

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

May 17, 2017

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, May 17, 2017. Chairman VeHaun presided with the following members present: Bryson, Creighton, Frost, Kelly, Pelly, Root and Wisler. Mr. Ashley, Mr. Collins, Ms. Manheimer and Mr. Pressley were absent.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Joseph Martin with Woodfin Sanitary Water & Sewer District; Ed Bradford, Scott Powell, Peter Weed, Matthew Walter, Angel Banks, Ken Stines, Pam Thomas, Spencer Nay 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 April 19, 2017 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the April 19, 2017 Board Meeting. Ms. Frost moved for approval of the minutes as presented. Mr. Creighton 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. Martin. There was no discussion or public comment.

6. Report of General Manager:

Mr. Hartye expressed his thanks to MSD Staff who participated in the River Clean-up along the area of the French Broad River that MSD has adopted. Thirty four bags of trash were picked up. Special thanks to Sandra Moore who led the effort.

Mr. Hartye reported that Paul Williams of Fairview Road called to express his appreciation for the crew that did a "heck of a job and that you don't see folks work that hard now days". Thanks to Shawn Meadows, Shawn Buckner, Rick Bradley, Mike Appollo, Lee Plemmons and Bobby Smith.

Mr. Hartye reported that Judy Waycaster of Arthur Road called to say that she was very pleased with the work done at her mother's house and that the work was beautiful. She stated she had never seen a construction crew

that went above and beyond the work they were supposed to do. Thanks to Roy Lytle, Billy Cantrell, Jamie Foxx and Nicolas Hercules.

Mr. Hartye expressed his thanks to Lisa Tolley and Kay Farlow for heading up the public event outreach for three shows. He also thanked other staff mentioned in the attached synopsis, together with Ms. Bryson for manning a booth at one of the events.

Mr. Hartye reported that this month the Board will consider the Preliminary Budget and Rate recommendations based upon the recommendations of the Personnel, CIP and Finance Committees. The Final Budget and a Public Hearing will be held at the June 14th Board Meeting. The next Right of Way Committee meeting will be held on May 24th at 9am.

7. Report of Committees:

Personnel Committee:

Ms. Bryson reported that the Personnel Committee met on April 25, 2017 and Ms. Thomas reviewed several activities within Human Resource Department. MSD has 148 full time employees and a chart was presented to show personnel reductions from FY 2004. Mr. Hemphill presented staff recommendations of a 3.0% wage adjustment for all employees, an additional 7.5% increase in contributions from the Board for medical insurance, and a 7.5% increase in employee premiums for medical insurance. Ms. Bryson stated this has the support from the Management Team as well as the Employee Advisory and Wellness Committee. Mr. Hemphill presented medical trend information which prompted this request. The Fiscal Impact of the proposed salary and benefit adjustment costs are 3.23% (\$331,068) higher than last year's budget.

Right of Way Committee:

Mr. Kelly reported that the Right of Way Committee met on April 26, 2017, and the Minutes are included in this meeting package if anyone had any questions. There were none.

CIP Committee:

Mr. Creighton reported that the CIP Committee met on April 27, 2017 and Mr. Bradford gave a presentation that summarized the proposed CIP Budget for the coming year. He stated that Mr. Bradford gave a great and informative presentation. The sub-total of the projects was approximately \$27 million with a contingency of \$1 million and approximately \$266,000 set aside for reimbursement funding, which brought the total proposed FY17-18 CIP Budget to \$28,307,716. He reported that if you look at the aspects of prioritizing projects, SSO's and overflow history are number one. Aspect two is the number of customer service requests, followed by proximity to streams and waterways, structural condition of the pipe and

and monitoring schedule by MSD Staff. MSD rehabilitates an average of 50,000 LF a year with in-house crews rehabilitating about 20,000 LF of that amount. Since 1991, MSD has rehabilitated about 1.12 million LF of sewer which is about 20% of the current system. He reported that Mr. Bradford reviewed some of the upcoming projects for the FY17-18 budget and presented a 10 year CIP Summary and stated that there were still 129 projects for the next 10 years. The recommendation to endorse the CIP Budget of \$28,307,716 was unanimous.

Finance Committee:

Mr. Kelly reported that the Finance Committee met on May 4, 2017, to consider the Proposed FY18 Budget and Schedule of Rates and Fees. He stated that these minutes were also included in this meeting package if anyone had any questions. He also asked Mr. Powell for a brief overview. Mr. Powell stated that he would do so under Item 9, Consideration of Preliminary Budget.

8. Consolidated Motion Agenda:

a. Consideration of Condemnations-Nebraska Street Emergency Sewer Relocation:

Mr. Hartye reported that the Right of Way Committee recommendation for the Nebraska Street Emergency Sewer Relocation condemnation consideration is authority to obtain appraisals and proceed with condemnations if necessary.

b. Consideration of Condemnation-Hendersonville Road @ Rosstragon Drive Phase 2:

Mr. Hartye reported that this issue has been resolved and may be removed from the Agenda.

c. Consideration of Developer Constructed Sewer System: Biltmore Lake Block 1, Phase 2:

Mr. Hartye reported that the Biltmore Lake Block 1, Phase 2 project included extending approximately 1,519 linear feet of 8-inch public gravity sewer to serve the 26 unit residential development.

Staff recommends acceptance of this developer constructed sewer system. All MSD requirements have been met.

d. Consideration of Series Resolution 2017 Authorizing the Issuance of Revenue Bonds:

Mr. Hartye reported that the project list and Series Resolution was attached and Mr. Clarke and Mr. Powell were available to answer any questions.

e. Cash Commitment/Investment Report Month ended March, 2017:

Mr. Powell reported that Page 66 presents the makeup of the District's Investment Portfolio. There has been no change in makeup of the portfolio from the prior month. Page 67 presents the MSD investment managers report as of the month of March. The weighted average maturity of the investment portfolio is 185 days. The yield to maturity is .95% and exceeds our bench marks of 6 month T-Bill and North Carolina Capital Management Trust cash portfolio. Page 68 presents an analysis of the District's cash receipts. Monthly domestic and industrial revenue are considered reasonable based on timing of cash receipts in their respective fiscal periods. YTD Industrial sewer revenue is above historical trends due to a temporary increase in revenue from one industrial user. YTD Facility and Tap fees are above historical trends due to the timing of 7 cash receipts from developers as well as these fees being budgeted conservatively. Page 69 presents the MSD Analysis of Expenditures. The District's Monthly and YTD O&M expenditures are considered reasonable based on historical trends. Due to the nature of the variable rate bond market, monthly and YTD expenditures can vary year to year. Based on current variable interest rates, 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. Page 70 presents the MSD Variable Debt Service report. The 2008A Series refunding bonds are performing better than budgeted expectations. As of the end of April the 2008A bond series has saved the District rate payers approximately \$4.9 million in debt service since April, 2008. There were no questions pertaining to this item.

Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda as presented. Ms. Frost moved. Mr. Pelly seconded the motion. Roll call vote was as follows: 8 Ayes; 0 Nays.

9. Consideration of Resolution Adopting the Preliminary Budget for FY 2017-2018 and the Schedule of Sewer Rates and Fees:

Mr. Powell reported that Page 21 of the pdf document (Page 14 of the actual document) presents the FY18 proposed budget of \$55,319,368. The budget includes a 2.5% domestic rate increase, which is an approximate .74 cent increase in the average single family monthly bill, which will go from approximately \$29.88 to \$30.62. The Industrial rate parity Plan will continue. We are in year 18 of 20 of this plan. The average increase for industrial section is approximately 4.0%, with the impact to the biggest industrial user being only 1.6%. Facility and tap fees remain at 2017 levels. The budget also includes a 1.5% rate of return on investments. Regarding

expenditures, there is a 2.81% increase in salaries and benefits which has an impact of \$361,156. This includes Personnel Committee Recommendations for salary adjustments of 3.0%, self-insurance funding of 7.5%, and GASB 45/75 OPEB Funding, State required retirement contribution which increased this year by 3.3%, and unemployment funding. Materials, supplies and service increased 1.94% and has an impact of \$123,984. The majority of that increase is due to an increase in testing at the plant for the incinerator emissions. The budget also includes \$28.3 million for the CIP plan. There is also included approximately \$1 million for capital equipment as well as \$9.8 million for bond and interest expense. There were no questions.

Mr. VeHaun called for a motion to approve the Resolution Adopting the Preliminary Budget for FY 2017-2018 and the Schedule of Sewer Rates and Fees. Ms. Frost moved. Ms. Wisler seconded the motion. Roll call vote was as follows: 8 Ayes; 0 Nays.

9. Old Business:

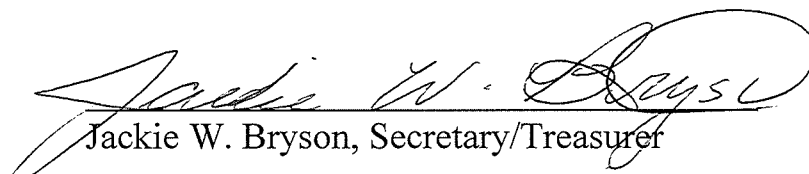
None

10. New Business:

None

11. Adjournment:

With no further business, Mr. VeHaun called for adjournment at 2:20 pm.


Jackie W. Bryson, Secretary/Treasurer

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 5/17/17

✓	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 April 19, 2017 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. Report of Committees	VeHaun	2:35	
	a. Personnel Committee–April 25, 2017	Bryson		
	b. Right of Way Committee–April 26, 2017	Kelly		
	c. CIP Committee-April 27, 2017	Creighton		
	d. Finance Committee – May 4, 2017	Kelly		
	07. Consolidated Motion Agenda	Hartye	2:45	
	a. Consideration of Condemnations-Nebraska Street Emergency Sewer Relocation	Hartye		
	b. Consideration of Condemnation-Hendersonville Road @ Rosscraggon Drive Phase 2	Hartye		
	c. Consideration of Developer Constructed Sewer System: Biltmore Lake Block I, Phase 2	Hartye		
	d. Consideration of Series Resolution 2017 Authorizing the Issuance of Revenue Bonds	Powell		
	e. Cash Commitment/Investment Report-March 31, 2017	Powell		
	08. Consideration of the Resolution Adopting the Preliminary Budget for FY 2017-2018 and the Schedule of Sewer Rates and Fees	Powell	3:00	
	09. Old Business:	VeHaun	3:15	
	10. New Business:	VeHaun	3:20	
	11. Adjournment: (Next Meeting 6/14/17)	VeHaun	3:30	
	STATUS REPORTS			

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

April 19, 2017

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, April 19, 2017. Chairman VeHaun presided with the following members present: Ashley, Bryson, Collins, Creighton, Kelly, Manheimer, Pelly, Pressley, Root and Wisler. Ms. Frost was absent.

Others present were: Thomas E. Hartye, PE, General Manager; William Clarke, General Counsel; Forrest Westall with McGill Associates; Ed Bradford, Scott Powell, Mike Stamey, Jim Hemphill, Matthew Walter, Spencer Nay 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 March 15, 2017 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the March 15, 2017 Board Meeting. Mr. Creighton moved for approval of the minutes as presented. Ms. Bryson 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 reported that attached is a copy of House Bill 764, introduced by Representative McGrady on Wednesday, April 11th. The intent was to provide possibly 2 or 3 representatives to Henderson County should they come into the District. Current legislation provides 3 representatives for one county. If there is more than one county then the largest county gets 2 representatives and the smaller counties get 1 representative. It appears that the procedure for inclusion remains the same. Mr. Hartye stated that this Board would still have a say as to whether or not another entity in another county could become part of the District. He then asked Mr. Clarke for further comments. Mr. Clarke stated that Mr. Hartye had explained it very well, but he would be glad to answer any questions. Mr. Kelly asked who initiates the process. Mr. Clarke answered that County Commissioners of another county or a group of interested citizens could petition for inclusion into the District. This Board would then vote yes or no. The Environmental Management Commission also has to weigh in on it.

Mr. Pelly asked what is the status of the bill. Mr. Hartye answered that it is in Rules and Procedures Committee right now. Mr. Clarke stated that this bill doesn't purport to expand the District; it simply talks about representation if a metropolitan sewerage district (msd) were to expand into another county. It talks about how many members the county into which the MSD expanded would have on an MSD board. Ms. Manheimer commented that she has been communicating with Representative McGrady about this bill, and he wanted to know if Asheville had any concerns about a bill like this. She stated no, that they had reviewed the bill as well and understood the concept. She stated that they did have a meeting with Representative McGrady, Senator Edwards, Senator Van Duyn and Representative John Ager, with representatives from Hendersonville and Henderson County, Asheville and all of the managers and staff. Discussion was regarding a number of things, water is still a continuing discussion. There was some discussion regarding this bill and it seems that it is a non-controversial issue and hopefully will move forward. The other bill that was introduced at the same time by Representative McGrady was to restrict cities from differential water rates and enterprise fund transfers. She stated that he was not sure if he was going to move forward with that bill because it has a lot of issues.

Mr. Hartye reported on the FY 2018 Budget process and Committee Meetings. As a part of developing the preliminary budget, the Personnel Committee will meet on April 25th to consider Cost of Living/Merit pay and Benefit Allocations, and review the Self-Funded Medical and Dental Programs. The CIP Committee will meet on April 27th to consider an update of the Ten-Year Capital Improvement Program and the FY 2018 Construction Fund Budget. The Finance Committee will meet May 4th to consider a Preliminary Budget with an updated 10 year business plan which will incorporate the recommendations from Personnel and CIP Committees along with the proposed FY18 Operating Budget and Sewer Rates.

Mr. Hartye reported that the Personnel Committee meeting on April 25th will be held at 9 am. The CIP Committee meeting on April 27th will be held at 8:30 am and the Finance Committee meeting on May 4th will be held at 9 am. The next Right of Way Committee meeting will be held on April 26th at 9am. The next regular Board Meeting will be held on May 17th at 2 pm.

7. Report of Committees:

Finance Committee:

Mr. Kelly reported that the Finance Committee met on March 15, 2017 to hear Mr. Powell's presentation regarding the FY18 Refunding and Issuance of New Money Debt opportunities. He stated that after the Finance Committee Meeting, Mr. Powell presented a short version to the Board and e-mailed a PowerPoint presentation. There was no discussion.

8. Consolidated Motion Agenda:

a. Consideration of Developer Constructed Sewer Systems: AB Tech Fernihurst; Cheshire Pocket Village; Rose Briar Townhomes; Serenity:

Mr. Hartye reported that the AB Tech Fernihurst project included relocating approximately 470 linear feet and extending approximately 141 linear feet of 8-inch public gravity sewer to serve the new development.

Mr. Hartye reported that the Cheshire Pocket Village project is located in the Town of Black Mountain and included extending approximately 376 linear feet of 8-inch public gravity sewer to serve the 15 single family home residential development.

Mr. Hartye reported that the Rose Briar Townhomes project is located in the Town of Black Mountain and included extending approximately 304 linear feet of 8-inch public gravity sewer to serve the 12 townhome residential development.

Mr. Hartye reported that the Serenity project is located in the Town of Woodfin and included extending approximately 2,593 linear feet of 8-inch public gravity sewer to serve the 45 tree house and single family home residential development.

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

b. Cash Commitment/Investment Report Month ended February, 2017:

Mr. Powell reported that Page 24 presents the makeup of the District's Investment Portfolio. There has been no change in makeup of the portfolio from the prior month. Additionally, the makeup of the Districts Investment Portfolio is in accordance to the Districts investment policy. Page 25 presents the MSD investment managers report for the month of February. The weighted average maturity of the investment portfolio is 158 days. The yield to maturity is .85% and exceeds our bench marks of 6 month T-Bill and North Carolina Capital Management Trust cash portfolio. Page 26 presents an analysis of the District's cash receipts. Monthly and YTD domestic and industrial revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods. YTD Facility and Tap fees are considered reasonable based on timing of 6 development contributions in the current year in addition to the conservative budgeting approach of these fees. Page 27 presents the MSD Analysis of Expenditures. The District's O&M expenditures are considered reasonable based on historical trends and current year budgeted needs. Debt service expenditures are below budgeted expectations due to lower than expected interest rates on the District's

Series 2008A Revenue refunding Bonds. Due to the 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. Page 28 presents the MSD Variable Debt Service report. The 2008A Series bonds are performing at budgeted expectations. As of the end of March the 2008A bond series has saved the District rate payers approximately \$4.9 million in debt service since April, 2008. There were no questions pertaining to this item.

c. Consideration of Resolution Authorizing Filing Application to LGC to Issue Refunding Bonds:

Mr. Powell reported that all debt issued by local governmental entities in the State of NC must be authorized by the Local Government Commission (LGC). The LGC requires an application, approved by the entity's Board, to initiate the formal process. Approval of the enclosed resolution is a necessary step to issue debt required to augment pay-as-go financing for the District's Capital Improvement plan and refunding of the 2009 Series Bonds. Included is the financing schedule which outlines the overall process as well as a list of projects which will be funded and/or reimbursed based on previous board approved reimbursement resolutions authorizing the use of bond proceeds and the presentation to the March 15, 2017 Finance Committee.

Finance Committee and Staff recommend moving forward with the proposed 2009A refunding, the issuance of \$28 million in new money revenue bonds and approval of the attached resolution, "RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION WITH THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF THE ISSUANCE AND PRIVATE SALE OF METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA SEWERAGE SYSTEM REVENUE AND REVENUE REFUNDING BONDS SERIES 2017 AND RELATED ACTIONS" .

Mr. VeHaun asked Mr. Clarke if he had any further comments. Mr. Clarke stated that this resolution does not obligate MSD to proceed with the financing if for some reason the market changes, but the resolution is required to proceed with the financing. The LGC has to approve any debt that is issued by MSD or any City or County in NC. He stated that this is consistent with the recommendation from the Finance Committee and the underwriters and municipal advisors from Davenport. He stated that he has reviewed the resolution, which was drafted by the District's Bond Counsel, and it is in order. He stated that if something were to happen after this meeting and the advisors, Mr. Hartye and Mr. Powell decided not to go forward, MSD would not be obligated to do so. The fee is non-refundable and would still have to be paid. Mr. Clarke recommended that this item be voted on separately from the Consolidated Motion Agenda.

Mr. VeHaun called for a motion to approve Item c. (Consideration of Resolution Authorizing Filing Application to LGC to Issue Refunding Bonds) of the Consolidated Motion Agenda. Mr. Kelly moved. Mr. Creighton seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

Mr. VeHaun called for a motion to approve items a. and b. of the Consolidated Motion Agenda. Ms. Wisler moved. Mr. Pelly seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

9. Old Business:

None

10. New Business:

None

11. Adjournment:

With no further business, Mr. VeHaun called for adjournment at 2:18 pm.

Jackie W. Bryson, Secretary/Treasurer



MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: May 12, 2017
SUBJECT: Report from the General Manager

- Kudos
 - To the MSD staff who participated in the River Clean-up along the area of the French Broad River that MSD has adopted. Thirty-four bags of trash were picked up. Special thanks to Sandra Moore who led the effort.
 - Paul Williams of Fairview Rd. called to express his appreciation for the crew that did a “heck of a job and that you don’t see folks work that hard now days.” Thanks to Shawn Meadows, Shawn Buckner, Rick Bradley, Mike Appolo, Lee Plemmons and Bobby Smith.
 - Judy Waycaster of Arthur Rd. called to say that she was very pleased and thankful for the work that MSD did at her mothers house – that the work was beautiful. “She never seen a construction crew that went above and beyond the work they were supposed to do.” Thanks to Roy Lytle Billy Cantrel, Jamie Foxx, and Nicolas Hercules.
 - To Lisa Tolley and Kay Farlow for heading up our public event outreach for three different shows. Attached is a synopsis of the effort, which along with others mentioned, do this above and beyond their normal duties for the benefit of MSD and because they are good at it!

- FY 2018 Budget Process

This month the Board will consider the Preliminary Budget and Rate Recommendations based upon the recommendations of the Personnel, CIP and Finance Committees. The Final budget and a Public Hearing will be held at the Regular Board Meeting on June 14th.

- Board/Committee Meetings/Events

The next Right of Way Committee meeting will be held on May 24th at 9am. The next Regular Board Meeting will be held on June 14th at 2 pm.

Subject: FW: Expos and Events

Date: Tuesday, April 18, 2017 at 3:03:27 PM Eastern Daylight Time

From: Thomas Hartye

Also, Mrs. Bryson manned the booth for a while.

From: "

Tom,

MSD has hosted a booth at three events so far this year for public education and information. Below is a brief summary of each event.

February 25-26, 2017 – Build and Remodel Expo at the WNC Ag Center

- This is our 5th year participating in this expo.
- There were approximately 3,000 people in attendance for this two day event.
- Lisa Tolley and Kay Farlow set up and manned the booth.

March 17-19, 2017 – Home Garden and Green Living Show at the US Cellular Center

- This is our 14th year participating in this show.
- There was a total of 2,000 people in attendance for this three day event.
- Kay Farlow, Lisa Tolley, and Sheila Kilby set up and manned the booth. Wayne Rice and Mike Rice also helped staff the booth.

April 4, 2017 – Earth Day Fair at the VA Hospital

- This is our 4th year participating in this event.
- There was approximately 150 VA Hospital employees in attendance.
- We participate in this event free of charge.
- Kay Farlow and Lisa Tolley set up and manned the booth at the event.

Lloyd Anders is also always ready to help us load/unload the car and assist with unloading at the US Cellular Center.

We had a couple of good questions including how many pounds of wipes, debris, etc. is removed from the bar screens and also how much extra expense the wipes have created. This would be good information to add to our brochures.

We have one more show scheduled this year. It is a combined event with the Asheville Outdoor Living Expo and the Asheville Kitchen and Bath Show to be held in the fall at the WNC Ag Center.

Thanks,

Lisa Tolley

○

PERSONNEL COMMITTEE MEETING

April 25, 2017

9:00 a.m.

1. Call to Order

Jackie Bryson called the meeting to order at 9:00 a.m. in the W.H. Mull Building of the Metropolitan Sewerage District. In attendance were the following members: Allan Root, Jon Creighton, and Ellen Frost. Also present were Jerry VeHaun, Billy Clarke, Jim Hemphill, Scott Powell, Mike Stamey, and Pam Thomas.

2. Inquiry as to Conflict of Interest

Mrs. Bryson stated there was none at this time.

3. Human Resource Activities

Ms. Thomas reviewed several areas of activity within the Human Resource Department: an organizational chart showing a total of 148 full time employees, and a chart on personnel reductions from FY 2004. She also presented demographic information. Mrs. Frost asked what steps are made towards recruiting minorities. Mr. Hemphill and Ms. Thomas both responded that we advertise at several minority locations and are striving to look for more qualified minorities. Charts showing that the average employee is 48 years old and the average years of service is 13; the turnover rate for last year was close to 7.0% with a total of 10 people.

Ms. Thomas also presented information about our Employee Events: Annual Company Picnic, Retirements, Lunch with the Boss, and Wellness programs: a) Zumba classes b) Garden c) Wellness Newsletter d) Smoking Cessation. She also reviewed that our Safety Department updated the safety manual, and training for CDL Drivers. New employees were trained on safety for working around gas lines located at PSNC's Mills River training site.

4. Consideration of Self Insured Health Plan & Pay Adjustment

Mr. Hemphill presented staff recommendations of a 3.0% wage adjustment for all employees, an additional 7.5% increase in contributions from the Board for medical insurance costs; and a 7.5% increase in Employee premiums for medical insurance. Our recommendations have the support from the Management Team as well as the Employee Advisory and Wellness Committee.

Mr. Hemphill presented some medical trend information which included:

- Benefits, especially medical insurance, are a significant factor in maintaining a workforce that averages 48 years old and has 13 years of service with the District. Our employees are in range from 20 to 73 years old.
- In the United States, medical "trend", the actual cost of medical care, is projected to increase by 8-12% and drug costs are expected to increase by 11-19%.
- This year we are requesting an additional 7.5% from the Board. This is in line with medical "trend".

In response to rising medical costs, staff has taken several actions including:

- Partnering with Park Ridge Hospital to save employees and the plan significant costs;
- Using our brokers to identify Pharmacy Benefits Managers (PBM), with different business models, that can save significant costs;
- Providing secondary coverage to insurance available, working spouses while reducing MSD's high dollar risks, etc. If a spouse has insurance where they work they have to take their insurance or go off our plan. Our insurance becomes secondary;
- Continuing to encourage healthy living;
- Earlier medical interventions, by requiring all adults to have a medical examination every 2 years. This was the employees recommendation;
- Continuing onsite services at no cost to the employee.

Mr. Root asked about the Plan Projection chart that was made available showing the cost for employer contribution going up 10% and employee contributions have gone down from previous year, is this due to a workforce change? Mr. Powell responded that is due to employees shifting amongst tiers in our insurance plan and it did have an impact on the employee contributions.

Mr. Hemphill presented the salary request for the Fiscal Year 2017-18. Our goal continues to be, to provide excellent service to the ratepayers. Staff's request for a 3.0% wage adjustment is based on several factors: the cost of living as shown by the consumer price index (CPI), the local labor market, national trends, local agencies and similar utilities.

