

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

March 18, 2026

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, Wednesday, March 18, 2026. Chairman Vehaun presided with the following members present: Ashley, Bryson, Lapsley, Pelly, Pennington, Player, Tarleton, Watts, Whitesides and Wisler. Dearth, Manheimer and Moore were absent.

Others present were William Clarke, General Counsel; Drew West with CIBO; Seth Eckard with Woodfin Sanitary Water & Sewer District; Ken Kohn and Phil Cohen, Woodfin Town Council; Anabel Winitsky and Erin McCombs with American Rivers; Lisa Raleigh with Riverlink; Will Yeiser with French Broad River Academy; Jack Evans with Asheville Watchdog; Ken Brame with Sierra Club and Patrick Hunter with Southern Environmental Law Center; Gray Jernigan with Mountain True; Jed Hinkley and Bert Hinkley with American Canoe Association; John Douglas with French Broad River Academy; Cat Potts; Marc Hunt; Scott Fowler and Teresa Rogerson; Tom Hartye, Hunter Carson, Bart Farmer, Derrick Swing; Scott Powell, Mike Stamey, Spencer Nay and Pam Nolan, MSD. Also present, via internet access, were Forrest Westall, PE, with McGill Associates and John Mastracchio with Raftelis.

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 18, 2026 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the February 18, 2026 Board Meeting. Mr. Watts moved for approval of the minutes as presented. Mr. Ashley 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 all guests.

6. Informal Discussion and Public Comment:

None.

7. Report of Committees:

Ms. Bryson reported that the Personnel Committee met on Thursday, February 26, 2026. Mr. Hartye and the Human Resources Director, Mr. Swing, presented information on succession planning. After providing a brief history of succession planning efforts of MSD, they shared information on current efforts. Mr. Hartye gave an update on his goals and objectives. Also discussed was the succession plan for the General Manager's role. The discussion included options for the recruitment of the General Manager's position.

8. Report of General Manager:

Mr. Hartye reported that Erin McCombs with American Rivers will give a presentation.

Ms. McCombs introduced herself and stated that she is Southeast Conservation Director for American Rivers and thanked everyone for the opportunity to speak. She began by acknowledging the MSD Board's fiduciary responsibility to rate payers and that they share that responsibility. Any path forward must ensure the rate payers are protected and appropriately compensated. She stated that she also wants to recognize the long history of stewardship MSD has played along the French Broad River. Today they are not asking the Board to remove the dam, they are asking the Board to ensure that the decision about the dam is made through a transparent and independent process before any options are closed. She would also like to thank her partners, many of whom are here today, Riverlink Mountain True, Sierra Club, Southern Environmental Law Center and American Whitewater who the Board heard from, many of those partners, last month. She stated that before she gets into the presentation I'd like to start with her conclusion and wants to be clear that they are interested in working with MSD. You will see and hear that the requests have evolved after some helpful conversations they have had since sharing these slides about a week ago. Again, they are not asking for the Board to make decisions on whether to sell the dam or to remove the dam. They respectfully request that MSD keeps the door open to explore options for the removal of Craggy Dam by doing the following. One, temporarily halt capital expenditures related to the Craggy hydro project while the valuation and sale are being considered. This next one is a little different, so while joint evaluation is American Rivers preference, after some conversations they have had since they submitted these slides, they understand that it is not the preference of Staff. Therefore, they are requesting MSD Staff's collaboration to support their separate valuation study and provide the reasonably required information to do that successfully. Lastly, they are asking to establish a transparent process with independent expertise and public engagement. They believe that stakeholders need to be heard and involved. So again, this is not about committing to a sale, not about committing to dam removal design, not about committing to dam removal. American River is a leading organization working on river restoration and dam removal in the US. They actually just released their list of dams removed. Now 2,350 dams have been removed nationally, and their role is to assemble the financial, engineering and regulatory expertise required to implement these complex projects. They understand the complexity involved because they help deliver these projects across the country. In the southeast region their dam removal leadership translates to success on complex projects like the removal of the Ward Mill Dam, where they surrendered the Federal Energy Regulatory Commission License, raised the funding needed for design and engineering and ultimately construction of the dam removal. While this is not an apples-to-apples comparison of Craggy, she stated she shares it as an example of a local, successful project. She presented slides showing what the Ward site looked like after removal and stated that they learned after Helene that this dam removal and other projects like the Shoals Mill Dam removal upstream, saved lives and protected critical infrastructure by lowering flood elevations and giving the river room to move. She stated that she wants this board to understand the role that American rivers has played in the dam removal movement. They were a partner in the largest and most complex dam

removal ever completed, the four dam removal project on the Klamath River. She also added that the consultants that they used for the Craggy Study also worked on this project. Their technical experience allows them to complete complex projects like the Bloede Dam which won an American Council of Engineering Companies award. They relocated a new 42-inch diameter sanitary sewer line, protected an active railroad bridge and managed 300,000 cubic yards of impounded dam sediment. American Rivers work also includes their favorite, the French Broad River, the lifeblood of this community, the river that locals and visitors alike go to for recharge and play. In fact, in Marshall, American Rivers and partners are working quite successfully towards the removal of the Capitola Dam. This is the next dam downstream from Craggy. They have secured over \$3 Million for the design, permitting and engineering of this project through the enthusiastic support of the dam owner. MSD has a long history of infrastructure leadership on the French Broad and this moment presents another opportunity for leadership, one that reflects the river's evolving role in recreation, ecology and regional resilience. The removal of the Craggy Dam would offer benefits that support the local economy like flood reduction, improved recreation, improved public safety and environmental restoration and they were pleased to see that they agree on that point from the McGill memo that was in the board packet. If Craggy is removed flooding upstream from the dam, like the slide shown from the Mill at Riverside, shown during Helene, a worst-case scenario, would be lowered significantly. The Stantec report uses available FEMA and insurance mapping to assess flood levels. If this project moves forward detailed flood studies will be completed as a requirement of permitting but it is irrefutable that the removal of the dam would lower flood surface elevations. This reduction in flood elevations mean business owners and the nonprofit school would experience real changes to the economic impact of periodic flood events that frequent this area while also making it safer for students. In June of 2024 American Rivers commissioned the Craggy Dam Removal Study, went through an accredited RFP process. She stated that she wanted to be clear about the purpose of that study. It was to determine whether the removal of Craggy Dam is environmentally and economically feasible. They achieved that goal. The scope was not the nitty gritty of full design. MSD separately commissioned a condition assessment through an RFP process and chose Hatch to inform capital planning. To fully evaluate options both studies are important. However, the Hatch report was not shared with American Rivers until late in their process after they delivered the first draft of the study in May of 2025. Once they received the Hatch Reports findings and MSD's comments were incorporated into the now final removal study they hear the additional questions and needs for information that staff has raised, like the full design and permitting of the dam removal project and the design of the 66-inch interceptor, which Stantec did note in the study as a survey and design needs. It is normal to have many identified needs of the conceptual design phase which is where they are. Everything on the General Manager's list will be addressed if the process moves forward but if the Board votes today on the full slate of the requirements in the General Manager's report, that will essentially kill any potential dam removal. Ms. McCombs stated that she cannot and should not raise funding for the complete design and permitting of a dam removal project before she knows if they can negotiate a sale price. Again, everything on the required list will be addressed but in a proper process that is financially responsible and common practice in these types of projects. They want to work with MSD but can't justify spending \$1 Million on

design and permitting before they even understand if the sale is possible. So, here is that process, first the assessment of the value of the dam, then the negotiation of a purchase agreement that includes many off ramps and then the third after the property transfer and closing happens, then the removal would happen. At the May, 2025 meeting with MSD to discuss the provided draft of the Stantec report, MSD management shared that if a dam removal were to be pursued, they would want to sell the hydro facility rather than be a party to dam removal as the owner. That is a reasonable position and one that is often taken on. But before the sale could be evaluated the first step must be determining fair market value. That's the purpose of an independent valuation. If the valuation shows the transaction is not feasible the process ends. She stated that she wanted to be clear that they care a lot about how this project is approached. That is how they have been successful on other projects like this, but they can't and shouldn't spend up to \$1 Million before they understand if the sale is possible. So again, if the Board votes today to approve that full slate of requirements in the General Manager's report it would essentially kill any hope for dam removal. Again, that entire list should be addressed and will if the process moves forward but should not be addressed before valuation is completed. Hydropower facilities are valued differently than most types of infrastructure. These valuations are typically conducted by firms with specific experience in hydropower economics and transactions. For the valuation to be credible to all parties and defensible to ratepayers the process should be independent, technically specialized and widely trusted. While they prefer a jointly commissioned valuation, they are prepared to pursue their own separate valuation selected through a competitive process. She stated that she hopes these slides are not overly confusing as their asks have evolved since submitting these slides last week. Based on some conversations they have had, again, they are prepared to pursue that separate valuation following a competitive process and that we would require collaboration with MSD to ensure that they and the appraiser that they select would have the needed information. So, going back to this process, once the first phase is complete the next step is to negotiate a purchase agreement and this would have time bound off ramps. These time bound off ramps require no obligation. There will be a defined due diligence period. And then here is where the agreement around the outstanding design and infrastructure needs are addressed. This includes securing certain thresholds of funding, a detailed scope of work ensuring that MSD infrastructure is protected and secured and the Federal Energy Regulatory Commission License surrender process among other details with a time schedule. The off ramps would be if any of these couldn't be met, then the process would end. Each stage of the process includes clear off ramps. After moving into phase three after closing and property transfer a third party would now own the dam and would lead the dam removal project. At this stage, all liability and risk has been transferred away from MSD to a third party, but MSD would remain a key stakeholder in the process. With a greater shared understanding of how and when MSD management's appropriate concerns will be addressed, they respectfully request that MSD not advance the General Manager's full slate to be completed at once and focus on the first phase, the valuation. They respectfully request that MSD keep the door open to explore options for the removal of the Craggy Dam by doing the following. Temporarily halt capital expenditures related to the Craggy hydro project while the valuation and sale are being considered. While the joint evaluation would be their preference, after conversations they have had since they submitted these slides, they understand that

that's not the preference for that so therefore they request MSD staff collaboration to support their separate valuation study and provide the reasonably required information and last to establish a transparent process with independent expertise and public engagement. Stakeholders need to be heard and involved. Again, this is not about committing to a sale, not about committing to design and not about committing to the dam removal. The French Broad River is one of the region's most important economic assets. Decisions about the future of Craggy Dam deserve a process that is independent, transparent, and technically credible. American Rivers stands ready to work with MSD and this Board to ensure that happens, their shared aim is simple, protect the ratepayers while allowing the community to fully understand the options before this decision is made. She thanked everyone for their time and opened the floor for any questions. Ms. Wisler asked that the process from standpoint of if there were the 2 appraisals, what if there's a huge difference? You've sort of said you're raising money, would it be a significant impediment to you if the numbers are different which I suspect it will be but if you came up with a number and you came to consensus with a number that was larger than the appraisal that American Rivers got, would you be able to raise that money, the difference? Ms. McCombs stated that is a good question and that is ultimately why they originally wanted that joint appraisal so they can work together and have a number that they agreed upon but if that isn't the case then there would be two different appraisals and what would the options be at that point? To negotiate around that or to even have to then get a joint appraisal that would try to meet those in the middle. Ms. McCombs stated that she thinks that's something that they would have to figure out but at the end of the day she thinks they are really wanting to work together to see if it's in the public interest, if it is in MSD's best interest, they would like the process that could support their ability to negotiate a successful purchase agreement if that's the direction that we want to go in. Ms. Wisler also stated, relative to capital expenditures, she's a little concerned about halting all capital expenditures in the sense that what if something happens. How long of a period of time do you think between now and when American Rivers has that appraisal and we would mutually go into negotiations, what's the period of time American Rivers is asking for halting capital expenditures. Ms. McCombs stated that it is mostly about not investing like \$3 Million in the dam while things are happening. MSD does a good job of making sure that things are safe and moving forward so that's not what we're talking about, we're just talking about not moving forward with the full slate of significant capital improvements while this is being considered. Until we all figure out how we want to move forward in terms of that valuation would really dictate the timeline. That's one thing that she thinks is at the discretion of the Board today. What will the recommended path forward be, will it be two separate valuations and then we will come together to negotiate. Maybe that would take a little bit more time than a joint evaluation, the Raftelis proposal had something like 12 weeks for them to be able to do that so 12 weeks at the minimum but there's a balance in terms of time being of the essence and then also engaging in a really thoughtful process so on any of those she doesn't think there's one set number but would like to hold those two pieces, let's move quickly but do it in a good responsible way. She stated that ideally, she would love to work collaboratively with the Board and MSD, how can we make sure that we're not missing each other and that we're understanding at essence. She thinks we all want to explore the same thing if this is something that's possible. She would really love to invest in building relationships and a little bit of trust and try to kind

of reset. How can we work together to move forward? For instance, she doesn't actually think that we are all really opposed, that what they want to be able to do with the Board makes a lot of sense and that needs to be set in a process in a timeline that makes a lot of sense and focus on things in a stepwise fashion. She stated that she hoped that answer wasn't too glancing, but she can't give a timeline because we don't know that but would like to move in at a pace that makes sense and is respectful for all parties. Mr. Hartye stated that the \$3.4 Million, the bigger pieces of that are not necessary in the near term, the next 24 months is mostly maintenance type of activity and very small capital projects. Mr. Clarke stated that he has given the opinion that MSD should obtain and pay for its own appraisal but that does not mean that MSD cannot consider other valuation studies. MSD could negotiate, the Bond Order requires you to determine the fair market value if you sell, exchange or dispose of it you have to do it for fair market value. Mr. Clarke stated that the Bond Order doesn't define fair market value, he has given you the IRS valuation but essentially, it's what a willing buyer would pay a willing seller so there's no reason MSD, at some point in the process, could not negotiate with American Rivers about the price so long as we have some basis for maintaining its fair market value. Mr. Tarleton asked why is the sale necessary, why would MSD relinquish control of the dam if we're contemplating removal, why would we give up that responsibility we have? There are so many things connected with the potential removal, the coffer dam and the expense for that, what we do with the turbines and power generation. He stated that he is understanding from Mr. Clarke's letter that we are under some obligation to our Bond Holders to have a sale. Mr. Clarke stated that if you sell, exchange or dispose of the dam, which the scenarios that we talked about and are contemplating, would involve transferring ownership. However, if we transfer it or exchange it, or dispose of it, we have to receive fair market value. Mr. Tarleton stated ok, but why exchange it, why not just receive fair market value, use that money to protect our bond holders, maintain the responsibility and control over the disposal, removal of the dam and how it affects us with the timeline, with our other infrastructures, how it effects our funding, why give up that control? Mr. Hartye stated that we don't normally do dam removal and we wouldn't want the liability associated with that. These people have done it many different times. The only problem we're having, and what we've expressed before, is that most of them are not right in the middle of a treatment plan and across from a railroad. There are issues there. MSD wants control over those issues and that's why he has these bulleted items. We want control over it to make sure that they're good estimates on it, that they have proof of the money, we will require that they're bonded, all of that. MSD already has a \$750 million Capital Improvement Plan that we're conducting. It would be a major distraction if we had to do this, but we could oversee it and make sure it's done right. That's what these bulleted items are about, they're about making sure that they've done their homework, it's covered financially and then it would be bonded so that we don't get the liability. That's why it goes to a third party it doesn't go to American Rivers, they are going to get a third party to accomplish this and that's what they typically do. Mr. Hartye stated that he would suggest, and there's no reason why we can't adopt all these bullets, but we can make it phased. The first would be commissioning of the value, the other one would be finishing the report. The rest of those bullets could be the next phase if you get a showstopper at the valuation phase, then you're out. If you don't then we're going to go harder on these other bullet items, and we're going to be clear about it. We don't want to take on this liability and distract from our \$750

million CIP, which is our main mission, for them to take over a separate mission. Mr. Tarleton asked about the third bulleted item regarding detailed dam removal, what does "AR within the report" mean? Mr. Hartye answered "Address in the Report". They need to address that issue in the report. He stated that he thinks what Ms. McCombs is asking here is that we phase that. First would be the dam sale, he stated that, in his opinion, and he has expressed this many times before, the real money is below the second bullet. Bullet one and two with the valuation of the dam is going to be a bit significantly lower than everything else that needs to be done to deal with our 66-inch interceptor. So, in the next phase if it's not a showstopper on the valuation, I guess that's what they're asking for today. What he would ask for is to give a vision to staff to go ahead and follow this procedure here which Staff and Counsel prescribed here to meet our bondholder obligations. Mr. Tarleton asked if the reason for a sale is because of the liability and the rest that we want to avoid that may come from the removal of the dam. Mr. Clarke stated yes but to answer the question a little more fully, if we do anything like remove the dam, we need to receive fair market value for it because the dam was originally financed with bond funds. Mr. Tarleton stated that he understands we need to receive fair market value but why give up that control. He understands that we don't want the liability from whatever goes on to remove the dam. Mr. Clarke stated that it is also a lot more dollars. Just using round numbers, let's assume if you sell the dam for \$2 Million and transfer it to American Rivers, and then they're in charge of removal, then the proceeds you receive from this, in order to maintain the tax-exempt status, goes to pre-paid interest and principal on your bond. But if you keep control and have to pay for all of the removal, then you have less money basically. Mr. Hartye added that it would be a whole lot less money, we're thinking it's going to be north of \$20 million to do all that stuff. Mr. Tarleton stated that he isn't following where we would have less money if we didn't sell it. Mr. Clarke stated let's assume that we sell it for \$2 million and then we take the \$2 million and we put it in the bond fund because that's pretty much what we have to do. Mr. Tarleton asked how about if we receive more than \$2 million, what if we receive money from whatever sources that may be available, and may protect us against potential liability. Mr. Clarke asked, in other words, we receive money for the sale of the dam and then you also receive money to remove the dam. Mr. Clarke stated that he thinks Mr. Hartye already answered that question. Mr. Tarleton asked them to tell him again because he didn't understand. Mr. Hartye stated the liability and the impact of the stream. That's not MSD's normal business, taking down dams. We are going to vet whoever the third party is and what they do. They do this for a living, we do wastewater for a living, we do hydro for a living, but we don't take down dams for a living. The impact to that river of everything that's going to happen, if it's not done right, it's going to be trouble. Mr. Tarleton stated that he understood that, but he is concerned about the impact that may have on MSD's operations if it's not done right. What if we relinquish control over how it's going to be done, if we don't contract with whoever's doing the removal and have their liability insurance. Mr. Hartye stated that we are going to sell it and get rid of our liability to the third party, that is the intent, and that is normally how it goes. Ms. McCombs stated that is commonly how it is done. Ms. Wisler stated that she thought what Ms. McCombs also said is if that's negotiated, all these other points, we'd be a stakeholder at the table as they're making the plan to remove the dam to make sure that our operations are protected. Mr. Hartye stated to Ms. Wisler that all of those bullets are completed prior to you making your final decision. In the General Manager's report, at the bottom of all of those bullets, it

says to bring to MSD Board to consider and hold a Public Hearing. All of these bullet items would have to be done before we commit. We want to make sure that they've looked at the details, they have the money, and that they are bonded to do all of this stuff. Then if we do decide to still do it, if we feel comfortable that it's covered, then we will release liability, sell it, and move on. We're not going to sell it and then do these items. We're going to see if the selling value is a showstopper at the very beginning, that's Phase 1 and that's what they asked to do. He stated that he has no problem with that. Then, if they want to continue on, they have to do a lot of homework to do before they come back to this Board. Mr. Pennington stated that he thinks that's part of the confusion out there. He has received no less than 200 plus emails. This is not a removal, that's not what we're doing. A phased approach is looking at this in a way that makes sense. He stated that he has two pages of questions but it's not appropriate at this time. Some of those questions involve a full study proposal to offset loss of power generation from here into perpetuity. CLOMAR and LOMAR studies, and all of the flood studies that are going to come into play there, and the protection of the transmission lines parallel to the river. He stated that he knows that American Rivers focus is a lot on non-functional dam removal but asked what their experience with dams is that do serve a purpose, like hydro dams that are actually functioning right now. Ms. McCombs stated that they are actually seeing a lot more active hydropower projects being removed. One example is of the Ward Mill Dam removal project, they are working on the Capitola Dam. It's no longer functioning, but it was before Helene. They will still have to do a lot of the same process like surrendering the Federal Energy Regulatory Commission license. They have big national projects that were mentioned in her presentation. They are also a party on another project out near Cherokee that was Duke owned and then Northbrook owned and then it got transferred to the third party pretty similar to this and that one is just going through the final phases of design using a lot of the same contractors that were on Klamath. She stated that they have quite a deep experience working on properties that are actively generating hydropower, some that did require negotiating a purchase agreement to be able to figure out the next steps and then some they do work with the owner to remove without a transfer so every project is very unique. There's no one-size-fits-all but they train people how to do this and they work with a lot of contractors that have a lot of experience on this and if this project is able to move forward they will assemble a team to be able to do this responsibly and in the right way. You can imagine that's why they are out here to do this. Ultimately, they want a healthy river that is that is reconnected. If they are able to move forward, they will do it in a stepwise process and address all the concerns that Mr. Hartye has on this list. CLOMAR and LOMAR is the natural course of any dam removal project. She stated that she thinks it is really hard because they are here saying what their why is. Ultimately, they want this river reconnected but maybe it's a little hard to follow because that's not actually what's up for decision right now but they want to be transparent around why they are even beginning this conversation. This is complex and this is hard, change is hard. Hopefully laying out that step wise process can allow us to hold these reasonable questions and know that they'll be addressed through this process. For better or for worse everyone won't have answers to full design because that will come later so hopefully folks can kind of appreciate the complexity of this but that we need to address it in a stepwise fashion. Mr. Pennington stated that, to be clear, when we talk about dam removals, it's not just as simple as removing the impoundment piece, he sees it as almost 4 pieces. Are we talking about the dam impoundment piece or the

intake of the flume, the flume wall, and the hydro facility the whole kit and caboodle is that what's envisioned here? Ms. McCombs stated that is a design question. The conceptual report talks about a couple of different scenarios but that's another piece to be decided with community input, what is the best approach to this, the exact way that we're going to approach the design, we only have conceptual design, we do not have full design. Mr. Pennington stated he understands but he is asking from a very technical perspective as a board member on a wastewater utility. That's why he is asking those questions, and also as a floodplain manager, to be clear what we're talking about removing and for the public to understand. Ms. McCombs stated that she doesn't think every single one of those questions has been fully determined. Mr. Pennington stated that's it, that's what he needed to hear. Mr. Lapsley asked that, if he is understanding correctly, the decision the Board needs to make today is whether to recommend proceeding with an appraisal on the dam and would MSD pay for that? Mr. Hartye answered if the Board is interested in moving forward with this project. Mr. Lapsley stated that would be step one. So, let's pick a number as an example, say \$2 million, meanwhile our friends get their appraisal, and it comes out to the same \$2 million. If everybody's agrees that that's the right number, then the Board decides to proceed with the next items. Mr. Hartye stated that they can or they can decide not to, at any point you have the authority. Mr. Lapsley stated that he understands but let's assume the Board decided to go to the next step at the encouragement of these folks to proceed. We've got a design of a 66-inch interceptor, we've got to hire a bond counsel, on and on down the list. That adds up to so many dollars. Just say \$2 million, and that would not be surprising, and then we haven't done anything but design, and then we spend another \$2 million. At that point we have design, we have a confirmed cost estimate and then there's a bid and the bid is too much, say the bid comes out at \$15 million and our friends say woah that's way more than they thought it was going to be so they can't do it. MSD is fronting the money for these other steps to get to that last stage, the project dissolves, and MSD has paid \$3 million or so and we are in no different position than we are today. Mr. Hartye stated the way it's crafted here in the General Manager's report is we don't get to the heavy hitters until then end, to the bond attorney who's more expensive. We will know before that time whether it's out because we will already have the estimates. To get there we just got a ballpark estimate on the full design which is half a million just for the interceptor. Only \$150,000 of that is for preliminary design and that's all you need for a good estimate so we'd be into it for that much and that's he said to be reimbursed by American Rivers for the \$150,000. The main one that we're out, at least immediately, is just the \$40,000 for the valuation study, which he thinks is well worth it because there's a lot of hand waving about what this is going to end up at and he doesn't think anybody knows, we will let a professional do it and then we will come back. Mr. Lapsley stated that he just doesn't want to see MSD get caught holding the bag. Mr. Hartye stated that is why before we got to the heavy hitters at the bottom, we've already got these estimates. Ms. McCombs added that after the valuation then that would start the negotiation of a purchase agreement, it wouldn't close until much later, but it would include all of these pieces. She doesn't think that right now they are committing to spending on all of those bullet points. She thinks what's really important is recognizing that they're really important pieces that need to be addressed but they will work those details out in the purchase agreement so we're on the same page. She asked Mr. Hartye if that made sense. He stated yes but no, that he doesn't see that as being in

