

## **BOARD OF THE METROPOLITAN SEWERAGE DISTRICT**

**April 15, 2020**

### **1. Call to Order and Roll Call:**

The regular monthly meeting of the Metropolitan Sewerage District Board was held on Wednesday, April 15, 2020 at 2 PM. Due to the Covid-19 virus, Board Members and some staff attended the meeting remotely, using the "Go To Meeting" software application. Attendance was available via web access or telephone. Members of the public were able to access the meeting as well. Chairman VeHaun presided with the following members present via internet or telephone access: Ashley, Bryson, Kelly, Manheimer, Pennington, Pressley, Valois, Watts, Whitesides and Wisler. Pelly was absent.

Others present via internet or telephone access were William Clarke, General Counsel; Tom Hartye, Ed Bradford, Scott Powell, Angel Banks 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 February 19, 2020 Board Meeting:**

Mr. VeHaun asked if there were any changes to the Minutes of the February 19, 2020 Board Meeting. Mr. Kelly moved for approval of the minutes as presented. Mr. Watts seconded the motion. Voice vote in favor of the motion was unanimous.

### **4. Discussion and Adjustment of Agenda: None.**

### **5. Introduction of Guests: None.**

### **6. Informal Discussion and Public Comment:**

There was no public comment.

### **7. Report of General Manager:**

Mr. Hartye stated that MSD appreciates Buncombe County and the City of Asheville being out in front of this COVID-19 epidemic. Operations are good. Once declarations were made, MSD further scaled back to minimum essential staff and began rotations where needed. Obviously, the treatment plant operates 24/7/365. Ongoing construction continues along with emergency response activities. MSD intends to not only keep operations responsive and in good form but is also moving forward with its goals for Planning, CIP, Budget and Cane Creek Consolidation.

The required public hearing that is a part of the NC Environmental Management Commission (EMC) approval for consolidation with Cane Creek Water & Sewer District was held on March 12. The consolidation is still headed for May approval by the EMC, with MSD assuming operations on July 1, 2020. MSD and the City of Hendersonville's billing service agreement was approved on March 5 and is attached to this packet for consideration.

Board and Committee meetings are on schedule as follows:

ROW Committee	April 22, 2020 at 9:00 am
CIP Committee	April 23, 2020 at 8:30 am
Personnel Committee	April 28, 2020 at 9:00 am
Finance Committee	May 1, 2020 at 9:00 am
May Regular Board	May 20, 2020 @ 2:00 pm
June Regular Board	June 10, 2020 @ 2:00 pm

Mr. Hartye reported that regarding the budget, it is MSD's intent to have no annual salary increase for employees and no rate or fee increase for customers at this time. It is not yet possible to determine the impacts to revenues. MSD would like to pass a timely Budget and possibly revisit the issue mid-year.

**8. Report of Committees:**

**a. Right of Way Committee – February 26, 2020**

Mr. Kelly reported that the Right of Way Committee met on February 26, 2020 and made routine recommendations which are included in this Board package.

**9. Consolidated Motion Agenda:**

**a. Consideration of Condemnation – Jarnaul Avenue GSR, Campbell/Hinman:**

Mr. Clarke reported that at the time of this meeting the owners have agreed to settle. Mr. Hartye reported that Committee recommendation is to obtain appraisal and proceed with condemnation, if necessary.

**b. Consideration of Condemnation – Jarnaul Avenue GSR, Gonella:**

Mr. Hartye reported that design for the 8-inch replacement line was shifted to the north side of the creek to avoid construction through the creek and loss of trees. Staff has made seven contacts with this owner. Project is scheduled for advertisement for Summer, 2020. Right of Way Committee recommends authority to obtain appraisal and proceed with condemnation, if necessary.

**c. Consideration of Land Purchase for Proposed Carrier Bridge Pump Station Site:**

Mr. Hartye reported that the existing pump station was built in 1966 along Riverview Drive, just off Amboy Road, near Carrier Bridge. All wastewater flow from South Buncombe County, North Henderson County and most of West Asheville is pumped through this station and force main, under the French Broad River to a gravity line along Riverside Drive. Construction for a new 34 MGD pump station is planned to begin in 2021. A Phase I Environmental survey has been performed and no environmental concerns were identified. We are now

ready to enter into a contract for purchase. There are approximately 48.36 acres to the north of our current pump station owned by Duke Energy Progress. Duke has agreed to sell MSD approximately 1.25 acres of their land for \$89,375.00. Attached is the draft sales contract, which has been reviewed by Staff and approved by Billy Clarke. Right of Way Committee recommends accepting Staff's recommendation to enter into this contract with Duke.

**d. Consideration of Developer Constructed Sewer Systems: 50 Blake Court (Cost Participation); New Riparian; 412 Ridge Street:**

Mr. Hartye reported that the 50 Blake Court project is located off of Hendersonville Road in the City of Asheville and included rehabilitating approximately 138 linear feet of existing public sewer and extending approximately 166 linear feet of new sewer for a total of 304 linear feet of 8-inch public gravity sewer to serve the 4 residential units for this project. Since the rehabilitated portion was 4-inch and in poor condition, a cost participation worksheet was completed. The worksheet determined that MSD participate 50% on the portion to be rehabilitated. Based on the developer's actual construction cost of \$58,811.00 for the rehabilitated portion, the total reimbursement is \$29,405.50. Sufficient funds are available in Developer Reimbursements. Staff recommends acceptance of this developer constructed sewer system and authorization of payment in the amount of \$29,405.50 to the developer for the MSD Cost Participation Program.

Mr. Hartye reported that the New Riparian project is located off New Salem Road in Buncombe County and included extending approximately 290 linear feet of 8-inch public gravity sewer to serve the 5 residential units.

Mr. Hartye reported that the 412 Ridge Street project is located in Buncombe County and included extending approximately 280 linear feet of 8-inch public gravity sewer to serve the 3 single family residential units.

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

**e. Cash Commitment Investment Report – Month ended February 2020:**

Mr. Hartye reported that everything in the report is still normal. Staff doesn't expect to see the anticipated revenue reduction for a few months due to the lag in billing and payment hitting the balance sheet. Last Tuesday the LGC approved moving the Swap Agreement to SIFMA and hopefully we can close the deal tomorrow or shortly thereafter. Mr. Hartye stated that Mr. Powell was on-line if there were any questions.

**f. Consideration of Auditing Services Contract - FY2020:**

Mr. Hartye reported that in the Summer of 2015 staff issued an RFP for auditing services. The MSD Board approved Cherry Bekaert LLP as the auditors. The combined audit fees and reimbursable expenses of \$49,000 shown in engagement letter and audit contract attached to package will be included in the FY-2020

Budget. Ms. Wisler asked if there was an increase in this year's audit fees. Mr. Powell stated fees went up \$1,000 which is approximately a 2 % increase. The increase is in line with inflation. He further stated that typically fees come in approximately \$2,500 under the contract amount every year.

Staff recommends approval of the FY-2020 audit contract with Cherry Bekaert LLP, contingent upon review and approval of District Counsel.

**g. Consideration of Billing Agreement with the City of Hendersonville:**

Mr. Hartye reported that with the addition of Cane Creek Water & Sewer District (CCWSD), MSD will have an addition of approximately 3,911 customer accounts of which 3,011 water services are served by the City of Hendersonville (City). In preparation for the July takeover of CCWSD, staff met with City's staff to explore the possibility of providing billing and collection service. The City was agreeable to providing billing and collections services as outlined in the attached Agreement. The City of Hendersonville's council approved this agreement on March 5, 2020. Staff recommends approval of the attached agreement with the City of Hendersonville to provide billing and collection services.

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

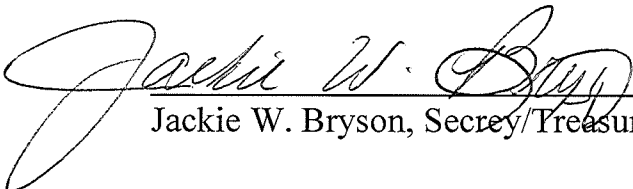
**10. Old Business:** None.

**11. New Business:**

Mr. Kelly asked about the possibility of the Right of Way Committee meeting and transacting its business via e-mail. Mr. Clarke explained that MSD Committee meetings are subject to the Open Meetings Law. Accordingly, he recommends that the Board and Committees meet virtually during the pandemic and allow public access so as to comply as closely as possible with the Open Meetings Law.

**12. Adjournment:**

With no further business, Mr. VeHaun called for adjournment at 2:29 pm.

  
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Jackie W. Bryson, Secretary/Treasurer

# MSD

## Regular Board Meeting

Metropolitan Sewerage District  
of Buncombe County, NC

### AGENDA FOR 4/15/2020

✓	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 February 19, 2020 Board Meeting	VeHaun	2:10	
	03. Discussion and Adjustment of Agenda	VeHaun	2:15	
	04. Introduction of Guests	VeHaun		
	05. Informal Discussion and Public Comment	VeHaun	2:20	
	06. Report of General Manager	Hartye	2:25	
	07. Report of Committees		2:35	
	a. Right of Way Committee – February 26, 2020	Kelly		
	08. Consolidated Motion Agenda	Hartye	2:40	
	a. Consideration of Condemnation – Jarnaul Avenue GSR, Campbell/Hinman	Hartye		
	b. Consideration of Condemnation – Jarnaul Avenue GSR, Gonella	Hartye		
	c. Consideration of Land Purchase for Proposed Carrier Bridge Pump Station Site	Hartye		
	d. Consideration of Developer Constructed Sewer Systems: 50 Blake Court (Cost Participation); New Riparian; 412 Ridge Street	Hartye		
	e. Cash Commitment/Investment Report-Month ended February, 2020	Powell		
	f. Consideration of Auditing Services Contract - FY2020	Powell		
	g. Consideration of Billing Agreement with the City of Hendersonville	Powell		
	09. Old Business:	VeHaun	2:55	
	10. New Business:	VeHaun	3:00	
	11. Adjournment: (Next Meeting 05/20/20)	VeHaun	3:05	
	STATUS REPORTS			

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT**  
**February 19, 2020**

**1. Call to Order and Roll Call:**

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration building at 2:00 pm on Wednesday, February 19, 2020. Chairman VeHaun presided with the following members present: Ashley, Bryson, Kelly, Manheimer, Pelly, Pennington, Pressley, Valois, Watts and Wisler. Whitesides was absent.

Others present were: William Clarke, General Counsel; Forrest Westall with McGill Associates; Marcus Jones with Cane Creek Water & Sewer District; Joseph Martin with Woodfin Sanitary Water Sewer District; Tom Hartye, Ed Bradford, Scott Powell, Angel Banks, Mike Stamey, Hunter Carson, Roger Edwards, Matthew Walter, 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 January 15, 2020 Board Meeting:**

Mr. VeHaun asked if there were any changes to the Minutes of the January 15, 2020 Board Meeting. Mr. Kelly moved for approval of the minutes as presented. Mr. Pelly seconded the motion. Voice vote in favor of the motion was unanimous.

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

None.

**5. Introduction of Guests:**

Mr. VeHaun welcomed Mr. Martin. Mr. Jones and Mr. Westall.

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

There was no public comment.

**7. Report of General Manager:**

Mr. Hartye reported that the required public hearing that is a part of the NC Environmental Management Commission (EMC) approval for consolidation with Cane Creek Water & Sewer District will be held on March 12 from 7-9:30 pm at the West Henderson High School. MSD and the City of Hendersonville have developed a draft billing services agreement which will go before their City Council on March 5<sup>th</sup>. Once this agreement is approved by the Council, staff will bring it to the MSD Board for consideration.

MSD has once again received the Distinguished Budget Presentation Award by the Government Finance Officers Association for the FY2020 budgeted document. Much thanks to Scott Powell and Teresa Gilbert.

Mr. Hartye reported that Mike Stamey, Director of Construction and Ed Bradford, Engineering Director will give an update of MSD's construction program. Included in this Manager's Report is some information and statistics about their respective divisions.

Mr. Bradford presented the organizational chart showing the location of Engineering and reported that the District typically manages all projects cradle-to-grave using in house staff. Exceptions are for technically unique projects, usually at the plant, or for volume reasons. There are around 90 projects or so within the ten-year planning window. CIP has been averaging over \$20 Million, with this year being \$29 Million, which is mainly driven by the extensive plant projects. In future years there are some very large collection system projects as well. Also within the Engineering group is the Planning & Development section. Planning & Development manages system growth and expansion, approves permits for new connections, ensures extensions are designed to District Standards and makes sure there is system capacity, both at the plant and within the sewer lines. The Engineering Division has a staff of 15 employees. Within the Capital Program itself, there are 11 employees consisting of Engineers, Drafting Technicians and Right of Way Staff. The Engineering Division also manages consulting engineers for specialized projects. The only regularly outsourced work is for surveying projects and legal work. Within Planning and Development, there are 4 employees who permit new connections and verify capacity and conditions for new development. Mr. Bradford presented a slide showing Engineering Division employees. He then presented before and after construction slides of the Plant Headworks Project. This is a very significant project comprised of replacing the old bar screens at the head of the plant with new fine screens and installing a new Vortex Grit Removal System which is more efficient than the old Schreiber system. This project also includes installing a Surge System for peak flow conditions which utilizes the existing digester tanks. The total project cost was approximately \$9.6 million. Mr. Bradford presented slides on the High Rate Primary Treatment project. Significant project aspects are that there is no primary treatment after the screening/grit removal and there was a tight fit due to site restrictions. This project will allow the plant to better adjust to peak flows by being able to ramp the flow up and down. This project was awarded at the October 2018 Board Meeting with construction cost at \$15.1 million. This project is well underway, with equipment expected this spring/summer. Completion is expected in early 2021. The new headworks and this project will significantly improve the plant treatment process and prepare the plant for future permitting requirements. Approximately \$62.6 million has been spent over the past 20 years on significant projects at the plant. Looking forward, the RBC's will be replaced as they have outlived their design life. This will be a permit driven project with design about 4 years out and construction about 7 years out. The District has been taking steps to make sure this treatment process can remain in place as long as possible. The RBC units are air driven and no longer made, so staff has stockpiled quite a few. That way, if shafts break or engines fail, we can replace them. This is a very significant project with a cost at around \$50 million and is planned for within the ten-year CIP. The CIP Status Report (entire program) is posted on-line and updated quarterly. There were no questions.

Mr. Stamey reported that the Construction Division has a total of 34 employees, 27 employees in the In-house Construction group and 6 employees in

## Minutes

February 19, 2020

Page Three

Construction Administration. Mr. Stamey reported on the In-house Construction group, stating that these employees are his heroes. They are a hard-working group who work days, nights, week-ends, warm days in summer or in the middle of winter during a snowstorm. When a call comes in to fix a sewer line they go out and do the job. He stated that he really appreciates all they do. Mr. Stamey presented slides and reported on some of their projects. 332 Wilson Avenue is in the Grovemont section of Swannanoa and consisted of replacing 235 linear feet of 6-inch sewer line which was in very poor condition and traveled underneath a house. The crew was surprised by a snowstorm in late January and they didn't stop or complain. Riverside Drive @ Norton Drive in Woodfin is another project they are currently working on, consisting of replacing 700 linear feet of very problematic sewer line. Mr. Stamey reported that any time there are heavy storms, creeks swell and stream banks are subject to erosion which can put our sewer lines in jeopardy. He presented slides showing such streambank erosion at Trappers Run and New Haw Creek Road which took place on January 22. This project required 5 dump truck loads of rip rap (150,000 pounds) to repair. A 100' x 10' area was restored and the 10-inch sewer line was protected. The property owner was very pleased with the stream bank and surface restoration and thanked MSD for the quick response time and the communication he received. Mr. Stamey presented slides of another project which took place on September 12, 2019. Three point repairs were needed on Merrimon Avenue in the area of Staples. These repairs could not be made during the day due to traffic volume so this was scheduled for night work. The In-house Construction group worked very hard that night from 4 pm until about 1 am the next morning. The City of Asheville street crews came in to patch and Merrimon Avenue was open by 2 am. He reported that in the back of the Board package each month are reports from System Services including In-House Construction and CIP Projects. The Construction Administration group is another hard-working, dedicated group who work with contractors to ensure they meet District Standards for sewer construction and they also handle documentation required for payment to contractors. Walnut Street @ Rankin Avenue Project is one important project of theirs and is located at Haywood Street, College Street and Walnut Street in Asheville. Some Board Members may be aware that this is a partnership project with the City of Asheville Streetscape Improvement Project. Mr. Stamey presented slides of the work on the project and stated that one of the big questions asked on this project is "what else is in the ground". Mr. Stamey presented a slide of the alleyway near the College Street parking deck, stating that every day they run across some conflict or obstacle that they have to overcome. This slide shows multiple pipes crossing in the trench. The MSD sewer line is below all of that. Each pipe has to be investigated to determine what it is, whether it is alive or dead and how to replace the sewer line. It is much like threading a needle. He presented another slide of a large fuel tank buried in the path of the sewer line in the alley off of College Street and reported that steps are being taken to address this issue today. Ms. Manheimer asked if MSD and City of Asheville Water Department were working in the same trench. Mr. Bradford stated no. They were in the same vicinity though. Mr. Hartye added that when this project was brought to the Board, it was a little more money for the contractor than anticipated, and that MSD was definitely getting it's money's worth due to all of the issues. Mr. Stamey then presented slides showing the South French Broad Lining Project on the Biltmore Estate. Each winter for the last 3-4 years the District has been lining sections of the 36" concrete sewer line. This year there will be about 4,000 linear feet lined adjacent to Antler Hill Village. This work is done between January and March during the Biltmore Estate's



slow time. Mr. Stamey presented slides showing the progress of The Weaverville Force Main @ the Plant Replacement project which consists of replacing 2,390 linear feet of 12-inch force main with 36-inch C900 PVC Gravity Sewer. Upcoming CIP Sewer Rehabilitation Projects include Town Branch Interceptor Lining consisting of 800 linear feet, North Lexington Avenue @ I-240 consisting of 210 linear feet, New Walnut @ Riverside Drive consisting of 1,270 linear feet, Patton Hill Road 4-inch Main consisting of 618 linear feet and New Haw Creek at Water Booster Station consisting of 92 linear feet. There were no questions.

Mr. Hartye reported that the next Right of Way Committee meeting will be held on February 26, 2020. The next regular Board Meeting will be held on March 18, 2020 at 2 pm.

**8. Report of Committees:**

**a. Right of Way Committee – January 22, 2020**

Mr. Kelly reported that the Right of Way Committee met on January 22, 2019 and made routine recommendations which are included in this Board package. One item dealt with getting license agreements with Norfolk Southern Railway. Mr. Kelly stated that most Board Members were in attendance for that conversation, but if anyone needed elaboration Mr. Clarke or Ms. Banks could do so. Mr. Clarke stated that he has been dealing with the railroad for some length of time. There are 3 crossings on this project, some parallel and some travel under the railroad, and these are existing lines. The railroad wanted \$100,000.00 for the 3 crossings, after some negotiations they came back with \$49,500.00. The Right of Way Committee thinks this is still too much, so it recommends proceeding with condemnation. Norfolk Southern has received the notice of condemnation and Mr. Clarke is scheduled to speak to them by phone tomorrow. He stated that he will keep the Board updated.

**9. Consolidated Motion Agenda:**

**a. Consideration of Bids: Four-inch Main Patton Hill Road and New Haw Creek Road @ Water Booster Station Sanitary Sewer Rehabilitation Projects:**

Mr. Hartye reported that these are two small projects bid together. These projects were informally advertised and one bid was received on January 20, 2020. The sole bidder is Terry Brothers Construction Company with a bid amount of \$368,074.50. Terry Brothers has completed numerous projects for the District and their work quality has remained excellent. The FY 19-20 combined construction budgets for these two projects is \$378,000.00. Staff recommends award of this contract to Terry Brothers Construction Company in the amount of \$378,074.50, subject to review and approval by District Counsel.

**b. Consideration of Condemnation – Christian Creek Interceptor, Norfolk Southern Railway:**

Mr. Hartye reported that Committee recommends authority to obtain appraisal and proceed with condemnation, if necessary.