- The CPI for the South Urban region rose 2.2% year over year;
- The local labor market information published by Western Carolina Industries projects local raises in the 2.7% to 3.2% range;
- National wage increases, as reported by 10 major consulting firms, are planned to be 3% or more in 2017;
- Attachment #2 reflects the local & similar agencies planned increases. As you can see, Staff's recommendation of 3.0% is right in the middle of the range.

Mr. Clarke asked what the employees are currently contributing to the current medical insurance. Mr. Hemphill stated it varied in scale but "employees" only is about 5% and family coverage is about 35% . When an increase is made to the medical plan we make sure that the lowest paid employee will not be overly impacted and is still given an increase in take home pay. Mr. Powell also stated that the employees have not had a premium increase in 6 years, which was how we built our reserve funds. The 7.5% Board request is to keep a healthy reserve amount. Mr. Clarke asked how the insurance increase compares to other public employers. Mr. Powell stated the premiums are still in line with municipal groups. Also having Park Ridge is an added value that other municipalities do not have. Being self-insured allows us to negotiate with hospitals to insure us a greater discount.

Mrs. Frost asked if an employee would rather go to Mission, is that still feasible? Mr. Powell stated they have a choice to go wherever they want to go. There was a brief discussion on cost comparisons for medical procedures at different locations along with Pharmacy Benefits Manager services. Mrs. Frost asked for an example of what the take home pay would be for a lower level employee, after the impact of the insurance increase. Mr. Hemphill stated that an entry level driver starts at \$13.00 per hour. With a 3.0% increase their pay would go up \$0.39/hours times 80 hours per payday, would be up roughly \$32.00. If the employee was with the middle tier of "employee only" the cost would go up \$1.00/per payday netting the employee \$31.00 more per pay check. Mrs. Frost asked what is the percentage of employees at \$13.00 per hour. Mr. Hemphill responded we have 4 employees at the level. Mr. Powell stated that about 75-80% of employees are on the employee only premium and will increase \$3.50 per pay period.

The Fiscal Impact:

The proposed salary and benefit adjustment costs are 3.23% (\$331,068) higher than last years' budget.

5. Recommendation:

Mrs. Frost moved and Mr. Creighton seconded the recommendation that the Board approve a 3.0% wage adjustment for all employees, an additional 7.5% increase in contributions from the Board for medical insurance cost, and a 7.5% increase in employee premiums for medical insurance.

Mrs. Bryson called for the vote. It was unanimous in favor of the motion.

6. Other

Mrs. Bryson stated there was no other business at this time.

7. Adjourn

With no further business, Mrs. Bryson adjourned the meeting at 9:40 AM. No future meeting has been scheduled.

**RIGHT OF WAY
COMMITTEE RECOMMENDATIONS
AND MINUTES
April 26, 2017**

I. Call To Order

The regular monthly meeting of the Right of Way Committee was held in the Boardroom of the William H. Mull Building and called to order at 9:00 a.m. on Wednesday, April 26, 2017. The following Right of Way Committee members were present: Glenn Kelly, Matt Ashley Jr., Jackie Bryson, Esther Manheimer & Chris Pelly.

Others present were: William Clarke, MSD Counsel; Board Members; Ed Bradford, Angel Banks, Owen Herbert, Mike Stamey, Wesley Banner and Pam Nolan, MSD.

II. Inquiry as to Conflict of Interest

Mr. Kelly inquired if anyone had a conflict of interest with Agenda items. Ms. Manheimer stated that she had a conflict with the Cate condemnation. Mr. Kelly stated that she could stay in the meeting but will be excused from voting.

III. Consideration of Condemnations–Nebraska Street Emergency Sewer Relocation, Project No. 2017045

Property Owner: Russell B. Cate, Pin Number 9638-34-3423– Subject parcel is located on Nebraska Street in West Asheville and is improved with residential structures, currently used as rentals. Two existing 8” systems that junction at the footing of the main dwelling will be abandoned. One of these systems also runs under the accessory dwelling. The replacement line and associated easement will be located along the parcel’s side (western) boundary. The pipe will lie completely within the 6-foot side set-back; about half of the permanent easement area will fall within this side set-back. The project benefits the parcel by eliminating two systems that crisscross the lot and lay under two structures.

The property owner is against the project and has engaged legal counsel. Staff offered estimated compensation of \$5,603. The only response to that offer came through counsel that it was not enough, but no counter was made.

Total Contacts: 8

Property Owner: Willard R. House, Pin Number 9638-34-0610- Subject parcel is located on Nevada Avenue in West Asheville and is improved with a residence. Existing sewer will be replaced in the same trench through the northeastern corner (backyard) of the property. Owner voiced concerns regarding restoration of fencing, yard and a planting bed. MSD has included special provisions addressing those concerns. Owner was also concerned about a cypress buffer along the northeast corner, which MSD has addressed by eliminating the temporary construction easement in the area of this buffer. As there is a manhole to be replaced at the edge of the buffer canopy, some overhanging branches may need to be removed to allow for swing of the bucket and cab.

Owner has engaged legal counsel. Staff offered estimated compensation of \$4,725. Thus far, owner’s attorney is in agreement with provisions made to address concerns. However, no agreement has been reached on compensation.

Total Contacts: 7

Ms. Banks presented a map and slides showing the location of the parcels and reviewed the situation with each. Ms. Banks further noted that the third condemnation on this project (Leonette, Pin Number 9638-34-0552) signed the Easement Agreement on Friday, April 21st and could be removed from the Agenda. There was no discussion on the condemnations for this project.

STAFF RECOMMENDATION: Authority to obtain appraisals and proceed with condemnations, if necessary.

**IV. Consideration of Condemnation– Hendersonville Rd. @ Rosscraggon Drive Phase 2
GSR, Project No. 2009150**

Property Owner: Nils Patrick Laubscher, Pin Number 9654-29-0335-Subject parcel is located off Rosscraggon Drive in South Asheville and is improved with a residence. The existing sewer line barely touches the rear (NW) corner of the parcel. However, it cannot be replaced in the same location due to a house built over the sewer on an adjacent parcel. To route around the house on the adjacent parcel, the proposed sewer must run parallel to the subject owner's rear (W) boundary line. He agreed to this alignment shift since 1) he is conveying this area to the adjacent owner and 2) the new line location was requested by the adjacent owner.

Compensation for the easement is \$3,402. While the subject owner seemed willing to sign initially, it now appears that the sale of land between he and the adjacent owner is muddying the waters and we have not been able to get him to move forward.

Total Contacts: 9

Ms. Banks presented a map showing the location of the above parcel and explained the situation with this property owner. There was no discussion.

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

Mr. Kelly called for a motion to accept Staff's recommendation regarding the first parcel (Cate), under Item III. Mr. Pelly made the motion. Ms. Bryson seconded the motion. Voice vote was unanimous, with Ms. Manheimer being excused from this vote due to a conflict of interest.

Mr. Kelly called for a motion to accept Staff's recommendation regarding the remainder of the Agenda. Ms. Bryson made the motion to accept Staff's recommendations. Mr. Pelly seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Authority to obtain appraisals and proceed with condemnations, if necessary.

V. Quarterly Report – Third Quarter

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

STAFF RECOMMENDATION: For information only. No action required.

Ms. Banks reviewed the above report. There was no discussion.

VI. Other business:

There being no further business the meeting adjourned at 9:16 am.

CAPITAL IMPROVEMENT PROGRAM COMMITTEE

Minutes

April 27, 2017

8:30 a.m.

The Capital Improvement Program Committee of the Metropolitan Sewerage District met on April 27, 2017 at 8:30 a.m. in the MSD Administration Building on Riverside Drive in Woodfin with the following persons present: Jon Creighton-Committee Chairman; Matt Ashley, Don Collins, Chris Pelly, Alex Carmichael, Marcus Jones, Joseph Martin and Jason Young-CIP Committee members; Jerry Vehaun-Board Chairman; Tom Hartye-MSD General Manager; William Clarke-Roberts & Stevens; Forrest Westall-McGill Associates; Josh Karrick-Bell Engineering; Ed Bradford, Mike Stamey, Scott Powell, Angel Banks, Hunter Carson, Darin Prosser, Peter Weed, Ken Stines and Pam Nolan-MSD.

1. Call to Order

Mr. Creighton called the meeting to order at 8:40 a.m. He thanked everyone for coming and welcomed Mr. Josh Karrick with Bell Engineering. He then turned the meeting over to Mr. Hartye who also thanked everyone for coming and explained that this committee was established as part of Consolidation in the 1990's when the collection systems were donated to MSD. After Consolidation, the Committee was trying to make sure that CIP's from the various agencies were continued. The Capital Improvement Program Committee is made up of the town managers or representatives, and MSD meets with these members each year to make sure that the projects that are proposed are meeting the needs of the municipality. He then turned the meeting over to Ed Bradford, CIP Director, to give a presentation on what we've done this year, as well as what we will be doing going forward.

2. Highlights of the Current and Proposed Capital Improvement Program

Mr. Bradford proceeded to give a Power Point presentation beginning with a summary of the proposed CIP Budget for the coming fiscal year. He asked if anyone had any questions or comments to please stop him – as he would be glad to talk about anything. He proceeded with an overview of the CIP Program budget for the next year. The sub-total for projects is a little over \$27 million with a contingency of \$1 million and \$266,000.00 for Reimbursement projects. This gives a total proposed budget for the coming fiscal year of \$28,307,716.00. The inflationary component for this year is 2.92% based on the ENR index and is a 10 year average. He stated that a copy of the budget is posted on MSD's website at www.msdbc.org.

Mr. Bradford explained that the various Master Plans guide this program. MSD maintains over 1,018 miles of sewerline at this time. He explained that the reduction of SSO's is a key objective and that is accomplished by utilizing a three-pronged approach: an effective Management, Operations and Maintenance program (MOM) – to reduce line blockages and optimize response time when blockages do occur (we maintain a first responder system with a 30 minute average response time to any point on our system); an aggressive CIP program to improve the structural condition of the system; and lastly, by providing sufficient capacity by sizing lines for current as well as future flows. An important part of that is also actively searching for and eliminating sources of inflow and infiltration.

The primary approach for collection system rehabilitation is minimizing SSO's utilizing our Pipe Rating Program. Projects are prioritized and scheduled based on their Pipe Rating and system needs, without regard to political jurisdiction. We include five significant aspects: SSO and overflow history; customer service requests; proximity to streams and waterways; structural condition of the pipes, and monitoring schedule by MSD Staff. He stated that the parameters used to generate pipe rating are project length, customer service requests, flooded structures, sanitary sewer overflows, manhole overflows and monitoring schedule. He stated that flooded structures, sanitary sewer overflows and manhole overflows were all rated equally due to each being bad in it's own way. Sanitary sewer overflows are sewage entering any water body or any spill greater than 1,000 gallons; flooded structures are sewage backing up into a home or business, and manhole overflows are sewage spills that do not reach a waterbody, are under 1,000 gallons at first, but are basically a sanitary sewer overflow waiting to happen. He stated the monitoring schedule accounts for the frequency of site visits for washing, rodding, degreasing, etc. and can be anywhere from every 3 months to 3 years. Additional variables used to estimate the likelihood and consequence of pipe failure are structural condition or age; impacts to surface waters, i.e. is it in a parking lot or down a city street; and lastly the potential for remote sanitary sewer overflows, i.e. is it in the back of a field or along Reem's Creek where it might go unnoticed. Pipe rating is our primary tool for collection system projects but other data and considerations matter too, such as coordination with other agencies for street improvements or private interests like a golf course closing for maintenance. The Grove Park Inn Golf Course, Biltmore Forest Country Club and The Asheville Country Club are examples. Scheduling together with other outside agencies such as the City when they are paving could also drive a schedule. This program was

developed with in-house staff and off-the-shelf software, there was no black-box programming or outside consultant to rely on to keep it updated.

Mr. Bradford explained that MSD rehabilitates an average of 50,000 LF a year. In-house crews rehabilitate 20,000 LF per year in addition to them handling taps and emergency repairs throughout the system. He further pointed out that all System Services projects that are scheduled for next year have a map included in the CIP Budget Books under the General Sewer Rehabilitation tab. From 1991 to 2016 1.12 million LF have been rehabilitated or replaced which is 211.7 miles or 20.8% of the current system of 1,018 miles.

Mr. Bradford presented snapshots of in-house rehabilitation projects either completed or underway this year. One of these projects is Narbeth Road in West Asheville, located just off of Sand Hill Road. This is a very small project, and MSD partnered with the City of Asheville to get this work done prior to their paving. He stated that if anyone knows of any respective work being done in your area to let us know and we will be glad to look at the sewer in the area and determine if it needs work done. Stratford Road @ Oxford Court is a medium sized project located in North Asheville and consists of approximately 2,000 LF, mostly behind homes. The South French Broad Interceptor Lining project is located through the Biltmore Estate. This is a large project consisting of about 22,000 LF. This project is being done in 4 phases. The first phase is complete and consisted of about 6,200 LF. We propose to complete about 6,600 LF this fiscal year and the remaining balance in the remaining 2 years. The reason being that this line needs to stay in service. The line is a 36" RCP and has suffered some interior degradation from hydrogen sulfide but is in good structural condition. We plan to add extra capacity by adding a relief interceptor, which will provide extra capacity for southern Buncombe County and the Cane Creek Water & Sewer District. Mr. Bradford presented snapshots and a video of the lining process and stated that staff had worked very closely with the Biltmore State to coordinate work/timing. Mr. Ashley asked how long the liner is at one time. Mr. Bradford stated several hundred feet (from manhole to manhole), that they actually custom make the liner to match the diameter and length of the pipe. Mr. Pelly asked what the life expectancy is after replacement. Mr. Bradford stated at least 50 years.

Mr. Bradford stated that last year two pump stations were eliminated. The Venable Pump Station Elimination project was one of these two pump stations. The Asheville Outlet system was accepted by MSD Board in March of 2016, which allowed MSD to connect to this system and eliminate the pump station. The Aston Park Pump Station was the second to be eliminated, and is near downtown Asheville.

He then reviewed some in-house System Services projects. The Asheville Country Club Rehabilitation Project was constructed during the time the golf course was shut down for maintenance. This project was constructed by MSD in-house crews and consisted of approximately 7,327 LF of public gravity sewer. He presented snapshots of work being done and explained that the existing line was upsized from 10" to 12" using pipe bursting. He also presented snapshots of work being done on Robinhood Road on this project utilizing a "hammer" attachment added onto a trackhoe used to loosen rock. He stated that rock and utilities were encountered in this area. This work was completed in October, 2016. The Providence Road Sanitary Sewer Rehabilitation was also constructed by in-house crews and consisted of approximately 580 LF of sewer. This project was completed in February of 2017. He presented snapshots of excavation being performed utilizing a trench box for worker safety and of 8" diameter DIP which is used extensively due to its durability. The only time DIP is not used is when corrosion issues arise. He presented snapshots of crew members hand digging for a service connection, a 4" PVC pipe used for service connections, and a 4' diameter manhole base. Mr. Martin asked if fusible polyethylene had been considered. Mr. Bradford stated that high density HDPE is what we use for pipe bursting. Mr. Hartye stated we actually have a fuser in-house. Mr. Martin asked if this was used in open digging. Mr. Bradford stated there may be an application for that but we use it mostly for pipe-bursting. Mr. Martin asked how the cost compared to DIP. Mr. Bradford stated that they were fairly close but the ductile takes a little more work and you have to have different equipment with the HDPE. He stated that where pipe bursting really shines is when you don't have to do restoration. The next project was a sewer line repair on Beaverdam Road using the Infrastructure Repair System (IRS). He presented snapshots and described this process. He stated that this process has been used extensively over the years and saves a lot of money.

Mr. Bradford then reviewed the Private Sewer Rehabilitation program. This program is for the rehabilitation of private, failing, unclaimed systems that were not built to any public standard, nor were they accepted by any entity— either public or private — before we took over ownership of the system. These are usually of poor quality, with no manholes, laid in a crooked manner, etc. and when MSD rehabilitates these, they typically have to re-engineer the entire system. MSD will accept these for maintenance and rehabilitation if there is no formal ownership structure and they are a demonstrated public health threat and/or cited for SSO's by NCDEQ, the Health Department, etc. The District determines when to fully rehabilitate any given system based on work orders, SSO's and maintenance history. When these systems become too much to maintain, they will be placed on the list for rehabilitation. Systems remain private until are fully rehabilitated. He presented a snapshot of the 49

systems currently being maintained and the 20 projects that have been rehabilitated over the years. There are currently 4 PSR's scheduled for rehabilitation. One of those currently underway is Freno Drive.

Mr. Bradford then reviewed upcoming projects for FY17-18. He explained that each slide shows the location and general vicinity for each project. Upcoming projects include South French Broad Interceptor Lining Project through the Biltmore Estate which was discussed earlier, at 6,600 LF; Four Inch Main-Patton Hill Road is in the Eastern part of Buncombe County and consists of 600 LF; Jonestown Road is located in Woodfin and consists of 3,415 LF; Hendersonville Road @ Blake Drive is located in South Asheville near Lake Julian and consists of 1,090 LF; Sheppard Drive is located in West Asheville off New Leicester Highway and consists of 570 LF; Hendersonville Road @ Rosscraggon Drive Phase 2 is located in South Asheville near Lake Julian and consists of 4,163 LF; Elkwood Avenue is located on the border of Woodfin in North Asheville and will be the largest dig and replace project this year consisting of 4,736 LF; Louisiana Avenue @ Brucemont Circle is located in West Asheville and consists of 1,420 LF; Mountain View Road is located in East Asheville in the Haw Creek area and consists of 2,593 LF; School Road @ Cranford Road is located in West Asheville and consists of 361 LF; Hendersonville Road @ Peachtree Road is located in South Asheville and consists of 1,100 LF; Memory Lane is located in East Asheville in the Haw Creek area and consists of 1,900 LF; Sutton Avenue is located in the downtown area of Black Mountain and consists of 3,700 LF; and Commerce Street is located in downtown Asheville and consists of 530 LF. Mr. Martin asked how long the Elkwood Avenue project would take and if it was all going back in the street. Mr. Bradford stated that it would probably take about 9 months. Mr. Carson stated the plan was for it to go back into the street.

The South French Broad/Carrier Bridge PER is a Hydraulic Analysis of lines in this area for current and future flows, particularly Cane Creek, South Asheville and South Buncombe County. Mr. Bradford presented a map and stated this is a function of several lines all tied together. The lines through the Biltmore Estate include double lines coming into a single 36" line. Also included is the Carrier Bridge Pump Station and it's possible elimination. This will become a planning document for significant rehabilitation in this area. From the Biltmore Estate to Carrier Bridge lines must be replaced and are included in the 10 year CIP. Cost is currently estimated at \$16.7 million and consists of 34,900 LF.

Mr. Bradford then presented a snapshot of our Capital Program showing over 136 projects in all phases. The purple lines shown are System Services projects. He also presented a slide describing the Collection System Master Plan which was prepared under the guidance of the member agencies and regional stakeholders, using their land use policies and zoning regulations. This Master Plan was adopted by the MSD Board in November 2008, and is used as a basis to ensure that extensions are done in an orderly, predictable fashion. One of the larger projects guided under this plan was the Reems Creek Interceptor, which included 2 phases, both of which are complete. The West French Broad Interceptor is also a completed Master Plan project. The Olivette Development is the newest one and is located in Woodfin. This project is currently in the design phase. Mr. Bradford pointed out that construction is funded by the developer on these projects – the line is sized in accordance with the master plan, and is sized for future growth, and MSD pays for the size differential. Mr. Martin asked where was the project slated to come across the river Mr. Bradford stated that it consisted of about 318 acres and pointed out the vicinity. This project will involve a pump station and he pointed out the location of the river crossing and where the project will tie into an existing force main. This will be crossing the French Broad River which is not an insignificant task. Staff plans to bring this to the Board for approval in May or June. Project design review is underway and construction is expected to begin in Summer of 2017. Mr. Martin asked if this will stub out where it can be extended. Mr. Bradford stated absolutely, that's the reason MSD would even consider contributing to this project. The pump station and an interceptor will be constructed through the area and will serve a good portion of the Lee Creek Basin. Mr. Pelly asked if MSD had determined a size differential in advance to ask for in addition to what they will need for the Development? Mr. Bradford stated it would be a 16" line and MSD is looking to reimburse the Developer \$266,000.00 for the upsize of the pump station and there will be some additional increase for the line size as well. He further stated the Developer would likely only need an 8" line for their Development but MSD is requiring a 16". Mr. Pelly asked if by doing that, it would open up areas around there to tie into. Mr. Bradford stated yes it does open up areas upstream. Mr. Young stated that there had been a lot of conversation in the past about trying to get areas sewer service to areas along Ingle Road, Old Leicester Highway and Macedonia Road. Will this be able to accommodate those areas? Mr. Bradford stated not immediately, but if those areas mentioned drain into Lee Creek they could eventually be served. The system has to grow from the bottom up. Mr. Martin asked if that pump station was permanent or if there was any way to flow gravity from there? Mr. Bradford stated no, anything north of the plant has to be pumped. There was some discussion regarding the size of the Lee Creek Basin and how far the sewer goes now. Mr. Young asked if there was any sort of visual representation for the Lee Creek Basin. Mr. Bradford stated that he would have a map generated to send to him. Mr. Hartye asked what the ballpark total estimate was for the crossing, pump station, etc. Mr. Bradford and Mr. Carson stated approximately \$800,000.00 just for the crossing. The estimate would be over \$1 Million, including the interceptor.

Mr. Bradford then reviewed the Influent Pump Project at the Water Reclamation Facility. This is the third and final pump to be replaced. The replacement of the first pump was completed in FY13, the second was completed in FY15, and the third and final pump is scheduled to be completed by June of this year. Each of these can pump 35 mgd (or 24,300 gpm). He presented a snapshot of replacement of the first pump in FY13 and of the one remaining pump. He stated that this has been in use since the mid 1980's and has been rebuilt multiple times.

He then reviewed the plant Facilities Plan. This is the basis for planning plant projects and covers a 20 year planning horizon. It centers on significant plant projects, with the focus being on headworks (bar screens, grit removal and surge protection), primary clarification, biological treatment alternatives (currently RBC's) and the future regulatory climate. Near-term and mid-term improvements are incorporated into proposed CIP. The beginning of long-term improvements (biological treatment) is incorporated within the ten-year window. The first significant project over the next five years is the Plant Headworks. This was approved by the Board in January, 2016 and construction crews are now on site. The High Rate Primary Clarification is the second significant project with design underway and construction beginning in late 2018. Both projects allow flexibility for future biological treatment alternatives. He presented snapshots of the No. 1 Headworks Project which is a near-term project. It is comprised of replacing the existing bar screens, improved fine bar screens, grit removal and a surge system for peak flows (which utilizes existing abandoned tanks @ 2.1 MG each). Construction began in early April with mobilization of some equipment and staking. Construction cost is \$8.4 million. He then presented a snapshot of the layout showing the two re-purposed digester tanks, surge system for peak storm flows and the fine screens and grit removal. The High Rate Primary Treatment is a mid-term project that will add significant improvement to the plant internal process. Currently there is no primary treatment after screening/grit removal. There is a tight fit due to site restrictions and the CEPT (Chemically Enhanced Primary Treatment) is most suited for our plant. This will help the RBC's perform better and help the plant better treat the peak flows. We can ramp this process up and down and add or decrease chemicals as needed. Design is now underway and expected to be complete by late 2017 with construction expected to begin in late 2018. Construction cost is estimated at \$12.7 million. Last is the Biological Treatment which is a long-term (10 year) process at the plant. Construction cost is high at over \$50 million. This project will be driven by future regulations. He further stated that the short and mid-term projects going on now allow flexibility of options.

Mr. Bradford then reviewed various financial aspects of the Capital Improvement Program. He stated that the budgeted revenue for the current fiscal year is a little over \$47 million; and since we operate with a balanced budget, expenditures are also estimated at \$47 million, with about two-thirds of the budget being project-related through debt service and construction projects. Cost Saving Measures include project coordination with other agencies; utilizing lining/trenchless methods when feasible, utilizing in-house footage and claiming the value of prescriptive easements. He then presented a snapshot of the ENR Construction Cost Index and explained that an inflationary component is added for years 2 through 10, which is 2.92% for this budget cycle. FY18 is not inflated. Project costs are updated each year and are taken from last year's bid pricing to formulate new project estimates. He then presented a snapshot of the next 10 years with total expenditures estimated at approximately \$226.8 million. The bulk of these expenses, 59%, are for smaller projects in the collection system; 17% at the Plant and 1% reimbursements. He also pointed out that from Consolidation through the end of FY 16, MSD has reinvested \$359.5 million back into the system.

Mr. Bradford then covered Reimbursement Projects and explained there are no NCDOT betterments scheduled for the coming year and the District is only required to pay for betterments. All annexation agreement projects since Consolidation have been completed with the exception of Craigmont Road in Black Mountain. There are various forms of reimbursements, and for FY17-18 the Olivette Development is one example.

