positive impact on the outflow of cash pertaining to debt service. Mr. Aceto asked what happens to the big variance on capital projects. Mr. Powell said this was due to delaying the microscreen project, which was initially budgeted in FY 10, and to not knowing how soft revenues were going to be, and re-budgeted those items in FY 11. Mr. Haner asked if staff's effort in finding sewer connections had an impact on actual revenues. Mr. Powell stated that during the last fiscal year approximately \$100,000 was found and was reflected in that number.

**g. Cash Commitment/Investment Report – Month Ended October 31, 2010:**

**h. Review of Proposed Revisions to MSD Sewer Extension Reimbursement Policy**

Mr. Hartye reported that the Planning Committee recommends that the Board include the policy on documented Failing Septic Tank Emergencies to the Cost Recovery Policy under Reimbursements for Sewer Line Extensions by Others.

**i. Pros and Cons of Proposals Concerning Revenue Sharing for Sewer Extensions Constructed by Member Agencies and Private Developers:**

This item was tabled until the February meeting of the Board.

Ms. Bellamy moved that the Board adopt the consolidated motion agenda as presented, with the exception of Items e. and i. Mr. Root seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

Mr. Stanley moved that the Board adopt Item e. of the consolidated motion agenda. Ms. Bellamy seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays. Mr. Mr. Bissette was excused from voting.

**9. Old Business:**

None

**10. New Business:**

None

**11. Adjournment:**

With no further business, Mr. Aceto called for adjournment at 3:40 p.m.

---

Jackie W. Bryson, Secretary Treasurer

# **REPORT OF GENERAL MANAGER**

## MEMORANDUM

TO: MSD Board

FROM: Thomas E. Hartye, P.E., General Manager

DATE: January 13, 2011

SUBJECT: Report from the General Manager

- Kudos
  - See attached telephone message from Harry Riva at 53 Cedar Trail.
  - Lewis Solomon of 38 Euclid Blvd. wanted to thank MSD for the quick response to his problem even though it was with his plumbing and he still needed to call a plumber. Much thanks to Herman Shelton.
  - Lynn Hills of 106 Eastwood Ave. called commending both Grady Brooks and the crew of Randy Mull and Mike Rice on how quickly they responded and with the work they performed.

- GFOA Distinguished Budget Presentation Award

The District has once again been granted the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. Many thanks to Teresa Gilbert and Scott Powell.

- Reading

Mountain Xpress article on MSD Cost Sharing Proposal.

- Operations Challenge

A few Board Members requested seeing a short video of the MSD System Services folks performing part of their operations challenge. We will show a short clip at the meeting.

- Board/Committee Meetings

The next Regular Board Meeting will be held February 16<sup>th</sup> at 2 pm. The next Right of Way Committee will be held February 23<sup>rd</sup> at 9am.

### Telephone Message

Hey Barry, my name is Harry Riva at 53 Cedar Trail. I just had a manhole cover dug up on my yard over the last couple of days. The guys were Randy Mull, Mike Rice, John Crowe, Marcus Bynum, Carl Ellington and Jason Price. I had landscaping and timbers and rhodendrum, azaleas, and burning bushes and I was just sick they were going to dig this thing up, and those guys come out and dug it up and they did such a cracker jack job, I mean absolutely fantastic. To have some dig in my flower beds and restore it like they did---I have a manhole cover sticking up now that I ain't crazy about that part of it, but they just did such a great job for how far they had to dig. This thing was buried under six or eight feet of landscaping and they had to bring in all kinds of equipment. They did such a great job I told them I was going to call down there and talk to somebody and tell them what they did. Again, they were Mull, Rice, Crowe, Bynum, Ellington and Price. Those guys deserve an "Atta Boy". I gave them one, but they could use one from one of you guys. I appreciate it. If you need to hear it personally again, my name is Harry Riva at 53 Cedar Trail and I appreciate the job ya'll did.





GOVERNMENT FINANCE OFFICERS ASSOCIATION

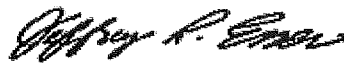
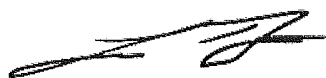
*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Metropolitan Sewerage District of Buncombe County  
North Carolina**

For the Fiscal Year Beginning

**July 1, 2010**



President

Executive Director



## Cost-sharing hiccup Sewer-line-extension policy hits snag in the pipes

by Christopher George

In a 6-5 vote on Dec. 15, the Metropolitan Sewerage District board tabled plans to implement a new cost-sharing policy for sewer-line extensions in new developments and annexed areas until January. Despite getting the go-ahead from the MSD Planning Committee on Dec. 2 (in what was also a close vote), the board heeded a request from the Council of Independent Business Owners that the issue be postponed for a month.

The delay raised the ire of some board members, who promised to skip the Jan. 19 meeting in protest.

If implemented, the "hybrid" plan would create a two-tiered system with differing rules for new public agency and private developments or annexed areas not currently served by MSD (See the Dec. 13 online post "MSD Considers Sharing Cost of Sewer-Line Extensions").

The proposal calls for MSD to contribute 50 percent of its revenue from newly annexed areas and new public-agency developments for up to 10 years, or until the full cost of the line extension is met. For private developments, MSD would contribute 100 percent of its revenues to the developer for five years.

Under the current system, MSD makes payments to whoever pays for running the new line

based on estimated rather than actual revenues.

But the idea was deferred after **Mike Plemmons**, director of the Council of Independent Business Owners, asked the board to delay their vote so his group would have time to craft a presentation on the potential effect of the new cost-sharing plan on small- to medium-sized developers.

"We think [those developers] are the two groups that could probably utilize that policy more so than the large developers," said Plemmons. "I just want to remind everyone that CIBO is the group that put this thing together," he added. "We want to be a part of the process no matter how it goes."


MSD board member (and Asheville City Council member) **Bill Russell** agreed with Plemmons and made a motion to table the proposal. Russell also raised concerns that the full board wasn't present, specifically citing Mayor **Terry Bellamy's** absence.

Board member **Max Haner** disagreed with the delay, arguing that issues regarding small developers could be handled after the motion was passed. "I would be supportive of setting up a process, an ad hoc committee or whatever, to get to where we need to go and not delay this," said Haner.

Asheville City Council member **Esther Manheimer** addressed the board, noting the city's desire to move the process along and willingness

to work with MSD to make the final cost-sharing plan more palatable to everyone involved. "The city would certainly invite another month to talk with you all and work on this, assuming we would have an opportunity to make some changes to this so that it would be supported by a majority," said Manheimer.

MSD board Chair **Steve Aceto** then called for the vote, but Haner and **Bill Stanley** (who is vice chair of the Buncombe County Board of Commissioners) said they would intentionally skip the next meeting in protest. If they follow through, it will bump the final decision on the new policy back to February. Aceto made it clear that the proposal would not be considered unless all members were present. To do otherwise, he said, would imply that "Some board members are more equal than others."

Aceto added that all comments on potential changes to the proposal should be submitted before the board's next meeting on Jan. 19. 

*Freelance writer Christopher George lives in Spartanburg, S.C., where he reports local government news on his blog [FlyingOskar.com](http://FlyingOskar.com).*

## whynew?

by David Forbes

Currently, when the city of Asheville annexes an area or extends sewer service to one already within the city limits, it has to foot the entire bill for building new sewer lines. The city then turns those lines over to the Metropolitan Sewerage District, which collects the fees for providing the service.

Under the proposed cost-sharing agreement, however, that could change. If Asheville installed a new line, the city would get half of MSD's fee revenues from those customers for up to 10 years or until the infrastructure cost was reimbursed, whichever came first.

"It would help offset some of the city's financial situation," City Council member **Esther Manheimer** explains. "With regard to the newer annexations, we were prepared to put in those lines regardless — it's in the plan; we're doing it — but there are some projects that might not be able to happen if this policy is not

adopted. ... It would be very helpful as we try to restructure the city's finances in numerous ways to try to tame some of the shortfall."

Although Manheimer expects the newly GOP-controlled N.C. General Assembly to prohibit involuntary annexation, the new policy would enable Asheville to extend sewer lines to such currently unserved areas as Azalea Road, near the Nature Center.

"Without this policy, for example, we wouldn't be able to run sewer to that pocket," she says.

"I think it's clear that annexation is going to go away in this next legislation, so the benefit is capped. What we're really talking about is the cost associated with what we've got."

