

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
NOVEMBER 14, 2012**

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, November 14, 2012. Chairman Aceto presided with the following members present: Bryson, Creighton, Haner, Kelly, Manheimer, Pelly, Russell, Stanley, VeHaun and Watts. Mr. Root was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, PA., Gary Jackson, and Phil Kleisler with the City of Asheville, Joseph Martin with Woodfin Sanitary Water & Sewer District, Nelda Holder with Mountain Xpress, John Boyle with the Asheville Citizen Times, Julie Taylor with Arcadis, Barry Summers, Bette Jackson and MSD Staff, Ed Bradford, Peter Weed, Jim Hemphill, Stan Boyd, Scott Powell, Mike Stamey, Ken Stines, Matthew Walter, Angel Banks and Sondra Honeycutt.

2. Inquiry as to Conflict of Interest:

Mr. Aceto asked if there were any conflicts of interest with the agenda items. No conflicts were reported.

3. Approval of Minutes of the October 17, 2012 Board Meeting:

Mr. Aceto asked if there were any changes to the Minutes of the October 17, 2012 Board Meeting. Mr. Haner moved the Minutes be approved as presented. Mr. Watts seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Aceto welcomed guests. There was no public comment.

6. Report of General Manager:

Mr. Hartye reported the Final Phase I of the Merger Study will be presented to the MSD Board at the December 12th meeting. The Phase II portion of the Study will be presented in January, 2013.

Mr. Hartye reported the MSD IT Department, in conjunction with Mountain Communications, replaced the existing phone system which gave MSD over 15 years of service. This capital project replace over 119 phones spanning over 9 buildings on the MSD campus and offers the employees of MSD higher quality calls, more functionality and the highest level of redundancy available for the organization. Mr. Hartye expressed his appreciation to the IT Department for their efforts on such a large project.

Mr. Hartye reported the next Right of Way Committee meeting will be held November 28th at 9 a.m. The next regular Board meeting will be held December 12th at 2p.m.

7. Report of Committees:

Right of Way Committee

Mr. Kelly reported the Right of Way Committee met October 24, 2012 to consider Condemnation on the Macon Avenue @ Sunset Parkway Rehabilitation Project

and Compensation Budgets for Horizon Hill Road GSR; Emory Road GSR; Old Haywood Road @ Starnes Cove Road Projects. These projects will be considered under the Consolidated Motion Agenda. Also, the Committee reviewed the First Quarter Quarterly Reports.

Planning Committee:

Mr. VeHaun reported the Planning Committee met prior to the Board Meeting to hear a presentation on Phase I of the draft merger study by the District's consultant Malcome Pirnie/Arcadis.

8. Consolidated Motion Agenda:

a. Consideration of Condemnation – Macon Avenue @ Sunset Parkway Rehabilitation Project:

Mr. Hartye reported Staff recommends authority to obtain appraisal and proceed with condemnation. Mr. Haner asked if staff had looked at relocating the tree or having it looked at by an arborist. Ms. Banks stated that MSD has not had an arborist look at the tree and staff felt that due to its size, the tree would not survive digging up and replanting. She further stated Staff is also looking into the possibility of pipe bursting.

b. Consideration of Compensation Budgets: Horizon Hill Road GSR; Emory Road GSR; Old Haywood Road @ Starnes Cover Road:

Mr. Hartye reported the Horizon Hill Road GSR is off Lookout Drive in Woodfin and consists of 713 linear feet of 8" DIP to replace 4" and 6" VCP and Orangeburg pipe. The Emory Road GSR is located in West Asheville and consists of approximately 301 linear feet of 8" DIP to replace 6" and 8" Orangeburg and PVC pipe. The Old Haywood Road @ Starnes Cover Road Project consists of approximately 2500 linear feet of 8" DIP to replace VCP and Orangeburg Pipe. The Right of Way Committee recommends approval of the Compensation Budgets as presented.

c. First Quarter Budget to Actual Review – FY 2013:

Mr. Powell reported Domestic User Fees as well as Industrial, Facility and Tap fees are at budgeted expectations. Interest and miscellaneous income are above budgeted expectations. The positive variance is due to the termination of the forward delivery agreement with Citigroup Financial Products, Inc. in the amount of \$314,000. O&M expenditures are a 25.64% of budget. They include encumbered amounts which has elevated the budget to actual percent slightly above 25%. Bond principal and interest actually spent is less than budget due to actual variable interest rates averaging .17% as well as timing of debt service principal and interest payments. Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year.

d. Cash Commitment/Investment Report – Month Ended September 30, 2012:

Mr. Powell reported Page 2 presents the makeup of the District's Investment Portfolio. There has been no significant change in the makeup of the portfolio from the prior month. Page 3 is the MSD Investment Manager's Report as of the month of September. The weighted average maturity of the investment portfolio is 445 days and the yield to maturity is .85% and exceeds MSD bench marks of the 6 month T-Bill and NCCMT cash portfolio. Page 6 is the MSD Variable Debt Service report. Both the 2008 A&B Series bonds are performing better than budgeted expectations.

At the end of October, both issues have saved District ratepayers \$5.9 million dollars in debt service since April, 2008.

Mr. VeHaun moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

9. Old Business:

With regard to the draft Impact Study, Mr. Aceto polled the Board for its opinion as to whether or not they would be interested in having the Planning Committee address the compensation and lease issues prior to the next Board meeting or defer the findings to the elected officials without any opinion or comment.

Mr. VeHaun said he did not have an opinion one way or another, but can see some positives both ways. Regarding Mr. Summer's comments, Mr. Haner stated if the Planning Committee could seek additional information beyond the scope of the study (compensation or lease agreements) he would be supportive of that and it would be incumbent on the MSD to factor in any additional cost and how that may affect the ratepayers. Mr. Creighton said he agrees that the Planning Committee should sit down and start those discussions. Mr. Stanley stated he's in favor of the Planning Committee laying out some ideas now before the Legislature does it for us. Mr. Russell stated he feels this is pointed in the direction of continued good faith negotiations. Mr. Watts stated that based on this study there is a limited amount of savings that can be generated in how far this quantity of money would go toward compensating the City of Asheville for any losses, but it may be interesting to look at the numbers to see what it would take and feels the MSD is going in the right direction and that it should take a position. Ms. Bryson stated MSD should keep the line of communication open and take one step at a time. Ms. Manheimer stated that the more planning and preparedness the better and the Planning Committee should take a look at it and fill in some of the holes so it can be better informed. Also, MSD, as a body, may consider some sort of representation on the legislative level going into this session with someone who might be able to convey this information in Raleigh if this discussion comes up. Mr. Pelly stated if he were a teacher grading where we are so far, it would be an incomplete in the sense that there is too much missing information on compensation and the other items mentioned and that he would not be ready to take a position. Mr. Kelly stated there was some discussion about MSD leasing the watershed for 99 years and there are some people taking the position that the watershed is carved out of the system and he cannot take a position unless the Legislature says it is carved out. Mr. Clarke stated the legislation does offer the opportunity for MSD, the City and others to work out solutions. He further stated that he has given some thought to the issue of governance because anticipating what might happen through negotiations or legislative action is something that needs some input because MSD is a creature of Statute and merging a City Water System and an MSD is not something that has been done a great deal in the past, although there are methods for doing it, and feels it's worth the Planning Committee's time to discuss the issues. Mr. Hartye stated it's a good step forward to talk about the issues. Mr. Aceto stated that his concern is that there are so many unanswered questions and that it's MSD's fiduciary obligation to the ratepayers in the community to step forward and prepare a statement as to what this transaction should look like and that it not miss the opportunity to do so. Mr. Aceto called for a motion in regard to whether or not these issues should go back to the Planning Committee for consideration. Ms. Manheimer stated she assumes the Planning Committee will look at answering some of the governance and potential lease issues, but if the Planning Committee is being asked to take a position, from what she hears from the Board, there seems to be a lack of enthusiasm for a merger. The Planning Committee might express whether or not they were in favor of a merger, but if the Legislature continues with a merger then here is how MSD would prefer that it happen. Mr. Stanley stated he thinks this should be considered by the Planning Committee before going to

the full Board. Ms. Manheimer moved that the study be referred back to the Planning Committee to fill in the missing pieces of information for a possible merger, but if the Planning Committee were to take a position on the merger it should have all options before it. Mr. Stanley seconded the motion. Mr. Haner stated he is supportive of the motion but suggest that his evaluation is going to be purely objective. Mr. Pelly stated he would like to have the option of saying the Planning Committee looked at this and did the analysis and that one of the options is to say we don't think this makes sense and objectively speaking, we don't think this will work. With no further discussion, Mr. Aceto called for the question. Voice vote in favor of the motion was unanimous.