the best interest of MSD. MSD needs to have all of the information before the Board so that we know that American Rivers knows how much it cost before you dive into it. Ms. McCombs stated that she is just saying that we're not negotiating the purchase agreement right now until we have the valuations and then we negotiate the purchase agreement which may well be that all of those things have to be done but to her it doesn't make sense to commit that those things will absolutely be done before they have the valuation. Mr. Hartye stated the valuation goes first, then you decide if that's too much even for that. Then you move on to the rest of these bullets and see how much construction and demolition is really going to cost and then bring that back. Get all this information then we can make a decision but we're not going to make a purchase agreement decision prior to you getting those numbers refined and bringing them back and having proof of funding and then if the Board decides to continue to do that, we'll go into the bond attorney and that type of thing. We're not going to enter into any purchase agreement without having performed these other estimates because that's some serious money. Mr. Hartye stated that if they are having qualms about buying the dam, he thinks they are going to have some qualms about how much construction and demolition comes in at. Ms. McCombs stated that it sounds like they are on the same page that the first step is the valuation. Mr. Carson stated that Ms. McCombs mentioned the Ward Mill project was hydro and he did notice in the picture that the hydro structure was left and asked who now maintains ownership and liability of that non-functional structure. Ms. McCombs stated that it is a sawmill and it's a part of a historical complex. It didn't require a change in ownership, so the Ward family continues to maintain that structure. Mr. Carson asked, regarding the Bloede Dam, 1100-feet of 42-inch interceptor had to be relocated, who paid for that portion of the project. Ms. McCombs stated there was a number of different sources, Maryland as well as national sources of funding, she believes NOAA and Fish & Wildlife. She stated she could get back with him to get the exact answer on that but it was a combination of State and Federal funding. Mr. Carson asked approximately how much that was. She stated she would have to get back to him on that. Mr. Carson asked if the process was similar to what we're describing here, you have the valuation of the dam and it sounds like you're seeking funding for removal of the dam and making sure that you have sources for that and then secondly, did you go back and negotiate the cost of the 42-inch relocation. Ms. McCombs stated that American Rivers did that project on behalf of Maryland so they didn't have a transfer of property but as you might imagine it was really a sewer line relocation that just so happened to have a dam removal as a part of it. Mr. Hartye stated that regarding what he had in the Manager's Report, he wants to be clear that Staff is not endorsing to take down the dam, there's been interest from Board Members to continue this process. If this Board wants to continue to further investigate, and there's going to have to be a fair amount of investigation, and that's what he wanted to detail here. It is the opinion of Staff and Counsel that we follow these bullets. From what he is hearing, and it is fine with him, the first two being "Phase 1". 1) "American Rivers to address MSD comments and finalize their Report" and 2) "MSD to Commission Raftelis Financial Consultants Inc. to provide an appraisal of the Hydroelectric Dam Facility". He thinks the remaining bullets are going to be significantly higher but then they will decide whether the sale price is a showstopper. Then we'll move to the next bullets to get that done and get estimates from two contractors, and then they will need to show proof of their funding and all of that before we do any operational study, which is to be done by our Engineer of Record. Then an MSD Bond Attorney will need to do an assessment as well. There

are steps along the way and at some point, it may be gone and maybe not. If we want to go forward and are still interested, then we will commission those studies. Once those are done to see if there's no showstoppers from them, then we bring all that back to the MSD Board for a final yes or no. Mr. Tarleton asked who the author of the McGill report was. Mr. Hartye answered Forrest Westall. Mr. Watts asked, since this is included in the General Manager's report, if we all approve General Manager's report, are we agreeing to continue to look at this or stop looking at it. Mr. Clarke stated that if the Board wants to continue with what Mr. Hartye has described as Phase 1, someone should make a motion to that effect and vote on it. Ms. Wisler asked that the second item be clarified because it says to commission Raftelis, but it doesn't say that American Rivers is also going to have an appraisal, and that MSD agrees to collaborate with that appraisal company so that they have the same information. Mr. Watts made the motion. Ms. Wisler seconded the motion.

There was some discussion regarding temporarily halting major capital expenditures related to the Craggy hydro project for a determined amount of time. Mr. Hartye stated that there is nothing major planned for the next 24 months.

Mr. Hartye reported that the March 25, 2026 Right of Way Committee meeting has been cancelled. The next Right of Way Committee meeting will be held @ 9 am on April 22, 2026. The next Regular Board Meeting will be held on April 15, 2026 at 2 pm.

9. Consolidated Motion Agenda:

a. Consideration of Developer Constructed Sewer Systems – West Haywood Street Apartments; Rolling Hills Development:

Mr. Hartye reported that the West Haywood Street Apartments project is located in the City of Asheville and included extending approximately 215 linear feet of 8-inch public gravity sewer to serve 46 multi-family units.

Mr. Hartye reported that the Rolling Hills project is located in Buncombe County and included extending approximately 4,398 linear feet of 8-inch public gravity sewer to serve 132 single-family units.

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

b. Consideration of Resolution for Pick-up Contributions:

Mr. Hartye reported that MSD participates in the Local Governmental Employee's Retirement System (LGERS). Under General Statutes employees who leave public employment for military service and later return to covered employment may receive retirement service credit for the period of military service. Under this requirement, MSD must pay both the employer and employee contributions necessary to fund the retirement credit. Under Federal Tax Law this is a "pick up" contribution that is not taxed to the employee. Staff recommends approval of the attached Resolution for Pick-up Contributions.

c. Consideration of Auditing Services Contract FY 2026:

Mr. Powell reported that the proposed fiscal audit for 2026 is \$60,000, which is a \$2,000 increase from last year. It includes a single audit act of \$9,000 that they will be doing this year because we had an excess of \$1 Million coming into the District from FEMA contracts. This is a standard engagement letter and standard contract. They have agreed to hold costs in line as much as possible with last year's engagement, but they do anticipate some increase pertaining to this year's engagement. Staff recommends approval of the FY 2026 audit contract with Cherry Bekaert, LLP.

d. Consideration of Revised Purchasing Policy:

Mr. Powell reported that over the last few months you have probably heard of design-build. The current policy did not have the language included to allow us to participate in design-build which is in G.S. 143-128. 1A. We have updated the policy to include the appropriate language. This has been approved by Counsel.

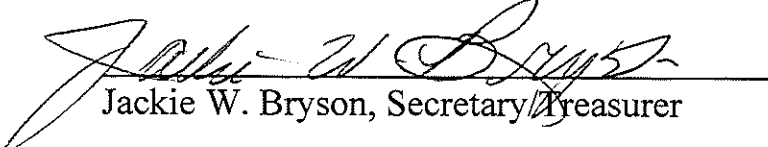
e. Cash Commitment Investment Report – Month ended January, 2026:

Mr. Powell reported that Page 91 presents the makeup of the District's Investment Portfolio. There has not been a significant change in the makeup of the portfolio from the prior month. Page 92 presents the MSD Investment Manager's report as of the month of January. The average weighted maturity of the investment portfolio is 100 days. The yield to maturity is 3.71%. Page 93 presents MSD's Analysis of Cash Receipts. Domestic, Industrial, Facility and Tap Fees are considered reasonable based on timing of cash receipts. Page 94 presents MSD's Analysis of Expenditures. O&M, Debt Service and Capital Project expenditures are considered reasonable based on historical trends and timing of cash expenditures. Page 95 presents MSD's Variable Debt Service report. The 2008A Series Bonds are performing at budgeted expectations. As of the end of February, both issues have saved the District's rate payers approximately \$8.1 million in debt service since April, 2008.

With no further discussion, Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda. Mr. Player moved, Mr. Pennington 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 3:07 pm.


Jackie W. Bryson, Secretary/Treasurer



Metropolitan Sewerage District

Regular Board Meeting

March 18, 2026 @ 2 pm

	Agenda Item	Presenter
	Call to Order and Roll Call	VeHaun
	01. Inquiry as to Conflict of Interest	VeHaun
	02. Approval of Minutes of the February 18, 2026 Board Meeting	VeHaun
	03. Discussion and Adjustment of Agenda	VeHaun
	04. Introduction of Guests	VeHaun
	05. Informal Discussion and Public Comment	VeHaun
	06. Report of Committees	
	a. Personnel Committee – February 26, 2026	Bryson
	07. Report of General Manager	Hartye
	08. Consolidated Motion Agenda	Hartye
	a. Consideration of Developer Constructed Sewer Systems – West Haywood Apartments; Rolling Hills Development	Hartye
	b. Consideration of Resolution for Pick-up Contributions	Hartye
	c. Consideration of Auditing Services Contract FY2026	Powell
	d. Consideration of Revised Purchasing Policy	Powell
	e. Cash Commitment/Investment Report-Month ended January, 2026	Powell
	09. Old Business:	VeHaun
	10. New Business:	VeHaun
	11. Adjournment: (Next Meeting 4/15/26)	VeHaun
	STATUS REPORTS	

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
February 18, 2026

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, Wednesday, February 18, 2026. Chairman Vebaun presided with the following members present: Ashley, Bryson, Dearth, Lapsley, Manheimer, Moore, Pelly, Pennington, Player, Watts, Whitesides and Wisler. Tarleton was absent.

Others present were William Clarke, General Counsel; Forrest Westall, PE, with McGill Associates; Drew West with CIBO; Larry Hopkins and Seth Eckard with Woodfin Sanitary Water & Sewer District; Ken Kohn, Woodfin Town Council; Anabel Winitsky and Erin McCombs with American Rivers; Lisa Raleigh with Riverlink; Will Yeiser with French Broad River Academy; Kevin Colburn with American Whitewater; Eric Revels with Watershed Drybags; Anna Alsobrook with Mountain True, French Broad River Keeper; Ken Brame with Sierra Club and Patrick Hunter with Southern Environmental Law Center; Tom Hartye, Hunter Carson, Bart Farmer, Darin Prosser, Scott Powell, Mike Stamey, 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 December 17, 2025 Board Meeting:

Mr. VeHaun asked if there were any changes to the Minutes of the December 17, 2025 Board Meeting. Mr. Ashley moved for approval of the minutes as presented. Ms. Bryson seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda: None.

5. Introduction of Guests:

Mr. VeHaun welcomed all guests.

6. Informal Discussion and Public Comment:

Lisa Raleigh stated that she is Riverlink's Executive Director and is in attendance to speak to the valuation of Craggy Dam and for the potential sale and ultimate removal, all with a deep commitment to keep the ratepayers whole. Over the past several days a group of stakeholders have reached out to members of the Board to share information and perspectives. She stated that they were incredibly grateful for the time and openness that has been shown in these conversations. She stated that you will hear today from several partners who care deeply about the river and community. Erin McCombs with American Rivers will close their comments. At the core of their joint request they are asking for commitment to a public process that allows MSD and the community to keep rate payers whole, complete an independent evaluation of Craggy Dam for its potential sale and to fully understand the range of public benefits and tradeoffs associated with dam removal.

The truth that she is speaking to today is that Riverlink sits at the intersection of environmental stewardship and economic vitality of the French Broad River. Before Helene, the river and its tributaries generated over \$3.8 Billion to the region's economy through tourism and outdoor recreation, revenue that is now critical to Western North Carolina's recovery. Just upstream of Craggy Dam, \$34 Million has been invested in the Woodfin Greenway and Blueway assets, including Taylor's Wave which is opening this summer. Downstream lies Buncombe County's premier whitewater and river park corridor, another driver of our outdoor economy. This beautiful and potential economic stretch of river is completely cut off by the dam, including the private property on both sides. All prohibiting connectivity and greatly limiting access to downstream pursuit. Removing the dam would reconnect the river and expand recreation but it would also boost small businesses and river outfitters and support economic vitality. From Riverlink's perspective, this is more than an environmental action, it's a strategic investment in our region's future. Ms. Raleigh thanked the Board for the consideration of a pathway to the sale of Craggy Dam to enable its ultimate removal.

Will Yeiser stated that he is the Executive Director and cofounder of the French Broad River Academy which is located just across the parking lot at the other end of the Mill at Riverside. They are a small non-profit independent school. Since opening in 2009, their students and Staff have toured the MSD Facility every year and have learned firsthand about science, engineering, and public service behind wastewater management. They value being a part of this community and the work MSD does. Mr. Yeiser stated that as Executive Director, his first priority is safety for his students, staff, and community. The proposed sale and removal of Craggy Dam would eliminate a significant safety hazard just downstream from where their students explore, play, and learn. A free-flowing river is not only healthier, it is safer. His second priority is the financial stability of their small nonprofit school. Their campus was designed to withstand flooding but not an event on the scale of Hurricane Helene. They were hit with more than a quarter of a million in unexpected and uninsured expenses. They faced incredible expenses with clean up repairs and replacement of damaged equipment. It forced them to draw deeply from financial reserves that took more than a decade to build. They recovered but another storm of that magnitude could put their future at serious risk. Removing the dam could lower upstream flood levels by as much as 7-10 feet, reducing the periodic flooding they experience after heavy rains and potentially preventing the kind of costly damage they experienced during Helene. It would also help create a stronger riparian buffer that protects nearby community investments including the new \$34 Million greenway. Just this past Monday, Governor Josh Stein was standing only half a mile from here at the site of the future Woodfin Wave advocating ways to reduce flood hazards and improve resilience. Dam removal is a critical opportunity to support those regional goals. A natural free flowing river would strengthen their education program, providing a richer, hands-on learning environment for students studying ecology, hydrology and river stewardship. Mr. Yeiser stated that he respectfully requested this Board to support the proposed sale and removal of Craggy Dam for the safety of the children and families they serve, for the financial resilience of their institution and neighboring businesses, and for the protection of the communities' significant public investments. He thanked MSD for their time and the work.

Eric Revels thanked everyone for their time and stated that he is Founder and CEO of Watershed Drybags. They are located down from this parking lot and manufacture waterproof bags for recreation, search and rescue and military customers worldwide. They have been located in the lower building of the Mill at Riverside since 1998. They were inundated by 42" of floodwater during Helene and they documented to FEMA over \$1.5 Million in losses of equipment, inventory, and furnishings. Fortunately, due to a near miss from the 2004 Ivan flood, they carry FEMA backed flood insurance which was paid out in full. However, after their deductible and depreciation, they occurred a net loss of over \$800,000.00 and were out of business for four months during which they received no revenues and still continued to pay staff of 25 employees. He stated that he is speaking on behalf of several businesses in The Mill including Haw Creek Forge, Living Roofs, High Five Coffee, and others who were wiped out or severely damaged but carried no flood insurance. After the flood they had no choice but to clean up and rebuild watersheds in the same spots, perhaps foolishly given their location and future vulnerability but there was no time to find a new space and rebuild elsewhere given all that was happening in the region. With that said the greater motivation to stay put, for the watershed and for himself, was that he and his staff had a strong bond to the river. He stated that they all have a deep connection to the river in general and he personally has been paddling, fishing, and waterfowl hunting on the French Broad since the late 1970's. Given the estimate that Craggy Dam added an additional 7-10 feet of depth to the flood here, the financial loss was preventable had the dam not been in place. Removal of the dam will open a stretch of river that has only been reachable by a dangerous and illegal portage along the railroad tracks and removal will also prevent inevitable accidents as recreational traffic increases in the future on the French Broad. It is their hope that this Board gives full consideration to the proposal at hand and will fully support the removal of Craggy Dam.

Kevin Colburn stated that he works with American Whitewater doing river conservation, access and safety work and is a long time Buncombe County resident and UNCA Alumni and loves this place. He has worked on hydro-power projects in this region for the past 25 years plus. One of those projects was Dillsboro Dam on the Tuckasegee River which was removed by Duke Energy a few years ago very successfully. That dam bears a lot of resemblance to Craggy Dam. Throughout his career he has worked on dozens of hydropower projects, reviewed hundreds of studies, and what he has learned is that hydropower is renewable in many cases, but it is not always green. Hydropower has a lot of impacts. It can dewater river reaches, harm species, impact water quality, cut off communities from the river, and at the end of the day it is not always green. Things change over time and dams that made sense 100 years ago may no longer make sense today. The impact he is going to focus on today is public safety. As part of his role with American Whitewater, he helps maintain a database of river accidents, people that have drowned or hurt paddling. Low-head dams are one of the leading causes of accidents on rivers in the country. Over time about 1,400 people have perished at low-head dams. That number is growing and is unfortunate. Craggy Dam is not immune to an outcome like that. It is a dangerous dam. It is hard to see from upstream, and downstream the landing is quite dangerous. The risks at Craggy Dam have grown a lot over recent years so today is not like it was 10 years ago. Use has skyrocketed on the river. The addition of Taylor's Wave in Woodfin will increase that use. The greenway will increase that use. Removing Craggy Dam will eliminate a chance for an accident

there, significantly reducing liability. There is liability associated with dams. As others have mentioned, it would also open up a new river reach by providing access downstream to Ledges Water Park. Paddling is a big part of the economy and culture. It's not the same after Helene, they have lost wonderful rivers that have been damaged, they are less appealing, they are dangerous, and a new run at the French Broad River would be greatly welcomed and appreciated. Mr. Colburn thanked everyone for listening and stated that he hoped this Board would consider the impacts of the dam on liability of safety and recreation and consider this incredible opportunity that removal could convey.

Anna Alsbrook stated that she is the French Broad River Keeper. She would like to thank MSD and Staff for their dedication to clean waters. When pollution issues come up, they are some of the most responsive people she works with and that really matters. As River Keeper, it is her job to make sure that the river is cleaner and safer today vs. yesterday and the day before that. One way to accomplish both of those goals is dam removal. When a dam is removed, a river can flow naturally again, water quality improves, water temperatures become healthier for fish and wildlife, sediment can move the way it is supposed to, the river will begin to heal. Fish can move freely, it strengthens the entire ecosystem from the smallest insects to birds and other wildlife. A free-flowing river supports life at every level. While the power produced by hydropower is renewable, these impacts are not always green. Removing Craggy Dam would specifically reconnect over 1,400 miles of river and streams to the upstream French Broad River system. This is an enormous opportunity. Projects that would restore river connectivity at this scale are rare. This is a chance to do something lasting and meaningful for the health of this river and future generations. Ms. Alsbrook thanked everyone for their continued efforts to protect resources. Dam removal strengthens commitment to cleaner, safer waters and she respectfully urges the MSD Board to consider the sale and ultimate removal of Craggy Dam.

Ken Brame stated that he represents the Sierra Club and their 9,000 members and supporters. Fortunately, this is a community in Buncombe County and this area where people value the environment, our mountains, streams, rivers, the beautiful scenery, and green spaces. A couple of years ago Buncombe County had a bond initiative to protect parks, greenways and land conservation that passed overwhelmingly. The Sierra Club, of all organizations, knows the benefits of renewable energy. The ecological benefits of dam removal far outweigh the small amount of electricity that the dam provides. They are asking MSD to enter into a working partnership and ultimate process with all stakeholders at the table to consider the sale of the Craggy Dam and ultimate removal. He thanked everyone for their time.

Erin McCombs stated that she lives in Asheville and serves as a Southeast Conservation Director with American Rivers. She leads river restoration and dam removal efforts across the southeast. For over a decade she has led and supported dozens of dam removals contributing to the over 2,200 dam removals that have already happened across the US. These projects restore rivers, reduce risk, and make economic sense. She helped to initiate the original conversations with MSD and the Town of Woodfin several years ago regarding the future of Craggy Dam. She began by thanking MSD Staff and this Board. She recognizes the responsibility they carry

on behalf of ratepayers and also the complexity of this issue and the attention that it has required. You may reasonably ask how would this whole dam removal that has been talked about work? A typical process and a similar model that they are currently using for the next downstream dam from this one, the Capitola Dam in Marshall, NC. A fair value is determined for the dam, the dam is then sold and transferred to a qualified third party who pursues dam removal. The land is then transferred to a public entity for the community to enjoy. This type of structure would protect rate payers and transfer risk. However, their role today is not to ask you to decide in favor of dam removal. Their request today is much more straightforward. They request that MSD commit to a deliberate, collaborative process to determine the future of this vital stretch of river. They request two constructive concepts as the next step, both of which originated from one-on-one conversations with members of this Board over the last week, which they deeply appreciate. The first is the creation of a task force. A well-structured task force could provide the warranted forum for rigorous analysis and stake holder engagement needed. It could include MSD Board and Staff and stake holder and rate payer representation. The second request would be the commissioning of an independent third-party valuation of the hydropower facility and dam. While several studies have been conducted a range of views regarding the reasonable valuation still exists. A neutral expert specializing in dam hydropower valuation could establish a fair, defensible number ensuring rate payers are protected. That effort could be coordinated through the task force. Speaking of studies, she wanted to specifically thank MSD Staff for their cooperation on the Stantec Dam Removal Conceptual Design and Energy Alternatives Analysis study which was delivered to MSD this past December. This was funded by a \$180,000.00 grant to American Rivers from the NC Wildlife Resources Commission and it will be a valuable resource for the efforts of a task force. In closing, the future of Craggy Dam carries meaningful financial, ecological and community implications. Decisions of this scale benefit from deliberation and broad input. American Rivers and their partners are ready to keep working consistently and constructively with MSD Staff and Board to assess the potential sale of the Craggy Dam for its ultimate removal. She thanked everyone for their time and service.

7. Report of General Manager:

Mr. Hartye reported that Hunter Carson, Engineering Director, will give an update of a few of MSD's larger construction projects but first he will go over some slides and some of the issues surrounding the Craggy Dam removal study.

Mr. Carson reported that one of the main conclusions of the Craggy Dam removal study was that there will be no physical, financial, or environmental reasons that prohibit removal of Craggy Dam. He is not here to dispute that claim but he is here to raise awareness of many of the complications and implications of dam removal. He stated that MSD does not see the report as finalized yet. Staff received the report in December, provided comments in mid-January which have not been acknowledged nor incorporated into this study. Regarding environmental implications, there are disputes whether hydroelectric is green but we can agree that it is renewable, and he thinks we can all agree that it results in less greenhouse gases than fossil fuel energy. He presented a slide with a table which is directly from the study. Stantec evaluated three different scenarios. Scenario one is the current operating scenario which is hydro and it generates roughly 45% of all of the

electrical power needed at the treatment facility. The other 50-55% MSD purchases off the grid from Duke Energy. Scenario two is removing the dam, we don't have the hydroelectric facility anymore and we have to supplement electrical power by purchasing it from Duke Energy. Scenario three, which was evaluated, was to provide yet another renewable energy source that was solar power and equal to the amount of generation power that we have now in hydro. There would still be some electrical grid energy that would have to be purchased. With scenario three, solar power farm, obviously there would be very large costs associated with dam, flume and power house removal but there is also a very large capital cost associated with constructing a solar farm. If we were to get rid of the dam and the hydro facility and have 100% grid power, we are looking at about 2.3 times the amount of greenhouse gas production. From the study, they determined that it was equal to about 600 cars on the road. Hydroelectric aligns with city and county goals. There is an internal goal for both the city and county to meet 100% renewable by 2030. By 2042 the goal is to have community wide 100% renewable energy. Maintaining the hydro certainly aligns with those goals. Reliance on additional grid power does not.

A physical complication of dam removal is the simple fact that the hydro facility and its structures are very robust. The flume wall is roughly 18' tall, 18' wide, reinforced concrete, and it sits on top of a 6' tall reinforced base slab that is anchored into bedrock. To construct that in the mid 1980's a coffer dam was required. In order to remove that structure properly you would also have to construct a coffer dam to be able to work in the dry. You're not going to have excavators in the middle of the river hammering concrete. To put that into perspective, MSD's coffer dam work upriver is roughly \$13 Million. That was to cross a 300' river. For the flume removal, you are talking almost 3,000' of coffer dam. This would be a very intensive project. Another physical aspect that everyone needs to be aware of is vulnerability of the 66-inch interceptor that runs right along the river here. The study did find that there do not appear to be any significant issues with existing infrastructure, sediment, or regulatory concerns to prevent dam removal. Mr. Carson stated that he disagrees with that statement because if the 66-inch were compromised, that's a very significant issue. It carries all of the wastewater from the entire county, roughly 21 Million gallons per day of sewage on average, every single day. What would happen by removing the dam, the water levels in the French Broad go down by let's say 10 feet. Beaverdam Creek, which feeds into the French Broad, has a much higher bed elevation. What would happen is you would have a cascade effect. Right now you have a backwater effect from the larger French Broad. That would go away and the water inside Beaverdam Creek would narrow significantly, velocities would increase and ultimately you would expose and potentially undermine the 66-inch interceptor. Everyone needs to be aware of that. A portion of the 66-inch that crosses Beaverdam Creek would require reconstruction and fortification in some manner. He presented an AI generated photo of what could potentially happen. The 66-inch is under Beaverdam Creek with only about 1-2' of coverage. Over time as that creek channel narrows and velocities increase, you will expose and potentially undermine the 66-inch interceptor.