The city, she adds, "is working very closely with MSD to come up with a policy acceptable to their board."

*David Forbes can be reached at 251-1333, ext. 137, or at [dforbes@mountainx.com](mailto:dforbes@mountainx.com).*

# **CONSOLIDATED MOTION AGENDA**

**METROPOLITAN SEWERAGE DISTRICT  
ANNUAL MEETING DATES  
2011**

**BOARD MEETINGS – 2:00 PM**

January 19

February 16

March 16

April 20

May 18

June 15

July 20

August 17

September 21

October 19

November 16

December 14

**COMMITTEE MEETINGS - (See Budget Calendar)**

Planning Committee - As needed by notice.

Right of Way Committee - 4th Wednesday of each month at 9 a.m. No meeting in November and the December Meeting will be held on Wednesday 12/7 to avoid the holidays.

Personnel Committee - As needed by notice. (See Budget Calendar)

Finance Committee - As needed by notice (See Budget Calendar)

CIP Committee - Annual – (See Budget Calendar)

Construction Committee - As needed by notice

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

BOARD MEETING DATE: January 19, 2011

SUBMITTED BY: Thomas Hartye, P.E., General Manager

PREPARED BY: David Monteith, Kevin Johnson

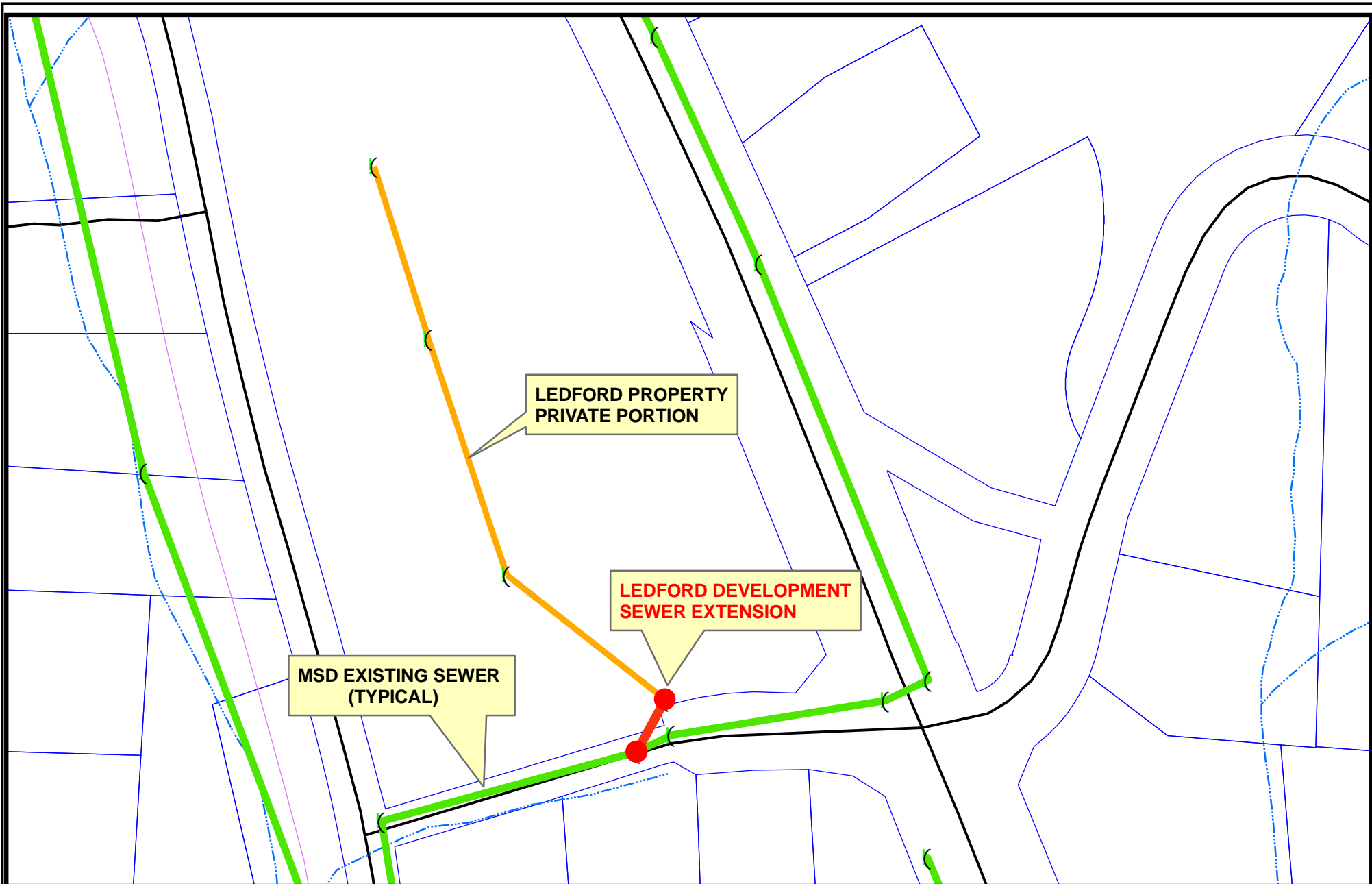
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Ledford Development Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary at the intersection of New Leicester Highway (NC 63) and Eliada Home Road (SR 1318) in the City of Asheville. The developer of the project is James David Ledford. The project included the installation of approximately 47 linear feet of 8" gravity sewer to serve a Commercial Shopping Center. A wastewater allocation was issued in the amount of 18,000 GPD for the project. The estimated cost of the sewer extension is \$6,500.00.

STAFF RECOMMENDATION: Acceptance of developer constructed sewer system.  
(All MSD requirements have been met)

COMMITTEE ACTION TAKEN	
Motion by :	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	
BOARD ACTION TAKEN	
Motion by	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	



**Project # 2006288**

Not To Scale



**METROPOLITAN SEWERAGE DISTRICT**  
of  
BUNCOMBE COUNTY, NORTH CAROLINA

**Ledford Development  
Sewer Extension**

# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**BOARD MEETING DATE:** January 19, 2011

**SUBMITTED BY:** Tom Hartye, P.E. - General Manager

**PREPARED BY:** Mike Stamey, P.E. - Project Manager  
David Monteith

**SUBJECT:** Acceptance of Developer Constructed Sewer System and Cost Reimbursement for Reems Creek Master Plan Interceptor Sewer Extension Phase II - MSD Project 2007293