10. New Business:

None

11. Adjournment:

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

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 11/14/12

✓	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 October 17, 2012 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	2:30	
	06. Report of Committees: a. Right of Way Committee – 10/24/12 – Kelly b. Planning Committee – 11/14/12 – Root	Aceto	2:45	
	07. Consolidated Motion Agenda	Hartye	3:00	
	a. Consideration of Condemnation – Macon Avenue @ Sunset Parkway Rehabilitation Project.	Hartye		
	b. Consideration of Compensation Budgets: Horizon Hill Road GSR; Emory Road GSR; Old Haywood Road @ Starnes Cove Road.	Hartye		
	c. First Quarter Budget to Actual Review – FY 2013	Powell		
	d. Cash Commitment Investment Report as of September 30, 2012	Powell		
	08. Old Business	Aceto	3:15	
	09. New Business	Aceto	3:20	
	10. Adjournment (Next Meeting 12/12/12)	Aceto	3:30	

APPROVAL OF MINUTES

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
OCTOBER 17, 2012**

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, October 17, 2012. Chairman Aceto presided with the following members present: Creighton, Haner, Kelly, Manheimer, Pelly, Root, Russell, Stanley, VeHaun and Watts. Ms. Bryson was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, PA., Joseph Martin with Woodfin Sanitary Water & Sewer District, Steve Shoaf, Asheville Water Resources, Phil Kleisler, City of Asheville, Nelda Holder, Mountain Xpress, John and Nancy Newton, Nick Dierkes with Brown & Caldwell, and MSD Staff, Ed Bradford, Peter Weed, Jim Hemphill, Stan Boyd, Scott Powell, Mike Stamey, Ken Stines, Matthew Walter, Sam Sirls, Angel Banks, Julie Willingham, Jason Brigmon, Gilbert Karn, Jason Price, Shaun Armistead, Mike Rice, Ben Reeves and Sondra Honeycutt.

2. Inquiry as to Conflict of Interest:

Mr. Aceto asked if there were any conflicts of interest with the agenda items. No conflicts were reported.

3. Approval of Minutes of the September 19, 2012 Board Meeting:

Mr. Aceto asked if there were any changes to the Minutes of the September 19, 2012 Board Meeting. Mr. Watts moved the Minutes be approved as presented. Mr. Root seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Aceto welcomed Ms. Holder, Mr. Martin, Mr. Shoaf, Mr. Kleisler, Mr. & Mrs. Newton and Mr. Dierkes. There was no public comment.

6. Report of General Manager:

Mr. Hartye expressed his congratulations to MSD's Operations Challenge Team "Flow Motion" who won the State competition last year and represented North Carolina at the WEFTEC National Conference in New Orleans. The team came away with two 3rd place awards for the Safety and Pump rebuild competitions out of 28 teams. He stated this is the first time any North Carolina team has placed in the top three in any competitive events. He introduced each team member, Gilbert Karn, Shaun Armistead, Jason Brigmon (Captain), Jason Price, Mike Rice and Ben Reeves (Coach). Mr. Reeves stated the team will compete at the State Convention in November and hopefully at the National Convention next year. Mr. Hartye stated the 2013 National Convention will be held in Chicago.

Mr. Hartye reported the Planning Committee will meet Thursday, November 1st at 10:00 a.m for a presentation of the draft merger study. The next Right of Way Committee meeting will be held October 24th at 9 a.m. and the next regular Board Meeting will be November 14th at 2 p.m.

7. Report of Committees:

Planning Committee

Mr. Root reported the Planning Committee met October 4, 2012 to discuss Private Sewer Issues and the MSD Resolution to be considered under item 7.c of the Consolidated Motion Agenda. The Committee also discussed the present status of the Water Study and related activities. First, the Committee discussed some background areas concerning Water/Sewer Consolidation shown under tab six currently labeled (Potential Merger Underlying Assumptions). A lengthy discussion was held regarding the Water Reservoir operational requirements and assumptions: 1.) Employment; 2.) Water Capital Indebtedness; and 8.) Compensation (to be discussed after the merger study is complete). He stated Mr. Hartye will address the other assumptions listed, 3 through 7, under Old Business. He further reported the Committee then discussed studies being done by the City of Asheville; specifically, how it would look if the City of Asheville took over the sewer system. Some follow-up discussion was held concerning informational requests made to MSD and where it is in responding and discussion concerning the status of information requests MSD has made to the City. He stated the Committee agreed to meet again on November 1st at 10 a.m. to receive MSD's draft report from Arcadis. Also, the Committee briefly discussed the October 30th meeting to be hosted by the City of Asheville. With regard to the October 30th meeting, Ms. Manheimer announced this meeting has been cancelled. Mr. Aceto stated that in addition to the Potential Merger Assumptions, the Reservoir Proposal will also be presented under Old Business. Mr. Aceto called for any questions regarding the Private Sewers Resolution. Mr. Haner asked if MSD would be able to recover the cost of repairs. Mr. Hartye stated if it's a private sewer rehab (PSR) MSD pays for those depending on the circumstances. Mr. Haner asked about the procedure for collection. Mr. Hartye stated MSD has collection procedures in place.

8. Consolidated Motion Agenda:

a. Consideration of Bids for Sanitary Sewer Rehabilitation Project – Givens Estate:

Mr. Hartye reported the project is located at the upper end of the Dingle Creek Basin in South Asheville and crosses both Sweeten Creek Road and Hendersonville Road. The project is comprised of 3,683 linear feet of 8-inch through 12-inch DIP. The contract was advertised and the following bids were received on October 4th: Payne, McGinn & Cummins with a total bid of \$898,777.00; Carolina Specialties Construction with a total bid of \$892,525.00; Buchanan and Sons with a total bid of \$824,728.55; T&K Utilities, Inc. with a total bid of \$756,972.00; Cana Construction Company with a total bid of \$752,041.00; Moore and Son Site Contractors with a total bid of \$705,666.00 and Terry Brothers Construction Co., with a total bid of \$692,848.50. He further reported the FY12-13 construction budget for this project is \$782,300.00. Staff recommends award of this contract to Terry Brothers Construction Co., in the amount of \$692,848.50, subject to review and approval by District Counsel.

b. Consideration of Bids – Excavator Procurement:

Mr. Hartye reported the District's policy is to annually evaluate the condition of fleet vehicles and purchase replacements when the estimated cost of repair and maintenance will exceed the cost of a new one. The Fleet Replacement Committee recommends the purchase of one (1) New Mid-Size Excavator. The cost was included in the FY2012 Budget. He stated pursuant to North Carolina Purchasing Statutes and MSD Procedures, bids for the excavator were sent to three vendors. Two bid packages were received and opened on October 1, 2012: The Carolina Equipment/Yanmar bid of \$95,191.00 was the lowest responsive bidder. Bobcat of

Asheville's bid was non-responsive; unable to meet all bid specifications. Staff recommends award of the bid to Carolina Equipment/Yanmar in the amount of \$95,191.00. Mr. Hartye stated funds are budgeted in the Fleet Replacement Fund.

c. Consideration of Private Sewer Line Failure Response:

Mr. Hartye reported the Planning Committee recommends the MSD Board adopt a parallel resolution to a resolution adopted by the Buncombe County Board of Health on September 13, 2012 and work with the County and the Health Department to bring about a resolution to private sewer situations that present a public health hazard. Mr. Hartye went over the procedures should adjacent property owners not be cooperative and added that repairs to a line may be done by a plumber.

d. Cash Commitment Investment Report as of August 31, 2012:

Mr. Powell reported that Page 2 presents the makeup of the District's Investment Portfolio with no significant change from the previous month. Page 3 is the MSD Investment Manager's Report as of the month of August. The weighted average maturity of the investment portfolio is 459 days and the yield to maturity is 0.84% and exceeds MSD bench marks of the 6 month T-Bill and NCCMT cash portfolio. Page 4 is an analysis of the District's cash receipts. Monthly and YTD domestic sewer revenue is considered reasonable based on historical trends. Month and YTD Industrial revenue as well as Facility & Tap fees are considered reasonable based on historical trends. Page 5 is an analysis of the District's Expenditures. Monthly and YTD expenditures are considered reasonable based on historical trends. Page 6 is the MSD Variable Debt Service report. Both the 2008 A&B Series bonds are performing better than budgeted expectations. At the end of September, both issues have saved District customers \$5.8 million dollars in debt service since April, 2008.

With regard to excavator procurement, Mr. Aceto asked if MSD should be concerned that it only received one responsive bid on a major piece of equipment. Mr. Stamey reported that last fall staff looked at several different excavators and reviewed the specifications to determine what would give MSD the best capabilities as far as range of motion, lifting and safety since this equipment will be used to set manholes. After the specifications were put together, staff sent out RFP's to several bidders and only received two responses. Mr. Aceto asked if the serious accident involving a piece of equipment had any bearing on the specifications. Mr. Stamey stated the equipment involved in the accident was a backhoe not a trackhoe. He explained the backhoe has a limited range of motion and struggles to pick up a manhole, thus the reason for the purchase of a trackhoe, which has a better range of motion and better lifting capabilities.

Mr. VeHaun moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Mr. Kelly asked why the Board is being asked to sign the private sewer resolution individually. Mr. Clarke stated it's sufficient if the Chairman and Secretary sign the resolution. With no further discussion, roll call vote was as follows: 11 Ayes; 0 Nays.