There are a lot of financial implications that, as a Board, need to be considered. As American Rivers has said from day one, the intent is to make rate payers whole, which MSD wants to do as well. There is not only an asset value to the Hydro

Facility, but also an operational value to the system in terms of deferred electrical cost. Everyone needs to be aware that our rate payers have paid for capital expenditures in the past on the order of \$12 Million, which would equate to roughly \$36 Million in today's dollars. From the Hatch Report that we finalized back in the summer, we determined that deferred utility costs over the next 30 years would equate to a net savings of about \$17 Million to the rate payers. Then you have the actual cost for removing the dam, the flume, and the powerhouse, which MSD estimates at over \$20 Million. That's quite a discrepancy between the number in the Stantec report. Then there are some ancillary impacts which I will get into on a future slide. In terms of compensation for deferred power costs, and again this is straight from the Hatch Report finished back in the summer, the estimate over the next 30 years is that roughly \$14 Million will be necessary for capital and operating expenditures to keep the hydro running. The value of the power generated over those 30 years equates to about \$31 Million for a net revenue of \$17 Million that is deferred electricity payments. It is worth noting that since FY 2002, MSD has generated approximately \$9 Million worth of power which equates to \$375,000.00 of savings annually to our rate payers.

Scenario three in the Stantec report was to provide MSD with a solar facility. From day one the study sought to explore alternative possibilities to green power production on MSD property and in the surrounding geographic area to compensate for the loss of power generation benefits. The study estimated this option would be roughly \$27-\$32 Million. MSD is under the impression that American Rivers would pay for this. However, deep in the appendix there is a statement that says MSD will likely need to finance the development of the solar facility, including costs associated with permitting, land preparation, design and construction, purchase of materials and upgrades to the electrical distribution. Mr. Carson stated that he is confused as to how this would make MSD's rate payers whole. This doesn't appear to be fair compensation for MSD or its rate payers and as MSD has instructed American Rivers, MSD is not interested in being in the solar business. We have no expertise in that, we are wastewater providers.

In terms of cost of the infrastructure demolition, the study estimated that for full removal of all of the hydro facilities, it would be \$6.3-\$8.7 Million and would be financed by a third party. We weren't exactly sure who that third party would be. Erin McCombs addressed some of that structure during Public Comment. The study also stated that relevant funding to make this happen may not be available in the future. Mr. Carson presented one slide showing the table from the Stantec/American Rivers report, showing \$6.3 Million on the left side (i.e. low estimate) and \$8.7 Million on the high estimate. Mr. Hunter referred back to his previous statement about cofferdam construction and pointed out that flume wall removal was estimated at roughly \$2 Million. That is significantly lower than what it would be in reality in the current construction market. MSD did obtain an estimate from a demolition contractor, D.H. Griffin, and it was \$20 Million for that removal so there is quite a discrepancy. He pointed out that the D.H. Griffin quote did not include design, permitting, or post construction monitoring which is included in the \$6.3-\$8.7 Million Stantec estimate.

Mr. Carson then reported on some ancillary impacts and associated costs of dam removal. A portion of the 66-inch interceptor will need to be reconstructed, and he

stated he would estimate at least \$5 Million for that project. Modifications would be needed to the 54-inch effluent pipe that leaves the tail end of the treatment plant because it runs through the flume wall. Any stormwater extensions or boat access or docks that might be upstream, such as French Broad River Academy, would need to be acknowledged and paid for by someone. High sediment loads and bank instability will need to be addressed in the near term. Any modifications to Taylor's Wave will need to be addressed. MSD Staff has talked to American Rivers and Equinox before and there are ways to modify that feature to make it work with 10-feet less water but again there will be costs associated with that. Who bears that cost?

Mr. Hartye reported that at the outset when Erin McCombs with American Rivers met with Jerry VeHaun, Shannon and himself, it stated that there was \$800 Million available for a project like this and if the study found that dam removal was environmentally sound, then the money would be available both to do the project properly and to pay for the asset. It appears now that is not likely the case. There was no financial proposal in the last version of the report. MSD gave comments back in January and American Rivers has chosen to disregard Staff's concerns and comments and instead leap frogged to the MSD Board with a few slanted videos and to politically pressure them with more visits without the report being complete. To make an informed decision, the MSD Board should have these listed items ready to review to do their proper due diligence for the customers and rate payers. First is to address MSD's comments and finalize the study. Second would be working with the MSD Finance Director and our Consultant which we are hiring, for a national, reputable firm to actually put a value and cost on the dam, a dam appraisal, the leading utility finance in the country and we are going to use them as our independent consultant to figure out what would be a fair price. Third, following Mr. Carson's slides, generate a detailed list of demolition and construction required for the impacted infrastructure. Mr. Hartye thinks that will cost as much or more than the dam. There needs to be two contractor estimates so that we know that we have true numbers. Knocking down the dam is the cheapest part. All of the other things are going to be very expensive and if they don't have somebody that can handle all of that then there's going to be a big hole out there. That is also why we want proof that they have the funding for all of that. So, get a good estimate and have proof of the funding. Then MSD has to do something pursuant to our bond order which is have a consultant make a study on the effect of the operation and that there would be no deleterious effects to the operation continuing forward. Then we need to have all of that in front of the MSD Board to make a decision. We need to have a public hearing with all of the stakeholders and anybody from the public and then if the Board still doesn't have enough information or feel comfortable making the decision, then we can form a task force. These things need to be finished before you start any public engagement. There needs to be facts first and we need to have them in front of the MSD Board first. After these recommended items are complete, then MSD can commission a bond attorney to evaluate. MSD is not going forward until we totally agree on this way to move forward. Mr. Clarke added that in addition to its rate payers, MSD is obligated to its bond holders. It has outstanding more than \$80 Million in revenue bonds issued over the years. In fact, this project was initially financed by revenue bonds. When MSD sells or disposes of property, the Board has to make certain findings. One is that the property is no longer needed or is no longer useful in connection with the system and they also must find that the sale, exchange, or other disposition would not materially, adversely affect the operating efficiency

of the system and would not materially reduce net receipts. Mr. Lapsley asked if MSD still owed any money on that borrowing. Mr. Clarke stated not on this but all of the bonds MSD has outstanding are subject to the bond order. MSD has to make a finding that the sale wouldn't materially or adversely affect the ability of the District to comply with this bond coverage. The District has to maintain revenue sufficient to cover interest and payments on this bond, literally its ratio is 1.2 times, and MSD does better than that. If the value of the dam is more than 3% of the total system, MSD has to engage an appropriate consultant to make the determinations that it won't affect the useful operation of the system. Mr. Clarke stated that those steps have to be taken and he has had a conversation with MSD's bond attorney but at this point MSD and this Board do not have sufficient information to make a decision. Those are things MSD has to do to satisfy its bond holders. Every year if we do a significant thing like this, like sell the dam, even if its for a noble cause, MSD has to put that in a registry and people look at those things and some might say that they weren't asked or told. That's a significant risk out there that we need to address by relying on the information that Mr. Hartye directed the Board to take. Mr. Lapsley stated that he assumes MSD has paid for the expenses relating to this so far and asked if that was correct. Mr. Hartye stated that there is the American Rivers study, which they had funding for and that we want them to complete. MSD will pay for the financial consultant here and if we decide to move on, we will have to pay for the other study regarding the effect on operations pursuant to the bond so that the bond attorney has something to look at. Mr. Lapsley asked roughly how much money does MSD have invested in the efforts so far. Mr. Hartye stated that he wasn't sure but there has been his time, Mr. Clarke's time, Forest Westall's time, tons of Mr. Carson's time and some of Mr. Powell's time. Mr. Lapsley stated that the point he is trying to make is MSD has invested a substantial amount of money to get to this point and is the MSD Board is willing to invest some time and money to study. Should the Board continue to work on it and what do you think the next investment would be, \$500,000.00, \$1 million? Mr. Hartye stated that he thinks this would be the extent of where MSD would expend money. At that point, if we decided the dam went down, we would expect something in return that would pay off. This is just the study's part of it but we need that so there is not a bunch of quibbling out here. The video American Rivers sent out had nothing to do with the value of the asset but it made it sound like it did. We need to have a viable study on that and what the dam is worth. Then we won't have to spend whatever it cost for us of our time going back and forth. We have one of the most reputable firms in the country that does utility financial work for most all of the big cities and they have the qualifications for this. Let's get that out of the way so they can start focusing on some of this other stuff that Mr. Carson has already brought to them. They need to come up with a solid number for all of this. Mr. Lapsley stated that the point he is trying to make is should the Board decide to continue and do these additional investigations there is a substantial sum of money that MSD is going to commit to in order to reach a decision and if the Board decides not to remove the dam, then we will have a sunken cause. If the Board decides to remove the dam, everybody will know what the numbers are and everybody will agree and at that time there might be a request to include all of these expenses that the Board has gone to added to the cost of the project. That could be a substantial amount. Mr. Hartye stated that could be included into the final negotiations after we get a good value from an independent consultant. Ms. Wisler stated that she loved these recommendations and that they make a lot of sense, but

could we get an agreement with American Rivers of who we get to be that financial consultant that comes up with a reasonable number. What she is concerned about is if MSD picks a consultant and American Rivers picks a consultant the number are still going to be different and we be quibbling the same way. All she would ask is whoever is chosen for that financial consultant is that there be an agreement American Rivers is going to take that consultant's recommendation. Right now, the numbers are pretty far apart and she doesn't want that to continue. Mr. Clarke stated that he thinks MSD should contract directly for the consultant. She stated that is fine if MSD pays for it but what she doesn't want is that group to disagree with that consultant and then we're in the same position we are in right now. Mr. Whitesides stated that if we are going to be open and transparent like we should be regardless of who we get as a consultant, all groups need to agree. Ms. Wisler also stated that the other question she had is to keep the dam up to speed, is it compliant right now or do we have big future numbers to put into it. Mr. Hartye stated that it is compliant right now. That is what the Hatch report was, it was an engineering report, not a finance report. It outlined all of the capital improvements that we are going to have to do over time. It is compliant, it is running right now. The dam is compliant, it is a low hazard dam. It made it through the 1400-year storm. There is nothing that is out of compliance at this point at all. The numbers that we have given you were net of the expenses that we have. MSD had Raftelis Associates give us an estimate. This is who the City of Asheville, City of Charlotte, and most major cities in North Carolina and across the United States use for utility type finance. Mr. Hartye stated that he does not think you are going to find anybody that is going to beat them. I don't think there is any reason for anyone to complain and for Raftelis not to be used with their credentials. He recommends going forward with them. Ms. Wisler stated that we do know that MSD needs to put some dollars into that dam based on the Hatch report and asked how long will it take for this group to come up with the money, etc., and would MSD be under the gun in the sense of if we go forward with removing the dam or walking down this path, are their monies that need to be invested in that dam sooner rather than later that this process would encumber. Mr. Hartye stated no and that MSD is going to operate the dam until such time that were not. Mr. Carson stated that MSD has about \$3.5 Million allocated over the next 10 years and it is mostly associated with the powerhouse rehabilitation, not the dam. It is more of the generating facility. Ms. Wisler asked if MSD would do that if they were going to get rid of the dam. Mr. Hartye answered that MSD will move forward as if it's not going away until such time as it is. Ms. Manheimer stated that it would be important information for the Board to know what the future expenses are related to the dam so that may be factored into the equation vs. dismantling the dam. Mr. Hartye stated that information is in the CIP and he has shared the Hatch report with the Board, but it can be sent again. It has all of the details in it. Ms. Manheimer stated that one thing really frustrating about dealing with this region in general is when dealing with management of floodwaters there are lots of different partners but there is not a required regional consortium that holistically manage our floodwaters. We have individuals that impact the riverways that can flood other areas. She would want to understand in a flooding event, not as severe as Helene, the difference between if you have the dam or if you don't have the dam. The City has spent a lot of time around Azalea Park and Swannanoa Rivers trying to find out how bad what is done there impacts whether Biltmore Village floods or not. She has seen plans to build some type of retention facility all the way up at Warren Wilson because it would

help us all downstream. There is no enforcement to make that happen and we are disjointed so there is no incentive to do it. Mr. Pennington stated that, especially with cities and municipalities and we have the North Carolina Association of Flood Plain Managers, we all have to work together. Even recreation components can cause a rise. The RADTIP project caused a rise on the Biltmore Estate and partly on I-40. As a community flood plain manager, he had to sign off on that kind of stuff. Taylor's Wave had to hold a hydrological study. Just about every one of our bridges causes obstructions and debris dams, we have older infrastructure. But the Craggy Dam has always been part of the flood insurance study which is a basis for all of your regulations. Another thing to keep in mind is when people build new structures, most of the time they build them to the bare minimum. Asheville, Buncombe County and Woodfin often have a higher standard which is called a freeboard, it's 2-feet above base flood elevation. But people still build to that standard. Speaking to Esthers point after the 2004 floods there was a small consortium that came together and the project idea was to purposely flood Warren Wilson agricultural fields, not the campus itself, for the protection of Biltmore Village, our downstream most vulnerable area. There was some more discussion regarding 1960 studies and the TVA. Mr. Hartye stated when we do come back at the approval and public hearing, we hope to have some information on that. American Rivers has been hitting hard today on the flooding aspect but before that it was fish migration and before that it was other things. We will investigate thoroughly. MSD has pictures of the dam where it is a bump about 1-foot high which means backwaters were coming up so the impact of it wasn't 7-feet to 10-feet. It will probably take about 12 weeks to conduct the study on the asset value so we should decide on that within the next month. We think the seller should have the appraisal done so we picked Raftelis, a firm that we thought could not be disputed. By the next Board meeting we can have a vote specifically on that. Ms. Manheimer asked the Chairman if one of the representatives could respond if there is some consensus around this. Mr. VeHaun stated yes. Ms. McCombs responded that in general the terms sound very reasonable. It would be nice to take some time instead of reacting, having just seen these for the first time. American Rivers would love to have some time to see if there are things they would like to suggest different. She asked if this information could be provided to them and then they could respond if they could bring it to the next Board meeting. Mr. Hartye stated to American Rivers that MSD would like to move on this today as long as the Board does. The report is the main thing for American Rivers to work on. Regarding the consultant, American Rivers should be able to get back to MSD pretty quick on a yes or a no. Ms. McCombs stated they didn't know who the consultant is. Mr. Hartye stated that it is Raftelis as already stated. He stated that he didn't know that the Board was going to be concerned that American Rivers would not approve but that Raftelis is who MSD chose. Ms. McCombs stated that they haven't had time to analyze this and could MSD provide the information. She stated that she understands that some of these could take a different amount of time so they would love to have a dialog. Mr. VeHaun asked if there needed to be a motion. Mr. Clarke stated not necessarily a motion, maybe just a consensus from the Board that this is the process. It would be helpful if MSD had comments so the Board could make a decision at its March Meeting. If the Board wants to indicate their consensus on moving forward with the process, with input from American Rivers and other stakeholders. The Board's consensus is to move forward with the process. Mr. Clarke stated that at the next Board meeting, you can vote on the actual process specifically with the named consultant. Mr. VeHaun called for further comments.

There were none.

Mr. Hartye then turned the meeting over to Mr. Carson to present some slides and report on some of the larger current construction projects.

Mr. Carson reported on the French Broad River Park crossing. There are two river crossings associated with the Carrier Bridge Pump Station. The river crossings were separated from the pump station portion in an effort to expedite work through the park prior to any restoration efforts that would commence there. There are two pipe sections to finish installing on Lyman Street which could be completed as early as today. Deconstruction of this coffer dam will start tomorrow, and all of the material will be shifted over to the Biltmore Estate. That is a lot of material and the bank has to be restored so that will probably take 4-6 weeks. He presented slides showing the location of the next coffer dam which is located at Carrier Park. Cleary Construction has three crews working right now, one at Lyman Street, one at Carrier Park and another on the Biltmore Estate doing some access modifications that are necessary to get all of the material over to the Estate. Blasting and excavation will take place roughly over the next four days. Pipe installation should begin in about two weeks. He presented slides of the pump station and reported that they are currently working on a retaining wall and a secant pile wall. The secant pile wall shoring allows crews to safely excavate without fear of soil collapse and overlapping secant pile design minimizes water intrusion. Crews are also fusing the 42-inch HDPE force main piping. There are going to be two force mains leaving the station and going under the river to the interceptor on the other side.

Mr. Carson reported that the Weaverville Pump Station is nearing completion. He presented slides showing the small old station and the new station, which is a 5mgd station, expandable to 6mgd, and is estimated to last beyond 50 years for growth in the Weaverville area. He presented slides showing the new wet well area, with the bridge crane which helps remove submersible pumps, a new electrical building, and a new generator. The contractor is working on the new 30-inch pipe that will feed into the station. Start-up of this pump station is anticipated in April. The force main is still ongoing. Rock along Old Marshall Highway has slowed progress. They had to put in over 18,000 LF of new 24-inch force main and still have about 2,500 LF remaining. Mr. Lapsley asked who the contractor was. Mr. Carson stated it is Haren Construction and they sub-contracted to Teraflex for the pipe installation.

Mr. Carson reported on the Fluidized Bed Incinerator Rehabilitation project. He presented slides of the bed and completed work. Form work was laid down so that it would support the dome blocks. At the center there is a keystone that holds all of it up. Inside the incinerator all of the bricks were laid by hand and there was a black coating applied to the inside of the steel vessel itself for corrosion resistance. Then you have a refractory blanket insulation, then the refractory brick. In between those two there is a refractory mortar that is poured. What you end up with is roughly a foot or more of heat protection. Final inspection was held yesterday, and the hope is to re-fire the incinerator in about two weeks.

Mr. Hartye reported that MSD has once again received the Distinguished Budget Presentation Award by the Government Finance Officers Association for the FY 2026 budget document. Thanks to Scott Powell and Jody Germaine.

Mr. Hartye reported that attached is some information provided by Bart Farmer, MSD Wastewater Treatment Director to Asheville Watch Dog regarding PFAS and QAC's.

Mr. Hartye reported that the next Right of Way Committee meeting will be held @ 9 am on February 25, 2026. There will be a Personnel Committee meeting on February 26, 2026 and the subject will be succession planning. The next Regular Board Meeting will be held on March 18, 2026 at 2 pm.

8. Consolidated Motion Agenda:

a. Consideration of Annual Meeting Dates – FY2026:

Mr. Hartye reported that attached is a list of annual meeting dates for Board and Committee meetings.

b. Consideration of Budget Calendar FY 2026:

Mr. Hartye reported that attached is the Budget Calendar showing when all meetings will be held that lead up to the Preliminary and Final Budget. He asked the Board to please note those dates.

c. Consideration of Informal Bids – Clayton Road Pump Station Standpipe Replacement:

Mr. Hartye reported that this project is located at the Clayton Road Pump Station in Arden and consists of replacing approximately 54 vertical feet of 6-inch DIP with 316 Stainless piping. The project was advertised informally, and three bids were received on December 4, 2025 as follows: Hinterland Group with a bid amount of \$250,446.33; Haynes Industrial with a bid amount of \$152,500.00; and Cove Utility with a bid amount of \$115,300.00. The apparent low bidder is Cove Utility with a bid amount of \$115,300.00. Cove Utility has worked well with the District in the past. Due to the critical nature of the station and the likelihood of additional failures, CIP contingency funds will be utilized. Sufficient funds are available. Staff recommends award of this contract to Cove Utility in the amount of \$115,300.00.

d. Consideration of Developer Constructed Sewer Systems – Asheville West Phase 2; Crystal Country (Sky Ridge); Encore at Reems Creek Phase 2:

Mr. Hartye reported that the Asheville West Phase 2 project is located along Torch Light Way in Buncombe County and included extending approximately 1,570 linear feet of 8-inch public gravity sewer to serve 50 single-family units.

Mr. Hartye reported that the Crystal Country project is located along Crystal Country Way in Buncombe County and included extending approximately 784 linear feet of 8-inch public gravity sewer to serve 16 single-family units.

Mr. Hartye reported that the Encore at Reems Creek Phase 2 project is located along Reems Creek Road in Buncombe County and included extending approximately 1,627 linear feet of 8-inch public gravity sewer to serve 139 single-family units.

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

e. Consideration of Budget Amendment for FY25-26 Capital Improvement Program:

Mr. Hartye reported that this was originally budgeted as one project for Carrier Bridge Pump Station. After Helene, this was separated into two smaller projects to build it as fast as we could to get out of the French Broad River Park so the City of Asheville could get in with their restoration efforts. Then we had a winter that was more like a summer, so the productivity has been off the charts for the project. The total price is the same but we are moving the window of expenditures for this project into the current fiscal year. The original budget for this fiscal year was \$14 Million. Staff recommends approval of the attached Budget Amendment Resolution in the amount of \$22.5 Million.

f. Consideration of Reimbursement Resolution for Bond Projects FY26:

Mr. Powell reported that at the beginning of the year the District always has a Reimbursement Resolution due to the nature of issuing revenue bonds. Now that we have moved the window for the \$22.5 Million it must be identified in a reimbursement resolution. We capture that when we issue the first debt. The first debt bond issue will be approximately a 95% reimbursement resolution based on expenditures from this year, last year and the first part of this coming Fiscal Year. This is in line with the budget amendment requested.

g. Second Quarter Budget to Actual Review FY2026:

Mr. Powell reported that Domestic and Industrial User Fees are above budgeted expectations. Facility and Tap Fees are above budgeted expectations. Those numbers are budgeted conservatively due to the nature of how development might occur. We are definitely seeing resilient development going on in this fiscal year. Interest and miscellaneous income are above budgeted expectations due to actual short-term interest rates exceeding anticipated yields for the fiscal year. Additionally, the District received FEMA receipts. O&M Expenditures are at 51.9% of budget. That number does include encumbered amounts which has elevated the budget to actual above 50%. Bond principal and interest and other long-term obligations are at budgeted expectations. Capital Project expenditures are at 84.8% of budget. This is due to principal and interest expenditures as of July 1, 2025. Capital project expenditures are at 88.2% of budget. That is prior to

the budget amendment. They do include encumbered amounts. Actual expenditures as of the end of December are at \$31.8 Million or 56.5% of budget.

h. Cash Commitment Investment Report – Month ended December, 2025:

Mr. Powell reported that Page 38 presents the makeup of the District's Investment Portfolio. There has not been a significant change in the makeup of the portfolio from the previous few months. Page 39 presents the MSD Investment Manager's report as of the month of December. The average weighted maturity of the investment portfolio is 141 days. The yield to maturity is 3.8%. Page 44 presents MSD's Variable Debt Service report. The 2008 Series Bonds are performing at budgeted expectations. As of the end of January, this issue has saved the District's rate payers approximately \$8.1 million in debt service since April, 2008.

With no further discussion, Mr. VeHaun called for a motion to approve the Consolidated Motion Agenda. Mr. Pennington moved, Mr. Whitesides seconded the motion. Roll call vote was as follows: 13 ayes; 0 nays.

9. Old Business: None.

10. New Business: None.

11. Adjournment:

With no further business, Mr. VeHaun called for adjournment at 3:28 pm.

Jackie W. Bryson, Secretary/Treasurer



MEMORANDUM

TO: MSD Board
FROM: Thomas E. Hartye, P.E., General Manager
DATE: March 14, 2026
SUBJECT: Report from the General Manager

- Craggy Dam Hydroelectric Facility

American Rivers representatives will give the linked presentation to the MSD Board at the meeting. <https://americanrivers.box.com/s/n6ewtdsa7irn04wcoqgjffcbku7w220j>

Attached are a letter from General Counsel regarding the sale/appraisal of the dam, a memorandum from MSD's Engineer of Record regarding the American Rivers Report, and a memorandum from MSD's Engineering Director regarding assertions made of the impact of Craggy Dam on flooding.

If the MSD Board wants to further investigate and consider selling and removing the Craggy Dam and hydroelectric facility along with the time and costs associated, staff and General Counsel recommend the following to comply with the requirements of the MSD Bond Order and to protect the ratepayers:

- Address MSD comments and finalize the AR Report. (AR)
 - Commission Raftelis Financial Consultants, Inc. provide an appraisal of the Hydroelectric Dam Facility. (MSD)
 - Detailed dam removal and implementation plan including post removal monitoring along with a list of both Demolition and construction required for impacted infrastructure. (AR within the report)
 - All necessary environmental permitting, FEMA map amendment, sediment management plan, public safety plan, and riverbank restoration plan (AR within report)
 - Design of the 66-inch interceptor protection/support. (MSD reimbursed by AR).
 - Get 2 Qualified contractor estimates to perform all work necessary.
 - Proof of funding for all associated costs for the asset, the demolition and associated work. (AR)
 - Consultant study pursuant to 7.12 of the Bond Order, if necessary (MSD).
 - Commission the assessment by MSD Bond Attorney.
 - Bring to MSD Board to consider / Hold Public Hearing.
- Board/Committee Meetings/Events

The March Right of Way Committee meeting has been cancelled the next ROW Committee will be held on April 22nd at 9am. The next Regular Board Meeting will be held on April 15th at 2 pm.

