

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
December 21, 2016

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 and called to order at 2:02 pm on Wednesday, December 21, 2016. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Collins, Frost, Kelly, Manheimer, Pelly, Root and Wisler.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Forrest Westall with McGill Associates; Ed Bradford, Scott Powell, Hunter Carson, Matthew Walter, Jim Hemphill, Mike Stamey, Ken Stines and Pam Nolan, MSD.

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 16, 2016 Board Meeting:

Mr. Vahaun asked if there were any changes to the Minutes of the November 16, 2016 Board Meeting. Ms. Wisler moved for approval of the minutes as presented. Ms. Frost 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:

There was no discussion or public comment.

6. Report of General Manager:

Mr. Hartye thanked Roger Edwards who heads up operations at the treatment plant. Roger gives excellent plant tours to the public amongst his many duties and responsibilities. A lot of schools avail themselves of this opportunity as far away as Greenville, SC. This year MSD had 33 tours with over 434 attendees. Mr. Hartye reported that John Fisher of Rodgers Place emailed in to thank Roy Lytle, Billy Cantrell, Marvin Felder and Nicolas Hercules. The MSD United Way campaign raised over \$20,000 this year between pledges and the annual golf tournament. Thanks to all who helped with the campaign and contributed. Thanks to Jim Hemphill for heading up the effort. Mr. Hartye reported that there is a copy of an answer man piece attached regarding the French Broad River during the drought and the MSD Treatment Plant. Even in dry times MSD's discharge has never been over 2 percent of the river flow, most of the time it's closer to 2/1000. Mr. Kelly asked if there was a video tour of the plant available on line. Mr. Hartye

stated that there is a virtual tour similar to a power point presentation available on the MSD website with written descriptions of what you are seeing.

Mr. Hartye reported the next regular Board Meeting will be held on January 18th at 2 pm. The next Right of Way Committee meeting will be held on January 25, 2017 at 9 am.

7. Consolidated Motion Agenda:

a. Consideration of Bids: Sand Hill Road @ Russell/Davenport Sanitary Sewer Rehabilitation Project, MSD Project No. 2011093

Mr. Hartye reported that this project is located in West Asheville and consists of replacing a problematic 8-inch clay line which is structurally deficient. This line is in close proximity to a creek and has a high Pipe Rating value. The contract was advertised and three bids were received on December 1, 2016, in the following amounts: North American Pipeline Management in the amount of \$941,107.00; Thunder Contracting, Inc. in the amount of \$592,548.50; and Terry Brothers Construction Company in the amount of \$425,089.00. The apparent low bidder is Terry Brothers Construction Company in the amount of \$425,089.00. The FY 16-17 Construction Budget for this project is \$520,000.00. Staff recommends award of this contract to Terry Brothers Construction Company in the amount of \$425,089.00, subject to review and approval by District Counsel.

b. Consideration of Developer Constructed Sewer Systems: Asheville Middle School; Bowen Estates; 500 Fairview Road; Roberts Farm Phase 1B and Mallard Run Phase 2

Mr. Hartye reported that the Asheville Middle School project included extending approximately 215 linear feet of 8-inch public gravity sewer and abandoning approximately 575 linear feet of public sewer to accommodate and serve the new school.

Mr. Hartye reported that the Bowen Estates project included extending approximately 173 linear feet of 8-inch public gravity sewer to serve the new four unit single family residential development.

Mr. Hartye reported that the 500 Fairview Road project is located in the City of Asheville and included relocating approximately 220 linear feet of 8-inch public gravity sewer and abandoning approximately 240 linear feet of public sewer to accommodate and serve the nine unit single family residential development.

Mr. Hartye reported that the Roberts Farm Phase 1B project is located off Byrd Road in the Town of Black Mountain. This project included extending approximately 230 linear feet of 8-inch public gravity sewer to serve a 16 unit single family subdivision.

Mr. Hartye reported that the Mallard Run Phase 2 project included extending approximately 1,220 linear feet of 8-inch public gravity sewer to serve a 36 unit residential development.

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

c. Cash Commitment/Investment Report Month ended October, 2016:

Mr. Powell reported that Page 28 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 29 presents the MSD investment managers report for the month of October. The weighted average maturity of the investment portfolio is 179 days. The yield to maturity is .75% and exceeds our bench mark of 6 month T-Bill and North Carolina Capital Management Trust cash portfolio. Page 30 presents the MSD analysis of Cash Receipts. Domestic User Fees and Industrial Revenue are considered reasonable based upon timing of cash receipts and historical trends. Facility and Tap Fees are above budgeted expectations due to receiving \$1.7 million from four developers in the current fiscal year. Page 31 presents the analysis of Expenditures. O&M, Debt Service and Capital Projects expenditures are considered reasonable based on historical trends and timing of cash expenditures. Page 32 presents the Variable Debt Service report. The 2008 Series bonds are performing better than budgeted expectations. As of the end of November this issue has saved the District rate payers over \$4.8 million in debt service. There were no questions pertaining to this item.

d. Consideration of Amendment to Standby Bond Purchase Agreement:

Mr. Powell stated that this item is in relation to the Variable Rate Interest swap. Because the District's 2008A Series Revenue Refunding Bonds are variable rate debt, the District has to have a Standby Bond Purchase Agreement. A Standby Purchase agreement is an agreement with a third party, typically a bank, in which the bank agrees to purchase our variable rate debt tendered for purchase in the event the bonds cannot be remarketed. Staff informally investigated the Stand By Purchase Agreement market and looked at rate and terms. This information was used to negotiate a .40% rate and an extension of the current Standby Bond Purchase Agreement to February 2020 with its current provider, Wells Fargo NA. The District will have to spend \$2,500.00 in legal fees and will save approximately \$27,000.00 over the life of the Agreement. Mr. Powell reported that there is a letter attached

from Wells Fargo outlining this amendment. Staff recommends the endorsement of the proposed amendment from Wells Fargo, NA subject to review and approval by District Counsel.

With no further discussion, Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda. Ms. Frost moved. Mr. Belcher seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

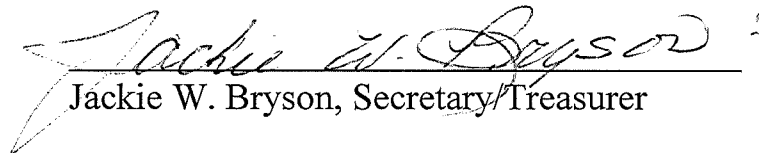
8. Old Business:

Mr. Clarke reported that the Supreme Court, in a 5-2 decision, had reversed the decision of the North Carolina Court of Appeals that found House Bill 488 constitutional. The Supreme Court ruled that House Bill 488 was a local act regulating health and sanitation and thus violative of Article II, Section 24 of the North Carolina Constitution. Ms. Frost asked how much had been spent on legal bills to date. Ms. Manheimer said she was not sure at this point.

9. New Business: None

10. Adjournment:

With no further business, Mr. VeHaun called for adjournment at 2:17 pm.


Jackie W. Bryson, Secretary/Treasurer

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 12/21/16

✓	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 16, 2016 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	2:25	
	06. Consolidated Motion Agenda		2:40	
	a. Consideration of Bids: Sand Hill Road @ Russell/Davenport Sewer Rehabilitation Project	Hartye		
	b. Consideration of Developer Constructed Sewer Systems: Asheville Middle School, Bowen Estates, 500 Fairview Road, Roberts Farm Phase 1B and Mallard Run Phase 2	Hartye		
	c. Cash Commitment/Investment Report Month Ended October, 2016	Powell		
	d. Consideration of Amendment to Standby Bond Purchase Agreement	Powell		
	07. Old Business:	VeHaun	3:00	
	08. New Business:	VeHaun	3:15	
	09. Adjournment: (Next Meeting 1/18/17)	VeHaun	3:25	
	STATUS REPORTS			

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
November 16, 2016

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 2pm Wednesday, November 16, 2016. Chairman VeHaun presided with the following members present: Ashley, Belcher, Bryson, Creighton, Frost, Kelly, Manheimer, Pelly, Root and Wisler.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Matthew Socha with Cherry Bekaert LLP; Rachel McGraw-Burgess with Woodfin Sanitary Water and Sewer District; Patty Beaver with CIBO; Ed Bradford, Scott Powell, Hunter Carson, Matthew Walter, Jim Hemphill, Peter Weed, Mike Stamey, Ken Stines and Pam Nolan, MSD.

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 19, 2016 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the October 19, 2016 Board Meeting. Ms. Wisler moved for approval of the minutes 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. VeHaun welcomed Ms. McGraw, Ms. Beaver and Mr. Socha. There was no discussion or public comment.

6. Report of General Manager:

Mr. Hartye reported that MSD has a \$5.8 million value in fleet and replaces about \$500,000.00 per year. He turned the meeting over to Mr. Weed for a presentation on the Equipment Review Committee and Fleet Replacement Fund. Mr. Weed reported that MSD has a wide variety of vehicles due to the wide range of use. He stated the almost \$6 million in replacement value includes everything from medium duty trucks, sedans and SUV's, to heavy duty vehicles, trailers and electrical vehicles for support at the treatment plant. Not all vehicles are purchased new, some are re-created at substantial savings to the District. He presented a slide of a 2008 truck with 90,000 miles to emphasize how well maintained staff keeps these vehicles. He further stated this could not be accomplished without a good trained staff and a well-equipped Maintenance Facility. Mechanics are

Minutes

November 16, 2016

Page Two

certified and factory trained and work on everything from small engine repairs to major overhauls of heavy equipment. He further stated that in 2012 the District updated the Fleet Purchasing policy for systematic purchase and replacement of current and new vehicles. The Equipment Review Committee, comprised of Division Directors, Fleet Manager and Finance and Purchasing all meet at the beginning of each budget cycle to review equipment and specific needs exceeding \$5,000.00. The Fleet Supervisor submits a list of rolling stock for the coming fiscal year. New vehicles and equipment are evaluated for their needs, practical use and performance capabilities. Price and purchasing guidelines are also weighed in. The Equipment Review Committee functions as an advisory Committee only. After discussions, a plan is drafted and submitted to the General Manager. Final numbers and budget are then submitted to the General Manager and on to Board for approval. Ms. Wisler asked who maintains these vehicles. Mr. Weed stated mostly our Fleet Maintenance staff but about 10% of the work is outsourced. Ms. Frost asked what type of training staff had. Mr. Weed stated that they are continually maintaining their education and certifications as stated above. There was no further discussion.

Mr. Hartye called on Matthew Socha, Senior Manager at Cherry Bekaert, LLP for a presentation on the Fiscal Year 2016 Audit of MSD financial statements. Mr. Socha stated that he will address the following:

- Summary of Audit Results.
- Required Auditor Communications.
- Future Accounting Standards.
- Financial Highlights.

He further stated that because the Financial Statements exceed 100 pages, he will present six (6) graphs that will explain the big picture and show what MSD does. Regarding the Audit Results, Mr. Socha reported the audit was performed under standards generally accepted in the USA and Governmental Auditing Standards. Their opinion on the financial statements as of and for the year ended June 30, 2016 is an unmodified or “clean” audit report. There were no compliance findings; no material weaknesses in internal controls, and no audit adjustments.

Mr. Socha reported that Required Auditor Communications include:

- Pronouncements Adopted.
- Significant Estimates
- Difficulties or Disagreements with Management.
- Misstatements.
- Management’s Representations.
- Consultations with 3rd Parties.