9. Old Business:

Mr. Aceto called on Mr. Hartye for a review of the underlying assumptions referred to by Mr. Root in his report of the Planning Committee. Mr. Hartye reported the first four assumptions are the assumptions for the study being conducted and include: MSD to retain all current Water Department employees subject to the same MSD personnel policies applicable to current MSD employees; MSD to assume and pay off all outstanding Water capital indebtedness; Keep sewer accounting separate – no impact to sewer customers of MSD's Long Term Business Plan, and MSD to fund the City's new

increase in CIP over the next 10 years, estimated at over \$100 million. He stated the remaining assumptions are outside the scope of the study and can be discussed and considered by MSD and the City of Asheville as follows: City/MSD Statement opposing privatization; City to retain ownership of reservoir lands and lease to MSD while MSD to have operational control; Water to be eligible for same MSD financial incentives and partnerships for new public and private development currently available for sewer (cost participation, revenue sharing) and Compensation (to discuss after merger study is complete).

Mr. Hartye presented a draft proposal concerning the North Fork and Bee Tree Watersheds which outlines the following: The City of Asheville will retain ownership of the land underlying both North Fork and Bee Tree Watersheds that shall include title and naming rights; MSD will lease for 99 years, the Watershed Properties from the City for the purpose of providing clean, safe drinking water; MSD will operate, maintain, repair, replace and expand, if necessary, all structures, buildings, and improvements necessary to collect, process and deliver water to the reservoirs, dams treatment facilities, pipelines, roads, parking areas, office maintenance and storage facilities that currently exist (Water Production Facilities) on the Watershed Properties, and MSD will have operational control over the Watershed Properties including the right to control and limit access. MSD will operate and maintain the Watershed Properties pursuant to the 1996 Conservation Easement, and as the same may be amended from time to time by the City of Asheville consistent with the provisions of the proposal. Mr. Aceto asked the Board for any comment or questions about the Watershed Proposal. He stated staff was asked to give the Planning Committee and the Board the benefit of what it thinks would be essential in an agreement with the City and, if there is a lease, what conditions would be on the lease. He further stated these are examples of conditions that focus on the operational needs of MSD and staff's idea of what the MSD Board should propose to the City. Mr. Aceto asked the Board for its reaction to the items proposed. Mr. Haner expressed concern about the exposure MSD and its ratepayers might have in the liability created by the need for security in that area and what costs might be involved. Mr. Aceto stated should MSD be given responsibility for the water that would be MSD's problem. He further stated it's the City of Asheville's problem right now, but does not feel there is anything in this proposal that exposes MSD to greater liability and MSD might end up with this, whether it likes it or not. Mr. Hartye stated if this comes MSD's way there are two options; you own and control the reservoir land and have title to it, or have operational control and lease it; this is an alternative to owning it. The MSD can then make a proposal to the Legislature if it feels comfortable doing so and the City of Asheville appears to go along with it. Mr. Kelly stated that once MSD completes its study, it might be in a better position to determine its options. Mr. Root stated it seems the most we're doing here is trying to aid the City in their thought process concerning the possibility of lease versus transfer and MSD is not in a position to nail down any particulars on a lease. Mr. Aceto stated that one of his concerns is the upcoming referendum the City voters will consider and would like to have some benchmarks for what the MSD is prepared to do rather than just having people speculate on what might occur. Mr. Watts stated he thinks it is good MSD has the option to lease the property as opposed to outright ownership and can put the fine details on it later if necessary. Mr. Haner asked what MSD would have to have in place in order to sell bonds or fund improvements. Mr. Clarke stated he hasn't gotten into that level of detail, but feels having operational control would be sufficient. Ms. Manheimer stated this is just the watershed property; the lines would be transferred. Mr. Hartye stated MSD would want ownership of the lines, the dam, the treatment plant and all of the water supply items that it would want to repair or rehab. Ms. Manheimer stated the idea is that the transmission and distribution system would be transferred, but the watershed property would be leased, which addresses one of the main concerns of the City and its constituents. She further stated the City's Planning & Economic Development Committee will review the Conservation Easement and look for ways to strengthen it, which is a primary concern on the part of the City. If the Legislature moves in this direction and decides it's going to

impose a transfer, she is hopeful they may be open to suggestions as to how that is done. Mr. Aceto asked for comments about the underlying assumptions. Mr. Kelly stated the Board should wait until the Planning Committee meets to see what the study shows before it delves too deeply into the proposal or the assumptions. Mr. Root asked when copies of the study will be available. Mr. Hartye said hopefully a few days beforehand.

10. New Business:

Mr. Clarke requested the Board go into closed session to consider pending condemnation action. Ms. Manheimer asked to be excused from deliberation or vote on this issue.

At 2:50 p.m., Mr. Stanley moved the Board go into closed session. Mr. VeHaun seconded the motion.

At 2:57 p.m the Board went back into open session.

MSD Staff and Counsel recommend approval of settlement in MSD vs. Home Trust Bank in the amount of \$75,000, inclusive of all settlement costs and interest. Voice vote in favor of the recommendation was unanimous.

11. Adjournment:

With no further business, Mr. Aceto called for adjournment at 2:59 p.m.

Jackie W. Bryson, Secretary/Treasurer

REPORT OF GENERAL MANAGER

MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: November 9, 2012
SUBJECT: Report from the General Manager

- Update on Water Study

The MSD Planning Committee will meet November 14th at noon for a presentation of Phase I of the draft merger study by the District's consultant Malcolm Pirnie/ Arcadis. The Planning Committee will receive comments on the study and provide input to the MSD Board. The current plan is that the Final Phase I Study will be presented to the MSD Board at the December 12th meeting. The Phase II portion of the Study will be presented in January 2013.

- Kudos

The MSD IT Department, in conjunction with Mountain Communications, proactively replaced the existing phone system which gave MSD over 15 years of service. The phone system replacement was a project that began planning in early 2011 and culminated in a weekend installation in October 2012. This capital project replaced over 119 phones spanning over 9 buildings on the MSD campus. The new VOIP phone system from LG-Ericsson offers the employees of MSD higher quality calls, more functionality and the highest level of redundancy available for our organization. This changeover was basically seamless to the end users. Thank you to the members of the IT Department for their efforts on such a large project.

- Board/Committee Meetings/Events

There will be a Planning Committee at noon on November 14th. The next Right of Way Committee will be held November 28th at 9am. The next Regular Board Meeting will be December 12th, at 2 pm.

REPORT OF COMMITTEES

**RIGHT OF WAY
COMMITTEE RECOMMENDATIONS
AND MINUTES
October 24, 2012**

I. Call To Order

The regular monthly meeting of the Right of Way Committee was held in the Boardroom of the William H. Mull Building and called to order at 9:00 a.m. on Wednesday, October 24, 2012. The following Right of Way Committee members were present: Glenn Kelly, Chris Pelly, Jerry VeHaun and Robert Watts.

Others present were: Ellen McKinnon, Martin-McGill; Max Haner and Al Root, Board members; Tom Hartye, Ed Bradford, Angel Banks, Hunter Carson, Wesley Banner and Pam Nolan, M.S.D.

II. Inquiry as to Conflict of Interest

Mr. Kelly inquired if anyone had a conflict of interest with Agenda items. There was none.

III. Buncombe County Greenway Master Plan

Ms. Lucy Crown, Parks and Greenway Planner for Buncombe County, was scheduled to give a presentation on the Buncombe County Greenway Master Plan. She had to cancel due to pressing matters at work and would be interested in rescheduling after the first of the year.

IV. Consideration of Condemnation – Macon Avenue @ Sunset Parkway Rehabilitation – Project No. 2006016

PIN No. 9649-55-7258 - Subject property is improved with a residence containing four rental units. There are two segments of rehab sewer being constructed on this property. The first segment replaces an existing sewer in the existing location on the corner of this property where a large Japanese maple tree is located within the existing prescriptive easement. This tree will be destroyed by construction. The line cannot be moved to save the tree, due to the creek and an existing structure. MSD offered to provide a replacement tree, which the owner was not in agreement with.

The second segment of sewer replaces an existing segment of sewer in an east/west direction in the back yard. The original alignment of this rehab sewer resulted in the loss of a significant sized Plum tree. MSD realigned the sewer in the back yard to avoid conflict with this tree as the property owner requested. The property owner will not indicate if they are satisfied with the compensation that is being offered, \$3,282.00, stating the loss of the Japanese maple is the more important issue to them.

Total Contacts: 11

STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

Ms. Banks reviewed the above and explained again that the property owner's biggest concern is the Japanese maple tree. This tree holds a sentimental value and has been in place for around forty years. Property owner states they will not sign if the tree will be destroyed. Mr. Watts asked the size of the sewer line and Ms. Banks stated it was an 8" line. There was some discussion regarding the inability

to relocate the line and whether the tree could be worked around or not. Ms. Banks stated that MSD's construction inspection staff has looked at the site and feel that any construction around this tree will damage the root ball and kill the tree. Mr. Bradford pointed out that MSD had offered to replace the tree but it would be a smaller tree. Ms. Banks stated again that we would not compensate for the sentimental value to the owner. Mr. Haner asked if staff had looked at relocating the tree or having it looked at by an arborist. Ms. Banks stated that MSD has not had an arborist look at the tree and staff felt that due to its size, the tree would not survive the digging up and replanting. Mr. Bradford stated that staff could have an arborist look at the tree to see if relocation would be feasible but the cost could be high. If the tree was moved, MSD would still have to provide a warranty and could be responsible if the tree does not survive. Mr. Pelly asked how this situation typically played out in other circumstances where there would be tree damage. Ms. Banks stated that it would totally depend on the situation but typically the attorney, appraisal and court costs end up being too costly to the owner and they will come to an agreement. Mr. Bradford stated that MSD will move lines if possible to save trees but in this situation the sewer line cannot be moved. Ms. Banks pointed out that MSD is in the existing location on this property and does have prescriptive rights.