**ROBERTS
& STEVENS**
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March 13, 2026

Jerry VeHaun, Chairman of the Board
Members of the MSD Board

Re: Craggy Dam Removal

Dear Chairman VeHaun and Members of the MSD Board:

As you are no doubt aware, Craggy Dam will be on the Board Agenda at the March 18, 2026, meeting. Tom Hartye asked that I communicate with you in advance of the meeting regarding steps MSD must take prior to proceeding with any sale, exchange or other disposition of the Craggy Dam.

The decision as to whether or not to proceed with evaluating a potential sale, exchange or other disposition of the dam is up to the MSD Board. I offer no opinion as to how the Board should decide on that question.

Should the Board decide to proceed with a sale, exchange or other disposition of the Craggy Dam, the Board must comply with Section 7.12 of the MSD Bond Order. Pursuant to its Bond Order, MSD issues, from time to time, revenue bonds. Interest on the bonds is exempt from federal and state income taxation. Section 7.14 allows the District to sell, exchange, or otherwise dispose of any equipment including motor vehicles, machinery, fixtures, apparatus, tools, instruments or other movable property if it determines that such items are no longer needed or are no longer useful in connection with the [Sewerage] System.

In order to sell, exchange or otherwise dispose of any other property of the Sewerage System such as the Craggy Dam, the District has to do the following:

1. Obtain the opinion of nationally recognized bond counsel to the effect that the sale, exchange or disposition of the property will not adversely affect the tax status of interest on the bonds.
2. Determine by resolution:
 - That the property is no longer needed or is no longer useful in connection with the System; or

- That the sale, exchange or other disposition would not materially adversely affect the operating efficiency of the System and would not materially reduce Net Receipts (a defined term in the Bond Order- essentially gross annual revenues less annual expenses).
- That the sale, exchange, or other disposition would not materially adversely affect the liability of MSD to comply with the rate covenant in Section 7.04 of the Bond Order. (The rate covenant requires MSD to fix and charge rates and fees such that income available to pay principal and interest on outstanding bonds equals at least 120% of the principal and interest requirement for the year); and
- There is delivered to the Trustee (for the Bond Holders) evidence that the sale, exchange or other disposition would not result in the ratings of any parity indebtedness (all of MSD's debit is parity indebtedness) being suspended or downgraded below "investment grade" by Moody's or Standard & Poors; and
- Such sale, exchange or disposition would be for consideration of not less than fair market value (footnote – IRS defines fair market value as the price an asset would sell for on the open market between a willing buyer and a willing seller, neither being under compulsion to act, and both having reasonable knowledge of relevant facts. It represents a fair, objective, and realistic price in a competitive market.)

If the fair market value of any item of property to be sold, exchanged or otherwise disposed of in any fiscal year is in excess of 3% of net property, plant and equipment of the System, MSD has to obtain the written approval of an Appropriate Consultant to make the determinations set forth previously herein. So, an accurate determination as to Fair Market Value is crucial to a decision to sell, exchange or otherwise dispose of the Craggy Dam. I recommend that the District contract separately with a qualified consultant to obtain an opinion as to the fair market value of the dam to ensure compliance with Section 7.12 of the Bond Order.

I would not recommend sharing the cost of the appraisals with American River or any other third party. In determining fair market value, the MSD Board could consider other appraisals, but I think it is imperative that MSD obtain and pay for its own appraisal.

I have attached Section 7.12 of the MSD Bond Order. Please let me know if you have questions.

Sincerely,

ROBERTS & STEVENS, P.A.



William Clarke

BC/sh

Enclosure

cc: Tom Hartye
Hunter Carson
Forrest Westall

Memorandum

March 13, 2026

To: Board Members, Metropolitan Sewerage District of Buncombe County

CC: Tom Hartye
Hunter Carson

Subject: Proposal for Purchase and Removal of Craggy Dam and the Hydropower Generation Facilities—Preliminary Comments Based on the Information Available to Date

Tom Hartye, General Manager of MSD asked that I, as MSD Engineer of Record, provide some preliminary comments concerning American Rivers proposal for the sale of Craggy Dam and land and facilities associated with MSD's hydroelectric generating facility for the purpose of dam and related facilities removal.

As a preamble to my comments, I want to make it clear that I do not consider this proposal fully developed and that critical information remains to be developed, provided, and assessed before the Board can or should consider sale of Craggy Dam and facilities to American Rivers or a designated third party for dam and facilities removal. At this point, I consider it premature to even consider the question of a "willingness" to sale. All outstanding technical, financial, and fiduciary questions have not been resolved. A significant amount of work and assessment remains before the question of whether MSD is willing to sell Craggy Dam and its facilities can be placed before the Board.

My comments will focus on implied conclusions about the environmental and other direct benefits of dam removal. The two reports that have been prepared, 1) the Hatch Report developed for MSD to assist "the management of the Client in making decisions with respect to the planned condition assessment, recommendations for improvements, and the associated Capital Improvement Program for the Craggy Dam site," and 2) the "Craggy Dam Removal Study Report of Findings: Conceptual Design and Energy Alternatives Analysis," developed by Stantec.

Obviously, the Hatch Report is limited to capital improvement needs for Craggy Dam and its power generation facilities. The Stantec Report in my view is a "preliminary" evaluation and will require considerable additional clarification before MSD can make a considered decision on the potential benefits and costs of dam removal. MSD provided significant comments on this report on January 13, 2026, which have not been addressed to date. American Rivers has designated the report as "final."

For the purpose of my limited and preliminary comments, the Stantec report provided the following list of benefits of dam removal:

- Local Economy Growth: Dam removal supports tourism, outdoor businesses, and real estate value increases.
- Flood Reduction: Flood stages could drop by up to 10 feet, reducing flood risks to local infrastructure and buildings, improving resiliency along the river corridor.
- Job Creation: Dam removal and subsequent development projects would generate sustained and temporary employment.
- Recreation & Safety: There will be increased opportunities for paddling, fishing, and greenway development; plus, the elimination of safety hazards associated with the dam.
- Community Revitalization: There will be enhanced cultural and recreational amenities, aligning with Greater Asheville's outdoor recreation economy and identity.
- Environmental Restoration: Dam removal reconnects 1,460 downstream miles of river to the headwaters of the French Broad River for the benefit of native fish species, improves water quality, and creates more floodplain buffer.

I cannot offer significant comment on improvement of the local economy. This stated benefit is extremely difficult to quantify. It certainly is possible that if the associated public use improvements as described in the report were to occur following the removal of the dam that economic benefits due to additional public use and activity would contribute to improvement of the local economy. It will not be possible to document any actual benefit accurately until the dam was removed and all of the proposed enhancements developed and used.

Flood reduction has been widely stated as a significant benefit of dam removal, both from public "briefing" events and materials and was strongly stated by several speakers at the MSD Board meeting in February. The Stantec report provided what can only be considered an extremely preliminary evaluation using "interpolation" of an existing flood map. I would not consider this analysis as a definitive or reliable predictor of changes in flooding impact resulting from dam removal. Only an actual flooding model study of the area, with and without the dam, would provide acceptable projections of potential flood reduction results if the dam were to be removed. I have been involved in quite a few flow modeling studies, and it is safe to say that without those kinds of well-developed studies it is premature to project potential flood benefits of dam removal. Clearly, removal of the dam has the potential to improve flooding levels upstream of the site. However, storm intensity will be a major factor in how much the dam is impacting flooding impact now verses if it were removed. Photographs of the dam during Helene don't indicate reduction in flood levels upstream of 10 feet. The hydraulics of the river due to the dam are not a direct "dam height-based" effect that translates upstream just using the height of the dam. More work is needed to properly assess this potential benefit of dam removal.

From a public communication standpoint, it is unfortunate that the benefits to flooding levels upstream of the site have been communicated as a "known" result of dam removal. An appropriate modeling study would better define potential benefits, but even those are not 100% accurate. During Helene, many people in Asheville and throughout western NC experienced devastating and tragic impacts, including property damage. It is critically important that any

potential benefits to reduced flooding from dam removal be properly assessed before those that affected are led to conclusions about benefits.

Job creation related to dam and facilities removal is not a long-term impact. Contractors that do this type of work are generally specialized and most of the workers involved would already be engaged with the company.

Increase in potential for additional recreation in the river and reduction in safety concerns are possible benefits of dam removal. Providing improved access to the river area may be possible if the dam is removed, but there are specific logistic challenges associated with realizing these improvements. River activities, including paddling and other water-contact activity may improve, but the physical characteristics of the river profile, depth, and substrate must be considered. This area of the river has some specific limitations associated with these factors. Removal of the dam would remove the potential for river users from being injured or killed would be reduced. However, there is no significant documentation of these type of events occurring.

Projecting and realizing actual community revitalization falls into the category of projecting economic improvement of dam removal. It is a promising prospect that dam removal would produce community revitalization, but that "result" is virtually impossible to predict.

Potential improvement in environmental and ecological conditions in the river due to dam removal is the most pertinent consideration as a comparison for dam removal. Craggy Dam does disrupt the natural gradient and habitat of the river. All dams do. Dam removal as a way to "reconnect" biological systems in a riverine situation is an important improvement. Dam removal has successfully provided this benefit across NC and the US. American Rivers has been extremely successful in promoting and achieving many dam removal projects. It is an undeniable benefit.

However, the Stantec report notes this but also notes that operational hydroelectric facilities are rarely removed. There are good reasons for this. Hydroelectric systems are renewal energy sources that have a significantly reduced carbon footprint when compared to standard electric generation grids. Duke energy, which provides the grid-based electricity for this area uses generating facilities with a significant carbon footprint. Reomoving the dam removes this environmental benefit.

The key issue here is: will the removal of the dam provide less, equal, or more environmental benefit than the renewable energy generated by the Craggy Dam facility? Because you are looking at a known amount of renewal energy and can calculate the carbon released from transferring this energy need to the utility grid, this is a known benefit. The "reconnection and aquatic life benefits" of dam removal are not known.

Dams are constructed for many human benefits. All of them have negative ecological impacts to the riverine system that existed prior to the placement of a dam in the river or stream. Water supply, recreation, flood control, and power generation are the major human needs that caused these reservoirs to be built. From a natural system view, all these dams disrupted the natural

system that existed prior to the construction of the dam. Dam elimination in this country has been guided by the principle of evaluating the benefits of the dam versus the ecological and natural restoration benefits. Where a dam continues to provide a viable and established human use that continues, that consideration becomes the major determination of deciding that a dam removal project is appropriate.

The Craggy Dam decision, as I noted earlier, has a way to go before it is ready to be placed before the Board for a final decision. The Board has significant technical, financial, and fiduciary questions that must be resolved before the question of dam and facilities sale can even be considered. It is likely too early to even contemplate that those may be resolved, but for the sake of considering the bottom line of benefits for removal to benefits of leaving the dam and hydroelectric facilities in place, the key one in my mind is the judgement process of comparing the ecological/environmental benefits of dam removal compared to the environmental benefits of renewable energy. Unless the cited potential benefits of dam removal can be further defined and an estimated benefit determined that can be compared to the renewal energy benefits, the decision will be an informed judgement call.

I will provide more complete comments following the full development of the information needed to guide this decision.

Interoffice Memorandum

TO: Tom Hartye, P.E. – MSD General Manager

FROM: Hunter Carson, P.E. – MSD Director of Engineering

DATE: March 13, 2026

RE: **Craggy Dam Removal and Associated Flood Reduction**

The Craggy Dam Removal Study (*Stantec, December 2025*) commissioned by American Rivers concluded that “removing the dam will reduce the flood stage at the dam location by approximately 10 ft in all storms”. The range of flood reduction values presented in the report (7ft to 10ft) is based strictly on the height of the dam and on interpolations of a 2010 Flood Insurance Study, not a hydraulic simulation of dam removal. Observations downstream of the dam during Helene proved that flood stage is not reduced by 10 ft. in all storms, particularly those that are very extreme. During Helene, it was closer to 2 ft. as witnessed by the attached photos.

While it is undeniable that water levels at the dam (and water levels ~3,500 ft upstream) will be reduced with dam removal, predictions of flood impacts are premature and likely inaccurate. A certified flood analysis is necessary to quantify the true impacts of flooding in response to dam removal. These unsupported conclusions in the report and assertions made by American Rivers have resulted in conflated ideas within our community that associate Helene damage with the presence of Craggy dam. One statement going so far as to say Helene damage and associated financial losses were “preventable had the dam not been in place”. This is a false claim as areas immediately downstream of the dam experienced similar flood elevations to those upstream. Until the dam and river system are properly modeled, it is impossible to predict changes in flood elevations and impacts to nearby parcels. The flooding evaluation in the Craggy Dam Removal Study should not be used to reach conclusions about flooding impact improvements that may result from dam removal.

Enclosure



Craggy Dam during Helene



Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: March 18, 2026

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

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Samuel Gettleman, P.E. – Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the West Haywood Street Apartments Extension MSD Project No. 2023117.

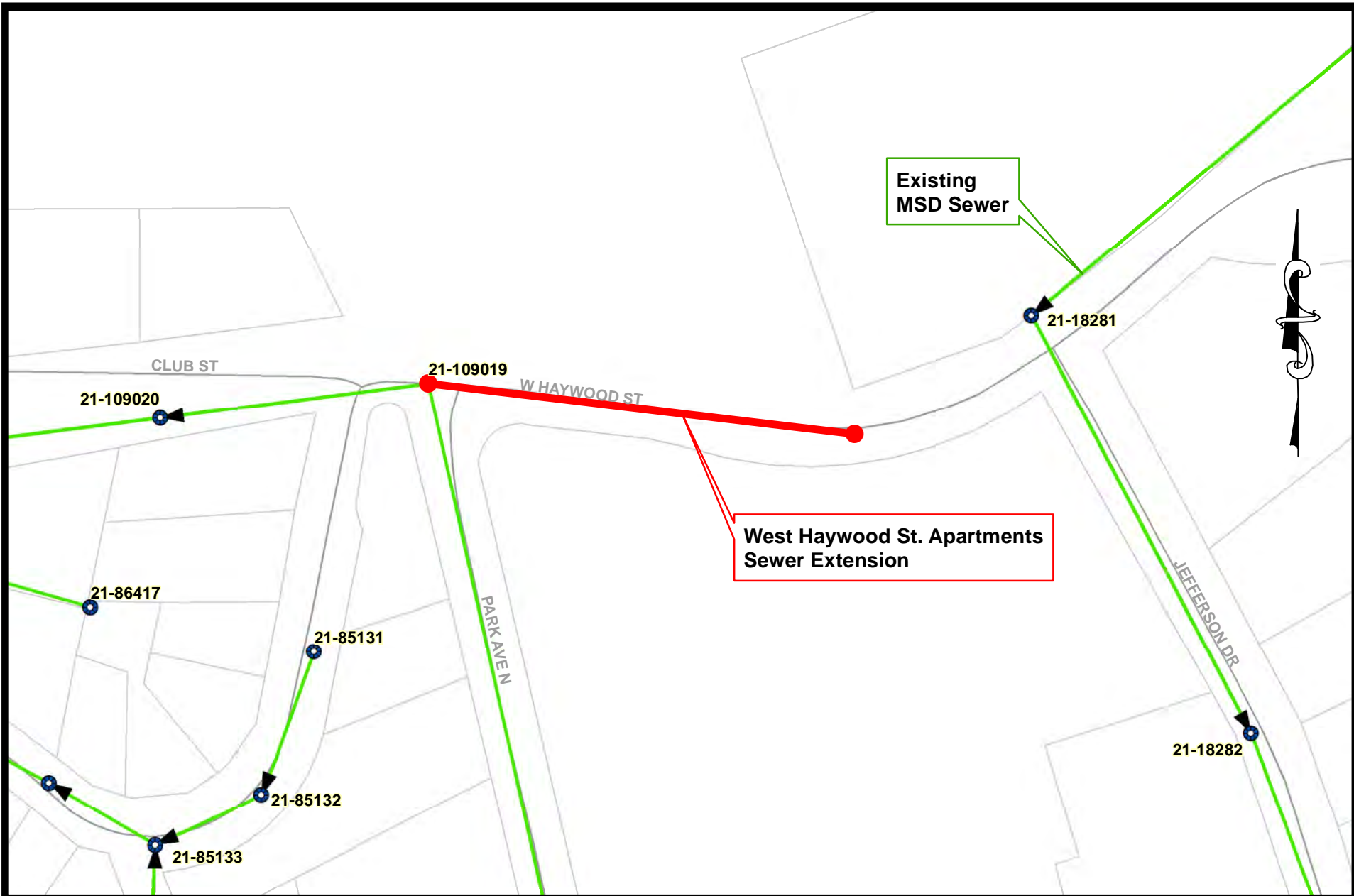
BACKGROUND: This project is located inside the District boundary along West Haywood Street in Asheville, NC. The developer of the project is Laura Kirby of West Haywood Street Apartments, LLC.

The project included extending approximately 215 linear feet of 8-inch public gravity sewer to serve the Multi-Family Residential Development.

The wastewater allocation is 8,400 GPD for the forty-six (46) Multi-Family Units. The estimated cost of the sewer construction is \$90,000.

All MSD requirements have been met.

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



MSD
Engineering Division

**West Haywood St. Apartments Sewer Extension
MSD Project # 2023117**

Metropolitan Sewerage District of Buncombe County

3/5/2026

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: March 18, 2026

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

REVIEWED BY: Hunter Carson, P.E. - Engineering Director

PREPARED BY: Samuel Gettleman, P.E. – Planning and Development Manager

SUBJECT: Acceptance of Developer Constructed Sewer System for the Rolling Hills Extension MSD Project No. 2023244.

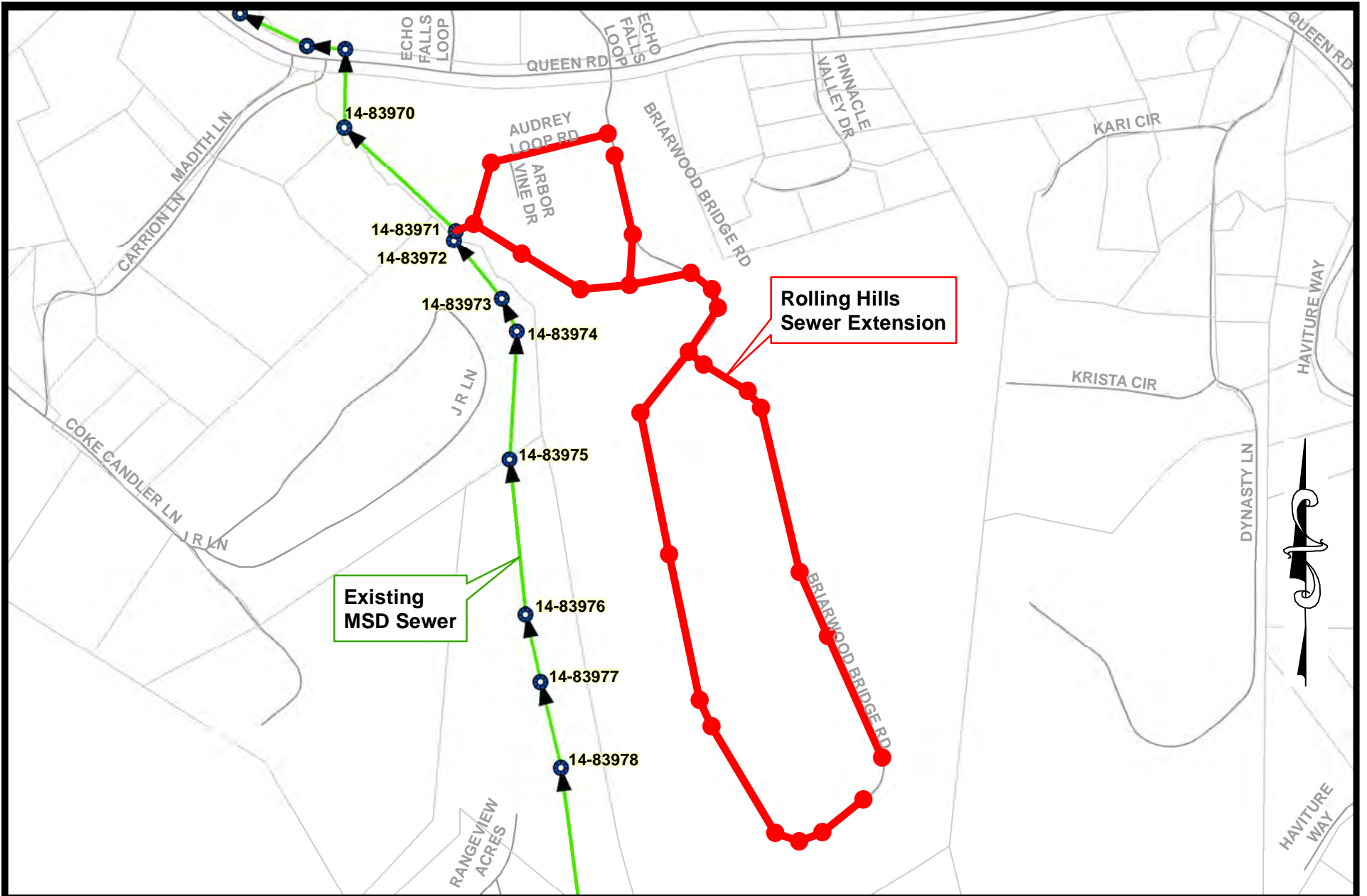
BACKGROUND: This project is located inside the District boundary along Queen Road in Buncombe County, NC. The developer of the project is Ken Jackson of Queen Road Development Group, LLC.

The project included extending approximately 4,398 linear feet of 8-inch public gravity sewer to serve the Single-Family Residential Development.

The wastewater allocation is 30,000 GPD for the one-hundred and thirty-two (132) Single-Family Units. The estimated cost of the sewer construction is \$525,180.

All MSD requirements have been met.

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



MSD
Engineering Division

**Rolling Hills Sewer Extension
MSD Project # 2023244**

Metropolitan Sewerage District of Buncombe County

3/5/2026

Metropolitan Sewerage District of Buncombe County

Board Action Item

Meeting Date: March 18, 2026

Submitted By: Thomas E. Hartye, P.E., General Manager
Derrick Swing, SHRM-SCP, Human Resources Director

Subject: Consideration of Resolution for Pick-up Contributions

Background:

- MSD participates in the Local Governmental Employees' Retirement System (LGERS), the statewide retirement system for local government employees.
- State law allows employees to receive retirement credit for qualifying periods of active military service.
- One of our employees, Corbin Clark, has qualifying military service that LGERS has determined is eligible to be credited.
- Under NCGS 128-26 et seq., employees who leave public employment for military service and later return to covered employment may receive retirement service credit for the period of military service. Under this requirement, MSD must pay both the employer and employee contributions necessary to fund the retirement credit. (The purpose of the law is to promote military service by ensuring employees don't lose retirement service credit).
- Derrick Swing and Susan Russo Klein conferred with the School of Government to confirm our compliance.
- Under federal tax law (IRC § 414(h)(2)), this is "pick up" contribution that is not taxed to the employee.

Staff Recommendation:

Approval of the attached Resolution.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
SEWERAGE DISTRICT ELECTING TO “PICK UP” CERTAIN EMPLOYER
CONTRIBUTIONS TO THE LOCAL GOVERNMENTAL EMPLOYEES’
RETIREMENT SYSTEM**

WHEREAS, the Metropolitan Sewerage District participates in the Local Governmental Employees’ Retirement System (LGERS), a retirement plan administered by the North Carolina Department of State Treasurer, for the benefit of eligible employees; and

WHEREAS, Internal Revenue Code § 414(h)(2) permits an employer to “pick up” and treat as employer contributions certain mandatory employee contributions to a qualified governmental plan, provided that such contributions are paid by MSD, are not includible in the employee’s gross income at the time of pick-up, and the employee does not have the option of receiving the contributed amounts directly in cash; and

WHEREAS, N.C. Gen. Stat. § 128-26.5 authorizes a member of LGERS to purchase creditable service for qualifying periods of active military service, subject to the terms and conditions set forth therein; and

WHEREAS, MSD desires to facilitate an employee’s purchase of eligible military service credits under N.C. Gen. Stat. § 128-26.5 by designating certain amounts as picked-up contributions under Internal Revenue Code § 414(h)(2), to be paid by MSD and remitted directly to LGERS, with the understanding that such contributions shall be treated as employer contributions for federal tax purposes and shall not be currently includible in the employee’s gross income, consistent with applicable law; and

WHEREAS, to satisfy the requirements of Internal Revenue Code § 414(h)(2), employees must not be permitted to receive, directly or indirectly, the picked-up contributions in cash or as any other remuneration in lieu of such contributions, and MSD must irrevocably direct that the contributions be paid to LGERS on the employee’s behalf; and

WHEREAS, the governing body of MSD finds that adoption of this resolution is in the best interests of MSD and its employees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of MSD as follows:

- I. Adoption of Pick-Up of Contributions. MSD hereby elects, pursuant to Internal Revenue Code § 414(h)(2), to “pick up” and pay to LGERS the amounts that would otherwise be payable by an eligible employee for the

purchase of creditable service for qualifying active military service under N.C. Gen. Stat. § 128-26.5, including any required installments, interest, or other amounts as determined by LGERS in accordance with applicable statutes and administrative procedures.