**c. Consideration of Condemnation – Christian Creek Interceptor, Regal Hospitality, LLC:**

Mr. Hartye reported that Mr. Patel claims to own land near Porters Cove Road bridge. MSD's title attorney nor surveyor can find any deeds or surveys to provide a description sufficient to determine the boundaries of the parcel. Mr. Clarke has engaged Mr. Patel's attorney, Ron Payne, in several discussions regarding the project and the need for an easement. At this time Mr. Patel is unwilling to grant an easement, or even temporary access for construction. Therefore, we must proceed with a condemnation action in order to build the project. Right of Way Committee recommends authority to obtain appraisal and proceed with condemnation, if necessary.

**d. Consideration of Construction without Easements – Christian Creek Interceptor:**

Mr. Hartye reported that in this same project area there were large tracts of land that were bisected for construction of I-40. This left small land remnants with no good documentation of boundaries or ownership. Committee recommends granting authority to proceed with construction without easements in these areas of unknown ownership. Should ownership arise during construction then Staff will negotiate with them the same as everyone else.

**e. Consideration of Compensation Budgets – 72 Dillingham Road; Coleman Avenue @ Conestee Street; Owenby Lane @ Old US Hwy 70:**

Mr. Hartye reported that the Right of Way Committee recommends approval of these 3 compensation budgets.

**f. Consideration of Easement Assignment – Future Julian Woods Retirement Community:**

Mr. Hartye reported there are public sewer lines that bisect this site. Easements for these lines were granted to Buncombe County Board of Education in October 1990 but were never assigned to MSD. Developer cannot close on the property or obtain a construction loan until the easements have been assigned to MSD. The attached assignment has been approved by the Buncombe County Board of Education and staff is looking for the MSD Board to accept assignment of these easements.

**g. Consideration of Developer Constructed Sewer Systems: Avondale Subdivision; Hawthorn @ Haywood; Olivette Ph.1; Roberts Relocation; Preserve @ Avery Creek Ph. 2:**

Mr. Hartye reported that the Avondale Subdivision project included extending approximately 380 linear feet of 8-inch public gravity sewer to serve the 4 residential units.

Mr. Hartye reported that the Hawthorne @ Haywood project included extending approximately 1,606 linear feet of 8-inch public gravity sewer to serve 240 apartments.

Mr. Hartye reported that the Olivette Phase 1 project is located in Woodfin on the other side of the French Broad River and included extending approximately 1,092 linear feet of 8-inch public gravity sewer and 55 linear feet of 18-inch gravity sewer to serve the 20 single family residential units.

Mr. Hartye reported that the Roberts Sewer Line project is located in the Town of Biltmore Forest and included relocation of approximately 336 linear feet of 8-inch public gravity sewer and abandoning approximately 420 linear feet of public gravity sewer to serve the new single-family residence.

Mr. Hartye reported that The Preserve @ Avery's Creek Phase 2 project is located along Avery Creek Road in Buncombe County and included extending approximately 2,845 linear feet of 8-inch public gravity sewer to serve the 35 single family residential units and 40 townhomes for this phase of the development.

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

**h. Consideration of Declaration of Intent to Adopt Revised MSD Sewer Use Ordinance:**

Mr. Hartye reported that the last time the Sewer Use Ordinance (SUO) was updated was August 26, 2011. Mr. Edwards led up the effort to rewrite the SUO to match the North Carolina State Model SUO which included the section for Fermented Beverage Manufacturers and the section for newly defined Contaminants of Emerging Concern. The process requires that MSD declare an intent to adopt a Revised MSD Sewer Use Ordinance. If approved today, it would be sent out to member agencies for review and comments. It would then come back to this Board for approval. Staff has met with the Brewer's Association on several occasions and worked through a lot of issues with them. Mr. Edwards will be giving a presentation in April regarding the pretreatment section and this ordinance.

**i. Cash Commitment Investment Report – Month ended December, 2019:**

Mr. Powell reported that Page 100 presents the makeup of the District's Investment Portfolio. There has been no significant change in the makeup of the portfolio from the prior month. Page 101 presents the MSD investment managers report as of the month of December. The weighted average maturity of the investment portfolio is 73 days and the yield to maturity is 1.84%. Page 104 presents the MSD Variable Debt Service. The 2008A Series is performing at budgeted expectations. As of the end of January, this issue has saved the District rate payers approximately \$6.2 million in debt service since April 2008.

**j. Second Quarter Budget to Actual Review – FY 2020:**

Mr. Powell reported that Page 106 presents the District's second quarter Budget to Actual Review and Expenditure Report. Domestic and Industrial Revenue fees are at budget expectations taking into consideration the timing of cash receipts. Facility and Tap Fees are above budgeted expectations due to receiving approximately \$426,000.00 from three developers. Interest and miscellaneous income are above budgeted expectations due to actual short-term interest rates being better than anticipated for the fiscal year. O&M expenditures are at approximately 50.8% of budget. They include encumbered amounts of approximately \$900,000.00. Bond principal and interest expenditures are reflected at 50%. This will aid the user to properly assess debt service commitments on a budgetary perspective. Actual amount spent as of the end of the second quarter is approximately 20.66%. This is due to the timing of the District's debt service payments. Amounts budgeted for capital equipment and capital projects are rarely expended proportionately throughout the year. Due to the timing of capital projects, these amounts are considered reasonable.

**k. Resolution to Amend 2008A Interest Rate Swap:**

Mr. Powell reported that this is required by Bank of America to change the indices discussed at this Board in November 2019. Mr. Clarke has reviewed the Resolution. Mr. Clarke added that this is the item that was discussed regarding the London Inter-Bank Offered Rate (LIBOR) going away. This Resolution authorizes Mr. Powell, the General Manager and Bond Counsel to negotiate with Bank of America using the Securities Industry and Financial Markets Association (SIFMA) rate. Mr. Powell further stated that if the interest rates stay as they are the District should do even better than it has been doing.

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

**10. Old Business:** None.

**11. New Business:** None.

**12. Adjournment:**

With no further business, Mr. VeHaun called for adjournment at 2:43 pm.

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Jackie W. Bryson, Secretary/Treasurer



# MEMORANDUM

TO: MSD Board  
FROM: Thomas E. Hartye, P.E., General Manager  
DATE: April 9, 2020  
SUBJECT: Report from the General Manager

- MSD Operations Update (COVID-19)

Operations are good. Several weeks ago staff began to gear up and test most of the inside positions for ability to telework, while also preparing for a scale down to some of the outside forces. Prior to the County and State declarations we scaled back inside forces and had outside forces take trucks home and report directly to work-sites. In addition, we closed the Administration building to the general public and separated access for different groups/floors. Once the declarations were made we further scaled back to minimum essential staff, and began rotations where needed. Obviously the treatment plant operates 24/7/365 and has been cross training to help cover if someone should fall ill. While the collection system preventative maintenance activities have ceased, ongoing construction continues along with our emergency response activities. We have been scraping together PPE etc. from various sources much like everyone else. We intend to not only keep operations responsive and in good form, but are also moving forward with our goals for Planning, CIP and budget.

- Budget Process/Board and Committee Meetings

- April Regular Board Meeting April 15, 2:00 pm
- ROW Committee Meeting April 22, 9:00 am
- CIP Committee April 23, 8:30 am
- Personnel Committee April 28, 9:00 am
- Finance Committee May 1, 9:00 am
- May Regular Board TBD (May 20, or May 13) 2:00 pm
- June Regular Board June 10, 2:00 pm

- Digital Meeting Setup

We use “Go to Meeting,” which is fairly easy to set-up. I will send a link to each meeting via separate emails. The digital meeting room will be open ½ hour before each meeting starts (as listed above). I will also send a link to a dry run next Tuesday April 14, at 2:00 – 2:30 pm so that you can test your computer and how it works. Staff will be there for support during and after the dry-run.

**RIGHT OF WAY  
COMMITTEE RECOMMENDATIONS  
AND MINUTES  
February 26, 2020**

**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, February 26, 2020. The following Right of Way Committee members were present: Glenn Kelly, Matt Ashley, Jackie Bryson, Esther Manheimer, Chris Pelly, Nathan Pennington and Al Whitesides.

Others present were William Clarke, MSD Counsel; Bob Watts and Earl Valois, Board Member; Tom Hartye, Angel Banks, Ed Bradford, Hunter Carson, Darin Prosser, Ken Stines, 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. There was none.

**III. Consideration of Condemnation – Jarnaul Avenue GSR, Project No. 2016014**

**Property Owner: Rebecca Campbell and Andy Hinman, Pin 9730-84-1123**

Subject parcel is improved with a residential rental. The existing 8” line hugs the south side of a creek bisecting the property. Design for the 8” replacement line was shifted to the north side of the creek to avoid construction through the creek, loss of trees and a stone footbridge.

The owners live in Texas. In phone conversations with Mr. Hinman, who is an architect, he understood the plat, construction plan, and agreement mailed to him and his wife. His only concerns were the stone footbridge across the creek and fencing that contains the tenant’s dog. Mr. Hinman indicated they would execute the easement agreement if provisions were made for these concerns. Special provisions were approved by our project engineer to replace any fencing removed/damaged and to remove, if necessary, and replace the stone footbridge. Also, a site meeting was held with the tenant to discuss the project and how MSD would address fencing.

After two phone conversations with Mr. Hinman, Ms. Campbell contacted us to say she would like some time to think about this and would be back in touch. In about a month, Ms. Campbell emailed to say she had engaged Bob Long to represent them in this matter. Six calls by our agent to Mr. Long have resulted in no offer of settlement. Staff has therefore contacted Billy Clarke to continue discussions with Mr. Long. Thus far, Mr. Long continues to stall and has made no settlement offer. We need to move forward with this project as advertisement for bids is scheduled for Summer, 2020.

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

Ms. Banks presented a map showing the location and reviewed the above situation. There was no discussion. Mr. Kelly made the motion to accept Staff's recommendation. Mr. Pelly seconded the motion. Voice vote was unanimous.

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

**IV. Consideration of Condemnation– Jarnaul Avenue GSR, Project No. 2016014**

**Property Owner: Charlotte Reid Gonella, Pin 9730-74-9191**

Subject parcel is improved with an owner-occupied residence. The existing 8" line crosses, then hugs the south side of a creek at the northern property line. Design for the 8" replacement line was shifted to the north side of the creek and off the property to avoid construction through the creek and loss of trees. While the pipe itself is off the parcel, a sliver of permanent easement (81.4 SF, .002 AC) crosses onto the subject parcel as well as a small amount of temporary easement (1,075.8 SF, .025 AC).

The owner is an attorney in Asheville, specializing in family law. In our agent's first conversation with Ms. Gonella, she indicated she had hired Bob Long to represent her. Four calls between our agent and Mr. Long have resulted in no offer of settlement. Staff has therefore contacted Billy Clarke to continue discussions with Mr. Long. Thus far, Mr. Long continues to stall and has made no settlement offer. We need to move forward with this project as advertisement for bids is scheduled for Summer, 2020.

Contacts: 7

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

Ms. Banks explained the location and situation of the above parcel. There was no discussion. Mr. Kelly made the motion to accept Staff's recommendation. Mr. Pelly seconded the motion. Voice vote was unanimous.

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

## **V. Consideration of Land Purchase for Proposed Carrier Bridge Pump Station**

The existing pump station was built in 1966 along Riverview Drive, just off Amboy Road, near Carrier Bridge. All wastewater flow from South Buncombe County, North Henderson County and most of West Asheville is pumped through this station and force main, under the French Broad River to a gravity line along Riverside Drive. With the explosion of growth in these service areas, the station has reached its permitted capacity. Construction for a new 34 MGD pump station is planned to begin in 2021.

This issue has been discussed at previous ROW Committee and Board meetings. Staff has been gathering pertinent information for several months. A boundary survey and appraisal have been prepared. Also, a Phase I Environmental survey has been performed and no environmental concerns were identified. We are now ready to enter into a contract for purchase.

To the north of our current pump station, lies a parcel of 48.36 acres owned by Duke Energy Progress. Duke has agreed to sell MSD approximately 1.25 acres of their land. The price, as determined by the appraisal, is \$71,500 per acre, or \$89,375. Attached is the draft sales contract, which has been reviewed by staff and approved by Billy Clarke.

### **STAFF RECOMMENDATION: Staff recommends entering into this contract with Duke.**

Ms. Banks turned the meeting over to Darin Prosser, Project Engineer, for an overview.

Mr. Prosser presented an aerial view of the location of the existing pump station and explained the location and history. The existing pump station was built in 1966 and is MSD's largest station in the system. There were major upgrades performed in 1986 with several minor upgrades since that time. This pump station is essential because it collects flow from areas south and west in Buncombe County and also the Cane Creek area of Henderson County. Current capacity at this pump station is 22 MGD per day. Due to the growth in South Asheville the pump station is now in negative capacity per the flow tracking permit from NCDEQ. Replacement is necessary to be in compliance with the NCDEQ regulations. There was some discussion regarding capacity. The existing site is a narrow .88 acres with no area for additions or expansions. The proposed site is 1.25 acres that is undeveloped wooded area. A portion of the site is a steep slope coming up to Riverview Drive and there is also a portion that needs to be raised above the 100-year flood plain. This will be done with the use of retaining walls. MSD is lucky to find this property that is next to the existing pump station. This will allow for an easier time connecting upstream and downstream interceptors. Once the new station is on-line, the existing station will be demolished and repurposed. The current design will go on for another 16-18 months, with construction planned for FY 21-22. The initial capacity will be at 34 MGD. This number was arrived at by using a 50-year projection plan based on future flows of 2070. The pump station will be designed to upgrade in the future to accommodate a capacity of 40-50 MGD. Since this pump station is located in the middle of a park and residential area, odor will be a big issue.



The pump station will be designed so that it is mostly enclosed with an activated carbon odor control system. Mr. Prosser presented a view of the preliminary layout and stated that there will be two retaining walls. The wall to the east will help bring the grade above the flood plain and the other retaining wall will allow them to push back the slope and create a more usable area. He asked that as the presentation continues, to keep in mind that this is still in preliminary design and what he presents today may change. The design so far is to conceal many of the components that will have to be constructed outside of the structure. The architecture of the building will blend into the surrounding park area. The station's roof shown on this presentation mimics one of the buildings in the park. The retaining walls will have a stone like feature to them. One issue to find a solution for is graffiti protection. The next challenge will be how to cross the French Broad River with the new force main. The existing 24-inch force main runs perpendicular from the station across the river and it will be upsized to two 36-inch force mains. One will be for back up because we don't want to cross the river again. Right now, staff is looking into locations and methods on how to cross the river. One option is to cross with a pedestrian bridge. The two force mains will hang underneath the bridge with the top being the walkway. Discussions with the City of Asheville are ongoing and the hope is to tie this in with the greenway into the park. Mr. Prosser stated that he hopes this makes everyone comfortable with the land selection and gives them a good glimpse of what is being done. He asked if there were any questions. Mr. Pelly asked if MSD would do the bridge too. Mr. Prosser stated yes, that they were trying to coordinate with the City of Asheville to pick a good location. The new Carrier Bridge pump station will be north of the park so it may clip a portion of the park. Staff is looking into different locations for the force mains. One is next to the existing force main, or a little further north. Staff would like to get the City of Asheville on board, if it could tie into the greenway it would be ideal. Mr. Kelly asked how far below the bridge would the main line be suspended. Mr. Prosser stated the bottom of the force main could be around 4-5 feet below the decking. Mr. Kelly stated he was thinking about the graffiti problem with that. Mr. Prosser stated that they will be looking into graffiti protection on everything. Mr. Clarke asked what the clearance on the bridge was. Mr. Prosser stated that they have not really looked into that yet. The City of Asheville wanted the bridge to cross Lyman Street but he thinks it will be too big of a bridge and MSD would like it directly across from the pump station. Mr. Bradford stated that the bridge is looking fairly expensive and that MSD is doing a pricing matrix for all of the options. Mr. Ashley asked if the aerial was the only option for crossing the river. Mr. Prosser stated no, they are looking at several other options. Open cut is one and micro-tunneling is another option but it would end up being way below the bedrock for the river on both sides. The bedrock they are finding in this area is 16-18 feet deep so they would have to go even further. Mr. Ashley stated that it sounds expensive. Mr. Bradford stated they were all expensive and all will have to be evaluated. Ms. Manheimer stated that if you do this kind of bridge you should get a partnership with the Tourism Development Authority (TDA) and it could trigger money from room tax, etc., because it is an amenity. Mr. Prosser stated that they did ask the water department if they wanted to team up on this project. Ms. Manheimer stated that was an easier fund for the City to tap into as it has a more robust capital fund than the general fund. They are thinking micro-tunneling or directional drilling would be around \$2 million and if MSD goes with the bridge it would double

to around \$4 million. This bridge will have no vehicle traffic, only pedestrian. Mr. Pennington stated that it looks like it will be a long span with no pilings in the middle. Mr. Prosser stated that depending on the span there might have to be some piers in the river. Ms. Manheimer asked if this would connect into the new RADTIP Project and tie into the new greenway project on the other side. Mr. Prosser stated yes. There were no further questions.

Ms. Banks reviewed the above information and stated there is a copy of the draft sales contract attached. The sales contract reserves a 100-foot transmission right of way and a 40-foot distribution right of way for Duke, both of which touch one side or the other of this 1.25-acre tract. Staff is now ready to enter into a sales contract. There were no questions.

Mr. Kelly made the motion to accept Staff's recommendation. Mr. Whitesides seconded the motion. Voice vote was unanimous.

**COMMITTEE RECOMMENDATION: Accept Staff's recommendation to enter into this contract with Duke.**

**IX. Other business – None**

There being no further business, the meeting adjourned at 9:22 am.

# Metropolitan Sewerage District of Buncombe County

## Board Action Item - Right-of-Way Committee

COMMITTEE MEETING DATE: 2/26/2020

BOARD MEETING DATE: 4/15/2020

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–  
Jarnaul Avenue GSR, Project No. 2016014**

**Property Owner: Rebecca Campbell and Andy Hinman, Pin 9730-84-1123**

Subject parcel is improved with a residential rental. The existing 8" line hugs the south side of a creek bisecting the property. Design for the 8" replacement line was shifted to the north side of the creek to avoid construction through the creek, loss of trees and a stone footbridge.

The owners live in Texas. In phone conversations with Mr. Hinman, who is an architect, he understood the plat, construction plan, and agreement mailed to him and his wife. His only concerns were the stone footbridge across the creek and fencing that contains the tenant's dog. Mr. Hinman indicated they would execute the easement agreement if provisions were made for these concerns. Special provisions were approved by our project engineer to replace any fencing removed/damaged and to remove, if necessary, and replace the stone footbridge. Also, a site meeting was held with the tenant to discuss the project and how MSD would address fencing.

After two phone conversations with Mr. Hinman, Ms. Campbell contacted us to say she would like some time to think about this and would be back in touch. In about a month, Ms. Campbell emailed to say she had engaged Bob Long to represent them in this matter. Six calls by our agent to Mr. Long have resulted in no offer of settlement. Staff has therefore contacted Billy Clarke to continue discussions with Mr. Long. Thus far, Mr. Long continues to stall and has made no settlement offer. We need to move forward with this project as advertisement for bids is scheduled for Summer, 2020.

Contacts: 14

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

Ms. Banks presented a map showing the location and reviewed the above situation. There was no discussion. Mr. Kelly made the motion to accept Staff's recommendation. 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 - Right-of-Way Committee

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SUBMITTED BY: Tom Hartye, PE, General Manager  
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**SUBJECT: Consideration of Condemnation–  
Jarnaul Avenue GSR, Project No. 2016014**

**Property Owner: Charlotte Reid Gonella, Pin 9730-74-9191**

Subject parcel is improved with an owner-occupied residence. The existing 8” line crosses, then hugs the south side of a creek at the northern property line. Design for the 8” replacement line was shifted to the north side of the creek and off the property to avoid construction through the creek and loss of trees. While the pipe itself is off the parcel, a sliver of permanent easement (81.4 SF, .002 AC) crosses onto the subject parcel as well as a small amount of temporary easement (1,075.8 SF, .025 AC).

