

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
DECEMBER 18, 2013**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 p.m., Wednesday, December 18, 2013. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Frost, Kelly, Manheimer, Pelly, Root, Russell, Stanley and Watts.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, P.E., Joseph Martin with Woodfin Sanitary Water & Sewer District, Matthew Socha with Cherry Bekaert, Marcus Jones with Henderson County, Patti Beaver with CIBO and MSD staff, Ed Bradford, Scott Powell, Peter Weed, Mike Stamey, Ken Stines, Matthew Walter, Jim Hemphill, Angel Banks, Jody Germaine and Sondra Honeycutt.

2. Inquiry as to Conflict of Interest:

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

3. Approval of Minutes of the November 20, 2013 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the November 20, 2013 Board Meeting. With no changes, Ms. Frost moved for approval of the minutes 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. VeHaun welcomed Mr. Socha, Mr. Jones, Mr. Martin and Ms. Beaver. There was no public comment.

6. Report of the General Manager:

Mr. Hartye introduced Mr. Socha, Senior Manager for Cherry Bekaert for a presentation on the District's Audit.

Mr. Socha stated that each year the District engages Cherry Bekaert to perform its audit, which is performed under generally accepted auditing standards issued by the Comptroller General of the United States. He reported the financial statements as of and for the year ended June 30, 2013 are unmodified (clean). In addition, they did not identify any material weaknesses or significant deficiencies in internal controls over financial reporting and found no instances of material noncompliance that are required to be reported under Government Auditing Standards. He further reported that Total Assets increased by \$2.0 million; Total Liabilities decreased by \$7.0 million and Net Position increased by \$9.7 million. He presented Trend graphs for Capital Assets over the last six years showing a net increase of \$10 million; Long Term Bonds Payable over the last six years showing a \$1 million reduction per year in the bonds while gearing up for a new issuance; Net Position showing assets minus liabilities that relate to capital items along with unrestricted assets available for current use, and restricted net assets reserved for debt and, Operating Results showing operating revenue, operating expense and operating income for the last six years.

With regard to required Auditor Communications, Mr. Socha reported that the one new accounting pronouncement (GASB 65) entitled items previously reported as Assets and

Liabilities resulted in two new categories on the balance sheet (deferred outflow and deferred inflow of resources). Bond issuance costs are now recorded as current period expenses instead of being capitalized and deferred. Remaining deferred bond costs (\$1.3 million) have been written off as a restatement of net position as of June 30, 2012. Also, deferred bond refunding charges are now classified as a deferred outflow of resources instead of an offset to bonds payable. Remaining deferred refunding charges (\$3 million) have been reclassified as of June 30, 2012. He further reported they are required to go over accounting estimates that include allowance of uncollectable accounts receivable; depreciation expense based on the useful life of assets; Other Post-Employment Benefits (“OPEB”) liability and, the Fair Market Value (FMV) of the interest rate swap. In other communications, there were no disagreements with management; management has provided written representations to them; they are not aware of any consultation with other independent accountants and there were no other audit findings or issues. Mr. Socha stated this audit has gone very smoothly over the last few years and continues to do so. Cherry Bekaert appreciates all that was done in preparation for the audit and that staff is very candid, open, honest, and is responsive to any and all needs of the audit team. Mr. Socha called for any questions. With no questions, Mr. VeHaun expressed his appreciation to Scott Powell, Finance Director and Staff for their hard work in preparation of the audit.

Mr. Hartye continued with his report and highlighted some of the MSD Accomplishments for FY2013 by Division as follows:

The Engineering Division administered a Capital Improvement Budget of \$18,364,180 with in-house personnel; actively managed 104 projects/line items within the CIP; rehabilitated 43,519 Linear Feet (LF) of collection system during FY13 including 20,552 LF done by in-house crews.

The System Services Construction Division rehabilitated 13,302 LF of pipeline with in-house crews through dig and replace; completed 20 IRS repairs resulting in the rehabilitation of 1,900 LF of pipeline with in-house crews and utilized the trenchless methods of boring and pipe reaming to replace 4,353 LF of mainline sewer. He stated these alternative technologies reduce and/or eliminate expensive pavement and surface restoration costs. In addition, they completed 507 emergency and scheduled construction repairs; installed 199 service taps; completed 342 manhole repairs; cleared 61,525 LF of right-of-way and throughout the year have been working to implement a new database work order management system (Cityworks).

The System Services Maintenance Division achieved an average response time of 31 minutes to customer service requests during regular working hours and 36 minutes after hours with the Night First Responder and On Call Crew. They cleaned 709,739 LF of mainline with in-house crews, and completed CCTV inspection of 420,482 LF of pipeline.

The Finance Division received the Government Finance Officers Association (GFOA) “Excellence in Financial Reporting” award for FY ending June 30, 2012, and the “Distinguished Budget” award for FY ending June 30, 2013, and received a Credit Rating upgrade from Standard & Poor’s Rating Service from AA to AA+.

The Wastewater Treatment and Maintenance Division completed the \$10 million Microscreen Replacement Project which resulted in an over 50% reduction in effluent suspended solids. In addition, they did many repairs to the Incinerator, Barscreens and replaced the ash scrubber piping as well as replacing interior lighting at most Plant Facilities, Warehouse, Maintenance, and exterior lighting at Grit & Grease and Pump Stations with low energy/high efficiency units. The Facilities Maintenance staff completed roofing projects on the Treatment Plant, Administration and Industrial Waste buildings along with completing concrete walks and ramps for ease in maintaining the RBC basins.

The Information Technology Division (IT) implemented a new LG digital phone system district-wide; implemented an upgraded CallWare voicemail system; upgraded storage

capabilities to accommodate future needs, and GIS added As-Built projects to the District GIS Map.

The Human Resources Division transitioned to Asheville Integrative Medicine to continue providing House Calls on-site for employees and expanded services for on-site flu shots; coordinated assessment of hepatitis & tetanus efficacy; provided on-site booster shots; coordinated on-site spirometry testing for early detection of lung and COPD issues and continued to work with the Asheville Project.

The Environmental Health & Safety Division continued to maintain the District's Risk insurance premium rate below 1.0, and completed Arc flash training.

Mr. Hartye presented statistics from the Planning and Development Division showing a small steady increase over the last three years.

With regard to the System Services Maintenance Division, Mr. VeHaun stated the response time to customer service requests is excellent.

Mr. Hartye reported MSD employees for United Way campaign raised over \$20,000 and new contributors helped offset the spate of retirements this year. He expressed his appreciation to Mr. Hemphill for heading up this year's campaign.

Mr. Hartye expressed his thanks to Jody Germaine for championing MSD's Toys for Tots effort by running all over to find deals to make the contributions go as far as possible.

Mr. Hartye reported a call was received from Allana Robinson from 11 Caraway Court who expressed her appreciation for how fabulous James Beaver and Grady Brooks were in dealing with her sewer problem. Also a call was received from Mr. Robert Stefan of 18 Ellenwood expressing his appreciation for the work of Grady Brooks who was "very responsive, awesome, and knew what to look for."

Mr. Hartye reported the next regular Board Meeting will be held January 15th at 2 p.m. The next Right of Way Committee meeting will be held January 22nd at 9 a.m. The employee Christmas lunch will take place on December 19th at 11:30 a.m. in the atrium.

Mr. Hartye presented slides showing the knife gates at the influent pump station and bypass pumps at the plant where staff replaced packing in two of the knife gates. He expressed his appreciation to Peter Weed and Staff who did a fantastic job.

7. Consolidated Motion Agenda:

a. Consideration of Developer Constructed Sewer System for the Quality Oil Sewer Extension Project and the Myron Gottfried Project:

Mr. Hartye reported the Quality Oil Sewer Extension Project is located inside the District boundary off Charlotte Highway in Buncombe County. The project included the installation of approximately 526 linear feet of 8" gravity sewer to serve a commercial development.

Mr. Hartye reported the Myron Gottfried Sewer Extension Project is located inside the District boundary off Indian Branch Road in Buncombe County. The project included the installation of approximately 31 linear feet of 8" gravity sewer to serve a twenty (20) unit residential/commercial development.

Staff recommends acceptance of the developer constructed sewer systems. All MSD requirements have been met.

b. Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2013:

Mr. Powell stated there is a lot of work and effort that goes into the Comprehensive Annual Financial Report (CAFR). He expressed his appreciation to his Staff as well as Cheryl Rice, Accounting Manager and Teresa Gilbert, Budget Analyst who put the document together.

He reported the CAFR is broken down into four sections: Introductory, Financial, Statistical and Compliance. Page 7 starts the introduction section. In this section, Management communicates the findings of the audit (i.e. an unmodified opinion); provides a profile of the District, which contains a brief overview as well as outlines the budget process; provides a section which addresses factors affecting financial conditions of the District, and a section which addresses major initiatives and accomplishments in FY2013.

Page 22 starts the financial section which contains the independent auditor's report; Management's discussion and analysis, which is a narrative overview and analysis of the financial activities of the District for FY2013; Basic financial statements, notes, required supplemental information and supplemental information.

Page 81 is the Schedule of Revenues and Expenditures, Budget to Actual. Sewer charges were in line with budgeted expectations; Facility and Tap fees were greater than Budget, due to revenues exceeding the conservative budget amount; Interest income was above budgeted expectations due to the District terminating a Forward Delivery Agreement that was connected to the 2003 bonds refunded in May. This Agreement was terminated in August 2012, which netted the District in excess of \$300,000 of additional revenue. Regarding expenditures, the District typically achieves a 96% budget to actual ratio on O&M expenditures. This year the District achieved a 92% budget to actual ratio due to the District's deferred utility cost pertaining to the Hydro Facility of \$594,000 in electrical cost as compared to \$356,000 in the prior year. In addition, the District's health care cost came in at approximately \$300,000 below budgeted expectations. Capital project expenditures are at approximately 82% of budget. This was due to the unusual rain in May and June which slightly delayed the progress of projects as of June 30th. Mr. Belcher asked Mr. Powell to explain the bracketed \$4 million dollars on page 81. Mr. Powell stated from a budget to actual perspective, this is the amount that came out of reserves. The budgeted amount to come out of reserves for FY2013 was \$11.2 million. The next page reconciles the bracketed \$4 million dollars to the positive \$11 million dollar change in net position. Mr. Powell reported that Bond principal and interest actually spent are less than budget due to actual variable interest rates averaging .15% as well as savings attributed to refunding the 2003 revenue bonds. All unspent funds will be used to address future CIP and Debt in the coming year.