2. Characterization as Employer Contributions. The contributions described in Section 1 shall be paid by MSD and shall be treated and reported as employer contributions for federal income tax purposes under Internal Revenue Code § 414(h)(2), and shall not be includible in the employee's gross income when paid to LGERS, to the extent permitted by law. For all other purposes under LGERS, including but not limited to benefit calculations and vesting service, such amounts shall be treated in the manner prescribed by LGERS statutes and regulations.
3. Elimination of Cash or In-Lieu Election. No employee shall be permitted to elect to receive, directly or indirectly, any amounts designated for pick-up under this resolution in cash or as any other form of remuneration in lieu of contribution. MSD's pick-up of such amounts is mandatory and irrevocable as to contributions required or agreed for the applicable military service credit purchase.
4. Remittance and Administration. MSD shall remit all picked-up contributions directly to LGERS in accordance with LGERS procedures and schedules applicable to the purchase of military service credits under N.C. Gen. Stat. § 128-26.5. The Human Resources Director is authorized and directed to take all necessary administrative actions to implement this resolution, including execution of any forms required by LGERS and coordination with payroll to ensure proper tax treatment and reporting.
5. Applicability; Specific Employee Purchase. This resolution applies to the purchase of military service credits for employee Corbin Clark, to the extent eligible under N.C. Gen. Stat. § 128-26.5 and as approved by LGERS. If MSD later elects to extend the pick-up arrangement to other eligible employees for qualifying military service credit purchases, such extension shall be effected by subsequent resolution or authorized administrative action consistent with this resolution and applicable law.
6. Compliance with Law. This resolution shall be construed and administered in accordance with Internal Revenue Code § 414(h)(2), N.C. Gen. Stat. § 128-26.5, and applicable LGERS guidance. If any provision is determined to be inconsistent with such law, it shall be interpreted and applied to the maximum extent permissible to effectuate MSD's pick-up election.
7. No Contractual Rights; Amendment. Nothing in this resolution creates any vested right to continued employment or benefits beyond those provided under LGERS and applicable law. MSD reserves the right to amend or rescind this resolution prospectively to the extent permitted by law; provided, however, that any amounts already picked up and remitted shall

remain effective as employer contributions under Internal Revenue Code § 414(h)(2).

Adopted in regular session this _____, 2026.

M. Jerry VeHaun, Chairman

Jackie W. Bryson, Secretary/Treasurer

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY

BOARD ACTION ITEM

Meeting Date: March 18, 2026

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 FY2026

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 March of 2023, staff issued an RFP for auditing services. Cherry, Bekaret LLP (CB) was chosen due to their audit approach, the firm's staffing, and notably the governmental utility experience in North Carolina. At the April Board Meeting, the Board approved Cherry Bekaret, LLP as auditors.

Discussion

CB takes a rotating partner approach to government and utility engagements. Every 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.

Fiscal Impact

The combined audit fees and reimbursable expenses of \$60,000 (See attached engagement letter and audit contract) will be included in the FY2027 budget.

Staff Recommendation

Staff recommends approval of the FY2026 audit contract with Cherry Bekaert, LLP, contingent upon review and approval of District counsel.

Action Taken

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

March 6, 2026

VIA EMAIL:

spowell@msdbc.org

The Board of Directors
Metropolitan Sewerage District Of Buncombe Co.
2028 Riverside Drive
Asheville, North Carolina 28804

Dear Mr. Powell:

This engagement letter between Metropolitan Sewerage District Of Buncombe Co. (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, 2026:

Audit and attestation services

1. We will audit the basic financial statements of the District as of and for the year ended June 30, 2026 (the "financial statements") including the statement of net position, the related statement of revenue, expenses and changes in net position and cash flows, including the disclosures.
2. We will audit the schedule of expenditures of federal and state awards. As part of our engagement we will apply certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.
3. We will read the introductory section and statistical section accompanying the basic financial statements and consider whether a material inconsistency exists between the other information and the basic financial statements. In addition, we will remain alert for indications that a material inconsistency exists between the other information and knowledge obtained in the audit, or if such information contains a material misstatement of fact or is otherwise misleading. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.
4. We will audit the supplementary information other than the required supplementary information ("RSI") accompanying the District's basic financial statements, as listed in the table of contents. As part of our engagement, we will apply certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional

Metropolitan Sewerage District Of Buncombe Co.

March 6, 2026

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procedures in accordance with auditing standards generally accepted in the United States of America.

5. We will apply limited procedures to the District's management's discussion and analysis ("MD&A") and other required supplementary information ("RSI") as listed in the table of contents, which will consist of inquiries of District's 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 our audit of the basic financial statements.

Nonattest accounting and other services

We will provide the following additional services:

2. Complete the appropriate sections of and sign the Data Collection Form.

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 services 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 basic financial statements and our accompanying reports 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 engagements or audit of the District's basic financial statements.

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

Audit and attestation services

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"); the Single Audit Act Amendments of 1996; State Single Audit Implementation Act. The objective of our audit is to obtain reasonable assurance about whether the District's basic financial statements as a whole are free from material misstatement, whether due to

Metropolitan Sewerage District Of Buncombe Co.

March 6, 2026

Page 3

fraud or error, and issue an auditor's report that includes our opinion(s) about whether the District's basic financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the basic financial statements in conformity with the basis of accounting noted above. 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 basic financial statements in accordance with Government Auditing Standards
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and the Uniform Guidance and the State Single Audit Implementation Act.

Auditor's responsibilities for the audit of the basic financial statements

We will conduct our audit 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, a determination of major programs in accordance with Uniform Guidance and the State Single Audit Implementation Act, and other procedures as deemed necessary to enable us to express such an opinion about whether the basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("GAAP"). We will also:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of the District and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the basic financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the basic financial statements, including the disclosures, and whether the basic financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or

Metropolitan Sewerage District Of Buncombe Co.

March 6, 2026

Page 4

material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit.

- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Nonattest accounting and other services

In connection with any of the audit, accounting, or other services noted below, we will provide a copy of all schedules or other support for you to maintain as part of your books and records supporting your basic financial statements. You agree to take responsibility for all documents provided by Cherry Bekaert and will retain copies based on your needs and document retention policies. By providing these documents to you, you confirm that Cherry Bekaert is not responsible for hosting your records or maintaining custody of your records or data and that Cherry Bekaert is not providing business continuity or disaster recovery services. You confirm you are responsible for maintaining internal controls over your books and records including business continuity and disaster recovery alternatives. In addition, any documents provided to Cherry Bekaert by the District in connection with these services will be considered to be copies and will not be retained by Cherry Bekaert after completion of the accounting and other services. You are expected to retain anything you upload to a Cherry Bekaert portal and are responsible for downloading and retaining anything we upload in a timely manner. Portals are only meant as a method of transferring data, are not intended for the storage of client information, and may be deleted at any time. You are expected to maintain control over your accounting systems to include the licensing of applications and the hosting of said applications and data. We do not provide electronic security or back-up services for any of your data or records. Giving us access to your accounting system does not make us hosts of information contained within.

The accounting and other services described in this section are nonaudit services, which do not constitute audit services under *Government Auditing Standards*, and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming District's management responsibilities.

In conjunction with providing these accounting and other services, we may use third party software or templates created by Cherry Bekaert for use on third party software. Management expressly agrees that the District has obtained no rights to use such software or templates and that Cherry Bekaert's use of the District's data in those applications is not deemed to be hosting, maintaining custody, providing business continuity, or disaster recovery services.

Data collection form

We will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to the District; however, it is the District's management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior

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audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the designated federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

District's management responsibilities related to accounting and other services

For all nonattest services we perform in connection with the engagement, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, retain relevant copies supporting your books and records, and accept overall responsibility for the results of the services.

Prior to the release of the report, the District's management will need to sign a representation letter acknowledging its responsibility for the results of these services, and acknowledging receipt of all appropriate copies.

District's management responsibilities related to the audit

The District's management is responsible for (1) designing, implementing, and maintaining internal controls, including internal controls over federal and state awards, and for evaluating and monitoring ongoing activities, relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error, and to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) 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 basic financial statements, schedule of expenditures of federal and state awards and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal and state statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationship in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

The District's management is responsible for making all financial records and related information available to us, including additional information that is requested for purposes of the audit (including information from outside of the general and subsidiary ledgers), 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 basic financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance and the State Single Audit Implementation Act, (3) additional information that we may request for the purpose of the audit and (4) unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

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Your responsibilities include adjusting the basic 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 basic 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 basic 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 that we report. Additionally, as required by the Uniform Guidance and the State Single Audit Implementation Act, it is the District's management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal and state awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

The District's management is responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal and state awards (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance and the State Single Audit Implementation Act. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal and state awards. You also agree to include the audited basic financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon or make the audited basic financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal and state awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance and the State Single Audit Implementation Act, (2) you believe the schedule of expenditures of federal and state awards, including its form and content, is stated fairly in accordance with the Uniform Guidance and the State Single Audit Implementation Act, (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) the District has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. 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

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information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with 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 GAAP, (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with 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 and attestation services* 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.

The District's management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal and state awards and disclosures, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the basic financial statements, schedule of expenditures of federal and state awards and disclosures, and that you have reviewed and approved the basic financial statements, schedule of expenditures of federal and state awards and disclosures 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.

The District's management is responsible for disclosing to us all documents that comprise the annual report and preparation of the annual report. You agree you will provide us with the final version of all documents comprising the annual report prior to the date of the auditor's report so that required audit procedures can be completed prior to the issuance of the auditor's report. If obtaining the final version of these documents is not possible prior to the date of the auditor's report, then the documents will be provided as soon as practicable, and the District will not issue the annual report prior to providing them to the us and allowing sufficient time to apply required audit procedures. If the documents comprising the annual report are provided after the date of the auditor's report and we concluded that there is a material inconsistency or misstatement then we will take appropriate actions which may include communicating the matter to those charged with governance or obtaining legal advice.

Reporting

Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the result of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs to our auditor's

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report, or if necessary, withdraw from this engagement. 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.

We will also issue written reports upon completion of our Single Audit. The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and the State Single Audit Implementation Act report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Both reports will state that the report is not suitable for any other purpose.

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 any increase in the fees as provided in the Contract.

Fees

The estimated fees contemplate only the services described in the Summary of Services section of this letter. You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and the estimated fees which will be at our standard billing rates noted in the table below. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Standard bill rates

Skill Level	Bill Rate
Partner	\$610
Director	\$535
Senior Manager	\$520
Manager	\$395
Senior Accountant	\$340
Staff Accountant	\$250

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The following summarizes the estimated range of fees for the services described above:

Description of services	Estimated fee
Audit services	
Audit of the basic financial statements	\$51,000
Single Audit (Initial Program; \$5,000 per program for any additional programs identified)	9,000
Nonattest services	
Completion of Data Collection Form	Included in above
Total	\$60,000

The fees will be billed periodically. Invoices are due on presentation. A service charge will be added to past due accounts equal to 1.5% 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. No change, modification, addition, or amendment to this letter shall be valid unless in writing and signed by all parties. The parties agree that this letter may be electronically signed and that the electronic signatures will be deemed to have the same force and effect as handwritten signatures.

If you have any questions, please email Daniel Gougherty at dgougherty@cbh.com.

Sincerely,

CHERRY BEKAERT LLP

Cherry Bekaert LLP

Metropolitan Sewerage District Of Buncombe Co.

ACCEPTED BY: _____

TITLE: _____ DATE: _____

Cherry Bekaert LLP Engagement Letter Terms and Conditions

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 the 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 generally accepted auditing standards ("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 the 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 basic 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 waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits, nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards 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. However, we will inform the appropriate level of the District's management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management 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 auditors.

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 assets and liabilities by correspondence with selected customers, funding sources, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the basic financial statements; schedule of expenditures of federal and state awards; federal and state award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit procedures – internal controls

Our audit will include obtaining an understanding of the District and its environment, including internal controls relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion(s). The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. 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 basic 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 basic 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*.

As required by the Uniform Guidance and the State Single Audit Act, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and the State Single Audit Act.

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, *Government Auditing Standards*, and the Uniform Guidance and the State Single Audit Implementation Act.

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*.

The Uniform Guidance and the State Single Audit Implementation Act requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. For federal and state programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Nonattest services (if applicable)

The Code of Professional Conduct (the "Code") as promulgated by the American Institute of Certified Public Accountants ("AICPA") requires us to establish, in writing, your

responsibilities with regards to any nonattest services for which you have engaged us or may engage us in the future.

One of your key responsibilities with respect to nonattest services provided by us is to designate an individual or individuals within the organization to oversee such services. It is our understanding that you have an individual or individuals within your organization that possess the requisite skills, knowledge and experience to oversee nonattest services including, but not limited to, financial statement preparation, assistance with the adoption of a new accounting standard, and tax return preparation. You also agree to assume any and all management responsibilities for our nonattest services, evaluate the adequacy and results of such services and to accept responsibility for them.

In order to ensure we provide such services in compliance with all professional standards, the designated individual is responsible for:

- Making all relevant records and related information available to us
- Ensuring that all material information is disclosed to us
- Granting unrestricted access to persons within the entity from whom we determine it necessary to obtain necessary support
- Identifying and ensuring that such nonattest services comply with applicable laws and regulations

The accuracy and appropriateness of such nonattest services shall be limited by the accuracy and sufficiency of the information provided by the District's designated individual. In the course of providing such nonattest services, we may provide professional advice and guidance based on knowledge of accounting, tax and other compliance, and of the facts and circumstances as provided by the District's designated individual. Such advice and guidance shall be limited as permitted under the AICPA Code of Professional Conduct.

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 responsibilities 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.

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 voluntary 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, RD, 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 and alternative practice structure

Cherry Bekaert LLP and Cherry Bekaert Advisory LLC (an associated, but not affiliated entity) are parties to an administrative services agreement ("ASA"). Cherry Bekaert LLP and Cherry Bekaert Advisory LLC are operating in an arrangement commonly described as an "alternative practice structure". Pursuant to the ASA, Cherry Bekaert LLP leases professional and administrative staff, both of which are employed by Cherry Bekaert Advisory LLC, to support Cherry Bekaert LLP's performance under this engagement letter. As a result, Cherry Bekaert LLP will share your confidential information with Cherry Bekaert Advisory LLC so that

the leased employees are able to support Cherry Bekaert LLP's performance under this engagement letter. These leased employees are under the direct control and supervision of Cherry Bekaert LLP, which is solely responsible for the professional performance of the services under this engagement letter. The leased employees are subject to the standards governing the accounting profession, including the requirement to maintain the confidentiality of client information, and Cherry Bekaert LLP and Cherry Bekaert Advisory LLC have contractual agreements requiring confidential treatment of all client information.

To the extent Cherry Bekaert Advisory LLC will provide tax, advisory, and/or consulting services to you, Cherry Bekaert LLP will provide Cherry Bekaert Advisory LLC with access to your accounting, financial, and other records that Cherry Bekaert LLP maintains to enable Cherry Bekaert Advisory LLC to provide those services to you.

In addition to the structure noted above, 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 provision

This Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to any dispute or claim arising out of or relating to this engagement letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of the Firm or any of its subcontractors or agents to the District or at its request ("Disputes"), and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise.

Mediation

All Disputes shall be first submitted to nonbinding confidential mediation by written notice to the parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, the International Institute for Conflict

Prevention and Resolution ("CPR"), at the written request of a party, shall designate a mediator.

Arbitration procedures

If a Dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the Dispute shall be settled by binding arbitration to be held at a mutually agreeable location. The arbitration shall be conducted in accordance with the CPR Rules for Non-Administered Arbitration that are in effect at the time of the commencement of the arbitration, except to the extent modified by this Dispute Resolution Provision (the "Rules"). The arbitration shall be conducted before a panel of three arbitrators. Each of the District and the Firm shall designate one arbitrator in accordance with the "screened" appointment procedure provided in the Rules, and the two party-designated arbitrators shall jointly select the third in accordance with the Rules. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter and to abide by the terms of the Rules. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the Commonwealth of Virginia (without giving effect to its choice of law principles) in connection with the Dispute. The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Any discovery shall be conducted in accordance with the Rules. The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.

Costs

Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators equally.

Waiver of trial by jury

In the event the parties are unable to successfully arbitrate 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 fees

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 fees do 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 fees. 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. Unless otherwise indicated, estimated fees 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	Governing Board
of	Primary Government Unit
and	Discretely Presented Component Unit (DPCU) (if applicable)

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

and	Auditor Name
	Auditor Address

Hereinafter referred to as Auditor

for	Fiscal Year Ending	Date Audit Will Be Submitted to LGC
-----	--------------------	-------------------------------------

Must be within six months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by “U.S. Auditing Standards – AICPA (Clarified),” referred to as 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). Budgetary comparison information shall be prepared in accordance with applicable GASB standards. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented as required supplementary information and shall not be included in the basic financial statements. Any other budgetary comparison information shall be presented only as supplementary information for funds required to be budgeted under NCGS Chapter 159, Article 3.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (*Uniform Guidance*) and the State Single Audit Implementation Act. Currently the threshold is \$1,000,000 for federal and state single audits, or such other threshold as applicable for the fiscal year under 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 staff of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form (form SF-FAC) to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

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 or subsequent revisions, as applicable) issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he or 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 to 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 the Auditor's receipt of an updated peer review report. If the audit firm receives 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 Auditing 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 six months of fiscal year end. At the time of the execution of this contract, if the parties know that the anticipated submission date of the audit exceeds six months after fiscal year end, a written explanation shall be provided to the Secretary of the LGC on this contract form (see the space provided on Page 7). If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change 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 they 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 the Auditor's findings, together with his or her recommendations for improvement. That written report shall include all matters determined to be "significant deficiencies and material weaknesses" in accordance with AU-C §265 "Communicating Internal Control Related Matters Identified in an Audit" of GAAS. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an Auditor issues an AU-C §260 report, "Auditor's Communication With Those Charged With Governance," commonly referred to as a "Governance Letter," LGC staff does not require the report to be submitted unless the Auditor cites significant findings or issues from the audit, as defined in AU-C §260 paragraphs 12 - 14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious for which the Auditor consulted outside the engagement team and, in the Auditor's judgment, are significant and relevant to those charged with governance, and other findings or issues that the Auditor believes are significant and relevant. If matters identified during the audit were required to be reported as described in AU-C §260 paragraphs 12 - 14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

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 records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit 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 Single Audit Act and the State Single Audit Act. This does not include fees for any pre-issuance reviews that may be required by the North Carolina Association of Certified Public Accountants (NCACPA) Peer Review Committee or North Carolina State Board of CPA Examiners (see Paragraph 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 Secretary of the Local Government Commission to obtain a pre-issuance review or take corrective action as a result of peer review findings or quality control deficiencies, such corrective action shall be consistent with the authority and requirements of the North Carolina State Board of Certified Public Accountant Examiners, the AICPA Peer Review Program, and established Local Government Commission practice, including the use of report addenda or other remedial measures, as appropriate.

14. In accordance with G.S. 159-34, the Finance Officer of the Unit is responsible for filing the audited financial statements with the Secretary of the Local Government Commission.

The Auditor may upload the audit report and related documents through the LGC's electronic submission system; however, submission shall not be deemed complete until the Finance Officer has reviewed and certified the submission.

The Auditor, Finance Officer, other Unit staff member designated by the Finance Officer, or a third party approved by the Unit may enter all Data Input Report information except the information on the "transmittal doc info" tab. The "transmittal doc info" tab must be completed by the Auditor.

The Finance Officer shall review, approve, and certify the accuracy and completeness of the Data Input Report (DIR) in the LGC's LOGOS system prior to LGC review, regardless of whether the DIR is prepared by the Auditor or the Unit.

Finance Officer certification is required for any corrected or revised submissions.

Finance Officer certification of the DIR shall be completed in a timely manner following notification that the DIR is ready for review and within time frames prescribed by the LGC. Failure to complete certification in a timely manner may result in the audit being considered late due to unit action rather than auditor performance.

The Auditor shall conduct the audit in accordance with generally accepted auditing standards and shall ensure that the financial statements are prepared in accordance with generally accepted accounting principles as of the fiscal year end. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented in required supplementary information, separate from the basic financial statements, and shall not be included in the audit opinion. The Auditor shall confirm that such information reconciles to the financial statements and is consistent with applicable accounting guidance and any LGC reporting requirements.

The Finance Officer shall certify in a timely manner that all data inputted in LOGOS used for preparation of the financial statements and required supplementary information is complete and accurate.

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. 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 and/or the compliance section, 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 and preaudited if the change includes a change in audit fee (preaudit requirement does not apply to 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.
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 Paragraph 30 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 primary 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, preaudited (preaudit requirement does not apply to 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. The Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if the 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 *Government Auditing Standards, 2018 or 2024 Revision* (as applicable). Preparing financial statements in their entirety 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, the Auditor must document and include in the audit workpapers how the Auditor 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 audits with fiscal year ends of June 30, 2021 and later.** The Auditor shall present the audited financial statements including any compliance reports to the Government Unit's Governing Board or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary of the LGC. The Auditor's presentation to the Governing Board or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the Auditor, and any other issues related to the internal controls or fiscal health of the Government Unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the Auditor regarding internal controls as required by current auditing standards;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the Governing Board that the Governing Board shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under Rule 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary of the LGC through the LGC's LOGOS system, including completion of the Data Input Report (DIR). Submission is not complete and shall not be accepted by the LGC until the Finance Officer has reviewed and certified the DIR in accordance with Paragraph 14 of this contract.

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Paragraph 17 for clarification).

31. 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/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>.

32. 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.

33. **Applicable to audits with fiscal year ends of June 30, 2025, and later.** The Unit authorizes the LGC to grant access to the LGC's LOGOS system, including the Data Input Report (DIR), to employees of the contracted audit firm who are associated with and acting on behalf of the firm for purposes of performing audit and reporting services under this contract. Such access shall be limited to the scope necessary to perform contracted services and shall not relieve the Auditor or the Unit of their respective responsibilities under this contract.

34. Changes or edits to the text of this contract form are not permitted, except for the Secretary's authority to revise or update this contract form pursuant to LGC Rule 20 NCAC 03. 0502.

For contracts with an anticipated audit submission date exceeding six months after fiscal year end, please use this space to explain the reason for the late submission, as required by Paragraph 6 of this contract form:

SIGNATURE PAGE

AUDIT FIRM

Audit Firm*	
Authorized Firm Representative (typed or printed)*	Signature* <i>Daniel J. Mayberry</i>
Date*	Email Address*

GOVERNMENTAL UNIT

Governmental Unit*	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address*

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

GOVERNMENTAL UNIT – PREAUDIT CERTIFICATE

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

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

Sum Obligated by This Transaction:	\$
Primary Governmental Unit Finance Officer* (typed or printed)	Signature*
Date of Preaudit Certificate*	Email Address*

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

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
Date DPCU Governing Board Approved Audit Contract* (Enter date in box to right)	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

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

DPCU – PREAUDIT CERTIFICATE

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

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

Sum Obligated by this Transaction:	\$
DPCU Finance Officer (typed or printed)*	Signature*
Date of Preaudit Certificate*	Email Address*

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

Metropolitan Sewerage District of Buncombe County Board Action Item

Meeting Date: March 18, 2026

Subject: Consideration of Revised Purchasing Policy

Submitted by: Tom Hartye, General Manager

Reviewed by: Scott Powell, CLGFO; Finance Director
Billy Clarke, District Counsel

Prepared by: Heather Young, CLGPO; Purchasing Supervisor

Background: On November 29, 1995, the board adopted a resolution establishing the District's Purchasing Policy and Procedures. The board amended the policy to reflect amended General Statutes dealing with purchasing limits on October 10, 2001. General Statutes 143-129 & 143-131 purchasing limits were subsequently revised in 2003, 2007, and 2009. The attached policy reflects those changes as well as a new section under Construction and Repair incorporating G.S. 143-128.1A which addresses the Design-Build Procurement Methodology.