Mr. Socha reported on future standards GASB Statement No. 74 that relates to financial reporting for postemployment benefit plans other than pension plans; GASB statement No. 75 that relates to accounting and financial reporting for postemployment benefits other than pensions and GASB Statement No. 78 that relates to pensions provided through certain multiple-employer defined benefit pension plans. There were no difficulties or disagreements with management or misstatements. In addition, management signs a representation letter which takes responsibility for the financial statements and disclosures.

Mr. Socha presented graphs showing financial trends from FY2009-2016. The first graph shows an upward trend in the Investment of Capital Assets, Net, which means the District continues to invest in its infrastructure. The second graph is Long Term Bonds Payable, which shows a systematic issuance and pay down to meet infrastructure needs. The third graph is Net Position which includes Investment in Capital Assets minus related debt, Unrestricted and Restricted. All balances are considered strong and in line with the District's financial policies. The fourth graph is Operating Results which include Operating Revenue, Expense and Income. He stated the Operating Revenue is tied very closely to development and how well the area of Asheville and surrounding communities are doing. A large portion of the upward trend in operating revenue is from Facility and Tap fees. Operating Expense is associated with development. Operating Income fluctuates with Operating Revenue. The fifth graph is Revenue vs. Expenditures. It includes operating revenue as well as all expenditure outflows (i.e. capital projects, operating and debt service). The sixth graph shows Revenue vs. Total Expenditures. This graph shows the relationship of total expenditures and operating revenue and with the need of using a combination of operating reserves and debt to meet the District's capital project initiatives.

In summary, Mr. Socha expressed his appreciation and thanks to Tom Hartye, Scott Powell, Cheryl Rice and the entire team for their help in completing the audit. Due to having employees in Charlotte the price came in under bid and this is planned for the future.

Mr. Hartye reported the next regular Board Meeting will be held on December 21st at 2 pm. The November Right of Way Committee meeting is cancelled. The next Right of Way Committee meeting will be held on January 25, 2017 at 9 am.

7. Consolidated Motion Agenda:

a. Consideration of Bids: South French Broad Interceptor – Lining

Mr. Hartye reported that this project is located within the Biltmore Estate along the main 36-inch interceptor and serves southern portions of the District's regional service area, including Cane Creek Water & Sewer in Northern Henderson County. The project is comprised of lining

the interceptor with Cured-in-Place Pipe (CIPP) which will provide more value and further extend the service life. This interceptor is planned to remain in-service for the foreseeable future and capacity needs are proposed to be addressed by a second line. The sections to be lined under this contract total 2,613 LF for the most critical areas. MSD has worked closely with the Biltmore Estate in order to schedule this work during Biltmore's slower winter season. The contract was advertised and seven bids were received on October 27, 2016, in the following amounts: Portland Utilities Construction with a bid of \$973,645.01; IPR Southeast, LLC with a bid of \$969,680.00; CaJenn Construction with a bid of \$734,009.31; Am-Liner East with a bid of \$663,737.00; Layne Inliner, LLC with a bid of \$494,711.50; Insituform Technologies with a bid of \$479,927.00 and SAK Construction, LLC with a bid of \$457,710.00. The apparent low bidder is SAK Construction, LLC. SAK has not completed previous work for the District, therefore staff checked references, with favorable results. The FY17 Construction Budget for this project is \$588,000.00. Staff recommends that the Board award the contract to SAK Construction, LLC in the amount of \$457,710.00, subject to review and approval by District Counsel.

b. Consideration of Bids: Stratford Road @ Oxford Court Sanitary Sewer Rehabilitation:

Mr. Hartye reported that this project is located in North Asheville near Beaver Lake, at the intersection of Stratford Road and Merrimon Avenue. It consists of rehabilitation of existing 6-inch and 8-inch clay and PVC pipes with approximately 1,965 LF of 8-inch DIP. There are parallel systems in this area which will be eliminated as part of this project. The contract was advertised and seven bids were received on October 27, 2016, in the following amounts: Thunder Contracting, Inc., in the amount of \$488,052.50; Thomas Construction Co. in the amount of \$471,505.00; North American Pipeline Management in the amount of \$319,332.00; Buckeye Bridge, LLC, in the amount of \$307,906.00; Cooper Construction Company in the amount of \$260,903.00; Terry Brothers Construction Company Inc. in the amount of \$246,993.00 and Patton Construction Group in the amount of \$216,700.00. The apparent low bidder is Patton Construction Group. Patton Construction Group has completed multiple sewer extension projects, and is currently working on the MSD Point Repair Contract. They have performed well. The FY 16-17 Construction Budget for this project is \$370,000.00. Staff recommends that the Board award the contract to Patton Construction Group in the amount of \$216,700.00, subject to review and approval by District Counsel. Ms. Manheimer asked if the line was being moved into the road. Mr. Bradford stated that most of the parallel line would be eliminated and the majority of the line will be moved into the back yards, not the road.

c. First Quarter Budget to Actual Review FY 2017

Mr. Powell reported that Page 21 is the District's first quarter Budget to Actual Revenue and Expenditure Report. Domestic User Fees are at budget expectations. Industrial User Fees are better than budgeted due to activity from two industrial users. Facility and Tap Fees are above budgeted expectations due to receiving approximately \$1.7 million from four developers. Interest and miscellaneous income are slightly below budgeted expectations. Short-term interest rates are still experiencing pressures due to Federal Reserve monetary policy. O&M expenditures are at 32.1% of budget. They include encumbered amounts which has elevated the budget to actual above 25%. (Encumbrances \$989,000.00). Bond principal and interest expenditures are reflected at 25%. This will aid the user to properly assess debt service commitments on a budgetary perspective. Actual amount spent as of the end of the first quarter is 2.2%. This is due to the timing of the District's debt service payments. Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year.

d. Cash Commitment/Investment Report Month ended September, 2016:

Mr. Powell reported that Page 24 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 25 presents the MSD investment managers report for the month of September. The weighted average maturity of the investment portfolio is 178 days. The yield to maturity is .72% and exceeds our bench mark of 6 month T-Bill and North Carolina Capital Management Trust cash portfolio. Page 33 presents the MSD Variable Debt Service report. The 2008 Series bonds are performing better than budgeted expectations. As of the end of October both issues have saved the District rate payers over \$4.7 million in debt service since April, 2008. There were no questions pertaining to this item.

e. Presentation of Audit and CAFR – FY ended June 30, 2016:

Mr. Powell reported Page 84 of the PDF Schedule of Revenues and Expenditures Budget and Actual. Sewer charges were above budgeted expectations as a result of increased consumption and a 2% growth in our customer base. Industrial Revenue trended above budgeted expectations due to increased consumption from one industrial user. Facility and Tap Fees are above budgeted expectations. This is due to the District receiving \$3.5 million from eight developments at the end of the year as well as the conservative nature in which these funds are budgeted. Interest income was below budgeted expectations due to Federal Reserve impact on short term interest rates. The District typically achieves a 96% budget to actual ratio on O&M expenditures. This year the District achieved a 97% budget to actual ratio. The District's deferred utility cost was \$521,000.00. Capital project

expenditures are at approximately 91.19% of budget. CIP projects are continuing to receive favorable pricing. Bond principal and interest actually spent were less than budget. This is due to continued swap savings. Unspent funds will be used to address future CIP and Debt.

With no further discussion, Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda. Ms. Frost moved. Ms. Wisler seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

- 8. **Old Business:** None
- 9. **New Business:** None
- 10. **Adjournment:**

With no further business, Mr. VeHaun called for adjournment at 2:48 pm.

Jackie W. Bryson, Secretary/Treasurer



MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: December 16, 2016
SUBJECT: Report from the General Manager

- Kudos

- To Roger Edwards who heads up operations at the treatment plant. Roger also gives excellent plant tours to the public amongst his many duties and responsibilities. A lot of schools avail themselves of this opportunity even as far away as Greenville, SC. This year MSD had 33 tours with over 434 attendees.
- Please see the attached email from John Fisher of Rodgers Place. Thanks to Roy Lytle, Billy Cantrell, Marvin Felder, and Nicolas Hercules.
- The MSD United Way campaign raised over \$20,000 this year between pledges and the annual golf tournament. Thanks to all who helped with the campaign and who contributed. Thanks in particular to Jim Hemphill for heading up the effort.

- ACT piece regarding the drought and French Broad River.

Attached is a copy of an answer man piece regarding the French broad River during the drought and the MSD treatment plant.

- Board/Committee Meetings/Events

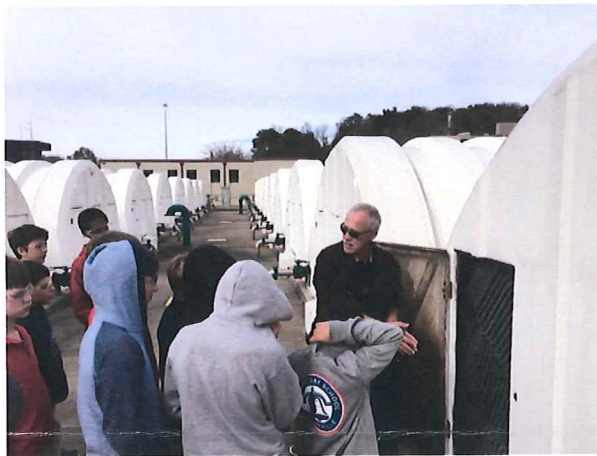
The next Regular Board Meeting will be held on January 18th at 2 pm. The next Right of Way Committee meeting will be held on January 25, 2017 at 9am.

Dear Roger,

Thank you for the informative tour. I appreciate the emphasis placed on science concepts, and the high level of engagement you had with the students. The group and I have a new appreciation for all that you and your colleagues do to turn our wastewater into clean water.

Sincerely,

Charlotte Greene and the CDS middle school group.



Subject: FW: Atta-boy

Date: Wednesday, November 16, 2016 at 2:52:26 PM Eastern Standard Time

From: Tolley, Lisa

To: Hartye, Tom

CC: Nolan, Pam, Stamey, Mike, Reeves, Ben, Karn, Gilbert, Lytle, Roy

W:237526

Roy Lytle

Billy Cantrell

Marvin Felder

Nicolas Hercules

From: Phillips, Linda

Sent: Tuesday, November 01, 2016 10:37 AM

To: Tolley, Lisa

Subject: Atta-boy

John Fisher – 254-8587 – 11 Rodgers Place

Called and said Roy Lytle and his crew were there yesterday and he wanted to let MSD know how wonderful they were. They worked hard and got the job done and did it very well. He gave them cokes and snacks and they wouldn't even sit down to enjoy them until they were done. He was very impressed with all these guys and if he was having a Halloween party he would have invited them all. He said that MSD did not pay these guys enough to wade around in poop and they needed a raise.

Thanks,
Kathy



(Photo: Courtesy photo)

Today's batch of burning questions, my smart-aleck answers and the real deal:

Question: With this severe drought, the French Broad River at Asheville is flowing at very low levels. I was wondering how much treated wastewater MSD discharges into the river and what percentage of the river is actually effluent below the plant? Effluent, not affluent.

My answer: I'm pretty sure the treated wastewater is the only reason the river is still flowing at this point. Keep up the good work, toilet flushers of Buncombe and northern Henderson counties!

Real answer: "Our effluent discharge is still below 20 million gallons a day, but at the most we've never been over 2 percent of the river," said Peter Weed, director of treatment and maintenance at the Metropolitan Sewerage District's wastewater treatment plant in Woodfin. "That's how much more is river water."