Jerry Vehaun made the motion to accept staff's recommendation. Chris Pelly seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

V. Consideration of Condemnation – Old US 70 @ Grovemont Avenue Rehabilitation – Project No. 2007322

PIN No. 9699-31-2716 - Subject property is improved with four rental mobile home units. The property owner has been nonresponsive despite several phone calls and certified letters. Since the property owner has not replied, it is unclear if they have any issues concerning the project, and this is impeding negotiations.

Total Contacts: 8

COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

Property owner signed before this meeting. No Motion necessary.

**VI. Consideration of Compensation Budgets –
Horizon Hill Road GSR Project No. 2008084
Emory Road GSR Project No. 2009137
Old Haywood Road @ Starnes Cove Road Project No. 2009117**

The attached Compensation Budgets are based on current ad valorem tax values and follow the MSD approved formula.

STAFF RECOMMENDATION: Approval of Compensation Budgets.

Ms. Banks reviewed the projects. The Horizon Hill Road GSR is off of Lookout Drive in Woodfin and consists of 713 linear feet of 8" DIP to replace 4" and 6" VCP and orangeburg pipe. The Emory Road GSR is located in West Asheville and consists of approximately 301 linear feet of 8" DIP to replace 6" and 8" orangeburg and PVC. Old Haywood Road @ Starnes Cove Road project consists of approximately 2500 linear feet of 8" DIP to replace 6" and 8" VCP and orangeburg pipe. There was no discussion. Mr. VeHaun made the motion to accept staff's recommendation. Mr. Pelly seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Approval of Compensation Budgets.

VII. Quarterly Report – First Quarter

Attached you will find a Project Status Summary for all active acquisition projects. This report provides information on percentage of easements complete, percentage of compensation expended and comments on condemnations. This information is provided for your review.

STAFF RECOMMENDATION: For information only. No action required.

There being no further business the meeting adjourned at 9:07 am.

CONSOLIDATED MOTION AGENDA

Metropolitan Sewerage District of Buncombe County

Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 10/24/2012

BOARD MEETING DATE: 11/14/2012

SUBMITTED BY: Tom Hartye, PE, General Manager
 PREPARED BY: Angel Banks, Right of Way Manager
 REVIEWED BY: Ed Bradford, PE, Director of CIP

**SUBJECT: Consideration of Condemnation – Macon Avenue @ Sunset Parkway
 Rehabilitation – Project No. 2006016**

PIN No. 9649-55-7258 - Subject property is improved with a residence containing four rental units. There are two segments of rehab sewer being constructed on this property. The first segment replaces an existing sewer in the existing location on the corner of this property where a large Japanese maple tree is located within the existing prescriptive easement. This tree will be destroyed by construction. The line cannot be moved to save the tree, due to the creek and an existing structure. MSD offered to provide a replacement tree, which the owner was not in agreement with.

The second segment of sewer replaces an existing segment of sewer in an east/west direction in the back yard. The original alignment of this rehab sewer resulted in the loss of a significant sized Plum tree. MSD realigned the sewer in the back yard to avoid conflict with this tree as the property owner requested. The property owner will not indicate if they are satisfied with the compensation that is being offered, \$3,282.00, stating the loss of the Japanese maple is the more important issue to them.

Total Contacts: 11

STAFF RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

Ms. Banks reviewed the above and explained again that the property owner's biggest concern is the Japanese maple tree. This tree holds a sentimental value and has been in place for around forty years. Property owner states they will not sign if the tree will be destroyed. Mr. Watts asked the size of the sewer line and Ms. Banks stated it was an 8" line. There was some discussion regarding the inability to relocate the line and whether the tree could be worked around or not. Ms. Banks stated that MSD's construction inspection staff has looked at the site and feel that any construction around this tree will damage the root ball and kill the tree. Mr. Bradford pointed out that MSD had offered to replace the tree but it would be a smaller tree. Ms. Banks stated again that we would not compensate for the sentimental value to the owner. Mr. Haner asked if staff had looked at relocating the tree or having it looked at by an arborist. Ms. Banks stated that MSD has not had an arborist look at the tree and staff felt that due to its size, the tree would not survive the digging up and replanting. Mr. Bradford stated that staff could have an arborist look at the tree to see if relocation would be feasible but the cost could be high. If the tree was moved, MSD would still have to provide a warranty and could be responsible if the tree does not survive. Mr. Pelly asked how this situation typically played out in other circumstances where there would be tree damage. Ms. Banks stated that it would totally depend on the situation but typically the attorney, appraisal and court costs end up being too costly to the owner and they will come to an agreement. Mr. Bradford stated that MSD will move lines if possible to save trees but in this situation the sewer line cannot be moved. Ms. Banks pointed out that MSD is in the existing location on this property and does have prescriptive rights.

Jerry Vahaun made the motion to accept staff's recommendation. Chris Pelly seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Authority to obtain appraisal and proceed with condemnation.

COMMITTEE ACTION TAKEN	
Motion by: Jerry VeHaun	To: XX Approve <input type="checkbox"/> Disapprove
Second by: Chris Pelly	<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

Metropolitan Sewerage District of Buncombe County

Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 10/24/2012

BOARD MEETING DATE: 11/14/2012

SUBMITTED BY: Tom Hartye, PE, General Manager
 PREPARED BY: Angel Banks, Right of Way Manager
 REVIEWED BY: Ed Bradford, PE, Director of CIP

SUBJECT: **Consideration of Compensation Budgets –
 Horizon Hill Road GSR Project No. 2008084
 Emory Road GSR Project No. 2009137
 Old Haywood Road @ Starnes Cove Road Project No. 2009117**

The attached Compensation Budgets are based on current ad valorem tax values and follow the MSD approved formula.

STAFF RECOMMENDATION: Approval of Compensation Budgets.

Ms. Banks reviewed the projects. The Horizon Hill Road GSR is off of Lookout Drive in Woodfin and consists of 713 linear feet of 8" DIP to replace 4" and 6" VCP and orangeburg pipe. The Emory Road GSR is located in West Asheville and consists of approximately 301 linear feet of 8" DIP to replace 6" and 8" orangeburg and PVC. Old Haywood Road @ Starnes Cove Road project consists of approximately 2500 linear feet of 8" DIP to replace 6" and 8" VCP and orangeburg pipe. There was no discussion. Mr. VeHaun made the motion to accept staff's recommendation. Mr. Pelly seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Approval of Compensation Budgets.

COMMITTEE ACTION TAKEN	
Motion by: Jerry VeHaun	To: XX Approve <input type="checkbox"/> Disapprove
Second by: Chris Pelly	<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

Horizon Hill Road GSR

Project Number 2008084

Compensation Budget

17-Sep-12

Pin Number and Name

Pin Number and Name		Acres	Parcel SF	Land Value	LV/SF	PE	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd.	10% Annl Return	Proj Time (Months)	TCE Rent Value	Total Comp. (Rounded)
27 Pin	83 Pin													
	9740205875	0.46	20,037.60	\$41,600.00	\$2.08	1,563.36	\$3,251.79	\$1,625.89	3,144.15	\$6,539.83	\$653.98	2	\$109.00	\$1,735
	9740214073	0.57	24,829.20	\$105,600.00	\$4.25	88.01	\$374.04	\$187.02	439.12	\$1,866.26	\$186.63	2	\$31.10	\$218
TOTALS:														\$1,953
Staff Contingency:														\$5,000
GM's Contingency														\$5,000
Amendment														
Total Budget:														\$11,953

Emory Road GSR

Project Number 2009137

Compensation Budget

17-Sep-12

Pin Number and Name

27 Pin	83 Pin	Acres	Parcel SF	Land Value	LV/SF	PE	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd.	10% Annl Return	Proj Time (Months)	TCE Rent Value	Total Comp. (Rounded)
	9627597929	22.11	963,111.60	\$226,800.00	\$0.24	3,182.60	\$763.82	\$381.91	6,426.48	\$1,542.36	\$154.24	1	\$12.85	\$395