The owner is an attorney in Asheville, specializing in family law. In our agent’s first conversation with Ms. Gonella, she indicated she had hired Bob Long to represent her. Four calls between our agent and Mr. Long have resulted in no offer of settlement. Staff has therefore contacted Billy Clarke to continue discussions with Mr. Long. Thus far, Mr. Long continues to stall and has made no settlement offer. We need to move forward with this project as advertisement for bids is scheduled for Summer, 2020.

Contacts: 7

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

Ms. Banks explained the location and situation of the above parcel. There was no discussion. Mr. Kelly made the motion to accept Staff’s recommendation. 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 - Right-of-Way Committee

COMMITTEE MEETING DATE: 2/26/2020

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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 Land Purchase for Proposed Carrier Bridge Pump Station**

The existing pump station was built in 1966 along Riverview Drive, just off Amboy Road, near Carrier Bridge. All wastewater flow from South Buncombe County, North Henderson County and most of West Asheville is pumped through this station and force main, under the French Broad River to a gravity line along Riverside Drive. With the explosion of growth in these service areas, the station has reached its permitted capacity. Construction for a new 34 MGD pump station is planned to begin in 2021.

This issue has been discussed at previous ROW Committee and Board meetings. Staff has been gathering pertinent information for several months. A boundary survey and appraisal have been prepared. Also, a Phase I Environmental survey has been performed and no environmental concerns were identified. We are now ready to enter into a contract for purchase.

To the north of our current pump station, lies a parcel of 48.36 acres owned by Duke Energy Progress. Duke has agreed to sell MSD approximately 1.25 acres of their land. The price, as determined by the appraisal, is \$71,500 per acre, or \$89,375. Attached is the draft sales contract, which has been reviewed by staff and approved by Billy Clarke.

**STAFF RECOMMENDATION: Staff recommends entering into this contract with Duke.**

**COMMITTEE RECOMMENDATION: Accept Staff's recommendation to enter into this contract with Duke.**

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

Site No.:

Land Unit:

Project No.:

**CONTRACT TO SELL AND PURCHASE REAL ESTATE**

This Contract (this "Contract"), is made as of \_\_\_\_\_, 2020 (the "Effective Date"), by and between **DUKE ENERGY PROGRESS, LLC**, a North Carolina limited liability company, hereinafter referred to as "Seller", and **METROPOLITAN SEWAGE DISTRICT OF BUNCOMBE COUNTY**, hereinafter referred to as "Buyer";

**WITNESSETH:**

That for and in consideration of the mutual covenants, agreements and undertakings set forth herein, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller a fee simple interest in that certain real property, together with all the rights, easements, privileges, hereditaments and appurtenances pertaining thereto, hereinafter referred to as the "Property", located in Buncombe County, North Carolina, as more particularly described as follows:

All that certain tract, piece, parcel or lot of land located in Buncombe County, North Carolina, containing 1.25 ± acres, being shown on the plat of survey entitled "Recombination Boundary Survey for Metropolitan Sewerage District of Buncombe County," dated \_\_\_\_\_ and recorded in Book \_\_\_\_ at Page \_\_\_\_\_ on \_\_\_\_\_ (the "Plat"), and incorporated herein by reference. The Property is also identified as being a portion of Parcel ID No. 963892348400000. The Property was acquired by Seller by the instrument recorded in Deed Book 602 at Page 345 in the Office of the Register of Deeds of Buncombe County.

**1. PURCHASE PRICE:** The total purchase price for the Property (the "Purchase Price") is Eighty-Nine Thousand Three Hundred Seventy-Five and No/100 Dollars (\$89,375.00), to be paid as follows:

- A. Five Thousand and No/100 Dollars (\$5,000.00) in "Earnest Money" to be paid by Buyer to Roberts & Stevens, Attorneys At Law, as escrow agent on behalf of Seller on the Effective Date, as a partial payment of the Purchase Price as provided in Paragraph 1.B below.
- B. Eighty-Four Thousand Three Hundred Seventy-Five and No/100 Dollars (\$84,375.00), the balance of the Purchase Price, in cash, or its equivalent, at Closing (as defined in Paragraph 9).

**2. POSSESSION:** Possession of the entire Property shall be given to Buyer upon Seller's execution and delivery of the Deed to Buyer.

**3. INVESTIGATION PERIOD AND BUYER'S ELECTION:** Buyer shall have a period of time (hereinafter referred to as "Investigation Period") beginning on the Effective Date and concluding at 5:00 PM on the date which is ninety (90) days after the Effective Date, to conduct all studies, surveys and investigations of the Property, including environmental audits and testing (subject to the terms and provisions hereof) (hereinafter collectively referred to as "Investigations") to determine in Buyer's sole judgment if it is feasible for Buyer to purchase the Property; provided, however, Buyer shall not be entitled to conduct any environmental Investigations on the Property beyond a Phase I environmental site assessment (i.e., no sampling, drilling, as relates to a Phase I) without the prior written consent of Seller, which may be granted, withheld or conditioned in Seller's sole discretion. Buyer shall not interfere with normal business operations of Seller on the Property during the Investigation Period. Immediately upon completing the Investigations, Buyer, at its sole cost and expense, shall restore the Property to substantially the same or better condition as same existed prior to such Investigations. Buyer shall, to the extent permitted by North Carolina state law, indemnify, defend and hold Seller harmless from and against any and all costs, liabilities, and claims, including legal fees and court costs, arising from, caused by, or resulting from, the action or inaction of Buyer, any agent or contractor or other representative of Buyer. Buyer's obligations contained within the immediately preceding two (2) grammatical sentences (collectively being the "Survival Obligations") shall survive the termination of this Contract and the Closing indefinitely. Buyer shall promptly provide Seller with the results of any Investigations made hereunder upon the completion thereof. If such Investigations do not, in the sole discretion of Buyer, warrant the purchase of the Property, then Buyer may deliver written notice to Seller, prior to the expiration of the Investigation Period, that it is not feasible for Buyer to purchase the Property, whereupon this Contract shall terminate, the Earnest Money shall be refunded to Buyer, and neither Buyer nor Seller will have any further rights or obligations under this Contract (except for the Survival Obligations). The failure of Buyer to provide such notice of termination prior to the expiration of the Investigation Period shall be

deemed conclusively a waiver of Buyer's termination rights under this Paragraph 3. Furthermore, in the event Buyer fails to terminate this Contract prior to the expiration of the Investigation Period, then, except as otherwise provided herein, the Earnest Money shall be deemed for all purposes under this Contract to be nonrefundable to Buyer and "earned" by Seller.

Buyer shall be entitled to conduct rock borings on the Property solely for identifying rock depths and rock type. This information is essential to the Buyer's site investigation for proposed structure depths and rock removal estimates for construction.

**IF BUYER DOES NOT EXERCISE ITS RIGHT TO TERMINATE THIS CONTRACT PRIOR TO THE EXPIRATION OF THE INVESTIGATION PERIOD AS PROVIDED IN THIS PARAGRAPH 3, BUYER SHALL BE DEEMED TO BE SATISFIED WITH ALL ASPECTS OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL CONDITION) AND SHALL ACCEPT THE PROPERTY AT CLOSING "AS IS" AND WITH ALL FAULTS.**

**4. SELLER'S ENVIRONMENTAL INVESTIGATIONS:** Seller may, during the Investigation Period, conduct its own environmental testing on the Property to determine if, in Seller's sole discretion, the Property is environmentally acceptable for sale. Seller may disclose, **without warranty**, the results of any environmental testing conducted by Seller to Buyer. Any disclosure relating to environmental issues shall contain the following disclaimer:

*Attached you will find environmental information on the above referenced Property. The scope of Duke Energy Progress, LLC's environmental investigation does not include all possible contaminants. As a result, this report may not represent all the environmental considerations at the site. Duke Energy Progress, LLC encourages you to conduct your own environmental assessment of the Property to determine if the Property is suitable for your intended use.*

*This information is provided to you for the purpose of assisting you in your own environmental assessment of the Property. **DUKE ENERGY PROGRESS, LLC MAKES NO WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, REGARDING THE ENVIRONMENTAL CONDITION OF THE PROPERTY, THE EXISTENCE OF ANY ENVIRONMENTAL CONTAMINATION UPON THE PROPERTY, THE ACCURACY OF THE INFORMATION SUPPLIED OR THE SUITABILITY OF THE PROPERTY FOR ANY SPECIFIC USE.***

**5. SELLER'S ELECTION:** Should environmental investigations conducted by either Buyer or Seller reveal the presence of hazardous materials on the Property, Seller may, at its sole option, elect to remediate said hazardous material in accordance with this Paragraph 5 or to terminate this Contract, and after such termination, neither party shall have any further rights or obligations hereunder, except that the Earnest Money will be returned to Buyer and except for the Survival Obligations. Buyer agrees that if Seller elects to remediate said hazardous material, Seller shall have access to the Property subsequent to Closing to perform remediation operations. Buyer further acknowledges and agrees that upon completion of any remediation of hazardous material by Seller hereunder that certain hazardous materials may remain on the Property provided the levels of such remaining hazardous materials are deemed acceptable by state and federal guidelines. Subject to the foregoing, Seller agrees that if remediation operations are performed, the Property will be restored to a condition comparable to its condition on the date of commencement of remediation, except for the hazardous materials that are remediated.

**6. SURVEY:** Buyer may cause a survey of the Property, at Buyer's expense, to be performed by a North Carolina Registered Licensed Surveyor. Seller, at Seller's expense, may cause a boundary survey of any rights of way to be reserved by Seller to be performed by a North Carolina Registered Licensed Surveyor. Said survey shall be provided to Buyer at least ten (10) days in advance of Closing

**7. CLOSING COSTS AND PRORATIONS:** All due and payable City and County ad valorem taxes for the Property for the year in which the Closing occurs shall be prorated to the date of Closing and shall be paid by Buyer. Seller shall pay any and all ad valorem taxes for the Property for all years preceding the year of Closing prior to Closing.

Seller shall pay the cost of any documentary or revenue stamps required to be paid in connection with the recording of the Deed and for the costs of preparing and recording any instruments required by Seller, Seller's attorney, or Seller's lender.

Buyer shall be responsible for the recording of the Deed. Buyer shall pay for preparation and recording of any and all instruments required by Buyer, Buyer's attorney or Buyer's lender.

Buyer shall pay one-half of the cost of the appraisal and the survey of the Property at Closing.

**8. DEED:** The special warranty deed conveying the Property from Seller to Buyer (the “Deed”) shall be prepared by Seller and submitted to Buyer for review at least five (5) days in advance of the Closing. With regard to the legal description of the Property to be included in the Deed, Seller may, in its sole discretion, take such legal description from its acquisition deed, from existing property descriptions or surveys in Seller’s possession, or from Buyer’s survey of the Property (if any).

**9. CLOSING:** The closing of the transaction contemplated by this Contract (the “Closing”) shall take place on or before the date that is thirty (30) days after the end of the Investigation Period. Closing shall occur at the offices of Buyer’s closing attorney or at a location mutually acceptable to both Buyer and Seller.

**10. CONDITION OF TITLE:** The Deed shall contain the following exceptions (the “Permitted Exceptions”):

- (a) Public streets and roads, visual easements, restrictions, and recorded rights of way.
- (b) All matters of survey and recorded plats (including matters that would be revealed by a current, accurate physical survey of the Property).
- (c) All easements, restrictions, rights of way and all other matters of record and all matters that would be revealed by a physical inspection of the Property.
- (d) The lien of the Seller’s Mortgage and Deed of Trust dated May 1, 1940, and recorded in Book 370, Page 001, Buncombe County Registry, as supplemented. Grantor will use commercially reasonable best efforts to obtain a release for the Property from said lien after the date this Deed is recorded.
- (e) Transmission Right of Way to be reserved by Seller over the Property consisting of 0.022 ± acres, labeled “Transmission R/W To Be Retained,” as shown on the Plat. Reservation of said right of way shall be in form of Seller’s then-standard right-of-way reservation language, a copy of which is attached hereto as **Exhibit A**.
- (f) Distribution Right of way to be reserved by Seller over the Property, being a 40 ft. wide area, lying 20 ft. either side of the center line of the power pole or line, as shown on the Plat. Reservation of said right of way shall be in form of Seller’s then-standard right-of-way reservation language, a copy of which is attached hereto as **Exhibit B**.

Seller shall provide Buyer with such affidavits as may be reasonably required by Buyer’s title insurance company attesting to the absence of any unrecorded materialmen’s liens relating to the Property. Acceptance by Buyer at Closing of the Deed from Seller shall constitute full performance by Seller in accordance with this Contract, except for warranties specifically provided herein (if any) that expressly survive the Closing

If Buyer shall discover any matters affecting the Property, other than the Permitted Exceptions, Buyer shall advise Seller in writing of any such matters to which it objects prior to the expiration of the Investigation Period, and Seller shall have a period of twenty (20) days from the date Seller receives such notice of said objections in which to remedy said objections to the reasonable satisfaction of Buyer or to refuse to remedy any such objections. In the event said objections are not cured or remedied within such twenty (20) day period or Seller refuses to remedy any such objections, then Buyer shall be entitled to terminate this Contract by giving written notice of such election to Seller within ten (10) days following the earlier of (i) the date Seller notifies Buyer of its refusal to satisfy any such objection(s), or (ii) the end of such twenty (20) day period, in which event neither party shall thereafter have any obligations hereunder, except that the Earnest Money shall be returned to Buyer and except for Survival Obligation.

**11. ASSIGNMENT:** Seller specifically reserves the right to assign this Contract in connection with a tax-free exchange. Buyer shall be entitled to assign this Contract, but not without the prior written consent of Seller (which may be withheld, conditioned or delayed in Seller’s sole discretion).

**12. DEFAULT AND REMEDIES:** In the event Seller fails to perform any of the conditions or obligations of Seller under this Contract and Seller does not commence to cure such failure within twenty (20) days after receiving written notice thereof from Buyer, Buyer, as its sole and exclusive remedy, shall be entitled to either (i) terminate this Contract, in which event the Earnest Money shall be returned to Buyer and after which Buyer and Seller shall have no obligations to one another hereunder except for the Survival Obligations, or (ii) commence an action against Seller for specific performance of this Contract. In the event Buyer defaults or fails to perform any of the covenants and conditions of this Contract, then Seller shall be entitled to terminate this Contract in which case the



Earnest Money shall be forfeited to Seller, but such forfeiture shall not affect any other remedies available to Seller for such default or failure by Buyer.

**13. TAX-FREE EXCHANGE OPTION:** Buyer understands and acknowledges that a material inducement to Seller's entry into this Contract is the right of Seller to structure the transaction contemplated by this Contract so as to qualify as a tax-free exchange of like-kind property in compliance with the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended ("Section 1031"). Buyer agrees to cooperate in all reasonable respects to allow Seller to structure the transaction contemplated in this Contract as a like-kind exchange in compliance with the provisions of Section 1031 and the regulations promulgated thereunder.

**14. NOTICES:** Any notices, requests, or other communications required or permitted to be given hereunder shall be in writing and shall be either (i) delivered by hand, (ii) mailed by United States registered mail, return receipt requested, postage prepaid, (iii) sent by a reputable, national overnight delivery service (e.g., Federal Express, Airborne, etc.) or (iv) sent by facsimile (with the original being sent by one of the other permitted means provided in this grammatical paragraph) and addressed to each party at the applicable address set forth herein. Any such notice, request, or other communication shall be considered given or delivered, as the case may be, on the date of hand delivery (if delivered by hand), on the third (3rd) day following deposit in the United States mail (if sent by United States registered mail), on the next business day following deposit with an overnight delivery service with instructions to deliver on the next day or on the next business day (if sent by overnight delivery service), or on the day sent by facsimile (if sent by facsimile, provided the original is sent by one of the other permitted means as provided herein in this grammatical paragraph). However, the time period within which a response to any notice or request must be given, if any, shall commence to run from the date of actual receipt of such notice, request, or other communication by the addressee thereof. Rejection or other refusal to accept or inability to deliver because of a changed address of which no notice was given shall be deemed to be receipt of the notice, request, or other communication. By giving at least ten (10) days prior written notice thereof, any party hereto may, from time to time and at any time, change its mailing address hereunder.

NOTICE TO SELLER: Duke Energy Progress, LLC  
Data & Document Management DEC22A  
550 South Tryon Street  
Charlotte, North Carolina 28202

NOTICE TO BUYER: Metropolitan Sewerage District of Buncombe County  
2028 Riverside Drive  
Asheville, North Carolina 28804

**15. APPLICABLE LAW:** This Contract shall be governed by and construed in accordance with the laws of the state in which the Property is located.

**16. RISK OF LOSS, DAMAGE OR REPAIR:** Until Closing, the risk of damage or loss to the Property, except as otherwise provided herein, shall be borne by Seller. In the event the Property is damaged between the Effective Date and Closing so that it cannot be conveyed in substantially the same condition as it was as of the Effective Date, Buyer may elect to terminate this Contract, and neither party shall thereafter have any rights or obligations hereunder, except for the Survival Obligations. Except for maintaining the Property as provided herein, Seller shall have no responsibility for the repair of the Property, including any improvements, unless both parties agree in writing.

**17. AGENTS:** Seller and Buyer represent and warrant to each other that there are no brokers, agents or other persons who are or will be entitled to a commission, fee or other similar compensation relating to this Contract or the transactions contemplated hereby other than the following:

For Buyer:       NONE      

For Seller:       NONE      

Each party agrees to defend and hold harmless the other in the event any claim for commission should be brought against either party for payment of any alleged commission allegedly due because of the acts or alleged acts of the other party.

**18. SURVIVAL OF WARRANTIES AND CONDITIONS:** Except as otherwise expressly provided herein, all conditions, warranties, representations and agreements made herein shall survive Closing and delivery of the Deed for a period of six (6) months.

**19. ENTIRE AGREEMENT:** This instrument (and any exhibits or addenda attached hereto) contains the entire understanding and agreement by and between the parties and all prior or contemporaneous oral or written agreement or instruments are merged herein. No amendment to this Contract shall be effective unless the same is in writing and signed by the parties hereto.

**20. MISCELLANEOUS:**

- a. The provisions of this Contract shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective heirs and permitted successors and assigns, as may be applicable.
- b. **TIME IS OF THE ESSENCE** in this Contract. In addition, if the final day of any period of time set out in any provision of this Contract, falls on a Saturday, Sunday or holiday recognized by Bank of America, N.A., or any successor thereto (“Bank of America”), in Charlotte, North Carolina, then in such case, such period shall be deemed extended to the next day which is not a Saturday, Sunday or holiday recognized by Bank of America in Charlotte, North Carolina.
- c. No presumption shall be created in favor of or against Seller or Buyer with respect to the interpretation of any term or provision of this Contract due to the fact that this Contract was prepared by or on behalf of one of said parties.
- d. The captions used in connection with the paragraphs of this Contract are for reference and convenience only and shall not be deemed to construe or limit the meaning of the language contained in this Contract or be used in interpreting the terms and provisions of this Contract.
- e. This Contract may be executed in two or more counterparts and shall be deemed to have become effective when and only when one or more of such counterparts shall have been signed by or on behalf of each of the parties hereto (although it shall not be necessary that any single counterpart be signed by or on behalf of each of the parties hereto, and all such counterparts shall be deemed to constitute but one and the same instrument), and shall have been delivered by each of the parties to the other.
- f. If any provision of this Contract is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Contract; and the remaining provisions of this Contract shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Contract. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Contract a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid or enforceable.
- g. Each party hereto represents and warrants to the other party that the execution of this Contract and any other documents required or necessary to be executed pursuant to the provisions hereof are valid, binding obligations and are enforceable in accordance with their terms.