Discussion: The design-build delivery approach will allow the staff to find economic solutions to solve constructability issues while maintaining compliance with all Federal, State, and Local regulations. To enter a design-build contract, units of government must follow specific procurement procedures set forth in G.S. 143-128.1A.

The significant recommended change include:

- Added a new section under Construction and Repair (pages 16-17) to include G.S. 143-128.1A which allows MSD to enter a design-build contract upon Board approval.

Fiscal Impact: None

Staff Recommendation: Approval of the proposed Purchasing Policy revision.

Purchasing Policy

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Purchasing Policy

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I. INTRODUCTION

This Policy has been prepared to serve as a guide for all departments and divisions of The Metropolitan Sewerage District (hereinafter sometimes referred to as “the District”) in obtaining needed apparatus, supplies, materials, equipment, and services.

A special attempt has been made to design policies and procedures that will serve the District’s needs and provide for an effective, efficient, and economical buying process. For this reason, each directive is explained in detail giving the purpose, the policy, and the procedure for carrying it out.

To get the most value from this manual it is suggested that all District’s personnel be familiar with the details included.

The goals of the District’s Purchasing Department are:

1. To comply with the legal and ethical requirements of public purchasing and procurement in accordance with applicable law.
2. To assure suppliers who wish to do business with the District impartial and equal treatment, and establish mutually beneficial business relationships with those suppliers while maintaining strict ethical standards.
3. To receive maximum value for each dollar spent by awarding purchase orders to the lowest responsive, responsible bidders, taking into consideration quality, performance, delivery schedule, past performance and other relevant factors.
4. To provide the District’s departments with required goods, equipment and services in a timely fashion in order to best serve the ratepayers.
5. To effect maximum feasible standardization of products and vendors used in order to minimize stock levels and obtain competitive prices.
6. To encourage the participation of minority and women-owned businesses.

The Purchasing Department hopes this manual will be a working tool for your department. Any comments or suggestions for improving any of the contents are welcomed by the department. You can contact us at any time by calling (828) 225-8256 or cell number 768-1848.

Heather Young
Purchasing Coordinator

II. GENERAL GUIDELINES FOR PURCHASING SUPPLIES & MATERIAL

2.1 Local Buying:

The District encourages local vendors and suppliers to compete for all District services and contracts; however, the District is required by law to purchase supplies and material from the lowest responsible, responsive bidders.

2.2 Planning:

To the extent possible, District Departments and Divisions should plan purchases of material and supplies to realize economies of scale in staff time, paperwork, cost, and shipping charges.

2.3 Purchasing Appropriate Quality:

Quality, service, price, availability, and time of delivery are all factors that should be considered in the purchase of materials and supplies. District Departments and Divisions should consult the Purchasing Department for information regarding quality, service, price, availability, and time of delivery.

III. REQUEST FOR PURCHASE PROCEDURES

This section summarizes the District's requisition procedures. The section outlines the requisition requirements for apparatus, supplies, materials, and equipment.

3.1 Request for Purchase:

Requests for purchases and requisitions should be sent to the Purchasing Department in writing. These requests may be forwarded via paper requisition, email or electronic requisition in the District's procurement system. The request must include complete specifications, and the account number and department number to which the purchase should be charged. Upon receipt of the request with the required information and appropriate approvals, the Purchasing Department will issue a purchase order or proceed with the billing process. Verbal requests for purchases will be allowed. Purchasing staff taking verbal requests will make a written record of the request.

All requisitions must be approved prior to issuance of a purchase order or the start of the billing process. Required approvals are as follows:

Supervisors – up to \$5,000.00
Division Directors – up to \$10,000.00
Finance Director – up to \$20,000.00
General Manager – greater than \$20,000.00.

The Purchasing Staff has the authority to process requisitions at an expenditure level up to \$1,000.00.

The Supervisor or Division Director may designate someone in his or her department to approve all requisitions. The designation shall be in writing and a copy of the designation shall be provided to the Purchasing Department.

The Purchasing Staff may process legitimate emergency requisitions without prior approval, per the Emergency Purchase Procedure, Section VII. Non-emergency requisitions will be required to go through proper channels before processing.

A request to purchase equipment, which has been approved by the Equipment Review Committee, will not require a separate requisition approval prior to bidding. However, the final procurement action may require District Board approval, dependent on the expenditure level.

IV. VENDOR SELECTION

4.1 Selection Policy:

The Purchasing Department will maintain a list of possible vendors for use by the District. All vendors desiring to be on the District's Vendor List must complete and submit a Vendor Application Form. The District reserves the right to determine which vendors will be included on its Vendor List.

4.2 Selection Procedures:

- A. For the procurement of apparatus, supplies, materials, or equipment, and for construction or repair, the District will comply with applicable provisions of North Carolina General Statutes. In accordance with North Carolina General Statute 143-129, the District will advertise for bids for purchases of apparatus, supplies, materials, or equipment where the estimated cost of the materials or equipment is \$90,000 or more. For construction or repair work, where the estimated expenditure is in excess of \$500,000, the District will advertise for bids in accordance with NC GS 143-129. Advertisement for bids under this section may be by electronic means only. By adoption of this policy, the District Board hereby approves the advertisement by electronic means. Bids should be sealed and must be delivered to the District via U.S. mail, courier, or hand delivery. Bids may not be received via fax or email.
- B. In accordance with North Carolina General Statute 143-131, the District will obtain informal quotes for purchases of apparatus, supplies, materials, or equipment where the estimated expenditure is between \$30,000 and \$89,999; and for construction and repair projects where the estimated expenditure is between \$30,000 and \$499,999. Informal quotes may be obtained via telephone but should be confirmed in writing. Email, fax, hand delivery U.S. mail or courier service are acceptable. The District will exercise its best efforts to obtain at least three informal quotes for purchases under this section.

V. PURCHASE ORDERS

To be valid, a District Purchase Order must be completed by the Purchasing Coordinator or by a Purchasing Agent. The Purchasing Coordinator or Purchasing Agent's signature must be on any purchase order submitted to a vendor. Purchase orders will not be issued unless the requisition process is followed properly.

5.1 The Purchase Order Process:

The purchase order and the bid documents constitute a contract between the District and a vendor; however, the contract is not binding until the purchase order and bid documents are accepted by the vendor. A vendor may also establish a contract with the District by providing goods or services in response to a purchase order and bid documents. The issuance of purchase orders by unauthorized District employees or officials will not be recognized by the District and no payment will be made pursuant to an unauthorized purchase order. Purchases of apparatus, supplies, equipment, or services with a cost in excess of \$5000 must always be made via an authorized purchase order.

Purchase orders up to \$10,000.00 will require final approval from the Division Director; up to \$20,000.00 will require Finance Director approval; and over \$20,000.00 will require General Manager approval. The District Board must approve purchases of apparatus, supplies, materials, and equipment where the expenditure is \$90,000 or more, and contracts for construction or repair where the expenditure is \$500,000 or more in accordance with NC General Statute 143-129. The District Board hereby delegates to the General Manager of the District the authority to award and enter into contracts for apparatus, supplies, materials and equipment up to \$90,000, for service contracts up to \$90,000, and for construction and repair work up to \$500,000,

The Purchase order will clearly state what product or service is being purchased by the District, and, if applicable, any special terms and conditions, special delivery or performance requirements, reference to any District bid requests or vendor quotations, and contacts at the District.

5.2 Change Orders:

In order to change, modify, or cancel an existing purchase order, the original requester must contact the Purchasing Coordinator or a Purchasing Agent and request the change. Purchasing will be responsible for the distribution of information to the vendor. A record of the change request will be made in the procurement system.

Change orders will not be allowed:

- A. That would alter the procurement procedures that were used in the original process. (i.e., from informal to formal).
- B. If the shipment of materials has been made.
- C. After the scope of services have been rendered or materials have been received.

- D. If the Terms and Conditions set in a contract for cancellation have not been met.

VI. AVAILABILITY AND TRANSFER OF BUDGETARY FUNDS

6.1 Policy:

If a proposed purchase of apparatus, supplies, materials or equipment, alone or in combination with other purchases made in the fiscal year, exceeds the budgetary line item for the apparatus, supplies, materials or equipment for the fiscal year, additional funds must be transferred to the line item before a purchase order will be issued under this policy.

6.2 Responsibility:

It shall be the responsibility of the Division Head or his or her designee to satisfy the Purchasing Department that funds are available in the particular line item when requesting a Purchase Order.

VII. SPECIAL PROCUREMENT PROCEDURES

7.1 Blanket Purchase Orders:

The Purchasing Coordinator or Purchasing Agent will issue blanket purchase orders to selected vendors for the procurement of large volume items or recurring services such as fleet items, maintenance items, garbage collections, uniform rentals, cell phone service, pagers, radios, copier rental, etc.

Requests for blanket purchase orders must, in addition to the required account information, indicate the following: a general statement describing items covered by the blanket purchase order and a dollar amount to be encumbered. It is the responsibility of the individual(s) authorized to purchase under a blanket purchase order to insure that an unspent balance remains to cover all purchases for that fiscal year.

7.2 Emergency Purchases:

In cases of emergencies, the Department's Division Head, or his or her designee, may purchase directly from any vendor those supplies or services whose immediate procurement is essential to prevent delays in work which may threaten the public health and welfare, or the health and safety of District employees or users of the District Sewerage System.

The Division Head or designee shall exercise good judgment and, if possible, use established vendors when making emergency purchases. Every attempt should be made to obtain the best possible price and purchases should be limited to emergency-related items.

During normal working hours, an employee should contact the Purchasing Coordinator or a Purchasing Agent via telephone to handle emergency purchases. Procurement Cards may also be used.

For emergency purchases after working hours, an employee should first attempt to contact the Purchasing Coordinator via cell phone. If the Purchasing Coordinator is not available, the employee should proceed with the purchase via procurement card or verbal authorization. If an order is placed via verbal authorization, the employee must submit to the Purchasing Coordinator or Purchasing Agent any paperwork received from the vendor for the purchase, along with a complete description of the item(s) purchased, costs, documentation of the emergency, and department and account information, on the next business day.

For orders placed via procurement card, normal procurement card statement procedures should be followed.

The use of emergency procedures should be limited to actual emergency situations.

7.3 Purchase Order Cut-Off Date – Fiscal Year End:

Requisitions for materials, supplies, services and equipment (not included in blanket purchase orders or service contracts) for the current fiscal year must be submitted on or before a predetermined end-of-year date provided to departments by the Finance Director. Requisitions that are of a routine nature that could have been scheduled prior to the cut off date, and are not critical, will be returned to the requesting department for purchase in the new fiscal year. This procedure affords the Finance Department the opportunity to complete fiscal year end activities in a timely and proper manner.

7.4 Exceptions from Requirements of the Public Bid Laws:

The District may purchase apparatus, supplies, materials or equipment where the estimated expenditure is \$90,000 or more without advertising for bids when (i) performance or price competition for the product are not available; or (ii) a needed product is available from only one source of supply; or (iii) standardization or compatibility is the overriding consideration. A Department Head or Division Director seeking a requisition for a purchase of apparatus, materials, supplies, or equipment under this section must document, based on (i), (ii), or (iii) above, why the purchase should be made without advertising for bids. Any purchase made under this section must be approved by the District Board.

7.5 State of North Carolina Purchase Contract:

The Purchasing Department may utilize the State of North Carolina Department of Administration Division of Purchase and Contract as necessary for procurement of capital and non-capital items, so long as the vendor provides the material to the District at the same or more favorable terms, pricing and

conditions. This system expedites the purchase of goods, offers pricing compatible with quotes received from formal and informal bids, and satisfies North Carolina General Statutes. Contact the Purchasing Division with questions regarding goods and services available from the State Contract.

7.6 Piggybacking:

N. C. General Statute 143-129(g) allows the District to purchase without advertisement apparatus, supplies, materials, or equipment from a vendor who has, within the previous 12 months, sold apparatus, supplies, materials or equipment to another governmental entity after completing a formal bid process. The vendor must be willing to sell the apparatus, supplies, materials or equipment to the District at the same or lower price as sold to the other governmental entity. Notice of intent to purchase apparatus, materials, supplies, or equipment under this section must be published at least ten days prior to action by the District Board. Notice may be published by electronic means. By adoption of this policy, the District hereby approves the publication of such a notice by electronic means only. Approval of a purchase under this section must be done by the District Board no less than ten days after publication of the notice referred to herein. Prior to approving a purchase under this section, the District Board must determine that this purchasing method is in the best interest of the District.

7.7 Professional Services:

Service contracts other than those for construction or repair work are not covered by competitive bidding laws. If feasible, however, bids should be obtained for services whenever possible. It should be noted that normal competitive procedures cannot be utilized in securing professional services such as attorneys, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process. When an agreement between a professional service company and the District is established, a purchase order amount shall be issued to satisfy accounting and statutory requirements. Where service contracts include the provision of apparatus, supplies, materials or equipment in an estimated amount of \$90,000 or more, the contract may be subject to NC GS 143-129.

7.8 Selection of Engineers, Architects, and Surveyors:

The District shall announce requirements for engineering, architectural, and surveying services and enter into contracts with such professionals in accordance with the requirements of NC GS 143-64.31 and 143-64.32.

7.9 Information Technology Related Items:

All requisitions for Information Technology related items, including, but not limited to, computer hardware and software, telephone systems, and some mobile communication devices, shall have prior approval from the District's Information Technology Department.

VIII. PROCUREMENT CARDS

The use of procurement cards has proven to be a cost effective method of obtaining supplies and service items for the District. The purpose of this procedure is to provide for the use of procurement cards for purchases in accordance with a cardholder's specified spending limits.

8.1 Cardholder Privileges:

The procurement card is issued to District employees only in order to facilitate the purchase of apparatus, supplies, materials, and services used in performing their department's function. The cardholder is responsible for all transactions and must account for them.

8.2 Card Limitations:

- A. The cardholder cannot charge more than his or her spending limit on a single transaction. Transactions are not to be split in order to avoid the single transaction limit. A lower limit may be assigned to the procurement card as directed by the cardholder's supervisor.
- B. A cardholder cannot make a purchase over his or her spending limit. For transactions over an individual's spending limit, the cardholder must contact the Purchasing Department for further assistance.
- C. Procurement cards may only be used to purchase apparatus, supplies, materials, equipment, and services for the operation and maintenance of the District Sewerage System. Limits have been placed on the card restricting certain types of purchases.

Ineligible items include, but are not limited to:

- bars and package stores
 - business entertainment vendors (movies, clubs, etc.)
 - cash advances and withdrawals from ATM's
 - selected government services
 - meals during travel for employee
- D. Under no circumstances is the cardholder permitted to use the card for personal use. If the cardholder does make a personal transaction on the card, he or she is required to repay the District for the total charge during the next billing cycle. Any card may be cancelled, at the discretion of the Finance Director.
 - E. A cardholder is not permitted to allow another person or employee to use the card.
 - F. Upon leaving District employment, the cardholder must turn his or her card in to his or her supervisor.

8.3 Cardholder Agreement:

When the Purchasing Coordinator receives a request for an employee to receive a procurement card, the employee must sign a District Cardholder's Agreement and fill out enrollment forms. This Agreement serves as a signed pledge by the employee to follow the District's procurement card policies and procedures and accept responsibility for any personal misuse of the card.

8.4 Declined Transactions:

If a cardholder believes a declined transaction should have been approved, he or she should contact the Purchasing Coordinator to determine if the transaction was declined because of merchant exclusion or for another reason. For example, a transaction may have been declined because the cardholder exceeded a daily or monthly limit on the total value of transactions.

8.5 Transaction Records:

- A. After completing a transaction, the cardholder shall retain the internet order receipt, invoice, cash register receipt and/or delivery document. Monthly, after completion of their electronic statement and supervisor approval, the cardholder will be required to submit his or her receipts along with his or her paper procurement card statement to the Purchasing Coordinator.
- B. If any item purchased with the card is returned, it is the responsibility of the cardholder to insure that the merchant credits the card account.

8.6 Disputed Transactions:

If a transaction is disputed, the cardholder shall contact the vendor and try to reconcile the matter. If the dispute cannot be reconciled with the vendor, the cardholder must contact the Purchasing Coordinator in order to file a dispute with the Card Issuer (currently Bank of America).

8.7 Lost or Stolen Cards:

- A. It is the responsibility of the cardholder to immediately report to the Card Issuer (currently Bank of America Customer Service 1-888-449-2273) when a card has been lost or stolen
- B. The cardholder must also notify the Purchasing Coordinator of a lost or stolen card by the next business day. The Purchasing Coordinator will follow up with Bank of America and obtain a new card for the cardholder.

IX. FORMAL BIDS – SUPPLIES AND MATERIALS ONLY (\$90,000 and Greater)

The Purchasing Division staff will perform the following as deemed necessary in accordance with District Policy and North Carolina General Statute 143-129 for

purchases of apparatus, supplies, materials or equipment with an estimated cost of \$90,000 or more.

9.1 Requisitions:

The requesting Department shall identify the goods or services to be procured. This shall be submitted to the Purchasing Coordinator by written or electronic requisition.

9.2 Specifications:

Detailed written specifications will be prepared by the requesting Department staff with the assistance of the Purchasing Coordinator or designee when needed.

9.3 Request for Bids:

A Request for Bids or Quotation will be issued and will contain at a minimum the following information:

- A. A brief description of the goods or services to be procured.
- B. The date and time of the bid opening.
- C. The date and time of the pre-bid conference, if applicable.
- D. The name of the Purchasing Coordinator or designee and, if applicable, the name of the technical and end user contacts.
- E. General Conditions applicable for a Formal Bid Proposal.
- F. Specific Requirements for the goods or services to be procured.

9.4 Advertisement of Bids:

North Carolina General Statute 143-129(b) requires that at least seven (7) full days must lapse between the date the advertisement appears and the date of the opening of formal bids. The District advertises bidding opportunities electronically using the District Website. By adoption of this policy, the District Board hereby approves advertisement of bids by electronic means only.

9.5 Pre-bid Conference:

A pre-bid conference is a meeting between the Purchasing Coordinator or designee, the requesting departmental staff and prospective vendors, during which the specifications will be reviewed and/or the site toured. The Purchasing Coordinator or designee will explain the scope and objectives and techniques of the procurement, emphasize critical elements of the bid documentation and encourage input from the vendors. A site visit allows the vendors to observe physical characteristics of the land or structures that are relevant to the procurement. A pre-bid conference and site visit are collectively referred to as a "Pre-Bid Conference."

- A. When a pre-bid conference should be held:
Pre-bid conferences may be particularly advisable when the District seeks to procure goods or services that are highly technical or complex, or new to the operation of the District.
 - B. Notice of the pre-bid conference:
If a pre-bid conference is conducted, the Request for Bid Documents must provide the time, date, and location of the conference. The conference should be held as soon as possible after the Request for Bid is issued.
 - C. Attendance at the pre-bid conference:
Attendance of vendors at pre-bid conferences is encouraged but is not mandatory, unless otherwise specified in the bid package.
 - D. Verbal representations at the pre-bid conference:
The Purchasing Coordinator or designee, or requesting department representative shall make a written note of all inquiries and points of contention raised by the prospective bidders. Clarification may be provided at the pre-bid conference so long as the specifications or conditions are not altered. Verbal representations made at the pre-bid conference by the Purchasing Coordinator, designee or the requesting department shall not be binding upon the District. All material clarifications of any provision of the invitation for bids, or the amendment of a specification or condition of the Request for Bid, shall be made only in writing as an addendum.
 - E. Minimum requirements.
The Purchasing Coordinator may add any additional requirements to a pre-bid conference as is deemed appropriate by the Purchasing Coordinator and/or requesting departmental staff.
- 9.6 Submitting Bids:
- Proposals for Formal Bids shall comply with the following:
- A. Delivery Options:
All formal bids must be sealed and must be delivered to the District via U.S. Mail, courier, or hand delivery. All bidders shall use the bid forms included in the Request for Bid when submitting their bid packages, unless otherwise directed in bid specifications.
 - B. Verbal, telephone, or faxed bids not acceptable:
The Purchasing Coordinator or designated staff shall not accept verbal bids or bids received by telephone or fax, or any other type of un-sealed bid, for formal bids unless otherwise specified in the bid specifications.
 - C. Deviations: Bids containing conditions, omissions, erasures, alterations, or items not called for in the bid may be rejected by the District as being incomplete.

9.7 Receipt and Acceptance of Bids:

The Purchasing Coordinator shall receive and accept a bid only if provided as follows:

A. Bids must be received on time by the Purchasing Coordinator:

If bid specifications indicate bids are to be delivered by a certain date and time, bids must be delivered to the Purchasing Department no later than the date and time set forth in the bid specifications. The Purchasing Coordinator's clock shall be the sole clock used to determine whether a bid is timely received.

B. Bids must be kept in a secure location until opened:

All bids received will be kept in a secure location in the Purchasing Coordinator's office until the time and date set for the opening of bids.

C. Inadvertent opening of bid:

If a bid envelope does not contain the proper identification, and it is inadvertently opened in advance of the prescribed bid opening, the Purchasing Coordinator will write an explanation of the inadvertent opening on the envelope, with the bid number, time and date of opening. The envelope shall be resealed and deposited with the other bids.

D. Late Bids:

Late bids shall not be considered under any circumstances, and shall be returned unopened with a letter of explanation to the sender.

9.8 Opening of Bids:

The Purchasing Coordinator or designee shall open formal bids according to the following procedure:

A. Bids opened and read aloud:

All bids timely received in the Purchasing Department shall be opened and publicly read aloud at the time and date established for such opening in the Bid Specifications.

B. Information Recorded:

The Purchasing Coordinator or designee shall record the following information for each bid received and opened:

- i. Name of vendor.
- ii. Bid prices and delivery.
- iii. Acknowledgment of addenda, if applicable.
- iv. Bid Bond received, if applicable.
- v. Any exceptions taken by the vendor.
- vi. Any other information the Purchasing Coordinator or designee deems pertinent.

9.9 Evaluation of Bids

The bids shall be examined by the Purchasing Coordinator or designee for compliance with the requirements set forth in the Bid Specifications. Any bid containing exceptions to the specifications will be reviewed by the Purchasing Coordinator and the requesting department before being deemed non-responsive.

Contracts shall be awarded by the District Board to the lowest responsive, responsible bidder, taking into consideration quality, performance, and the time specified in the bid documents for the performance of the contract. The District reserves the right to reject any and all bids, including, without limitation, the right to reject any or all non-conforming, non-responsive, unbalanced or conditional bids, and to reject the bid of any bidder if the District believes that it would not be in the best interest of the District to make an award to that bidder. The District also reserves the right to waive informalities in the bidding.

X. INFORMAL BIDS – SUPPLIES AND MATERIALS ONLY (\$30,000 - \$89,999)

The Purchasing Department staff will perform the following as deemed necessary in accordance with local policy and North Carolina State General Statute 143-131 for the purchases of supplies and materials with an estimated cost between \$30,000 and \$89,999. The District Board hereby delegates to the General Manager the authority to enter into contracts for the purchase of apparatus, supplies, materials, and equipment where the estimated cost is between \$0 and \$89,999.

10.1 Requisitions:

The requesting department shall identify the goods or services to be procured. This information shall be submitted to the Purchasing Coordinator by written or electronic requisition.

10.2 Specifications:

Detailed written specifications will be prepared by the Requesting Department staff, with the assistance of the Purchasing Coordinator or designee when needed.

10.3 Request for Bids:

An informal Request for Bids or Quotation will be issued and will contain at a minimum the following information:

- A. A brief description of the goods or services to be procured.
- B. The date and time the bid is due.
- C. The date and time of the pre-bid conference, if applicable.
- D. The name of the Purchasing Coordinator or designee and, if applicable, the name of the technical/end user contact.

- E. General Conditions applicable to Informal Bid Proposals.
- F. Specific Requirements for the goods or services to be procured.

10.4 Advertisements:

No advertisement is required and no specified number of bids must be received for an informal bid. The Purchasing Department must maintain a written record of the bids received. The written record shall not be available for public inspection until after a contract is awarded.

10.5 Pre-bid Conference:

Although infrequent, a pre-bid conference may be held for an informal bid. The pre-bid conference is a meeting between the Purchasing Coordinator or designee, the requesting departmental staff and prospective vendors, during which the specifications will be reviewed and/or the site toured. The Purchasing Coordinator or designee will explain the scope and objectives and techniques of the procurement, emphasize critical elements of the bid documentation and encourage input from the vendors. A site visit allows the vendors to observe physical characteristics of the land or structures that are relevant to the procurement. A pre-bid conference and site visit are collectively referred to as a "Pre-Bid Conference."

A. When a pre-bid conference should be held:

Pre-bid conferences may be particularly advisable when the District seeks to procure goods or services that are highly technical or complex, or new to the operation of the District.