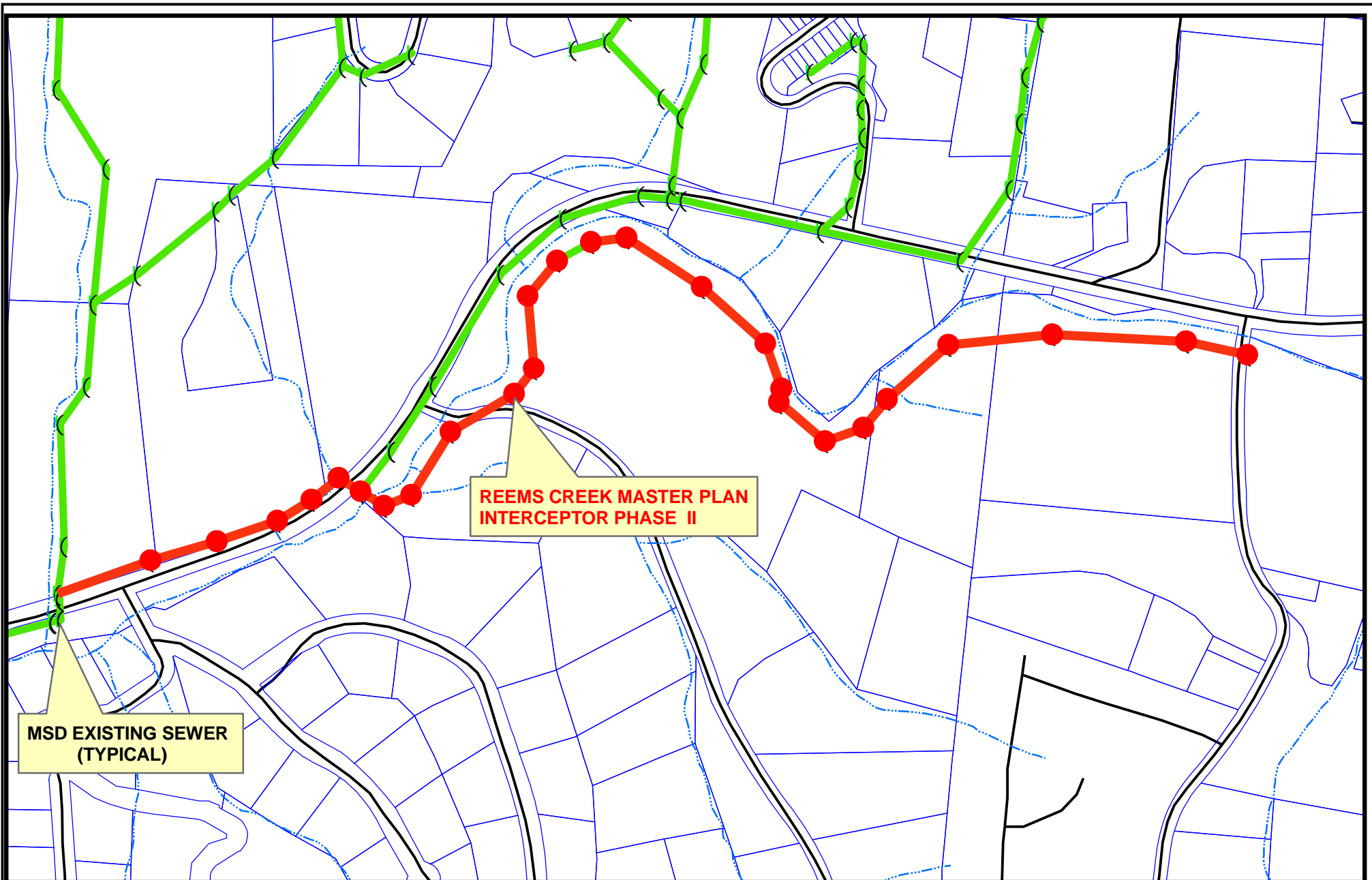
**BACKGROUND:** This project is located in Reems Creek just outside of Weaverville. MSD designed, permitted, and obtained right of way for the subject interceptor sewer extension in accordance with MSD's collection system master plan. This sewer will provide service for the entire upstream Reems Creek drainage basin. The project included installation of approximately 982 linear feet of 20-inch DIP, 526 linear feet of 16-inch DIP, 2,984 linear feet of 15-inch SDR 35 PVC and 150 linear feet of 12-inch SDR 35 PVC.

Construction of this system was administered by the developer, Windsor-Aughtry Company, Inc. Timely installation of this system was required to serve their proposed Woodbriar residential which is being constructed on adjacent property. The on-site sewer system within that development will be submitted at a later date for acceptance of ownership by MSD.

The estimated cost of the Reems Creek Master Plan Interceptor Sewer Extension Phase II is \$507,496.00. As this system is sized for future MSD needs per the collection system master plan, Windsor-Aughtry is eligible for cost reimbursement. The appropriate agreement for this funding was executed on November 30, 2009. MSD's Board of Directors originally approved reimbursement funding for this interceptor extension at their October 24, 2007 meeting. The reimbursement to Windsor-Aughtry is within the amount approved by the October 24, 2007 Board Meeting. Per the developer agreement, MSD agreed to a total reimbursement of \$224,349.99. Per the agreement, \$75,383.50 of these funds has been provided to the developer to date. The remaining \$148,966.49 of funding is to be provided upon acceptance of the system by MSD'S Board of Directors.

**FISCAL IMPACT:** The FY09/10 MSD construction budget for this project is \$280,000.00.

**STAFF RECOMMENDATION:** Acceptance of developer constructed sewer system. (All MSD Requirements have been met) and authorization for the General Manager to disperse \$148,966.49 to Windsor-Aughtry Company, Inc for the remaining cost reimbursement funds on the project.

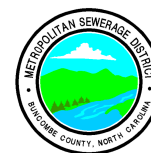


MSD EXISTING SEWER  
(TYPICAL)

REEMS CREEK MASTER PLAN  
INTERCEPTOR PHASE II

Project # 2007293

Not To Scale



METROPOLITAN SEWERAGE DISTRICT  
of  
BUNCOMBE COUNTY, NORTH CAROLINA

Reems Creek Master Plan  
Interceptor Phase II



# Metropolitan Sewerage District of Buncombe County

## Board Action Item

BOARD MEETING DATE: January 19, 2011

SUBMITTED BY: Thomas Hartye, P.E., General Manager

PREPARED BY: David Monteith, Kevin Johnson

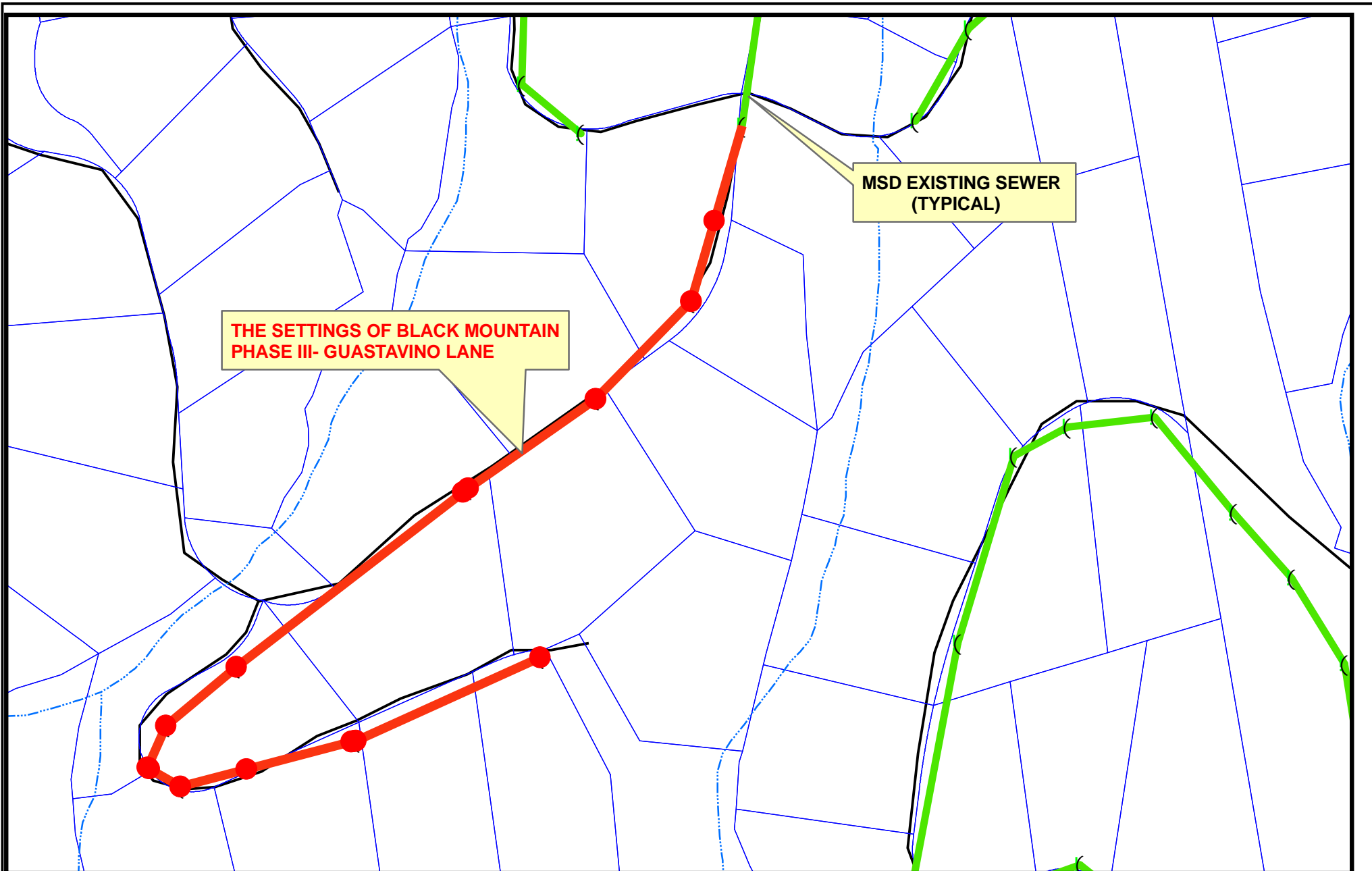
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for The Settings of Black Mountain Phase 3 (Guastavino Lane) Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary off Old Lakey Gap Road (SR 2713) in the Town of Black Mountain. The developer of the project is Richard M. McWhorter of The Settings of Black Mountain, LLC. The project included the installation of approximately 1,372 linear feet of 8" gravity sewer to serve a seventeen (17) unit residential development. A wastewater allocation was issued in the amount of 9,100 GPD for the project. The estimated cost of the sewer extension is \$82,000.00.