The French Broad's flow is indeed down, but it is still, relatively speaking, a good-sized body of water. The system's 1,000 miles of pipe serve customers in Buncombe County and northern Henderson County, a total of 180 square miles.

"There are indeed some wastewater systems where (the discharge) is almost all of the receiving stream in the drought, and that's unfortunate," Weed said. "We are blessed in the fact that we are returning water to such a large body."

The last discharge monitoring report had the daily average at 16.5 million gallons, Weed said. It's down some because usually regular rains contribute to the load at the plant through drainage and because groundwater can infiltrate old pipes.

Weed said the water the plant discharges into the river has been "disinfected and dechlorinated, so it doesn't hurt any fish populations, and it's returning to a river that naturally has bacteria."

"Our water is safer than the water it enters," Weed said. "We have to monitor that above us and below us so we're not having an impact to the French Broad River."

MSD is also working on improving the water quality of its effluent.

"Just last week we released a construction bid for a process that will get more of the trash out of the plant," Weed said, referring to quarter-inch fine screens. "That's combined with a new grit removal system. Between the two, it will be approximately \$10 million."

The work will take place in 2017.

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

BOARD MEETING DATE: December 21, 2016

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

PREPARED BY: Ed Bradford, P.E. - Director of Engineering
Shaun Armistead, P.E. - Project Manager

SUBJECT: Consideration of Bids: Sand Hill Road @ Russell/Davenport Sanitary Sewer Rehabilitation Project, MSD Project No. 2011093

BACKGROUND: This project is located in West Asheville along Sand Hill Road, near Vance Elementary.

It consists of replacing a problematic eight-inch clay line which is structurally deficient. Due to the problems, customer service requests, and the close proximity to a creek, the project has a high Pipe Rating of 82. The new line is comprised of 2,341 LF of 8-inch DIP.

The contract was advertised, and three bids were received on December 1, 2016 in the following amounts:

<u>Contractor</u>	<u>Bid Amount</u>
1) North American Pipe Management	\$ 941,107.00
2) Thunder Contracting, Inc.	\$ 592,548.50
3) Terry Brothers Construction Co.	\$ 425,089.00

The apparent low bidder is Terry Brothers Construction Co., Inc. They have completed numerous MSD sewer rehabilitation projects, and their work quality continues to be excellent on work performed for the District.

Please refer to the attached documentation for further details.

FISCAL IMPACT: The FY16-17 Construction Budget for this project is \$520,000.00.

STAFF RECOMMENDATION: Staff recommends award of this contract to Terry Brothers Construction Co. in the amount of \$425,089.00, subject to review and approval by District Counsel.

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

SAND HILL ROAD @ RUSSELL / DAVENPORT

SEWER REHABILITATION

Project No. 2011093

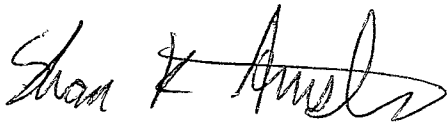
BID TABULATION

December 1, 2016

BIDDER	Bid Bond	MBE Form	Bid Forms (Proposal)	TOTAL BID AMOUNT
North American Pipeline Management, Inc. Marietta, GA	5%	2	Yes	\$941,107.00
Thunder Contracting, Inc. Waynesville, NC	5%	2	Yes	(*) \$592,548.50
Terry Brothers Construction Company Leicester, NC	5%	1	Yes	(*) \$425,089.00

APPARENT LOW BIDDER

(*) Indicates correction in bidder's amounts



Shaun Armistead, P.E.
Project Engineer
Metropolitan Sewerage District of
Buncombe County, North Carolina



This is to certify that the bids tabulated herein were publicly opened and read aloud at 2:00 p.m. on the 1st day of December, 2016, in the W.H. Mull Building at the Metropolitan Sewerage District of Buncombe County, Asheville, North Carolina, and that said bids were accompanied by acceptable bidders bonds in the amount of 5% of the bid.

Interoffice Memorandum

TO: Tom Hartye, General Manager

FROM: Ed Bradford, CIP Manager
Shaun Armistead, Project Manager

DATE: December 2, 2016

RE: Sand Hill Road @ Russell/Davenport Sewer Rehabilitation Project,
MSD Project No. 2011093

This project is located in West Asheville near the intersection of Sand Hill Road and Haywood Road. It is comprised of 2,341 LF of 8-inch ductile iron pipe.

The existing line is 8-inch vitrified clay pipe in poor condition with a history of overflows at various sites. Due numerous customer service requests and the line's proximity to a creek for the entire length of the proposed replacement, this project has a high pipe rating of 82.

Three bids were received on Thursday, December 1, 2016, as follows:

<u>Contractor</u>	<u>Bid</u>
1) North American Pipe Management	\$941,107.00
2) Thunder Contracting, Inc.	\$592,548.50
3) Terry Brothers Construction Co.	\$425,089.00

The FY16-17 construction budget for this project is \$520,000.00.

Terry Brothers Construction is the apparent low bidder for this contract with a bid amount of \$425,089.00. District Staff has had extensive experience with Terry Brothers Construction, and they have proven themselves to be competent contractors on previous District contracts.

Staff recommends award of this contract to Terry Brothers Construction Company, contingent upon review and approval by District Counsel.

**Metropolitan Sewerage District of Buncombe County, North Carolina
CAPITAL IMPROVEMENT PROGRAM**

BUDGET DATA SHEET - FY 2016 - 2017

PROJECT: Sand Hill Rd. @ Russell/Davenport	LOCATION: W. Asheville
TYPE: General Sewer Rehab.	PIPE RATING: 82
PROJECT NO.: 2011093	TOTAL LF: 2,341
PROJECT BUDGET: \$686,775.00	PROJECT ORIGIN: SSO's; Work orders; Line condition

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 12/31/15	EST. COST JAN - JUNE 2016	BUDGET FY 16-17
55310 - PRELIM. ENGINEERING				
55320 - SURVEY - DESIGN	\$18,325.00	\$18,325.00		
55330 - DESIGN				
55340 - PERMITS	\$750.00		\$750.00	
55350 - SPECIAL STUDIES				
55360 - EASEMENT PLATS	\$38,900.00	\$18,355.00	\$20,545.00	
55370 - LEGAL FEES	\$33,500.00	\$16,227.00	\$10,000.00	\$7,273.00
55380 - ACQUISITION SERVICES				
55390 - COMPENSATION	\$70,000.00	\$62,862.00	\$7,138.00	
55400 - APPRAISAL				
55410 - CONDEMNATION				
55420 - CONSTRUCTION	\$520,000.00			\$520,000.00
55430 - CONST. CONTRACT ADM.				
55440 - TESTING	\$3,000.00			\$3,000.00
55450 - SURVEY - ASBUILT	\$2,300.00			\$2,300.00
TOTAL AMOUNT	\$686,775.00	\$115,769.00	\$38,433.00	\$532,573.00

ENGINEER: MSD	SA	ESTIMATED BUDGETS - FY '18 -'26	
R.O.W. ACQUISITION: MSD	# PLATS: [27]	FY 17-18	\$0.00
CONTRACTOR:		FY 18-19	\$0.00
CONSTRUCTION ADM: MSD		FY 19-20	\$0.00
INSPECTION: MSD		FY 20-21	\$0.00
		FY 21-22	\$0.00
		FY 22-23	\$0.00
PROJECT DESCRIPTION: This project is located in West Asheville and is comprised of 2,341 LF of 8-inch ductile iron pipe. The existing line is 8-inch vitrified clay pipe is in poor condition with a history of overflows at various sites.		FY 23-24	\$0.00
		FY 24-25	\$0.00
		FY 25-26	\$0.00

SPECIAL PROJECT NOTES:

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 21, 2016

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

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

PREPARED BY: Kevin Johnson, P.E., Planning & Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Asheville Middle School, MSD Project No. 2013125

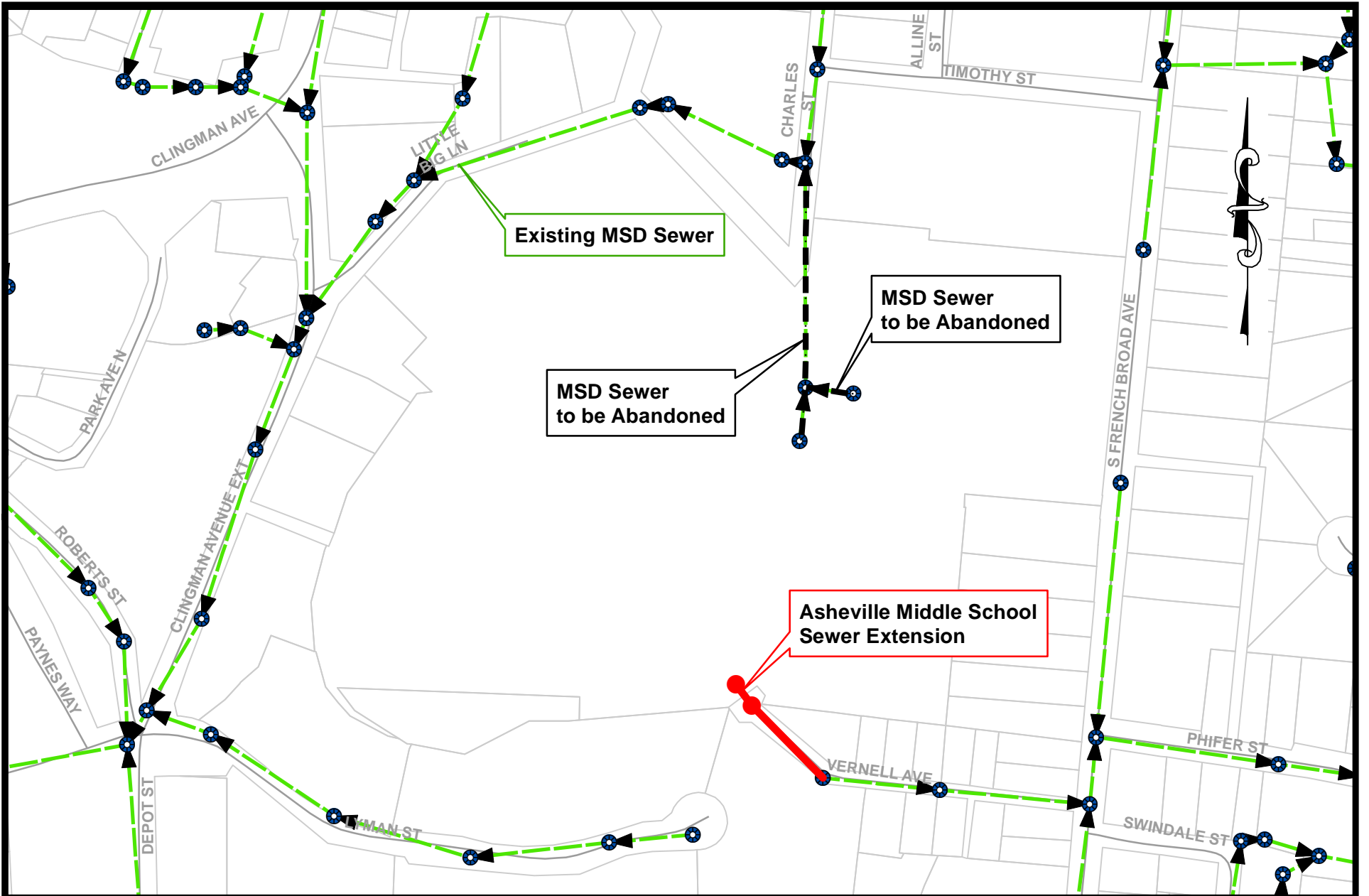
BACKGROUND: This project is located inside the District boundary off Vernell Avenue in the City of Asheville. The developers for this project are the Asheville City Board of Education and Buncombe County.