He then presented a chart and several snapshots showing the reduction in SSO's over the last 16 years, with a high of 288 in 2000, and 37 in 2015. There were 52 last year due to very wet weather events from December of 2015 to January of 2016. He presented a snapshot of "City of Asheville Map of Sewers" from 1904, showing the location of City Hall which was completed in 1928, and the outfalls showing where the sewers drained directly into the French Broad River. MSD did not go on line until 1966 and up until that time sewer flowed into the rivers.

He then presented information regarding MSD's website and stated that a copy of the proposed CIP budget has been posted on the website for public viewing and comment. He also gave a special thanks to Staff Engineers; Angel Banks, Right of Way Manager; Cheryl Rice, Finance Department, GIS Section and Pam Nolan. Mr. Bradford then asked for any questions or comments.

Mr. Young asked how the proportion of debt service related to these projects as compared to the proportion of these budgets has changed. Has it decreased, increased or stayed the same? Mr. Bradford stated that it had stayed about the same. Mr. Hartye stated it was less than 50% debt driven. We try to stay close to 50/50 and it is

less than that now, closer to 60/40. He further stated that it stays around \$100 million. Mr. Pelly referenced the discussion regarding the \$50 million project and regulatory changes, and asked Mr. Bradford to talk a little more about that issue. Mr. Bradford stated that Mr. Pelly was referring to the biological treatment at the plant, which is our RBC process. We are an RBC plant because we didn't have room; we got a Federal Grant for it a while back. There are a lot of reasons why we went with RBC's but they don't do certain things. If we get certain limits in our permit for ammonia and such, then we may be required to switch to a different technology by the State, which would be very expensive. Mr. Pelly asked if that was a certainty or possibility. Mr. Hartye stated that it would eventually happen, it was just a matter of timing. We have an NPDES Permit (discharge permit) which they are supposed to renew every 5 years. About 2 years ago we submitted for our renewal and have not heard back from them yet. All of the projects being done at the plant go to assist us in that treatment. We would like to do this methodically. He further stated that we will fight very hard to go with the program we have of replacing these other processes first because we believe they are just as important as the biological for the success of the eventual \$55 Million project. This could be between years 5 and 10; we have no way of knowing. This is basically up to Raleigh. When we know, we will be working with them to come up with a plan to accomplish that. Mr. Bradford further stated that the first two projects will help the RBC's perform better because of the treatment they will provide. Mr. Carmichael asked if we were expecting the RBC technology to be totally replaced under these new regulations. Mr. Bradford stated yes, possibly in time. Mr. Carmichael asked how long the RBC's have been in place. Mr. Bradford stated since the mid to late 1980's. There are 152 and many of them have been replaced. We believe that we are the largest RBC plant in the world.

Mr. Westall commented on the City Sewer map from 1904, pointing out that these lines were run to the river due to public health reasons, eliminating sewer running into streets and ditches. He stated that the French Broad River was considered a better way to dispose of sewage and it benefited people living in the City.

There were no further questions.

3. Capital Improvement Program Priorities & Review of the Ten-Year CIP Document

Mr. Bradford presented the Ten Year CIP Summary document and stated that there were 129 projects and line items this fiscal year. He stated that there was a request last year to add a Summary Sheet organized by Municipality and that document is in these books. The entire document may be found on line. He stated that project costs are based upon actual bid prices we received over the last year. There are 8 Interceptor and Wet Weather projects this year with an estimated budget of \$1,726,500. There are 99 General Sewer Rehabilitation projects totaling \$13,213,448. There are 4 projects in the Private Sewer Rehabilitation totaling \$51,200. There are 15 projects under Treatment Plant, Pump Stations and General Capital Improvements totaling \$9,569,000. The total amount projected for Design, Right of Way and Construction Management Expenses for next year is \$2,481,568. He stated that the subtotal for capital projects in the proposed budget for FY17-18 is \$27,041,716. A flat contingency of \$1,000,000 is proposed, which has worked well and provides sufficient reserves. Reimbursement funding of an additional \$266,800 is recommended. This brings the total proposed CIP Budget for FY17-18 to \$28,307,716 and is the amount for which staff is seeking the Committee's endorsement and for the proposed FY17-18 program.

There were no further questions.

Mr. Creighton asked for a motion recommending endorsement of the CIP Budget for FY17-18 in the total amount of \$28,307,716. Mr. Martin moved. Mr. Young seconded the motion. Voice vote was unanimous in favor of the motion.

4. Adjourn

There was no further business or discussion. The meeting was adjourned at 9:43 a.m.

Finance Committee Meeting Minutes

May 4, 2017

Call to Order:

The Finance Committee of the Metropolitan Sewerage District met in the Boardroom of the Administration Building at 9:00 am, Thursday, May 04, 2017. Chairman Kelly presided and called to order at 9:00 am with the following members present: Jackie Bryson, Esther Manheimer, and Gwen Wisler.

Others present were Thomas Hartye, General Manager; Scott Powell, Director of Finance; Board Members Jon Creighton, Al Root, and Jerry Vehaun; and MSD staff.

1. Third Quarter Budget to Actual Review:

Mr. Powell began his PowerPoint presentation with a review of the Third Quarter Budget to Actual by stating that domestic user fees are meeting budgeted expectations, while industrial user fees are exceeding budgeted expectations due to the increased flow from one particular user. Facility and tap fees are above expectations due to receiving unanticipated revenue from seven commercial/residential developers. Operation and Maintenance expenditures are below 75%; this is a direct result of the District deferring utility costs with the hydroelectric facility and decreased fuel costs. The excess tap and facility fee revenues will be used on future CIP projects and help temperance the need for debt.

2. FY 2018 Proposed Budget:

Mr. Powell continued his PowerPoint presentation with highlights of the FY 2018 Proposed Budget. He stated the Operations and Maintenance budget is \$16.23 million, CIP \$28.31 million, Capital Equipment Replacement \$.99 million, and Debt Service \$9.79 million for a total of \$55.32 million.

Operations & Maintenance Highlights include a 2.81% increase in Salaries and Benefits with a total impact of \$361,156. This includes a 3% salary increase for all employees, a 7.5% increase in self-insurance funding, GASB 45 OPEB funding, changes in unemployment funding and a state mandated increase in North Carolina Retirement participation of 3.33%. Materials, Supplies and Services include a 1.94% increase with a total impact of \$123,984.

Mr. Powell next discussed information on Personnel Growth, and Trends in Health Care Cost. Personnel Growth has trended downward since 2001 with current staffing holding steady at 148 employees. Health Care Costs are on a downward trend. There was a change in PBM in FY 2016 and there is the possibility of a new PBM next year to help normalize prescription drug costs.

Operation and Maintenance expenses have increased at an average of 2.5% over the past 8 years, while averaging 95% Actual-to-Budget Ratio. This is primarily due to the deferred utility costs at the hydro facility. The FY2018 proposed Capital Improvement Program budget is \$28.31 million. The majority of the money will be spent for collection rehabilitation and treatment plant.

Mr. Powell discussed major Capital Improvement Project for the upcoming fiscal year. They include \$7.1 million for Plant Headworks Improvements, South French Broad Interceptor Lining project of \$1.7 million, Hendersonville Road\Rosscraggon project of \$1.5 million and Elkwood Avenue project of \$1.4 million.

Finance Committee Meeting Minutes

May 4, 2017

Capital Equipment Replacement includes Operations & Maintenance of \$102,270; Fleet Replacement of six vehicles, including two dump trucks totals \$634,000; Pump Station Replacement of \$70,050, and Water Reclamation Facility \$180,000.

Long Term Bonds Payable increase as the need for CIP funding arises. When bonds are issued, funds are made available to unrestricted reserves through reimbursement resolutions and are used for future CIP needs.

Mr. Powell reported MSD's debt composition as of June 30, 2017 is just over \$90 million in total, with 67% in traditional fixed income, and 33% in synthetic fixed debt. He stated FY2018 debt service is approximately \$9.79 million, which consists of \$5.14 million in principal and \$4.65 million for interest.

Mr. Powell reported proposed budgeted expenditures for FY2018 are \$55 million, of which about 51% is for CIP Projects and 29% represents Operations and Maintenance.

Budgeted revenue highlights include .75% growth in residential users, .75% growth in domestic consumption and Facility and Tap fees are budgeted at \$2.2 million, and a 1.5% rate of return on investments. Proposed budgeted revenues are over \$55 million comprised mainly of \$ 31.9 million (57.8%) in domestic user fees, \$3.3 million (6.1%) in industrial user fees, and \$16.5 million (29.8%) Other Sources and Uses, which includes the issue of \$28 million in new money revenue bond, issue.

3. MSD Business Plan:

The next section of Mr. Powell's presentation covered the MSD Business Plan. This section covers the long-term (ten-year) plan for Projected Sewer Rates and Revenues, Operating Expenses, CIP needs, and Debt Coverage Ratio. Mr. Powell explained staff uses its master plan objectives, regulatory requirements, debt service requirements, and the CPI and other indexes to determine level incremental sewer rate increases and equalize the rates over the 10-year period.

Mr. Powell stated over the next ten years the District will be investing \$226.8 million into our infrastructure. The CIP program is comprised mostly of collection system rehabilitation funding at 59% and 17% in the treatment plant.

In MSD's business plan, there are three debt issuances slated over the course of the next 10 years as well as 2.5% projected increases for ratepayers. Debt coverage ratios are currently exceeding the 1.5% target rate. Capital assets, net of accumulated depreciation as of 2016 are over \$400 million as a direct result of CIP funding.

4. Rate Information:

Mr. Powell discussed how The Metropolitan Sewerage District compares to other sewer service providers. The District uses NACWA as an information source because they provide average monthly bill, including both flow and maintenance costs. Based on data for EPA Region IV – Southeast, the District's average monthly residential bill compares favorably.

Finance Committee Meeting Minutes

May 4, 2017

Mr. Powell continued his discussion on rates. MSD rates compare well to other North Carolina AA and AAA Sewer Providers. MSD's average monthly bill for 2017 was 10.9% higher than water providers in Buncombe County. State and National averages are at 20%. The main reason for this difference is that it costs more to clean sewerage than to provide clean water to the customers.

Staff recommends Tap and Facility Fees remain at FY 2017 levels; a 2.5% increase in the Domestic Rate; this would be a 74 cent increase in average single family monthly bill bringing the average bill from \$29.88 to \$30.62. Staff also recommends continuing the Industrial rate parity plan, which includes a 4% average increase for the industrial section and incorporates the 2.5% Domestic rate increase.

MSD is proposing an increase to provide funding for CIP, maintain favorable debt service ratio to minimize future interest expense and keep rate increases small and uniform per industry standards and previous District Board directions. Mr. Powell gave special thanks to Division Heads, his finance team and Teresa Gilbert, Budget Analyst.

5. Motion to accept staff recommendation:

Proposed FY18 Budget:

Following Mr. Powell's presentation, Chairman Kelly called for any questions or comments.

Ms. Wisler asked how FY2017 would conclude in comparison to budget. Mr. Powell stated domestic user fees are expected to come in slightly over what was budgeted for the year at just over \$30 million. Industrial user fees are expected to come in about \$600,000 over budget, due to increased flow from one industrial user. Facility and tap fees are expected to be about \$6 million dollars, where only \$1.5 million was budgeted. This is primarily due to fees related to seven (7) developing apartment complexes, which were not anticipated. The monies in excess of budget in this line item are put into reserves and helps reduce the need for debt for future CIP projects. Employee contributions to the Health Insurance Plan has decline due to employees changing plans at open enrollment as a result of changes to the insurance plan. Operating Expenditures are projected to be at 97% of budget, due to favorable deference of utility costs due to the use of the hydro plant. Debt Service is projected at 100%. Capital Projects are projected at 81% of budget, due to the timing of the Headworks project.

With no further questions regarding the Proposed FY18 Budget, Chairman Kelly called for a recommendation to approve the item.

Recommendation:

Ms. Bryson moved to recommend the Proposed FY18 Budget to the Board of Directors; Mrs. Wisler seconded the motion. Ms. Bryson commented that she is "glad to see we continue to take care of our employees." With no further discussion, the motion was carried unanimously.

Finance Committee Meeting Minutes

May 4, 2017

Schedule of Rates & Fees for FY2018:

Chairman Kelly called for any questions or comments concerning the Proposed Schedule of Rates and Fees for FY 2018. Chairman Kelly called for a recommendation to approve the Schedule of Rates & Fees for FY2018.

Recommendation:

Ms. Wisler moved to recommend to the Board of Director the adoption of the Schedule of Rates & Fees for FY2018. Ms. Manheimer seconded the motion. The motion was carried unanimously.

6. Adjournment:

With no further discussion, Mr. Kelly called for adjournment at 9:16am.

Metropolitan Sewerage District of Buncombe County

Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 4/26/2017

BOARD MEETING DATE: 5/17/2017

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

SUBJECT: Consideration of Condemnations–Nebraska Street Emergency Sewer Relocation, Project No. 2017045

Property Owner: Russell B. Cate, Pin Number 9638-34-3423– Subject parcel is located on Nebraska Street in West Asheville and is improved with residential structures, currently used as rentals. Two existing 8” systems that junction at the footing of the main dwelling will be abandoned. One of these systems also runs under the accessory dwelling. The replacement line and associated easement will be located along the parcel’s side (western) boundary. The pipe will lie completely within the 6-foot side set-back; about half of the permanent easement area will fall within this side set-back. The project benefits the parcel by eliminating two systems that crisscross the lot and lay under two structures.

The property owner is against the project and has engaged legal counsel. Staff offered estimated compensation of \$5,603. The only response to that offer came through counsel that it was not enough, but no counter was made.

Total Contacts: 8

Property Owner: Willard R. House, Pin Number 9638-34-0610- Subject parcel is located on Nevada Avenue in West Asheville and is improved with a residence. Existing sewer will be replaced in the same trench through the northeastern corner (backyard) of the property. Owner voiced concerns regarding restoration of fencing, yard and a planting bed. MSD has included special provisions addressing those concerns. Owner was also concerned about a cypress buffer along the northeast corner, which MSD has addressed by eliminating the temporary construction easement in the area of this buffer. As there is a manhole to be replaced at the edge of the buffer canopy, some overhanging branches may need to be removed to allow for swing of the bucket and cab.

Owner has engaged legal counsel. Staff offered estimated compensation of \$4,725. Thus far, owner’s attorney is in agreement with provisions made to address concerns. However, no agreement has been reached on compensation.

Total Contacts: 7

STAFF RECOMMENDATION: Authority to obtain appraisals and proceed with condemnations, if necessary.

Ms. Banks presented a map and slides showing the location of the parcels and reviewed the situation with each. Ms. Banks further noted that the third condemnation on this project (Leonette, Pin Number 9638-34-0552) signed the Easement Agreement on Friday, April 21st and could be removed from the Agenda. There was no discussion on the condemnations for this project.

Mr. Kelly called for a motion to accept Staff’s recommendation regarding the first parcel (Cate), under Item III. Mr. Pelly made the motion. Ms. Bryson seconded the motion. Voice vote was unanimous, with Ms. Manheimer being excused from this vote due to a conflict of interest.

Mr. Kelly called for a motion to accept Staff’s recommendation regarding the remainder of the Agenda. Ms. Bryson made the motion to accept Staff’s recommendations. Mr. Pelly seconded the motion. Voice vote was unanimous.

COMMITTEE RECOMMENDATION: Authority to obtain appraisals and proceed with condemnations, if necessary.

Metropolitan Sewerage District of Buncombe County

Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 4/26/2017

BOARD MEETING DATE: 5/17/2017

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

SUBJECT: Consideration of Condemnation-Hendersonville Rd. @ Rosscraggon Drive Phase 2 GSR, Project No. 2009150

Property Owner: Nils Patrick Laubscher, Pin Number 9654-29-0335-Subject parcel is located off Rosscraggon Drive in South Asheville and is improved with a residence. The existing sewer line barely touches the rear (NW) corner of the parcel. However, it cannot be replaced in the same location due to a house built over the sewer on an adjacent parcel. To route around the house on the adjacent parcel, the proposed sewer must run parallel to the subject owner's rear (W) boundary line. He agreed to this alignment shift since 1) he is conveying this area to the adjacent owner and 2) the new line location was requested by the adjacent owner.

Compensation for the easement is \$3,402. While the subject owner seemed willing to sign initially, it now appears that the sale of land between he and the adjacent owner is muddying the waters and we have not been able to get him to move forward.

Total Contacts: 9

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

Ms. Banks presented a map and slides showing the location of the parcels and reviewed the situation with each. There was no discussion.

Mr. Kelly called for a motion to accept Staff's recommendation regarding the remainder of the Agenda. Ms. Bryson made the motion to accept Staff's recommendations. Mr. Pelly seconded the motion. Voice vote was unanimous.

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

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: May 17, 2017

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 Biltmore Lake Block I, Phase 2, MSD Project No. 2016042

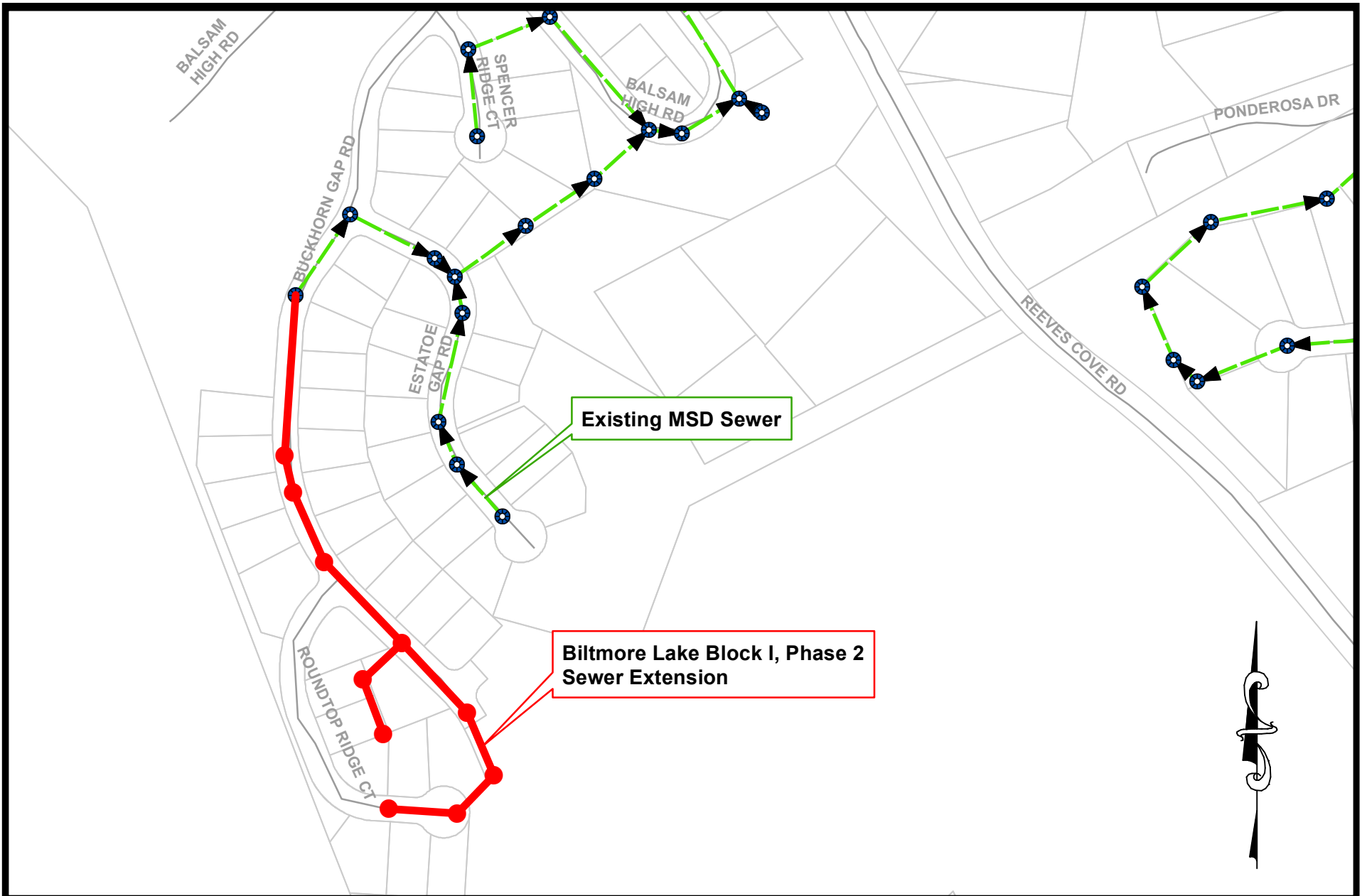
BACKGROUND: This project is located inside the District boundary off Reeves Cove Road in Buncombe County. The developer for this project is Lee Thomason of Biltmore Lake, LLC.

The project included extending approximately 1,519 linear feet of 8-inch public gravity sewer to serve this phase of the development.

A wastewater allocation was issued in the amount of 7,800 GPD for the twenty-six (26) unit residential development. The estimated cost of the sewer construction is \$100,040.00.

All MSD requirements have been met.

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



Existing MSD Sewer

Biltmore Lake Block I, Phase 2 Sewer Extension



MSD
Engineering Division

**Biltmore Lake Block I, Phase 2 Sewer Extension
MSD Project # 2016042**

Metropolitan Sewerage District of Buncombe County

05/04/2017

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

Meeting Date: May 17, 2017
Submitted By: Thomas E. Hartye, PE., General Manager
Prepared By: W. Scott Powell, CLGFO, Director of Finance
Reviewed By: Billy Clarke, Board Counsel
Subject: Series Resolution authorizing issuance of revenue bonds

Background

On April 19, 2017, the Board approved making application to the North Carolina Local Government Commission (“LGC”) to issue revenue bonds to provide funding for the CIP and a partial refunding of the District's outstanding Series 2009A revenue bonds. The application was submitted on May 2, 2017 Pursuant to its Bond Order, the District Board is required to adopt a Series Resolution authorizing issuance of the bonds and related actions necessary to sell the bonds.

Discussion

The attached Series Resolution ① Authorizes issuance of bonds designated “Metropolitan Sewerage District of Buncombe County Sewerage System Revenue Bonds Series 2017” (the “Series 2017 Bonds”) in an aggregate principal amount not to exceed \$44,750,000 to pay for the replacement and rehabilitation of sewer lines and treatment plant improvements, partial refunding of Series 2009A revenue bonds and to pay the costs of issuance of the bonds; ② Authorizes the form of the Series 2017 Bonds; ③ Appoints the Bank of New York Mellon Trust Company, N. A. as Trustee for the proceeds of the Series 2017 Bonds and establishes certain accounts with the Trustee for the proceeds of the sale of the Series 2017 Bonds; ④ Authorizes the General Manager to determine the final aggregate amount of the bonds (not to exceed \$44,750,000), to determine the maturities and the sale date and to negotiate the final sale in accordance with certain limitations; ⑤ Obligates the District to promptly pay interest and principal on the Series 2014 Bonds when due; ⑥ Approves the Official Statement for the Series 2017 Bonds; ⑦ Requests the LGC to award the Series 2017 Bonds to Wells Fargo, National Association, at an underwriters discount of not more than one percent (1%) of the par amount of the bonds subject to the approval of the General Manager; ⑧ Approves the Bond Purchase Agreement with Wells Fargo, National Association and authorizes the Board Chair and the General Manager to execute the Bond Purchase Agreement; and ⑨ Authorizes and directs Officers and Agents of the District and Trustee to do all acts and things required of them by the Series Resolution and the Bond Order to complete the sale of the Series 2017 Bonds.

The Series Resolution was drafted by the District’s Bond Counsel, McGuireWoods LLP and has been reviewed and approved by the Local Government Commission and by the District’s counsel, Billy Clarke.

Meeting Date: May 17, 2017
Subject: Series Resolution authorizing issuance of revenue bonds
Page 2

Financial Impact

The Business Plan is attached to provide the financial impact of the debt refunding to the District. The Business Plan incorporates this debt issuance with anticipated future revenue and expenditure assumptions. Based on these assumptions, the District will be able to maintain its net revenues in amount equal to approximately 1.5x debt service coverage into the foreseeable future. Staff has also included a detailed list of projects for which the District will be reimbursed by this debt issuance.

Staff Recommendation

Staff recommends approval of the attached resolution.

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, NORTH CAROLINA

SERIES RESOLUTION

Adopted May 17, 2017

Authorizing and Securing Not Exceeding
\$44,750,000

Metropolitan Sewerage District of Buncombe County, North Carolina
Sewerage System Revenue and Revenue Refunding Bonds, Series 2017

SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$44,750,000 SEWERAGE SYSTEM REVENUE AND REVENUE REFUNDING BONDS, SERIES 2017 OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, PURSUANT TO THE PROVISIONS OF SECTION 2.08 OF THE AMENDED AND RESTATED BOND ORDER ADOPTED BY THE DISTRICT BOARD OF SAID DISTRICT ON APRIL 21, 1999, AS AMENDED.