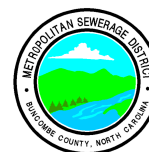
STAFF RECOMMENDATION: Acceptance of developer constructed sewer system.  
(All MSD requirements have been met)

COMMITTEE ACTION TAKEN	
Motion by :	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	
BOARD ACTION TAKEN	
Motion by	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	



**Project # 2006297**

Not To Scale



**METROPOLITAN SEWERAGE DISTRICT**  
of  
BUNCOMBE COUNTY, NORTH CAROLINA

**The Settings of Black Mountain  
Phase III - Guastavino Lane**

**Metropolitan Sewerage District of Buncombe County**  
**BOARD ACTION ITEM**

**Meeting Date:** January 19, 2011

**Submitted By:** Thomas E. Hartye, PE., General Manager  
W. Scott Powell, CLGFO, Director of Finance

**Subject:** Public Funds Money Rate Saving Account with BB&T

**Background**

The District has \$10.9 million with Bank of America as of January 11, 2011. The amount includes a \$1.3 million operating account, which is a condition of our Standby Bond Purchase Agreement, and a \$9.6 million Governmental Advantage Account earning a net .34% rate of return. The District has the opportunity to diversify its banking position while achieving a higher rate of return on short-term funds.

**Discussion**

BB&T has a banking product known as Public Funds Money Rate Savings Account. This is similar to a money market. Moneys deposited into this product will earn a .50% rate of return with a restriction of 6 withdrawals per month. The account is fully collateralized under the Pooling Method for Public Funds with the State. The District will have to deposit \$5 million to receive the aforementioned rate of return. Moving funds to the BB&T product will diversify the District’s short-term banking position while meeting standards outlined in the District investment policy.

**Staff Recommendation**

Staff recommends approval of the attached banking resolution, which establishes the Public Funds Money Rate Saving Account with BB&T.

**Action Taken**

<b>Motion by:</b>	to	Approve	Disapprove
<b>Second by:</b>		Table	Send to Committee
<b>Other:</b>			
<b>Follow-up required:</b>			
<b>Person responsible:</b>			<b>Deadline:</b>

## RESOLUTION AND AGREEMENT FOR DEPOSIT ACCOUNT

☐ Sole Proprietorship  
☐ Non-Profit Corporation  
☐ Other

**10** (0902)

FURTHER RESOLVED, that BB&T be and is hereby authorized to honor, receive, or pay any items bearing the signature of any one Authorized Signer even though payment may create an overdraft or even though such items may be drawn or endorsed to the order of such signer for exchange or cashing, or in payment of the individual obligation of such signer, or for deposit to such Authorized Signer's personal account and BB&T shall not be required or be under any obligation to inquire as to the circumstances of the issuance or use of any such item or the application or disposition of such item or the proceeds thereof; and

FURTHER RESOLVED, that the Entity assumes full responsibility and holds harmless BB&T for any and all payments made or any other action taken by BB&T in reliance upon the signatures, including facsimiles thereof, of any Authorized Signer regardless whether or not the use of the facsimile signature was unlawful or unauthorized and regardless of by whom or by what means the purported signature or facsimile signature may have been affixed if such signature reasonably resembles the specimen or facsimile signature of the Authorized Signer; and

FURTHER RESOLVED, that any Designated Representative or person authorized in writing by a Designated Representative, or person Authorized in writing by a Designated Representative, is Authorized to obtain information on the accounts of the Entity, appoint, remove or change Authorized Signers to any accounts, deliver any night depository agreement; enter into any agreement for cash management services; to lease a safe deposit box, enter into an agreement for a deposit access device, to enter into an agreement for credit cards, or enter into other agreements concerning the deposit accounts at BB&T; and

FURTHER RESOLVED, that any and all prior resolutions executed on or behalf of the Entity are hereby revoked and that the foregoing resolutions shall remain in full force and effect until the Entity officially notifies BB&T to the contrary in writing. BB&T may conclusively presume that this Resolution and Agreement for Deposit Account and any signature cards executed pursuant hereto are in effect and that persons identified herein are properly authorized to act on behalf of the Entity. The Entity, as changes to the Designated Representatives are made, will immediately report and certify such changes to BB&T through submission of a new Resolution And Agreement For Deposit Account and a signature card. BB&T shall be fully protected in relying on such certifications and shall be indemnified and saved harmless from any claims, demands, expenses, losses, or damages resulting from, the signature of any Designated Representative so certified, or refusing to honor any signature not so certified; and

FURTHER RESOLVED, that all transactions by any officer, employee, or agent of the Entity on its behalf and in its name prior to the delivery of this Resolution And Agreement For Deposit Account are hereby ratified and approved.

In Witness Whereof, I have hereunto subscribed my name and affixed the seal, if any, of this Entity,  
this \_\_\_\_\_ day of \_\_\_\_\_, Year \_\_\_\_\_.

For Corporations including Non-Profit:

\_\_\_\_\_  
Secretary/Assistant Secretary (Seal)

(Corporate Seal)

For All Other Entities:

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Seal)

\_\_\_\_\_  
(Seal)

(Proprietor, Authorized Partner, Authorized Manager, or other Authorized Person)



# Metropolitan Sewerage District of Buncombe County

## BOARD INFORMATIONAL ITEM

**Meeting Date:** January 19, 2011

**Submitted By:** Thomas E. Hartye, PE., General Manager

**Prepared By:** W. Scott Powell, Director of Finance

**Subject:** Cash Commitment/Investment Report-Month Ended November 30, 2010

### **Background**

Each month, staff presents to the Board an investment report for all monies in bank accounts and specific investment instruments. The total investments as of November 30, 2010 were \$47,758,399. The detailed listing of accounts is available upon request. The average rate of return for all investments is 1.056%. These investments comply with North Carolina General Statutes, Board written investment policies and the District's Bond Order.

The attached investment report represents cash and cash equivalents as of November 30, 2010 does not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of November 30, 2010 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$8,615,976.

<b>Total Cash &amp; Investments as of 11/30/2010</b>		47,758,399
<b>Less:</b>		
Budgeted Commitments (Required to pay remaining FY11 budgeted expenditures from unrestricted cash)		
Construction Funds	(16,655,244)	
Operations & Maintenance Fund	(8,874,153)	
		(25,529,397)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(17,606)	
Debt Service Reserve	(2,617,210)	
Remaining Principal & Interest Due	<u>(7,553,687)</u>	
		(10,188,503)
District Reserve Funds		
Fleet Replacement	(587,940)	
WWTP Replacement	(890,436)	
Maintenance Reserve	<u>(813,659)</u>	
		(2,292,035)
Post-Retirement Benefit		(531,272)
Self-Funded Employee Medical		<u>(601,216)</u>
<b>Designated for Capital Outlay</b>		<u><u>8,615,976</u></u>

### **Staff Recommendation**

None. Information Only.