The project included extending approximately 215 linear feet of 8-inch public gravity sewer and abandoning approximately 575 linear feet of public sewer to accommodate and serve the new school.

A wastewater allocation was issued in the amount of 12,000 GPD for the 1000 student school. The estimated cost of the sewer construction is \$30,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

Asheville Middle School Sewer Extension
MSD Project # 2013125
Metropolitan Sewerage District of Buncombe County

12/08/2016

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 21, 2016

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

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

PREPARED BY: Kevin Johnson, P.E., Planning & Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Bowen Estates Subdivision, MSD Project No. 2015064

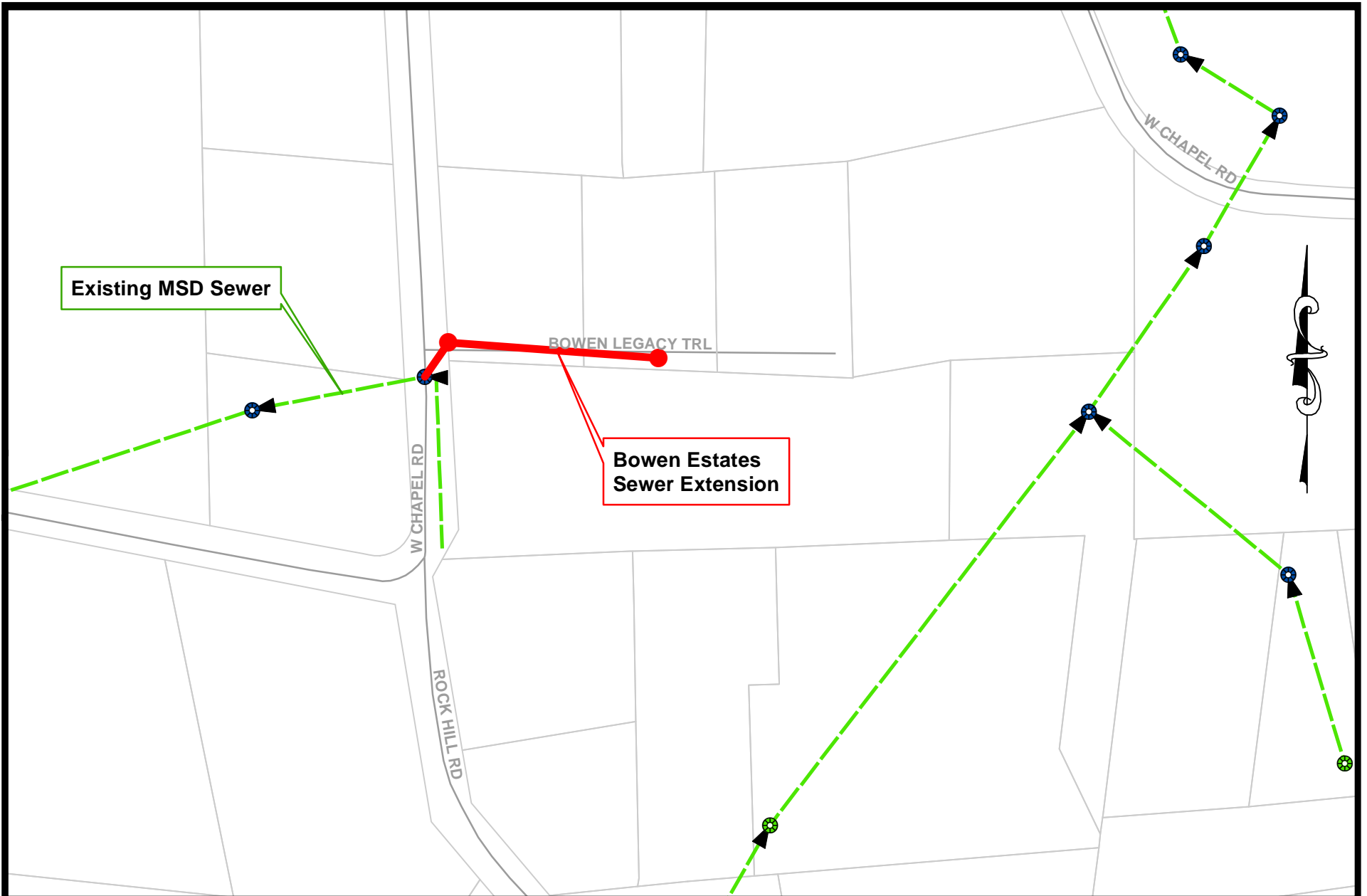
BACKGROUND: This project is located inside the District boundary off West Chapel Road in Buncombe County. The developer for this project is David Cutshall.

The project included extending approximately 173 linear feet of 8-inch public gravity sewer to serve the new subdivision.

A wastewater allocation was issued in the amount of 1,200 GPD for the four unit single family residential development. The estimated cost of the sewer construction is \$15,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

Bowen Estates Sewer Extension
MSD Project # 2015064
Metropolitan Sewerage District of Buncombe County

12/08/2016

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 21, 2016

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

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

PREPARED BY: Kevin Johnson, P.E., Planning & Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the 500 Fairview Road Subdivision, MSD Project No. 2016049

BACKGROUND: This project is located inside the District boundary off Fairview Road in the City of Asheville. The developer for this project is Chris Eller of Farmbound Holdings, LLC.

The project included relocating approximately 220 linear feet of 8-inch public gravity sewer and abandoning approximately 240 linear feet of public sewer to accommodate and serve the new subdivision.

A wastewater allocation was issued in the amount of 2,700 GPD for the nine unit single family residential development. The estimated cost of the sewer construction is \$37,450.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

**500 Fairview Road Sewer Extension
MSD Project # 2016049**

Metropolitan Sewerage District of Buncombe County

12/08/2016

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 21, 2016

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

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

PREPARED BY: Kevin Johnson, P.E., Planning & Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Roberts Farm Phase 1B, MSD Project No. 2016007

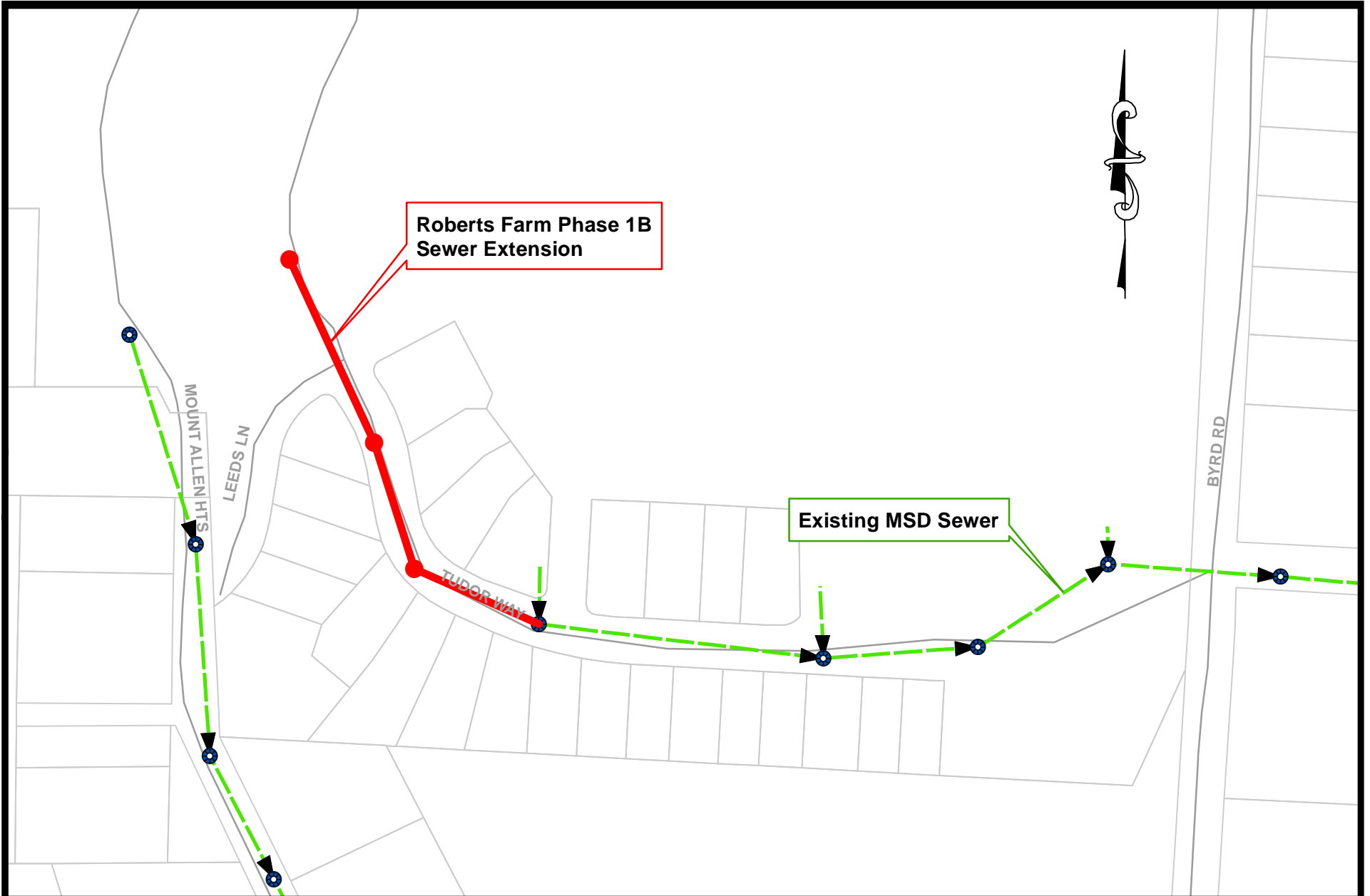
BACKGROUND: This project is located inside the District boundary off Byrd Road in the Town of Black Mountain. The developer for this project is Gregory Katzman of Summit Avenue, LLC.

The project included extending approximately 230 linear feet of 8-inch public gravity sewer to serve the new subdivision.