WHEREAS, the Metropolitan Sewerage District of Buncombe County (the “District”), a public body and body politic and corporate in the County of Buncombe, State of North Carolina, is authorized under the provisions of The State and Local Government Revenue Bond Act, as amended (the “Act”) to acquire, lease, construct, reconstruct, improve, extend, enlarge, equip, repair, maintain and operate any sewerage system or part thereof within and without the District, to issue revenue bonds of the District to pay the cost of a sewerage system and to issue revenue refunding bonds; and

WHEREAS, the District has heretofore issued (a) \$33,635,000 principal amount of its Sewerage System Revenue Refunding Bonds, Series 2008A, which are currently outstanding in the principal amount of \$29,805,000, (b) \$17,205,000 principal amount of its Sewerage System Revenue Bonds, Series 2009A, which are currently outstanding the principal amount of \$14,085,000 (the “Series 2009A Bonds”), (c) \$13,360,000 of its Sewerage System Revenue Refunding Bonds, Series 2009B, which are currently outstanding in the principal amount of \$1,845,000, (d) \$30,230,000 principal amount of its Sewerage System Revenue Refunding Bonds, Series 2013, which are currently outstanding in the principal amount of \$18,685,000, and (e) \$26,195,000 of its Sewerage System Revenue Bonds, Series 2014, which are currently outstanding in the principal amount of \$24,995,000, pursuant to the Act and an amended and restated bond order adopted by the District Board of the District (the “Board”) on April 21, 1999 (the “Amended and Restated Bond Order” and, together with any orders supplemental and amendatory thereto, the “Order”); and

WHEREAS, Section 2.08 of the Order authorizes the issuance, from time to time, of additional revenue bonds of the District in one or more series for the purpose of providing funds for paying, with any other available funds, all or any part of the Cost of any Additional Project (as defined in the Order) and all or any part of completing payment for the Cost of the Project (as defined in the Order) and any Additional Project; and

WHEREAS, the District has determined that it is necessary to acquire and construct a certain Additional Project which is described in Appendix A to this Series Resolution (the “2017 Project”) and to pay the cost of the 2017 Project by issuing an additional series of revenue bonds and using any other available funds as authorized by Section 2.08 of the Order; and

WHEREAS, Section 2.08 of the Order also authorizes the issuance, from time to time, of additional revenue bonds of the District in one or more series for the purpose of providing funds for paying, with any other available funds, the cost (including financing costs) of refunding any Bonds (as defined in the Order); and

WHEREAS, the Board has determined to issue a series of revenue and revenue refunding bonds of the District designated “Sewerage System Revenue and Revenue Refunding Bonds, Series 2017” (the “Series 2017 Bonds”) pursuant to Section 2.08 of the Order for the purpose of providing funds, together with other available funds, to (a) pay certain costs of the 2017 Project and reimburse the District for costs of the 2017 Project paid prior to the date of issuance of the Series 2017 Bonds, (b) to refund all or a portion of the callable maturities of the outstanding Series 2009A Bonds and (c) pay certain costs and expenses incurred in connection with the issuance of the Series 2017 Bonds; and

WHEREAS, the Board has received information to the effect that the District will be able to satisfy the requirements of Sections 2.08 and 7.16 of the Order with respect to the issuance of the Series 2017 Bonds; and

WHEREAS, the District has submitted an application to the Local Government Commission of North Carolina (the “Local Government Commission”) requesting approval for the issuance of the Series 2017 Bonds and the sale of the Series 2017 Bonds at private sale and without advertisement as required by Section 159-123 of the North Carolina General Statutes;

NOW, THEREFORE, THE DISTRICT BOARD OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY DOES HEREBY RESOLVE, as follows:

Section 1. Definitions.

(a) Meaning of Words and Terms. Unless otherwise required by the context, words and terms used herein which are defined in the Order shall have the meanings assigned to them therein, and the following words and terms shall have the following meanings:

“Bond Registrar” means The Bank of New York Mellon Trust Company, N.A., as designated by Section 2(a) of this Series Resolution.

“Bond Year” means the period commencing on July 1 of any year and ending on June 30 of the following year; provided, however, that the initial Bond Year shall commence on the delivery date of the Series 2017 Bonds and end on June 30, 2018.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., and any successor thereto under the Escrow Deposit Agreement.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement, dated as of July 1, 2017, between the District and the Escrow Agent.

“Escrow Fund” means the fund so designated and created under the Escrow Deposit Agreement.

“Interest Payment Date” means January 1, 2018 and each January 1 and July 1 thereafter, to and including July 1, 2042.

“Investment Obligations” means any investment permitted by Section 159-30 of the North Carolina General Statutes, as amended from time to time, or any successor statute.

“Rating Agency” means Fitch Ratings, Moody’s Investors Service, Inc. and S&P Global Ratings, and their respective successors and assigns.

“Regular Record Date” means the 15th day of the month preceding any Interest Payment Date, whether or not a Business Day.

“Rule 15c2-12” means Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended.

“Securities Depository” means The Depository Trust Company, New York, New York, or other recognized securities depository selected by the District, which maintains a book-entry system in respect of the Series 2017 Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name shall be registered on the registration books maintained by the Bond Registrar the Series 2017 certificates to be required to be deposited with the Bond Registrar during the continuation with such Securities Depository of participation in such book-entry system.

“Serial Bonds” means the Series 2017 Bonds, if any, that are designated as such and mature on July 1 in the years and amounts set forth in the Series Certificate.

“Series 2017 Bonds” means the Metropolitan Sewerage District of Buncombe County, Sewerage System Revenue and Revenue Refunding Bonds, Series 2017, issued pursuant to the Order and this Series Resolution.

“Series 2017 Project Account” means the account in the Construction Fund created and so designated by Section 4(a) of this Series Resolution.

“Series 2017 Subaccount of the Interest Account” means the subaccount in the Interest Account of the Bond Fund created and so designated by Section 4(a) of this Series Resolution.

“Series 2017 Subaccount of the Principal Account” means the subaccount in the Principal Account of the Bond Fund created and so designated by Section 4(a) of this Series Resolution.

“Series 2017 Subaccount of the Redemption Account” means the subaccount in the Redemption Account of the Bond Fund created and so designated by Section 4(a) of this Series Resolution.

“Series 2017 Subaccount of the Sinking Fund Account” means the subaccount in the Sinking Fund Account of the Bond Fund created and so designated by Section 4(a) of this Series Resolution.

“Series Certificate” shall have the meaning given such term by Section 2(e) of this Series Resolution.

“Sinking Fund Requirement” means, with respect to the Term Bonds, if any, for any Bond Year, the principal amount fixed or computed as provided in the Series Certificate for the retirement of the Term Bonds by purchase or redemption on July 1 of the following Bond Year.

The Sinking Fund Requirement for the Term Bonds, if any, for each Bond Year shall be initially the respective principal amounts of the Term Bonds to be redeemed, or otherwise retired, on July 1 of the following Bond Year, as set forth in the Series Certificate.

During any Bond Year on or before the 45th day next preceding any July 1 on which Series 2017 Bonds, which are Term Bonds, are to be retired pursuant to the Sinking Fund Requirement, the District may deliver to the Trustee for cancellation Term Bonds required to be redeemed on such July 1 in any aggregate principal amount desired and receive a credit against amounts required to be transferred from the Series 2017 Subaccount of the Sinking Fund Account on account of such Series 2017 Bonds in the amount of 100% of the principal amount of any such Term Bonds so purchased. If, during any Bond Year, the total principal amount of Term Bonds retired by purchase or redemption under the provisions of this Series Resolution and the Series Certificate shall be greater than the amount of the Sinking Fund Requirement for such Term Bonds, the subsequent Sinking Fund Requirements for such Term Bonds shall be reduced by the amount of such excess as shall be specified in an Officer’s Certificate filed with the Trustee on or prior to July 15 of the next ensuing Bond Year.

It shall be the duty of the Trustee, on or before the 15th day of July in each Bond Year, to recompute, if necessary, the Sinking Fund Requirement for such Bond Year and all subsequent Bond Years for the Term Bonds Outstanding; provided, however, that such recomputation is to be based solely and exclusively on an Officer’s Certificate filed with the Trustee. The Sinking Fund Requirement for such Bond Year as so recomputed shall continue to be applicable during the balance of such Bond Year and no adjustment shall be made therein by reason of Term Bonds purchased or redeemed or called for redemption during such Bond Year.

If any Term Bonds are redeemed or purchased by operation of the Series 2017 Subaccount of the Redemption Account or the Series 2017 Subaccount of the Sinking Fund Account, the Trustee shall reduce future Sinking Fund Requirements therefor in such manner as shall be specified in an Officer’s Certificate to be filed with the Trustee pursuant to Section 3(b) or Section 4(e) of this Series Resolution.

“Term Bonds” means the Series 2017 Bonds, if any, that are designated as such and mature on July 1 in the years and amounts set forth in the Series Certificate.

(b) Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Series Resolution unless some other reference is indicated.

Section 2. Authorization, Form, Issuance, Delivery and Registration of the Series 2017 Bonds.

(a) Authorization of the Series 2017 Bonds. Pursuant to the Act and Section 2.08 of the Order, the District hereby authorizes the issuance of revenue and revenue refunding bonds of the District, designated “Metropolitan Sewerage District of Buncombe County Sewerage System Revenue and Revenue Refunding Bonds, Series 2017” (the “Series 2017 Bonds”) in an aggregate principal amount not exceeding \$44,750,000 for the purpose of providing funds, together with other available funds, to (1) pay the Costs of the 2017 Project and reimburse the District for Costs of the 2017 Project paid prior to the date of issuance of the Series 2017 Bonds, (2) refund all or a portion of the callable maturities of the outstanding Series 2009A Bonds and (3) pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds. The Series 2017 Bonds shall be dated the date of delivery thereof.

The Bank of New York Mellon Trust Company, N.A. is hereby appointed Bond Registrar for the Series 2017 Bonds.

(b) Form of Series 2017 Bonds. The Series 2017 Bonds are issuable in fully registered form in denominations of \$5,000 or any whole multiple thereof, shall be lettered “R2017-” and shall be numbered from 1 consecutively upward. The Series 2017 Bonds and the Certificate of the Local Government Commission and the Certificate of Authentication to be endorsed on all the Series 2017 Bonds shall be substantially in the following forms, with such variations, omissions and insertions as are required or permitted by the Order or this Series Resolution:

[Form of Series 2017 Bond]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. R2017-

\$ _____

United States of America
State of North Carolina
County of Buncombe

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY
SEWERAGE SYSTEM REVENUE AND REVENUE REFUNDING BOND, SERIES 2017

<u>Maturity Date</u>	<u>Original Issuance Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
July 1, 20__	July __, 2017	_____ %	_____

The Metropolitan Sewerage District of Buncombe County (the “District”), a public body and body politic and corporate in the County of Buncombe, State of North Carolina, is justly indebted and for value received hereby promises to pay, solely from the sources and in the manner hereinafter set forth, to CEDE & CO., or registered assigns or legal representative, on the maturity date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., or any successor bond registrar (the “Bond Registrar”), the principal sum of

_____ DOLLARS (\$ _____)

The District promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, or it is authenticated prior to January 1, 2018, in which event it shall bear interest from the Original Issuance Date set forth above, payable on January 1, 2018, and semiannually thereafter on January 1 and July 1 of each year at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the regular record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding an interest payment date (the “Regular Record Date”). Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person who was the registered owner on such Regular Record Date and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date, as defined in the hereinafter-mentioned Order, for the payment of such defaulted interest to be fixed by the Trustee hereinafter mentioned, notice whereof being given to registered owners not less than ten (10) days prior to such Special Record Date, or may be paid in any other lawful manner not inconsistent with the requirements of applicable law or any securities exchange on which the bonds may be listed and upon such notice as may be required by such law or exchange, all as more fully provided in the Order. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of revenue and revenue refunding bonds of the District, designated “Sewerage System Revenue and Revenue Refunding Bonds, Series 2017” (the “Series 2017 Bonds”), issued for the purpose of providing funds, together with other available funds, to (i) pay certain costs of the 2017 Project (as defined in the Series Resolution) or reimburse the District for costs of the 2017 Project paid prior to the Original Issuance Date set

forth above, (ii) refund all or a portion of the callable maturities of the District's outstanding Sewerage System Revenue Bonds, Series 2009A (the "Series 2009A Bonds") and (iii) pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds.

The Series 2017 Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Series Resolution, as hereinafter defined. One Series 2017 Bond certificate with respect to each date on which the Series 2017 Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Series Resolution) is being issued and required to be deposited with the Bond Registrar and immobilized in its custody. The book-entry system will evidence positions held in the Series 2017 Bonds by the Securities Depository's participants, beneficial ownership of the Series 2017 Bonds in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of ownership will be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The District, the Bond Registrar and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Series 2017 Bond, as the owner of this Series 2017 Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Series 2017 Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2017 Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The District, the Bond Registrar and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, the Securities Depository's participants or persons acting through such participants. While the Securities Depository Nominee is the registered owner of this Series 2017 Bond, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2017 Bond shall be made in accordance with existing arrangements between the Bond Registrar or its successors under the Order and the Series Resolution and the Securities Depository.

The Series 2017 Bonds are being issued under and pursuant to the Constitution and laws of the State of North Carolina, including the North Carolina Metropolitan Sewerage Districts Act, as amended, and The State and Local Government Revenue Bond Act, as amended (collectively, the "Act"), an amended and restated bond order duly adopted by the District Board of the District (the "Board") on April 21, 1999 (said amended and restated bond order, together with all orders supplemental and amendatory thereto as therein permitted, being herein collectively called the "Order") and a series resolution duly adopted by the Board on May 17, 2017 (the "Series Resolution"). The District has heretofore issued and secured under the Order \$33,635,000 principal amount of its Sewerage System Revenue Refunding Bonds, Series 2008A (the "Series 2008A Bonds"), \$17,205,000 original principal amount of the Series 2009A Bonds, \$13,360,000 original principal amount of its Sewerage System Revenue Refunding Bonds, Series 2009B (the "Series 2009B Bonds"), \$30,230,000 original principal amount of its Sewerage System Revenue Refunding Bonds, Series 2013 (the "Series 2013 Bonds") and \$26,195,000 original principal amount of its Sewerage System Revenue Bonds, Series 2014 (the "Series 2014 Bonds") for the purpose of paying, directly or indirectly, the cost of acquiring and constructing

Additional Projects (as defined in the Order) of the System and refunding bonds issued under the Order. The Order provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of additional bonds to provide funds for paying all or any part of the cost of acquiring and constructing any Additional Project (as defined in the Order), to provide funds for completing payment of the cost of the Project (as defined in the Order) and any Additional Project, and to provide funds to pay the cost (including financing costs) of refunding any bonds issued under the Order, Parity Debt (as defined in the Order) or Subordinated Indebtedness (as defined in the Order) (such additional bonds, the outstanding Series 2008A Bonds, the unrefunded portion of the Series 2009A Bonds, the outstanding Series 2009B Bonds, the outstanding Series 2013 Bonds, the outstanding Series 2014 Bonds and the Series 2017 Bonds being herein collectively called the “Bonds”). Copies of the Order and the Series Resolution are on file at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) in Jacksonville, Florida. By the acceptance of this bond, the registered owner hereof assents to all of the provisions of the Order and the Series Resolution.

The Series 2017 Bonds are special obligations of the District secured by a pledge, charge and lien upon Net Receipts (as defined in the Order). The District is not obligated to pay the principal of or interest on the Series 2017 Bonds except, as provided in the Order, from Net Receipts or certain other monies made available therefor under the Order and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the District is pledged to the payment of the principal of and the interest on the Series 2017 Bonds. The Order provides for the issuance or incurrence from time to time under the conditions, limitations and restrictions therein set forth of Bonds and Parity Debt (as defined in the Order) secured on a parity as to the pledge of Net Receipts.

Reference is hereby made to the Order and the Series Resolution for a more complete statement of the provisions thereof and the rights of the District, the Trustee and the registered owners of the Series 2017 Bonds.

The Order provides for the creation of a special fund designated the “Metropolitan Sewerage District of Buncombe County, North Carolina Sewerage System Revenue Bonds Bond Fund” (the “Bond Fund”). Pursuant to the Series Resolution, special subaccounts have been created within the various accounts of the Bond Fund with respect to the Series 2017 Bonds (the “Subaccounts”), which Subaccounts are pledged to and charged with the payment for the principal of and interest on the Series 2017 Bonds. The Series Resolution also provides for the deposit of Net Receipts to the credit of the Subaccounts to the extent and in the manner provided in the Order.

The Order provides for the charging by the District of rates, fees and charges for the use of and for the services and facilities furnished or to be furnished by the System (as defined in the Order) in order to produce at all times sufficient Gross Receipts (as defined in the Order) to pay Current Expenses (as defined in the Order) and the principal of and interest on all Parity Indebtedness (as defined in the Order) and Subordinate Indebtedness (as defined in the Order) as the same shall become due and to create certain reserves for such purposes.

The Series 2017 Bonds are issuable in fully registered form, in such denominations as the Board may by resolution determine. At the principal corporate trust office of the Bond Registrar,

in the manner and subject to the limitations and conditions provided in the Order, Series 2017 Bonds may be exchanged for an equal aggregate principal amount of Series 2017 Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The transfer of this bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Bond Registrar but only in the manner and subject to the limitations and conditions provided in the Order and upon surrender and cancellation of this bond. Upon any such registration of transfer the District shall execute and the Bond Registrar shall authenticate and deliver in exchange for this bond a new Series 2017 Bond or Series 2017 Bonds, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this bond, of the same series and maturity and bearing interest at the same rate. The District or the Bond Registrar may make a charge for every such exchange or registration of transfer of Series 2017 Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any registered owner for the privilege of exchanging or registering the transfer of Series 2017 Bonds. Neither the District nor the Bond Registrar shall be required to make any such exchange or registration of transfer of Series 2017 Bonds during the fifteen (15) days immediately preceding the date of first giving of notice of any redemption of Series 2017 Bonds or any portion thereof or of any Series 2017 Bond after such Series 2017 Bond or any portion thereof has been selected for redemption.

[The Series 2017 Bonds at the time outstanding that are stated to mature on or after July 1, 20__ may be redeemed prior to their respective maturities, at the option of the District, on or after July 1, 20__ in whole or in part on any date, in such order of maturity as the District in its discretion may determine and by lot within a single maturity, from any moneys that may be available for such purpose, at the following redemption prices (expressed as a percentage of the principal amount of Series 2017 Bonds to be redeemed), plus the interest accrued thereon to the redemption date:

<u>Redemption Dates (inclusive)</u>	<u>Redemption Price</u>
July 1, 20_ to June 30, 20__	__%
July 1, 20_ to June 30, 20__	__%
July 1, 20_ and thereafter	__%]

[The Series 2017 Bonds at the time outstanding that are stated to mature on July 1, 20__ are required to be redeemed from moneys in the Series 2017 Subaccount of the Sinking Fund Account, as defined in the Order, on July 1, 20__, and on each July 1 thereafter set forth below, in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount of such Series 2017 Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Principal Amount</u>
*	\$

* Maturity Date]

[The Series 2017 Bonds at the time outstanding that are stated to mature on July 1, 20__ are required to be redeemed from moneys in the Series 2017 Subaccount of the Sinking Fund Account, as defined in the Order, on July 1, 20__, and on each July 1 thereafter set forth below, in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount of such Series 2017 Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Principal Amount</u>
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* Maturity Date]

If less than all of the Series 2017 Bonds are called for redemption, the Series 2017 Bonds to be so redeemed shall be called for redemption in the manner that the District shall determine as set forth in an Officer's Certificate filed with the Trustee. If less than all of the Series 2017 Bonds of any one maturity are called for redemption, the Bond Registrar shall select the Series 2017 Bonds to be redeemed by lot, each \$5,000 portion of principal being counted as one 2014 Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2017 Bonds is Cede & Co., such selection shall be made by DTC.

Not more than forty-five (45) days and at least thirty (30) days before the redemption date of any Series 2017 Bonds, the Bond Registrar shall cause a notice of any such redemption, either in whole or in part, signed by the Bond Registrar, to be mailed, first-class, postage prepaid, to all registered owners of Series 2017 Bonds or portions of Series 2017 Bonds to be redeemed at their addresses as they appear on the registration books of the District kept by the Bond Registrar, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption as to any registered owners to whom such notice was given as so required. The Bond Registrar shall also cause a notice of any such redemption to be given to such other parties as provided in the Series Resolution. On the date designated for redemption, notice having been given as aforesaid, the Series 2017 Bonds or portions of Series 2017 Bonds so called for redemption shall become and be due and payable at the redemption price provided for the redemption of such Series 2017 Bonds or portions thereof on such date, and, if moneys for payment of the redemption price and the accrued interest are held by the Bond Registrar, as provided in the Order, interest on such Series 2017 Bonds or portions thereof shall cease to accrue, such Series 2017 Bonds or portions thereof shall cease to be entitled to any benefit or security under the Order, and the registered owners thereof shall have no rights in respect of such Series 2017 Bonds or portions thereof except to receive payment of the redemption price thereof and the accrued interest so held by the Bond Registrar. If a portion of this bond shall be called for redemption, a new Series 2017 Bond or Series 2017 Bonds in principal amount equal to the unredeemed portion hereof, of the same maturity and bearing interest at the same rate will be issued to the registered owner upon surrender hereof.

With respect to any notice of redemption of Series 2017 Bonds (other than a notice given with respect to a mandatory sinking fund redemption), such notice may state that such redemption shall be conditional upon the receipt by the Trustee or the Bond Registrar, on or prior to the date fixed for such redemption, of moneys sufficient to pay the redemption price of and accrued interest on the such Series 2017 Bonds to be redeemed, and that if such moneys shall not

have been so received, said notice shall be of no force and effect and the District shall not be required to redeem such Series 2017 Bonds. In the event that such notice of redemption contains such a provision and such moneys are not so received, the redemption shall not be made and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

The registered owner of this bond shall have no rights to enforce the provisions of the Order or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Order or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Order.

In certain events, on the conditions, in the manner and with the effect set forth in the Order, the principal of all Bonds and Parity Debt then outstanding under the Order may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Order may be made by the District only to the extent and in the circumstances permitted by the Order.

As declared by the Act, this bond, subject only to the provisions for registration and registration of transfer stated herein and contained in the Order, is an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of the State of North Carolina.

This bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina, the Order and the Series Resolution to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Order until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the Metropolitan Sewerage District of Buncombe County has caused this bond to bear the [manual] [facsimile] signatures of the Chairperson and the Secretary-Treasurer of the Board of the District and [a facsimile of] the corporate seal of the District to be imprinted hereon, all as of the ____ day of ____, 2017.

METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY

By: _____
Chairperson

By: _____
Secretary-Treasurer

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act of North Carolina.

Secretary
Local Government Commission of North Carolina

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the series designated therein and issued under the provisions of the within-mentioned Order.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Bond Registrar

By: _____
Authorized Officer

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

the within bond and all right thereunder, and hereby irrevocably constitutes and appoints

attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

(c) Details of Series 2017 Bonds. The Series 2017 Bonds shall be dated as of the date of their delivery, shall be stated to mature on July 1, in such years and amounts, shall bear interest, payable on January 1, 2018 and semiannually thereafter on January 1 and July 1 in each year, at such rate or rates, and shall have such optional redemption provisions as shall be set forth in the Series Certificate; provided, however, that the final maturity of the Series 2017 Bonds shall not be later than July 1, 2042 and the true interest cost thereof shall not exceed five percent (5.00%). The Series 2017 Bonds that are designated as Term Bonds in the Series Certificate shall have such Sinking Fund Requirements as set forth in such certificate.

The Series 2017 Bonds shall be issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond certificate with respect to each date on which the Series 2017 Bonds are stated to mature, in the aggregate principal amount of the Series 2017 Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), will be issued and required to be deposited with the Bond Registrar and immobilized in its custody. The book-entry system will evidence ownership of the Series 2017 Bonds in the principal amount of \$5,000 or any multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of and any redemption premium on each Series 2017 Bond and interest with respect thereto shall be payable to Cede & Co. or any other person appearing on the registration books of the District as the registered owner of such Series 2017 Bond or its registered assigns or legal representatives. Transfer of principal, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2017 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The District, the Bond Registrar and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (i) DTC determines not to continue to act as Securities Depository for the Series 2017 Bonds or (ii) the District determines that continuation of the book-entry system of evidence and transfer of ownership of the Series 2017 Bonds would adversely affect the interests of the beneficial owners of the Series 2017 Bonds, the District will discontinue the book-entry system with DTC. If the District identifies another qualified Securities Depository to replace DTC, the District will make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the outstanding Series 2017 Bonds, and the references to DTC or Cede & Co. in this Series Resolution shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the District fails to identify another qualified Securities Depository to replace DTC, the District will deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any multiple thereof in exchange for the outstanding Series 2017 Bonds as required by DTC.