Page 89 is the Statistical section which provides historical data on Financial Trends, Revenue Capacity, Debt Capacity, as well as Demographic, Economic and Operating data.

Page 114 is the Compliance section which contains the Independent Auditor's Report on Internal control over Financial Reporting and on Compliance and other matters based on an Audit of the Financial Statement. This document found no material weaknesses.

c. Cash Commitment/Investment Report – Month Ended October 31, 2013:

Mr. Powell reported that Page 20 presents the makeup of the District's Investment Portfolio. There has been no change in the makeup of the portfolio from the prior month. Page 21 is the MSD Investment Manager report as of the month of October. The weighted average maturity of the investment portfolio is 277 days. The yield to

maturity is .77% and is exceeding MSD bench marks of the 6 month T-Bill and NCCMT cash portfolio. Page 22 is the MSD Analysis of Cash Receipts. Domestic User Fees, Industrial Revenue and Facility and Tap Fee revenue are considered reasonable based on historical trends. Page 23 is the MSD Analysis of Expenditures. O&M, Debt Service, and Capital Project expenditures are considered reasonable based on historical trends and timing of cash expenditures. Page 24 is the MSD Variable Debt Service report for the month of November. Both the 2008 A Series Bond is performing better than budgeted expectations. This issue has saved District ratepayers approximately \$3.1 million dollars in debt service since April of 2008.

Mr. Watts moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. With no discussion, Mr. VeHaun called for the question. Roll call vote was as follows: 12 Ayes; 0 Nays.

Mr. Powell announced that a meeting of the Finance Committee will be held in January. He stated that due to staffing changes with one of the District's Underwriters (BB&T), staff will issue an RFP to consider not only BB&T, but other potential co-managers for the next bond issue, with an emphasis on underwriters that do business in North Carolina as well as those who have worked on revenue bonds. The Committee will talk about the results of the RFP and timing of the bond issue.

8. Old Business:

None

9. New Business:

Mr. Clarke called for a motion from the Board to go into closed session to discuss a pending condemnation action, MSD vs. White and Haulk, 11 CVS 234.

At 2:45 p.m. Mr. Watts moved the Board go into closed session. Mr. Stanley seconded the motion. Voice vote in favor of the motion was unanimous.

At 2:56 p.m. the Board went back into open session.

Mr. Stanley moved for settlement of MSD vs. White & Haulk, 11 CVS 234 in the amount of \$67,500, inclusive of interest. Ms. Frost seconded the motion. With no discussion, Mr. VeHaun called for the question. Roll call vote was as follows: 12 Ayes; 0 Nays.

10. Adjournment:

With no further business, Mr. Root moved for adjournment at 2:58 p.m. Mr. Watts seconded the motion. Voice vote in favor of the motion was unanimous.

Jackie W. Bryson, Secretary/Treasurer

<h1 style="margin: 0;">MSD</h1> <h2 style="margin: 0;">Regular Board Meeting</h2>

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 12/18/13

✓	Agenda Item	Presenter	Time	
	Call to Order and Roll Call	VeHaun	2:00	
	01. Inquiry as to Conflict of Interest	VeHaun	2:05	
	02. Approval of Minutes of the November 20, 2013 Board Meeting.	VeHaun	2:10	
	03. Discussion and Adjustment of Agenda	VeHaun	2:15	
	04. Informal Discussion and Public Comment.	VeHaun	2:20	
	05. Report of General Manager	Hartye	2:30	
	06. Consolidated Motion Agenda		2:50	
	a. Consideration of Developer Constructed Sewer Systems: Quality Oil-Fairview and Myron Gottfried Project.	Hartye		
	b. Presentation of Audit and CAFR – Fiscal year ended June 30, 2013.	Powell		
	c. Cash Commitment/Investment Report – Month Ended October 31, 2013.	Powell		
	07. Old Business	VeHaun	3:15	
	08. New Business	VeHaun	3:20	
	09. Adjournment (Next Meeting (1/15/14))	VeHaun	3:30	
	STATUS REPORTS			

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
NOVEMBER 20, 2013**

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 20, 2013. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Frost, Kelly, Manheimer, Pelly, Root, Russell, Stanley and Watts.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, P.A., Brian Moore with Mission Hospital Systems, and MSD Staff, Peter Weed, Ed Bradford, Scott Powell, Mike Stamey, Ken Stines, Matthew Walter, Pam Thomas, Angel Banks and Sheila Kilby.

2. Inquiry as to Conflict of Interest:

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

3. Approval of Minutes of the October 16, 2013 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the October 16, 2013 Board Meeting. With no changes, Mr. Root moved for approval of the minutes 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. VeHaun welcomed Mr. Brian Moore with Mission Hospital Systems. There was no public comment.

6. Report of the General Manager:

Mr. Hartye stated that prior to a presentation by Angel Banks on MSD's Right of Way (ROW) Policy he would like to make a few comments. He reported that at Consolidation, MSD got a lot of new lines, but not many easements to go along with them. When System Services responds to problems on private property for emergency maintenance or emergency dig-up, it claims "prescriptive" rights and while the sewer is overflowing, it does not get much argument. However, when MSD returns to replace the sewer line and seek a bona fide easement sometimes things get complicated. He stated that MSD is very lucky to have someone of Angel's caliber on board. Typically a non-core function like ROW acquisition is contracted out, but for MSD this is a critical interaction that it has with its customers. MSD has to strike a balance between the use of public money and being fair to private customers as well. He further stated that Angel and her group are fair and professional in these sometimes tricky interactions, but feels the results speak for themselves.

Ms. Banks reported that MSD's mission is to acquire easements in the most fair and cost-effective manner possible. The Board is responsible to select/approve projects requiring easements via the annual budget process, and has final approval on expenditure of acquisition funds. The ROW Committee is responsible for right of way matters and to make recommendations regarding easement acquisitions to the Board. The ROW staff is responsible to acquire per MSD policy and procedures and report directly to the Engineering Director and General Manager. She further reported that what triggers acquisition is any new construction crossing private property. Where possible, MSD

Engineers will design rehab projects such that they will utilize the existing trench, and in those cases, MSD will claim an existing easement with the reasonable right of ingress/egress from the nearest public road, which can save MSD money. At project identification they include broad estimates in the budget covering line items such as surveys, legal, acquisition, compensation, appraisal and condemnation. Early on in the projects life cycle these estimates are from a 30,000' view, but as the project develops and is finalized, then accurate numbers can be found on compensation charts presented to the Board for approval. Ms. Banks went over the formulas for developing compensation budgets and presented a chart showing claimed easements. With regard to savings, she stated that usually, netting has very little financial impact given small overlap areas and low land values that they typically work with on residential parcels, but where existing trenches or larger overlap areas can be used, and where property values are high and in commercial and industrial zones, netting can have significant financial impact, i.e., Givens Estate Project saving \$100,000 by implementing netting of existing easement areas.

Ms. Banks reported that the next step in the process is negotiation. The ROW Agent sends an introduction letter and sets up appointments with all of the owners along the project route. These meetings are to review the project, explain the acquisition process, review documents, invite input, address specific concerns and ultimately reach an agreement. At least three (3) substantial meetings must be held with the owner or owner's agent where the project is thoroughly reviewed and understandings reached. Where personal contact is not possible, telephone and certified letters are used. She further reported that issues frequently encountered include landscaping, timber loss, buffer loss and unknown obstacles. She stated that once an agreement is reached with the property owners, staff enters all of the data into a database; scans all of the legal documents on the easement plats, then links those scans to the GIS system. Staff can then go into Flex Viewer, pull up a right of way layer and see by virtue of star symbols, where easements are located along MSD sewer lines. If an agreement cannot be reached, a recommendation will be made to the Right of Way Committee and the Board to condemn. She stated that sometimes this action alone, or an increase in compensation, will encourage owners to settle. If not, an appraisal is obtained and the reflected damages are offered to the owner. If the owner does not accept those damages, then this is turned over to the MSD attorney who will send a 30-day Notice of Condemnation. At the end of the 30 days a Complaint and Declaration of Taking will be filed and appraised damages filed with the Clerk of Court. At the end of this process, MSD will have legal access to the easement corridor and can begin construction. She further stated the court system requires mediation for all condemnation cases; typically after the project is constructed. A licensed mediator, agreeable to MSD and the owner, acts as a go-between in settlement discussions. Both parties present their positions to the mediator who facilitates discussion and settlement ideas. Any proposed settlement is reviewed by the MSD attorney/staff and made subject to the ROW Committee/Board approval. Ms. Banks reported that of the 2,018 easements acquired since Consolidation, MSD has a 6.7% condemnation rate for total acquisitions, and of that total, only five (5) condemnation cases have gone to trial.

Ms. Banks reported that other duties performed by ROW staff include access easements, building additions, fill and greenways. Mr. Russell asked about the 50% damage factor in the permanent easement compensation and if that factor increased in the case of a significant effect on buildable area. Ms. Banks explained damage factors were case specific, that they could be increased or where possible, the proposed alignments could be redesigned to reduce impact. With no further questions, Mr. Hartye continued his report.

Mr. Hartye reported MSD's Flow Motion Operations Challenge Team competed at the State AWWA/WEA Conference competition this week and finished 1st in the pump maintenance event, 1st in the Process Control Test and won 2nd place overall. The team consisted of Cory Smolik, Travis Chandler, Mickey Roberts, and John Gosnell. Gil Karn

was their coach. He stated the team worked very hard in their training for this event and performed well, especially considering how this was the first ever competition for two of the team members. He expressed his congratulations to the Flow Motion team.

Mr. Hartye expressed congratulations to Esther Manheimer who was recently elected Mayor for the City of Asheville.

With regard to the date of the December Board Meeting, Chairman Vebaun stated the current approved calendar has it scheduled for December 11th, whereas the third Wednesday is December 18th. Mr. VeHaun called for discussion on the preferred date. By a show of hands, the Board voted to change the date from December 11th to December 18th.

Mr. Hartye reported that the ROW Committee for December is cancelled. The next scheduled meeting will be held January 22, 2014.

**7. Report of Committees:
Right of Way Committee**

Mr. Kelly reported the Right of Way Committee met October 23, 2013 to consider Condemnations on the Broadway Street @ Bordeau Place; Old Haywood Road @ Starnes Cove Road, and Shadowlawn Drive GSR projects. The Committee also considered a Compensation Budget for the Wendover Road GSR Project. He stated that these projects are part of the Consolidated Motion Agenda.