TOTALS: \$395

Staff Contingency: \$5,000

GM's Contingency \$5,000

Amendment

Total Budget: \$10,395

Old Haywood Road @ Starnes Cove Road

Project Number 2009117

Compensation Budget

09-Oct-12

Pin Number and Name

27 Pin	83 Pin	Acres	Parcel SF	Land Value	LV/SF	PE	PE Assd. Value	50% PE Assd. Value	TCE SF	TCE Assd.	10% Annl Return	Proj Time (Months)	TCE Rent Value	Total Comp. (Rounded)
	9628012203	1.45	63,162.00	\$27,200.00	\$0.43	460.20	\$197.89	\$98.94	5,025.51	\$2,160.97	\$216.10	4	\$72.03	\$171
	9618918769	0.43	18,730.80	\$18,300.00	\$0.98	1,746.29	\$1,711.36	\$855.68	5,202.23	\$5,098.19	\$509.82	4	\$169.94	\$1,026
	9618916602	0.29	12,632.40	\$24,800.00	\$1.96	0.00	\$0.00	\$0.00	1,500.92	\$2,941.80	\$294.18	4	\$98.06	\$98
	9628010930	0.65	28,314.00	\$19,100.00	\$0.67	0.00	\$0.00	\$0.00	5,485.41	\$3,675.22	\$367.52	4	\$122.51	\$123
	9618917790	0.25	10,890.00	\$17,500.00	\$1.61	826.38	\$1,330.47	\$665.24	2,742.58	\$4,415.55	\$441.56	4	\$147.19	\$812
	9628013906	0.35	15,246.00	\$18,000.00	\$1.18	0.00	\$0.00	\$0.00	794.47	\$937.47	\$93.75	4	\$31.25	\$31
	9628012854	0.54	23,522.40	\$18,800.00	\$0.80	0.00	\$0.00	\$0.00	535.66	\$428.53	\$42.85	4	\$14.28	\$14
	9618919534	0.83	36,154.80	\$19,500.00	\$0.54	801.25	\$432.68	\$216.34	2,080.75	\$1,123.61	\$112.36	4	\$37.45	\$254
	9618919692	0.40	17,424.00	\$18,200.00	\$1.04	3,479.66	\$3,618.85	\$1,809.42	2,503.70	\$2,603.85	\$260.38	4	\$86.79	\$1,896
	9618919787	0.50	21,780.00	\$18,700.00	\$0.86	197.56	\$169.90	\$84.95	3,432.57	\$2,952.01	\$295.20	4	\$98.40	\$183
	9618919238	0.43	18,730.80	\$18,300.00	\$0.98	571.25	\$559.83	\$279.91	1,411.79	\$1,383.55	\$138.36	4	\$46.12	\$326

TOTALS:	\$4,935
Staff Contingency:	\$10,000
GM's Contingency	\$10,000
Amendment	
Total Budget:	\$24,935

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: November 14, 2012

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

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

Subject: First Quarter Budget to Actual Review – FY 2013

Background

At the end of each quarter, actual revenue and expenditure amounts are compared with the budget to evaluate the District's financial performance. The attached schedule includes year-to-date actual amounts as of September 30, 2012 as well as the adopted budget for FY12-13.

Discussion

There are several explanatory notes at the bottom of the page to assist in using this schedule as a management tool. Other considerations are as follows:

- ★ Domestic and Industrial User Fees are at budget expectations. Staff monitors consumption trends as they have a direct effect on the District's current and future revenue projections.
- ★ Facility and Tap Fees, also conservatively budgeted, can be significantly higher or lower than budget. Facility and Tap fees are slightly below budgeted expectations due to the unpredictable nature of collections.
- ★ Interest and miscellaneous income are above budgeted expectations. The positive variance is due to the termination of the forward delivery agreement with Citigroup Financial Products Inc. in the amount of \$314,000.
- ★ Rental income reflects expected earnings.
- ★ O&M expenditures are at 25.64% of budget. The expenditures include encumbered amounts, which has elevated the budget to actual ratio slightly above 25%. The aforementioned encumbrances will be spent in the future.
- ★ Bond principal and interest actually spent is less than 25% of budget. This is due to the timing of the District's debt service payments. The District is required to make a semi-annual interest payment on December 1, 2012 and a principal and semi-annual interest payment on July 1, 2013.
- ★ Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year and are expected to be fully spent prior to the end of the year.

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:

Metropolitan Sewerage District
Budget to Actual Revenue and Expenditure Report
For the three months ended September 30, 2012
UNAUDITED--NON-GAAP

	Budget	Actual to Date	% Budget to Actual
REVENUES			
Domestic User Fees ¹	\$ 26,171,162	\$ 6,553,393	25.04%
Industrial User Fees	1,696,137	393,820	23.22%
Facility Fees	1,250,000	279,985	22.40%
Tap Fees ²	105,000	78,800	75.05%
Billing and Collection	677,544	171,150	25.26%
Interest and Misc. Income ³	325,659	415,761	127.67%
Employee Contribution to Health Ins.	413,000	93,025	22.52%
City of Asheville (Enka Bonds) ⁴	37,000	-	0.00%
Rental Income	67,872	17,589	25.92%
Use of Available Funds ⁵	11,201,767	3,491,472	31.17%
Total Revenues ⁶	\$ 41,945,141	\$ 11,494,994	27.40%
EXPENDITURES			
Operations and Maintenance ⁷	\$ 14,688,640	\$ 3,766,288	25.64%
Bond Principal and Interest ⁸	8,238,321	191,941	2.33%
Capital Equipment (Other than O&M) ⁷	654,000	141,935	21.70%
Capital Projects ⁷	17,364,180	7,394,831	40.27%
Contingency	1,000,000		0.00%
Total Expenditures	\$ 41,945,141	\$ 11,494,994	27.40%

Notes

¹ Revenues are on the cash basis

² Increase in number of Taps requiring Bore Fees

³ Increase in interest due to termination of forward delivery agreement

⁴ Payment to be received in May

⁵ Pay-as-go funds to be used for CIP

⁶ Budget-to-Actual Ratio does not include use of available funds

⁷ Includes encumbered amounts as well as actual insurance expenditures

⁸ Below 25% because 100% of principal payments due on July 1, 2013 for the entire FY13

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: November 14, 2012

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

Prepared By: W. Scott Powell, CLGFO, Director of Finance
Cheryl Rice, Accounting Manager

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2012

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 September 30, 2012 were \$30,566,062. The detailed listing of accounts is available upon request. The average rate of return for all investments is 1.789%. 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 September 30, 2012 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of September 30, 2012 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is (\$10,768,339).

Total Cash & Investments as of 09/30/2012		30,566,062
Less:		
Budgeted Commitments (Required to pay remaining FY13 budgeted expenditures from unrestricted cash)		
Construction Funds	(15,776,446)	
Operations & Maintenance Fund	(11,576,111)	
		(27,352,557)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(14,605)	
Debt Service Reserve	(2,721,999)	
Remaining Principal & Interest Due	<u>(7,242,506)</u>	
		(9,979,110)
District Reserve Funds		
Fleet Replacement	(461,288)	
WWTP Replacement	(614,958)	
Maintenance Reserve	<u>(912,900)</u>	
		(1,989,146)
Post-Retirement Benefit		(905,590)
Self-Funded Employee Medical		<u>(1,107,998)</u>
Designated for Capital Outlay		<u><u>(10,768,339)</u></u>

Staff Recommendation

None. Information Only.

Action Taken

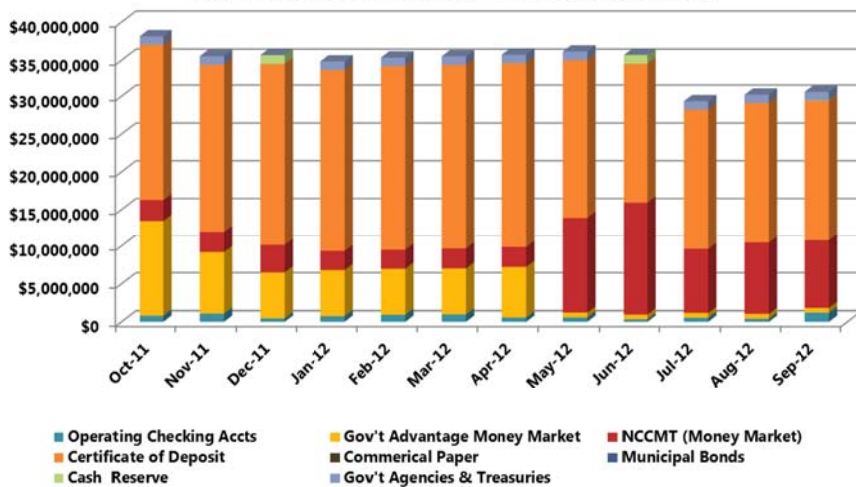
Motion by:	to	Approve	Disapprove
Second by:		Table	Send to Committee
Other:			
Follow-up required:			
Person responsible:			Deadline:

Metropolitan Sewerage District of Buncombe County Investment Portfolio

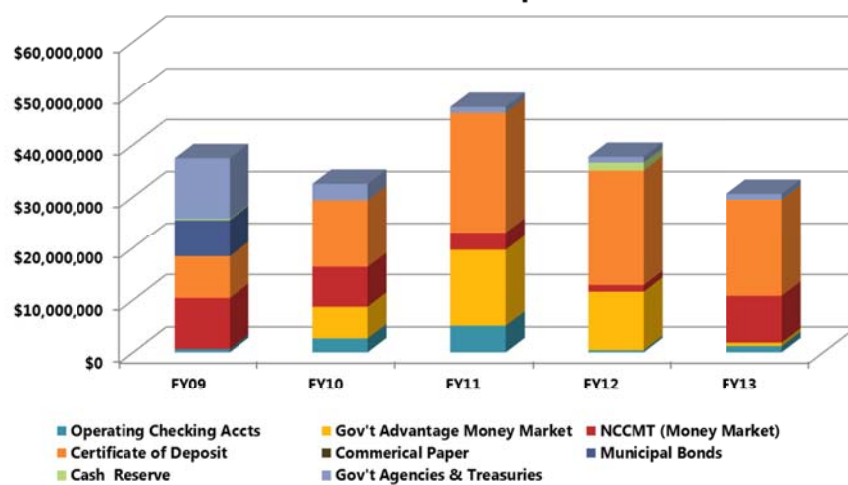
	Operating Checking Accounts	Gov't Advantage Money Market	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -	\$ -	\$ 14,605	\$ -	\$ -	\$ -	\$ 61,479	\$ 1,116,802	\$ 1,192,886
Held by MSD	1,192,810	646,444	8,910,571	18,623,351	-	-	-	-	29,373,176
	\$ 1,192,810	\$ 646,444	\$ 8,925,176	\$ 18,623,351	\$ -	\$ -	\$ 61,479	\$ 1,116,802	\$ 30,566,062

<u>Investment Policy Asset Allocation</u>	<u>Maximum Percent</u>	<u>Actual Percent</u>	
U.S. Government Treasuries,			
Agencies and Instrumentalities	100%	3.85%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	60.93%	The District 's YTM of .85% is exceeding the YTM benchmarks of the
Commercial Paper	20%	0.00%	6 month T-Bill and NCCMT Cash Portfolio.
North Carolina Capital Management Trust	100%	29.20%	
Checking Accounts:	100%		All funds invested in CD's, operating checking accounts, Gov't Advantage money market
Operating Checking Accounts		3.90%	are fully collateralized with the State Treasurer.
Gov't Advantage Money Market		2.11%	

**MSD of Buncombe County
Investment Portfolio - 12 Month Trend**



**MSD of Buncombe County
Investment Portfolio - As of September 30, 2012**



Board Meeting: November 14, 2012

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2012

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**METROPOLITAN SEWERAGE DISTRICT
INVESTMENT MANAGERS' REPORT
AT September 30, 2012**

Summary of Asset Transactions

	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 26,136,724	\$ 26,136,724	\$ 288,261
Capital Contributed (Withdrawn)	(461,353)	(461,353)	-
Realized Income	1,318	1,318	-
Unrealized/Accrued Income	-	-	17,929
Ending Balance	<u>\$ 25,676,689</u>	<u>\$ 25,676,689</u>	<u>\$ 306,190</u>

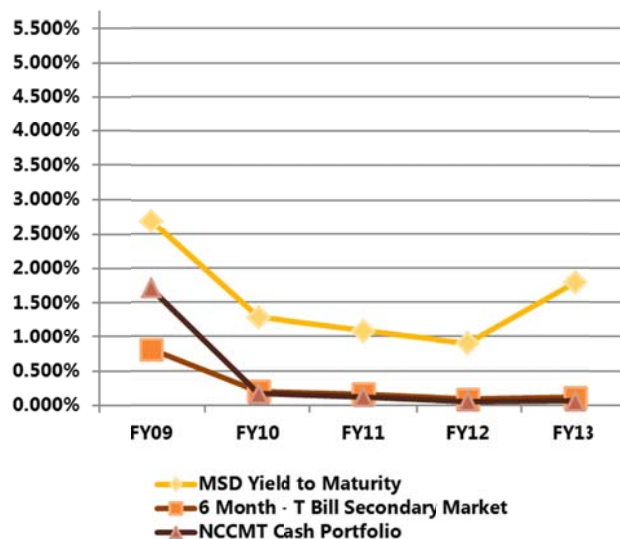
Value and Income by Maturity

	Original Cost	Income
Cash Equivalents <91 Days	\$ 7,053,338	\$ 5,287
Securities/CD's 91 to 365 Days	18,623,351	\$ 13,960
Securities/CD's > 1 Year	-	\$ -
	<u>\$ 25,676,689</u>	<u>\$ 19,247</u>

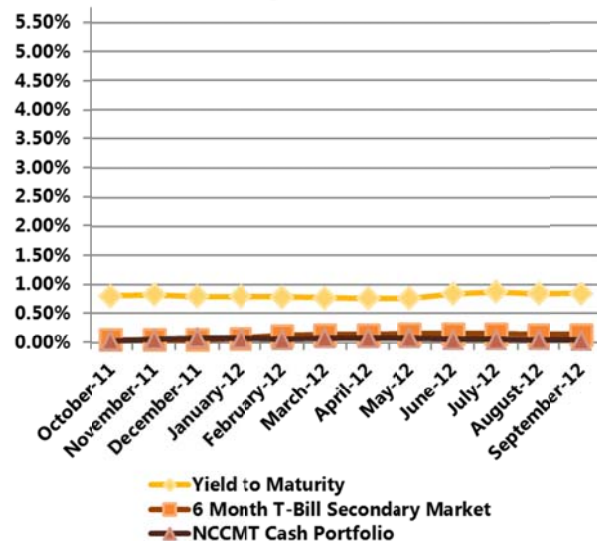
Month End Portfolio Information

Weighted Average Maturity	445
Yield to Maturity	0.85%
6 Month T-Bill Secondary Market	0.14%
NCCMT Cash Portfolio	0.04%

**Metropolitan Sewerage District
Annual Yield Comparison**



**Metropolitan Sewerage District
Yield Comparison-9/30/12**



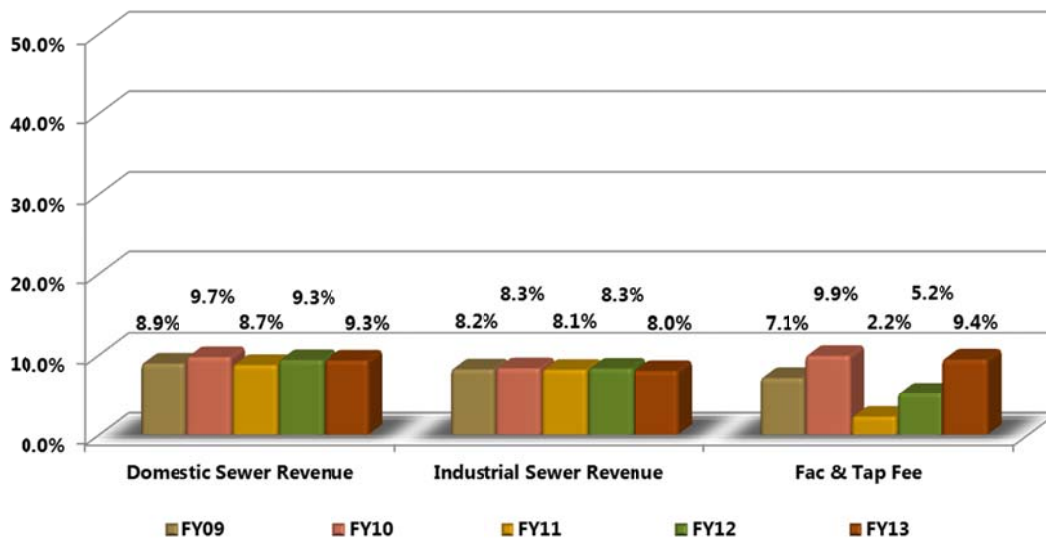
Board Meeting: November 14, 2012

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2012

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**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF CASH RECEIPTS
AS OF September 30, 2012**

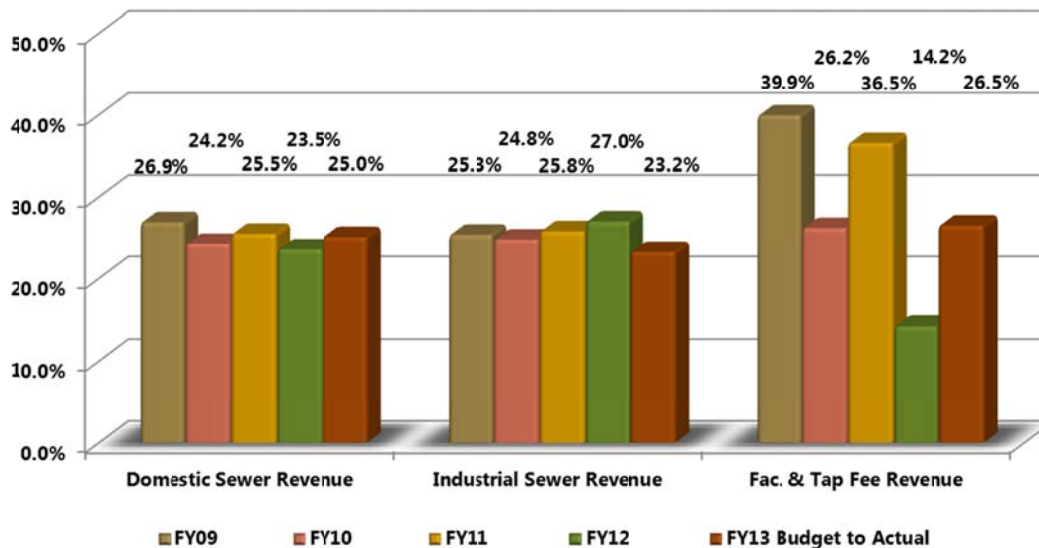
Monthly Cash Receipts Analysis



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 Cash Receipt Analysis



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.
- Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