(d) Delegation and Standards. The District hereby delegates to the General Manager of the District, subject to the limitations contained herein, the power to determine and carry out the following with respect to the Series 2017 Bonds:

(i) Principal Amount. To determine the aggregate principal amount of the Series 2017 Bonds and the principal amounts of each maturity of the Series 2017 Bonds, such principal amount, not to exceed \$44,750,000, to be sufficient for the purposes described in Section 2(a) of this Series Resolution;

(ii) Maturities. To determine the maturity dates of the Series 2017 Bonds and the final maturity date thereof, such final stated maturity not to extend beyond July 1, 2042;

(iii) Serial Bonds and Term Bonds. To determine the Series 2017 Bonds, if any, to be designated as and comprising Serial Bonds and the Series 2017 Bonds, if any, to be designated as and comprising Term Bonds;

(iv) Optional Redemption Requirements. To determine the optional redemption provisions and redemption prices, if any, relating to the Series 2017 Bonds;

(v) Sinking Fund Requirements. To determine the Sinking Fund Requirements for any Series 2017 Bonds designated as and comprising Term Bonds;

(vi) Date of Sale. To determine the date of the sale of the Series 2017 Bonds;

(vii) Negotiated Sale. To approve the sale of the Series 2017 Bonds in a negotiated sale in accordance with the provisions of Section 16 of this Series Resolution; provided, however, that the true interest cost for the Series 2017 Bonds shall not exceed five percent (5.00%) and, provided further, that the underwriters' discount for the Series 2017 Bonds shall not exceed one percent (1.00%) of the par amount of the Series 2017 Bonds;

(viii) Refunding of Series 2009A Bonds. To determine the specific maturities and principal amounts of the Series 2009A Bonds to be refunded; and

(ix) Other Provisions. To determine any other provisions deemed advisable and not in conflict with the provisions of this Series Resolution or the Order.

(e) Series Certificate. The General Manager of the District shall execute a certificate or certificates (collectively, the “Series Certificate”) evidencing the determinations or other actions taken by him pursuant to the authority granted in this Series Resolution, and any such Series Certificate shall be conclusive evidence of the action taken.

(f) Issuance and Delivery of Series 2017 Bonds: Application of Certain Proceeds and Certain Other Moneys. The Series 2017 Bonds shall be executed substantially in the forms and in the manner herein set forth and shall be deposited with the Bond Registrar for authentication, but before the Series 2017 Bonds shall be authenticated and delivered to the purchasers thereof, there shall be filed with the Trustee the items required to be delivered to the Trustee pursuant to Section 2.08 of the Order.

When the documents mentioned in Section 2.08 of the Order shall have been filed with the Trustee, and when the Series 2017 Bonds shall have been executed and authenticated as required by this Series Resolution, the Series 2017 Bonds shall be delivered to or upon the order of the purchasers thereof, but only upon the deposit with the Trustee of the purchase price of the Series 2017 Bonds.

Section 3. Redemption of Series 2017 Bonds.

(a) Redemption of Series 2017 Bonds.

(i) The Series 2017 Bonds shall not be subject to prior redemption except as provided in the Series Certificate, this Section 3 and in Article III of the Order.

(ii) The Series 2017 Bonds shall be subject to redemption, at the option of the District, at such times and at such redemption prices as shall be set forth in the Series Certificate.

(iii) The Term Bonds, if any, shall be subject to mandatory redemption, as specified in the Series Certificate and shall be redeemed to the extent of any Sinking Fund Requirement therefor on July 1 immediately following each Bond Year in which there is a Sinking Fund Requirement, at a redemption price equal to 100% of the principal amount of Term Bonds to be redeemed, plus accrued interest to the redemption date.

(b) Selection of Series 2017 Bonds for Redemption. The Series 2017 Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2017 Bonds are called for redemption, the Series 2017 Bonds to be so redeemed shall be called for redemption in the manner set forth in an Officer’s Certificate filed with the Trustee.

If less than all of the Series 2017 Bonds of any one maturity are to be called for redemption, the Bond Registrar shall select the Series 2017 Bonds to be redeemed by lot, each five thousand dollar (\$5,000) portion of principal being counted as one Series 2017 Bond for this purpose; provided, however, that so long as the only Owner of the Series 2017 Bonds is a Securities Depository Nominee, such selection shall be made by the Securities Depository. If less than all of any one maturity of Series 2017 Bonds that are Term Bonds are called for redemption at the option of the District, the principal amount of Series 2017 Bonds so redeemed shall be applied in satisfaction, in whole or in part, of the Sinking Fund Requirement with respect to such Term Bond payable in such year or years as the District shall determine in its discretion. The District shall thereafter cause an Officer's Certificate to be filed with the Trustee not later than July 15 of the following Bond Year setting forth the Bond Years in which the Sinking Fund Requirements with respect to Term Bonds are to be reduced and the amount by which the Sinking Fund Requirements so determined are to be reduced. Any adjustment to the Sinking Fund Requirements shall be based solely and exclusively on an Officer's Certificate filed with the Trustee.

(c) Redemption Notice. At least thirty (30) days but not more than forty-five (45) days prior to the redemption date of any Series 2017 Bonds to be redeemed, whether such redemption be in whole or in part, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to all Owners of Series 2017 Bonds to be redeemed in whole or in part, provided that notice to any Securities Depository shall be sent by registered or certified mail and provided further that failure to mail any such notice to any Owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2017 Bonds of any other Owner to whom such notice has been properly given. The Bond Registrar shall also give such notice of redemption to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access (EMMA) system, or any other entity designated or authorized by the MSRB or the United States Securities and Exchange Commission in accordance with then current guidelines, but failure to mail such notice or any defect therein shall not affect the validity of any proceedings for the redemption of any Series 2017 Bonds. Notwithstanding anything to the contrary herein, the District acknowledges and agrees that the Bond Registrar is not acting as the disclosure/dissemination agent for purposes of Rule 15c2-12 in connection with any notice required to be posted with the MSRB via its Emma system (or any successor thereto) and shall have no liability to any party for its failure to make such filing or any defect therein.

Each such notice shall set forth the designation and date of the Series 2017 Bonds, the CUSIP numbers of the Series 2017 Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the address and phone number of the Trustee and Bond Registrar, the date of the redemption notice, the maturities of the Series 2017 Bonds to be redeemed and, if less than all of the Series 2017 Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Series 2017 Bonds to be redeemed and, in the case of Series 2017 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2017 Bond is to be redeemed in part only, the notice of redemption shall also state that on or after the redemption date, upon surrender of such Series 2017 Bond, a new Series 2017 Bond in principal amount equal to the unredeemed portion of such Series 2017 Bond will be issued.

Any notice of redemption, except a notice of redemption with respect to a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee or Bond Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Series 2017 Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Series 2017 Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Series 2017 Bonds are not received by the Trustee or Bond Registrar on or prior to the redemption date, the redemption shall not be made and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4. Series 2017 Project Account, Subaccounts in Other Accounts, Application of Net Receipts and Investment of Funds.

(a) Establishment of Series 2017 Project Account and Subaccounts in Other Accounts. There is hereby established with the Trustee within the Construction Fund an account designated “Metropolitan Sewerage District of Buncombe County Sewerage System Revenue and Revenue Refunding Bonds, Series 2017 Project Account”, which account constitutes an Additional Project Account within the meaning of the Order.

The following subaccounts are hereto established:

- (i) Series 2017 Subaccount of the Interest Account of the Bond Fund;
 - (ii) Series 2017 Subaccount of the Principal Account of the Bond Fund;
 - (iii) Series 2017 Subaccount of the Sinking Fund Account of the Bond Fund;
- and
- (iv) Series 2017 Subaccount of the Redemption Account of the Bond Fund.

The subaccounts mentioned above shall be established with and held by the Trustee pursuant to the Order and this Series Resolution.

(b) Series 2017 Project Account. On the delivery date of the Series 2017 Bonds, the District shall cause to be deposited with the Trustee, from the proceeds of the Series 2017 Bonds, to the credit of the Series 2017 Project Account in the Construction Fund, such amount as is required by Section 4(c) of this Series Resolution. The Series 2017 Project Account shall be governed by the provisions of Article IV of the Order, and the moneys in the Series 2017 Project Account shall be applied to pay the Cost of the 2017 Project and the costs of issuance of the Series 2017 Bonds.

(c) Application of Proceeds of the Series 2017 Bonds. Simultaneously with the delivery of the Series 2017 Bonds and the deposit of the net proceeds of the Series 2017 Bonds with the Trustee, the Trustee shall apply such net proceeds of the Series 2017 Bonds as follows:

(i) an amount set forth in the Series Certificate shall be transferred to the Escrow Agent for deposit in the Escrow Fund and shall be applied to the refunding of the Series 2009A Bonds to be refunded; and

(ii) the balance of the proceeds of the Series 2017 Bonds shall be deposited to the credit of the Series 2017 Project Account.

(d) Application of Net Receipts. On or before the dates set forth below, the District shall, subject to the provisions of the Order, deposit or cause to be deposited, from Net Receipts held in the Revenue Account, with the Trustee the following amounts, and the Trustee shall apply such amounts to the various subaccounts and account specified herein in the following order:

(i) into the Series 2017 Subaccount of the Interest Account, two Business Days prior to the next ensuing Interest Payment Date, an amount equal to the interest payable on the Series 2017 Bonds on such Interest Payment Date;

(ii) into the Series 2017 Subaccount of the Principal Account, two Business Days prior to July 1 of each year, an amount equal to the principal of all Serial Bonds, if any, due on such July 1; and

(iii) into the Series 2017 Subaccount of the Sinking Fund Account, two Business Days prior to July 1 of each year, the amount required to retire the Term Bonds, if any, to be called by mandatory redemption or to be paid at maturity on such July 1, in accordance with the Sinking Fund Requirements therefor.

In addition, the Trustee shall deposit to the Series 2017 Subaccount of the Redemption Account all amounts as shall be delivered to the Trustee by the District from time to time with written instructions that such amounts be so deposited.

(e) Application of Money in the Series 2017 Subaccount of the Sinking Fund Account. Money held in the Series 2017 Subaccount of the Sinking Fund Account shall be applied during each Bond Year to the purchase or retirement of Term Bonds then Outstanding as follows:

(i) The Trustee shall, at the written request of the District, endeavor to purchase and cancel Term Bonds or portions thereof subject to redemption by operation of the Series 2017 Subaccount of the Sinking Fund Account or maturing on the next ensuing July 1. The purchase price of each such Term Bond shall not exceed par plus accrued interest to the date of purchase. The Trustee shall pay the interest accrued on such Term Bonds to the date of settlement therefor from the Series 2017 Subaccount of the Interest Account or from other funds made available by the District and the purchase price from the Series 2017 Subaccount of the Sinking Fund Account, but no such purchase shall be made by the Trustee from money in the Series 2017 Subaccount of the Sinking Fund Account within the period of forty-five (45) days immediately preceding any July 1 on which such Term Bonds are subject to redemption. The aggregate purchase price of Term Bonds during such Bond Year shall not exceed the amount deposited in the Series 2017 Subaccount of the Sinking Fund Account on account of the Sinking Fund

Requirement for the Term Bonds for such Bond Year. If in any Bond Year the sum of the amount on deposit in the Series 2017 Subaccount of the Sinking Fund Account for the payment of any Term Bonds and the principal amount of the Term Bonds that were purchased during such Bond Year pursuant to the provisions of this paragraph (i) or delivered during such Bond Year to the Trustee by the District exceeds the Sinking Fund Requirement for the Outstanding Term Bonds for such Bond Year, the Trustee, at the written request of the District, shall endeavor to purchase Outstanding Term Bonds with such excess money at a price no greater than par plus accrued interest;

(ii) The Trustee shall call for redemption on July 1 immediately following the then current Bond Year the Term Bonds then subject to redemption in a principal amount equal to the aggregate Sinking Fund Requirement for the Term Bonds for such Bond Year, less the principal amount of any such Term Bonds retired during such Bond Year by purchase pursuant to paragraph (i) of this Section 4(e) or delivered during such Bond Year to the Trustee by the District. If the amount available in the Series 2017 Subaccount of the Sinking Fund Account on such July 1 is not equal to the Sinking Fund Requirement for the Term Bonds for such Bond Year less the principal amount of any such Term Bonds so delivered or purchased and retired, the Trustee shall apply the amount available in the Series 2017 Subaccount of the Sinking Fund Account to the redemption of Term Bonds then subject to redemption so as to exhaust, to the extent practicable, the amount available. On each redemption date the Trustee shall withdraw from the Series 2017 Subaccount of the Sinking Fund Account the amount required to pay the redemption price of the Term Bonds so called for redemption. The amount of interest on the Term Bonds so called for redemption shall be paid from the Series 2017 Subaccount of the Interest Account. If such date is the stated maturity date of any such Term Bonds, the Trustee shall not call such Term Bonds for redemption but, on such maturity, shall withdraw the amount required for paying the principal of such Term Bonds when due and payable.

If on any date there is money in the Series 2017 Subaccount of the Sinking Fund Account and no Term Bonds are then Outstanding or if on any payment date money remains therein after the mandatory redemption of Term Bonds in accordance with the Sinking Fund Requirement therefor, the Trustee shall withdraw such money therefrom and shall apply the same as follows and in the following order: (x) deposit in the Series 2017 Subaccount of the Interest Account and the Series 2017 Subaccount of the Principal Account, the amounts, if any, required to be paid thereto in such month and (y) deliver to the District all remaining amounts for deposit to the Revenue Account.

If, in any Bond Year, by the application of money in the Series 2017 Subaccount of the Sinking Fund Account, the Trustee should purchase or receive from the District and cancel Term Bonds in excess of the aggregate Sinking Fund Requirement for such Bond Year, the Trustee shall file with the District not later than the twentieth (20th) day prior to the next July 1 on which Term Bonds are to be redeemed, a statement identifying the Term Bonds purchased or delivered during such Bond Year and the amount of such excess. The District shall thereafter cause an Officer's Certificate to be filed with the Trustee not later than July 15 of the following Bond Year setting forth with respect to the amount of such excess the Bond Years in which the Sinking Fund Requirements with respect to Term Bonds are to be reduced and the amount by which the

Sinking Fund Requirements so determined are to be reduced. Any adjustment to the Sinking Fund Requirements shall be based solely and exclusively on an Officer's Certificate filed with the Trustee.

Upon the retirement of any Term Bonds by purchase and redemption pursuant to the provisions of this Section, the Trustee shall file with the District a statement identifying such Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Term Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such Term Bonds shall be paid by the District from the Revenue Account or from any other available moneys.

(f) Application of Money in the Series 2017 Subaccount of the Redemption Account. The Trustee shall apply money in the Series 2017 Subaccount of the Redemption Account to the purchase or redemption of Series 2017 Bonds as follows:

(i) Subject to the provisions of clause (iii) of this Section 4(f), at the written request of the District, the Trustee shall endeavor to purchase and cancel Series 2017 Bonds or portions thereof, regardless of whether such Bonds or portions thereof are then subject to redemption, provided that the purchase price of each Series 2017 Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Owner of such Series 2017 Bond under the applicable provisions of the Series 2017 Subaccount of the Redemption Account. The Trustee shall pay the interest accrued on such Bonds or portions thereof to the date of settlement from the Series 2017 Subaccount of the Interest Account or other funds provided by the District and the purchase price from the Series 2017 Subaccount of the Redemption Account, but no such purchase shall be made by the Trustee from money in the Series 2017 Subaccount of the Redemption Account within the period of forty-five (45) days immediately preceding any date on which such Series 2017 Bonds or portions thereof are to be redeemed.

(ii) Subject to the provisions of clause (iii) of this Section 4(f), the Trustee shall call for redemption on a date permitted by this Series Resolution such amount of Series 2017 Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held in the Series 2017 Subaccount of the Redemption Account as nearly as may be practicable; provided, however, that not less than Fifty Thousand Dollars (\$50,000) in principal amount of the Series 2017 Bonds shall be called for redemption at any one time unless the Trustee is so instructed in writing by the District. The Trustee shall pay the accrued interest on the Series 2017 Bonds or portions thereof to be redeemed to the date of redemption from the Series 2017 Subaccount of the Interest Account and the Redemption Price of such Bonds or portions thereof from the Series 2017 Subaccount of the Redemption Account. The Trustee shall withdraw from the Series 2017 Subaccount of the Redemption Account and set aside the respective amounts required to pay the Redemption Price of the Series 2017 Bonds or portions thereof so called for redemption.

(iii) Money in the Series 2017 Subaccount of the Redemption Account shall be applied by the Trustee in each Fiscal Year to the purchase or the redemption of Series

2017 Bonds then Outstanding in accordance with the latest Officer's Certificate filed with the Trustee designating the Series 2017 Bonds to be redeemed.

Upon the retirement of any Series 2017 Bonds by purchase or redemption pursuant to the provisions of this Section, the Trustee shall file with the District a statement identifying such Series 2017 Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses incurred by the Trustee in connection with the purchase or redemption of any such Series 2017 Bonds shall be paid by the District from the Revenue Account or from any other available moneys.

(g) Investment of Money. Money held for the credit of the Series 2017 Project Account and subaccounts in the Bond Fund established by this Series Resolution shall be continuously invested and reinvested by the Trustee at the written direction of the District in Investment Obligations to the extent practicable. Absent written instructions from the District, the Trustee shall not invest any money held for the credit of the Series 2017 Project Account and the subaccounts in the Bond Fund established by this Series Resolution. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such account or subaccounts will be required for the purposes intended. No Investment Obligations in any such account or subaccount may mature beyond the latest maturity date of any Series 2017 Bonds Outstanding at the time such Investment Obligations are deposited.

Investment Obligations acquired with money in or credited to any account or subaccount established by this Series Resolution shall be deemed at all times to be part of such account or subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations shall be charged against such account or subaccount. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations shall be credited to such account or subaccounts as follows:

<u>Accounts or Subaccounts</u>	<u>Credit to</u>
Series 2017 Project Account	Series 2017 Project Account
All Subaccounts	Respective Subaccounts

Any such interest accruing and any such profit realized shall be transferred upon the receipt thereof by the District or the Trustee, as the case may be, pursuant to the provisions of the Order and this Series Resolution.

An Authorized Officer shall give to the Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Section 4(g), and the Trustee shall then invest such money as so directed. The Trustee shall conclusively rely upon such written instructions as to both the suitability and legality of all directed investments. The Trustee may request in writing additional direction or authorization from the Authorized Officer with respect to the proposed investment of money. Upon receipt of such written directions, the Trustee shall invest, subject to the provisions of this Section 4(g), such money in accordance with such written directions. The Trustee shall not be liable to the District for any loss suffered by the District as a result of or in connection with any investment in

Investment Obligations made by the Trustee in good faith as instructed by or approved by an Authorized Officer.

The Trustee shall sell or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to do so in order to provide money to make any payment from any such account or subaccount. The Trustee shall not be liable or responsible for any loss resulting from any such investment.

Whenever a transfer of money between two or more of the accounts or subaccounts is permitted or required, such transfer may be made as a whole or value determined at the time of such transfer in accordance with Article VI of the Order, provided that the Investment Obligations transferred are those in which money of the receiving account or subaccount could be invested at the date of such transfer.

Ratings of Investment Obligations shall be determined at the time of purchase of such Investment Obligations and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Although the District recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the District hereby agrees that confirmations of Investment Obligations are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee may conclusively rely upon the Authorized Officer's written instructions as to both the suitability and legality of the directed investments.

(h) Payment of Principal, Interest and Premium. The District covenants that it will promptly pay the principal of and the interest on every Series 2017 Bond at the places, on the dates and in the manner provided herein and in the Series 2017 Bonds, and any premium required for the retirement of the Series 2017 Bonds by purchase or redemption, according to the true intent and meaning thereof. The District further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Series Resolution and the Order, or in any Series 2017 Bond or in any proceedings of the District pertaining thereto. The District represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Series 2017 Bonds authorized by this Series Resolution and to pledge the Net Receipts in the manner and to the extent in the Order set forth; that all action on its part for the issuance of the Series 2017 Bonds has been duly and effectively taken; and that such Series 2017 Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the District payable according to their terms.

(i) Tax Covenant. The District covenants to do and perform all acts and things permitted by law in order to assure that interest paid on the Series 2017 Bonds which was excludable from the gross income of their Owners for federal income taxes on the date of their issuance shall continue to be so excludable.

Section 5. The Trustee.

(a) Acceptance of Duties by Trustee. Simultaneously with the taking effect of the Order and this Series Resolution, the Trustee shall, by the execution of an instrument of acceptance, accept and agree to perform the duties and fulfill the trusts imposed upon it by this Series Resolution.

(b) Trustee Not Responsible for Disclosure Documents. The Trustee shall have no duty or responsibility to examine or review, and shall have no liability for, the contents of any documents submitted to or delivered to any Owner in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

Section 6. Supplemental Resolutions.

(a) Supplemental Resolutions Without Consent of Owners. The District may, from time to time and at any time, adopt such resolutions supplemental hereto (which supplemental resolutions shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Series Resolution and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners:

(i) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Series Resolution or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Series Resolution;

(ii) to grant or to confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(iii) to add to the covenants and agreements of the District in this Series Resolution other covenants and agreements thereafter to be observed by the District or to surrender any right or power herein reserved to or conferred upon the District;

(iv) to permit the qualification of this Series Resolution under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the District so determines, to add to this Series Resolution or any supplemental Order such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law; or

(v) to provide for the issuance of Series 2017 Bonds in bearer form.

(b) Supplemental Resolutions with Consent of Owners and the Local Government Commission. Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2017 Bonds then Outstanding, shall have the right, from time to time, anything contained in this Series Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Board

of such resolutions supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Series Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Series 2017 Bond without the consent of the Owner of such Series 2017 Bond, (ii) a reduction in the principal amount of any Series 2017 Bond or the redemption premium or the rate of interest thereon without the consent of the Owner of such Series 2017 Bond, (iii) the creation of a pledge of Net Receipts other than the lien and pledge created by the Order without the consent of the Owners of all Series 2017 Bonds, (iv) a preference or priority of any Series 2017 Bond over any other Series 2017 Bond without the consent of the Owners of all Series 2017 Bonds, or (v) a reduction in the aggregate principal amount of Series 2017 Bonds required for consent to such supplemental resolution without the consent of the Owners of all Series 2017 Bonds. Nothing herein contained, however, shall be construed as making necessary the approval by the Owners of the execution and delivery of any supplemental resolution as authorized in Section 6(a) of this Series Resolution.

The Trustee shall, at the expense of the District, such expense to be paid from the Revenue Account or from any other available moneys, cause notice of the proposed adoption of such supplemental resolution to be mailed, postage prepaid, to the Local Government Commission and all Owners of the Series 2017 Bonds. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental resolution when approved and consented to as provided in this Section.

Whenever, at any time within three years after the date of the mailing of such notice, the District shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Series 2017 Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, such supplemental resolution may be adopted by the Board, or, if theretofore adopted by the Board, take effect, in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto; provided, however, that no supplemental resolution shall take effect pursuant to this Section 6(b) prior to the date that the District shall have delivered to the Trustee an instrument evidencing consent to such supplemental resolution by the Local Government Commission.

If the Owners of not less than a majority in aggregate principal amount of the Series 2017 Bonds Outstanding at the date of the adoption or effective date of such supplemental resolution have consented to and approved the adoption thereof as herein provided, to the extent permitted by law, no Owner shall have any right to object to the adoption of such supplemental resolution, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the adoption or taking effect thereof, or enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

(c) Effectiveness of Supplemental Resolution. Upon the adoption or taking effect of any supplemental resolution pursuant to the provisions of this Section 6(a) or (b), this Series Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Series Resolution of the District, the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Series Resolution, as so modified and amended.

(d) Exclusion of Series 2017 Bonds. Series 2017 Bonds owned or held by or for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Series 2017 Bonds provided for in this Section 6, and the District as Owner of such Series 2017 Bonds shall not be entitled to consent or take any other action provided for in this Section 6. At the time of any consent or other action taken under this Article, the District shall furnish the Trustee an Officer's Certificate upon which the Trustee may rely, describing all Series 2017 Bonds so to be excluded.

(e) Rights of the Trustee; Opinion. This Series Resolution may not be amended to alter the rights, duties or obligations of the Trustee or the Bond Registrar without the prior written consent of the Trustee or the Bond Registrar, respectively. No supplement or amendment to this Series Resolution shall be effective prior to the receipt by the Trustee of an opinion of Bond Counsel that such amendment has been duly authorized and is permitted pursuant to the provisions of this Series Resolution.

Section 7. Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the District, the Local Government Commission, the Trustee or the Bond Registrar shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the District—

Metropolitan Sewerage District of Buncombe County
Administration Building
2028 Riverside Drive
Asheville, North Carolina 28804
Attention: General Manager

(b) As to the Trustee or Bond Registrar—

The Bank of New York Mellon Trust Company, N.A.
10161 Centurion Parkway, N.
Jacksonville, Florida 32256
Attention: Corporate Trust Department

(c) As to the Local Government Commission—

North Carolina Local Government Commission
Long Leaf Building

3200 Atlantic Avenue
Raleigh, North Carolina 27604
Attention: Secretary

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

The Trustee has the right to accept and act upon instructions or directions using Electronic Means; provided, however, that the District shall provide to the Trustee an incumbency certificate listing such designated persons with the authority to provide such directions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee directions using Electronic Means and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions and that the Trustee shall conclusively presume that directions that purport to have been sent by a designated person listed on the incumbency certificate provided to the Trustee have been sent by such designated person. The District shall be responsible for ensuring that only designated persons listed on the incumbency certificate provided by the District to the Trustee transmit such directions to the Trustee and that all such designated persons treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees (i) to assume all risks arising out of the use of Electronic Means to submit directions to the Trustee, including without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions to the Trustee and that there may be more secure methods of transmitting directions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Section 8. Substitute Notice. If, because of the temporary or permanent suspension of postal service, the District, the Local Government Commission, the Trustee or the Bond Registrar shall be unable to mail any notice required to be given by the provisions of this Series

Resolution, such party shall give notice in such other manner as in the judgment of such party shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Series Resolution be deemed to be in compliance with the requirement for the mailing thereof.