8. Consolidated Motion Agenda:

a. Consideration of Condemnation – Broadway Street @ Bordeau Place GSR Project:

Mr. Hartye reported the existing sewer line crosses Reed Creek and cannot be replaced in its existing location and the replacement sewer line has been shifted away from the creek onto the subject property in efforts to eliminate the aerial creek crossing. The property owner is not agreeable to this alignment due to a conflict with future building plans within the proposed easement area. Despite numerous phone calls, letters and e-mails, the property owner has become non-responsive. Staff recommends authority to obtain an appraisal and proceed with condemnation.

b. Consideration of Condemnation – Old Haywood Road @ Starnes Cove Road GSR Project:

Mr. Hartye reported the subject property is located in the West Asheville area and is improved with residential use. The existing sewer line will be replaced in the same trench, and enters the property for only 20 LF along the road frontage. The owner's major concern is the loss of buildable area due to the permanent easement area. Although MSD offered to increase the compensation, the owner feels the permanent easement area will negatively impact the property value for future sale and is unwilling to grant the easement. Staff recommends authority to obtain an appraisal and proceed with condemnation.

c. Consideration of Condemnations – Shadowlawn Drive GSR:

Mr. Hartye reported the project is located in a residential area off Old Haywood Road just west of Patton Avenue. The three (3) parcels listed are zoned residential and have existing structures. Following unsuccessful negotiations with the property owners, staff recommends authority to obtain appraisals and proceed with condemnation.

d. Consideration of Compensation Budget – Wendover Road GSR:

Mr. Hartye reported the project is located in the Malvern Hills area near Sand Hill Road and Bear Creek Road. The project consists of approximately 2800 linear feet of 8” DIP that will replace existing 8” VCP. Staff recommends approval of the Compensation Budget.

e. Consideration of Developer Constructed Sewer Systems - Honeysuckle (Azalea) Breeze and Haw Creek Tract Sewer Extension Projects:

Mr. Hartye reported the Honeysuckle (Azalea) Breeze project is located inside the District boundary off Honeysuckle Lane in Buncombe County and included the installation of approximately 67 linear feet of 8” gravity sewer to serve a five (5) unit residential subdivision.

Mr. Hartye reported the Haw Creek Tract project is located inside the District boundary off Pinedale Road in the City of Asheville and included the installation of approximately 2,455 linear feet of 8” gravity sewer to serve a forty-nine (49) unit residential subdivision.

Staff recommends acceptance of the developer constructed sewer systems. All MSD requirements have been met.

f. First Quarter Budget to Actual Review – FY 2014:

Mr. Powell reported on page 23 is the District’s first quarter Budget to Actual Revenue and Expenditure Report. Domestic and Industrial User Fees are at budgeted expectations. Facility and Tap Fees are above budgeted expectations. This is due to receiving unanticipated revenue of \$91,350 from three commercial/residential developers and an increase in the number of taps requiring bore/pavement disturbance. Interest and miscellaneous income are at budgeted expectations. O&M Expenditures are at 27.82% of budget. The expenditures include encumbered amounts, which has elevated the budget to actual above 25%. The encumbered amount is about \$502,000 which is commitments MSD has obligated itself to in future accounting periods. Taking the \$502,000 out, the budget to actual is roughly 24.8%. Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year and is the reason that particular expenditure line item is not at 25%.

g. Cash Commitment/Investment Report – Month Ended September 30, 2013:

Mr. Powell reported that Page 25 presents the makeup of the District’s Investment Portfolio. There has been no change in the makeup of the portfolio from the prior month. Page 26 is the MSD Investment Manager’s Report as of the Month of September. The weighted average maturity of the investment portfolio is 312 days. The yield to maturity is .80% and is exceeding MSD bench marks of the 6 month T-Bill and NCCMT cash portfolio. Page 27 and 28 respectively, are Cash Receipts and Disbursements for the same time period and covered under the Budget to Actual report. Page 29 is the MSD Variable Debt Service report. Both the 2008 A&B Series are performing better than budgeted expectations. As of the end of October, both issues have saved the District customers over \$3 million dollars since April, 2008.

Mr. VeHaun called for discussion. With no discussion, Mr. Belcher moved the Board approve the Consolidated Motion Agenda as presented. Mr. Stanley seconded the motion. Roll call vote was as follows: 12 Ayes; 0 Nays.

9. Old Business:

None

10. New Business:

None

11. Adjournment:

With no further business, Mr. VeHaun moved for adjournment at 2:35 p.m.

Jackie W. Bryson, Secretary/Treasurer

MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: December 12, 2013
SUBJECT: Report from the General Manager

- Audit for Fiscal Year 2013

Matthew Socha, Senior Manager from Cherry Bekaert will be present at the meeting to report on the District's annual audit. Digital copies of the CAFR were set to Board member via email and are on the MSD website as well as the Board member Ipads. We will have a few hard copies on hand at the meeting to take with you if desired. In addition to the Financial Statements that appear in the document, there is also useful information in the Introductory and Statistical sections of the document.

- MSD Accomplishments by Division for Fiscal Year 2013

Attached is a list of some of the MSD Accomplishments for FY2013 by Division. I will highlight a few at the meeting.

- Kudos

- MSD employees for United Way campaign, which raised over \$20,000. Nine new contributors helped offset the spate of retirements this year. Much thanks to Jim Hemphill for heading up the campaign this year.
- Thanks to Jodi Germaine for championing MSD's Toys for Tots effort by running all over creation to find deals to make the contributions go as far as possible.
- Received a call from Allana Robinson from 11 Caraway Court who expressed her appreciation for how fabulous James Beaver and Grady Brooks were in dealing with her sewer problem.
- Mr. Robert Stefan of 18 Ellenwood called to express his appreciation for the work of Grady Brooks who was "very responsive, awesome, and knew what to look for." Mr. Stefan teaches Construction Management at WCU and said MSD was lucky to have him, would offer him a job if we didn't.

- Board/Committee Meetings/Events

The next Regular Board Meeting will be January 15th at 2 pm. The next Right of Way Committee Meeting will be held at 9am on January 22nd. The employee Christmas lunch will take place on December 19th at 11:30am in the atrium.



Metropolitan Sewerage District of Buncombe County

Accomplishments for Fiscal Year 2013

Engineering Division

- Administered a Capital Improvement Program budget of \$18,364,180 with in-house personnel.
- Actively managed 104 projects/line items within the program. These are projects ranging from preliminary design to recently completed.
- 43,519 Linear Feet (LF) of collection system were rehabilitated during FY13. This included 22,447 LF rehabilitated through contract construction, 20,552 LF rehabilitated in-house by System Services, and 520 LF rehabilitated by developers.
- Completed construction of the Givens Estate sewer rehabilitation project. This was the largest collection system project in the FY13 CIP, at 3,700 LF and approx. \$880,000.
- Administered the construction phase and completion of the Final Microscreen Replacement Project. This \$10.3 million, six-year project has met all expectations and is functioning well.
- Acquired easements across 103 properties. Settled five condemnation actions, saving further expenses of trial.
- Researched and added easements from five pre-consolidation projects to database and GIS.
- Administered formal contract administration/construction of 15 capital projects, and inspected 13 extension projects.
- Actively pursued project coordination with local municipalities. Coordination is accomplished by participation in the local Utilities Coordinating Committee, the CIP Budget being sent to local municipalities, sending internal (System Services) projects directly to COA Water staff, and partnering when various opportunities arise.
- Served as an active member of the City's Technical Review Committee (TRC). This committee reviews new development to ensure that design standards are met for new public infrastructure.

System Services Construction Division

- Completed 507 emergency and scheduled construction repairs. This resulted in 9,334 LF of pipeline being repaired.
- Installed 199 service taps and completed 342 manhole repairs.
- Rehabilitated 13,302 LF of pipeline with in-house crews through dig and replace construction. This includes replacement of 1,301 LF of the Weaverville Interceptor Force Main System.
- Completed 20 IRS repairs resulting in the rehabilitation of 1,900 LF of pipeline with in-house crews.
- Utilized the trenchless methods of boring and pipe reaming to replace 4,353 LF of mainline sewer. These efforts reduced and/or eliminated expensive pavement and surface restoration costs in the subject areas.
- Cleared 61,525 LF of right-of-way
- Implementation of Cityworks work order management system.
- Continuing paving restoration contract with the City of Asheville for FY 12-13.
- Coordinated (8) joint venture projects with various departments of the City of Asheville to facilitate pavement restoration cost savings and/or other benefits for both agencies.
- Replaced 160 LF of the existing private system on Dew Waite Road in Ridgecrest to address public health concerns.

System Services Maintenance Division

- Achieved an average response time of 31 minutes to customer service requests during regular working hours.
- Achieved an average response time of 36 minutes to customer service requests after hours with the Night First Responder and On Call Crew.
- Achieved goal of one hour response time to customer service request.
- Responded to 1,373 customer service calls during regular working hours.
- Responded to 937 customer service calls after hours and holidays.
- Cleaned 709,739 LF of mainline with in-house crews.
- Mechanically removed or chemically treated 97,324 LF of pipeline for roots.
- Completed CCTV inspection of 420,482 LF of pipeline.
- Smoke Tested 98,700 LF of pipeline and identified several areas of inflow and infiltration. This also assisted Finance in identifying 24 homes connected to MSD who were not being billed.
- Implementation of Cityworks work order management system.
- Implementation of Granite XP CCTV data management software.

- Purchase and implementation of a Sewer Line Rapid Assessment Tool (SL-RAT). A SL-RAT is a portable onsite assessment tool that provides a sewer line blockage assessment in less than 3 minutes.

Finance Division

- Received the GFOA “Excellence in Financial Reporting” award for the Comprehensive Annual Financial Report (CAFR) for FY ending June 30, 2012.
- Received the GFOA “Distinguished Budget” award for the Budget Document prepared for FY ending June 30, 2013.
- Received a Credit Rating upgrade from Standard & Poor’s Rating Service from AA to AA+.
- Implemented revisions to monthly board reports with the objective to increase the transparency and understanding of the District’s financial condition.
- Called \$30.2 million of the 2003 & 2008A Series Revenue Bonds May 2013. The District achieved \$5.45 million of net present value savings over the remaining live of debt service.
- Assisted Human Resources in ongoing changes in the District’s self-insurance plan to achieve ongoing financial sustainability.
- Completed phase 1 of procurement card/ e-payables increased utilization plan. The District receives 1.85% rebate on utilization. Phase one increased our rebate by 300%.