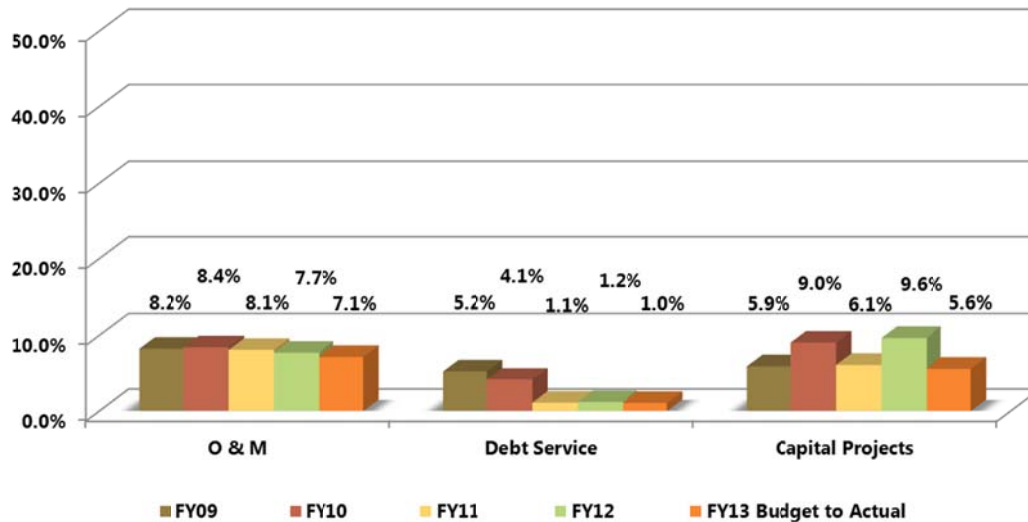
Board Meeting: November 14, 2012

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2012

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**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF EXPENDITURES
AS OF SEPTEMBER 30, 2012**

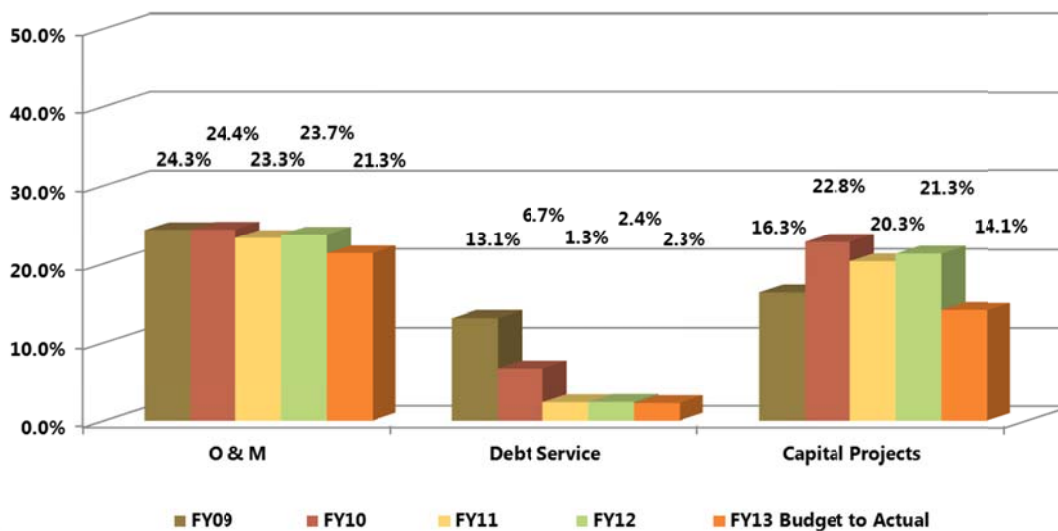
Monthly Expenditure Analysis



Monthly Expenditure Analysis:

- Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- 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 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.

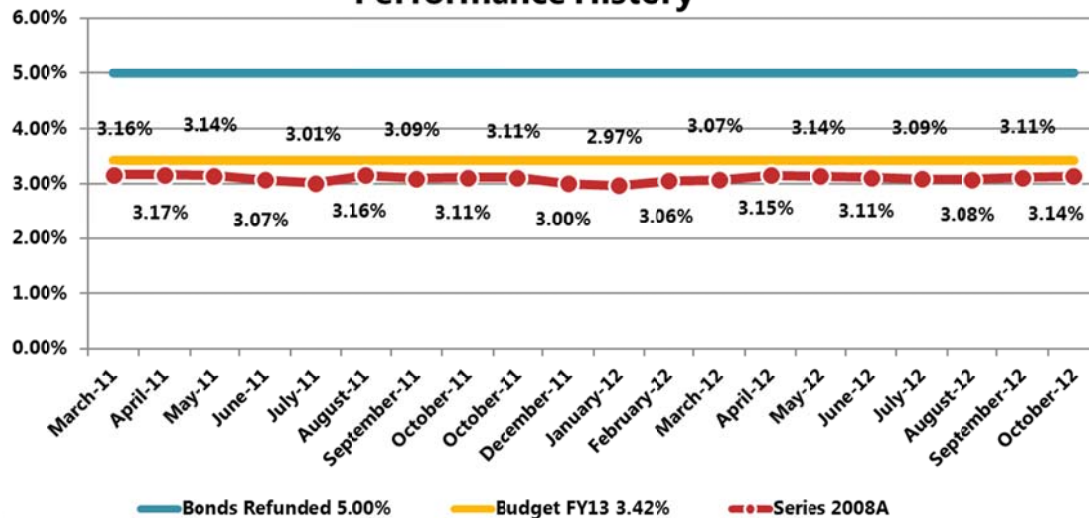
Board Meeting: November 14, 2012

Subject: Cash Commitment/Investment Report-Month Ended September 30, 2012

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METROPOLITAN SEWERAGE DISTRICT
Variable Debt Service Report
As of October 31, 2012

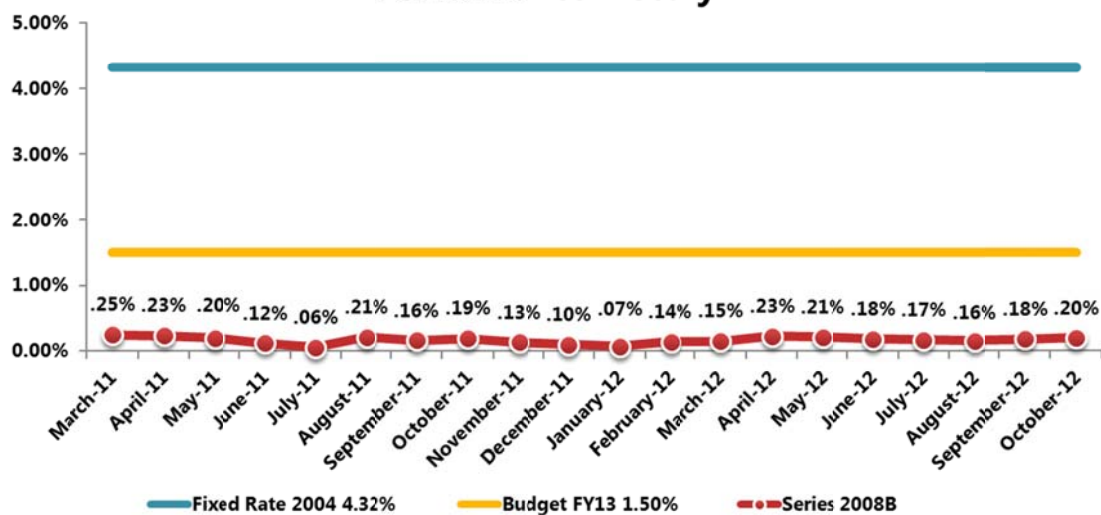
Series 2008A Synthetic Fixed Rate Bonds
Performance History



Series 2008A:

- ★ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$2,441,004 as compared to 4/1 fixed rate of 4.85%.
- ★ Assuming that the rate on the Series 2008A Bonds continues at the current all-in rate of 4.0475%, MSD will achieve cash savings of \$4,730,000 over the life of the bonds.
- ★ MSD would pay \$6,450,000 to terminate the existing Bank of America Swap Agreement.

Series 2008B Variable Rate Bond
Performance History



Series 2008B:

- ★ Savings to date on the 2008B Variable Rate Bonds is \$3,496,288 as compared to 5/1 fixed rate of 4.32%.
- ★ Since May 1, 2008, the Series 2008B Bonds average variable rate has been 0.53%.
- ★ MSD will achieve \$9,010,000 in cash savings over the life of the bonds at the current average variable rate.