Section 9. Continuing Disclosure. The District hereby undertakes, for the benefit of the beneficial owners of the Series 2017 Bonds, to provide:

(a) by not later than seven months from the end of each Fiscal Year of the District, commencing with the Fiscal Year ending June 30, 2017, to the Electronic Municipal Market Access system (“EMMA”) (<http://emma.msrb.org>), the audited financial statements of the District for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements are not available by seven months from the end of such Fiscal Year, the unaudited financial statements of the District for such Fiscal Year to be replaced subsequently by the audited financial statements of the District to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each Fiscal Year of the District, commencing with the Fiscal Year ending June 30, 2017, to EMMA, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the headings “INCOME AVAILABLE FOR DEBT SERVICE AND DEBT SERVICE COVERAGE — Historical Income Available for Debt Service and Debt Service Coverage” in the Official Statement of the District, to be dated on or about June 22, 2017, relating to the Series 2017 Bonds (the “Official Statement”), “Rates, Fees and Charges” in Appendix A to the Official Statement and “Commercial Customers” in Appendix A to the Official Statement, to the extent such items are not included in the financial statements referred to in (a) above;

(c) in a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Series 2017 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (5) substitution of any credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2017 Bonds;

(7) modification to the rights of the beneficial owners of the Series 2017 Bonds, if material;

(8) call of any of the Series 2017 Bonds for redemption, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of any property securing repayment of the Series 2017 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the District, which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision over substantially all of the assets or business of the District;

(13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material; and

(14) appointment of a successor Trustee or additional Trustee or the change of name of a Trustee, if material; and

(d) in a timely manner, notice of a failure of the District to provide required annual financial information described in (a) or (b) above on or before the date specified.

If the District fails to comply with the undertaking described above, the Trustee or any beneficial owner of the Series 2017 Bonds may (and the Trustee at the written direction of a majority of beneficial owners and upon receipt of indemnification satisfactory to it, shall) take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an Event of Default and shall not result in any acceleration of payment of the Series 2017 Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Series 2017 Bonds.

The District reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the District, provided that:

(e) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District;

(f) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the Official Statement with respect to the Series 2017 Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(g) any such modification does not materially impair the interests of the beneficial owners, as determined either by bond counsel, or by approving vote of the registered owners of a majority in principal amount of the Series 2017 Bonds pursuant to the terms of the Order, as it may be amended from time to time, at the time of the amendment.

The District agrees that the annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section 9 shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2017 Bonds.

Section 10. District, Trustee, Bond Registrar and Owners Alone Have Rights under Series Resolution. Except as herein otherwise expressly provided, nothing in this Series Resolution, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the District, the Trustee, the Bond Registrar and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this Series Resolution or any provision being intended to be and being for the sole and exclusive benefit of the District, the Trustee, the Bond Registrar and the Owners.

Section 11. Effect of Partial Invalidity. In case any one or more of the provisions of this Series Resolution or the Series 2017 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Series Resolution or the Series 2017 Bonds, but this Series Resolution and the Series 2017 Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Series Resolution or the Series 2017 Bonds shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the District to the full extent permitted by law.

Section 12. Effect of Covenants; Governing Law. All covenants, stipulations, obligations and agreements of the District contained in this Series Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent permitted by the Constitution and laws of the State. This Series Resolution is adopted with the intent that the laws of the State shall govern this construction.

Section 13. Headings. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series Resolution, nor shall they affect its meaning, construction or effect.

Section 14. Payment Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Series Resolution is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Series Resolution.

Section 15. Approval of Official Statement. The form of preliminary official statement (the "Preliminary Official Statement") relating to the relating to the Series 2017 Bonds on file with the Secretary-Treasurer of the Board of the District is hereby deemed approved. Wells Fargo Bank, National Association and R.W. Baird & Co. Inc., as underwriters of the Series 2017 Bonds, are hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in purchasing the Series 2017 Bonds. The General Manager of the District and the Director of Finance of the District, acting singly, is hereby authorized to certify on behalf of the District, that the Preliminary Official Statement was deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12). The Official Statement in substantially said form, with such changes as the Chairperson of the Board of the District or the General Manager of the District may approve (including all information previously permitted to have been omitted by Rule 15c2-12), which approval shall be conclusively evidenced by the delivery of the Official Statement to the underwriters of the Series 2017 Bonds within seven (7) business days of the sale of the Series 2017 Bonds, is hereby approved.

Section 16. Local Government Commission Requested to Award the Series 2017 Bonds. The District hereby requests that the Local Government Commission award the Series 2017 Bonds at negotiated sale without advertisement to Wells Fargo Bank, National Association, as representative of the underwriters of the Series 2017 Bonds, at an underwriters' discount of not more than one percent (1.00%) of the par amount of the Series 2017 Bonds, subject to the approval thereof by the General Manager of the District.

Section 17. Approval of Bond Purchase Agreement and the Escrow Deposit Agreement. The District hereby approves the Bond Purchase Agreement relating to the Series 2017 Bonds (the "Bond Purchase Agreement"), in substantially the form of the draft dated May 3, 2017, and the Escrow Deposit Agreement, in substantially the form of the draft dated May 4, 2017, and hereby authorizes the Chairperson of the Board or the General Manager of the District to execute the Bond Purchase Agreement and the Escrow Deposit Agreement in substantially the forms of such drafts, together with such changes, modifications, insertions and deletions, as he, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the District.

Section 18. Authorization to District Officials and Officers and Agents of Trustee and Bond Registrar. The officers, agents and employees of the District and the officers and agents of

the Trustee and the Bond Registrar are hereby authorized and directed to do all acts and things required of them by the provisions of the Series 2017 Bonds, the Order, the Bond Purchase Agreement, this Series Resolution, the Series Certificate and any other related documents or agreements for the full, punctual and complete performance of the terms, covenants, provisions and agreements therein.

Section 19. Exclusion From Gross Income Covenant. The District covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2017 Bonds to become includable in the gross income of the owners thereof for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

Section 20. Notice to Local Government Commission and Rating Agencies. The Local Government Commission and each Rating Agency then rating the Series 2017 Bonds shall receive notice from the Trustee of the following events: any change in the Trustee or the Bond Registrar; any material change in the Order or this Series Resolution; any acceleration of the Series 2017 Bonds; any redemption (other than any mandatory sinking fund redemption) or defeasance of Series 2017 Bonds, and, to the extent the Trustee has actual knowledge thereof, any issuance of Parity Indebtedness.

Section 21. E-Verify Covenant. The District understands that (1) “E-Verify” is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and (2) Article 2 of Chapter 64 of the General Statutes of North Carolina, as amended (the “E-Verify Statute”), requires employers (as defined in the E-Verify Statute) to verify the work authorization of an employee (as defined in the E-Verify Statute) hired to work in the United States through E-Verify. The District shall comply with the requirements of the E-Verify Statute.

Section 22. Effective Date. This Series Resolution shall take effect immediately upon its adoption. The General Manager of the District is hereby authorized and directed to deliver this Series Resolution upon the issuance of the Series 2017 Bonds with such changes, insertions and omissions as may be approved by the General Manager of the District, such delivery being conclusive evidence of such approval; and provided, however, such changes, insertions and omissions shall be necessary to effectuate the intent of this Series Resolution.

APPENDIX A

DESCRIPTION OF THE 2017 PROJECT

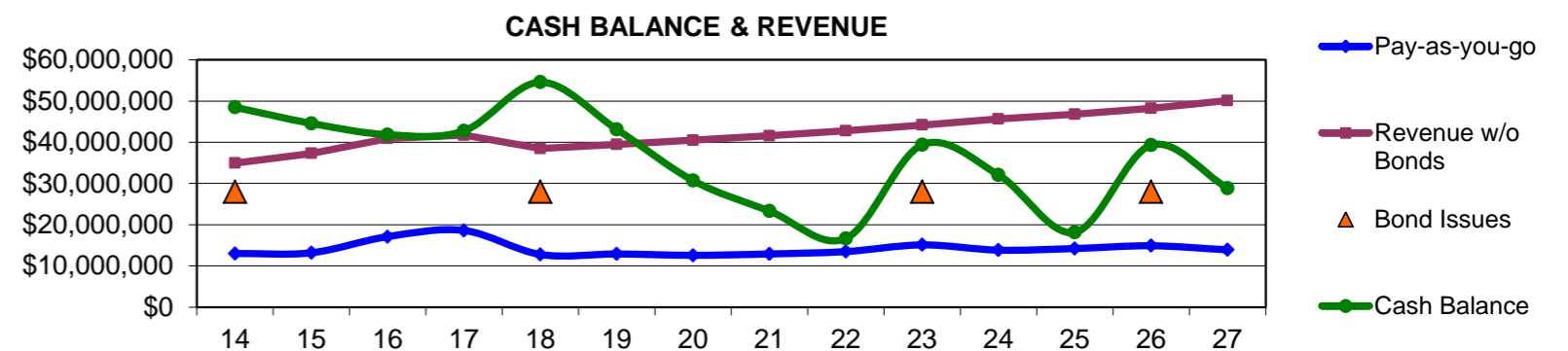
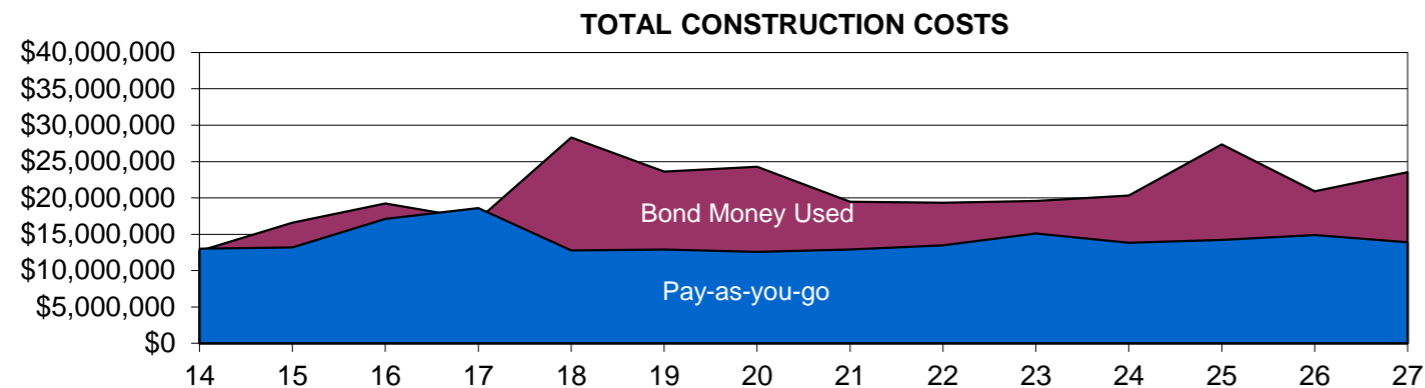
The 2017 Project consists of various improvements to the System including (1) the replacement and rehabilitation of various sewer interceptors and collection lines and (2) the replacement of, and installation of equipment for, certain portions of the wastewater treatment plant of the District. Certain details relating to the 2017 Project are set forth below.

Sewer interceptors and collection lines replacement and rehabilitation. The 2017 Project includes 14 projects located throughout the District which replaced and/or rehabilitated old lines in poor structural condition. These projects include replacing or lining 54,256 linear feet of 8-inch through 36-inch collection/interceptor pipe.

Incinerator System Emissions Upgrades. The Sewage Sludge Incinerator (“SSI”) is located at the Water Reclamation Facility. It plays a crucial role in the District’s management of biosolids, which are a residual of all wastewater treatment plants. New regulations mandated by the Environmental Protection Agency impose more stringent air emission limits for all SSIs in the United States (primarily affecting mercury and sulfur dioxide).

Plant Headworks Project. This project consists of (1) a new grit removal system to replace and upgrade the existing grit removal process, including a fine screening facility which will supplement the wastewater treatment plant’s existing bar screens, and (2) storage at the plant using existing decommissioned tanks to provide more effective treatment during peak flow events.

Business Plan FY18	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	Sewer Rate Increase	
	\$27.81	\$28.49	\$29.15	\$29.88	\$30.62	\$31.39	\$32.17	\$32.97	\$33.80	\$34.64	\$35.51	\$36.40	\$37.31	\$38.24	Average Monthly Bill	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Assumptions	
July 1- Available for Construction	20,669,346	48,486,528	44,585,099	41,839,146	42,775,947	54,583,607	43,137,636	30,701,020	23,332,880	16,673,975	39,397,150	32,090,011	18,142,969	39,315,545	Minimum of 365 Days Cash on Hands	
REVENUE:																
Domestic Users	26,913,949	28,154,062	29,581,170	30,181,277	31,169,273	32,173,552	33,253,110	34,350,422	35,465,802	36,599,575	37,812,558	39,045,509	40,498,785	41,834,609	Consumption and Account Growth 0.75% Increase	
Industrial Users (No growth)	2,656,078	3,725,584	3,344,074	3,683,426	3,347,294	3,313,144	3,419,021	3,499,496	3,581,983	3,666,533	3,753,196	3,842,026	3,733,077	3,826,404		
Billing and Collections (User Fee)	717,413	738,239	754,317	776,946	800,255	824,262	848,990	874,460	900,694	927,714	955,546	984,212	1,013,739	1,044,151		
Tap Fees	373,800	389,090	526,415	475,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000		
Facility Fees	4,056,675	3,922,165	5,798,181	6,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000		
Interest & Non-operating Revenues	121,357	180,162	207,246	339,964	730,197	732,909	553,790	405,254	400,069	560,711	714,872	502,330	574,585	1,022,776		
City of Asheville (annex.-Enka)	37,126	37,167	37,146	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	0	0	0		
Rental Income	71,081	71,226	78,925	71,399	71,641	71,641	71,641	71,641	71,641	71,641	71,641	71,641	71,641	71,641		
Transfer from Reserves (to / from)	(261,683)	(116,059)	425,149	0	0	0	0	0	0	0	0	0	0	0		
Miscellaneous	225,275	177,248	170,897	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000		
Total Revenues	34,911,071	37,278,884	40,923,520	41,705,013	38,470,660	39,467,508	40,498,552	41,553,273	42,772,189	44,178,174	45,659,813	46,760,718	48,206,827	50,114,580		
State and Federal (EPA) Grants																
Revenue Bonds/Stimulus	28,000,000				28,000,000					28,000,000			28,000,000			
Total Funds Available	83,580,417	85,765,412	85,508,619	83,544,159	109,246,607	94,051,115	83,636,188	72,254,293	66,105,069	88,852,149	85,056,963	78,850,729	94,349,796	89,430,125		
EXPENSES:																
Operations & Maintenance	13,483,913	13,901,595	14,804,769	15,144,285	15,904,818	16,787,671	17,703,961	18,429,744	19,088,969	19,790,892	20,524,921	21,265,771	22,040,850	22,852,033	3% inflation in O & M, Replacement Funds and Engineering Force Account ENR 10-year Construction Index @ 2.92% General Sewer Rehab to cover 50,000 lineal ft / year Target Debt Coverage 1.5 No growth in Industries - Rate Parity for Flow in 2020	
Replacement Funds (WRF & Fleet)	500,000	500,000	625,000	625,000	660,000	730,000	730,000	800,000	800,000	805,000	810,000	810,000	810,000	810,000		
Debt Service	8,408,166	10,184,160	9,003,519	7,956,840	9,790,466	9,776,221	10,217,273	10,215,588	10,203,649	9,277,517	11,303,123	11,270,466	11,271,869	13,357,208		
CIP (including Bond Projects)	12,701,810	16,594,558	19,236,185	17,042,087	28,307,716	23,619,588	24,283,934	19,476,082	19,338,476	19,581,590	20,328,908	27,361,523	20,911,533	23,541,391		
Total Expenses	35,093,889	41,180,313	43,669,473	40,768,212	54,663,000	50,913,480	52,935,168	48,921,414	49,431,094	49,454,999	52,966,952	60,707,760	55,034,252	60,560,632		
Pay-as-you-go (Current Revenue only)	13,018,992	13,193,129	17,115,232	18,603,888	12,775,376	12,903,617	12,577,318	12,907,942	13,479,571	15,109,765	13,831,769	14,224,481	14,894,108	13,905,339		
Debt Coverage (User Fees only)	2.0	1.8	2.1	2.4	2.0	2.0	1.9	2.0	2.0	2.3	1.9	2.0	2.1	1.8		
Debt Coverage with Total Revenue	2.5	2.3	2.9	3.3	2.3	2.3	2.2	2.2	2.3	2.6	2.2	2.2	2.3	2.0		
April 19, 2017																
10-Year Capital Improvement Program																
Active Plan CIP	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027		
Interceptor/Wet Weather Rehabilitation	634,790	5,480	618,050	760,970	1,726,500	2,204,919	2,855,819	2,688,391	4,484,979	4,689,582	6,486,231	16,736,777	3,377,796	0		
General Sewer Rehabilitation	8,154,663	11,317,853	9,079,883	8,859,631	13,213,448	9,572,130	11,468,691	11,850,019	11,562,830	11,683,020	10,560,231	7,265,533	12,806,812	15,905,263		
Private Sewer Rehabilitation	40,700	34,000	2,000	646,000	51,200	57,121	901,212	0	1,122	1,155	0	0	0	186,060		
Treatment Plant / Pump Stations	1,579,600	3,028,300	7,181,959	4,129,000	9,569,000	9,036,891	6,293,020	2,110,594	398,877	251,742	259,093	266,658	1,533,365	4,169,501		
Engineering Force Account	2,292,057	2,208,925	2,254,293	2,546,486	2,481,568	2,598,527	2,665,192	2,727,078	2,790,668	2,856,091	2,923,353	2,992,555	3,093,560	3,180,567		
Reimbursements	0	0	100,000	100,000	266,000	150,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000		
Contingency	0	0	0	0	1,000,000											
Capital Improvement Program Totals	12,701,810	16,594,558	19,236,185	17,042,087	28,307,716	23,619,588	24,283,934	19,476,082	19,338,476	19,581,590	20,328,908	27,361,523	20,911,533	23,541,391		



Metropolitan Sewerage District of Buncombe County
Reimbursement Resolution/Current Projects

Project	Project #	Reimbursement Resolutions
Shadowlawn Drive Ph.1	2007019	955,000
Wendover Road	2008184	774,500
Hendersonville Rd. at Mills Gap Rd.	2008185	774,200
Hilliard Ave. @ Aston Park	2009115	720,500
Broadview	2009127	1,320,000
Melody Circle	2010093	1,153,500
Mount Vernon Place Ph.2	2010122	816,200
South French Broad Interceptor - Grouting	2011033	1,160,000
Sand Hill Rd. @ Russell/Davenport	2011093	533,000
Four Inch Main - Oakland Dr. @ Pine St.	2011118	437,500
Freno Drive PSR (lower)	2012010	639,000
Influent Pump Station Rehabilitation	2012030	1,427,000
Arco Road	2012082	584,000
Shadowlawn Drive Ph.2	2013005	739,700
Incinerator System Emissions Upgrades	2013059	8,560,000
Plant Headworks Improvement	2015004	6,138,000
Lining Contract No. 8	2015218	1,377,000
		<u>\$ 28,109,100</u>

Note: Amounts rounded to nearest thousand

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: May 17, 2017

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 March 31, 2017

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 March 31, 2017 were \$53,643,752. The detailed listing of accounts is available upon request. The average rate of return for all investments is 0.579%. 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 March 31, 2017 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of March 31, 2017 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$24,362,829.

Total Cash & Investments as of 03/31/2017		53,643,752
Less:		
Budgeted Commitments (Required to pay remaining FY17 budgeted expenditures from unrestricted cash)		
Construction Funds	(13,621,381)	
Operations & Maintenance Fund	<u>(4,700,985)</u>	
		(18,322,366)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(19,653)	
FY17 Principal & Interest Due	<u>(5,861,508)</u>	
		(5,881,161)
District Reserve Funds		
Fleet Replacement	(541,845)	
Pump Replacement	(62,251)	
WWTP Replacement	(468,370)	
Maintenance Reserve	<u>(958,924)</u>	
		(2,031,390)
District Insurance Funds		
General Liability	(492,176)	
Worker's Compensation	(237,659)	
Post-Retirement Benefit	(1,682,683)	
Self-Funded Employee Medical	<u>(633,488)</u>	
		(3,046,006)
Designated for Capital Outlay		<u>24,362,829</u>

Staff Recommendation

None. Information Only.

Action Taken

Motion by:

Second by:

Other:

Follow-up Required:

to

Approve
Table

Person Required:

Disapprove

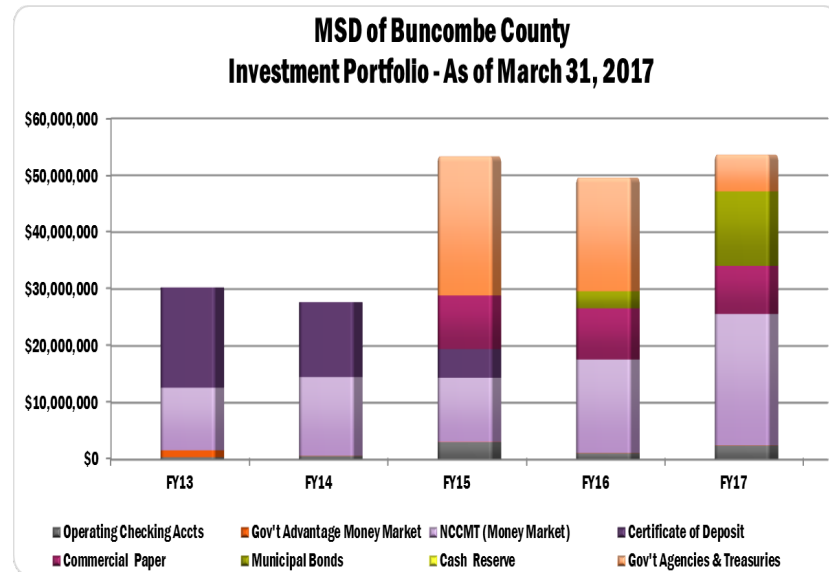
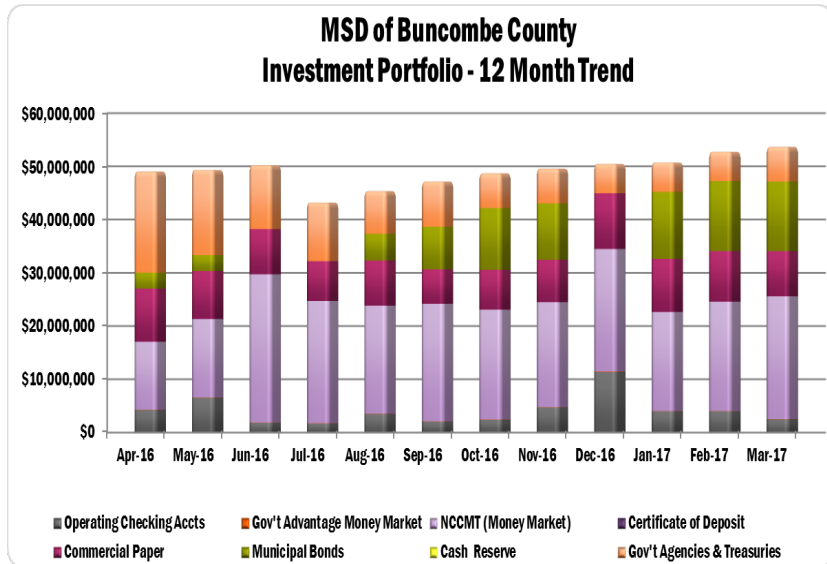
Send to Committee

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	\$ -	\$ -	\$ 19,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,653
Held by MSD	2,472,384	46,672	23,066,212	-	8,484,581	13,055,000	-	6,499,250	53,624,099
	\$ 2,472,384	\$ 46,672	\$ 23,085,865	\$ -	\$ 8,484,581	\$ 13,055,000	\$ -	\$ 6,499,250	\$ 53,643,752

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries, Agencies and Instrumentalities	100%	12.12%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	0.00%	
Commercial Paper	20%	15.82%	
Municipal Bonds	100%	24.33%	The District 's YTM of .95% is exceeding the YTM benchmarks of the 6 month T-Bill and NCCMT Cash Portfolio.
North Carolina Capital Management Trust	100%	43.03%	
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		4.61%	
Gov't Advantage Money Market		0.09%	