A wastewater allocation was issued in the amount of 4,800 GPD for this phase (16 units) of the single family residential development. The estimated cost of the sewer construction is \$28,270.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

Roberts Farm Phase 1B Sewer Extension
MSD Project # 2016007
Metropolitan Sewerage District of Buncombe County

12/08/2016

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: December 21, 2016

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

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

PREPARED BY: Kevin Johnson, P.E., Planning & Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Mallard Run Phase 2 Sewer Extension Project, MSD Project No. 2015090

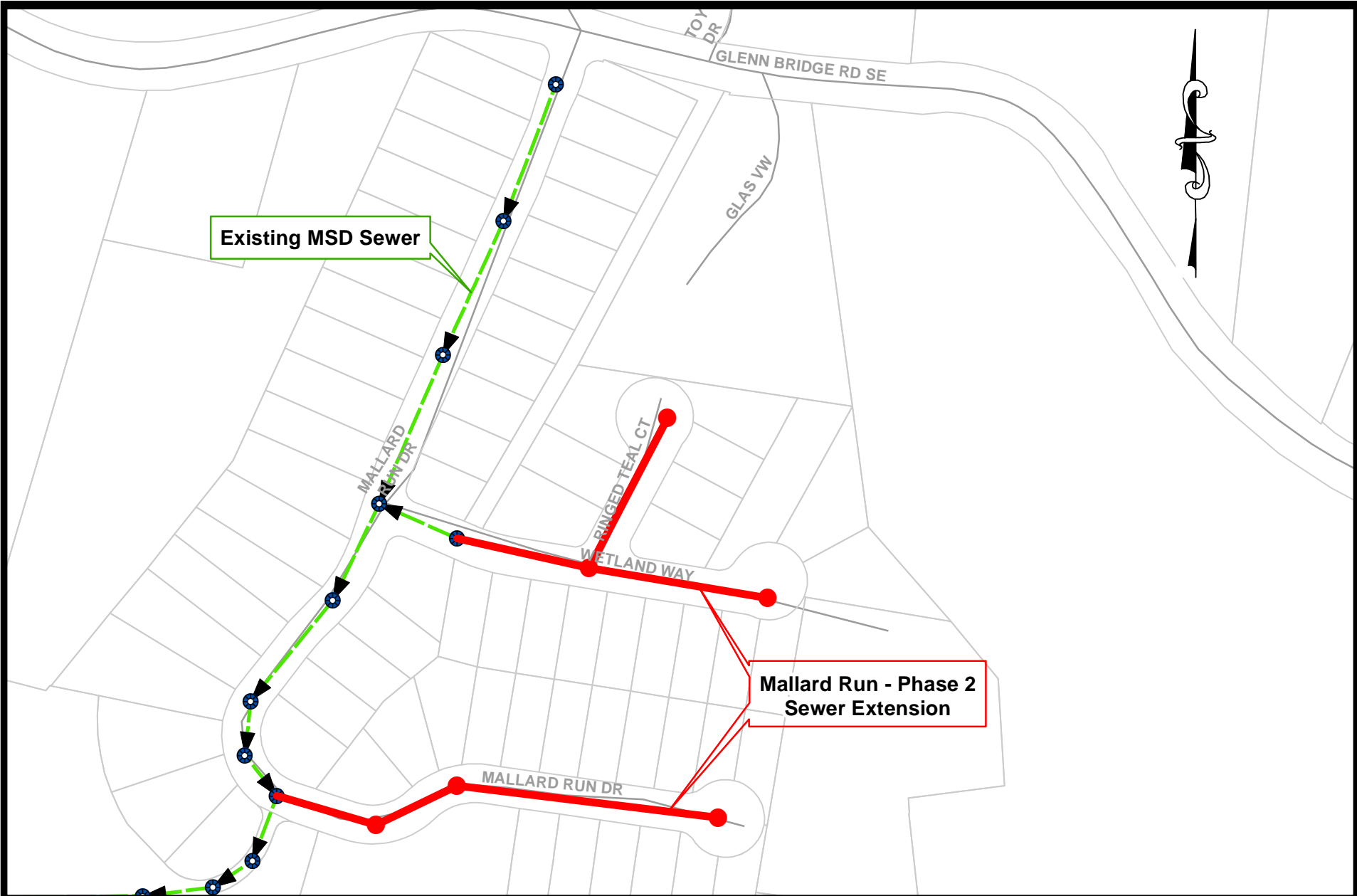
BACKGROUND: This project is located inside the District boundary off Glen Bridge Road in Buncombe County. The developer of the project is Drew Norwood of Windsor Built Homes.

The project included extending approximately 1,220 linear feet of 8-inch public gravity sewer to serve the thirty-six (36) Unit Residential Development.

A wastewater allocation was issued in the amount of 10,800 GPD for the project. The estimated cost of the sewer construction is \$74,000.00.

All MSD requirements have been met.

STAFF RECOMMENDATION: Staff recommends acceptance of this developer constructed sewer system.



MSD
Engineering Division

Mallard Run - Phase 2 Sewer Extension
MSD Project # 2015090
Metropolitan Sewerage District of Buncombe County

12/08/2016

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: December 16, 2016
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, 2016

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, 2016 were \$48,669,338. The detailed listing of accounts is available upon request. The average rate of return for all investments is 0.492%. 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, 2016 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of October 31, 2016 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$6,611,687.

Total Cash & Investments as of 10/31/2016		48,669,338
Less:		
Budgeted Commitments (Required to pay remaining FY17 budgeted expenditures from unrestricted cash)		
Construction Funds	(18,297,076)	
Operations & Maintenance Fund	<u>(11,096,947)</u>	
		(29,394,023)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(24,806)	
FY17 Principal & Interest Due	<u>(7,578,230)</u>	
		(7,603,036)
District Reserve Funds		
Fleet Replacement	(711,604)	
Pump Replacement	(100,180)	
WWTP Replacement	(424,010)	
Maintenance Reserve	<u>(958,235)</u>	
		(2,194,029)
District Insurance Funds		
General Liability	(323,183)	
Worker's Compensation	(118,794)	
Post-Retirement Benefit	(1,530,037)	
Self-Funded Employee Medical	<u>(894,549)</u>	
		(2,866,563)
Designated for Capital Outlay		<u>6,611,687</u>

Staff Recommendation

None. Information Only.

Action Taken

Motion by:
 Second by:
 Other:

to

Approve
 Table

Disapprove
 Send to Committee

Follow-up Required:

Person Required:

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	\$ 2,407,298	\$ 46,670	\$ 20,605,070	\$ 24,806	\$ 7,485,494	\$ 11,600,000	\$ -	\$ 6,500,000	\$ 48,644,532
Held by MSD	\$ 2,407,298	\$ 46,670	\$ 20,629,876	\$ -	\$ 7,485,494	\$ 11,600,000	\$ -	\$ 6,500,000	\$ 48,669,338

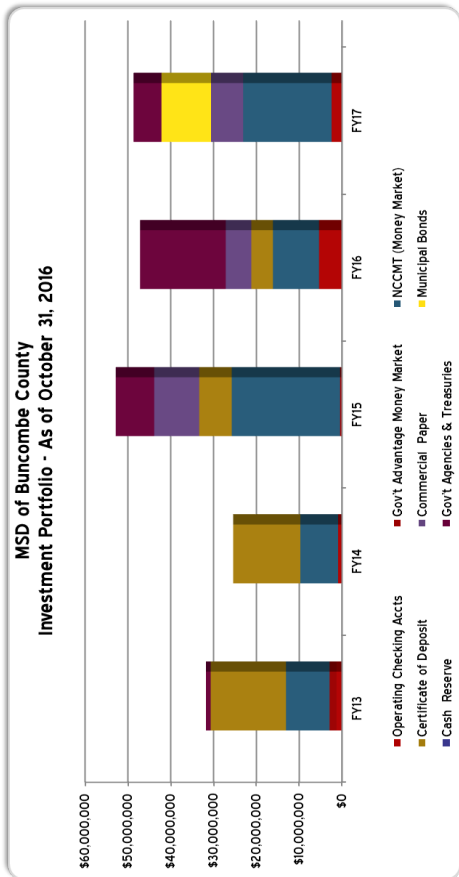
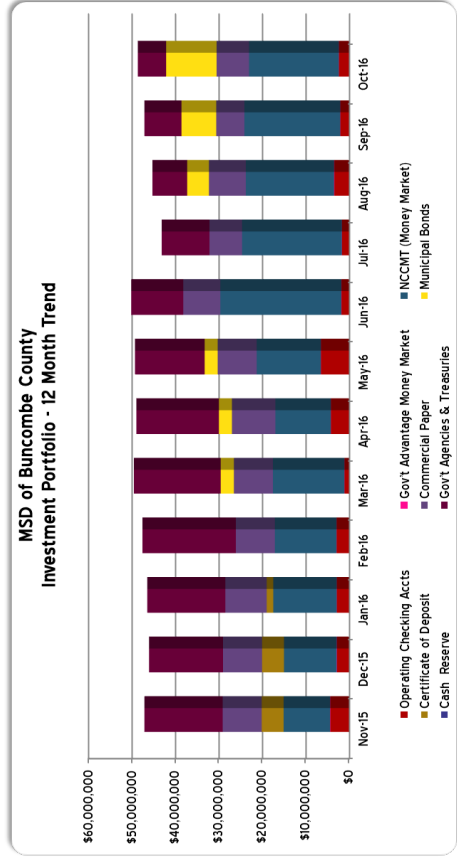
Investment Policy Asset Allocation	Maximum Percent	Actual Percent
U.S. Government Treasuries, Agencies and Instrumentalities	100%	13.36%
Bankers' Acceptances	20%	0.00%
Certificates of Deposit	100%	0.00%
Commercial Paper	20%	15.38%
Municipal Bonds	100%	23.82%
North Carolina Capital Management Trust	100%	42.39%
Checking Accounts:		
Operating Checking Accounts	100%	4.95%
Gov't Advantage Money Market		0.10%

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

The District's YTM of .75% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.

6 month T-Bill and NCCMT Cash Portfolio.

All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.



**METROPOLITAN SEWERAGE DISTRICT
INVESTMENT MANAGERS' REPORT
At October 31, 2016**

Summary of Asset Transactions

	Original		Interest Receivable
	Cost	Market	
Beginning Balance	\$ 43,189,973	\$ 43,222,939	\$ 11,535
Capital Contributed (Withdrawn)	1,131,974	1,131,974	
Realized Income	18,654	18,654	(9,698)
Unrealized/Accrued Income		13,811	14,296
Ending Balance	\$ 44,340,601	\$ 44,387,378	\$ 16,133

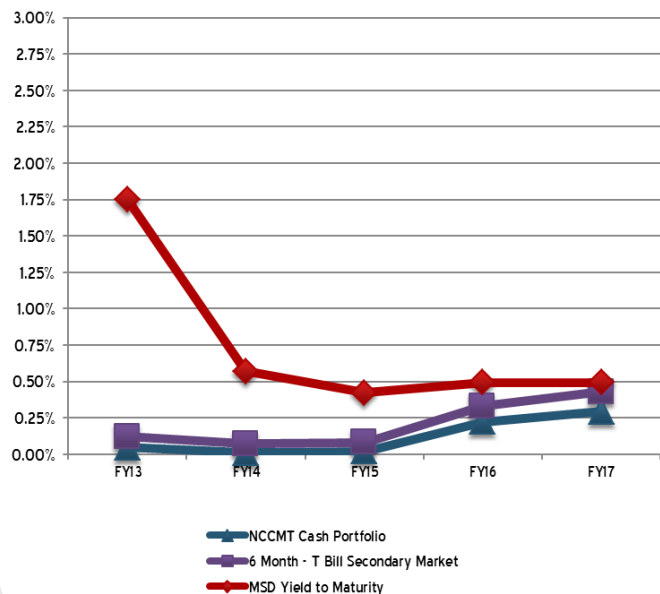
Value and Income by Maturity

	Original Cost	Income
Cash Equivalents <91 Days	\$ 38,840,601	\$ 32,466
Securities/CD's 91 to 365 Days	1,000,000	\$ 836
Securities/CD's > 1 Year	4,500,000	\$ 3,761
	\$ 44,340,601	\$ 37,063