Wastewater Treatment and Maintenance

- Treatment Plant Operations received the National Association of Clean Water Agencies (NACWA) “Gold Peak Performance Award” for twelfth consecutive year acknowledging Treatment Plant compliance.
- During FY13 there were zero NPDES Permit violations for effluent discharges, zero WNC Permit violations for air quality monitoring, and zero Residual Management Program violation for handling of biosolids.
- The completion of the Microscreen Replacement Project resulted in an over 50% reduction in effluent suspended solids (assuring a greater margin for State and EPA compliance).
- Industrial Waste and SCADA instrumentation (Field Operations section) accomplished the following in FY13;
 - Inspecting all Significant Industrial Users (22 SIU’s) with monitoring of effluent discharges, and with announced and unannounced visits for permit compliance.
 - Inspection of over 900 food service establishments for compliance with the MSD Grease program and ordinance; 464 follow-up visits were required.
 - Completion of detailed PLC and SCADA programming throughout the new AquaDisk Filter project.
 - Repaired MicroDCI controllers, installed sensors, established network connectivity and integrated with SCADA at the Hypochlorite and Dechlor buildings.
 - Setup cellular communications, rewired and configured redundant Lift Station Control Center PLC system, and installed UPS’s at all sites.
- WRF Maintenance section completed 445 work orders during FY13 as highlighted below;

- Eight emergency patching's of Incinerator ductwork, Heat Exchanger and Venturi.
 - Rebuild of the north side Barscreen climber and motor drive.
 - Redesigned and replaced stainless steel ash scrubber piping.
 - Replaced interior lighting at most Plant facilities, Warehouse, Maintenance, and exterior lighting at Grit & Grease and twelve pump stations with low energy / high efficiency units.
 - Replaced or installed new influent grinders at Carrier Bridge & Erwin Hills PS.
 - Connected new fiber optic communications to Craggy Dam and Hydroelectric facility.
- Facilities Maintenance section completed 395 work orders during FY13 as highlighted below;
 - Completed roofing projects for the WRF Administration plus Industrial Waste.
 - Completed concrete walks and ramps for ease in maintaining RBC basins.
 - Wide scale painting, protective coatings and restoration of several facilities.
 - Restoration of the WRF pump recirculation building to now serve Industrial Waste and operators as a workshop.
 - Improved safety railings and grating throughout WRF.
- Fleet Maintenance section completed 307 work orders during FY13; maintaining a fleet with an estimated replacement value in excess of \$5 million. Other highlights below;
 - The Biodiesel program began in July 2003. By end of June 2013, MSD purchased more than 725,000 gallons of B20 replacing more than 145,000 gallons of fossil fuel with oil made from soybeans. This renewable energy also serves to lower air pollution emissions by a corresponding twenty percent.
 - The use of E10 (10 percent ethanol) for all gasoline powered vehicles acts to fulfill MSD's commitment to alternative "green" energy choices. FY13 purchases exceeded 16,000 gallons.
 - Maintained an 85% work order completion rate for direct labor on vehicles versus shop time (85% target).

Information Technology Division

- Implemented a new LG digital phone system district wide. This new phone system replaced an aging PBX system that had been in use for the past 15 years.
- Implemented an upgraded CallWare voicemail system. This voicemail server replaced the previous 5 year old system and added new features such as email notification of new voicemail.
- Installed 2 new Dell EqualLogic SANs (storage arrays) in the server room for holding MSD data. These new SANs replaced the 3 that were in use, and doubled the previous storage capacity to accommodate future storage needs.
- Installed a Dell blade server, GIS Staging, for testing in the GIS department.
- Worked with with Cues to implement Granite XP software that categorizes and maintains video files collected by the Cues video trucks.
- Worked with Woolpert to begin staged rollout of CityWorks software.
- Rolled out over 15+ laptop replacements/installations, 30+ desktop replacements/installations for MSD users.

- Upgraded the audio recording system in the Board Room along with implementing ipads to replace hard copy agenda books and set up of new mobile computer display for Board meetings, conferencing and training.
- Added 51 As-Built projects to the District GIS Map; 14 CIP, 11 In-house, and 26 P&D.
- Installed Arc Reader application on System Service laptops, allowing users access the District Map (AR-for-Trucks) in the field without a network connection.
- Incorporated Granite XP software for CCTV and Pipeline Assessment & Certification Program pipe rating within GIS.
- Coordinated with System Service to update Granite Trucks monthly with current District Assets.
- Transferred approximately 10,000 Legacy Videos to Granite XP software.
- Updated Flex from 10 to 10.1 version for improved performance, print quality and user interaction.
- Added and updated projects to the Capital Improvement Program Budget book and CIP Table.
- Introduced In-house projects to CIP Table, which is displayed on the Budgeted CIP layer.
- GIS Section participated in community based events such as Mountain Regional Geographic Advisory Council (MRGAC).

Human Resources

- Identified impending retirements and worked with Director's to coordinate additional training for "critical position" replacements
- Transitioned to Asheville Integrative Medicine to continue providing HouseCalls on site for employees, expanded services into onsite flu shots
- Coordinated assessment of hepatitis & tetanus efficacy; provided onsite booster shots
- Coordinated onsite spirometry testing for early detection of lung and COPD issues
- Continued on-site Mission Hospital staff treating smoking cessation and chronic conditions services (Asheville Project)
- Studied impact of absorption of the COA Water department people on current benefits programs
- Investigated cost savings programs with Park Ridge Hospital
- Provided educational and financial trainings for employees (Elder Care, 401k/457, etc.)
- Continued Employee Relations activities: Heart Disease Awareness day, Breast Cancer Awareness Day, publish Monthly Wellness newsletter for health related issues, retirement events,
- Re-engineered the Employee Performance Appraisal process
- Work with Employee Advisory Committee to improve benefits programs
- Began study to transition skill based pay for WWTP Maintenance staff to traditional labor grades

Environmental Health & Safety

- Safety programs continue to maintain Risk insurance premium rate below 1.0
- Maintained a Lost Workday Case rate less than 50% of the NAICS' SIC code
- Completed ArcFlash training (NFPA 70) for WWTP maintenance personnel
- Arc flash / electrical safety program started and planning completion on next steps
- Coordinated "Trenching & Shoring" training for SSD
- Coordinated employee driven, hands on study to replace obsolete/ end of life gas detectors; developed process to assure correct usage
- Revised "Lockout/ Tagout" procedures with WWTP maintenance personnel
- Coordinated "Safe Driving" training for all District employees
- Tested noise levels across the District resulting improved PPE usage for employees
- Identified and supported effort to increase backhoe/trackhoe safety.
- Simplified the ISO 14001 annual "Aspect Evaluation Process"

Planning and Development Statistics

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Allocations Issued	80	95	122
Sewer Service Applications Approved	1,007	1,106	1,350
Allocation, Facility and Tap Fees	\$2,238,171	\$2,334,364	\$2,347,705
Affordable Housing Rebates	\$27,420	\$28,790	\$42,460
Plans Reviewed	46	50	44
Permits Issued	33	33	29
Permit Fees	\$19,800	\$21,450	\$18,850
Preconstruction Conferences	13	17	13
Final Inspections	24	26	16
Systems Transferred	22	22	24
Value of Systems Transferred	\$1,040,824	\$2,047,550	\$3,168,119
Systems Transferred Linear Feet	26,361	24,486	38,131
Civil Penalties Collected	\$0	\$0	\$0
TRC Projects	28	42	52
Grading Permits	31	13	14
Minor Subdivision Plats Approved	39	39	98
Unclaimed Sewer Projects	12	7	4
Cost Recovery Paid	\$23,549	\$0	\$0

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 18, 2013

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

PREPARED BY: Kevin Johnson

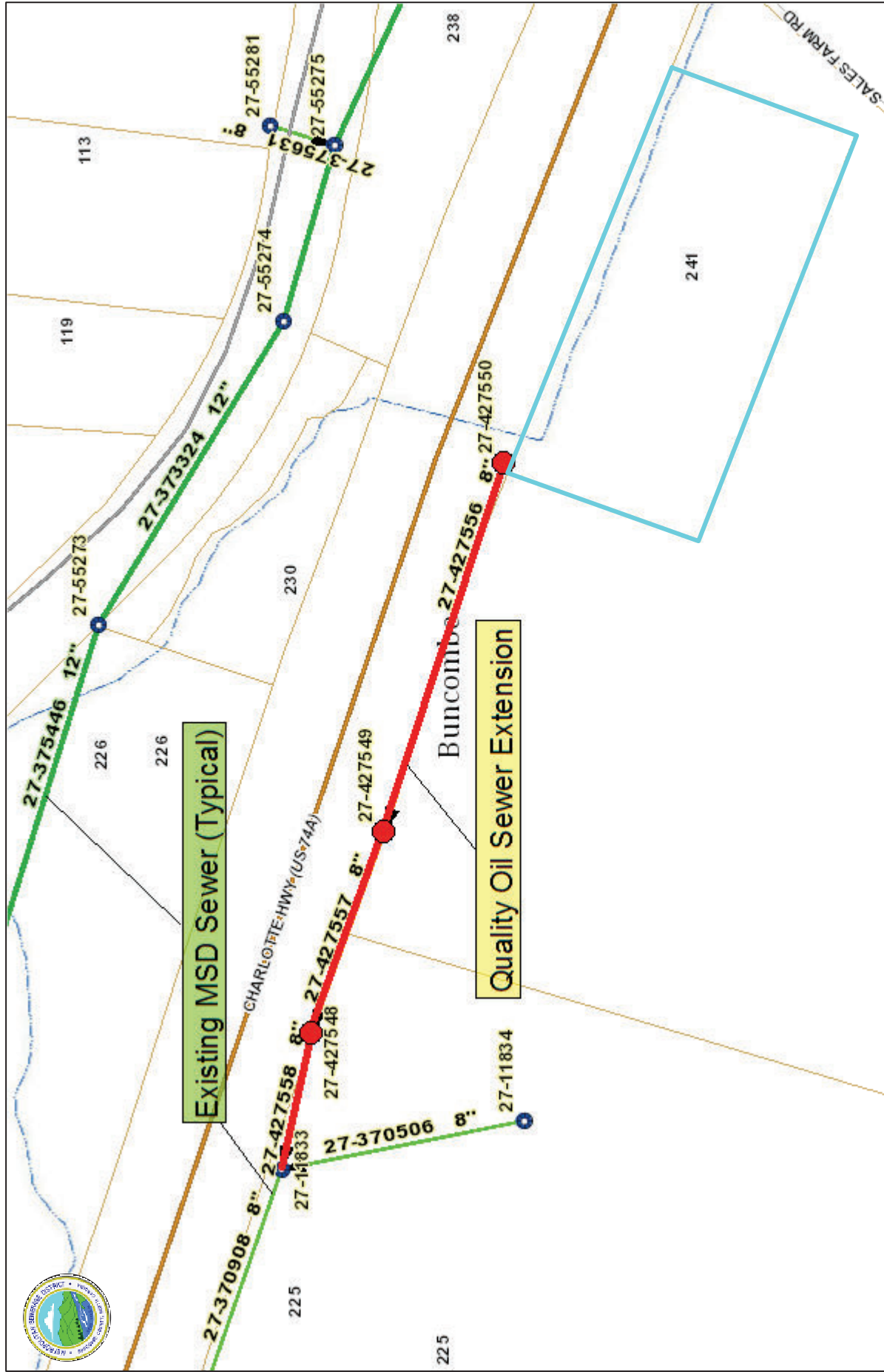
REVIEWED BY: Ed Bradford, P.E., Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Quality Oil Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary off Charlotte Highway (US 74A) in Buncombe County. The developer of the project is Daniel Dinsbeer of Quality Oil Company, LLC. The project included the installation of approximately 526 linear feet of 8" gravity sewer to serve a commercial development. A wastewater allocation was issued in the amount of 100 GPD for the project. The estimated cost of the sewer extension is \$45,000.00.