**IN WITNESS WHEREOF**, Seller and Buyer have caused this Contract to be executed, this the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

**SELLER:**

**BUYER:**

**DUKE ENERGY PROGRESS, LLC**

**METROPOLITAN SEWERAGE DISTRICT OF  
BUNCOMBE COUNTY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit A**

**TRANSMISSION LINE RIGHT OF WAY**

Grantor, for itself, its successors and assigns, reserves over and across the land conveyed in fee above, a perpetual easement and right of way for the purposes hereinbelow set out, and consisting of the following rights, privileges and easements, to wit:

As used herein, the "Right of Way Strip" shall refer to those areas or parcels of land containing 0.022 ± acres, all as shown on a plat of survey entitled "Recombination Boundary Survey for Metropolitan Sewerage District of Buncombe County," dated \_\_\_\_ and recorded in Book \_\_\_\_ at Page \_\_\_\_ on \_\_\_\_ (the "Plat"), and incorporated herein by reference.

- (a) **Grantor's Use of Right of Way Strip.** Grantor reserves for itself and its successors and assigns, a perpetual easement within the Right of Way Strip (as defined herein) to construct, reconstruct, replace, rebuild, enlarge, modify, remove, inspect, repair, maintain, operate and use within the Right of Way Strip multiple lines for transporting electrical energy and for telecommunications and/or data uses of Grantor, its successors and assigns, which lines may consist of single or multiple rows of poles, towers, or other structures (at appropriate intervals and without limitation as to number) and related footings and foundations; crossarms; insulators; aboveground and/or underground conductors, static wires, grounds, cables, conduits, electronic equipment, and other appurtenant apparatus, fixtures, hardware, and appliances; and guy wires and anchors inside and/or outside the Right of Way Strip to support Grantor's overhead facilities at angle points. Grantor shall have the right to: (i) clear and keep the Right of Way Strip free of all trees and other vegetation (except as provided in subsection (b) below), structures, and other objects of any nature including, without limitation, satellite signal receiver systems, billboards, signs, buildings, manufactured homes, mobile homes and trailers, graves, wells, retaining walls, racking, dumpsters, sheds, fire pits or barbecues, swimming pools and any associated decking, septic systems or storage tanks and systems (whether aboveground or belowground), flammable materials, building materials, wrecked or disabled vehicles or equipment, refuse of any type and all other objects (whether aboveground or belowground); and (ii) install and maintain roads within the Right of Way Strip and install gates in any fences located within the Right of Way Strip, to afford Grantor access to the Right of Way Strip.
- (b) **Grantee's Use of Right of Way Strip.** Grantee shall be entitled to use the Right of Way Strip for all purposes not inconsistent with the rights and easements herein reserved by Grantor, including the right to: (i) cultivate and harvest annual seasonal crops (not including orchards or timber); (ii) pave, improve and use the Right of Way Strip for vehicular parking, provided that such vehicles are operable and readily moveable under their own power and further provided that Grantee installs protective barriers satisfactory to Grantor for the protection of Grantor's facilities; (iii) use the Right of Way Strip for recreation, provided no structures or objects (aboveground or belowground) are erected or placed therein without the prior written approval of Grantor (which Grantor may withhold in its sole discretion); (iv) use and maintain existing roads and drives and sewer, water and other utility lines within the Right of Way Strip at their existing locations as of the date of this instrument; (v) construct, use, and maintain new paved or unpaved roads, streets and driveways and new water, sewer, drainage, and other utility lines or pipes crossing the Right of Way Strip, provided such facilities conform to the following requirements: (A) such facilities cross the Right of Way Strip from one side of the Right of Way Strip to the other side at an angle of not less than thirty (30) degrees between the center line of said facilities and the center line of the Right of Way Strip, (B) no road, street, or driveway shall intersect with any other road, street or driveway, in whole or in part, within the Right of Way Strip, (C) no portion of such facilities and their associated easement area, if any, is located within twenty-five (25) feet of any of Grantor's poles, towers, structures, guy wires, or guy anchors, (D) such facilities are constructed in such a manner as to withstand the weight of Grantor's heavy equipment, and (E) such facilities are constructed in strict compliance with all clearance requirements of Grantor and all other regulations and ordinances then applicable to electrical facilities; (vi) maintain existing fences, provided that Grantor may add gates to allow it access as set forth in subsection (a)(ii) above; (vii) build new fences on the Right of Way Strip with the prior written approval of Grantor (which Grantor may withhold in its sole discretion), provided any such new fences conform to the following requirements: (A) such fences shall not be attached to Grantor's poles, towers or structures, (B) such fences shall be installed at least twenty-five (25) feet from Grantor's poles, towers, structures, guy wires, and guy anchors, (C) such fences shall not exceed ten (10) feet in height (D) such fences shall cross the Right of Way Strip from one side of the Right of Way Strip to the other side at an angle of not less than thirty (30) degrees between the centerline of the fence and the center line of the Right of Way Strip, and (E) if a fence crosses the Right of Way Strip or makes part of it inaccessible to Grantor, Grantee shall install a gate pursuant to Grantor's specifications to allow free access required by Grantor's vehicles and equipment; and (viii) excavate, grade and fill, provided Grantee receives Grantor's prior written approval (which Grantor may withhold in its sole discretion), which approval may contain conditions including, without limitation, the allowable grade and distances from Grantor's facilities that cannot be excavated.

(c) Grantor's Use of Property Outside of the Right of Way Strip. Grantor further reserves for itself, its successors and assigns, the right to enter upon the Property for the following purposes and uses:

- (1) to cut, fell and remove any and all trees on the Property that are or may become tall enough, in Grantor's opinion, to fall on or otherwise endanger a line or other facility or structure within the Right of Way Strip ("***Danger Trees***").
- (2) to gain access to the Right of Way Strip and Danger Trees at any time and from time to time by vehicles, equipment and pedestrians, provided that Grantor's use of the Property outside of the Right of Way Strip shall be confined to then-existing streets, roads, and driveways to the extent they provide sufficient access to the Right of Way Strip and/or Danger Trees by vehicles, equipment and pedestrians. If then-existing streets, roads and driveways do not provide sufficient access, then Grantor shall be entitled to use a reasonably convenient and feasible access route or routes over the Property to access the Right of Way Strip and/or Danger Trees and shall be entitled to construct and maintain a roadway or driveway for such purposes.

(d) Antennas and Related Equipment. Grantor reserves for itself and its successors and assigns, the following rights:

- (1) to attach antenna or other equipment or devices for wireless or other telecommunications or data transmission ("***Communications Equipment***") to poles, towers, or other support structures within the Right of Way Strip, including the right to add, modify, enlarge, and/or extend any poles, towers, or other support structures for such purposes.
- (2) to use one or more portions of the Right of Way Strip, having dimensions not exceeding twenty-five (25) feet by twenty-five (25) feet and located adjacent to or at the base of each such pole, tower or other support structure to which Communications Equipment is attached (each a "***Communications Area***") to construct, reconstruct, replace, rebuild, enlarge, modify, remove, inspect, maintain and use electronic equipment and other equipment necessary or desirable in connection with wireless or other communications from and to the Communications Equipment installed upon such pole, tower or other support structure. Grantor shall be entitled to designate the location of the Communications Areas and may relocate such Communications Areas within the Right of Way Strip if such pole, tower or other support structure to which Communications Equipment is attached is relocated.
- (3) to enter upon the Property at any time and from time to time to gain access to the Communications Areas and Communications Equipment by vehicles, equipment and pedestrians, provided that Grantor's use of the Property outside of the Right of Way Strip shall be confined to then-existing streets, roads, and driveways to the extent they provide sufficient access to the Communications Areas and/or Communications Equipment by vehicles, equipment and pedestrians. If then-existing streets, roads and driveways do not provide sufficient access, then Grantor shall be entitled to use a reasonably convenient and feasible access route or routes over the Property to access the Communications Areas and/or Communications Equipment and shall be entitled to construct and maintain a roadway or driveway for such purposes, provided that Grantee shall be entitled to relocate any such roadway or driveway constructed by Grantor for such purposes, at Grantee's sole cost and expense and after obtaining Grantor's prior written approval, elsewhere on the Property, but in such case, Grantee also must construct and install a comparable replacement roadway or driveway, at Grantee's sole cost and expense and without interrupting access to the Communications Areas and/or Communications Equipment. Grantor shall not unreasonably withhold written approval of Grantee's request to relocate such roadway or driveway hereunder; provided, however, that Grantor's failure to approve shall be deemed reasonable if reasonably convenient and feasible access to and from the Communications Areas and/or Communications Equipment is not afforded by the proposed replacement access route or routes.
- (4) to construct, reconstruct, replace, rebuild, inspect, maintain and use underground telephone and electrical lines to serve the Communications Equipment and Communications Areas, which underground lines may be installed along and generally parallel to the access route or routes established pursuant to subpart (d)(3) above. Provided, however, that if Grantee relocates a roadway or driveway pursuant to subpart (d)(3) above and within which Grantor has installed underground lines pursuant to this subpart (d)(4), then Grantee also must relocate such underground lines, at Grantee's sole cost and expense and without interrupting service to the Communications

Areas and/or Communications Equipment along or in the vicinity of the access route or routes as relocated by Grantee.

- (e) Grantor's Repair Obligation. Grantor shall repair damage to the Property, including roads, driveways and fences, resulting directly from Grantor's exercise of its rights granted herein. Provided, however, for purposes of the initial clearing of all trees which Grantor is entitled to cut and remove from the Property pursuant to Paragraphs (a) and (c) herein, said trees shall, upon such cutting, become the property of Grantor. Nothing in this instrument shall impose upon Grantor any duty to repair or warn of any condition or any type of injury or damage to the Property existing prior to the date of this instrument nor shall Grantor have any duty to repair or warn of any condition or any type of injury or damage upon the Property caused by the Grantee, any third party, any Act of God, or any natural process, including, without limitation, erosion or conditions caused by vegetation.

**Exhibit B**

**DISTRIBUTION LINE RIGHT OF WAY**

Grantor reserves for itself, its successors and assigns, a perpetual easement and right of way over and across the Property to construct, reconstruct, operate, patrol, maintain, inspect, repair, replace, relocate, add to, modify and remove electric and/or communication facilities thereon including but not limited to, supporting structures such as poles, cables, wires, guy wires, anchors, and other appurtenant apparatus and equipment (the "Facilities") within an easement area being forty (40) feet wide, lying 20 ft. either side of the center line of the power pole or line, as shown on the Plat (the "Easement Area"), for the purpose of transmitting and distributing electrical energy and for communication purposes. The center line of the Facilities shall be the center line of the Easement Area. The right, privilege and easement reserved by Grantor shall also include the following rights: (a) ingress and egress over the Easement Area and over adjoining portions of the Property (using lanes, driveways and paved areas where practical as determined by the Grantor); (b) to relocate the Facilities and Easement Area on the Property to conform to any future highway or street relocation, widening or improvement; (c) to trim and keep clear from the Easement Area, now or at any time in the future, trees, limbs, undergrowth, structures or other obstructions, and to trim or clear dead, diseased, weak or leaning trees or limbs outside of the Easement Area which, in the opinion of Grantor, might interfere with or fall upon the Facilities; (d) to install guy wires and anchors extending beyond the limits of the Easement Area; and (e) all other rights and privileges reasonably necessary or convenient for Grantor's safe, reliable and efficient installation, operation, and maintenance of the Facilities and for the enjoyment and use of the Easement Area for the purposes described herein.

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

**BOARD MEETING DATE:** April 15, 2020

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

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

**PREPARED BY:** Kevin Johnson, P.E. - Planning and Development Manager

**SUBJECT:** Acceptance of Developer Constructed Sewer System for the 50 Blake Court Sewer Extension, MSD Project No. 2018174

**BACKGROUND:** This project is located inside the District boundary along Blake Court off Hendersonville Road in the City of Asheville. The developer of the project is Chip Emery.

The project included rehabilitating approximately 138 linear feet of existing public sewer and extending approximately 166 linear feet of new sewer for a total 304 linear feet of 8-inch public gravity sewer to serve the single-family residential development.

Since the rehabilitated portion was 4-inch and in poor condition, a cost participation worksheet was completed. The worksheet determined that MSD participate 50% on the portion to be rehabilitated. Based on the developer's actual construction cost of \$58,811.00 for the rehabilitated portion, the total reimbursement is \$29,405.50.

A wastewater allocation was issued in the amount of 1,200 GPD for four (4) residential units for this project. The estimated cost of the sewer construction is \$83,643.00.

Please refer to the attached documentation for further details. All MSD requirements have been met.

**FISCAL IMPACT:** Sufficient funds are available in Developer Reimbursements.

**STAFF RECOMMENDATION:** Staff recommends acceptance of this developer constructed sewer system and authorization of payment in the amount of \$29,405.50 to the developer for the MSD Cost Participation Program.

**APPENDIX A**  
**Rehabilitation of Existing Sewer Lines**

Project Name: BLAKE CT. 2018174

Applicant: Chip Emery

Based on the TOTAL POINTS EARNED, MSD's participation in the construction costs is calculated in accordance with the following table:

TOTAL POINTS EARNED	MSD PARTICIPATION
0-25 Points	0%
25-50 Points	25%
51-75 Points	50%
76-84 Points	75%
85-100 Points	100%

\* No points are available for replacing pipe with new pipe of same size

\*\* No points are available for replacing pipe with new pipe of same size unless required due to I/I.

					Points Earned
<b>A. Rehabilitation Needs</b>					
Project Scheduled for CIP Funding	No	6-10 Yrs	3-5 Yrs	1-2 Yrs	
Point Value	0	10	15	20	0
Percent of I/I Rehab vs. Upgrade Costs	0-10%	11-25%	26-50%	Over 50%	
Point Value	0	10	15	20	20
Age of Pipe Segment in years	0-10 Yrs	11-25 Yrs	26-50 Yrs	Over 50 Yrs	
Point Value	0	3	7	10	10
Size of Existing Pipe Segment *	Over 10"	8-10"	6"	4"	
Point Value	0	3	7	10	10
<b>B. Pipe Capacity</b>					
Existing Users Percent including I/I **	11-35%	36-55%	66-95%	Over 95%	
Point Value	5	10	15	25	15
New Development Percent *	Over 75%	36-75%	11-35%	0-10%	
Point Value	0	3	7	10	10
<b>C. Location of Development</b>					
Distance from Existing Sewer in feet	0-500'	501-1,000'	1,001-2,500'	Over 2,500	
Point Value	0	2	4	5	0
<b>Total Points Earned</b>					<b>65</b>

Where Applicant's on-site activities (landscaping, building over existing sewers, etc.) require pipe relocation, MSD's percentage of participation shall be limited to the estimated costs for upgrading existing pipe in existing location.

MSD participation is dependent upon availability of funds.

Evaluated by: Kevin F. Johnson, PE Date: 2/1/19



STEPPE CONSTRUCTION INC.  
 4149 HIGHWAY 9 N  
 MILL SPRING NC 29756      PHONE 828-625-1935

Project Name: J19-21 BLAKE COURT      Application Nbr: 3      APPL # J19-21  
 Owner:      Application Date: 12/09/2019

TOTAL WORK COMPLETED	\$83,643.00
TOTAL EARNED LESS RETAINAGE LESS AMT PAID	\$83,643.00 \$83,643.00

Description of Work	Contract Quantity	Approved Unit Price	Amount Contract Value	Previous Application		Current Application		Total Application	
				Units	Amount Earned	Units	Amount Earned	Units	Amount Earned
1 8" DI	EA	304	\$100.00	\$30,400.00	304	\$0.00		304	\$30,400.00
2 Manholes	EA	2	\$3,000.00	\$6,000.00	2	\$0.00		2	\$6,000.00
3 Tie in existing MH	EA	1	\$12,000.00	\$12,000.00	1	\$0.00		1	\$12,000.00
4 Sewer Taps	EA	5	\$1,200.00	\$6,000.00	5	\$0.00		5	\$6,000.00
18.5 Tons HB binder	EA	18.5	250	\$4,625.00	18.5	\$0.00		18.5	\$4,625.00
Traffic Control	EA	1	9000	\$9,000.00	1	\$9,000.00		1	\$9,000.00
Street Cut Permit	EA	1	\$2,988	\$2,988.00	1	\$2,988.00		1	\$2,988.00
Concrete Disposal		1	\$1,000.00	\$1,000.00	1	\$1,000.00		1	\$1,000.00
<b>SUB TOTAL</b>									\$72,013.00
<b>ADDITIONAL WORK</b>									
160 FT 3/4" WATERLINE REPLACEMENT FOR EXISTING HOUS					8	1280		8	\$1,280.00
CONCRETE CURB & APRON REPLACEMENT					1	600		1	\$600.00
Asphalt Overlay									\$9,750.00
AMOUNT PAID									\$83,643.00

Total Project Cost      CONTRACTOR: Myron Steppe  
 ENGINEER:  
 OWNER:

Total Retain

45.4 = 13,800 x .50 = 6,900  
 1 MH      3,000 x .50 = 1,500  
 12,000 x .50 = 6,000  
 4,200 x .50 = 2,100  
 4,486 x .50 = 2,243  
 9,000 x .50 = 4,500  
 2,988 x .50 = 1,494  
 1,000 x .50 = 500  
 1,280 x .50 = 640  
 600 x .50 = 300  
 9,457 x .50 = 4,729  
 58,811      29,406

**CONTRACTOR'S CERTIFICATE OF COMPLETION AND WARRANTY  
TO  
METROPOLITAN SEWERAGE DISTRICT OF  
BUNCOMBE COUNTY, NORTH CAROLINA**

Blake Court Sewer Line Extension  
(Name of Project as Permitted)

2018174  
Permit Number

I, the undersigned, do hereby certify:

1. That we are a licensed Utility or Unclassified Contractor in the State of North Carolina.
2. That the sewer extensions relative to the above referenced project have been installed and tested in strict accordance with the approved plans and specifications for the project under the supervision of the Engineer of Record.
3. That we guarantee the materials and installation of the sewer extension including all appurtenances and that restoration of any disturbed areas for a period of one (1) year and shall make repairs deemed necessary by MSD.
4. That during the one year warranty period we will make repairs within the time limits allowed by the North Carolina Department of Environment and Natural Resources, Division of Water Quality, but no later than twenty four (24) hours for repairs which would otherwise represent a threat to the public health and no later than thirty (30) days for all other repairs.
5. That after the District has unsuccessfully attempted to notify our office and/or we have not been able to make the required repair within the time allowed, we will reimburse MSD for costs for repairs made by its own forces. These costs will include, but not be limited to, materials, labor, equipment, damages and reimbursement collection costs.
6. The approximate cost of sewer construction for this project was \$ 83,643.<sup>00</sup>.
7. Warranty Period Expires \_\_\_\_\_ (One year from date of final report by MSD construction inspector. **To be completed by the District.**)

STEPPE Construction Inc

Name of Firm (Corporation/Company)

Corporation or Company Seal

  
Signature of Authorized Representative

President  
Title

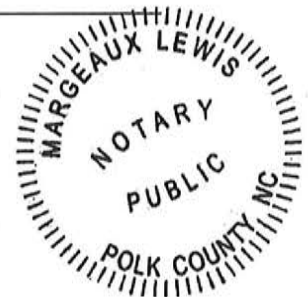
12248  
License Number

10/30/19  
Date

State of North Carolina - County of <sup>POLK</sup> Buncombe  
Subscribed and sworn to before me this the 30<sup>th</sup> day of October, 20 19.