B. Notice of the pre-bid conference:

If a pre-bid conference is conducted, the Request for Bid must provide the time, date, and location of the conference. The conference should be held as soon as possible after the Request for Bid is issued.

C. Attendance at the pre-bid conference:

Attendance of vendors at pre-bid conferences is encouraged but is not mandatory, unless otherwise specified in the bid package.

D. Verbal representations at the pre-bid conference:

The Purchasing Coordinator or designee, or requesting department representative shall make a written note of all inquiries and points of contention raised by the prospective bidders. Clarification may be provided at the pre-bid conference so long as the specifications or conditions are not altered. Verbal representations made at the pre-bid conference by the Purchasing Coordinator, designee or the requesting department shall not be binding upon the District. All material clarifications of any provision of the invitation for bids, or the amendment of a specification or condition of the Request for Bid, shall be made only in writing as an addendum.

E. Minimum requirements.

The Purchasing Coordinator may add any additional requirements to a pre-bid conference as is deemed appropriate by the Purchasing Coordinator and/or requesting departmental staff.

10.6 Submitting Bids

Proposals for Informal Bids shall comply with the following:

A. Delivery Options:

Informal bids may be delivered via mail or other delivery services, including personal delivery; and via fax or verbally; unless otherwise specified in the bid package. Verbal quotations should be confirmed in writing. All bidders shall use the bid forms included in the Request for Bid when submitting their bid packages in writing, unless otherwise directed in bid specifications.

B. Deviations:

Bids containing conditions, omissions, erasures, alterations, or items not called for in the bid may be rejected by the District as being incomplete.

Informal bids must be received by the date and time specified in the bid documents. All other documents required as part of the bid shall be enclosed with the bid. Late bids will not be considered.

10.7 Evaluation of Bids

The bids shall be examined by the Purchasing Coordinator or designee for compliance with the requirements set forth in the Bid Specifications. Any bid containing exceptions to the specifications will be reviewed by the Purchasing Coordinator and the requesting department before being deemed non-responsive.

Contracts shall be awarded to the lowest responsive, responsible bidder, taking into consideration quality, performance, and time of delivery, in accordance with N.C. General Statute 143-131. The District reserves the right to reject any and all bids, including, without limitation, the right to reject any or all non-conforming, non-responsive, unbalanced or conditional bids, and to reject the bid of any bidder if the District believes that it would not be in the best interest of the District to make an award to that bidder. The District also reserves the right to waive informalities in the bids.

XI. CONSTRUCTION AND REPAIR

N.C. General Statute 143-129 requires the District to obtain formal bids for construction or repair projects with an estimated expenditure of \$500,000 or more. An advertisement must run one time at least seven (7) days before the bid opening. The advertisement must list the date and time of the bid opening, the location where specifications may be obtained, and include a statement that the District Board reserves the right to reject any and all bids. The District publicizes bidding opportunities electronically using the District

website. By adoption of this policy, the District Board hereby approves advertisement of bids by electronic means.

Three responsive bids are required before bids can be opened. If three bids are not received, the bids will not be opened and the project will be re-advertised for a period of at least seven (7) days before the next bid opening. After re-advertisement, the contract may be awarded, per the requirements of NC GS 143-132, even if three bids are not received.

NC GS 143-131 requires the District to obtain informal bids for construction or repair projects of \$30,000.00 to \$499,999.99. The requirements regarding advertising and number of bids for informal construction and repair projects are the same as those applicable to informal bids for purchases of products or services, unless otherwise specified by the bid documents or the requesting department. The District reserves the right to advertise for informal bids electronically using the District website. By adoption of this policy, the District Board hereby approves advertisement of bids by electronic means. The District Board hereby delegates to the General Manager the authority to award bids and enter into contracts for construction and repair projects with an estimated expenditure between \$0 and \$499,999.

The contract shall be awarded to the lowest responsive, responsible bidder, taking into consideration quality, performance, and time of delivery. The District reserves the right to reject any and all bids, including, without limitation, the right to reject any or all non-conforming, non-responsive, unbalanced or conditional bids, and to reject the bid of any bidder if the District believes that it would not be in the best interest of the District to make an award to that bidder. The District also reserves the right to waive informalities in the bidding.

NC GS143-128.1(A) Design-Build Contracts requires the District to establish written criteria used for determining the circumstances under which the design-build method is appropriate for a project. Such criteria shall address all of the following:

1. Extent to which the District can adequately and thoroughly define the project requirements prior to the issuance of a request for qualifications for a design-builder
2. The time constraints for delivery of the project.
3. The ability to ensure that a quality project can be delivered.
4. The capability of the District to manage and oversee the project including the availability of staff or outside consultants experienced with the design-build method of project delivery.
5. A good faith effort to comply with G.S. 143-128.2 and G.S. 143-128.4 and to recruit and select small businesses.
6. The criteria utilized by MSD, including a comparison of the advantages of using the design-build delivery method for a given project in lieu of the delivery methods identified in subdivisions (1),(2), and (4) of G.S. 143-128(a1). Bidding methods.

Board approval is required prior to the use of Design-Build procurement methodology as stipulated in GS 143-128.1A. After Board approval is given, a request for qualifications will be published with the criteria set forth in N.C.G.S. 143-128.1A(c). Three responses must be received. If three responses are not received the Request for Qualification shall be re-advertised. If, as a result of such second solicitation, not as many as three

responses are received, the District may negotiate with the highest ranked design-builder under G.S. 143-64.31 even though fewer than three responses were received.

The three most qualified responders shall be ranked and the District shall enter negotiations with the highest ranked. If negotiations with the highest ranked are not successful, the District may enter negotiations with the next qualified respondent. As with GS 143-64.31, a contract price can only be negotiated after a responder is determined to be the most qualified.

The contract shall be done in two phases. The first phase shall be for preliminary engineering work, and the second phase shall be for construction. The Design-Builder shall provide performance and payment bonds under phase 2 of the contract and can only substitute key personnel after written approval is given by the District.

After contract award, the Design-Builder can only substitute key personnel after obtaining written approval from the District. This requirement does not apply if the design builder selects contractors, subcontractors, and design professionals under the competitive bidding requirements of Article 8 of Chapter 143.

XII. ISO 14001 REQUIREMENTS

All vendors who perform work on District property or as a contractor of the District are required to read the Metropolitan Sewerage District Environmental Management System Brochure and acknowledge their understanding and acceptance of this information by signing the Environmental Health and Safety Training Form. This information will be made available with every bid package as applicable, whether a formal or informal bid. The training form, appropriately signed, must be returned with all bid packages, and kept on file by Purchasing staff.

XIII. MINORITY BUSINESS PARTICIPATION GUIDELINES

Overview

The District has adopted a target of 12% for minority participation in purchases of apparatus, supplies, materials, equipment, construction, repair, and services. The District will exercise its best efforts to reach this target by providing information about District purchases and projects to minority vendors and contractors through the District Website and the State of North Carolina Office of Historically Underutilized Businesses. It is further the policy of the District to prohibit discrimination against any business in pursuit of these opportunities on the basis of race, color, national origin, religion, sex, age, handicap, or veteran's status. Nothing contained in this statement or these goals/guidelines shall be construed to require the District to award contracts to or to make purchases of materials or services from minority-businesses who do not submit the lowest responsible, responsive bid or bids. Minority vendors should be registered with the State of North Carolina through the *Office of Historically Underutilized Businesses and VendorLink* (www.doa.state.nc.us/hub).

XIV. SPECIFICATIONS

When goods or services are procured under the formal or informal bidding process, specifications must be prepared. These specifications should be prepared by the requesting department, with assistance from the Purchasing Coordinator or Purchasing Agent. All specifications should do at least four things:

- A. Clearly identify minimum requirements.
- B. Encourage competitive bids.
- C. Be capable of objective review.
- D. Provide for an equitable award at the lowest possible cost.

Specifications should be clear, straightforward, and as precise as possible in order to avoid any misunderstandings of what product or service is required by the District. Specifications may include products on a vendor list or samples provided, blueprint/drawings, chemical or physical properties, identification by industry standard, or specifications based on performance, purpose, or use.

If at all possible, the use of brand names in specifications should be avoided, unless a brand product can be obtained from more than one vendor. In the event that a brand name must be used, the brand name and the terminology "or equivalent" should be used in the specification, or the Exceptions from Requirements of the Public Bid Laws (Section 7.4) will be followed.

XV. DELIVERY AND PERFORMANCE

The terms and conditions of purchase orders issued by the District must clearly define the delivery and performance requirements of the services, supplies, or equipment expected of the vendor.

15.1 Delivery Schedule:

The importance of on-time delivery will be emphasized to the vendor. If applicable, special delivery requirements will be clearly written into the District purchase order so as to be fully understood by all vendors. If several items are ordered on one purchase order, there may be a different delivery schedule for each item. If so, this schedule will be noted in the purchase order comments.

15.2 Non-performance:

If a vendor fails to meet any requirements of the specifications or terms and conditions of the contract or purchase order, the vendor can be cited for non-conformance to the contract or purchase order. Correction of the non-conformance or financial penalty may be requested of the vendor, dependent on the non-conformance.

XVI. INSPECTION AND TESTING

Life and safety as well as successful operation of expensive equipment and supplies may depend upon how well a purchased item meets the design and performance specifications.

Goods and materials should be checked at the time of receipt for damage or defects, and for compliance with all specifications. If damage is found or the goods fail to comply with the specifications, the item(s) shall be rejected as outlined below.

16.1 Rejection:

In order to protect the District's rights in the event of rejection, for whatever reason, the Purchasing Coordinator or Purchasing Agent must be informed immediately. Purchasing will notify the vendor of the reason(s) for the rejection, and the apparatus, supplies, materials, or equipment will be returned to the vendor.

XVII. VENDOR RELATIONS

Good vendor relations are valuable business assets established through mutual confidence and satisfactory business relationships between buyer and seller. An important contribution toward promoting and preserving these relations is a clear understanding of the need for good communications between buyer and seller.

Should a department experience difficulties or have a complaint with a particular vendor, concerns or issues should be documented in a memo or email to the Purchasing Coordinator. Be as specific as possible, detailing the circumstances, dates, personnel involved (including titles) and phone numbers. This information will be helpful in resolving the current issue, preventing continuing problems, and in determining if the vendor will be considered for future bid awards.

XVIII. BEST PRACTICES

In carrying out this policy, the District is committed to the following:

- Conducting all purchasing activities in accordance with the applicable North Carolina General Statutes, and District policies and procedures;
- Developing and maintain good public, supplier and internal relationships;
- Ensuring fair and open competition by ethical means;
- Extending honest, courteous and impartial treatment to all interested suppliers;
- Maintaining supplier confidence to the extent permissible;
- Respecting the authority of the department and not use it for personal advantage or gain.

18.1 Gifts and Favors from Vendors:

North Carolina General Statute 133-32 prohibits any vendor who has a current contract with a governmental agency, has performed under such a contract within the past year, or anticipates bidding on such a contract in the future to give gifts or favors to any employee of a governmental agency who is charged with preparing plans, specifications, or estimates for public contracts, awarding or administering such contracts, or inspecting or supervising construction. It is also unlawful for a governmental employee to willfully receive or accept such gifts or favors.

XIX. DISPOSAL OF SURPLUS PROPERTY

The District may from time to time sell, exchange or otherwise dispose of any equipment, motor vehicles, machinery, fixtures, apparatus, tools, instruments or other movable property if it determines that such articles are no longer needed or are no longer useful in connection with the Sewerage System. The District has adopted the following procedures for disposal of personal property.

19.1 Disposal Procedure:

A. Declaration of Surplus Property:

Any employee of the District who determines that any personal property is no longer needed or no longer useful in connection with the District's operations may recommend to his or her immediate supervisor that such item be declared surplus by providing sufficient documentation to make a proper determination of the item's usefulness. If the item's original cost was less than \$1000, and in the supervisor's opinion the item has no value or it would cost more to sell the item than it would be worth, the supervisor may permanently dispose of the item (not to be given to any employee).

The supervisor, if in agreement, is to forward this complete recommendation to their Division Director, along with a full description of the item and additional information about any known defects, if applicable. Digital pictures should also be provided.

Once the Division Director agrees with this determination, the Division Director shall present the item at a meeting of the Equipment Review Committee (ERC). If the item cannot be used by another department and the ERC agrees that the item is no longer needed or useful in connection with the District's operations, the ERC may recommend the item be declared surplus.

B. Setting Fair Value:

The Purchasing Coordinator may set the sale price for items with resale value estimated to be under \$1000; usually non-rolling stock such as office furniture, computer equipment and small tools.

Items with an estimated resale value over \$1000 – usually vehicles and other rolling stock – shall be valued by appropriate staff, with the assistance of industry-recognized sources such as Blue Book or NADA.

The ERC shall approve the minimum price for items with an estimated resale value of over \$1000 before being placed in auction.

The District Board shall be notified of all surplus property with an estimated fair value over \$90,000 prior to start of disposition procedures.

C. Methods of Disposal:

Upon declaring as surplus personal property owned by the District, the Purchasing Coordinator may initiate proceedings for the sale or exchange of property in the best interest of the District, preferably by auction or competitive bid, and may convey title to the property for the District. The Purchasing Coordinator is not required to publish notice of the sale or exchange, and may make use of electronic methods.

The Purchasing Coordinator shall keep a record of all property sold, exchanged or discarded under this section; and that record shall generally describe the property sold or exchanged, to whom it was sold or exchanged, and the amount of money or other consideration received for each sale or exchange.

The Purchasing Coordinator shall not sell surplus District property to, or exchange for a comparable item with, certain District employees or District Board members due to potential conflict of interest. North Carolina General Statute 14-234 makes it a misdemeanor for a person who is responsible for contracting on behalf of a local government to benefit from a contract with his or her own unit of government. Paragraph X of the District Board's Ethics, Conduct and Attendance Policy prohibits the purchase of surplus property from the District by any Board member, spouse, or immediate family member. For the District, this prohibition will include the employee and supervisor that recommended the surplus, any employee that was directly involved in working with, servicing or repairing the item, the District General Manager, all Division Directors, ERC members, or the Purchasing Coordinator. Spouses of the aforementioned employees are also prohibited from bidding on items.

The Purchasing Coordinator may discard any personal property that: 1) is determined to have no value; or 2) remains unsold or unclaimed after the District has exhausted efforts to sell the property using any applicable procedure under this Article.

D. Real Property:

Real property can be sold, exchanged, or otherwise disposed of only in accordance with Section 7.12 of the District's Amended and Restated Bond Order.

E. Trade-In with Purchase:

The District may dispose of property by including in the specifications for the purchase of apparatus, supplies, materials, or equipment an opportunity for a

bidder to purchase as a “trade-in” other specified personal property, per NC GS 143-129.7.

19.2 Auction Procedure:

By adoption of the policy, the District Board authorizes the Director of Finance to establish an electronic auction procedure and authorizes the use of existing private or public electronic auction services.

The District will choose an internet auction site that is reputable, used by other government entities, and that provides the District the best value for time and dollar spent. The auction site will provide a contract to the District outlining the auction site’s policies, procedures and terms, as well as the rights and responsibilities of both the auction site and the District. The District Board, by adoption of this policy, hereby authorizes the General Manager to negotiate and enter into such a contract on behalf of the District.

19.3 Payment Policy for Sold Surplus:

Payment in full to the District is due no later than five (5) business days from the time and date of the winning bidder’s notification. Acceptable forms of payment are Cash, Certified Check, Money Order, or Company Check with mandatory Bank letter guaranteeing payment.

All items must be removed from the District’s property within ten (10) business days from the time and date of the winning bidder’s notification. The winning bidder is totally responsible for the removal of the property. Under no circumstances will the District assume responsibility for packing, loading or shipping of surplus material.

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Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: March 18, 2026
 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 January 31, 2026

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 January 31, 2026 were \$89,460,506. The detailed listing of accounts is available upon request. The average rate of return for all investments is 4.176%. 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 January 31, 2026 do not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of January 31, 2026 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$ 35,367,318.

Total Cash & Investments as of 01/31/2026		81,724,444
Less:		
Budgeted Commitments (Required to pay remaining FY26 budgeted expenditures from unrestricted cash)		
Construction Funds	(22,527,958)	
Operations & Maintenance Fund	<u>(11,119,080)</u>	
		(33,647,038)
Bond Restricted Funds		
Bond Service (Funds held by trustee):		
Funds in Principal & Interest Accounts	(63,304)	
FY26 Principal & Interest Due	<u>(199,002)</u>	
		(262,306)
District Reserve Funds		
Fleet Replacement	(1,984,841)	
Pump Replacement	(202,225)	
WWTP Replacement	(569,065)	
Maintenance Reserve	<u>(1,397,821)</u>	
		(4,153,952)
District Insurance Funds		
General Liability	(356,367)	
Worker's Compensation	(308,187)	
Post-Retirement Benefit	(3,318,670)	
Self-Funded Employee Medical	<u>(4,310,606)</u>	
		<u>(8,293,830)</u>
Designated for Capital Outlay		<u>35,367,318</u>

Meeting Date: March 18, 2026

Subject: Cash Commitment/Investment Report-Month Ended January 31, 2026

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Staff Recommendation

None - Information Only.

Action Taken

Motion by: _____ to _____

Second by: _____

Other: _____

Follow-up required: _____

Person responsible: _____

Approve

Disapprove

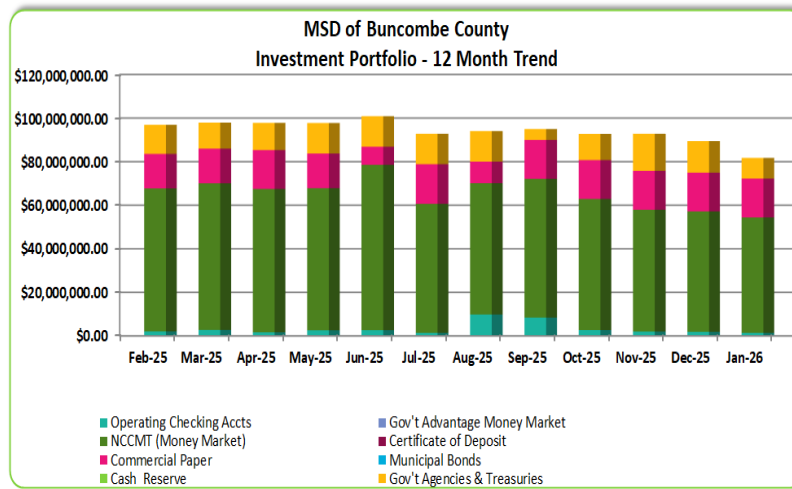
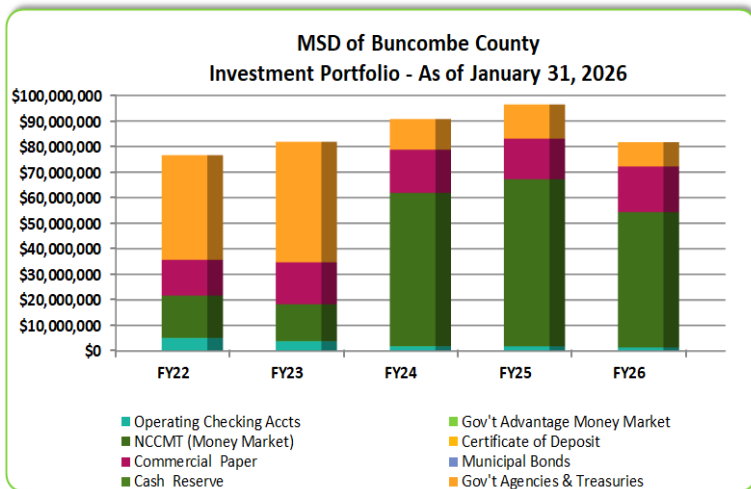
Table

Send to Committee

Deadline: _____

	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	\$ -		\$ 63,304			\$ -	\$ -		\$ 63,304
Held by MSD	1,413,720	0	52,883,496	-	17,870,049	-		9,493,875	81,661,140
	\$ 1,413,720	\$ -	\$ 52,946,800	\$ -	\$ 17,870,049	\$ -	\$ -	\$ 9,493,875	\$ 81,724,444

Investment Policy Asset Allocation	Maximum Percent	Actual Percent	
U.S. Government Treasuries,			
Agencies and Instrumentalities	100%	11.62%	No significant changes in the investment portfolio as to makeup or total amount.
Bankers' Acceptances	20%	0.00%	
Certificates of Deposit	100%	0.00%	
Commercial Paper	20%	19.97%	
Municipal Bonds	100%	0.00%	
North Carolina Capital Management Trust	100%	66.68%	All funds invested in CD's, operating checking accounts, Gov't Advantage money market are fully collateralized with the State Treasurer.
Checking Accounts:	100%		
Operating Checking Accounts		1.73%	
Gov't Advantage Money Market		0.00%	



Meeting Date: March 18, 2026

Subject: Cash Commitment/Investment Report-Month Ended January 31, 2026

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Metropolitan Sewerage District Investment Managers' Report On January 31, 2026

Summary of Asset Transactions

	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 77,627,483	\$ 77,694,538	\$ 138,597
Capital Contributed (Withdrawn)	(6,715,298)	(6,715,298)	
Realized Income	183,447	183,447	(45,650)
Unrealized/Accrued Income		57,637	31,302
Ending Balance	<u>\$ 71,095,632</u>	<u>\$ 71,220,323</u>	<u>\$ 124,249</u>

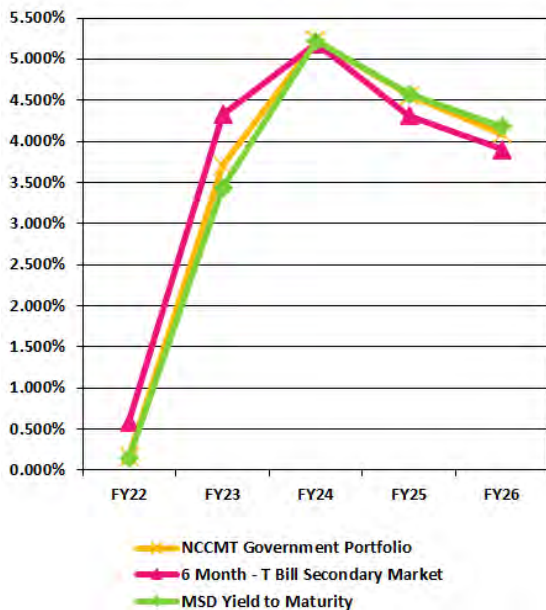
Value and Income by Maturity

	Original Cost	Income
Cash Equivalents <91 Days	\$ 61,601,756	\$ 196,459
Securities/CD's 91 to 365 Days	-	-
Securities/CD's > 1 Year	9,493,875	\$ 30,278
	<u>\$ 71,095,632</u>	<u>\$ 226,736</u>

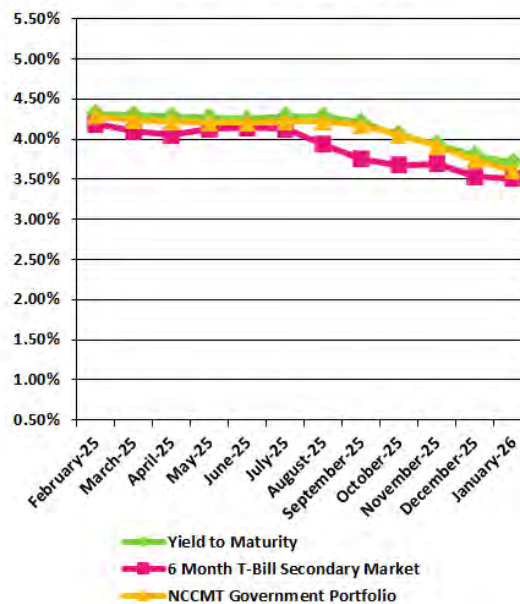
Month End Portfolio Information

Weighted Average Maturity	100
Yield to Maturity	3.71%
6 Month T-Bill Secondary Market	3.51%
NCCMT Government Portfolio	3.61%