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:	



Quality Oil (MSD Project #2011081)

Author: KJ

1 in = 100 ft

Date: 12/10/2013

The Metropolitan Sewerage District of Buncombe County, NC has prepared these maps based on best available information for use in assisting District maintenance work, service area analysis, and planning. The District does not warrant the accuracy of any of the information shown. Field verification is advised for all information shown on the maps or included with manhole data. No guarantee is given as to the accuracy or currency of any of the data. Therefore, in no event shall the District be liable for any special, indirect, or consequential damages or any damages whatsoever resulting from loss of use, data, or profits, whether in an action of contract, negligence, or other action, arising out of or in connection with the use of the information herein provided. Grid shown is North Carolina State Plane Coordinate System NAD 1983 (North American Datum 1983).

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 18, 2013

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

PREPARED BY: Kevin Johnson

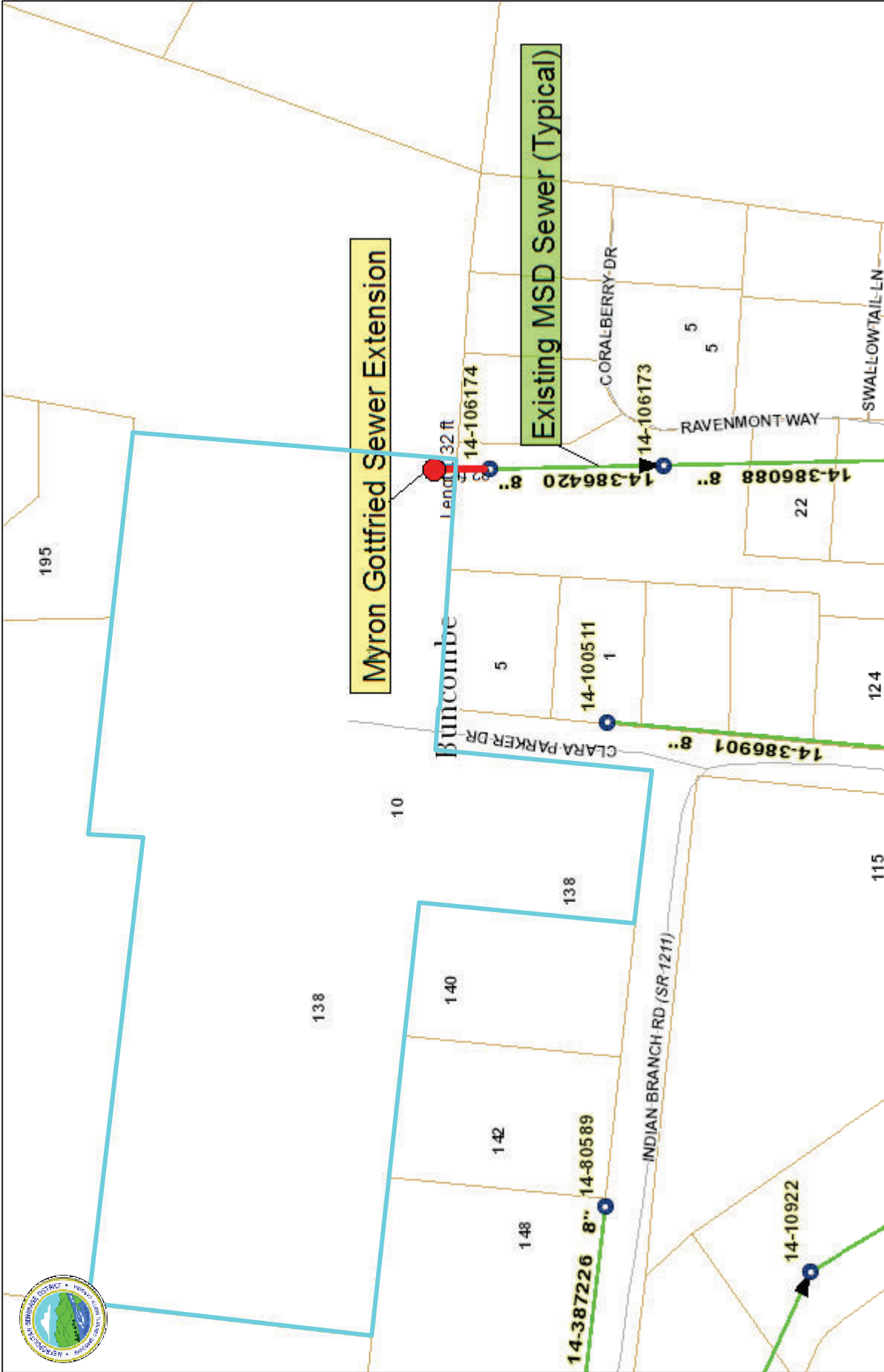
REVIEWED BY: Ed Bradford, P.E., Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Myron Gottfried Sewer Extension Project.

BACKGROUND: This project is located inside the District boundary off Indian Branch Road in Buncombe County. The developer of the project is Myron Gottfried. The project included the installation of approximately 31 linear feet of 8" gravity sewer to serve a twenty (20) unit residential/commercial development. A wastewater allocation was issued in the amount of 2000 GPD for the project. The estimated cost of the sewer extension is \$5,000.00.

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:	



Myron Gottfried Project (MSD Project #2008169)

Author: KJ

1 in = 100 ft

Date: 12/10/2013

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Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

Meeting Date: December 18, 2013
Submitted By: Thomas E. Hartye, PE., General Manager
Prepared By: W. Scott Powell, CLGF0, Director of Finance
Subject: Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2013

Background

Both North Carolina law and the Bond Order require an annual audit of the District’s financial records. The District has incorporated the audited financial statements into a Comprehensive Annual Financial Report (CAFR), which adds transmittal and statistical data to assist readers in analyzing the audited financial statements. The CAFR is also used to satisfy continuing disclosure requirements imposed by the Bond Order and other contractual agreements.

Discussion

The auditors' unmodified (commonly called “clean”) opinion is the first document behind the “Financial Section” tab.

Included with the CAFR is a standard letter from the independent auditors describing the auditors’ responsibilities under accounting standards, their understanding of District policies and estimates, and assurance that no significant adjustments to the District financial records are required.

Finally, there is no Management Letter because the auditors did not find any reportable conditions or other issues requiring communication to the Board.

Staff Recommendation

Acceptance of the CAFR.

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

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: December 18, 2013

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 October 31, 2013

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 October 31, 2013 were \$25,396,277. The detailed listing of accounts is available upon request. The average rate of return for all investments is 0.713. 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 October 31, 2013 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of October 31, 2013 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$(12,360,188).

Total Cash & Investments as of 10/31/2013		25,396,277
Less:		
Budgeted Commitments (Required to pay remaining FY14 budgeted expenditures from unrestricted cash)		
Construction Funds	(14,226,151)	
Operations & Maintenance Fund	<u>(10,551,681)</u>	(24,777,832)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(4,122)	
Remaining Principal & Interest Due	<u>(8,094,531)</u>	(8,098,653)
District Reserve Funds		
Fleet Replacement	(576,660)	
WWTP Replacement	(539,999)	
Maintenance Reserve	<u>(913,098)</u>	(2,029,757)
District Insurance Funds		
General Liability	(157,041)	
Worker's Compensation	(249,594)	
Post-Retirement Benefit	(1,105,144)	
Self-Funded Employee Medical	<u>(1,338,444)</u>	(2,850,223)
Designated for Capital Outlay		<u><u>(12,360,188)</u></u>

Staff Recommendation

None. Information Only.

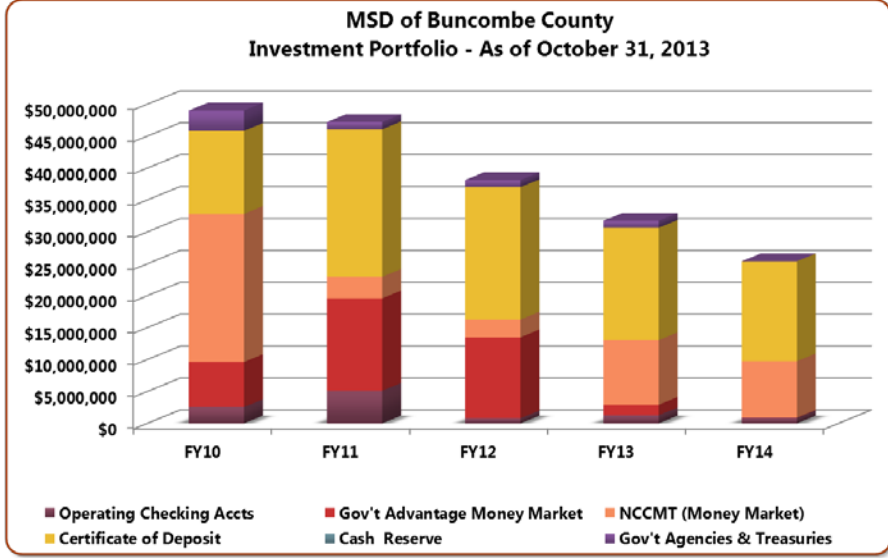
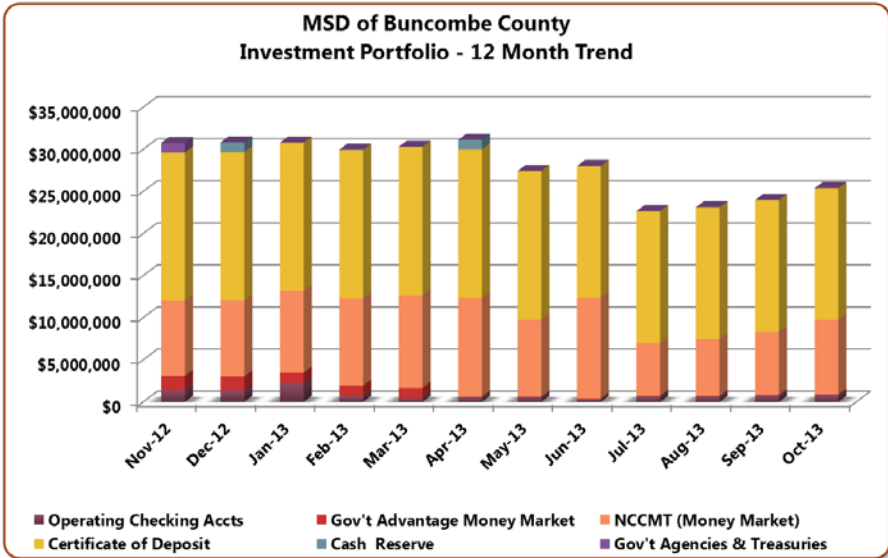
Action Taken