Margeaux Lewis  
Notary Public

22624  
My Commission Expires



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

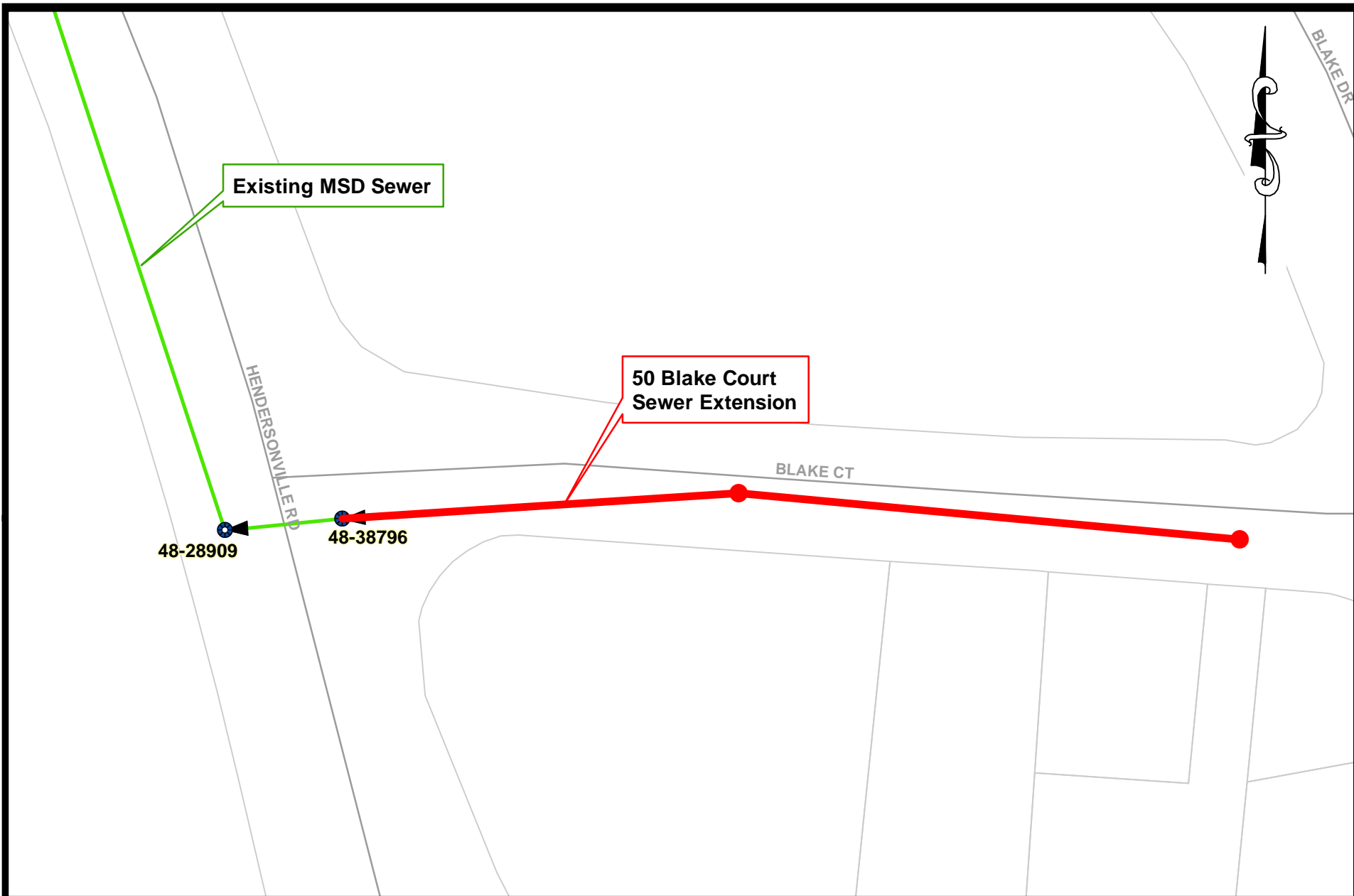
**BUDGET DATA SHEET - FY 2019 - 2020**

<b>PROJECT:</b> Developer Reimbursements	<b>LOCATION:</b> Various
<b>TYPE:</b> Reimbursement - Annual	
<b>PROJECT NO.:</b> 2004051	<b>TOTAL LF:</b> 0
<b>PROJECT BUDGET:</b> \$1,636,000.00	<b>PROJECT ORIGIN:</b> Economic Development Policy

DESCRIPTION	ESTIMATED PROJECT COST	TOTAL EXPENDS THRU 12/31/18	EST. COST JAN - JUNE 2019	BUDGET FY 19-20
55310 - PRELIM. ENGINEERING				
55320 - SURVEY - DESIGN				
55330 - DESIGN				
55340 - PERMITS				
55350 - SPECIAL STUDIES				
55360 - EASEMENT PLATS				
55370 - LEGAL FEES				
55380 - ACQUISITION SERVICES				
55390 - COMPENSATION				
55400 - APPRAISAL				
55410 - CONDEMNATION				
55420 - CONSTRUCTION	\$1,636,000.00	\$12,307.00	\$0.00	\$736,000.00
55430 - CONST. CONTRACT ADM.				
55440 - TESTING				
55450 - SURVEY - ASBUILT				
<b>TOTAL AMOUNT</b>	<b>\$1,636,000.00</b>	<b>\$12,307.00</b>	<b>\$0.00</b>	<b>\$736,000.00</b>

<b>ENGINEER:</b> KJ	<b>ESTIMATED BUDGETS - FY 21 - 29</b>
<b>R.O.W. ACQUISITION:</b> # PLATS: [ ]	FY 20-21 \$100,000.00
<b>CONTRACTOR:</b>	FY 21-22 \$100,000.00
<b>CONSTRUCTION ADM:</b>	FY 22-23 \$100,000.00
<b>INSPECTION:</b>	FY 23-24 \$100,000.00
	FY 24-25 \$100,000.00
<b>PROJECT DESCRIPTION:</b> This is for reimbursements for extensions that qualify under the District's Extension Policy. Refer to the "Policy and Procedures for the Extension of Sewer Service" for further information. For FY19-20 there are three reimbursement agreements: 1) Olivette Master Plan Pump Station \$299,000; 2) Olivette Master Plan Interceptor \$350,000; 3) 17 North Market Street \$87,000.	FY 25-26 \$100,000.00
	FY 26-27 \$100,000.00
	FY 27-28 \$100,000.00
	FY 28-29 \$100,000.00

**SPECIAL PROJECT NOTES:** Total estimated project cost shown is the total within the ten year window. \$200,000 per year is approved.



**MSD**  
Engineering Division

**50 Blake Court Sewer Extension  
MSD Project # 2018174**

Metropolitan Sewerage District of Buncombe County

3/31/2020

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

**BOARD MEETING DATE:** April 15, 2020

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

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

**PREPARED BY:** Kevin Johnson, P.E. - Planning and Development Manager

**SUBJECT:** Acceptance of Developer Constructed Sewer System for the New Riparian Sewer Extension, MSD Project No. 2018156

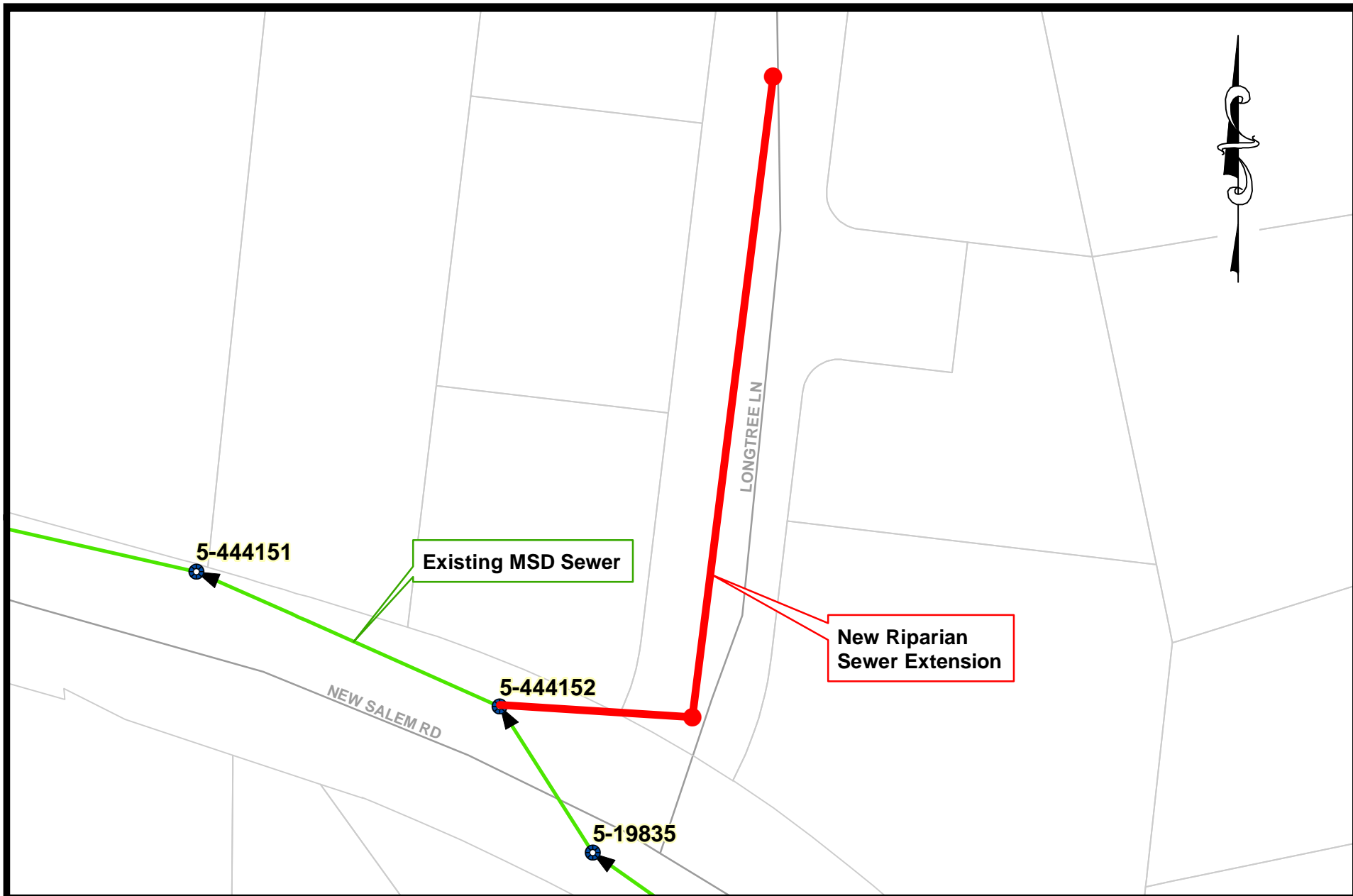
**BACKGROUND:** This project is located inside the District boundary off New Salem Road in Buncombe County. The developer of the project is Aaron Maret.

The project included extending approximately 290 linear feet of 8-inch public gravity sewer to serve the single-family residential development.

A wastewater allocation was issued in the amount of 2,000 GPD for five (5) residential units for this project. The estimated cost of the sewer construction is \$23,000.00.

All MSD requirements have been met.

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



**MSD**  
Engineering Division

## New Riparian Sewer Extension MSD Project # 2018156

Metropolitan Sewerage District of Buncombe County

4/1/2020

# Metropolitan Sewerage District of Buncombe County

## Board Action Item

**BOARD MEETING DATE:** April 15, 2020

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

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

**PREPARED BY:** Kevin Johnson, P.E. - Planning and Development Manager

**SUBJECT:** Acceptance of Developer Constructed Sewer System for the 412 Ridge Street Sewer Extension, MSD Project No. 2018111

**BACKGROUND:** This project is located inside the District boundary along Ridge Street in Buncombe County. The developer of the project is Larry Riddle.

The project included extending approximately 280 linear feet of 8-inch public gravity sewer to serve the single-family residential development.

A wastewater allocation was issued in the amount of 900 GPD for three (3) residential units for this project. The estimated cost of the sewer construction is \$25,000.00.

All MSD requirements have been met.

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



**MSD**  
Engineering Division

### 412 Ridge Street Sewer Extension MSD Project # 2018111

Metropolitan Sewerage District of Buncombe County

4/1/2020



# Metropolitan Sewerage District of Buncombe County

## BOARD INFORMATIONAL ITEM

**Meeting Date:** April 15, 2020  
**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 February 29, 2020

### 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 February 29, 2020 were \$77,412,840. The detailed listing of accounts is available upon request. The average rate of return for all investments is 2.005%. 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 February 29, 2020 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of February 29, 2020 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$37,371,177.

Total Cash & Investments as of 02/29/2020		77,412,840
Less:		
Budgeted Commitments (Required to pay remaining FY20 expenditures from unrestricted cash)		
Construction Funds	(18,578,127)	
Operations & Maintenance Fund	<u>(6,945,446)</u>	
		(25,523,573)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(46,881)	
FY20 Principal & Interest Due	<u>(7,657,261)</u>	
		(7,704,142)
District Reserve Funds		
Fleet Replacement	(1,077,543)	
Pump Replacement	(203,707)	
WWTP Replacement	(239,894)	
Maintenance Reserve	<u>(1,003,234)</u>	
		(2,524,378)
District Insurance Funds		
General Liability	(321,727)	
Worker's Compensation	(340,627)	
Post-Retirement Benefit	(1,963,899)	
Self-Funded Employee Medical	<u>(1,663,317)</u>	
		<u>(4,289,570)</u>
Designated for Capital Outlay		<u>37,371,177</u>

Meeting Date: April 15, 2020

Subject: Cash Commitment/Investment Report-Month Ended February 29, 2020

Page 2

**Staff Recommendation**

None - Information Only.

Action Taken

Motion by: \_\_\_\_\_ to \_\_\_\_\_

Approve

Disapprove

Second by: \_\_\_\_\_

Table

Send to Committee

Other: \_\_\_\_\_

Follow-up required: \_\_\_\_\_

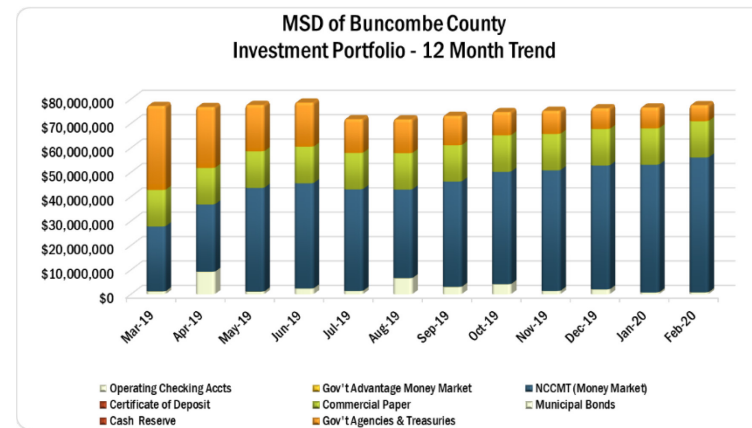
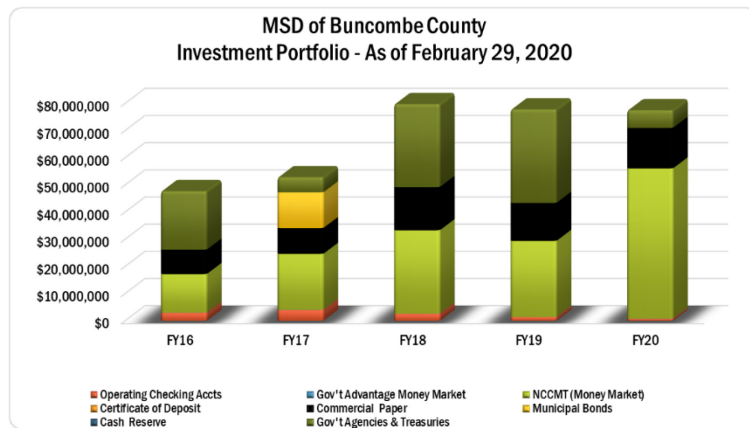
Person responsible: \_\_\_\_\_

Deadline: \_\_\_\_\_

## Metropolitan Sewerage District of Buncombe County Investment Portfolio

	Operating Checking Accounts	Gov't Advantage Money Market	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -	\$ -	\$ 46,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,881
Held by MSD	734,507	46,686	55,211,684	-	14,941,962	-	-	6,431,120	77,365,959
	<b>\$ 734,507</b>	<b>\$ 46,686</b>	<b>\$ 55,258,565</b>	<b>\$ -</b>	<b>\$ 14,941,962</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,431,120</b>	<b>\$ 77,412,840</b>

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries, Agencies and Instrumentalities	100%	8.31%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	0.00%	The District 's YTM of 1.70% is exceeding the YTM benchmark of the NCCMT Government Portfolio.
Commercial Paper	20%	19.26%	
Municipal Bonds	100%	0.00%	
North Carolina Capital Management Trust	100%	71.42%	
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		0.95%	
Gov't Advantage Money Market		0.06%	



**Metropolitan Sewerage District**  
*Investment Managers' Report*  
 At February 29, 2020

**Summary of Asset Transactions**

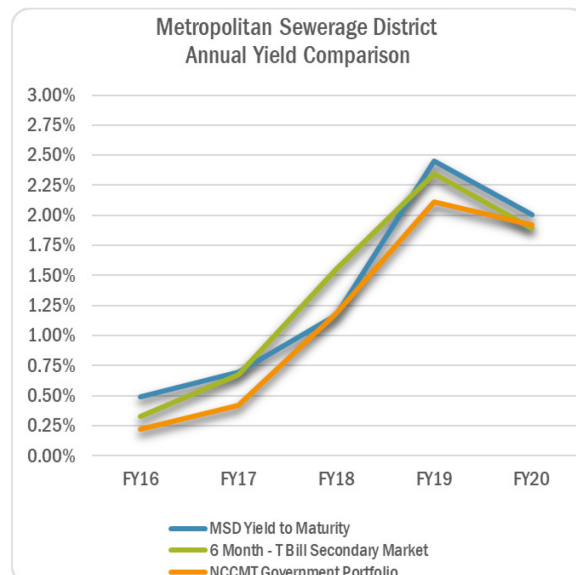
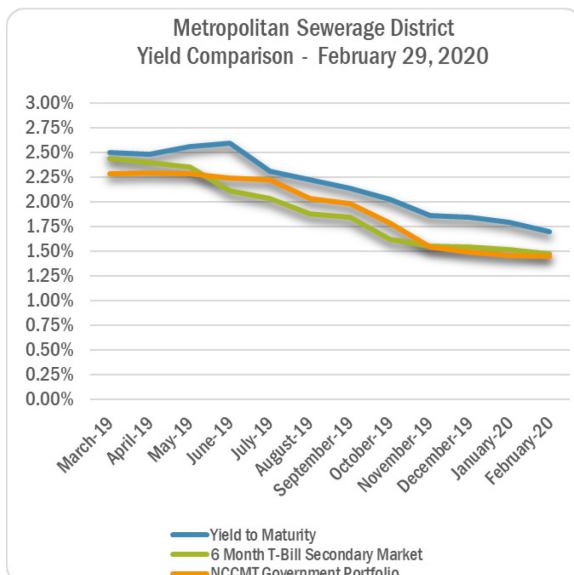
	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 72,517,558	\$ 72,617,070	\$ 75,547
Capital Contributed (Withdrawn)	799,371	799,371	-
Realized Income	76,034	76,034	(23,261)
Unrealized/Accrued Income	-	8,528	13,046
Ending Balance	<u>\$ 73,392,963</u>	<u>\$ 73,501,003</u>	<u>\$ 65,332</u>

**Value and Income by Maturity**

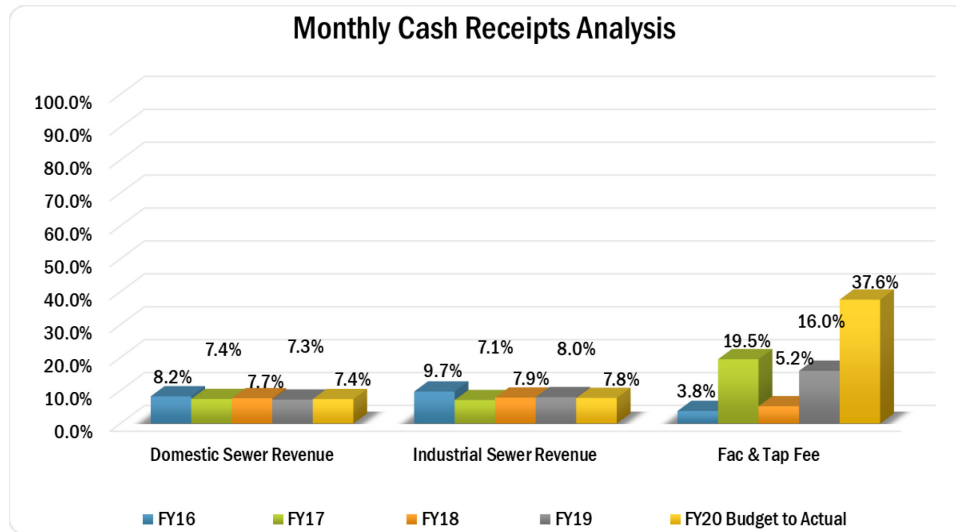
	Original Cost	Income
Cash Equivalents <91 Days	\$ 66,961,842	\$ 67,833
Securities/CD's 91 to 365 Days	6,431,120	6,515
Securities/CD's > 1 Year	-	-
	<u>\$ 73,392,963</u>	<u>\$ 74,347</u>