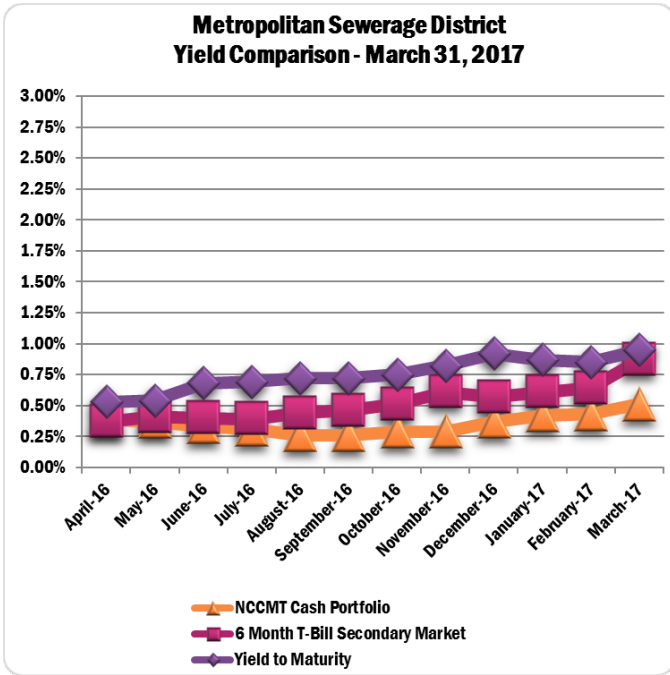
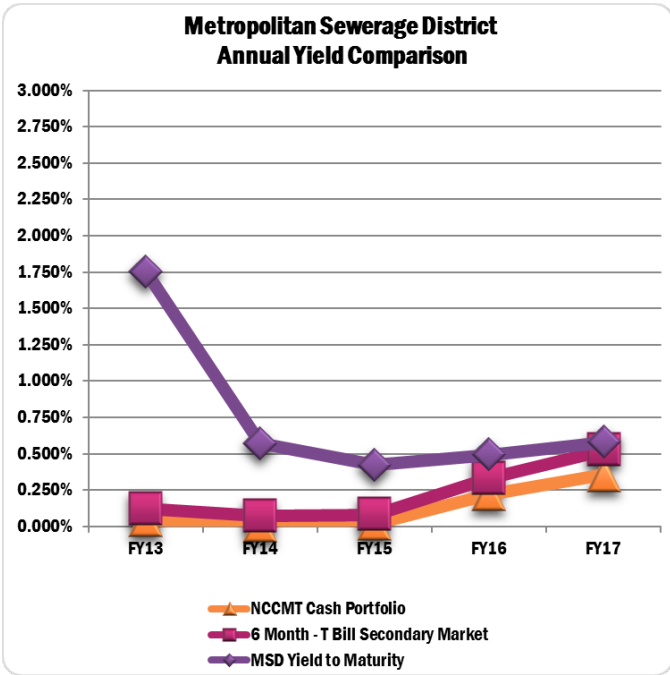


**METROPOLITAN SEWERAGE DISTRICT
 INVESTMENT MANAGERS' REPORT
 At March 31, 2017**

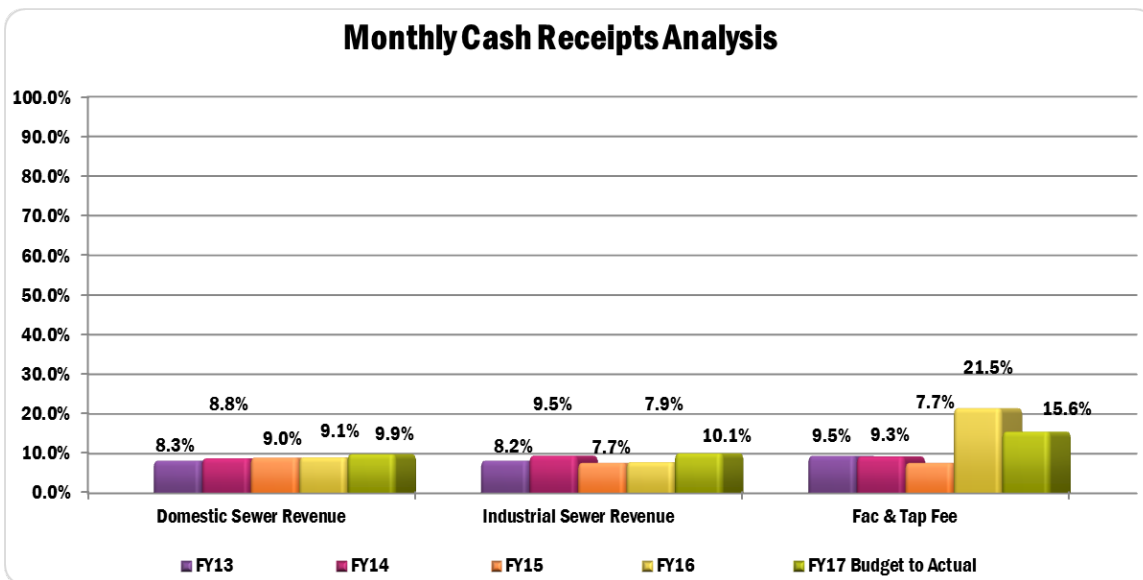
	Original		Interest
	Cost	Market	
Beginning Balance	\$ 46,990,975	\$ 47,107,329	\$ 18,850
Capital Contributed (Withdrawn)	2,343,351	2,343,351	
Realized Income	28,176	28,176	(14,341)
Unrealized/Accrued Income		14,118	11,514
Ending Balance	\$ 49,362,502	\$ 49,492,973	\$ 16,023

	Original Cost	Income
Cash Equivalents <91 Days	\$ 42,863,252	\$ 34,270
Securities/ CD's 91 to 365 Days	1,000,000	800
Securities/ CD's > 1 Year	5,499,250	4,397
Total	\$ 49,362,502	\$ 39,466

Month End Portfolio Information	
Weighted Average Maturity	185
Yield to Maturity	0.95%
6 Month T-Bill Secondary Market	0.87%
NCCMT Cash Portfolio	0.51%

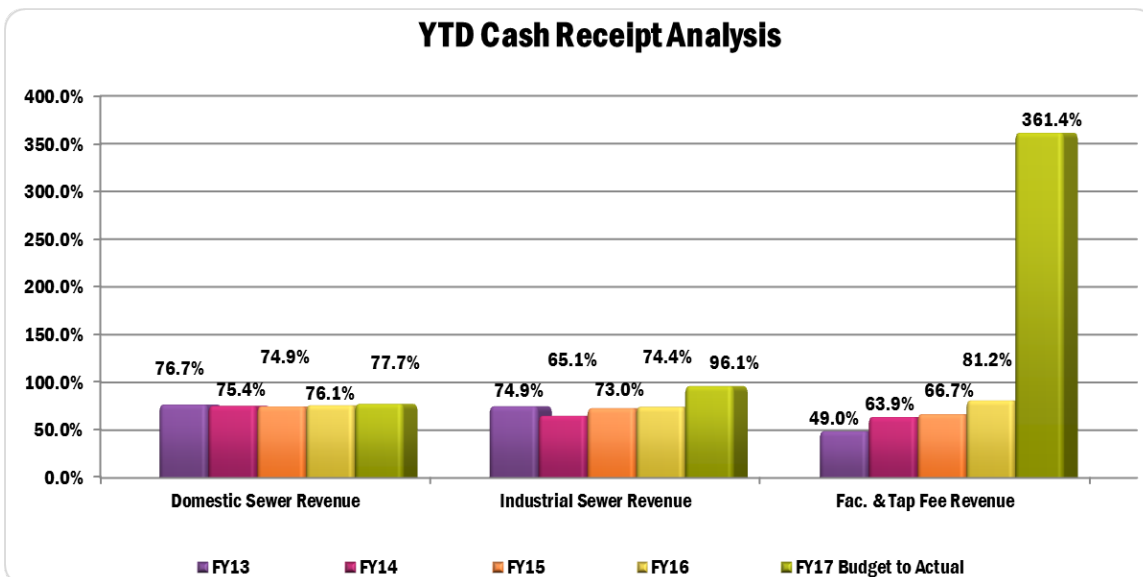


METROPOLITAN SEWERAGE DISTRICT
 ANALYSIS OF CASH RECEIPTS
 As of March 31, 2017



Monthly Cash Receipts Analysis:

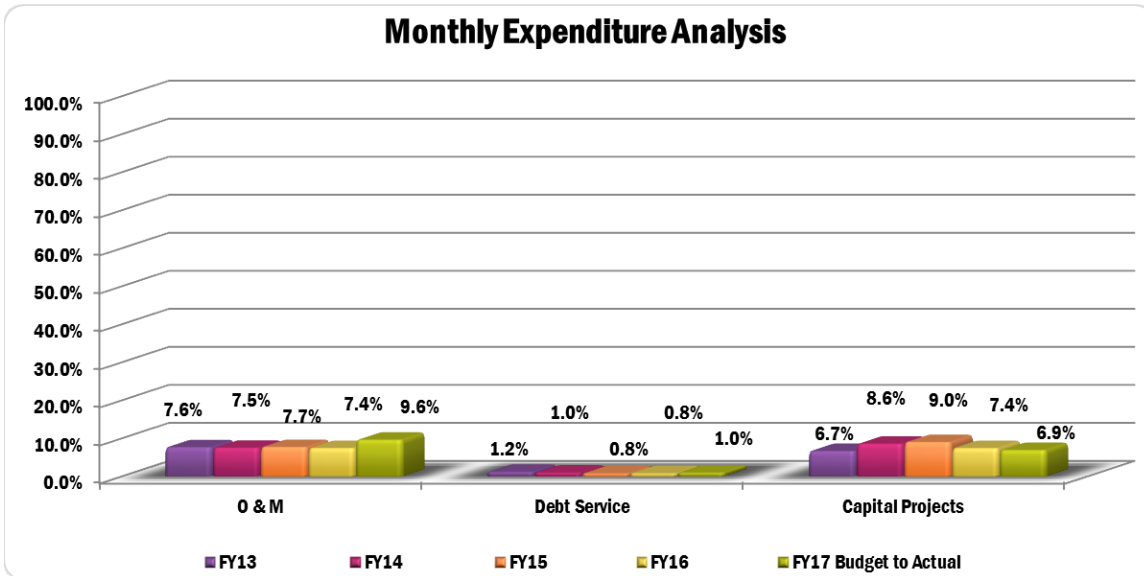
- ▲ Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- ▲ Monthly industrial sewer revenue is reasonable based on historical trends.
- ▲ Due to the unpredictable nature of facility and tap fee revenue, staff considers facility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



YTD Actual Revenue Analysis:

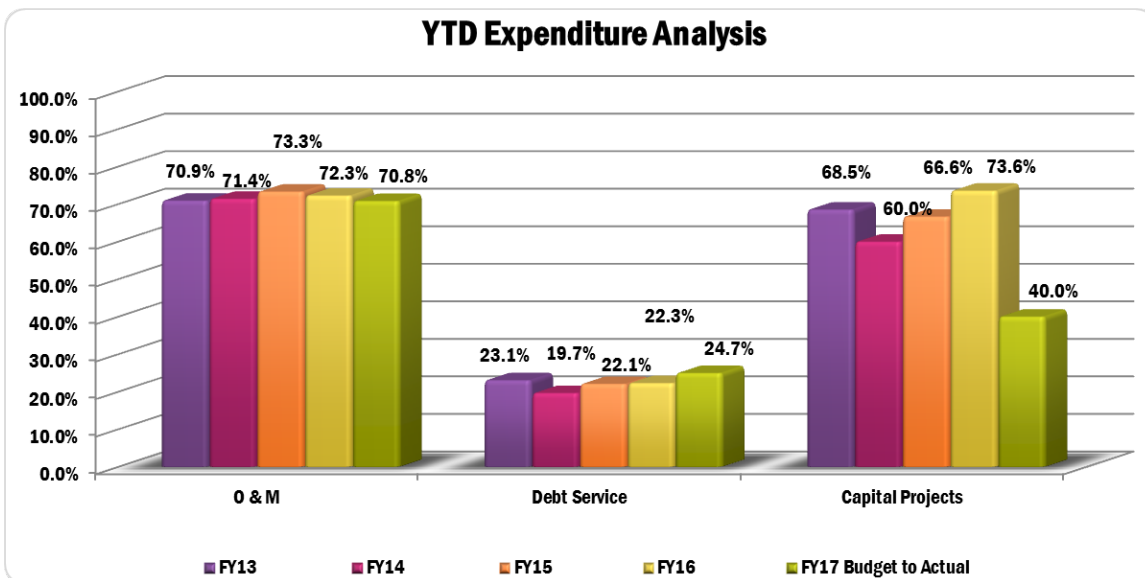
- ▲ YTD domestic sewer revenue is considered reasonable based on historical trends.
- ▲ YTD industrial sewer revenue is reasonable based on historical trends.
- ▲ Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

METROPOLITAN SEWERAGE DISTRICT
 ANALYSIS OF EXPENDITURES
 As of March 31, 2017



Monthly Expenditure Analysis:

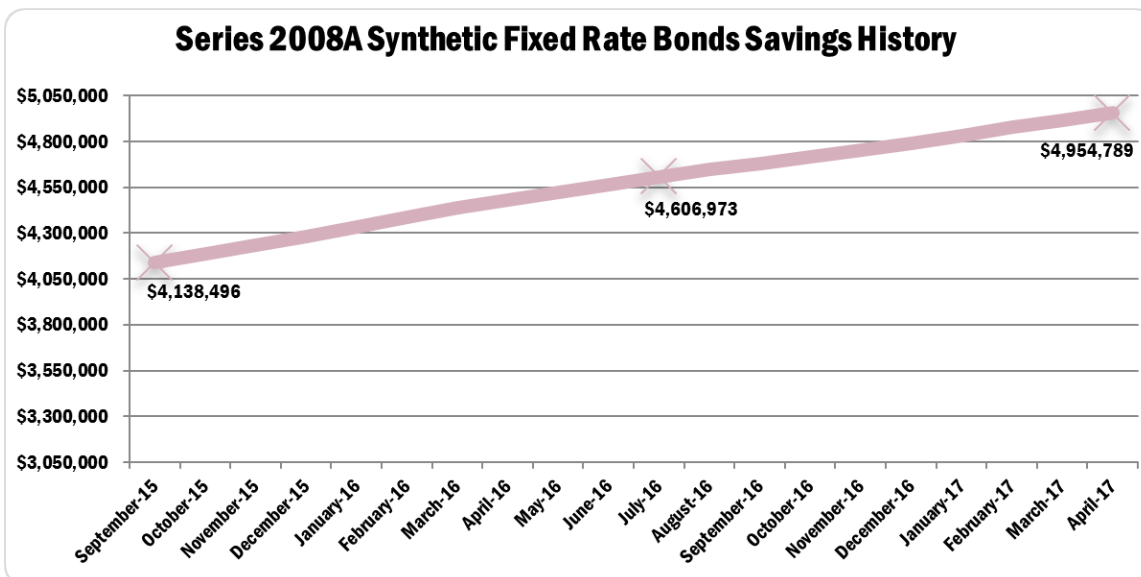
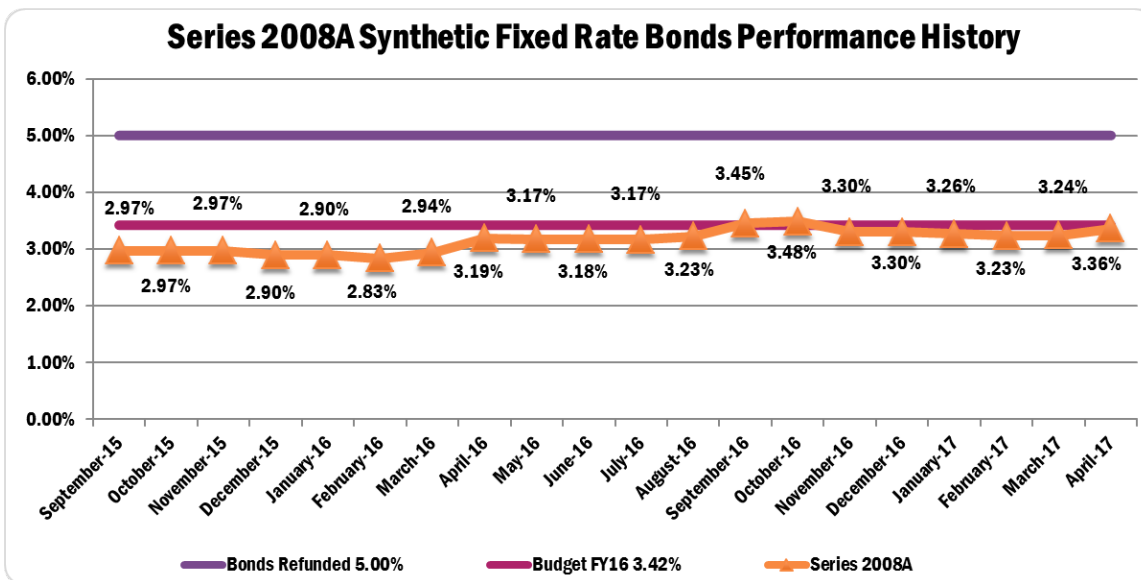
- Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures 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 April 30, 2017



Series 2008A:

- ★ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$4,915,092 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 \$3,959,010 to terminate the existing Bank of America Swap Agreement.

Metropolitan Sewerage District of Buncombe County

BOARD ACTION ITEM

Meeting Date: May 17, 2017

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

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

Reviewed By: Billy Clarke, Legal Counsel

Subject: Consideration of the Resolution Adopting the Preliminary Budget for
FY 2017-2018 and the Schedule of Sewer Rates & Fees

Background

The District Budget process must comply with North Carolina General Statutes and the MSD Revenue Bond Order. The Bond order requires that the District adopt its final budget on or before June 15 of each year. The North Carolina General Statutes required that an annual balanced budget ordinance, based upon expected revenues, along with a budget message, to be presented to the governing board no later than June 1 of each year.

Staff/Committee Recommendations

BUDGET:

The Finance Committee unanimously approved staff's recommendation to forward to the Board for approval of the attached **FY 2017-2018 Preliminary Budget** along with the Resolution.

SEWER RATES & FEES:

The Finance Committee unanimously approved staff's recommendation to forward to the Board for approval of the attached Proposed Schedule of Fees and Charges – FY2018.

Action Taken

Motion by:

Second by:

Other:

Follow-up Required:

to

Approve
Table

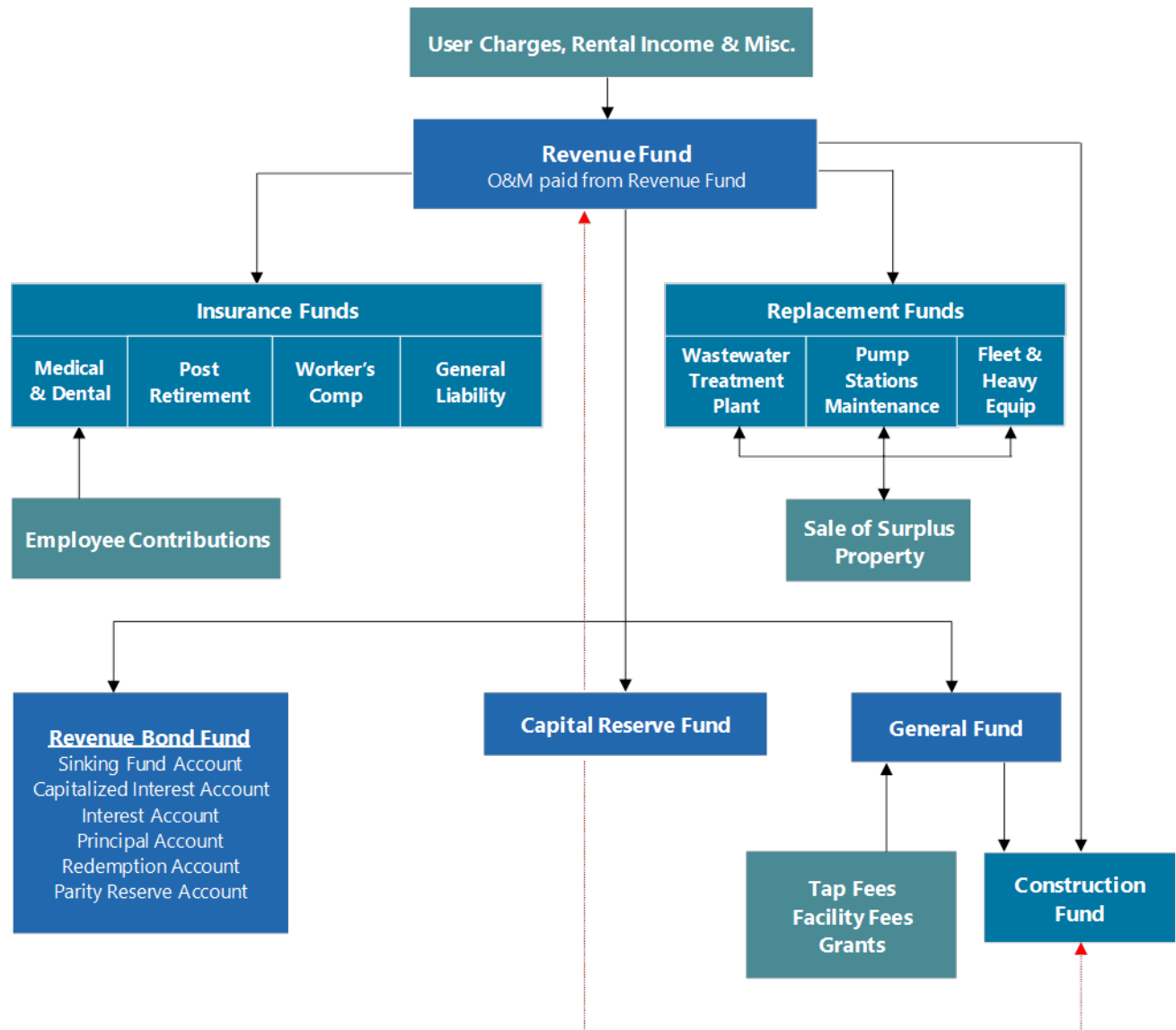
Person Required:

Disapprove

Send to Committee

Deadline:

Flow of Funds Chart



Priority of expenditures per Bond Order

1. Current Expenditures
2. Debt Service
3. Capital Reserve
4. Any Lawful Purpose

- Income Sources
- Trustee Funds
- Expenditures

————— Flow of Funding

..... Flow of Funding if required for emergency repairs or maintenance

**RESOLUTION ADOPTING FINAL BUDGET AND SEWER USE CHARGES
FOR THE
METROPOLITAN SEWERAGE DISTRICT
OF BUNCOMBE COUNTY, NORTH CAROLINA
FOR THE FISCAL YEAR July 1, 2017 THRU June 30, 2018**

WHEREAS, the Board of Directors has reviewed the Operations and Maintenance, Bond, Reserves, Construction Expenditures of the District, and the sources of revenue and allocations (uses) of expenditures for the 2017-2018 fiscal year; and

NOW, THEREFORE, BE IT RESOLVED:

1. The following amounts are hereby appropriated in the Revenue Fund for the Operations and Maintenance of the District and for transfers to the Debt Service, General Fund, and Insurance Funds for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Operating and Maintenance Expenses	\$ 12,782,797
Transfer to Insurance Accounts	\$ 3,122,021
Transfer to Fleet & Heavy Equipment Fund	\$ 460,000
Transfer to Wastewater Treatment Plant Fund	<u>\$ 200,000</u>
Subtotal O&M	\$ 16,564,818
Transfer to Debt Service Fund	<u>\$ 9,790,466</u>
	<u>\$ 26,355,284</u>

It is estimated that the following revenues will be available in the Revenue Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Domestic User Fees	\$ 31,169,273
Industrial User Fees	\$ 3,347,294
Billing and Collection Fees	\$ 800,255
Investment Interest	\$ 428,670
Reimbursement for Debt Service from COA	\$ 37,000
Rental Income	\$ 71,641
Contributions to Net Position	<u>\$ (9,498,849)</u>
	<u>\$ 26,355,284</u>

2. The following amounts are hereby appropriated in the General Fund for the transfers to the Construction Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Transfer into Construction	<u>\$ (2,000,000)</u>
----------------------------	-----------------------

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Facility and Tap Fees	\$ 2,175,000
Investment Income	\$ 11,000
Contributions to Net Position	<u>\$ (186,000)</u>
	<u>\$ (2,000,000)</u>

3. The following amounts are hereby appropriated in the Construction Fund for Capital Improvement Plan expenditures for the fiscal year beginning July 1, 2017 and ending June 30, 2018.

Capital Improvements Projects	<u>\$ 28,307,716</u>
-------------------------------	----------------------

It is estimated that the following revenues will be available to the Construction Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018.