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	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -		\$ 4,122		\$ -	\$ -	\$ 4,122
Held by MSD	854,018	46,654	8,840,899	15,650,584		-	25,392,155
	<u>\$ 854,018</u>	<u>\$ 46,654</u>	<u>\$ 8,845,021</u>	<u>\$ 15,650,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,396,277</u>

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries, Agencies and Instrumentalities	100%	0.00%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	61.63%	The District's YTM of .77% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.
North Carolina Capital Management Trust	100%	34.83%	
Checking Accounts:	100%		All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.
Operating Checking Accounts		3.36%	
Gov't Advantage Money Market		0.18%	



Board Meeting: December 18, 2013

Subject: Cash Commitment/Investment Report-Month Ended October 31, 2013

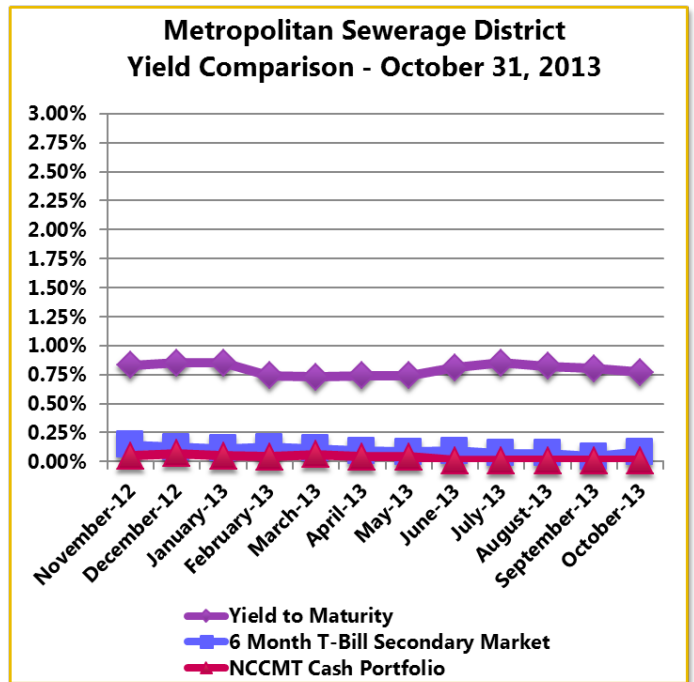
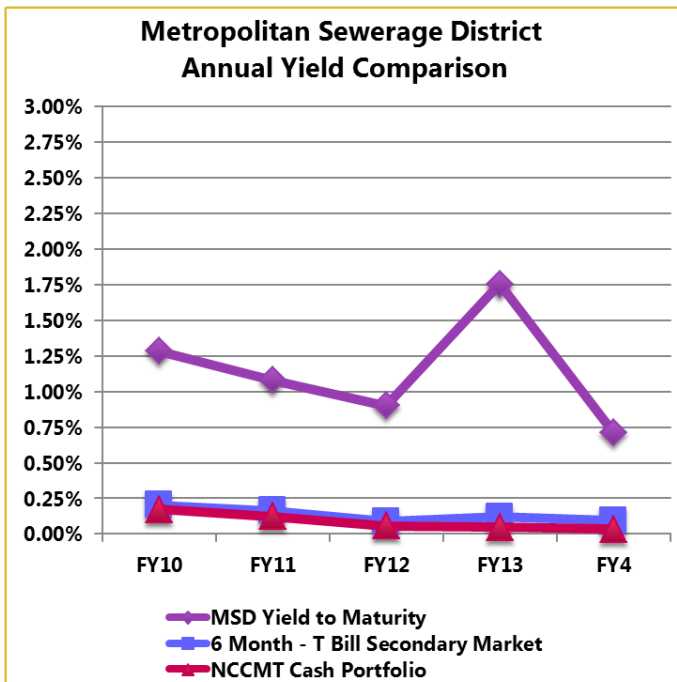
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**METROPOLITAN SEWERAGE DISTRICT
INVESTMENT MANAGERS' REPORT
AT October 31, 2013**

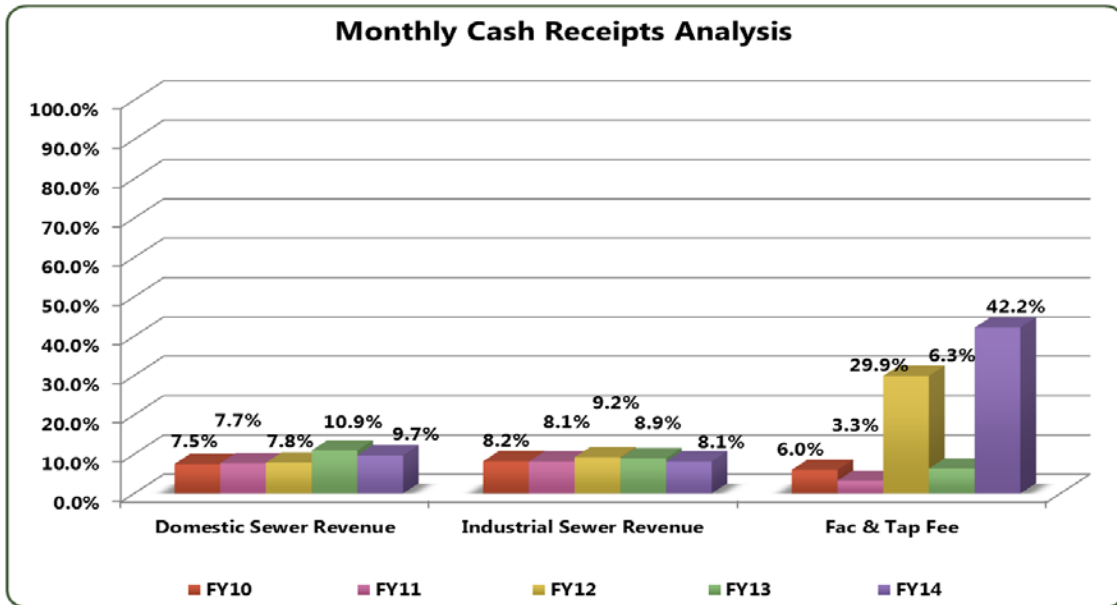
	Original		Interest Receivable
	Cost	Market	
Beginning Balance	\$ 21,807,741	\$ 21,807,741	\$ 431,459
Capital Contributed (Withdrawn)	1,274,182	1,274,182	
Realized Income	600	600	
Unrealized/Accrued Income		-	15,534
Ending Balance	\$ 23,082,523	\$ 23,082,523	\$ 446,993

	Original Cost	Income
Cash Equivalents <91 Days	\$ 7,431,938	\$ 5,195
Securities/CD's 91 to 365 Days	15,650,584	10,940
Securities/CD's > 1 Year	-	-
	\$ 23,082,523	\$ 16,135

Month End Portfolio Information	
Weighted Average Maturity	277
Yield to Maturity	0.77%
6 Month T-Bill Secondary Market	0.08%
NCCMT Cash Portfolio	0.01%

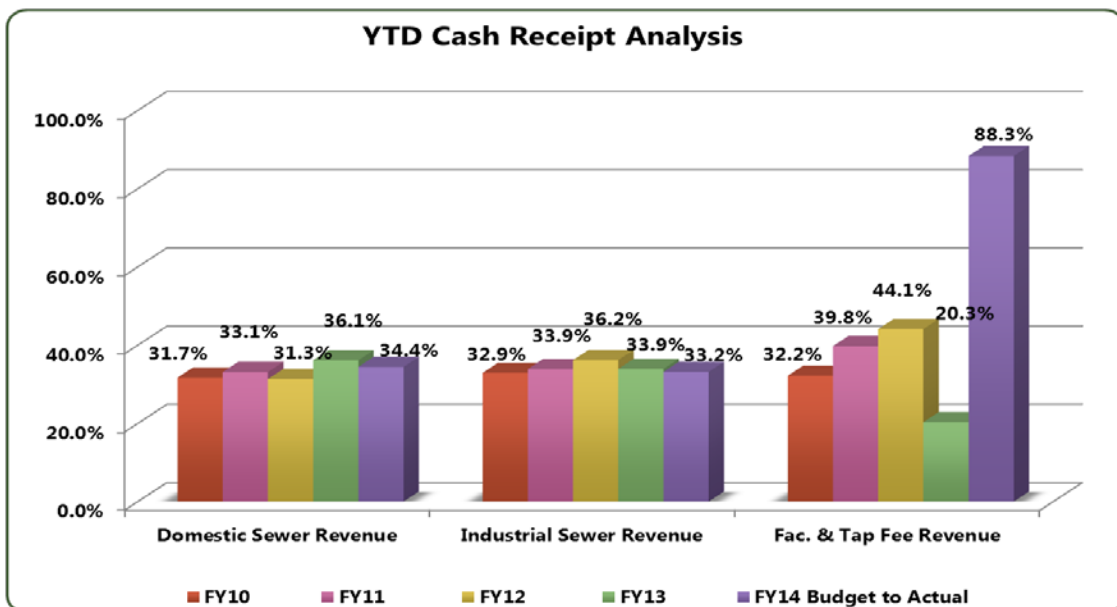


**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF CASH RECEIPTS
AS OF October 31, 2013**



Monthly Cash Receipts Analysis:

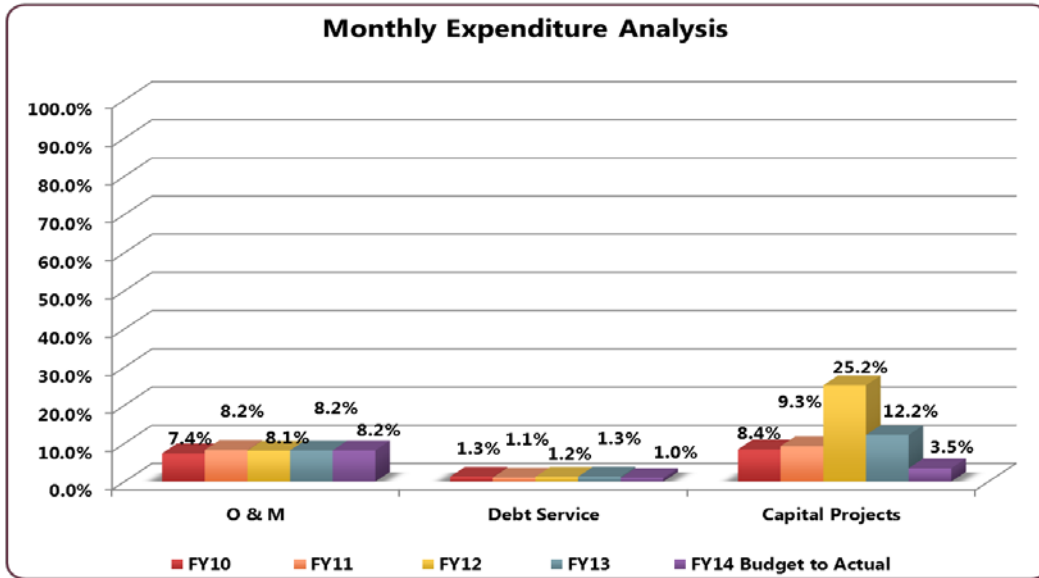
- Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- Monthly industrial sewer revenue is trending below budgeted expectations.
- Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap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



YTD Actual Revenue Analysis:

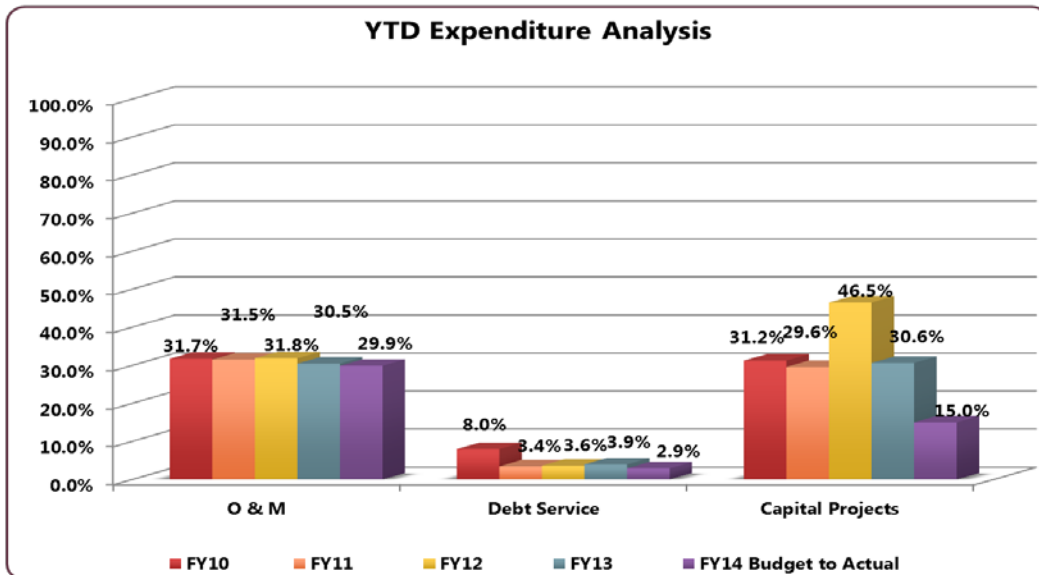
- YTD domestic sewer revenue is considered reasonable based on historical trends.
- YTD industrial sewer revenue is trending below budgeted expectations.
- Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

**METROPOLITAN SEWERAGE DISTRICT
ANALYSIS OF EXPENDITURES
AS OF OCTOBER 31, 2013**



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:

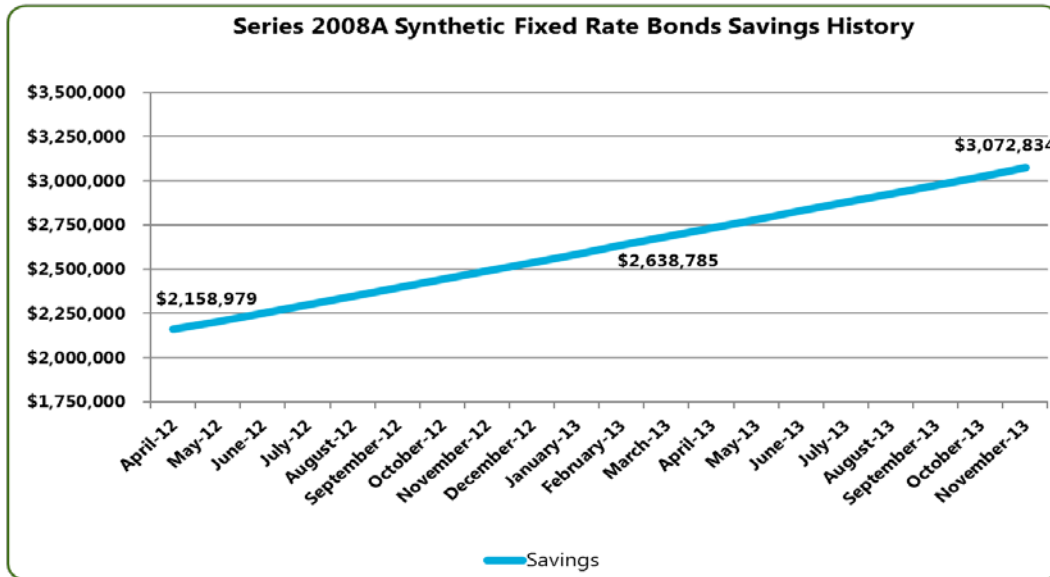
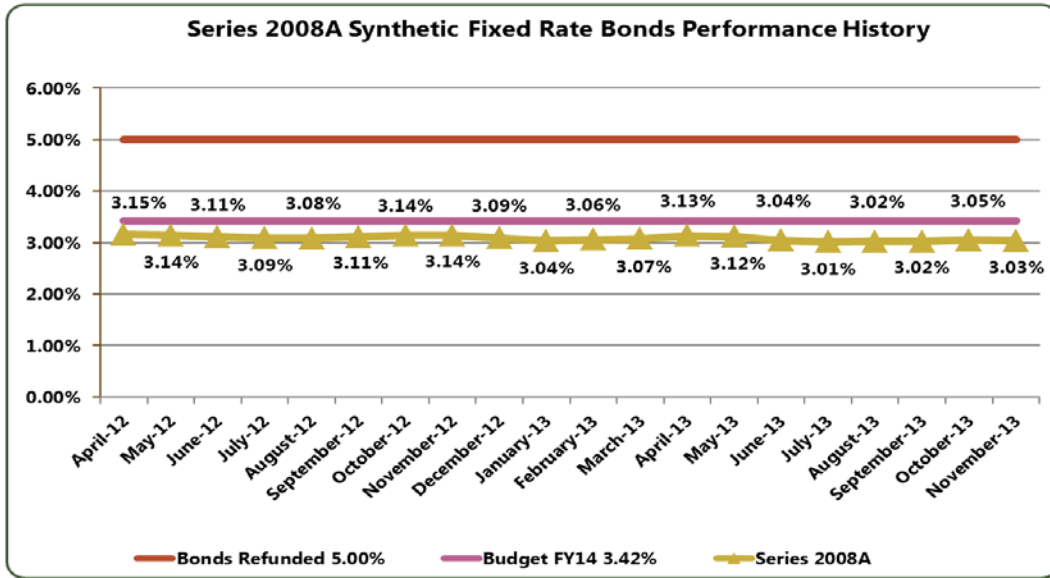
- ▶ YTD O&M expenditures are considered reasonable based on historical trends.
- ▶ Due to the nature of the variable rate bond market, YTD expenditures can vary year to year. Based on current variable interest rates, YTD debt service expenditures are considered reasonable.
- ▶ Due to nature and timing 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: December 18, 2013

Subject: Cash Commitment/Investment Report-Month Ended October 31, 2013

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**METROPOLITAN SEWERAGE DISTRICT
Variable Debt Service Report
AS OF November 30, 2013**



Series 2008A:

- ▀ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$3,072,834 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 \$4,318,000 to terminate the existing Bank of America Swap Agreement.