**Month End Portfolio Information**

Weighted Average Maturity	54
Yield to Maturity	1.70%
6 Month T-Bill Secondary Market	1.47%
NCCMT Government Portfolio	1.45%

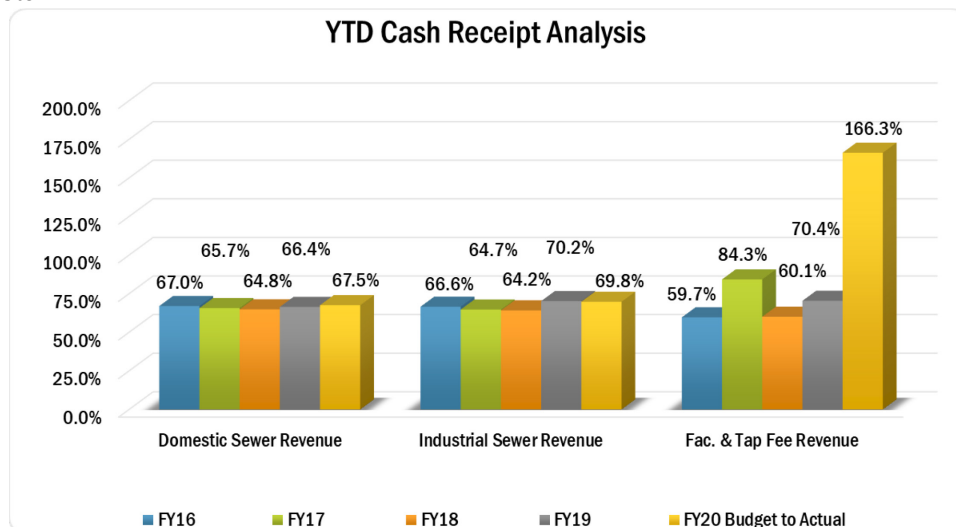


Metropolitan Sewerage District  
*Analysis of Cash Receipts*  
 As of February 29, 2020



Monthly Cash Receipts Analysis:

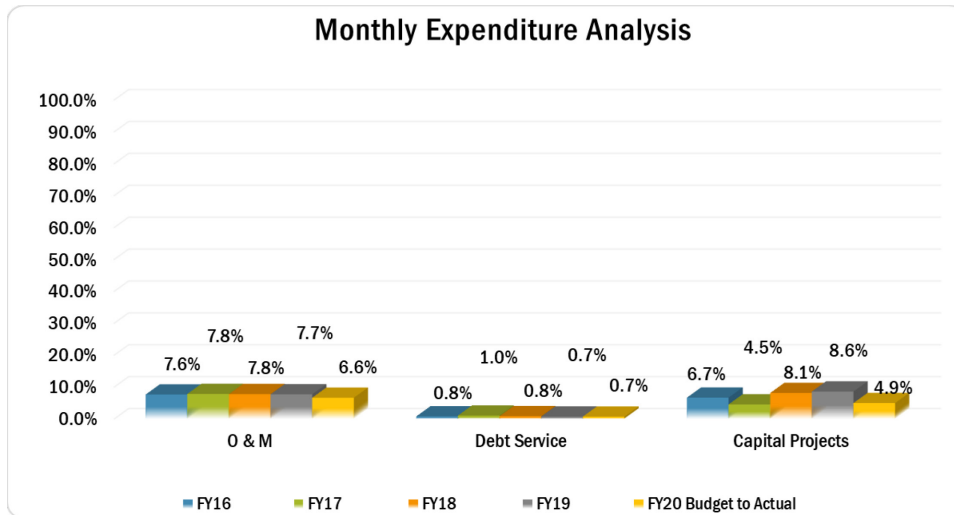
- Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- Monthly industrial sewer revenue is reasonable based on historical trends.
- Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap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



YTD Actual Revenue Analysis:

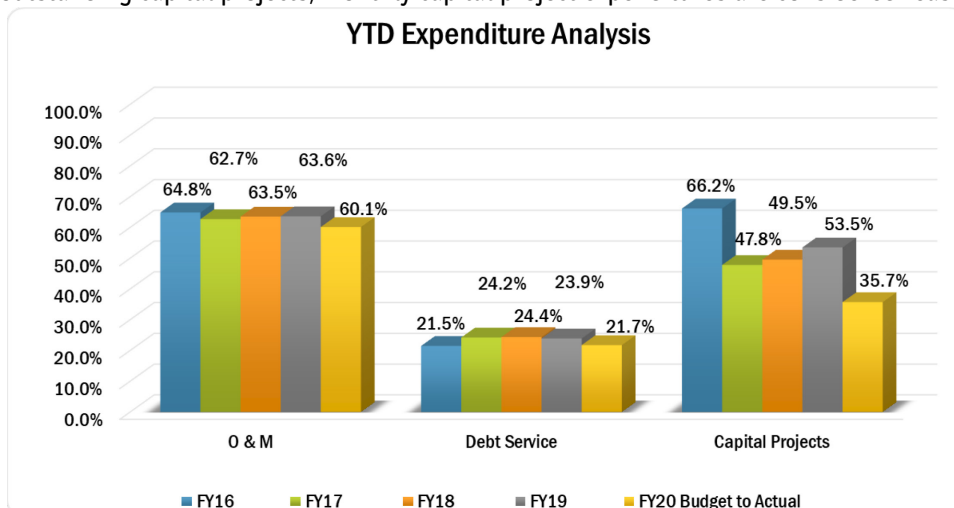
- YTD domestic sewer revenue is considered reasonable based on historical trends.
- YTD industrial sewer revenue is reasonable based on historical trends.
- Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

Metropolitan Sewerage District  
*Analysis of Expenditures*  
 As of February 29, 2020



**Monthly Expenditure Analysis:**

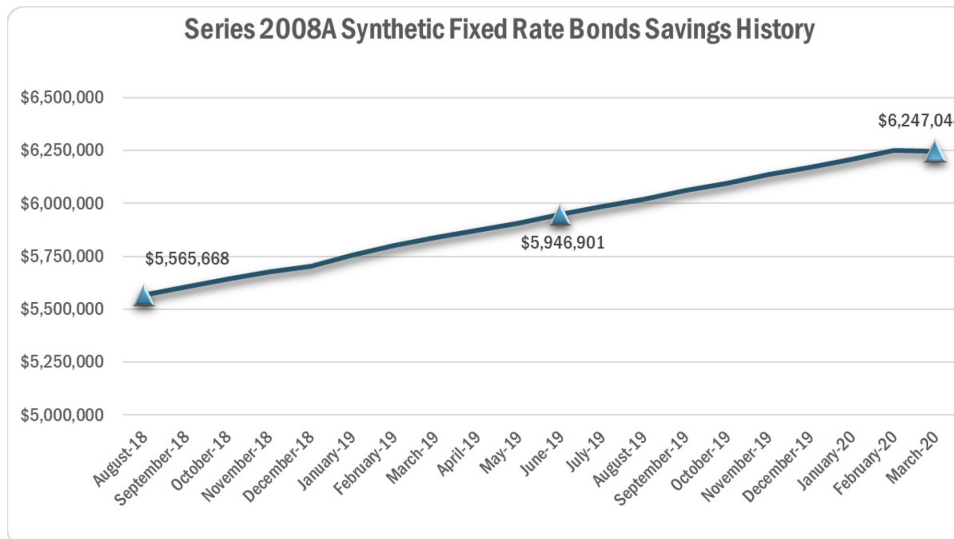
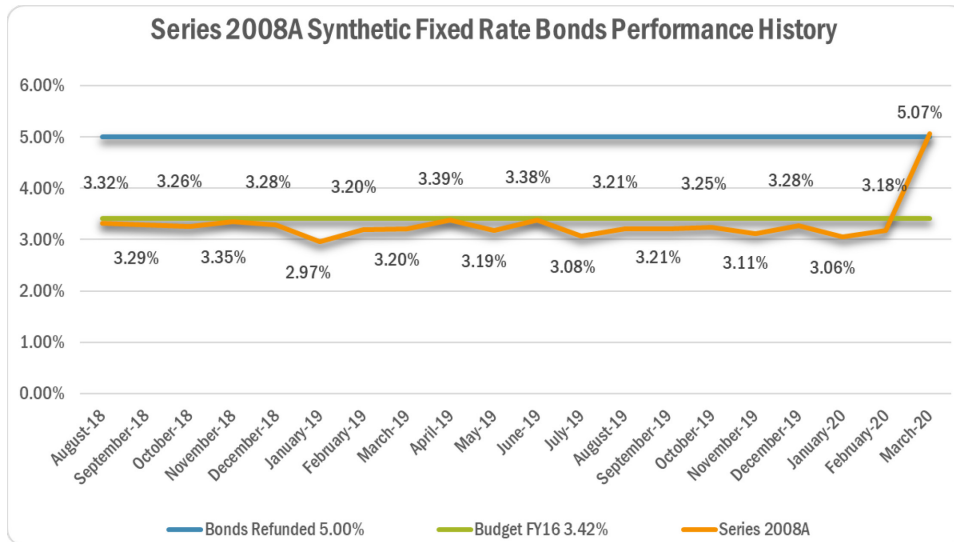
- Monthly O&M expenditures are considered reasonable based on historical trends and timing of expenditures in the current year.
- Due to the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates, monthly debt service expenditures 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 March 31, 2020



**Series 2008A:**

- ✪ Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$6,247,044 as compared to 4/1/2008 fixed rate of 4.85%.
- ✪ Assuming the rate on the Series 2008A Bonds continues at the current all-in rate of 3.9475%, MSD will achieve cash savings of \$4,670,000 over the life of the bonds.
- ✪ MSD would pay \$4,176,497 to terminate the existing Bank of America Swap Agreement.

# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**Meeting Date:** April 15, 2020

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

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

**Reviewed By:** Billy Clarke, District Counsel

**Subject:** Consideration of Auditing Services Contract for FY2020

### Background

The external auditor is charged with providing an opinion on the District's financial statements prepared by management. The opinion is subject to governmental auditing standards issued by the Comptroller General of the United States. Additionally, the external auditor informs the Board of any audit findings and/or difficulties incurred through the audit process.

In the summer of 2015, staff issued an RFP for auditing services. Cherry, Bekaret LLP (CB) was chosen due to their audit approach, the firms staffing, turnover rate, and notably the governmental utility experience in North Carolina. At the September 16, 2015 Board Meeting, the Board approved Cherry Bekaret, LLP as auditors.

### Discussion

CB takes a rotating partner approach to government and utility engagements. Every two to five years a new partner is assigned to the engagement. CB believes that this approach ensures that industry standards as well as technical auditing standards are being evaluated at the highest levels. Additionally, CB believes this approach ensures client/auditor independence. Staff believes having a rotating partner approach has helped in refining internal controls and departmental practices.

CB has a large staff that lessens the potential for the risk of delays due to illnesses and resignations. The staff assigned to our engagement has appropriate education and experience. They have coordinated very well with the District's staff to ensure the audit's completion in a timely fashion.

Finally, CB has a wide range of clients with 150 current local governments, authorities and public agencies audit clients across the Southeast U.S., including 9 North Carolina utilities; 9 North Carolina counties (including Durham, Cumberland, Forsyth, Guilford, and Mecklenburg) and 11 North Carolina cities/towns (including Asheville, Cary, Charlotte, Greensboro, Fayetteville, Raleigh, and Winston-Salem), many of which have either water or sewer funds.



Meeting Date: April 18, 2020

Subject: Consideration of Auditing Services Contract for FY2020

Page 2

### Fiscal Impact

The combined audit fees and reimbursable expenses of \$49,000 (See attached engagement letter and audit contract) will be included in the FY2020 budget. CB will continue to work hard to control expenses and pass on any additional savings to the District.

### Staff Recommendation

Staff recommends approval of the FY2020 audit contract with Cherry Bekaert, LLP, contingent upon review and approval of District counsel.

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

February 17, 2020

The Board of Directors  
Metropolitan Sewerage District of Buncombe County, North Carolina  
c/o Mr. W. Scott Powell, Director of Finance  
2028 Riverside Drive  
Asheville, North Carolina 28804

Dear Mr. Powell:

This engagement letter between Metropolitan Sewerage District of Buncombe County, North Carolina (hereafter referred to as the “District” or “you” or “your” or “management”) and Cherry Bekaert LLP (the “Firm” or “Cherry Bekaert” or “we” or “us” or “our”) sets forth the nature and scope of the services we will provide, the District’s required involvement and assistance in support of our services, the related fee arrangements, and other Terms and Conditions, which are attached hereto and incorporated by reference, designed to facilitate the performance of our professional services and to achieve the mutually agreed-upon objectives of the District.

#### **SUMMARY OF SERVICES**

We will provide the following services to the District as of and for the year ended June 30, 2020:

##### **Audit and attestation services**

1. We will audit the basic financial statements of the District as of and for the year then ended June 30, 2020.
2. The introductory and statistical section accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditor’s report will not provide an opinion or any assurance on that information.
3. We will audit the supplementary information other than the required supplementary information (“RSI”) accompanying the District’s basic financial statements. As part of our reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves.
4. We will apply limited procedures to management’s discussion and analysis (“MD&A”) which will consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the financial statement.

## **YOUR EXPECTATIONS**

As part of our planning process, we have discussed with you your expectations of Cherry Bekaert, changes that occurred during the year, your views on risks facing you, any relationship issues with Cherry Bekaert, and specific engagement arrangements and timing. Our services plan, which includes our audit plan, is designed to provide a foundation for an effective, efficient, and quality-focused approach to accomplish the engagement objectives and meet or exceed the District's expectations. Our service plan will be reviewed with you periodically and will serve as a benchmark against which you will be able to measure our performance. Any additional services that you may request, and that we agree to provide, will be the subject of separate written arrangements.

The District recognizes that our professional standards require that we be independent from the District in our audit of the District's financial statements and our accompanying report in order to ensure that our objectivity and professional skepticism have not been compromised. As a result, we cannot enter into a fiduciary relationship with the District and the District should not expect that we will act only with due regard to the District's interest in the performance of this audit, and the District should not impose on us special confidence that we will conduct this audit with only the District's interest in mind. Because of our obligation to be independent of the District, no fiduciary relationship will be created by this engagement or audit of the District's financial statements.

The engagement will be led by Matthew Socha, who will be responsible for assuring the overall quality, value, and timeliness of the services provided to you.

## **AUDIT AND ATTESTATION SERVICES**

The objective of our audit is the expression of opinions as to whether the District's basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") and to report on the fairness of the additional information referred to in the Summary of Services section when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with the provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

The report on internal control and compliance will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of the engagement, we will communicate to District's management and those charged with governance, that an audit in accordance with U.S. generally accepted auditing standards ("GAAS") and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Our audit will be conducted in accordance with GAAS; and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and will include tests of accounting records and other procedures as deemed necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express opinions or issue reports, or may withdraw from this engagement.

### **DISTRICT'S MANAGEMENT RESPONSIBILITIES RELATED TO THE AUDIT**

The District's management is responsible for designing, implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that the District's management and financial information is reliable and properly reported. The District's management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. GAAP, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

The District's management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) the District's management; (2) employees who have significant roles in internal control; and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or other. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws, regulations contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that we report.

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

**February 17, 2020**

**Page 4**

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with U.S. GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

The District's management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. The District's management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing District's management views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all the District's management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

**MANAGEMENT REPRESENTATIONS**

**The Firm will rely on the District's management providing the above noted representations to us, both in the planning and performance of the audit, and in considering the fees that we will charge to perform the audit.**

**FEES**

The estimated fee contemplates only the services described in the Summary of Services section of this letter. If the District's management requests additional services not listed above, we will provide an estimate of those fees prior to commencing additional work.

The following summarizes the fees for the services described above:

<u>Description of Services</u>	<u>Estimated Fee</u>
<b>Audit services</b>	
Audit of the financial statements	\$ 49,000

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

**February 17, 2020**

**Page 5**

The fees will be billed periodically. Invoices are due on presentation. A service charge will be added to past due accounts equal to 1½% per month (18% annually) on the previous month's balance less payments received during the month, with a minimum charge of \$2.00 per month.

If the foregoing is in accordance with your understanding, please sign a copy of this letter in the space provided and return it to us. If you have any questions, please call Matthew Socha at (704) 377-1678.

Sincerely,

**CHERRY BEKAERT LLP**



ATTACHMENT – Engagement Letter Terms and Conditions

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

ACCEPTED BY: \_\_\_\_\_

TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

**Cherry Bekaert LLP**  
**Engagement Letter Terms and Conditions**

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The following terms and conditions are an integral part of the attached engagement letter and should be read in their entirety in conjunction with your review of the letter.

**LIMITATIONS OF THE AUDIT REPORT**

Should the District wish to include or incorporate by reference these financial statements and our report thereon into *any* other document at some future date, we will consider granting permission to include our report into another such document at the time of the request. However, we may be required by GAAS to perform certain procedures before we can give our permission to include our report in another document such as an annual report, private placement, regulator filing, official statement, offering of debt securities, etc. You agree that the District will not include or incorporate by reference these financial statements and our report thereon, or our report into any other document without our prior written permission. In addition, to avoid unnecessary delay or misunderstandings, it is important to provide us with timely notice of your intention to issue any such document.

**LIMITATIONS OF THE AUDIT PROCESS**

In conducting the audit, we will perform tests of the accounting records and such other procedures as we consider necessary in the circumstances to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by the District's management, as well as evaluate the overall financial statement presentation.

Our audit will include procedures designed to obtain reasonable assurance of detecting misstatements due to errors or fraud that are material to the financial statements. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. For example, audits performed in accordance with GAAS are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that material misstatements due to errors or fraud, if they exist, may not be detected. Also, an audit is not designed to detect matters that are immaterial to the financial statements. In addition, an audit conducted in accordance with GAAS does not include procedures specifically designed to detect illegal acts having an indirect effect (e.g., violations of fraud and abuse statutes that result in fines or penalties being imposed on the District) on the financial statements.

Similarly, in performing our audit we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our audit provides no assurance that illegal acts generally will be detected, and only reasonable assurance that illegal acts having a direct and material effect on the determination of financial statement amounts will be detected. We will inform you with respect to errors and fraud, or illegal acts that come to our attention during the course of our audit unless clearly inconsequential. In the event that we have to consult with the District's counsel or counsel of our choosing regarding any illegal acts we identify, additional fees incurred may be billed to the District. You agree that the District will cooperate fully with any procedures we deem necessary to perform with respect to these matters.

We will issue a written report upon completion of our audit of the District's financial statements. If, for any reason, we are unable to complete the audit, or are unable to form, or have not formed an opinion on the financial statements, we may decline to express an opinion or decline to issue a report as a result of the engagement. We will notify the appropriate party within your organization of our decision and discuss the reasons supporting our position.

#### **AUDIT PROCEDURES – GENERAL**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve professional judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the District's management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors; (2) fraudulent financial reporting; (3) misappropriation of assets; or (4) violations of laws or governmental regulations that are attributable to the District or to acts by the District's management or employees acting on behalf of the District. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of the District's management of any material errors and fraud, or illegal acts that come to our attention during the course of our audit. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditor is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditor.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors and financial institutions. We will request written representations from the District's attorneys as part of the engagement, and they may bill the District for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS.

#### **AUDIT PROCEDURES – INTERNAL CONTROLS**

Our audit will include obtaining an understanding of the District and its environment, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial



statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control, including cybersecurity, and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to the District's management and those charged with governance internal control related matters that are required to be communicated under American Institute of Certified Public Accountants ("AICPA") professional standards, and *Government Auditing Standards*.