### **Action Taken**

**Motion by:**

to

Approve

Disapprove

**Second by:**

Table

Send to Committee

**Other:**

**Follow-up required:**

**Person responsible:**

**Deadline:**

# Board Meeting

January 19, 2011

Subject: Cash Commitment/Investment Report-Month Ended November 30, 2010

Page -2-

## Metropolitan Sewerage District of Buncombe County Investment Portfolio

Held with Bond Trustee	Cash in Operating		NCCMT	Certificate of	Commercial	Municipal	Cash	Gov't Agencies	Total
	Checking Accounts	Gov't Advantage							
			(Money Market)	Deposit	Paper	Bonds	Reserve	& Treasuries	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5,169,135	-	-	1,501,219	25,620,696	-	-	-	1,133,596	2,634,815
Held by MSD	5,169,135	12,165,263	2,168,490					-	45,123,584
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5,169,135	12,165,263	3,669,709	25,620,696					1,133,596	47,758,399

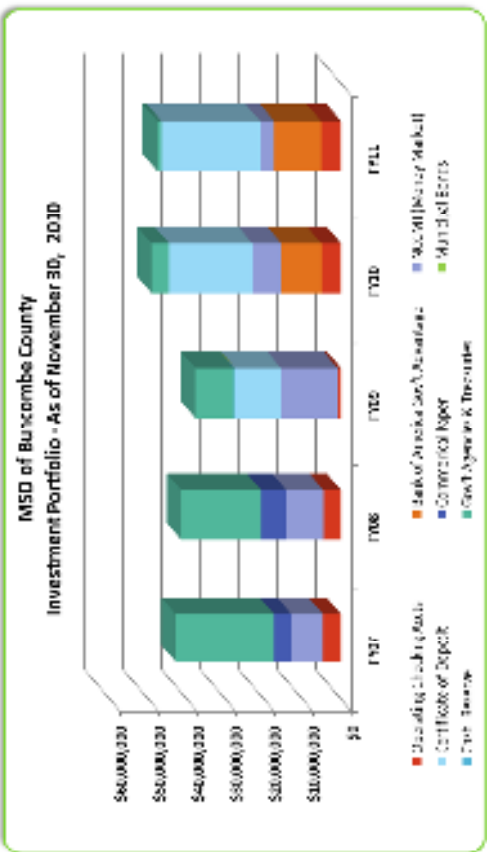
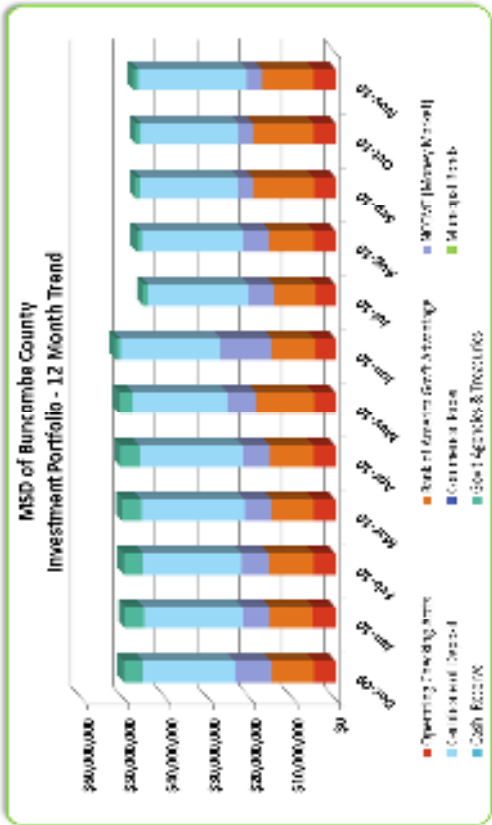
### Investment Policy Asset Allocation

Investment Policy Asset Allocation	Maximum Percent	Actual Percent
U.S. Government Treasuries, Agencies and Instrumentalities	100.00%	2.37%
Bankers' Acceptances	20.00%	0.00%
Certificates of Deposit	100.00%	53.65%
Commercial Paper	20.00%	0.00%
North Carolina Capital Management Trust	100.00%	7.68%
Checking Accounts	100.00%	36.30%

No significant changes in the investment portfolio as to makeup or total amount.

The District's YTM of 1.05% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.

All funds invest in CD's, operating checking accounts, BOA government advantage are fully collateralized with the State Treasurer.



**Board Meeting**

January 19, 2011

Subject: Cash Commitment/Investment Report-Month Ended November 30, 2010

Page -3-

**METROPOLITAN SEWERAGE DISTRICT  
INVESTMENT MANAGERS' REPORT  
AT NOVEMBER 30, 2010**

**Summary of Asset Transactions**

	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 39,247,591	\$ 39,247,591	\$ 128,568
Capital Contributed (Withdrawn)	463,022	463,022	
Realized Income	47,014	47,014	(41,263)
Unrealized/Accrued Income	-	-	20,677
Ending Balance	<u>\$ 39,757,627</u>	<u>\$ 39,757,627</u>	<u>\$ 107,982</u>

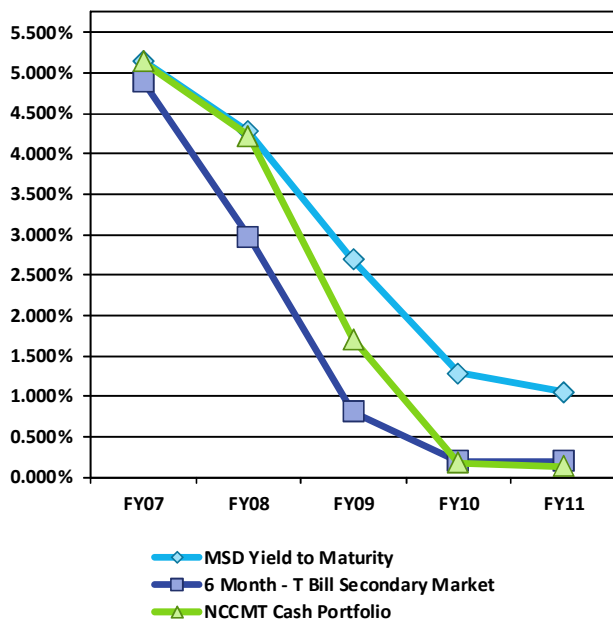
**Value and Income by Maturity**

	Original Cost	Income
Cash Equivalents <91 Days	\$ 14,136,930	\$ 9,397
Securities/CD's 91 to 365 Days	25,620,696	\$ 17,031
Securities/CD's > 1 Year	-	\$ -
	<u>\$ 39,757,627</u>	<u>\$ 26,428</u>

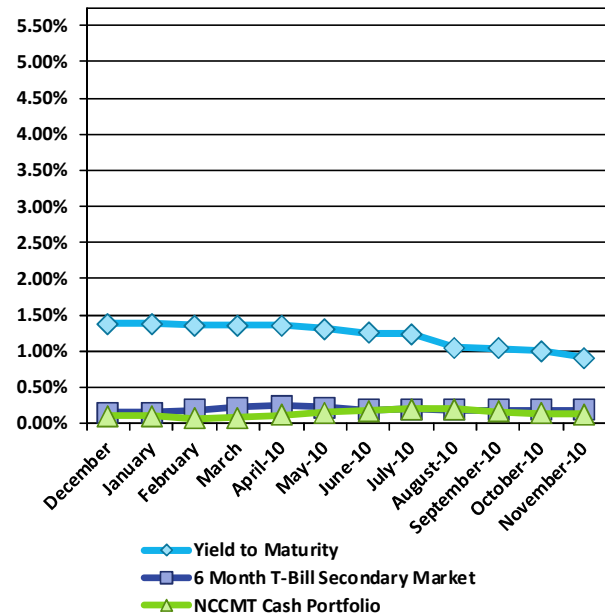
**Month End Portfolio Information**

Weighted Average Maturity	147 Days
Yield to Maturity	0.91%
6 Month T-Bill Secondary Market	0.18%
NCCMT Cash Portfolio	0.12%