STATUS REPORTS

MSD IN-HOUSE CONSTRUCTION

PIPELINE REPLACEMENT PROJECTS FOR FY 13-14

PROJECT NAME	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	Notes
Craven Street Improvements (P/N 2013071)	300	7/1/13-8/30/13	434914	667	8/14/2013	306	complete
90 Asheland Ave - Pipe Ream/Burst	118	8/29/2013	456371	631	8/29/2013	118	complete
Melody Lane	220	8/15/13 - 9/13/13	433549	667	8/30/2013	560	complete
Melody Lane Addition	25	9/10/2013	450458	667	9/10/2013	28	complete
41 Walnut Lane (Woodfin)	1260	5/27/13 - 8/30/13	441589	631	9/27/2013	1189	complete
View Street at Montreat Road (P/N 2013051)	461	10/8/13-10/31/13	400926	667	10/7/2013	463	complete
Elk Mtn Scenic Hwy @ Edgedale*(P/N 2010101)	785	10/7/13-11/7/13	456298/450460	667	10/18/2013 / 10/23/13	638	complete
Roberts Street at Haywood Rd* (P/N 20100980)	200	10/16/13 - 11/16/13	470501	631	10/22/2013	210	complete
Gay Street (P/N 2013077)	327	10/7/13 - 11/4/13	433544	631	11/6/2013	335	complete
Memorial Park Drive	963	10/24/13 - 12/1/13	433530	667	11/22/2013	1004	complete
Daniel Road Phase II (14)	568	11/4/13 - 12/1/13	433531	631	12/3/2013	574	complete
Memorial Park Drive Phase 2	480	11/25/13 - 12/15/13	456768	667			Construction in Progress
Central Avenue SanitarySewer Replacement*	675	12/3/13 - 1/1/14	448995	631			Construction in Progress
Buckner Road	600	12/15/13 - 1/15/13	400919	667			ready for construction
Livinston - AB Tech	TBA	1/2/14 - 2/1/14	456300	631			ready for construction
Rash Road* (P/N 2010095)	550	2/2/14 - 3/2/14	456302	631			ready for construction
Ridgeway Dr.	487	TBA	456296	TBA			ready for construction
18 Crestland Road	270	TBA	448974	667			ready for construction
N. Anne St.	550	TBA	400920	TBA			ready for construction
165 Old County Home Road	1,100	TBA	433522	TBA			ready for construction
Sareva Place	932	TBA	410095	TBA			ready for construction
Carjen Avenue	825	TBA	410096	TBA			ready for construction
Hunt Hill Place	786	TBA	400922	TBA			ready for construction
Robindale Ave	520	TBA	433537	TBA			Design
Emory Road* (P/N 2009137)	300	TBA	456301	TBA			ready for construction
350 Old Haw Creek Road	1333	TBA	400923	TBA			ready for construction
Rumbough Place	710	TBA	433539	TBA			ready for construction
Shiloh Road	350	TBA	456294	TBA			Design
Grovestone Quarry	TBA	TBA	TBA	TBA			Design
Tabernacle Road	TBA	TBA	TBA	TBA			Design
Dew Waite Dr	TBA	TBA	TBA	TBA			Design
Springside Drive	TBA	TBA	TBA	TBA			ready for construction
S. Oak Forest	TBA	TBA	TBA	TBA			Design



CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2013 to 10/31/2013

	Dig Ups	Emergency Dig Ups	Dig Up ML Ftg	Dig Up SL Ftg	Manhole Repairs	Taps Installed	ROW Ftg	IRS Rehab Ftg *	Const Rehab Ftg *	D-R Rehab Ftg *	Manhole Installs	Bursting Rehab Ftg *	Total Rehab Ftg *
July 2013	36	16	108	628	40	23	2,264	0	0	0	0	0	0
August 2013	49	7	207	659	38	24	0	0	259	882	10	118	1259
September 2013	31	16	348	468	22	8	7,426	197	116	1217	11	0	1530
October 2013	28	22	406	921	42	35	17,950	288	375	1053	10	258	1974
Grand Totals	144	61	1,069	2,676	142	90	27,640	485	750	3152	31	376	4763

* Used to calculate Total Rehab Footage



PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2013 to October 31, 2013

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
2013							
July	81,240	2,028	5,143	86,383	33,272	2,080	12,186
August	59,115	1,444	5,763	64,853	36,640	35,663	12,680
September	56,833	1,230	6,596	63,354	32,358	18,324	20,686
October	58,251	3,187	4,418	62,664	33,888	22,886	26,287
Grand Total:	255,439	7,889	21,920	277,254	136,158	78,953	71,839
Avg Per Month:	63,860	1,972	5,480	69,314	34,039	19,738	17,960



CUSTOMER SERVICE REQUESTS

Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
DAY 1ST RESPONDER				
	July, 2013	153	39	40
	August, 2013	109	30	36
	September, 2013	79	28	37
	October, 2013	111	29	40
		452	33	38
NIGHT 1ST RESPONDER				
	July, 2013	45	39	33
	August, 2013	34	35	31
	September, 2013	18	26	24
	October, 2013	33	26	33
		130	33	31
ON-CALL CREW *				
	July, 2013	79	52	35
	August, 2013	40	65	46
	September, 2013	30	49	43
	October, 2013	35	46	14
		184	53	34
Grand Totals:		766	38	36

* On-Call Crew Hours: 10:30pm-7:30am Monday-Friday, Weekends, and Holidays

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

December 10, 2013

PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
BRADLEY BRANCH ROAD PHASE II	Terry Brothers	8/21/2013	10/28/2013	2/25/2014	\$314,860.00	90%	All pipe work complete. Contractor is working on clean up and MH grouting prior to punchlist inspection.
BROOKCLIFF DRIVE (PRP 59001)	Buckeye Construction	10/16/2013	11/4/2013	2/2/2014	\$336,992.50	40%	Mainline in roadway is complete. Construction has begun in the ROW.
MERRIMON AVENUE @ COLONIAL PLACE	Terry Brothers	8/21/2013	9/3/2013	12/12/2013	\$205,878.00	99%	Contractor is working on punchlist items.
MERRIMON AVENUE @ STRATFORD ROAD	Terry Brothers	9/18/2013	TBD	TBD	\$774,177.00	0%	Project was awarded to Terry Brothers. No work has begun yet.
MOUNT VERNON PLACE PHASE I	Terry Brothers	8/21/2013	9/3/2013	12/12/2013	\$96,347.00	99%	Contractor is working on punchlist items.
OLD US 70 @ GROVEMONT AVENUE	Buckeye Construction	10/16/2013	11/18/2013	5/17/2014	\$729,740.90	5%	Contractor is installing mainline upstream from MH # 1.
PIPE RATING CONTRACT #7 (LINING)	Southeast Pipe Survey, Inc.	12/12/2012	1/14/2013	12/20/2013	\$863,111.81	98%	All lining work is complete and tested. One manhole rehab remains on the original project. Manhole rehab is all that remains on the added work on 4th Street and Moore Circle. Contractor is being assessed liquidated damages.
SYCAMORE TERRACE (PRP 34012)	TBA	TBA	TBA	TBA	TBA	0%	Project is scheduled to bid on December 18th, and will be presented to the January 2014 Board.
WRF - CRAGGY HYDRO FACILITY REPAIRS - CONTROL COMPONENTS UPGRADE	Innovative Solutions of NC	7/12/2012	N/A	1/1/2014	\$100,717.72	95%	This is to upgrade the old control panel at the Hydro Facility. In addition to this, Turbine No. 2 has been repaired and reinstalled. New controls are near completion.
WRF - ELECTRICAL IMPROVEMENTS	Haynes Electric	8/15/2012	9/10/2012	12/7/2013	\$1,061,900.00	95%	Final testing/startup is underway.
WRF - SLIDE GATE REPLACEMENT	NHM Constructors	9/18/2013	10/7/2013	6/4/2014	\$288,924.00	5%	Equipment shop drawing submittals underway.

***Updated to reflect approved Change Orders and Time Extensions**

Planning & Development Project Status Report

December 10, 2013

Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
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
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
Haywood Village	2007172	Asheville	55	749	7/15/2008	New owner developer - will resume soon
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	New ownership - project currently inactive
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
Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Complete-Waiting on final documents
Goldmont St	2012087	Black Mtn.	6	91	1/11/2013	Complete-Waiting on final documents
Berrington Village Apartments	2008164	Asheville	308	4,690	5/5/2009	Complete-Waiting on final documents
Thunderland Circle (Sunshine Chev.)	2012095	Buncombe Co.	Comm.	467	8/5/2013	Complete-Waiting on final documents
Pisgah Manor Skilled Nursing Facility	2012008	Candler	Comm.	131	4/9/2011	Complete-Waiting on final documents
Bradley Street - Phase II	2013031	Asheville	12	194	2/14/2013	Waiting on revised as-built drawings
Onteora Oaks Subdivison	2012026	Asheville	28	1,222	1/4/2013	Complete-Waiting on final documents
Ramble at Parkway	2013100	Biltmore Forest	TBD	335	7/26/2013	Complete-Waiting on final documents
Eargle Sewer Extension	2011077	Asheville	2	45	9/4/2013	Complete-Waiting on final documents
Carolina Truck and Body (Cooper)	2012075	Asheville	Comm.	298	10/30/2012	Awaiting COA approval for work in ROW
Biltmore Lake Block "J"	2013013	Enka	32	3,918	4/16/2013	Complete-Waiting on final documents
Sardis Road (COA) Annexation	2009037	Asheville	N/A	6,981	4/2/2012	Complete-Waiting on revised ROW items
Ardmion Park	2011107	Asheville	5	208	4/16/2013	Complete-Waiting on final documents
Central Ave	2012065	Asheville	6	305	9/26/2013	Complete - Waiting on final documents
Waynesville Ave (Pittman)	2013046	Asheville	15	332	5/23/2013	Complete-Waiting on final documents
Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents

Planning & Development Project Status Report

December 10, 2013

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
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	Project will not be built per consultant
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 - in bankruptcy
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	New developer, ready for testing
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
Reems Creek Cottages	2013066	Weaverville	17	483	11/15/2013	Ready for construction
Camp Dorothy Walls - Ph. 2	2007294	Black Mtn.	Comm.	593	6/16/2009	Pre-con held, ready for construction
Fisk Dr. (Rehab)	2013080	Arden	Comm.	260	9/4/2013	Installed/fill in progress prior to final
Burk Street Cottages	2012115	Asheville	27	631	10/24/2013	Pre-con held, ready for construction
Thoms Estate 3B & 4	2013052	Asheville	35	4,690	7/26/2013	Installing/Testing (75% Complete)
Carmel Ridge Apartments	2013018	Leicester	80	1,162	10/11/2013	Under Construction
Palisades Apartments	2013024	Asheville	224	1,423	9/4/2013	30 day wait period for deflection testing
Crest Mountain Phase 3B	2013041	Woodfin	69	1,329	10/15/2013	Under Construction
Asheville Market (Relocation)	2012139	Asheville	Comm.	280	9/18/2013	30 day wait period for deflection testing
The Aventine	2011015	Biltmore Forest	300	3,238	10/14/2013	Under constr./some air testing complete
Westover Relocation	2013132	Asheville	1	87	11/20/2013	Under Construction
Eagle's Landing	2010015	Asheville	25	472	10/22/2013	Under Construction
Aldi (Weaverville)	2013048	Weaverville	Comm.	302	5/10/2013	Ready for final inspection
Hyde Park	2013058	Arden	65	3,062	12/3/2013	Pre-con held, ready for construction
Upper Kentucky Improvements	2013085	Montreat	N/A	284	12/3/2013	Pre-con held, ready for constr. (1/6/14)
Gorilla Carwash - Weaverville	2013109	Weaverville	Comm.	236	11/15/2013	Ready for construction
TOTAL			2,122	73,578		