### **AUDIT PROCEDURES – COMPLIANCE**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws and regulations, contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **COMMUNICATIONS**

At the conclusion of the audit engagement, we may provide the District's management and those charged with governance, a letter stating any significant deficiencies or material weaknesses which may have been identified by us during the audit and our recommendations designed to help the District make improvements in its internal control structure and operations related to the identified matters discovered in the financial statement audit. As part of this engagement, we will ensure that certain additional matters are communicated to the appropriate members of the District. Such matters include (1) our responsibility under GAAS; (2) the initial selection of and changes in significant accounting policies and their application; (3) our independence with respect to the District; (4) the process used by District's management in formulating particularly sensitive accounting estimates and the basis for our conclusion regarding the reasonableness of those estimates; (5) audit adjustments, if any, that could, in our judgment, either individually or in the aggregate be significant to the financial statements or our report; (6) any disagreements with the District's management concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements; (7) our views about matters that were the subject of the District's management's consultation with other accountants about auditing and accounting matters; (8) major issues that were discussed with the District's management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; and (9) serious difficulties that we encountered in dealing with the District's management related to the performance of the audit.

We have attached a copy of the report on our most recent peer review

## **OTHER MATTERS**

### **Access to working papers**

The working papers and related documentation for the engagement are the property of the Firm and constitute confidential information. We have a responsibility to retain the documentation for a period of time to satisfy legal or regulatory requirements for records retention. It is our policy to retain all workpapers and client information for seven years from the date of issuance of the report. It is our policy to retain emails and attachments to emails for a period of 12 months, except as required by any governmental regulation. Except as discussed below, any requests for access to our working papers will be discussed with you prior to making them available to requesting parties. Any parties seeking access to our working papers must agree to sign our standard access letter.

We may be requested to make certain documentation available to regulators, governmental agencies (e.g., SEC, PCAOB, HUD, DOL, etc.), or their representatives ("Regulators") pursuant to law or regulations. If requested, access to the documentation will be provided to the Regulators. The Regulators may intend to distribute to others, including other governmental agencies, our working papers and related documentation without our knowledge or express permission. You hereby acknowledge and authorize us to allow Regulators access to and copies of documentation as requested. In addition, our Firm, as well as all other major accounting firms, participates in a "peer review" program covering our audit and accounting practices as required by the AICPA. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for the District may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us in writing.

### **Electronic transmittals**

During the course of our engagement, we may need to electronically transmit confidential information to each other, within the Firm, and to other entities engaged by either party. Although email is an efficient way to communicate, it is not always a secure means of communication and thus, confidentiality may be compromised. As an alternative, we recommend using our Client Portal ("Portal") to transmit documents. Portal allows the District, us, and other involved entities to upload and download documents in a secure location. You agree to the use of email, Portal, and other electronic methods to transmit and receive information, including confidential information between the Firm, the District, and other third-party providers utilized by either party in connection with the engagement.

### **Use of third-party providers**

In the normal course of business, we may on occasion use the services of an independent contractor or a temporary or loaned employee, all of whom may be considered a third-party service provider. On these occasions, we remain responsible for the adequate oversight of all services performed by the third-party service provider and for ensuring that all services are performed with professional competence and due professional care. We will adequately plan and supervise the services provided by the third-party service provider; obtain sufficient relevant data to support the work product; and review compliance with technical standards applicable to the professional services rendered. We will enter into a contractual agreement with the third-party service provider to maintain the confidentiality of information and be reasonably assured that the third-party service provider has appropriate procedures in place to prevent the unauthorized release of confidential information to others.

### **Subpoenas**

In the event we are requested or authorized by the District, or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for the District, the District will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expense, as well as the fees and expenses of our counsel, incurred in responding to such a request at standard billing rates.

### **Dispute resolution procedures**

If any dispute, controversy, or claim arises in connection with the performance or breach of this Agreement, either party may, on written notice to the other party, request that the matter be mediated. Such mediation would be conducted by a mediator acceptable to both parties. Both parties would exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute, controversy, or claim.

### **Waiver of trial by jury**

**In the event the parties are unable to successfully mediate any dispute, controversy, or claim, the parties agree to WAIVE TRIAL BY JURY and agree that the court will hear any matter without a jury.**

### **Independent contractor**

Each party is an independent contractor with respect to the other and shall not be construed as having a trustee, joint venture, agency, or fiduciary relationship.

### **No third-party beneficiaries**

The parties do not intend to benefit any third-party by entering into this Agreement, and nothing contained in this Agreement confers any right or benefit upon any person or entity who or which is not a signatory of this Agreement.

### **TERMS AND CONDITIONS SUPPORTING FEE**

The estimated fees set forth in the attached engagement letter are based on anticipated full cooperation from the District's personnel, timely delivery of requested audit schedules and supporting information, timely communication of all significant accounting and financial reporting matters, the assumption that unexpected circumstances will not be encountered during the audit, as well as working space and clerical assistance as mutually agreed-upon and as is normal and reasonable in the circumstances. We strive to ensure that we have the right professionals scheduled on each engagement. As a result, sudden District requested scheduling changes or scheduling changes necessitated by the agreed information not being ready on the agreed-upon dates, can result in expensive downtime for our professionals. Any last minute schedule changes that result in downtime for our professionals, could result in additional fees. Our estimated fee does not include assistance in bookkeeping or other accounting services not previously described. If for any reason the District is unable to provide such schedules, information, and assistance, the Firm and the District will mutually revise the fee to reflect additional services, if any, required of us to achieve these objectives.

The estimated fees contemplate that the District will provide adequate documentation of its systems and controls related to significant transaction cycles and audit areas.

In providing our services, we will consult with the District with respect to matters of accounting, financial reporting, or other significant business issues as permitted by professional standards. Accordingly, time necessary to affect a reasonable amount of such consultation is reflected in our fee. However, should a matter require research, consultation, or audit work beyond that amount, the Firm and the District will agree to an appropriate revision in our fee.

The estimated fees are based on auditing and accounting standards effective as of the date of this engagement letter and known to apply to the District at this time, but do not include any time related to the application of new auditing or accounting standards that impact the District for the first time. If new auditing or accounting standards are issued subsequent to the date of this letter and are effective for the period under audit, we will estimate the impact of any such standard on the nature, timing, and extent of our planned audit procedures and will communicate with the District concerning the scope of the additional procedures and the estimated fees.

The District agrees to pay all costs of collection (including reasonable attorneys' fees) that the Firm may incur in connection with the collection of unpaid invoices. In the event of nonpayment of any invoice rendered by us, we retain the right to (a) suspend the performance of our services, (b) change the payment conditions under this engagement letter, or (c) terminate our services. If we elect to suspend our services, such services will not be resumed until your account is paid. If we elect to terminate our services for nonpayment, the District will be obligated to compensate us for all time expended and reimburse us for all expenses through the date of termination.

This engagement letter sets forth the entire understanding between the District and the Firm regarding the services described herein and supersedes any previous proposals, correspondence, and understandings whether written or oral. Any subsequent changes to the terms of this letter, other than additional billings, will be rendered in writing and shall be executed by both parties. Should any portion of this engagement letter be ruled invalid, it is agreed that such invalidity will not affect any of the remaining portions.

The of and	Governing Board Board of Directors
	Primary Government Unit (or charter holder) Metropolitan Sewerage District of Buncombe County, North Carolina
	Discretely Presented Component Unit (DPCU) (if applicable) N/A

*Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)*

and	Auditor Name Cherry Bekaert LLP
	Auditor Address 1111 Metropolitan Avenue Suite 900, Charlotte, NC 28204

*Hereinafter referred to as Auditor*

for	Fiscal Year Ending	Audit Report Due Date
	06/30/20	10/31/20

*Must be within four months of FYE*

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).

2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC staff within four months of fiscal year end. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to charter schools or hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 28 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to charter schools or hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.



26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards, 2018 Revision (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. Applicable to charter school contracts only: No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

29. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 16 for clarification).

30. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>.

31. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

32. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

**FEEES FOR AUDIT SERVICES**

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Governmental Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by:     Auditor     Governmental Unit     Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

<b>Name:</b>	<b>Title and Unit / Company:</b>	<b>Email Address:</b>
Scott Powell	Director of Finance	Spowell@msdbc.org

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees below. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year billings. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC 3 .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

**PRIMARY GOVERNMENT FEES**


Primary Government Unit	Metropolitan Sewerage District of Buncombe County, North Carolina
Audit Fee	\$ 49,000
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$ 36,750.00

**DPCU FEES (if applicable)**

Discretely Presented Component Unit	N/A
Audit Fee	\$
<b>Additional Fees Not Included in Audit Fee:</b>	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
<b>75% Cap for Interim Invoice Approval</b> <i>(not applicable to hospital contracts)</i>	\$

## SIGNATURE PAGE

## AUDIT FIRM

Audit Firm* Cherry Bekaert LLP	
Authorized Firm Representative (typed or printed)* Matthew Socha	Signature* 
Date* 02/17/20	Email Address* msocha@cbh.com

## GOVERNMENTAL UNIT

Governmental Unit* Metropolitan Sewerage District of Buncombe County, North Carolina	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

## GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).  
Not applicable to hospital contracts.

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

Primary Governmental Unit Finance Officer* (typed or printed) W. Scott Powell	Signature*
Date of Pre-Audit Certificate*	Email Address* spowell@msdbc.ord

**SIGNATURE PAGE – DPCU  
(complete only if applicable)**

**DISCRETELY PRESENTED COMPONENT UNIT**

DPCU*	
N/A	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

**DPCU – PRE-AUDIT CERTIFICATE**

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).  
Not applicable to hospital contracts.

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

DPCU Finance Officer (typed or printed)*	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all required signatures prior to submission.

**PRINT**

# Metropolitan Sewerage District of Buncombe County

## BOARD ACTION ITEM

**Meeting Date:** April 15, 2020  
**Submitted By:** Thomas E. Hartye, PE., General Manager  
**Prepared By:** W. Scott Powell, CLGFO, Director of Finance  
**Reviewed By:** Billy Clarke, District Counsel  
**Subject:** Consideration of Billing Agreement with the City of Hendersonville

### Background

In July 2020, Metropolitan Sewerage District of Buncombe County (MSD) will assume operations of the Cane Creek Water and Sewer District (CCWSD). MSD will have an addition of approximately 3,911 customer accounts of which 3,011 water services are served by the City of Hendersonville (City).

### Discussion

MSD has billing and collection agreements with all member agency water providers within its boundaries. These agreements allow MSD charges to be included on the water provider's bills. Additionally, the water agencies provide collection services and remit collections on a specified term agreeable to both agencies. Currently, MSD charges a \$2.45 fee per bill for the cost of billing and collection of sewer services as allowed by state statute. This fee is remitted directly to the water providers for the aforementioned billing and collection services.

In preparation for the July takeover of CCWSD, staff met with City's staff to explore the possibility of providing billing and collection service. The City was agreeable to providing billing and collections services as outlined in the attached Agreement. The City of Hendersonville's council approved this agreement on March 5<sup>th</sup>.

### Fiscal Impact

The expenditures from services provided will be paid from revenues received from the CCWSD area. This amount will be included in the FY2021 budget.

### Staff Recommendation

Staff recommends approval of the attached agreement with the City of Hendersonville to provide billing and collection services.

#### Action Taken

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

STATE OF NORTH CAROLINA  
COUNTIES OF BUNCOMBE  
AND HENDERSON

**AGREEMENT REGARDING BILLING  
FOR SEWER SERVICE**

This AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between the **METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY**, a North Carolina public body and body politic and corporate created and established under the provisions of the North Carolina Metropolitan Sewerage Districts Act, Chapter 153, Article 25, Sections 153-295 to 153-324, inclusive (succeeded by Chapter 162A-64-81, inclusive) of the North Carolina General Statutes, with its principal office and place of business at 2028 Riverside Drive, Asheville, N.C. 28804 (hereinafter “MSD” or “District”) and the **CITY OF HENDERSONVILLE**, a body corporate and politic with its principal office and place of business at 160 Sixth Avenue East, Hendersonville, N.C. 28793 ( hereinafter “Hendersonville” or “City”).

WITNESSETH

WHEREAS, MSD was created and established by the North Carolina State Stream Sanitation Committee by resolution adopted on January 19, 1962, and the MSD is currently comprised of the following political subdivisions:

City of Asheville  
Town of Biltmore Forest  
Town of Weaverville  
Town of Black Mountain  
Town of Woodfin  
Woodfin Sanitary Water and Sewer District  
Avery Creek Sanitary District  
Busbee Sanitary District  
Crescent Hill Sanitary District  
Skyland Sanitary District  
Fairview Sanitary District  
East Biltmore Sanitary District  
Caney Valley Sanitary District  
Swannanoa Water and Sewer District  
Beaverdam Water and Sewer District  
Venable Sanitary District  
Enka-Candler Water and Sewer District

WHEREAS, MSD operates and maintains a system of interceptor and collector sewer lines and a wastewater treatment facility which system of interceptor and collector sewer lines and wastewater treatment facility is referred to herein as the “District Sewerage System;” and

WHEREAS, MSD currently collects and treats wastewater from the Cane Creek Water and Sewer District in North Henderson County in the District Sewerage System pursuant to contract; and

WHEREAS, in accordance with the provisions of North Carolina General Statutes 162A-68.5, the Cane Creek Water and Sewer District (“CCWSD”) has submitted a request to become part of MSD, the MSD Board has approved such request, and subject to the approval of the North Carolina Environmental Management Commission (“EMC”), CCWSD will become a part of MSD, effective July 1, 2020; and

WHEREAS, MSD is authorized and empowered under Article 5 of Chapter 162A of the General Statutes to fix and revise rates, fees, and charges for the use of or for the services and facilities provided by the District Sewerage System and to enter into contracts and agreements with the governing body of any political subdivision regarding the collection of rates, fees, and charges for the services and facilities provided by the District Sewerage System; and

WHEREAS, Under its current contract with CCWSD, CCWSD is required to bill and collect rates, fees, and charges for the use of and services furnished by the District Sewerage System to users within the CCWSD; and

WHEREAS, Upon the consolidation of the CCWSD into the MSD, MSD will become responsible for the billing and collecting rates, fees, and charges for the use of and the services furnished by the District Sewerage System within the CCWSD; and

WHEREAS, City owns and operates a system for the provision of water (the “City Water System”) to persons in Hendersonville and Henderson County, and the City currently provides water to some users of the District Sewerage System living within the CCWSD; and

WHEREAS, MSD desires to contract with City to bill and collect rates, fees, and charges for the use of and services provided by MSD to those users of the District Sewerage System in CCWSD who also receive water from the City; and

WHEREAS, City desires to contract with MSD to provide the billing and collecting services requested by MSD, and City has the authority and capability to provide such services.

**NOW, THEREFORE**, in consideration of the mutual covenants, terms, conditions, and obligations herein undertaken, it is agreed as follows:

1. City will act as MSD’s agent and bill and collect all rates, fees, and charges levied by MSD for the use of and services furnished by the District Sewerage System to those customers in the CCWSD who also receive water from the City Water System (hereinafter “Customers”).
2. MSD will provide City with the rates, fees, and charges for sewer service provided to Customers in the CCWSD who also receive water from the City, and a list of such Customers on an annual basis. The Customer list will be updated as new users connect to the District Sewerage System or the City Water System.
3. City will send bills to Customers on a monthly basis and will exercise all reasonable efforts to ensure such bills are paid promptly. MSD and City acknowledge and agree that one bill for water and sewer service will be sent to Customers. City shall take



appropriate action to collect any unpaid fees for sewer service, including but not limited to, the discontinuing of water service to such Customer.

4. MSD will pay City \$2.45 per bill. City will bill MSD and MSD shall promptly pay such charges. This fee may be adjusted, annually, by mutual agreement of MSD and City based on the prevailing MCI or CPI.
5. Payments received by City from a Customer shall be applied to charges for water and sewer service. To the extent any payments received are less than the total bill for water and sewer service, such payments shall be prorated to the charges for water and sewer service. MSD agrees to accept all City policies for adjustments to the customers' bills. Delinquent or late fees collected by the City shall be the property of the City. MSD reserves the right to terminate any Customer's sewer service for non-payment.
6. Payments received by the City for sewer service shall be deposited in an account designated by the District on a bi-monthly basis.
7. Except as set forth herein, City shall have no responsibility to collect unpaid charges for sewer service from any Customer.
8. City's records and accounts relating to the billing and collection of rates, fees, and charges for sewer service shall be open to inspection by the District at all reasonable times.
9. The effective date of this agreement is July 1, 2020. MSD will provide Customer and billing information so that City can begin billing for sewer service as of July 1, 2020.
10. This Agreement may not be amended except by a writing signed by an authorized representative of MSD and the City.

11. This agreement shall remain in effect until terminated by mutual agreement of MSD and City or by operation of law. If either City or MSD desire to terminate this agreement, the party requesting termination shall send the other party a request for termination. Such request shall be in writing and shall be sent via regular US Mail and by electronic mail, no later than six months prior to the requested termination date; addressed as follows:

AS TO CITY:

City Manager  
City of Hendersonville  
160 Sixth Avenue East  
Hendersonville, N.C 28739  
Via e-mail @ jconnett@hvlnc.gov

AS TO MSD:

General Manager  
W.H. Mull Building  
2028 Riverside Drive  
Asheville, N.C. 28804  
Via e-mail @ thartye@msdbc.org

IN WITNESS WHEREOF, the parties hereto acting under the authority of their respective governing bodies, have caused this Agreement to be duly executed in two counterparts, each of which shall constitute an original.