**Metropolitan Sewerage District  
Annual Yield Comparison**



**Metropolitan Sewerage District  
Yield Comparison - November 30, 2010**





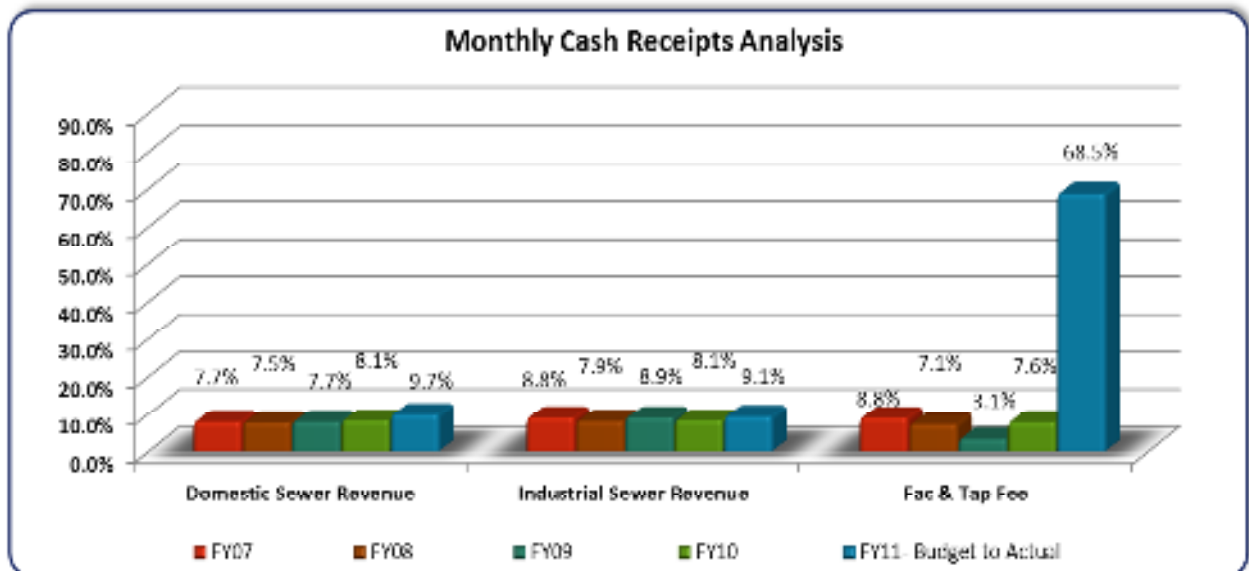
## Board Meeting

January 19, 2011

Subject: Cash Commitment/Investment Report-Month Ended November 30, 2010

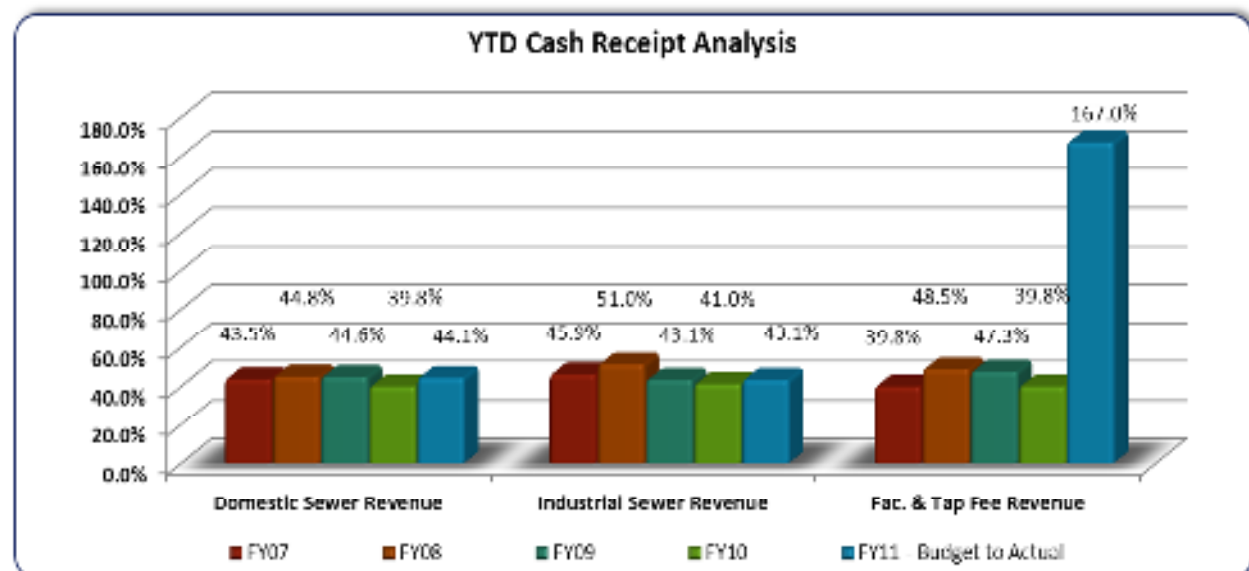
Page -4-

### METROPOLITAN SEWERAGE DISTRICT ANALYSIS OF CASH RECEIPTS AS OF NOVEMBER 30, 2010



#### Monthly Cash Receipts Analysis:

- ☐ Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- ☐ Monthly industrial sewer revenue is considered reasonable based on historical trends.
- ☐ Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.



#### YTD Actual Revenue Analysis:

- ☐ YTD domestic sewer revenue is considered reasonable based on historical trends.
- ☐ YTD industrial sewer revenue is considered reasonable based on historical trends.
- ☐ YTD facility and tap fee is higher due to one unexpected cash receipt.

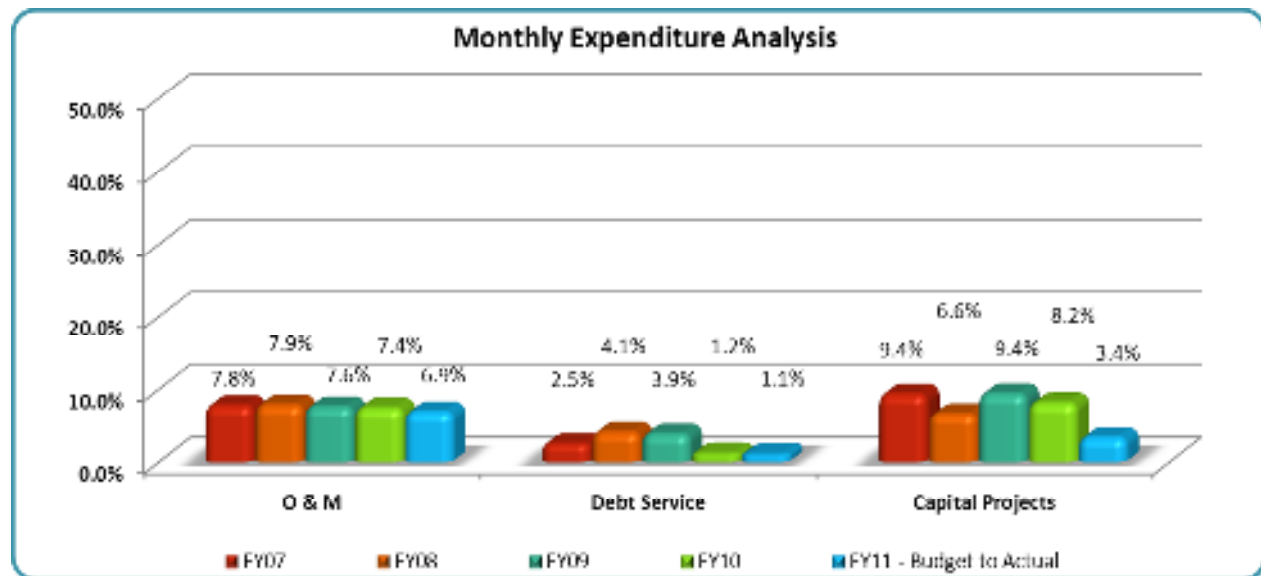
## Board Meeting

January 19, 2011

Subject: Cash Commitment/Investment Report-Month Ended November 30, 2010

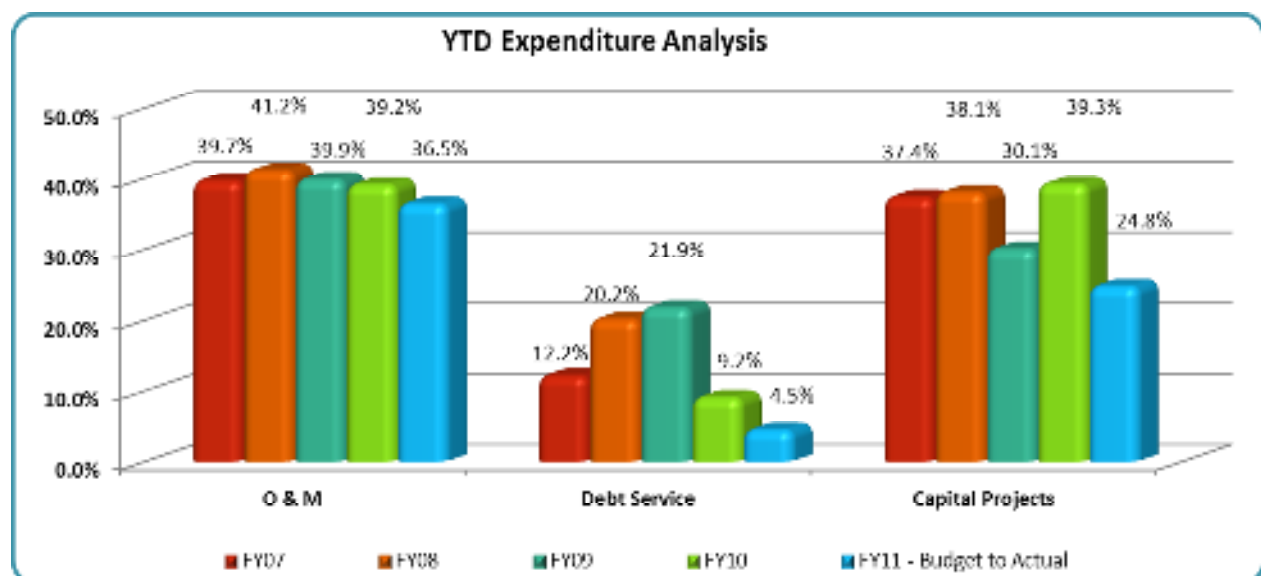
Page -5-

### METROPOLITAN SEWERAGE DISTRICT ANALYSIS OF EXPENDITURES AS OF NOVEMBER 30, 2010



#### Monthly Expenditure Analysis:

- ★ Monthly O&M expenditures are considered reasonable based on historical trends.
- ★ Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures are considered reasonable.
- ★ Due to nature and timing of capital projects, monthly expenditures can vary from year to year. Based on the current outstanding capital projects, monthly capital project expenditures are considered reasonable.