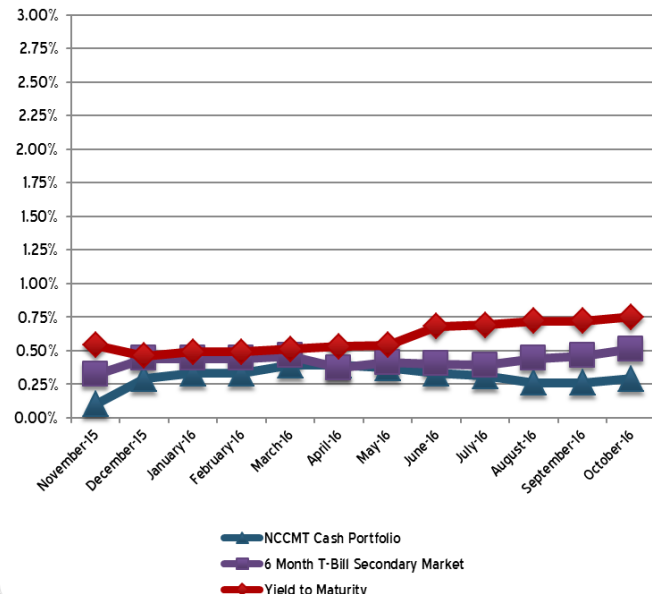
Month End Portfolio Information

Weighted Average Maturity	179
Yield to Maturity	0.75%
6 Month T-Bill Secondary Market	0.51%
NCCMT Cash Portfolio	0.29%

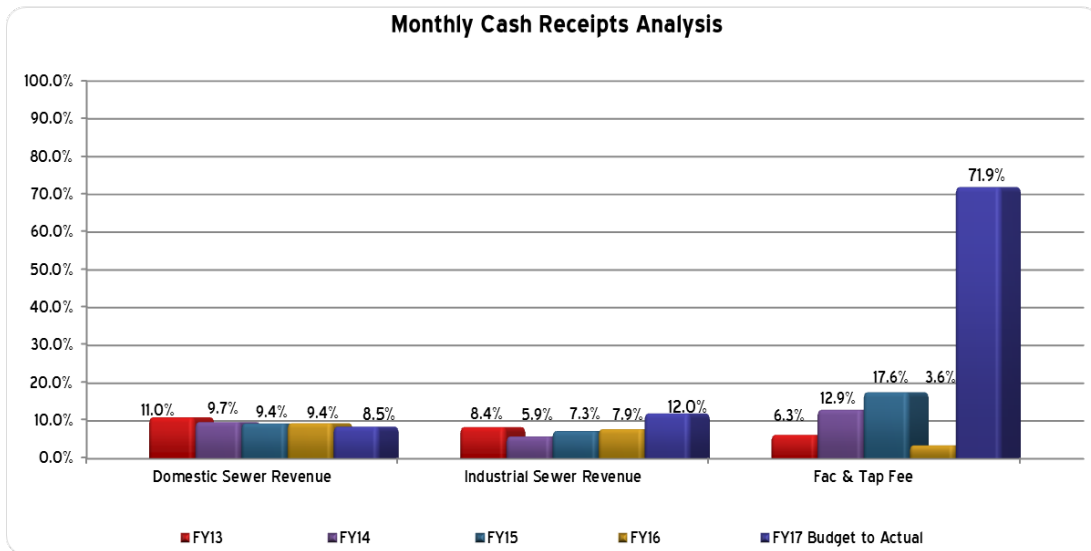
**Metropolitan Sewerage District
Annual Yield Comparison**



**Metropolitan Sewerage District
Yield Comparison - October 31, 2016**

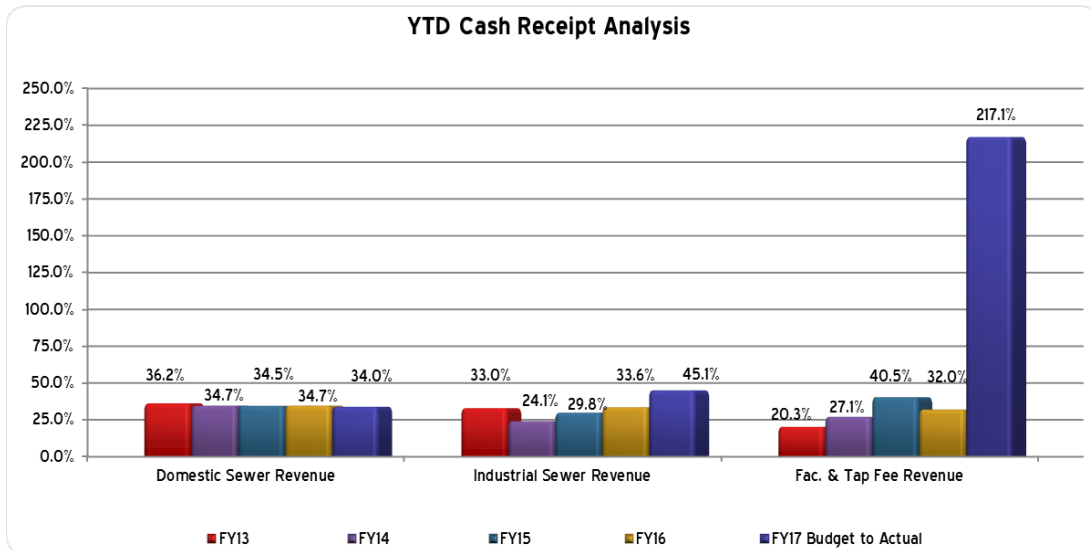


**METROPOLITAN SEWERAGE DISTRICT
 ANALYSIS OF CASH RECEIPTS
 As of October 31, 2016**



Monthly Cash Receipts Analysis:

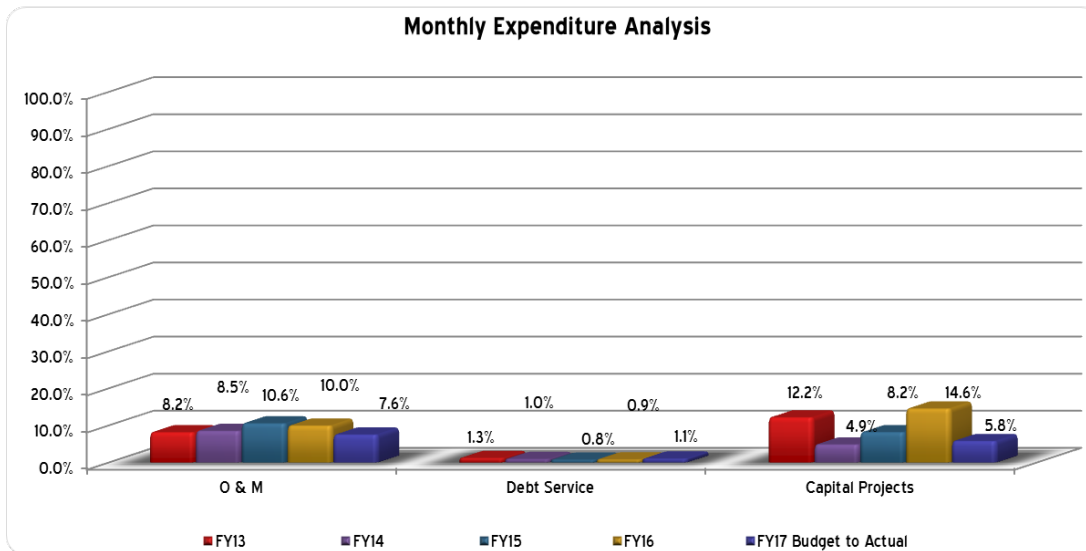
- 👉 Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- 👉 Monthly industrial sewer revenue is reasonable based on historical trends.
- 👉 Due to the unpredictable nature of facility and tap fee revenue, staff considers facility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



YTD Actual Revenue Analysis:

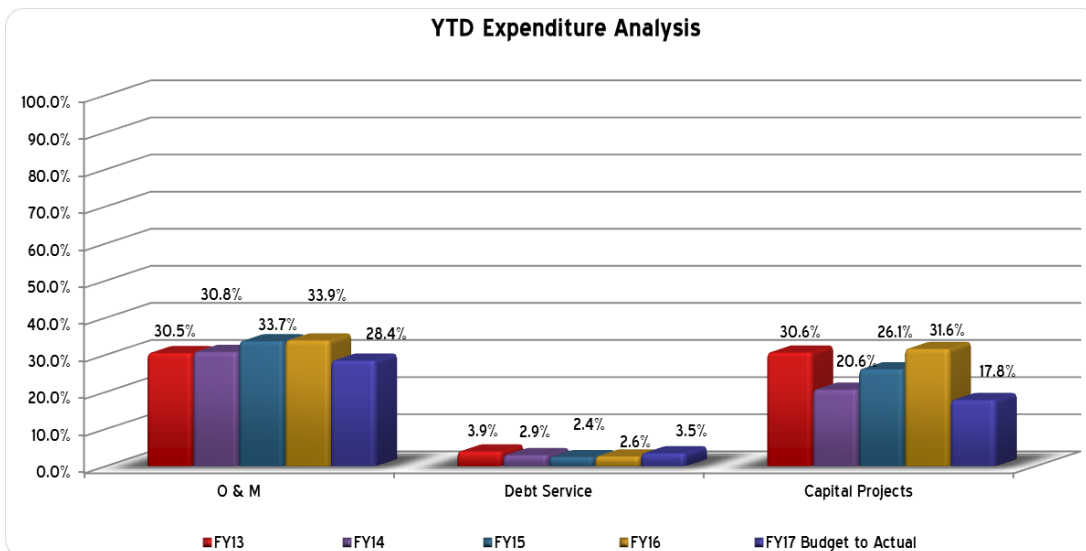
- 👉 YTD domestic sewer revenue is considered reasonable based on historical trends.
- 👉 YTD industrial sewer revenue is reasonable based on historical trends.
- 👉 Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

**METROPOLITAN SEWERAGE DISTRICT
 ANALYSIS OF EXPENDITURES
 As of October 31, 2016**



Monthly Expenditure Analysis:

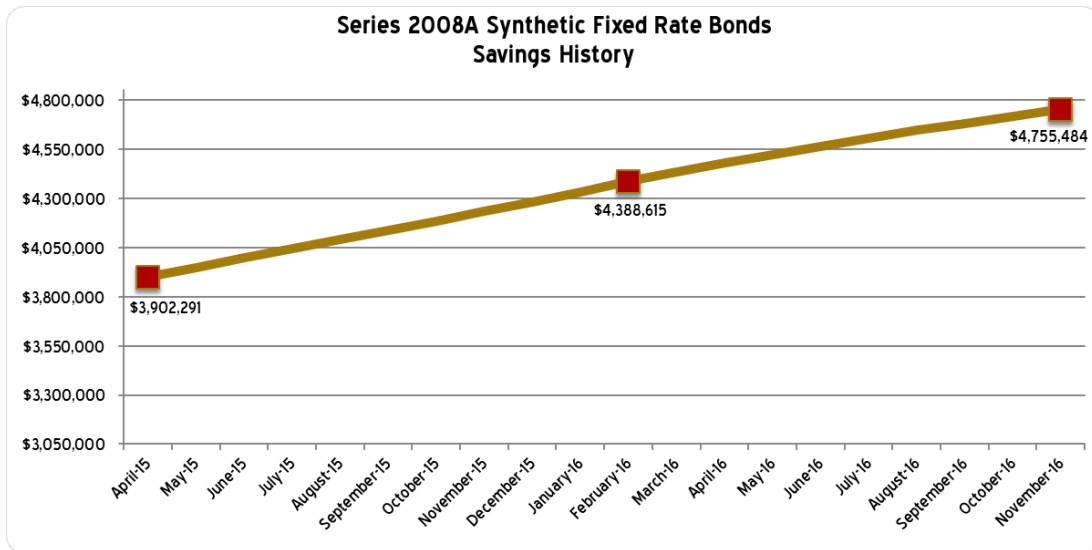
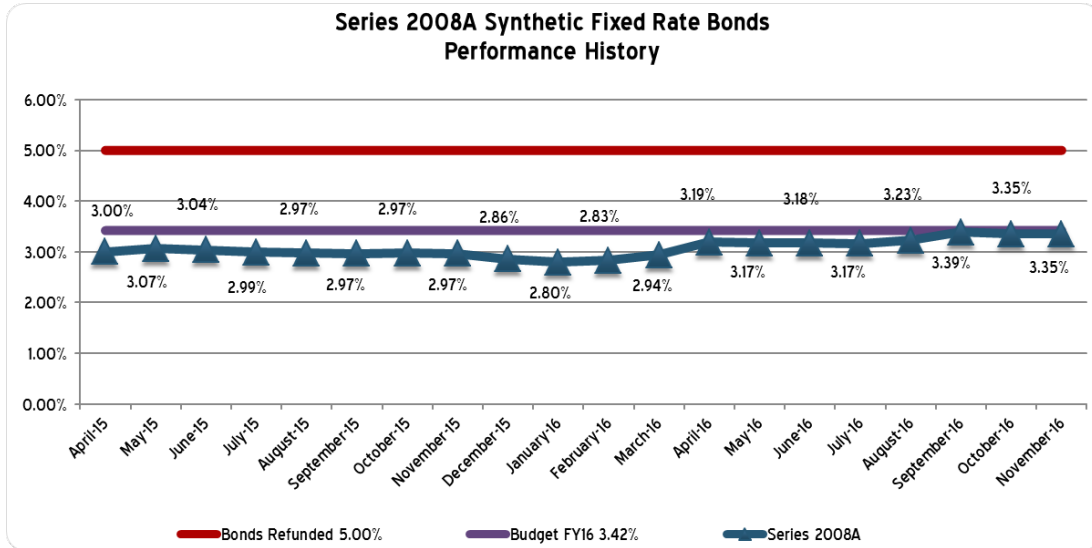
- ★ Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- ★ Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures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

**METROPOLITAN SEWERAGE DISTRICT
 VARIABLE DEBT SERVICE REPORT
 As of November 30, 2016**



Series 2008A:

- ✿ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$4,755,484 as compared to 4/1/2008 fixed rate of 4.85%.
- ✿ Assuming that the rate on the Series 2008A Bonds continues at the current all-in rate of 3.9475%, MSD will achieve cash savings of \$4,670,000 over the life of the bonds.
- ✿ MSD would pay \$4,301,932 to terminate the existing Bank of America Swap Agreement.

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY

BOARD ACTION ITEM

Meeting Date: December 21, 2016
Submitted By: Thomas E. Hartye, PE., General Manager
Prepared By: W. Scott Powell, CLGFO, Director of Finance
Reviewed By: Billy Clarke, District Legal Counsel
Subject: Amendment to Standby Bond Purchase Agreement

Background

The District has Series 2008A revenue refunding bonds. This Series is a variable rate debt series with an outstanding balance of \$29,805,000 as of December 21, 2016. Due to their variable nature, this series requires a standby bond purchase agreement. Currently, the District has a 0.43% agreement with Wells Fargo, NA at an annual cost of approximately \$128,000.

Discussion

A Standby Bond Purchase Agreement is an agreement with a third party, typically a bank, in which the bank agrees to purchase variable rate bonds tendered for purchase in the event the bonds cannot be remarketed. MSD is required to have such an agreement in place for its outstanding variable rate bonds. Due to continuing economic conditions, the cost of providing such an agreement in the variable rate market continues to change depending on the provider.

Staff informally investigated the Standby Bond Purchase Agreement market and opened dialogue with its current liquidity provider as to an extension and a reduction in cost. Wells Fargo, NA has proposed extending the District's current agreement to February 2020 at .40%. The District will have the option to terminate the agreement at any time if Wells Fargo, NA short-term ratings fall below A-1/P-1. Finally, the District can terminate the agreement if market conditions are favorable to refund the series.

Fiscal Impact

The District will incur approximately \$2,500 in legal fees to extend its current agreement. The District will save approximately \$9,000 **ANNUALLY** (\$27,000 total) over the life of the extension with Wells Fargo, NA.

Staff Recommendation

Staff recommends to the Board the endorsement of the proposed amendment from Wells Fargo, NA (Exhibit 1) pending legal counsel review and approval.

Action Taken

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

Exhibit 1

December 15, 2016

Scott Powell, Director of Finance
Metropolitan Sewerage District of Buncombe County
2028 Riverside Drive
Asheville, NC 28804

Re: Standby Bond Purchase Agreement dated as of June 1, 2012 between the Metropolitan Sewerage District of Buncombe County, North Carolina, and Wells Fargo Bank, National Association as amended by the First Amendment dated February 3, 2014 (the "Agreement")

Dear Scott,

We are pleased to express our interest in considering an amendment to the Agreement as described below. This letter is not intended to constitute a commitment or offer to lend on the part of Wells Fargo Bank, National Association ("Wells Fargo" or the "Bank"), but only to summarize, for discussion purposes, the credit accommodation we are interested in considering at this time.

Obligor: Metropolitan Sewerage District of Buncombe County, North Carolina (the "District").

Amount: \$30,147,962.

Facility Type: Standby Bond Purchase Agreement (the "Agreement").

Purpose: The proceeds of the Facility shall be used to provide liquidity support for the District's Sewerage System Revenue Refunding Bonds, Series 2008A (the "2008A Bonds").

Term: Three years to February 28, 2020.

Facility Fee: 40 bps.

We propose an updated downgrade pricing grid as follows:



Credit Rating (Moody's/S&P/Fitch)	SBPA Facility Fee
Aa1/AA+/AA+ to Aa2/AA/AA	+7.5bps
Aa2/AA/AA to Aa3/AA-/AA-	+7.5bps
Aa3/AA-/AA- to A1/A+/A+	+15bps
A1/A+/A+ to A2/A/A	+15bps
A2/A/A to A3/A-/A-	+15bps
A3/A-/A- to Baa1/BBB+/BBB+	+25bps
Baa1/BBB+/BBB+ to Baa2/BBB/BBB	+35bps
Baa2/BBB/BBB to Baa3/BBB-/BBB-	+50bps

Other Fees:

Usual and customary for this type of financing including draw fees, amendment fees, termination fees, and attorney's fees.

**Increased Costs
and Capital
Adequacy;
Taxes:**

Customary for facilities of this type, including, without limitation, Bank's current provisions concerning increased costs, taxes, changes in capital adequacy, capital requirements and other requirements of law (including Dodd-Frank Wall Street Reform and Consumer Protection Act and, the acts, directives and actions of the Basel Committee on Banking Supervision), or their interpretation, illegality, unavailability, and reserves without proration or offset and payments free and clear of withholding or other taxes.

**Reps and
Warranties:**

Usual and customary for this type of financing.

**Other Terms and
Conditions:**

All other terms and conditions in the Agreement shall remain in full force and effect.

This expression of interest is not intended to be, and should not be construed as, a commitment to amend the Agreement. It is intended only to be indicative of certain terms and conditions around which credit approval may be sought, and if approved, how the Agreement might be amended, and not to preclude negotiations within the general scope of

these terms and conditions. The amendment to the Agreement containing final terms and conditions will be subject to approval by the District and the Bank.

The District acknowledges and agrees that: (i) Wells Fargo Bank, N.A. has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Wells Fargo Bank, N.A. or its affiliates have provided other services or are currently providing other services to the District on other matters); (ii) the only obligations Wells Fargo Bank, N.A. has to the District with respect to the transaction contemplated hereby expressly are set forth in this letter; and (iii) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

Unless this term sheet is earlier rescinded, it shall expire automatically without further action or notice by the Bank 30 days from the date hereof.

Please indicate your acceptance of the terms of this proposal by signing below and returning a scanned copy to me at peter.skilton@wellsfargo.com.

With Best Regards,



Peter Skilton
Senior Vice President

Accepted,
Metropolitan Sewerage District of Buncombe County, North Carolina

By: _____ Date: _____
W. Scott Powell, CLGFO
Director of Finance

STATUS REPORTS

MSD System Services In-House Construction

FY 16-17 PROJECTS

PROJECT NAME	LOCATION	ZIP CODE	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	NOTES
Asheville Country Club Phase 1 B	N. Asheville	28804	1739	6/29/16 - 7/21/16	234696	631	7/21/2016	1739	complete
Asheville Country Club 6" Replacement	N. Asheville	28804	325	7/25/16 - 7/27/16	235071	631	7/27/2016	325	complete
Tanglewood Drive at Craggy Ave	W. Asheville	28803	141	7/18/16 - 7/28/16	233397	632	7/28/2016	101	complete
Graceland Place Rehabilitation	Arden	28704	120	6/27/16 - 8/2/126	234656	632	8/2/2016	120	complete
Dejeuil Drive Sewer Rehabilitation	W. Asheville (Starnes Cove)	28806	300	8/8/16 - 9/1/16	219451	632	8/15/2016	300	complete
Asheville Country Club Phase 2	N. Asheville	28804	3,900	7/28-16 - 9/28/16	225192	631	9/30/2016	3,923	complete
Lakeshore Drive	N. Asheville	28804	500	9/2/16 - 10-1/16	235169	632	10/5/2016	597	complete
Asheville Country Club Phase 1C	N. Asheville	28804	230	10/3/2016 -10/7/16	236906	631	10/6/2016	235	complete
166 S. French Broad Ave	Asheville	28803	280	10/4/16 - 10/7/16	236410	632	10/12/2016	317	complete
643 Haywood Road Emergency Sewer Rehabilitati	W. Asheville	28806	336	10/10/16 - 10/14/16	237069	632	10/20/2016	365	complete
Asheville Country Club Phase 3 (Robinhood Rd)	N. Asheville	28804	600	10/10/19 - 10/31/16	236602	631	11/16/2016	759	complete
Upper Chestnut @ Lookout Road	Woodfin	28804	800	11/07/16 - 12/30/16	210370	632			construction 20% complete
Meadowbrook Rd Rehabilitation	Black Mountain	28711	1327	11/17/16 - 1/31/17	236632	631			construction 15% complete
5 Spring Cove Terr	Beaverdam	28804	375	1/3/17 - 1/10/17	233212	632			ready for construction
Spears Avenue Rehabilitation	Asheville	28801	300	2/1/17 - 2/28/17	225197	631			ready for construction
Celia Place at Bond Street	Asheville	28801	526	FY 16-17	227752	TBA			ready for construction
Starnes Avenue at Broadway Street	Asheville	28801	400	FY 16-17	208325	TBA			ready for construction
East Grovestone Quarry	Black Mountain	28711	780	FY 16-17	213459	TBA			ready for construction
350 Old Haw Creek Road	Asheville	28805	1333	FY 16-17	47802	TBA			ready for construction
905 Patton Avenue	Asheville	28806	187	FY 16-17	220384	TBA			ready for construction
149 Weston Rd	Arden	28704	210	FY 16-17	225004	TBA			ready for construction
110 Beaver Drive	Woodfin	28804	425	FY 16-17	210211	TBA			ready for construction
18 Crestland Road	Asheville	28803	270	FY 16-17	46826	TBA			ready for construction
Belmont Road	W. Asheville	28806	170	FY 16-17	233437	TBA			ready for construction
304 9th Street	Black Mountan	28711	450	FY 16-17	236507	TBA			In Design
317 Barnard Road	Asheville	28804	299	FY 16-17	236089	TBA			In Design
Weighstill PS Force Main Replacement	Arden	28704	1700	FY 16-17	235481	TBA			In Design
69 Providence Road	West Asheville	28806	190	FY 16-17	231127	TBA			In Design
722 Center St	Asheville	28803	265	FY 16-17	229911	TBA			In Design
Seventh St	Black Mountain	28711	200	FY 16-17	225198	TBA			In design
School Road at Woodland	W. Asheville	28806	350	FY 16-17	224993	TBA			In design
179 Old Haw Creek Rd	Asheville	28805	760	FY 16-17	220080	TBA			In Design
Biltmore Avenue at Bryson Street	Asheville	28801	200	FY 16-17	225195	TBA			In Design
184 West Chestnut	Asheville	28801	320	FY 16-17	201957	TBA			In Design
24 Ivey Street	W Asheville	28806	850	FY 16-17	236509	TBA			In Design
15 New Jersey	Asheville	28806	250	FY 16-17	238782	TBA			In Design



CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2016 to 10/31/2016

	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 2016	24	9	114	706	35	27	1,620	0	16	377	11	1,788	2181
August 2016	40	11	149	1,050	36	40	1,586	0	264	300	6	120	684
September 2016	32	9	219	471	23	20	1,833	0	0	3923	23	0	3923
October 2016	44	5	478	917	36	31	9,920	0	0	1173	14	403	1576
Grand Totals	140	34	959	3,144	130	118	14,959	0	280	5773	54	2,311	8364

* Used to calculate Total Rehab Footage



PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2016 to October 31, 2016

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
2016							
July	45,193	2,360	6,542	51,735	20,983	32,171	20,618
August	75,579	1,531	12,085	87,664	26,074	42,442	17,103
September	105,454	1,456	11,406	116,860	12,671	26,129	16,406
October	66,420	2,175	10,127	76,547	17,277	46,276	21,969
Grand Total:	292,646	7,522	40,160	332,806	77,004	147,019	76,096
Avg Per Month:	73,161	1,881	10,040	83,201	19,251	36,755	19,024



CUSTOMER SERVICE REQUESTS

Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
DAY 1ST RESPONDER				
	July, 2016	106	26	41
	August, 2016	127	27	37
	September, 2016	92	28	43
	October, 2016	111	34	39
		436	29	40
NIGHT 1ST RESPONDER				
	July, 2016	14	21	49
	August, 2016	32	25	28
	September, 2016	10	25	16
	October, 2016	22	30	32
		78	26	31
ON-CALL CREW *				
	July, 2016	35	48	37
	August, 2016	34	43	33
	September, 2016	22	48	54
	October, 2016	43	41	34
		134	44	38
Grand Totals:		648	32	38

* On-Call Crew Hours: 8:00pm-7:30am Monday-Friday, Weekends, and Holidays

Planning & Development Project Status Report

Active Construction Projects Sorted by Work Location and Project Number

December 7, 2016

#	Project Name	Project Number	Work Location	Zip Code	Units	LF	Pre-Construction Conference Date	Comments
1	Isaac Dickson School Relocation	2013033	Asheville	28801	School	504	1/13/2014	Waiting on final inspection
2	Robinhood Relocation	2013107	Asheville	28804	5	230	7/23/2015	Awaiting Conveyance of Sewer System
3	Hunt Hill Apartments	2013111	Asheville	28801	180	1,729	3/5/2014	Waiting on final inspection
4	Dillingham Woods	2014048	Asheville	28805	27	375	3/4/2015	Waiting on final inspection
5	A.B. Tech Fernihurst Relocation	2014061	Asheville	28801	Comm.	697	4/8/2014	Awaiting Conveyance of Sewer System
6	Vance Place	2014084	Asheville	28801	8	398	1/29/2016	Final Inspection complete, awaiting close-out docs
7	Franklin School of Innovation	2014096	Asheville	28806	School	359	11/4/2016	Waiting on final inspection
8	Rivermill Lofts Relocation	2014125	Asheville	28803	254	314	8/21/2015	Waiting on final inspection
9	Shelburne Road	2014126	Asheville	28806	9	418	4/5/2016	Installing
10	Amboy Overlook - Phase 1	2014136	Asheville	28806	19	899	10/20/2015	Final Inspection complete, awaiting close-out docs
11	Gibson Road (aka Four Seasons)	2014138	Asheville	28804	3	137	9/11/2015	Awaiting Conveyance of Sewer System
12	Conestee	2014149	Asheville	28801	7	113	8/7/2015	Waiting on final inspection
13	Craggy Park Ph. 1	2014164	Asheville	28806	45	1,935	10/23/2015	Final Inspection complete, awaiting close-out docs
14	Springside Road Townhomes	2015006	Asheville	28803	3	120	12/15/2015	Waiting on final inspection
15	First Baptist Relocation	2015032	Asheville	28801	Comm.	333	7/21/2015	Final Inspection complete, awaiting close-out docs
16	Hall Avenue	2015035	Asheville	28806	8	329	3/4/2016	Waiting on final inspection
17	Cottages at Kenilworth	2015107	Asheville	28805	12	454	12/1/2015	Final Inspection complete, awaiting close-out docs
18	Ascot Point Apartments Phase 3	2015114	Asheville	28803	104	213	9/9/2016	Testing
19	8 Sulphur Springs Road	2015116	Asheville	28806	6	80	11/22/2016	Pre-con held, ready for construction
20	The District	2015133	Asheville	28803	309	912	2/26/2016	Testing
21	Hampton Inn & Suites	2015144	Asheville	28806	Comm.	286	11/8/2016	Waiting on final inspection
22	Asheville Exchange	2015170	Asheville	28806	312	582	2/26/2016	Waiting on final inspection
23	Beale Road Subdivision (Habitat)	2015200	Asheville	28704	21	730	4/5/2016	Waiting on final inspection
24	Fairfield Inn & Suites - Tunnel Road	2015203	Asheville	28805	Comm.	350	4/29/2016	Waiting on final inspection
25	Rosebriar	2007005	Black Mountain	28711	12	309	8/28/2014	Waiting on final inspection
26	West Keesler Avenue	2007176	Black Mountain	28711	6	410	11/15/2016	Installing
27	Settings at Black Mountain	2008016	Black Mountain	28711	30	907	11/13/2015	Punchlist pending, awaiting closeout documents
28	Cheshire Pocket Village	2015129	Black Mountain	28711	15	370	2/26/2016	Waiting on final inspection
29	Peregrine's Ridge	2006160	Buncombe Co.	28730	14	635	11/8/2016	Pre-con held, ready for construction
30	Pinnacle at Arabella Heights	2006277	Buncombe Co.	28704	28	482	11/10/2015	Testing
31	Hyde Park Phase 2	2013058	Buncombe Co.	28704	14	500	12/3/2013	Waiting on final inspection
32	Givens Gerber Park	2014065	Buncombe Co.	28803	260	357	8/7/2015	Final Inspection complete, awaiting close-out docs
33	Creekside Cottages	2014095	Buncombe Co.	28704	7	504	3/12/2015	Final Inspection complete, awaiting close-out docs
34	Governor's Western Residence	2014100	Buncombe Co.	28804	Comm.	636	7/22/2015	Awaiting Easement Plat/Conveyance of Sewer System
35	Woodcrest at Biltmore Terrace Ph. 2	2015063	Buncombe Co.	28803	8	210	5/27/2016	Punchlist pending, awaiting closeout documents
36	Somerset at Walnut Cove	2015079	Buncombe Co.	28704	12	473	8/19/2016	Waiting on testing
37	Greymont Apartments	2015108	Buncombe Co.	28806	312	3,193	5/17/2016	Testing
38	Williams-Baldwin Teacher Campus	2015166	Buncombe Co.	28806	24	313	9/16/2016	Waiting on final inspection
39	Ball Gap Road	2015186	Buncombe Co.	28704	14	947	5/31/2016	Waiting on final inspection
40	The Haven at Enka Lake	2015191	Buncombe Co.	28715	259	1,595	9/27/2016	Waiting on testing
41	Greenwood Fields Phase 1	2015204	Buncombe Co.	28804	158	2,830	6/16/2016	Installing
42	Newbridge Parkway Apartments	2016013	Buncombe Co.	28804	308	1,575	9/2/2016	Installing
43	Biltmore Lake Block I, Phase 2	2016042	Buncombe Co.	28803	26	1,297	8/5/2016	Waiting on final inspection
44	Long Shoals Village Phase 2	2016109	Buncombe Co.	28704	Comm.	330	8/16/2016	Waiting on testing
45	Greenwood Park Phase 1	2014067	Weaverville	28787	7	283	9/1/2015	Final Inspection complete, awaiting close-out docs
46	Maple Trace Subdivision	2014121	Weaverville	28787	31	2,420	1/29/2016	Installing
47	Monticello Apartments	2015124	Weaverville	28787	168	1,484	6/14/2016	Installing
48	Crest Mountain Phase 3B	2013041	Woodfin	28806	69	1,329	10/15/2013	Waiting on final inspection
49	Serenity Falls Subdivision	2015055	Woodfin	28804	45	2,583	9/18/2015	Waiting on final inspection
50	Reese & Jan Lasher (High Hopes)	2015152	Woodfin	28806	14	320	4/26/2016	Punchlist pending, awaiting closeout documents
TOTAL					3,173	38,789		

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

December 14, 2016

PROJECT	LOCATION OF PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
ARCO ROAD	East Asheville 28805	Terry Brothers Construction Company	8/17/2016	8/23/2016	1/20/2017	\$418,245.00	100%	Project is complete and in close out.
BYPASS PUMP STAGING AREAS	Woodfin 28804 and Asheville 28806	NHM Constructors, LLC	3/16/2016	4/11/2016	12/31/2016	\$307,455.72	95%	Project is nearing completion.
HENDERSONVILLE ROAD @ MILLS GAP ROAD	Asheville 28803	Terry Brothers Construction Company	3/16/2016	4/13/2016	12/31/2016	\$727,585.00	99%	Contractor working on punch list.
NEW HAW CREEK @ TRINITY CHAPEL ROAD	East Asheville 28805	Terry Brothers Construction Company	8/17/2016	8/23/2016	1/20/2017	\$181,364.00	100%	Project is complete and in close out.
POINT REPAIR CONTRACT NO. 1	Various	Patton Construction Group	8/17/2016	9/12/2016	6/30/2017	\$166,820.00	25%	Project is progressing well.
SAND HILL ROAD @ RUSSELL / DAVENPORT	West Asheville 28806	TBA	TBA	TBA	TBA	TBA	0%	Bids were opened on December 1st, with Terry Brothers Construction Company being the low bidder. Project will be presented at the December Board meeting.
SOUTH FRENCH BROAD INTERCEPTOR - LINING	Biltmore Estate	SAK Construction, LLC	11/16/2016	1/3/2017	4/3/2017	\$457,710.00	0%	Project was awarded at the November Board meeting. A preconstruction meeting is scheduled for December 14, 2016.
STRATFORD ROAD @ OXFORD COURT	Asheville 28804	Patton Construction Group	11/16/2016	TBD	TBD	\$216,700.00	0%	Project was awarded at the November Board meeting. A preconstruction meeting is scheduled for December 16, 2016.
WRF - INCINERATOR SYSTEM REHABILITATION AND EMISSIONS UPGRADES	Woodfin 28804	Haren Construction Company	2/18/2015	3/25/2015	12/1/2016	\$5,091,740.23	99%	Final welding inspection and project close out in process.

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