METROPOLITAN SEWERAGE DISTRICT OF  
BUNCOMBE COUNTY

By: \_\_\_\_\_  
Jerry VeHaun, Board Chair

ATTEST:

By: \_\_\_\_\_  
Secretary

CITY OF HENDERSONVILLE

By: \_\_\_\_\_  
Barbara Volk, Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney

This Instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

By: \_\_\_\_\_  
MSD Finance Officer

# **STATUS REPORTS**

**MSD System Services In-House Construction  
FY 19-20**

PROJECT NAME	LOCATION	ZIP CODE	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	NOTES
Saint Johns Street Force Main Replacement	Arden	28704	1040	6/10/19-7/5/19	238516	631	7/1/2019	1048	Complete
Brown Avenue at Elk Mtn Rd	Woodfin	28804	484	7/6/19 - 7/17/19	252976	631	7/17/2019	500	Complete
324 Brooklyn Road Sewer Rehabilitation	Asheville	28803	100	7/18/19-7/19/19	258462	631	7/19/2019	85	Complete
Tried Street Sewer Rehab	Asheville	28803	100	7/20/19 - 7/28/19	263127	631	7/25/2019	86	Complete
415 Chunn's Cove Road at Willow Ridge Sewer Rehabilitation	Asheville	28805	100	8/1/19 - 8/8/19	258463	631	8/2/2019	100	Complete
106 Seventh St Sewer Rehabilitation	Black Mountain	28711	200	8/9/19 - 8/20/19	225198	631	8/13/2019	200	Complete
122 Wendover Road Sewer Rehabilitation	Asheville	28806	113	8/14/19 - 8/16/19	258561	631	8/16/2019	112	Complete
2 Spartan Avenue Sewer Replacement	Asheville	28806	110	8/14/2019	264550	614	8/14/2019	110	Complete
Riverside Drive @ Vine Street	Woodfin	28804	220	8/19/19 - 8/21/19	264742	631	8/21/2019	220	Complete
Barnard Avenue at Lookout Sewer Rehabilitation	Asheville	28804	200	8/22/19 - 8/27/19	236089	631	8/27/2019	205	Complete
Waynensville Avenue at Brownwood	Asheville	28806	798	6/24/19 - 8/31/19	247283	674	8/30/2019	698	Complete
Lower Melody Lane Sewer Rehabilitation	Asheville	28803	694	8/28/19 - 10/1/19	256882	631	9/27/2019	667	Complete
149 State Street Sewer Rehabilitation	Asheville	28806	265	9/1/19 - 9/20/19	237791	674	9/24/2019	233	Complete
15 New Jersey Sewer Rehabilitation	Asheville	28806	250	9/21/19 - 10/7/19	238782	674	10/2/2019	228	Complete
Old Haw Creek Road at Dillingham Road Phase I	Asheville	28805	419	10/2/19 - 11/1/19	220080	631	10/28/2019	420	Complete
Montgomery Street Construction Rehabilitation Section 1	Asheville	28806	218	11/4/19 - 11/8/19	266979	674	11/7/2019	218	Complete
Montgomery Street Construction Rehabilitation Section 2	Asheville	28806	218	11/4/19 - 11/8/19	266673	674	11/6/2019	382	Complete
12 Mayflower Drive Sewer Rehabilitation	Asheville	28804	279	11/16/19 - 12/1/19	247347	631	11/15/2019	313	Complete
Erwin Hills Force Main Relocation	Leicester	28806	60	11/11/19 - 11/20/19	266981	674	11/19/2019	68	Complete
28 Mayflower Drive Sewer Replacement	Asheville	28804	272	11/2/19 - 12/2/19	265101	631	11/26/2019	185	Complete
East Grovestone Quarry Sewer Rehabilitation	Black Mountain	28711	780	10/21/19-12/15/19	213459	674	12/18/2019	787	Complete
217 Mountain View Road Sewer Rehabilitation Ph. 2	Asheville	28805	483	12/2/19-1/1/20	260470	631	12/18/2019	442	Complete
139 Old County Home Road	Asheville	28806	352	1/2/20 - 1/23/20	260128	674	1/22/2020	351	Complete
Reddick Road Sewer Construction Rehabilitation	Asheville	28805	635	12/15/19 - 1/1/20	267501	674	1/21/2020	648	Complete
332 Wilson Avenue	Swannanoa	28778	235	1/24/20 - 2/10/20	210202	674	2/24/2020	280	Complete
Riverside Drive at Norton Road	Woodfin	28804	700	1/23/20 - 3/7/20	267504	631	3/12/2020	605	Complete
Sarvena Place Repair	Asheville	28804	160	3/13/20 - 3/19/20	262466	631	3/19/2020	156	Complete
Kenilworth Road at Warwick Sewer Rehabilitation	Asheville	28803	573	2/25/20 - 4/1/20	268182	674			Construction 75% complete
Lake Julian FM Replacement	Arden	28704	300	FY 19-20	267272	631			Ready for construction
Caledonia Road at Springdale Rd	Asheville	28803	629	FY 19-20	268194	674			Ready for construction
East Chestnut Ave. @ Five Points Line A Sewer Rehabilitation	Asheville	28801	580	FY 19-20	268188	631			Ready for construction
Forest Hill Drive at Kenilworth Road	Asheville	28803	353	FY 19-20	268193	674			Ready for construction
72 Dillingham Road	Asheville	28805	234	FY 19-20	39327	631			Ready for construction
111 Compton Drive	Asheville	28806	360	FY 19-20	228741	TBA			In ROW
Coleman Avenue at Conestee	Asheville	28801	1490	FY 19-20	233875	TBA			In ROW
Antique Lane to Colters Path Sewer Rehabilitation	Asheville	28806	1600	FY 19-20	258821	TBA			Preliminary Engineering



## CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2019 to 2/29/2020

	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 2019	25	12	163	718	27	24	12,239	0	24	606	10	1,121	1751
August 2019	32	6	138	488	27	28	2,615	0	110	1543	12	0	1653
September 2019	13	10	286	431	18	21	11,200	0	0	800	10	100	900
October 2019	23	9	156	1,008	22	29	3,445	0	0	236	8	420	656
November 2019	15	8	60	396	25	15	1,250	0	608	566	7	0	1174
December 2019	13	11	35	544	20	13	150	0	298	1237	6	0	1535
January 2020	28	15	68	746	15	29	5,092	0	1031	351	2	0	1382
February 2020	25	8	126	515	15	16	0	0	0	198	3	82	280
<b>Grand Totals</b>	<b>174</b>	<b>79</b>	<b>1,032</b>	<b>4,846</b>	<b>169</b>	<b>175</b>	<b>35,991</b>	<b>0</b>	<b>2071</b>	<b>5537</b>	<b>58</b>	<b>1,723</b>	<b>9331</b>

\* Used to calculate Total Rehab Footage



## CUSTOMER SERVICE REQUESTS

### Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
<b>DAY 1ST RESPONDER</b>				
	July, 2019	108	25	35
	August, 2019	85	23	41
	September, 2019	59	24	38
	October, 2019	94	24	40
	November, 2019	80	26	35
	December, 2019	96	27	36
	January, 2020	90	23	43
	February, 2020	103	24	34
		<b>715</b>	<b>25</b>	<b>38</b>
<b>NIGHT 1ST RESPONDER</b>				
	July, 2019	13	24	15
	August, 2019	18	25	20
	September, 2019	7	30	36
	October, 2019	13	28	23
	November, 2019	28	21	22
	December, 2019	42	30	30
	January, 2020	40	33	32
	February, 2020	30	24	37
		<b>191</b>	<b>27</b>	<b>28</b>
<b>ON-CALL CREW *</b>				
	July, 2019	41	41	37
	August, 2019	29	34	30
	September, 2019	24	39	59
	October, 2019	38	34	25
	November, 2019	32	41	56
	December, 2019	56	50	31
	January, 2020	36	49	46
	February, 2020	31	37	38
		<b>287</b>	<b>42</b>	<b>39</b>
<b>Grand Totals:</b>		<b>1,193</b>	<b>29</b>	<b>36</b>

\* On-Call Crew Hours: 8:00pm-7:30am (Jul. - Oct.) 11:30pm-7:30am (from Nov. onward) Monday-Friday, Weekends, and Holidays



## PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2019 to February 29, 2020

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
<b>2019</b>							
July	89,420	739	8,930	98,350	21,980	325	17,474
August	100,227	1,060	1,520	101,747	20,013	2,700	6,860
September	62,575	696	3,060	65,635	13,188	14,821	44,100
October	88,177	972	5,789	93,966	41,345	500	49,697
November	64,927	1,519	5,862	70,789	11,418	0	23,503
December	61,961	2,873	5,695	67,656	18,165	0	28,567
<b>2020</b>							
January	90,722	2,276	3,951	94,673	10,357	200	21,239
February	71,292	1,360	6,097	77,389	17,672	1,050	19,284
<b>Grand Total:</b>	<b>629,301</b>	<b>11,495</b>	<b>40,904</b>	<b>670,205</b>	<b>154,138</b>	<b>19,596</b>	<b>210,724</b>
<b>Avg Per Month:</b>	<b>78,663</b>	<b>1,437</b>	<b>5,113</b>	<b>83,776</b>	<b>19,267</b>	<b>2,450</b>	<b>26,341</b>



**CAPITAL IMPROVEMENT PROGRAM**

**STATUS REPORT SUMMARY**

**April 8, 2020**

PROJECT	LOCATION OF PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
MULL BUILDING IT BACKUP GENERATOR	Woodfin	MB Haynes	9/10/2019	10/7/2019	3/31/2020	\$120,700.00	100%	Project is complete and in close out.
NEW HAW CREEK @ WATER BOOSTER STATION	Asheville 28805	Terry Brothers Construction Company	2/19/2020	TBA	TBA	TBA	0%	No start date has been scheduled yet.
NORTH LEXINGTON AVENUE @ I-240	Asheville 28801	Terry Brothers Construction Company	11/11/2019	4/1/2020	5/16/2020	\$112,522.00	0%	No work has begun yet.
PATTON HILL ROAD (4-INCH MAIN)	Swannanoa	Terry Brothers Construction Company	2/19/2020	TBA	TBA	TBA	0%	No start date has been scheduled yet.
SOUTH FRENCH BROAD INTERCEPTOR LINING (FY 19-20)	Biltmore	Am-Liner East, Inc.	10/16/2019	1/1/2020	4/1/2020	\$866,707.00	95%	All lining is complete; awaiting test results. Working on restoration.
TOWN BRANCH INTERCEPTOR LINING	Asheville 28801	Am-Liner East, Inc.	10/16/2019	1/1/2020	5/31/2020	\$194,629.00	95%	All lining is done, ready to test. Working on restoration.
NEW WALNUT STREET @ RIVERSIDE DRIVE	Asheville 28804	Terry Brothers Construction Company	12/18/2019	TBA	TBA	\$336,435.00	0%	No work has begun yet.
WALNUT STREET @ RANKIN AVENUE (COA COST SHARE)	Asheville 28801	Tennoca Construction Company	Contract administered thru COA - approved 11/20/19	1/6/2020	12/31/2020	\$1,709,532.00	35%	Sewer construction underway in Haywood Street.
WEAVERVILLE FORCE MAIN @ PLANT	Woodfin	Terry Brothers Construction Company	7/17/2019	11/4/2019	7/1/2020	\$2,188,114.10	90%	Work is nearing completion. All pipe is in except final tie in.
WRF- PLANT HIGH RATE PRIMARY TREATMENT	Woodfin	Shook Construction Company	10/17/2018	1/7/2019	12/31/2020	\$15,062,864.61	35%	Finishing all walls and pouring slab above pump room.

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

## Planning & Development Project Status Report

Active Construction Projects Sorted by Work Location and Project Number

April 3, 2020

No.	Project Name	Project Number	Work Location	Zip Code	Units	LF	Pre-Construction Conference Date	Comments
1	First Baptist Relocation	2015032	Asheville	28801	Comm.	333	7/21/2015	Final Inspection complete, awaiting close-out docs
2	8 Sulphur Springs Road	2015116	Asheville	28806	6	80	11/22/2016	Final Inspection complete, awaiting close-out docs
3	Towne Place Suites	2016012	Asheville	28801	83	342	9/11/2018	Testing
4	Hounds Ear (Mears Ave Cottages)	2016123	Asheville	28806	18	402	8/18/2017	Pre-con held, construction not yet started
5	Element Hotel	2016124	Asheville	28805	Comm.	177	1/21/2020	Pre-con held, construction not yet started
6	Hawthorne at Mills Gap	2016222	Asheville	28803	272	442	10/3/2017	Final Inspection complete, awaiting close-out docs
7	Ashecroft	2016229	Asheville	28806	40	2,450	2/20/2018	Phase 1 - Final complete, awaiting close-out docs / Phase 2 - on hold
8	Hotel Milan	2017003	Asheville	28805	112	24	9/20/2019	Waiting on final inspection
9	Gerber Road Storage	2017049	Asheville	28803	Comm.	156	2/9/2018	Final Inspection complete, awaiting close-out docs
10	RADTIP	2017052	Asheville	28801	0	919	2/13/2018	Installing
11	White Oak Grove	2017053	Asheville	28801	114	1,185	6/28/2019	Waiting on final inspection
12	Rock Hill Road	2017096	Asheville	28803	15	990	7/24/2018	Final Inspection complete, awaiting close-out docs
13	McCormick Place	2017150	Asheville	28801	17	210	8/3/2018	Final Inspection complete, awaiting close-out docs
14	Ingles - Airport Rd.	2017195	Asheville	28704	Comm.	792	2/11/2020	Pre-con held, construction not yet started
15	Wanoca Cottages	2017214	Asheville	29903	15	378	3/26/2019	Waiting on final inspection
16	17 N. Market Street	2017238	Asheville	28801	16	256	5/10/2019	Pre-con held, construction not yet started
17	Biltmore Terrace Ph. 3	2018000	Asheville	28803	15	294	7/16/2019	Waiting of final inspection
18	US 74 Commercial Development	2018010	Asheville	28803	4	265	5/25/2018	Waiting on testing
19	Old Haywood Subdivision Phase 1	2018073	Asheville	28806	79	1,770	3/19/2019	Installing
20	Fern Street	2018081	Asheville	28803	8	60	2/15/2019	Testing
21	Lee Walker Heights	2018126	Asheville	28801	116	1,755	10/1/2019	On hold, waiting on grading
22	Le An Hurst Road	2018127	Asheville	28803	5	245	3/22/2019	Final Inspection complete, awaiting close-out docs
23	Tru by Hilton	2018131	Asheville	28805	1	248	1/25/2019	Waiting on final inspection
24	Hamrick Farms	2018133	Asheville	28715	69	3,483	8/30/2019	Installing
25	Bear Creek Hotel	2018141	Asheville	28806	Comm.	860	11/5/2019	Installing
26	Rowhouse Development	2018205	Asheville	28801	20	365	1/7/2020	Installing
27	Birch Lane	2018241	Asheville	28704	26	875	1/3/2020	Testing
28	Habitat - Old Haywood Road	2018258	Asheville	28806	38	1,355	8/20/2019	Final Inspection complete, awaiting close-out docs
29	Joyner Avenue	2018264	Asheville	28801	4	215	6/4/2019	Final Inspection complete, awaiting close-out docs
30	UNC-A Edgewood Road Parking Lot	2019078	Asheville	28801	Comm.	373	7/19/2019	Waiting on final inspection
31	100 Airport Road Sewer Relocation	2019125	Asheville	28704	Comm.	548	8/23/2019	Waiting on final inspection
32	Abundance Run Subdivision	2019141	Asheville	28805	16	500	12/20/2019	Installing
33	Towne Place by Marriott (Bear Creek)	2019187	Asheville	28806	Comm.	264	2/28/2020	Testing
34	West Keesler Avenue	2007176	Black Mountain	28711	6	410	11/15/2016	Final Inspection complete, awaiting close-out docs
35	808 Montreat Road	2015126	Black Mountain	28711	4	371	4/18/2017	Final Inspection complete, awaiting close-out docs
36	Avadim	2017001	Black Mountain	28711	Comm.	2,286	1/11/2019	Testing complete, awaiting final inspection
37	Sweet Birch Lane	2017111	Black Mountain	28711	65	780	9/28/2018	Final Inspection complete, awaiting close-out docs
38	Chapman's Cove	2017227	Black Mountain	28711	10	430	9/21/2018	Final Inspection complete, awaiting close-out docs
39	White Oak Circle Ph. 1	2018197	Black Mountain	28711	4	330	10/30/2018	Final Inspection complete, awaiting close-out docs
40	402 Blue Ridge Road	2018206	Black Mountain	28711	6	372	2/5/2019	Waiting on testing
41	262 Flat Creek Road	2018223	Black Mountain	28711	3	286	12/6/2019	Waiting on final inspection
42	Givens Highland Farms-Cottage Development	2018272	Black Mountain	28711	16	1,355	9/13/2019	Waiting on final inspection
43	Padgettown Road - Phase 1	2019003	Black Mountain	28711	6	240	7/19/2019	Final Inspection complete, awaiting close-out docs
44	Padgettown Road - Phase 2	2019085	Black Mountain	28711	43	1,308	7/19/2019	Waiting on final inspection
45	White Oak Circle Ph. 2	2019206	Black Mountain	28711	2	94	3/3/2020	Installing
46	Hyde Park Phase 2	2013058	Buncombe Co.	28704	14	500	12/3/2013	Waiting on final inspection
47	Waightstill Mountain Phase 2B	2015155	Buncombe Co.	28704	16	1,784	4/23/2019	Installing
48	Bee Tree Village	2015158	Buncombe Co.	28778	26	1,118	3/17/2017	Waiting on final inspection
49	NC DOT I-5504 NC 191/I-26 Interchange	2016132	Buncombe Co.	28806	0	355	10/23/2017	In Construction
50	Bradley Branch Phase 4A	2016189	Buncombe Co.	28704	27	2,420	5/10/2019	Testing
51	Villas of Avery Creek	2017068	Buncombe Co.	28704	270	3,170	9/18/2018	Waiting on final inspection
52	ABCCM	2017083	Buncombe Co.	28806	60	4,069	12/4/2018	Final Inspection complete, awaiting close-out docs
53	Glenn Bridge Meadows	2017151	Buncombe Co.	28704	30	1,692	7/19/2019	Final Inspection complete, awaiting close-out docs
54	Villas of Avery Creek	2017068	Buncombe Co.	28704	270	3,170	9/18/2018	Waiting on final inspection
55	Sweetgrass Apartments	2018015	Buncombe Co.	28704	270	1,090	4/12/2019	Installing
56	The Ramble Block 1	2018050	Buncombe Co.	28803	39	7,316	12/4/2018	Final Inspection complete, awaiting close-out docs
57	Upper Grassy Branch Road	2018087	Buncombe Co.	28805	6	250	8/31/2018	Waiting on final inspection
58	Victoria Hills (Lance Road) Ph. 1	2018094	Buncombe Co.	28704	38	1,176	3/6/2020	Installing
59	Starnes Cove Subdivision	2018106	Buncombe Co.	28806	14	315	9/6/2019	Pre-con held, construction not yet started
60	705 Bee Tree Road	2018113	Buncombe Co.	28778	11	500	11/15/2019	Waiting on final inspection
61	Bee Tree Road	2018115	Buncombe Co.	28778	6	240	12/18/2018	Final Inspection complete, awaiting close-out docs
62	Holbrook Road Subdivision	2018125	Buncombe Co.	28715	170	2,225	1/14/2020	Waiting on final inspection
63	Rockdale Subdivision	2018145	Buncombe Co.	28778	9	630	3/17/2020	Pre-con held, construction not yet started
64	Cedar Lane	2018164	Buncombe Co.	28704	9	145	3/22/2019	Final Inspection complete, awaiting close-out docs
65	Fountain Park Subdivision - Ph. 1	2018167	Buncombe Co.	28806	240	8,023	7/12/2019	Final Inspection complete, awaiting close-out docs
66	East Haven Apartments	2018198	Buncombe Co.	28778	95	34	7/30/2019	Ready for testing
67	Retreat at Arden Farms	2018207	Buncombe Co.	28704	416	299	11/19/2019	Testing
68	Reserve at Gashes Creek	2018208	Buncombe Co.	28803	190	1,940	8/2/2019	Installing
69	Birch Lane	2018241	Buncombe Co.	28704	26	875	1/3/2020	Pre-con held, construction not yet started
70	Riverbend Forest Subdivision	2018247	Buncombe Co.	28805	25	2,738	1/14/2020	Installing
71	Lower Grassy Branch Ph. 2	2018252	Buncombe Co.	28805	12	270	1/21/2020	Waiting on final inspection
72	Riceville Road Development	2019156	Buncombe Co.	28805	7	145	1/21/2020	Final Inspection complete, awaiting close-out docs
73	School Road East	2019185	Buncombe Co.	28803	3	169	12/13/2019	Pre-con held, construction not yet started
74	80 Deerhaven Lane	2019232	Buncombe Co.	28803	2	257	2/11/2020	Testing
75	Creekside Cottages	2019255	Buncombe Co.	28704	6	400	3/12/2015	Phase 2 Constructed Not started
76	44 Central Ave	2017107	Weaverville	28787	7	275	10/27/2017	Final Inspection complete, awaiting close-out docs
77	Ambler's Chase	2017249	Weaverville	28787	21	1,235	11/29/2018	Testing
78	Northridge Commons Townhomes	2018082	Weaverville	28787	53	1,380	4/9/2019	On hold, waiting on grading
79	Maple Trace Ph. 4	2018214	Weaverville	28787	35	1,265	5/24/2019	Final Inspection complete, awaiting close-out docs
80	Crest Mountain Phase 3B	2013041	Woodfin	28806	69	1,329	10/15/2013	Punchlist pending, awaiting closeout documents (roadwork remaining)
81	Reese & Jan Lasher (High Hopes)	2015152	Woodfin	28806	14	320	4/26/2016	Final Inspection complete, awaiting close-out docs
82	Apple Lane	2017130	Woodfin	28804	4	60	8/31/2018	Final Inspection complete, awaiting close-out docs
83	88 North Merrimon Avenue	2017196	Woodfin	28804	Comm.	455	5/11/2018	Final Inspection complete, awaiting close-out docs
84	Olivette Gravity Phase 2	2018116	Woodfin	28804	94	12,406	11/27/2018	Installing
85	Skyfin-Terraces at Reynolds Mtn -Phase 3&4	2018187	Woodfin	28804	22	845	8/8/2017	Waiting on final inspection and phasing
86	Brown Avenue	2018267	Woodfin	28804	3	62	7/2/2019	Final Inspection complete, awaiting close-out docs
			<b>TOTAL</b>		<b>3,903</b>	<b>97,820</b>		