#### YTD Expenditure Analysis:

- ★ YTD O&M expenditures are considered reasonable based on historical trends.
- ★ Due to the nature of the variable rate bond market, YTD expenditures can vary year to year. Based on current variable interest rates, YTD debt service expenditures are considered reasonable.
- ★ Due to nature and timing of capital projects, YTD expenditures can vary from year to year. Based on the current outstanding capital projects, YTD capital project expenditures are considered reasonable.

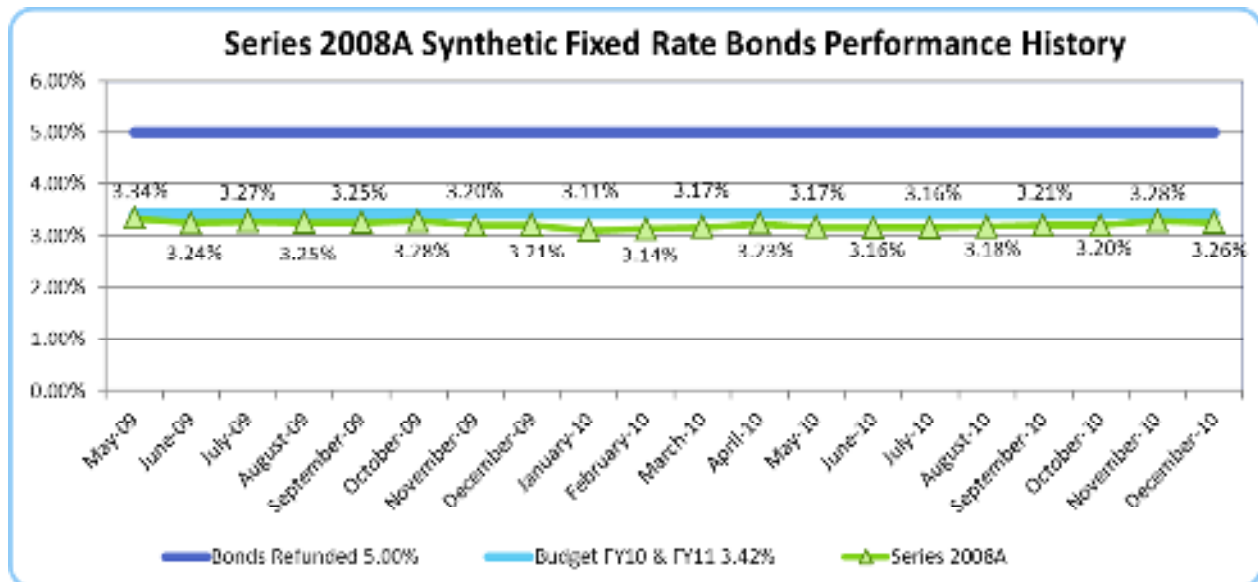
## Board Meeting

January 19, 2011

Subject: Cash Commitment/Investment Report-Month Ended November 30, 2010

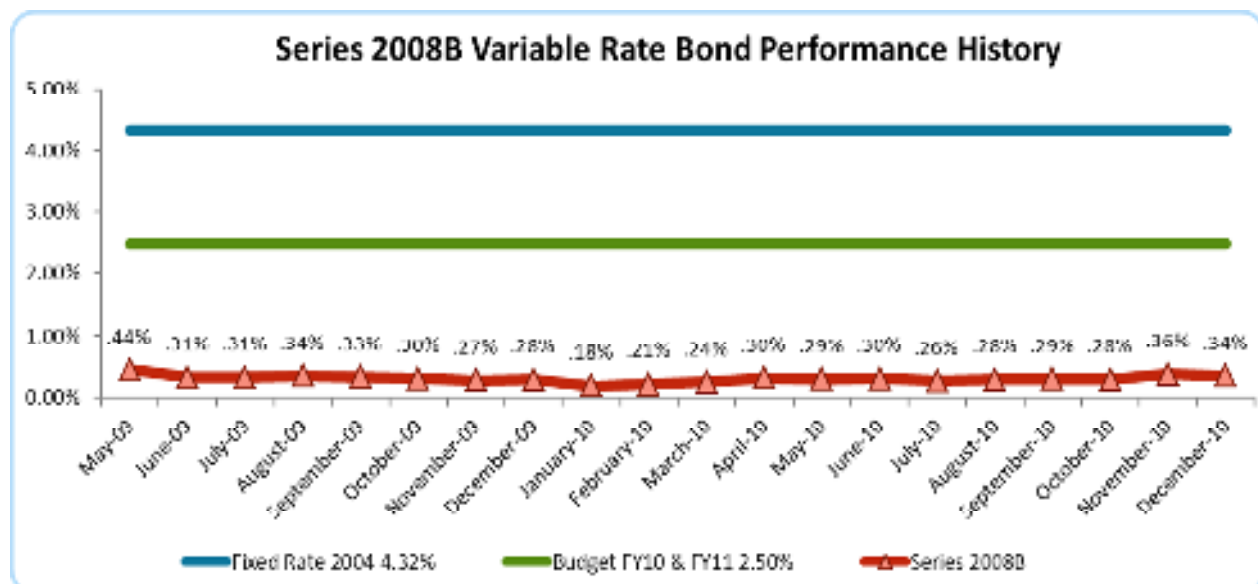
Page -6-

### METROPOLITAN SEWERAGE DISTRICT Variable Debt Service Report As of December 31, 2010



#### Series 2008A:

- ◆ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$1,385,058 as compared to 4/1 fixed rate of 4.83%.
- ◆ Assuming that the rate on the Series 2008A Bonds continues at the current all-in rate of 4.1675%, MSD will achieve cash savings of \$3,503,702 over the life of the bonds.
- ◆ MSD would pay \$3,065,000 to terminate the existing Bank of America Swap Agreement.



#### Series 2008B:

- ◆ Savings to date on the 2008B Variable Rate Bonds is \$2,004,858 as compared to 5/1 fixed rate of 4.32%.
- ◆ Since May 1, 2008, the Series 2008B Bonds average variable rate has been 0.79%.
- ◆ MSD will achieve \$8,390,000 in cash savings over the life of the bonds at the current average variable rate.