STATUS REPORTS

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

November 7, 2012

PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
GIVENS ESTATES	Terry Brothers	10/17/2012	10/24/2012	2/21/2013	\$692,848.50	5%	Formal Contractor clearing ROW. Boring Contractor has started the Hendersonville Road bore.
MOUNTAIN TERRACE - 4 INCH MAIN	Terry Brothers	8/15/2012	8/21/2012	12/19/2012	\$71,085.00	95%	Informal Ready for pavement and final inspection.
NORTH GRIFFING BOULEVARD - 4 INCH MAIN	Terry Brothers	8/15/2012	8/21/2012	12/19/2012	\$146,929.50	95%	Informal Ready for pavement and final inspection.
PATTON AVENUE @ PARKWOOD ROAD	Huntley Construction	1/18/2012	5/11/2012	11/12/2012	\$243,718.16	98%	Informal All construction is complete. Ready for final inspection.
PIPE RATING CONTRACT #6 (LINING)	Improved Technologies Group	10/19/2011	12/5/2011	11/30/2012	\$808,846.50	95%	Formal Project has been punched out. Post CCTV review has revealed problems internal of the lines. Contractor is scheduling repairs.
PIPE RATING CONTRACT #7 (LINING)	TBA	TBA	TBA	TBA	TBA	0%	Formal Project is scheduled to bid on November 29, 2012.
SCENIC VIEW DRIVE (PRP 29020)	Carolina Specialties	9/19/2012	10/29/2012	2/26/2013	\$249,450.00	10%	Informal Construction has begun and progressing well.
SHORT COXE AVENUE AT SOUTHSIDE AVENUE	Cana Construction	7/18/2012	9/4/2012	3/3/2013	\$866,521.50	25%	Formal Construction has begun. Contractor is installing the 16-inch line first.
WRF - CRAGGY HYDRO FACILITY REPAIRS - CONTROL COMPONENTS UPGRADE	Innovative Solutions of NC	7/12/2012	N/A	3/31/2013	\$100,717.72	33%	Informal This is to upgrade the old control panel at the Hydro Facility. In additon to this, Turbine No. 2 is being repaired as well.
WRF - ELECTRICAL IMPROVEMENTS	Haynes Electric	8/15/2012	9/10/2012	6/7/2013	\$1,061,900.00	10%	Formal Site work at generator pad at subgrade. Buried ductbanks throughout plant being installed.
WRF - FINAL MICROSCREEN REPLACEMENT	Hickory Construction	10/20/2010	1/3/2011	11/30/2012	\$8,972,321.36	98%	Formal All work will be completed by November 9th leaving performance testing and submittals. Filters appear to be performing above expectations.

*Updated to reflect approved Change Orders and Time Extensions

Planning and Development Projects Status Report
November 14, 2012

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	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
	MWB Sewer Extension	2008046	Asheville	Comm.	285	5/12/2008	Complete - Waiting on final documents
	Black Mtn Annex: Avena Rd.	1999026	Black Mtn.	24	4,300	8/19/2010	Complete - Waiting on final documents
	Black Mtn Annex: McCoy Cove	1992174	Black Mtn.	24	2,067	8/19/2010	Complete - Waiting on final documents
	Black Mtn Annex: Blue Ridge Rd.	1992171	Black Mtn.	24	2,560	8/19/2010	Complete-Waiting on final documents
	Kenilworth Healthy Built	2011030	Asheville	5	252	8/23/2011	Complete - Waiting on final documents
	New Salem Studios	2011119	Black Mountain	5	36	5/21/2012	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
	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
	Greeley Street	2011053	Asheville	2	119	9/15/2011	Complete - Waiting on final documents
	Momentum Health Adventure	2008097	Asheville	Comm.	184	8/19/2009	Complete - Waiting on final documents
	North Point Baptist Church	2008105	Weaverville	Comm.	723	5/20/2009	Complete - Waiting on final documents
	Lutheridge - Phase I	2009112	Arden	Comm.	330	3/16/2010	Complete-Waiting on final documents
	AVL Technologies	2010018	Woodfin	Comm.	133	5/21/2010	Complete-Waiting on final documents
	UNC-A New Residence Hall	2011047	Asheville	304	404	8/29/2011	Complete-Waiting on final documents
	Dollar Tree - Weaverville	2011113	Weaverville	Comm.	75	2/23/2012	Complete-Waiting on final documents
	Larchmont Apartments	2011014	Asheville	60	26	6/23/2011	Complete-Waiting on final documents
	Versant Phase I	2007008	Woodfin	64	12,837	2/14/2007	Complete-Waiting on final documents
	Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Complete-Waiting on final documents
	Straford/Parkside/Woodbine	2012002	Asheville	4	250	8/2/2012	Complete-Waiting on final documents
	Brookgreen Phase 1C	2012015	Woodfin	4	280	8/2/2012	Complete-Waiting on final documents
	MWB Phase II	2012053	Montreat	1	90	8/9/2012	Complete- Waiting on final documents
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
	Thoms Estate 3A	2011022	Asheville	8	457	10/24/2010	Complete-Waiting on final documents
	Subtotal			982	31,853		

Planning and Development Projects Status Report
November 14, 2012

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	The Settings (6 Acre Outparcel)	2004192	Black Mountain	21	623	3/15/2006	Ready for final inspection
	Swannanoa Habitat Project	2012055	Swannanoa	17	303	6/26/2012	Installing
	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	Punchlist pending
	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
	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
	Thom's Estate	2006309	Asheville	40	3,422	1/24/2008	Punchlist pending
	Thom's Estate - Phase II	2008071	Asheville	40	3,701	2/9/2011	Punchlist pending
	Berrington Village Apartments	2008164	Asheville	308	4,690	5/5/2009	Ready for final inspection
	Parameter Generation Relocation	2012024	Black Mtn.	Comm.	545	5/24/2012	Ready for final inspection after paving
	Camp Dorothy Walls - Ph. 2	2007294	Black Mtn.	Comm.	593	6/16/2009	Pre-con held, ready for construction
	Harris Teeter - Merrimon Ave.	2011045	Asheville	Comm.	789	3/27/2012	Ready for final inspection
	Pisgah Manor Skilled Nursing Facility	2012008	Candler	Comm.	131	4/9/2011	Ready for final inspection
	Carolina Truck and Body (Cooper)	2012075	Asheville	Comm.	298	10/30/2012	Pre-con held, ready for construction
	Bojangles	2012042	Asheville	Comm.	202	9/7/2012	Ready for final inspection after paving

Subtotal	2426	97,924
Total Units:	3,408	
Total LF:		129,777

Right of Way Section 1st Quarter Summary Open Projects

<i>Project</i>	<i>Total ROW Budget</i>	<i>Total Expends to Date</i>	<i>Comment</i>
14 Daniel Road Sanitary Sewer Replacement	\$12,031	\$4,793	Access 67% complete with 40% of Total Budget expended to date. To be constructed by SSD.
Campus Drive @ UNCA GSR			Just begun. Requires Governor's signature and will take time.
Central Avenue GSR	\$25,424	\$9,545	Access 75% complete with 37% of Total Budget expended to date.
Dingle Creek Interceptor (formerly Ph II)	\$64,657	\$48,004	Access 100% complete with 74% of Total Budget expended to date. One condemnation filed with judgment pending. Construction pushed from 7/10 to 7/14.
Givens Estate Sanitary Sewer Rehabilitation	\$49,137	\$31,331	Project 100% complete with 64% of Total Budget expended and no condemnations.
Long Shoals Road PRP	\$340,584	\$219,443	Access 100% complete with 64% of Total Budget expended to date. Three condemnations filed; two settled prior to trial; one trial pending.
Lower Smith Mill Creek Rehabilitation	\$350,324	\$315,620	Access 100% complete with 90% of Total Amended Budget expended to date. Ten condemnations filed; two have been dismissed, seven settled prior to trial and one trial pending.
Macon Ave @ Sunset Parkway GSR	\$39,284	\$11,224	Access 67% complete with 29% of Total Budget expended to date.
Merrimon Avenue @ Stratford Road GSR	\$55,854	\$44,030	Access 100% complete with 79% of Total Budget expended to date. One condemnation filed with judgment pending.
Mt. Vernon Place GSR	\$48,120	\$2,563	Access 18% complete with 5% of Total Budget expended to date. Neighborhood very hostile to project.
Old Home @ Weaverville Highway PRP	\$100,394	\$99,277	Access 100% complete with 99% of Total Budget expended to date. Market values much greater than tax values in this corridor and appraised damages were high. One condemnation filed with judgment pending.
Old US 70 @ Grovemont Avenue	\$51,786	\$13,230	Access 65% complete with 26% of Total Budget expended to date.
Rash Road Sewer Rehabilitation	\$11,688	\$3,020	Access 40% complete with 26% of Total Budget expended to date.
Short Coxe @ Southside	\$165,652	\$109,953	Access 67% complete with 66% of Total Budget expended to date. Five condemnations/declaratory judgments filed. Two settled for appraised damages; three judgements pending.

<i>Project</i>	<i>Total ROW Budget</i>	<i>Total Expend to Date</i>	<i>Comment</i>
Town Mountain Road 4" Main Rehabilitation	\$14,992	\$5,500	All three parcels owned by the same person who is unwilling to grant easement. Condemnations filed with judgments pending. 37% of Total Budget expended to date.
West French Broad Interceptor Extension	\$126,962	\$123,993	Access 40% complete with 98% of Total Budget expended to date. One condemnation anticipated. Master plan project.