Proceeds from Revenue Bonds	\$ 28,000,000
Investment Income	\$ 290,527
Transfer from General Fund	\$ 2,000,000
Contributions to Net Position	<u>\$ (1,982,811)</u>
	<u>\$ 28,307,716</u>

4. The following amounts are presented as the financial plan of the Insurance Funds that are used to provide insurance services. Estimated operating expenditures for the fiscal year beginning July 1, 2017 and ending June 30, 2018 are:

Operating Expenditures	<u>\$ 3,554,339</u>
------------------------	---------------------

It is estimated that the following revenues will be available in the Insurance Funds for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Transfer In from the Revenue Fund	\$ 3,122,021
Investment Income	\$ 14,800
Employee/Retirees Medical Contributions	\$ 402,700
Appropriated Net Position	<u>\$ 14,818</u>
	<u>\$ 3,554,339</u>

5. The following amounts are presented as the financial plan of the Fleet & Heavy Equipment Fund designated for capital equipment expenditures for the fiscal year beginning July 1, 2017 and ending June 30, 2018 estimated as follows:

Capital Equipment	<u>\$ 634,000</u>
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It is estimated that the following revenues will be available in the Fleet & Heavy Equipment Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Transfer in from the Revenue Fund	\$ 460,000
Sale of Surplus Property	\$ 76,080
Investment Income	\$ 4,542
Appropriated Net Position	<u>\$ 93,378</u>
	<u>\$ 634,000</u>

6. The following amounts are presented as the financial plan of the Wastewater Treatment Plant Replacement Fund designated for wastewater treatment plant capital expenditures for the fiscal year beginning July 1, 2017 and ending June 30, 2018 estimated as follows:

Capital Equipment	<u>\$ 180,000</u>
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It is estimated that the following revenues will be available in the Wastewater Treatment Plant Replacement Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Transfer In from the Revenue Fund	\$ 200,000
Investment Income	\$ 4,030
Transfer Out to Pump Station Replacement Fund	\$ (150,000)
Appropriated Net Position	<u>\$ 125,970</u>
	<u>\$ 180,000</u>

7. The following amounts are presented as the financial plan in the Pump Station Replacement Fund designated for pump capital expenditures for the fiscal year beginning July 1, 2017 and ending June 30, 2018 estimated as follows:

Capital Equipment	<u>\$ 70,050</u>
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It is estimated that the following revenues will be available in the Pump Station Replacement Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Transfer In from the Wastewater Replacement Fund	\$ 150,000
Investment Income	\$ 453
Contributions to Net Position	<u>\$ (80,403)</u>
	<u>\$ 70,050</u>

8. The following amounts are hereby appropriated in the Debt Service Fund for principal and interest payments for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Debt Service	<u>\$ 9,790,466</u>
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It is estimated that the following revenues will be available in the Debt Service Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Transfer In from the Revenue Fund	\$ 9,790,466
Investment Income	\$ 50
Contributions to Net Position	<u>\$ (50)</u>
	<u>\$ 9,790,466</u>

9. That the Board of the Metropolitan Sewerage District does hereby approve an increase in the Budgets to the amount necessary to reflect any contributions to the Debt Service Reserve Fund or Capital Reserve Fund as determined by the Bond Trustee to be necessary to comply with covenants in the Bond Order.

- 10.** The General Manager is hereby authorized to transfer appropriations as contained herein under the following conditions:
- a.** He may transfer amounts without limitation between departments in a fund.
 - b.** He may transfer any amounts within Debt Service and Reserve Funds designated as excess by the Trustee into another fund.
 - c.** He may transfer up to 10% of Insurance Fund reserves to meet current year expenditures in excess of budget.
- 11.** That the attached Schedule of Fees and Charges be adopted as effective July 1, 2017.
- 12.** That this resolution shall be entered in the minutes of the District and within five (5) days after its adoption, copies thereof are ordered to be filed with the Finance and Budget Officer and Secretary of the Board as required by G.S. 159-13 (d).

Adopted this 17th day of May 2017

M. Jerry VeHaun, Chairman
Metropolitan Sewerage District of
Buncombe County, North Carolina

Attest:

Jackie Bryson
Secretary/Treasurer

Metropolitan Sewerage District of Buncombe County, North Carolina
Schedule of Rates, Fees, and Charges - FY2018
Effective July 1, 2017

Page 1

	CURRENT FY17 RATE	PROPOSED FY18 RATE
Rate increase		2.50%
Collection Treatment Charge		
Residential & Commercial Volume Charges (per CCF) Inside	\$ 4.39	\$ 4.50
Industrial Volume Charges (per CCF) Inside	\$ 3.95	\$ 4.21
Industrial Surcharge for BOD (per lb., BOD >250 mg/l) Inside	\$ 0.320	\$ 0.314
Industrial Surcharge for TSS (per lb., TSS >250 mg/l) Inside	\$ 0.259	\$ 0.256
Residential & Commercial Volume Charges (per CCF) Outside	\$ 4.40	\$ 4.51
Industrial Volume Charges (per CCF) Outside	\$ 3.96	\$ 4.22
Industrial Surcharge for BOD (per lb., BOD >250 mg/l) Outside	\$ 0.320	\$ 0.314
Industrial Surcharge for TSS (per lb., TSS >250 mg/l) Outside	\$ 0.259	\$ 0.256
Base Meter/Maintenance Charge & Billing Fee		
5/8"	\$ 6.77	\$ 6.94
3/4"	\$ 9.85	\$ 10.10
1"	\$ 17.48	\$ 17.92
1 1/2"	\$ 40.01	\$ 41.01
2"	\$ 70.76	\$ 72.53
3"	\$ 156.93	\$ 160.85
4"	\$ 280.03	\$ 287.03
6"	\$ 630.83	\$ 646.60
8"	\$ 1,120.12	\$ 1,148.12
10"	\$ 1,754.04	\$ 1,797.89
Billing Fee (per bill)	\$ 2.31	\$ 2.36
Sewer Facility Fees		
<i>This impact fee is for allotted capacity in the treatment and transmission system. A differential fee will be charged for increases to an existing meter size.</i>		
Residential		
Per Unit (non-mobile home)	\$ 2,500.00	\$ 2,500.00
Mobile Home	\$ 1,740.00	\$ 1,740.00
Affordable Housing	\$ 670.00	\$ 670.00
Nonresidential (modifiable per economic development waiver)		
5/8"	\$ 2,500.00	\$ 2,500.00
3/4"	\$ 2,830.00	\$ 2,830.00

Metropolitan Sewerage District of Buncombe County, North Carolina
Schedule of Rates, Fees, and Charges - FY2018
Effective July 1, 2017

	CURRENT FY17 RATE	PROPOSED FY18 RATE
Sewer Facility Fees (continued)		
Nonresidential (modifiable per economic development waiver) (continued)		
1"	\$ 5,560.00	\$ 5,560.00
1 1/2"	\$ 11,350.00	\$ 11,350.00
2"	\$ 20,000.00	\$ 20,000.00
3"	\$ 45,000.00	\$ 45,000.00
4"	\$ 87,500.00	\$ 87,500.00
6"	\$ 225,400.00	\$ 225,400.00
8"	\$ 237,500.00	\$ 237,500.00
Additions < 1,400 GPD	\$ 870.00	\$ 870.00
Additions over 1,400 GPD	Based on flow rate & meter size	Based on flow rate & meter size
Sewer Connection Fees * *		
<i>This fee is to provide new or re-establish existing service connections to the MSD system.</i>		
Sewer Connection by MSD	\$ 650.00	\$ 650.00
Pavement Disturbance Fee	\$ 2,200.00	\$ 2,200.00
Additional Charge for Boring	N/A	N/A
Refund if Boring avoids pavement disturbance	\$ (1,300.00)	\$ (1,300.00)
Inspection Fee for Developer (or Utility Contractor) Installed Sewer Connection	\$ 140.00	\$ 140.00
<i>***The Sewer Connection Fee will apply to all new construction, as well as existing structures which have been demolished/rebuilt and sewer service is reinstated under new property ownership. MSD reserves the right to require that a licensed utility contractor install any sewer connection/service line. Sewer service lines within public rights-of-way between 75 and 300 feet shall be constructed by a licensed utility contractor to MSD Standards. All work will be subject to MSD inspection.</i>		
Manhole Installation/Replacement		
Cost per foot	\$ 250.00	\$ 250.00
Pavement replacement (if required)	\$ 1,800.00	\$ 1,800.00

Metropolitan Sewerage District of Buncombe County, North Carolina
Schedule of Rates, Fees, and Charges - FY2018
Effective July 1, 2017

Page 3

	CURRENT FY17 RATE	PROPOSED FY18 RATE
Other Fees		
Allocation Fee	\$ 170.00	\$ 170.00
Non-Discharge Permit	\$ 200.00	\$ 200.00
Plan Review Fee	\$ 450.00	\$ 450.00
Plan re-review Fee	\$ 350.00	\$ 350.00
Final Inspection	\$ 350.00	\$ 350.00
Pump Station Acceptance Fee	Note 1	Note 1
<i>Note 1 --See policy for details of computation of O&M and equipment replacement costs for upcoming 20 years; 50% discount for affordable housing</i>		
Bulk Charges		
Volume Charge for Septic Haulers (per 1,000 Gal.)	\$ 45.00	\$ 45.00
Biochemical Oxygen Demand >250 mg/l (per lb.)	\$ 0.320	\$ 0.314
Total Suspended Solids >250 mg/l (per lb.)	\$ 0.259	\$ 0.256
Returned Check Charge		
Returned Check (per event)	\$ 25.00	\$ 25.00
Dishonored Draft (per event)	\$ 25.00	\$ 25.00
Copy/Printing Fees/Miscellaneous (each)		
8x11 first print of standard GIS inquiry	\$ 1.00	\$ 1.00
8x14 first print of standard GIS inquiry	\$ 1.00	\$ 1.00
11x17 first print of standard GIS inquiry	\$ 2.00	\$ 2.00
24x36 first print of standard GIS inquiry	\$ 7.00	\$ 7.00
34x44 first print of standard GIS inquiry	\$ 12.00	\$ 12.00
36x48 first print of standard GIS inquiry	\$ 14.00	\$ 14.00
8x11 or 8x14 copies after first print	\$ 0.11	\$ 0.11
11x17 copies after first print	\$ 0.20	\$ 0.20
24x36 copies after first print	\$ 0.94	\$ 0.94
34x44 copies after first print	\$ 1.76	\$ 1.76
36x48 copies after first print	\$ 2.03	\$ 2.03
Foam Core mounting per sq. foot	\$ 3.00	\$ 3.00
Data CD	\$ 30.00	\$ 30.00
Shipping for CD	\$ 5.00	\$ 5.00
Permit Decals for Septic Haulers	\$ 50.00	\$ 50.00

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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 Rehabilitation	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 (Ph. 1)	Woodfin	28804	800	11/07/16 - 12/30/16	210370	632	12/30/2016	787	complete
Meadowbrook Rd Rehabilitation	Black Mountain	28711	1327	11/17/16 - 1/31/17	236632	631	1/13/2017	1391	complete
Chestnut @ Lookout Road Phase 2	Woodfin	28804	479	1/3/17 - 1/13/17	239165	632	1/23/2017	496	complete
Buck Shoals Road	Arden	28704	350	1/13/17 - 1/31/17	239381	631	1/31/2017	356	complete
5 Spring Cove Terr	Beaverdam	28804	375	1/13/17 - 2/3/17	233212	632	2/7/2017	355	complete
Spears Avenue Rehabilitation	Asheville	28801	300	2/1/17 - 2/28/17	225197	631	2/17/2017	408	complete
Belmont Road	W. Asheville	28806	170	FY 16-17	233437	632	2/28/2017	185	complete
69 Providence Road	West Asheville	28806	500	2/6/16 - 3/10/17	231127	632	3/1/2017	571	complete
722 Center St	Asheville	28803	250	3/2/17 - 4/2/17	229911	632	3/17/2016	257	complete
Nebraska Street Emergency Rehabilitation (Ph. 2)	W. Asheville	28806	301	3/20/17 - 3/31/17	241251	631	3/31/2017	301	complete
304 9th Street	Black Mountan	28711	815	4/3/17 - 5/3/17	236507	632			construction 95% complete
24 Ivey Street	W Asheville	28806	850	4/13/17 - 5/30/17	236509	631			construction 30% complete
Celia Place at Bond Street	N. Asheville	28801	526	5/4/17 - 6/4/17	227752	632			ready for construction
18 Crestland Road	Asheville	28803	270	6/1/17-6/6/17	46826	631			ready for construction
Nebraska Street Emergency Rehabilitation (Ph. 1)	W. Asheville	28806	415	6/7/17 - 6/30/17	240563	631			In ROW
Varden Place	Swannanoa	28778	1200	TBA	209952	632			Design 90% complete
15 New Jersey	Asheville	28806	250	TBA	238782	TBA			In Design



CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2016 to 3/31/2017

	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
November 2016	35	11	123	703	33	20	1,175	0	8	447	7	312	767
December 2016	31	7	178	794	21	26	0	0	0	582	7	205	787
January 2017	40	9	183	692	25	17	710	0	8	1161	13	1,082	2251
February 2017	26	19	266	1,386	28	35	965	0	48	373	8	575	996
March 2017	42	17	343	1,556	27	33	100	0	8	841	11	288	1137
Grand Totals	314	97	2,052	8,275	264	249	17,909	0	352	9177	100	4,773	14302

* Used to calculate Total Rehab Footage



PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2016 to March 31, 2017

	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	105,529	1,471	11,406	116,935	12,671	26,129	16,406
October	66,420	2,175	10,127	76,547	17,277	46,276	21,969
November	35,682	3,046	12,831	48,513	21,342	13,076	9,061
December	39,977	2,212	7,424	47,401	17,146	5,282	28,363
2017							
January	39,078	2,846	9,508	48,586	13,472	8,344	27,431
February	112,190	2,093	11,803	123,993	20,768	9,177	1,800
March	80,434	2,361	5,808	86,242	18,973	8,472	3,136
Grand Total:	600,082	20,095	87,534	687,616	168,705	191,370	145,887
Avg Per Month:	66,676	2,233	9,726	76,402	18,745	21,263	16,210



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
	November, 2016	119	34	39
	December, 2016	98	33	42
	January, 2017	121	31	41
	February, 2017	109	25	30
	March, 2017	124	24	40
		1,007	29	39
NIGHT 1ST RESPONDER				
	July, 2016	14	21	49
	August, 2016	32	25	28
	September, 2016	10	25	16
	October, 2016	22	30	32
	November, 2016	13	30	29
	December, 2016	11	17	16
	January, 2017	26	18	18
	February, 2017	24	26	36
	March, 2017	22	24	21
		174	24	28
ON-CALL CREW *				
	July, 2016	35	48	37
	August, 2016	34	43	33
	September, 2016	22	48	54
	October, 2016	43	41	34
	November, 2016	49	51	40
	December, 2016	60	50	33
	January, 2017	44	61	70
	February, 2017	43	43	40

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



CUSTOMER SERVICE REQUESTS Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
ON-CALL CREW *				
	March, 2017	45	50	40
		375	48	42
Grand Totals:		1,556	33	38

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

Right of Way Section 3rd Quarter Summary Open Projects

<i>Project</i>	<i>Total ROW Budget</i>	<i>Total Expend to Date</i>	<i>Comment</i>
166 South French Broad Ave. Emergency Sewer Rehab.	\$15,321	\$5,542	Project 100% complete with 36% of Total Budget expended and no condemnations. Project built in-house by SS.
Asheville Country Club GSR	\$34,879	\$21,637	Access 75% complete with 62% of Total Budget expended to date. Anticipate two condemnations. To be built in-house by SS.
Dingle Creek Interceptor (formerly Ph II)	\$64,657	\$48,004	Access 100% complete with 74% of Total Budget expended to date. One condemnation filed with judgment pending. Construction moved out from 7/09 to 7/25 due to low pipe rating.
Dry Ridge Road 4" Main	\$22,904	\$2,882	Access 67% complete with 13% of Total Budget expended to date.
Hendersonville Rd. @ Rosscraggon Drive Phase 2	\$101,370	\$67,495	Access 80% complete with 67% of Total Budget expended to date. Approximately one-half of project redesigned. Anticipate one condemnation.
Jonestown Road GSR	\$26,122	\$5,856	Access 52% complete with 22% of Total Compensation expended to date.
Nebraska Street Emergency Relocation			This is an emergency project and we are trying to obtain Contracts to Convey Easements and compensate after construction. Thus far three owners have signed contracts, two owners have engaged attorneys and one owner is a condo association with dissension among the members. Condemnations may be necessary to gain access and allow System Services on private properties.
Sheppard Drive GSR		\$2,500	Project 100% complete with \$2,500 expended and no condemnations. Note we do not process budgets for projects with only one parcel, rather we use funds from CIP contingency.
West French Broad Interceptor Extension	\$418,993	\$418,993	Project 100% complete with 100% of Amended Budget expended. One condemnation filed. Settlement reached and approved by Board prior to trial, saving further expenses of court.

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

May 10, 2017

PROJECT	LOCATION OF PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
FRENO DRIVE PSR	Asheville 28803	Terry Brothers Construction Company	2/15/2017	5/1/2017	9/28/2017	\$511,623.00	0%	Work is anticipated to begin in a couple of weeks.
LINING CONTRACT NO. 8	Various	IPR Southeast, LLC	1/18/2017	2/20/2017	7/20/2017	\$777,622.50	50%	Lining is in progress in the Oakley area.
NARBETH ROAD	Asheville 28806	Terry Brothers Construction Company	3/8/2017	3/22/2017	5/21/2017	\$106,235.20	99%	Final inspection pending.
POINT REPAIR CONTRACT NO. 1	Various	Patton Construction Group	8/17/2016	9/12/2016	6/30/2017	\$169,720.00	80%	Project is progressing well.
PLANT HEADWORKS IMPROVEMENTS	Woodfin 28804	Judy Construction Company	1/18/2017	4/3/2017	10/25/2018	\$8,377,000.10	0%	Project is moving forward. Submittals are being reviewed.
SAND HILL ROAD @ RUSSELL / DAVENPORT	West Asheville 28806	Terry Brothers Construction Company	12/21/2016	12/29/2016	5/19/2017	\$455,954.00	99%	Final inspection pending.
STRATFORD ROAD @ OXFORD COURT	Asheville 28804	Patton Construction Group	11/16/2016	1/3/2017	5/12/2017	\$216,700.00	99%	Final inspection was held on 5/9/17.
SWEETEN CREEK ROAD @ BUSBEE VIEW	Asheville 28803	Terry Brothers Construction Company	2/15/2017	4/10/2017	7/9/2017	\$192,315.00	45%	Project is progressing well.

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

Planning & Development Project Status Report

Active Construction Projects Sorted by Work Location and Project Number

May 5, 2017

#	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	Final Inspection complete, awaiting close-out docs
2	Hunt Hill Apartments	2013111	Asheville	28801	180	1,729	3/5/2014	Final Inspection complete, awaiting close-out docs
3	Dillingham Woods	2014048	Asheville	28805	27	375	3/4/2015	Waiting on final inspection - Project delayed
4	Franklin School of Innovation	2014096	Asheville	28806	School	359	11/4/2016	Final Inspection complete, awaiting close-out docs
5	Rivermill Lofts Relocation	2014125	Asheville	28803	254	314	8/21/2015	Waiting on final inspection
6	Shelburne Road	2014126	Asheville	28806	9	418	4/5/2016	Final Inspection complete, awaiting close-out docs
7	Gibson Road (aka Four Seasons)	2014138	Asheville	28804	3	137	9/11/2015	Awaiting Conveyance of Sewer System
8	Conestee	2014149	Asheville	28801	7	113	8/7/2015	Final Inspection complete, awaiting close-out docs
9	Craggy Park Ph. 1	2014164	Asheville	28806	45	1,935	10/23/2015	Final Inspection complete, awaiting close-out docs
10	First Baptist Relocation	2015032	Asheville	28801	Comm.	333	7/21/2015	Final Inspection complete, awaiting close-out docs
11	Hall Avenue	2015035	Asheville	28806	8	329	3/4/2016	Final Inspection complete, awaiting close-out docs
12	Ascot Point Apartments Phase 3	2015114	Asheville	28803	104	213	9/9/2016	Testing
13	8 Sulphur Springs Road	2015116	Asheville	28806	6	80	11/22/2016	Waiting on final inspection
14	The District	2015133	Asheville	28803	309	912	2/26/2016	Testing
15	Hampton Inn & Suites	2015144	Asheville	28806	Comm.	286	11/8/2016	Waiting on final inspection
16	Beale Road Subdivision (Habitat)	2015200	Asheville	28704	21	730	4/5/2016	Final Inspection complete, awaiting close-out docs
17	Fairfield Inn & Suites - Tunnel Road	2015203	Asheville	28805	Comm.	350	4/29/2016	Waiting on final inspection
18	Atkins Street	2016009	Asheville	28803	45	903	1/20/2017	Testing
19	88 Southside Avenue	2016015	Asheville	28801	18	400	2/21/2017	Waiting on final inspection
20	Woodbridge Park	2016082	Asheville	28803	20	615	2/17/2017	Waiting on final inspection
21	Richland Street	2016141	Asheville	28801	5	540	1/13/2017	Final Inspection complete, awaiting close-out docs
22	880-888 Patton Avenue	2016182	Asheville	28806	4	85	1/31/2017	Final Inspection complete, awaiting close-out docs
23	Bear Creek Homes	2016220	Asheville	28806	30	1,400	3/28/2017	Pre-con held, construction not yet started
24	Shiloh Cottages	2016252	Asheville	28803	7	180	3/3/2017	Pre-con held, construction not yet started
25	Upstream Way (aka Amboy) Ph. 2	2016254	Asheville	28806	11	402	10/20/2015	Waiting on final inspection
26	West Kessler Avenue	2007176	Black Mountain	28711	6	410	11/15/2016	Testing
27	Settings at Black Mountain	2008016	Black Mountain	28711	30	907	11/13/2015	Final Inspection complete, awaiting close-out docs
28	808 Montreat Road	2015126	Black Mountain	28711	4	371	4/18/2017	Pre-con held, construction not yet started
29	Tudor Croft (aka Roberts Farm) Ph.2	2016170	Black Mountain	28711	46	1,320	1/3/2017	Installing
30	Peregrine's Ridge	2006160	Buncombe Co.	28730	14	635	11/8/2016	Waiting on final inspection
31	Pinnacle at Arabella Heights	2006277	Buncombe Co.	28704	28	482	11/10/2015	Testing
32	Hyde Park Phase 2	2013058	Buncombe Co.	28704	14	500	12/3/2013	Waiting on final inspection
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	Glenn Bridge Road	2014157	Buncombe Co.	28704	30	1,400	1/20/2017	Installing
36	Avondale Subdivision	2015052	Buncombe Co.	28803	4	215	4/7/2017	Pre-con held, construction not yet started
37	Somerset at Walnut Cove	2015079	Buncombe Co.	28704	12	473	8/19/2016	Final Inspection complete, awaiting close-out docs
38	Greymont Apartments	2015108	Buncombe Co.	28806	312	3,193	5/17/2016	Testing
39	Liberty Oaks Ph. 1A	2015157	Buncombe Co.	28715	125	705	1/17/2017	Installing
40	Bee Tree Village	2015158	Buncombe Co.	28778	26	1,118	3/17/2017	Pre-con held, construction not yet started
41	Williams-Baldwin Teacher Campus	2015166	Buncombe Co.	28806	24	313	9/16/2016	Final Inspection complete, awaiting close-out docs
42	Ball Gap Road	2015186	Buncombe Co.	28704	14	947	5/31/2016	Waiting on final inspection
43	The Haven at Enka Lake	2015191	Buncombe Co.	28715	259	1,595	9/27/2016	Waiting on testing
44	Greenwood Fields Phase 1	2015204	Buncombe Co.	28804	158	2,830	6/16/2016	Testing
45	Skyland Exchange	2015217	Buncombe Co.	28704	292	1,090	2/7/2017	Pre-con held, construction not yet started
46	Newbridge Parkway Apartments	2016013	Buncombe Co.	28804	308	1,575	9/2/2016	Waiting on final inspection
47	Biltmore Lake Block I, Phase 2	2016042	Buncombe Co.	28803	26	1,297	8/5/2016	Final Inspection complete, awaiting close-out docs
48	Long Shoals Village Phase 2	2016109	Buncombe Co.	28704	Comm.	330	8/16/2016	Waiting on testing
49	Greenwood Park Phase 1	2014067	Weaverville	28787	7	283	9/1/2015	Final Inspection complete, awaiting close-out docs
50	Monticello Apartments	2015124	Weaverville	28787	168	1,484	6/14/2016	Final Inspection complete, awaiting close-out docs
51	Creekside Village Phases III, IV, & V	2015167	Weaverville	28787	45	1,835	1/17/2017	Installing
52	New Homes at North Main (Crittter)	2016052	Weaverville	28787	54	1,808	2/10/2017	Testing
53	Maple Trace Phase 3	2016245	Weaverville	28787	24	1,260	5/2/2017	Pre-con held, construction not yet started
54	Crest Mountain Phase 3B	2013041	Woodfin	28806	69	1,329	10/15/2013	Punchlist pending, awaiting closeout documents
55	Reese & Jan Lasher (High Hopes)	2015152	Woodfin	28806	14	320	4/26/2016	Punchlist pending, awaiting closeout documents
56	Ventana Phase 2A	2016059	Woodfin	28806	8	900	2/17/2017	Testing
TOTAL					3,241	45,707		