# **STATUS REPORTS**

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

January 10, 2011

PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
CHARLAND FOREST	T & K Utilities	8/18/2010	11/22/2010	2/28/2011	\$127,170.00	50%	<b>Informal</b> Project is progressing well. Line "C" complete and Line "A" nearing Charland Forest Rd.
LAKE JULIAN INTERCEPTOR PHASE III	Ruby-Collins	10/20/2010	11/1/2010	8/1/2011	\$2,710,661.93	35%	<b>Formal</b> Subcontractor working on I-26 bore. Difficult start with boulders. RR bore is complete. Mainline construction is going well. 20" Interceptor construction nearing the Progress Energy Plant site itself.
MARTEL LANE @ PENLEY AVENUE	Huntley Construction	6/9/2010	9/7/2010	2/1/2011	\$106,300.00	90%	<b>Informal</b> Mainline construction complete, and awaiting pre-final inspection. Asphalt will have to wait for Spring.
MORRIS STREET @ TALMADGE STREET	Terry Brothers	6/9/2010	7/21/2010	12/25/2010	\$368,972.50	98%	<b>Formal</b> Construction complete and Contractor working on punchlist.
OLD HOME RD. @ WEAVERVILLE HWY. (PRP64001)	TBA	TBA	TBA	TBA	TBA	0%	<b>Informal</b> Project scheduled for bid on February 3, 2011.
REEMS CREEK MASTER PLAN EXTENSION PHASE II	Dillard Excavating Co.	N/A	N/A	12/25/2010	\$198,621.99	100%	Construction by developer. MSD cost participation is \$198,621.99. Project complete, in closeout, and is expected to go to January Board.
ROCKDALE AVENUE (PRP 29003)	Buckeye Construction	11/17/2010	TBA	TBA	\$408,486.05	0%	<b>Formal</b> Project was awarded to Buckeye Construction Company. Expect NTP in early February.
TOWN BRANCH INTERCEPTOR	BC&D Associates	8/19/2009	9/21/2009	1/30/2011	\$831,817.22	98%	<b>Formal</b> Working on final restoration. Pre-final inspection pending.
TC BUILDING PUMP STATION REMOVAL	Carolina Specialties	11/17/2010	1/3/2011	4/3/2011	\$132,038.50	5%	<b>Informal</b> Contractor has mobilized.
U.S. HWY. 70 @ PARKWAY	Terry Brothers	11/17/2010	1/17/2011	7/16/2011	\$547,088.00	0%	<b>Formal</b> Project was awarded to Terry Brothers Construction Company. Pipe bursting sub-contractor expected around the 17th of January. This will mark the start of the project.
WRF - FINAL MICROSCREEN REPLACEMENT	Hickory Construction	10/20/2010	1/3/2011	4/2/2012	\$8,937,108.20	0%	<b>Formal</b> Preconstruction meeting was held on November 29th. Some demolition work has begun.
WRF - INTERMEDIATE PUMPING REPLACEMENT	Hickory Construction	7/15/2009	8/19/2009	2/15/2011	\$1,754,675.22	90%	<b>Formal</b> Contractor working on miscellaneous small tasks preparing for punchlist.

\*Updated to reflect approved Change Orders and Time Extensions

Planning and Development Projects  
Status Report January 19, 2011

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	Gene Bradley Subdivision	2004022	Fletcher	9	420	3/3/2005	Complete-Waiting on final documents
	Davidson Road Sewer Extension	2004154	Asheville	3	109	12/15/2004	Complete-Waiting on final documents
	Riverbend Urban Village	2004206	Asheville	260	1250	8/29/2006	Complete-Waiting on final documents
	N. Bear Creek Road Subdivision	2005137	Asheville	20	127	7/11/2006	Complete - Waiting on final documents
	Willowcreek Village Ph.3	2003110	Asheville	26	597	4/21/2006	Complete - Waiting on final documents
	Rock Hill Road Subdivision	2005153	Asheville	2	277	8/7/2006	Complete - Waiting on final documents
	Byrd Street Condos	2007085	Asheville	14	300	7/31/2007	Complete - Waiting on final documents
	MWB Sewer Extension	2008046	Asheville	Comm.	285	5/12/2008	Complete - Waiting on final documents
	The Cottages on Liberty Green	2007297	Asheville	7	124	5/30/2008	Complete - Waiting on final documents
	Haw Creek Tract	2006267	Asheville	49	1,817	10/16/2007	Complete - Waiting on final documents
	Haywood Village	2007172	Asheville	55	749	7/15/2008	Complete - Waiting on final documents
	Oak Crest Place	2004056	West Asheville	27	791	12/3/2004	Complete - Waiting on final documents
	Buncombe County Animal Shelter	2007216	Asheville	Comm.	78	5/1/2008	Complete - Waiting on final documents
	Lodging at Farm (Gottfried)	2008169	Candler	20	45	6/2/2009	Complete - Waiting on final documents
	Camp Dorothy Walls - Ph. 1	2007294	Black Mtn.	Comm.	593	6/16/2009	Complete - Waiting on final documents
	Momentum Health Adventure	2008097	Asheville	Comm.	184	8/19/2009	Complete - Waiting on final documents
	Forest Manor Complex	2088050	Asheville	Comm.	96	12/4/2008	Complete - Waiting on final documents
	Honeysuckle Breeze	2007246	Asheville	5	70	9/22/2009	Complete - Waiting on final documents
	North Point Baptist Church	2008105	Weaverville	Comm.	723	5/20/2009	Complete - Waiting on final documents
	The Villages at Crest Mountain	2009049	Asheville	63	1,364	9/9/2009	Complete - Waiting on final documents
	Grove Park Cove Subdivision	2004101	Asheville	14	1122	6/28/2006	Complete - Waiting on final documents
	Crayton Creek Green	2006282	Asheville	10	482	3/15/2007	New developer & Engineer, ready for final
	Lutheridge - Phase I	2009112	Arden	Comm.	330	3/16/2010	Complete-Waiting on final documents
	Woodland and Central Homes	2010073	Asheville	5	1,200	10/25/2010	Complete-Waiting on final documents
	Graylyn Hills	2008108	Asheville	4	176	2/12/2010	Complete-Waiting on final documents
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
			Subtotal	611	14,067		Complete-Waiting on final documents

Planning and Development Projects  
Status Report January 19, 2011

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	Airport Road Fastop	2010010	Arden	Comm.	98	12/22/2010	Pre-con held, ready for construction
	The Settings (6 Acre Outparcel)	2004192	Black Mountain	21	623	3/15/2006	Ready for final inspection
	Falcon Ridge	2004240	Asheville	38	3,279	10/11/2006	Punchlist pending
	Waightstill Mountain PH-8	2006277	Arden	66	3,387	7/26/2007	testing / in foreclosure
	Brookside Road Relocation	2008189	Black Mtn	n/A	346	1/14/2009	Pre-con held, ready for construction
	Scenic View	2006194	Asheville	48	534	11/15/2006	Ready for final inspection
	Ingles	2007214	Black Mtn.	Comm.	594	3/4/2008	Ready for final inspection
	Bartram's Walk	2007065	Asheville	100	10,077	7/28/2008	testing
	Morgan Property	2008007	Candler	10	1,721	8/11/2008	Pre-con held, ready for construction
	Village at Bradley Branch - Ph. III	2008076	Asheville	44	783	8/8/2008	Ready for final inspection
	Versant Phase I	2007008	Woodfin	64	12,837	2/14/2007	Ready for final inspection
	Canoe Landing	2007137	Woodfin	4	303	5/12/2008	Ready for construction
	Central Valley	2006166	Black Mtn	12	472	8/8/2007	Punchlist pending
	CVS-Acton Circle	2005163	Asheville	4	557	5/3/2006	Ready for final inspection
	Hamburg Mountain Phase 3	2004086	Weaverville	13	844	11/10/2005	Ready for final inspection
	Bostic Place Sewer Relocation	2005102	Asheville	3	88	8/25/2005	Ready for final inspection
	Kyfields	2003100	Weaverville	35	1,118	5/10/2004	Ready for final inspection
	Teems Road Subdivision	2007143	Asheville	40	1,308	5/27/2008	Pre-con held, ready for construction
	Thom's Estate	2006309	Asheville	40	3,422	1/24/2008	testing
	Thom's Estate - Phase II	2008071	Asheville	40	3,701	6/10/2008	Redesign
	Berrington Village Apartments	2008164	Asheville	308	4,690	5/5/2009	Testing
	Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Installing
	Mission Hospitals (Victoria Road)	2009022	Asheville	Comm.	532	2/12/2010	Installing
	Brookgreen Phase I	2010045	Asheville	44	1,302	9/27/2010	Installing
	Self Help Housing	2009024	Black Mtn.	6	152	10/7/2010	Pre-con held, ready for construction
	AVL Technologies	2010018	Woodfin	Comm.	133	5/21/2010	testing
	Woodbriar Subdivision	2009004	Weaverville	72	3,888	8/2/2010	Ready for final inspection
	Westmore	2009004	Asheville	72	675	8/3/2010	Installing
	Camp Dorothy Walls - Ph. 2	2007294	Black Mtn.	Comm.	593	6/16/2009	Pre-con held, ready for construction
	South Buncombe Intermediate Sch.	2009065	Arden	Comm.	1,656	6/7/2010	Installing
	Black Mtn Annex: Avena Rd.	1999026	Black Mtn.	24	4,300	8/19/2010	Pre-con held, ready for construction
	Black Mtn Annex: Blue Ridge Rd.	1992171	Black Mtn.	24	2,560	8/19/2010	testing
	Black Mtn Annex: McCoy Cove	1992174	Black Mtn.	24	2,067	8/19/2010	Installing
			Subtotal	2022	94,574		
			Total Units:	2,633			
			Total LF:		108,641		