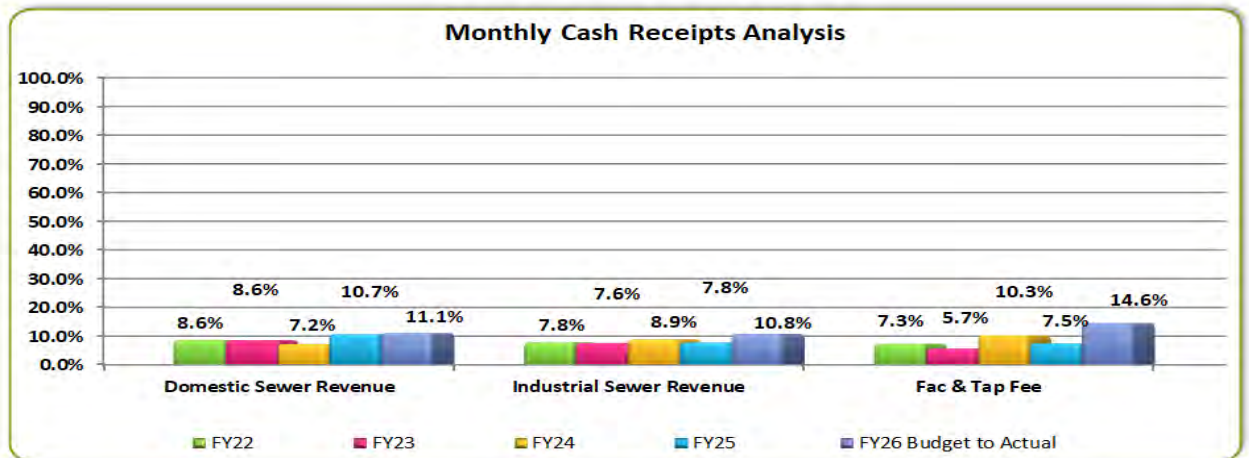
Metropolitan Sewerage District
Annual Yield Comparison



Metropolitan Sewerage District
Yield Comparison - January 31, 2026

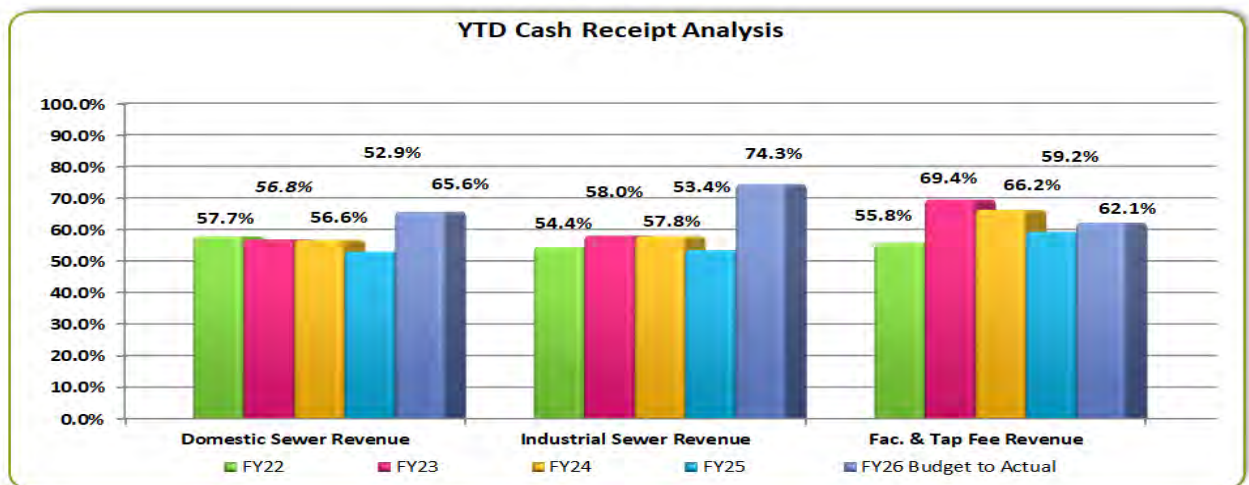


Metropolitan Sewerage District Analysis of Cash Receipts As of January 31, 2026



Monthly Cash Receipts Analysis:

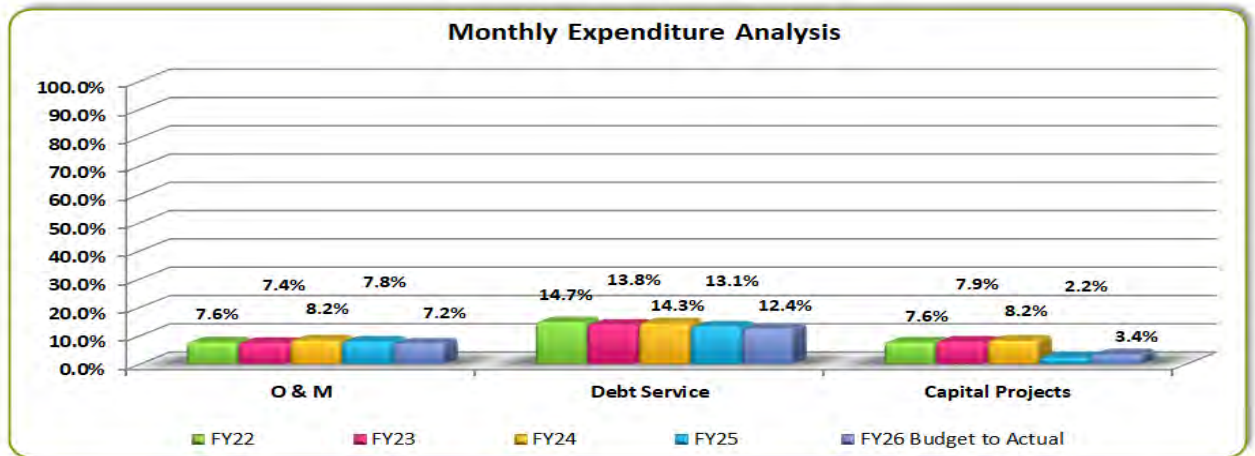
- * Monthly domestic sewer revenue is considered reasonable based on timing of cash receipts in their respective fiscal periods.
- * Monthly industrial sewer revenue is reasonable based on historical trends.
- * Due to the unpredictable nature of facility and tap fee revenue, staff considers facility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



YTD Actual Revenue Analysis:

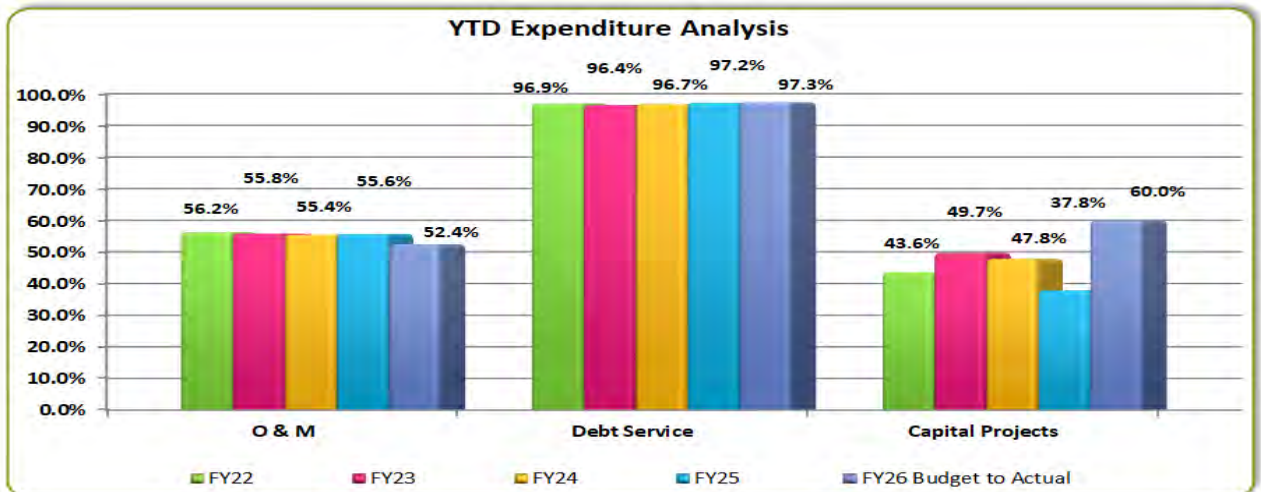
- * YTD domestic sewer revenue is considered reasonable based on historical trends.
- * YTD industrial sewer revenue is reasonable based on historical trends.
- * Due to the unpredictable nature of facility and tap fee revenue, staff considers facility and tap fee revenue reasonable.

Metropolitan Sewerage District Analysis of Expenditures As of January 31, 2026



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 the 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:

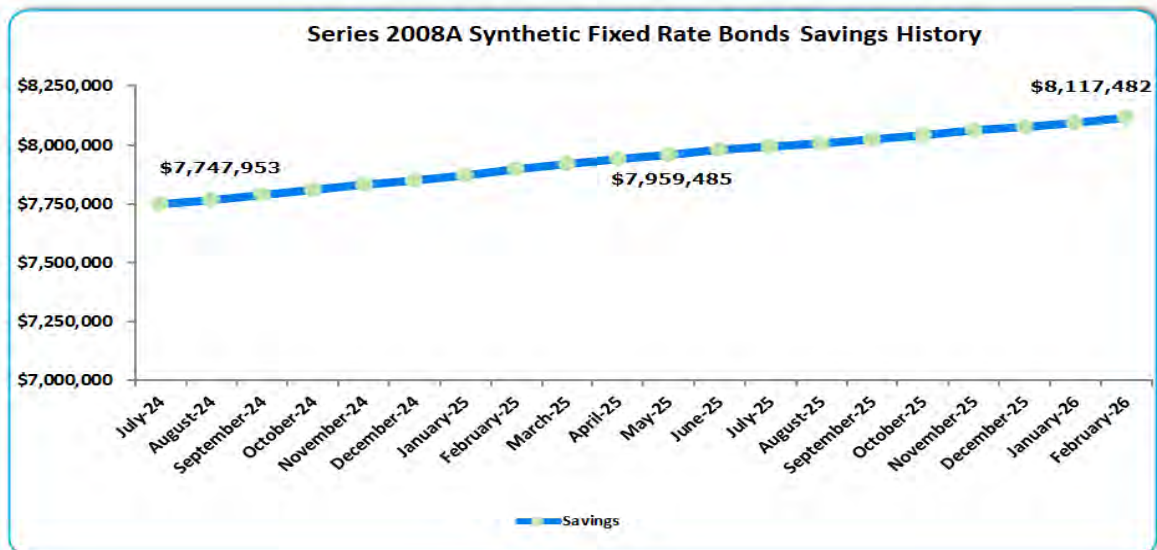
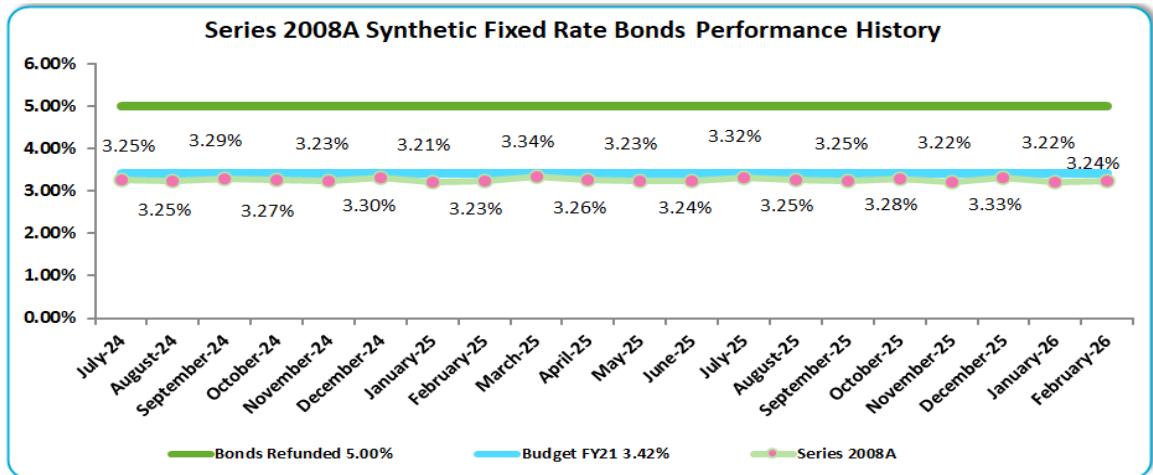
- * YTD O&M expenditures are considered reasonable based on historical trends.
- * Due to the nature of the variable rate bond market, YTD expenditures can vary year to year. Based on current variable interest rates, YTD debt service expenditures are considered reasonable.
- * Due to nature and timing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

Meeting Date: March 18, 2026

Subject: Cash Commitment/Investment Report-Month Ended January 31, 2026

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Metropolitan Sewerage District Variable Debt Service Report As of February 28, 2026



Series 2008A:

- * Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$8,117,482 as compared to 4/1 fixed rate of 4.85%.
- * Assuming the rate on the Series 2008A Bonds continues at the current all-in rate of 3.7210%, MSD will achieve cash savings of \$4,670,000 over the life of the bonds.
- * MSD would pay \$315,869 to terminate the existing Bank of America Swap Agreement.

STATUS REPORTS

MSD System Services In-House Construction

FY 2025-2026

PROJECT NAME	LOCATION	ZIP CODE	ESTIMATED FOOTAGE	ESTIMATED PROJECT DATES	WO#	CREW	COMPLETION DATE	ACTUAL FOOTAGE	NOTES
43 Woodfin Street IRS Rehabilitation	Asheville	28801	174	7/8/2025	251271	Cantrel	7/8/2025	174	Complete
51 Coxe Avenue Construction Rehabilitation	Asheville	28801	29	7/21/2025	315501	Cantrel	7/21/2025	29	Complete
286 Old Haw Creek Rd Sewer Rehabilitation	Asheville	28805	100	6/30/25 - 7/25/25	275815	McDevitt	7/28/2025	77	Complete
112 Enthoffer St Phase I	Black Mountain	28711	425	6/30/25 - 8/1/25	305189	Matthews	7/31/2025	429	Complete
112 Enthoffer St Phase II	Black Mountain	28711	200	8/1/25 - 8/15/25	315815	Matthews	8/22/2025	232	Complete
37 Lucerne Ave	Asheville	28806	320	7/30/25 - 10/1/25	310196	McDevitt	8/27/2025	340	Complete
16 Bear Leah Trail Construction Rehab Pipe Repair	Arden	28704	410	9/23/2025	316994	Meadows	9/23/2025	410	Complete
Lorraine Avenue	N Asheville	28804	378	8/29/25 - 10/1/25	300998	Matthews	9/30/2025	290	Complete
105 Timber Hollow Trail (Weaver Hill Rd) Construction Rehab	Asheville	28805	177	10/13/25-10/14/25	317487	Matthews	10/14/2025	177	Complete
12 Parker Road Construction Rehab	Asheville	28803	150	7/15/2025	317609	G. Hensley	10/20/2025	150	Complete
Eola Ave @ Lucerene Ave	Asheville	28806	270	9/2/25 - 10/15/25	316196	McDevitt	10/24/2025	289	Complete
Woodbine Road Sewer Rehabilitation	N Asheville	28804	271	10/1/25 - 10/30/25	315556	Matthews	10/30/2025	302	Complete
615 Biltmore Ave	Asheville	28803	27	11/10/25 - 11/20/25	317910	Matthews	11/12/2025	26	Complete
Mud Creek Pump Station Valve Installation	Fletcher	28732	10	11/10/25 - 11/15/25	317912	McDevitt	11/7/2025	10	Complete
5 Fern Street Construction Rehab	Asheville	28803	232	11/18/2025	318132	M. Hensley	11/18/2025	232	Complete
Baker Place @ Carrier Street Sewer Rehabilitation Section A	Asheville	28806	100	11/17/25 - 1/31/2026	284574	McDevitt	11/26/2025	84	Complete
5 Robinwood Road IRS Rehab	Asheville	28804	300	11/20/2025	317711	Cantrell	11/20/2025	300	Complete
Baker Place @ Carrier Street Sewer Rehabilitation Section B	Asheville	28806	220	11/17/25 - 1/31/2026	318492	McDevitt	12/31/2025	220	Complete
88 Craven Hill Circle Constructioin Rehab/Replacement	Black Mountain	28711	250	1/13/2026	319365	Cantrell	1/13/2026	250	Complete
40 Coxe Ave Construction Rehab	Asheville	28801	148	2/4/2026	319646	Cantrell	2/4/2026	148	Complete
Airport Rd at I-26 Rest Stop Construction Repair	Fletcher	28732	38	2/6/2026	319978	Cantrell	2/6/2026	38	Complete
Baker Place @ Carrier Street Sewer Rehabilitation Section C	Asheville	28806	980	2/1/26 - 3/15/26	284574	McDevitt			Coconstruction 60% complete
E Hiilcrest Rd Private Sewer Rehabilitation	Asheville	28804	590	1/2/26 - 2/28/26	319218	Matthews			Construction 75% complete
Dover Street	N Asheville	28804	333	3/1/26 - 4/1/26	319997	Matthews			Ready for Construction
28 Vista Street Sewer Rehabilitation	Asheville	28803	900	3/16/26 - 5/1/26	305205	McDevitt			Ready for Construction
Knauth Rd Rehabilitation Ph. 2	Asheville	28805	346	FY 25/26	275867	TBA			Ready for Construction
Upper Glendale Avenue	Asheville	28803	695	FY 25/26	310029	TBA			Ready for Construction
12 W. Cotton Ave	Black Mountain	28711	320	FY 25/26	309214	TBA			Ready for Construction
15 Weaver Hill Rd Sewer Rehab	Asheville	28805	150	FY 25/26	318623	TBA			In ROW
55 Congress Street Sewer Rehabilitation	Asheville	28801	823	FY 25/26	247631	TBA			In Design
Syrlin Street @ Edgewood Road	Asheville	28804	725	FY 25/26	228045	TBA			Preliminary Engineering
8 Ellenwood Dr	Asheville	28804	300	FY 25/26	308431	TBA			Preliminary Engineering



CONSTRUCTION TOTALS BY DATE COMPLETED - Monthly

From 7/1/2025 to 1/31/2026

	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 2025	38	14	126	702	19	20	3,000	174	179	506	1	0	859
August 2025	25	7	143	807	20	19	0	0	0	572	6	0	572
September 2025	19	8	27	623	15	18	53,623	0	410	290	1	0	700
October 2025	31	9	72	443	12	15	610	0	177	591	4	0	768
November 2025	31	8	112	385	12	9	0	300	232	120	0	0	652
December 2025	34	11	62	655	4	19	0	0	0	220	0	0	220
January 2026	45	9	111	595	9	15	0	0	250	0	0	0	250
Grand Totals	223	66	652	4,210	91	115	57,233	474	1248	2299	12	0	4021

* Used to calculate Total Rehab Footage



PIPELINE MAINTENANCE TOTALS BY DATE COMPLETED - Monthly

July 01, 2025 to January 31, 2026

	Main Line Wash Footage	Service Line Wash Footage	Rod Line Footage	Cleaned Footage	CCTV Footage	Smoke Footage	SL-RAT Footage
2025							
July	99,965	2,860	6,145	106,110	17,790	0	0
August	101,116	2,308	2,543	103,659	13,579	0	26,587
September	116,467	2,412	380	116,847	14,502	883	12,881
October	100,878	1,663	2,096	102,973	14,730	0	21,345
November	69,612	1,550	3,029	72,641	17,487	0	6,596
December	81,240	2,812	1,819	83,059	11,154	2,147	0
2026							
January	39,806	3,306	4,607	44,413	12,753	0	1,886
Grand Total:	609,083	16,911	20,620	629,703	101,994	3,030	69,295
Avg Per Month:	87,012	2,416	2,946	89,958	14,571	433	9,899



CUSTOMER SERVICE REQUESTS

Monthly - All Crews

CREW	MONTH	JOBS	AVERAGE RESPONSE TIME	AVERAGE TIME SPENT
DAY 1ST RESPONDER				
	July, 2025	113	26	48
	August, 2025	99	23	34
	September, 2025	99	21	32
	October, 2025	113	22	37
	November, 2025	79	23	34
	December, 2025	104	24	38
	January, 2026	101	23	39
		708	23	38
NIGHT 1ST RESPONDER				
	July, 2025	52	37	25
	August, 2025	46	38	26
	September, 2025	40	30	25
	October, 2025	36	27	26
	November, 2025	34	24	26
	December, 2025	45	32	21
	January, 2026	47	29	18
		300	32	24
ON-CALL CREW *				
	July, 2025	32	53	40
	August, 2025	24	65	38
	September, 2025	18	43	39
	October, 2025	26	62	37
	November, 2025	47	59	31
	December, 2025	41	56	26
	January, 2026	51	57	39
		239	57	35
Grand Totals:		1,247	32	34

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

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

March 11, 2026

PROJECT	LOCATION OF PROJECT	CONTRACTOR	AWARD DATE	NOTICE TO PROCEED	ESTIMATED COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
WEAVERVILLE PUMP STATION AND FORCEMAIN IMPROVEMENTS	Woodfin	Haren Construction Co.	1/17/2024	4/15/2024	7/4/2026	\$ 20,986,375.00	80%	Installing 30-inch gravity line at pump station. Force main installation on Old Marshall Hwy and Wiley Dr continues.
CARRIER BRIDGE PS - RIVER CROSSINGS	Asheville	Cleary Construction	3/19/2025	5/12/2025	7/30/2026	\$ 12,932,000.00	52%	Pressure testing installed pipe at Lyman Street site. Pipe work underway at Carrier Park/Biltmore site.
OLD COUNTY HOME ROAD	Asheville	Terry Brothers Construction Co.	7/16/2025	9/19/2025	3/15/2026	\$ 2,874,835.00	55%	Pipe installation continues. Preparing for crossing of New Leicester Highway.
SWEETEN CREEK @ BUCK SHOALS	Asheville	Terry Brothers Construction Co.	11/25/2025	8/6/2025	5/3/2026	\$ 430,849.00	97%	Paving restoration to be scheduled as weather permits.
MSD FLEET/WAREHOUSE RESURFACING	Woodfin	C&T Paving	9/17/2025	10/27/2025	2/24/2026	\$ 96,490.00	95%	Working on minor punchlist items.
INCINERATOR REHABILITATION	WRF	Industiral Furnace	9/17/2025	11/3/2025	3/3/2026	\$ 1,845,000.00	95%	Incinerator rehab work complete. Reheating underway.
INTERMEDIATE CLARIFIER TROUGH PHASE 2	WRF	Cove Utility	10/15/2025	11/3/2025	7/31/2026	\$ 1,464,000.00	7%	Parts being manufactured. Site work to start in May
INTERCEPTOR ASSESSMENT & CLEANING	Buncombe Co	Bio-Nomic Services	8/20/2025	11/17/2025	8/14/2026	\$ 1,291,375.00	20%	Preliminary video work continues. Heavy cleaning areas being identified.
CARRIER BRIDGE PUMP STATION REPLACEMENT	Asheville	Ruby Collins	7/16/2025	11/3/2025	8/19/2028	\$ 75,378,958.00	8%	Wall at station site complete. Drilling piles for pump station excavation.
ASH LAGOON OVERFLOW REHABILITATION	WRF	TP Howard	12/17/2025	TBD	TBD	\$ 162,275.00	0%	waiting for equipment to arrive.
INTERCEPTOR SAND TRANSPORT SYSTEM PH2	WRF	Haynes Utility	12/17/2025	TBD	2/28/2026	\$ 19,685.00	95%	Pipework complete. Operation testing underway
WEST CITY VIEW	Woodfin	KRG Utility	12/17/2025	TBD	TBD	\$ 321,880.00	0%	Pre-constructing meeting held Feb. 17, 2026. Notice to proceed date for this 60 day contract being discussed.
JONESTOWN RD AT RIVERSIDE DR	Woodfin	Terry Brothers Construction Co.	9/9/2025	TBD	TBD	\$ 722,690.00	0%	Pre-construction meeting held Feb.20, 2026. Notice to proceed date for this 150 day contract being discussed.

Planning & Development Project Status Report

Active Construction Projects Sorted by Work Location and Project Number

March 1st 2026

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	Hounds Ear (Mears Ave Cottages)	2016123	Asheville	28806	18	402	8/18/2017	Pre-con held, construction not yet started
3	Ashcroft Ph. 2	2016229	Asheville	28806	40	2,450	2/20/2018	On hold
4	RADTIP	2017052	Asheville	28801	0	919	2/13/2018	Final Inspection complete, awaiting close-out docs
5	North Bear Creek Subdivision Ph. I	2018117	Asheville	28806	5	105	9/6/2023	Final Inspection complete, awaiting close-out docs
6	Timber Hollow Subdivision	2019049	Asheville	28805	18	525	7/28/2020	On hold
7	Millbrook Cottages	2019066	Asheville	28806	7	322	2/15/2022	Pre-con held, construction not yet started
8	UNC-A Edgewood Road Parking Lot	2019078	Asheville	28801	Comm.	373	7/19/2019	Final Inspection complete, awaiting close-out docs
9	Onteora Blvd and May Street Relocate	2019207	Asheville	28803	0	16	1/17/2023	Pre-con held, construction not yet started
10	Burton Street	2021048	Asheville	28806	4	64	7/24/2024	Pre-con held, construction not yet started
11	Reserve at McIntosh	2021207	Asheville	28806	228	2,475	12/14/2023	Final Inspection complete, awaiting close-out docs
12	Woodland Townhomes	2022074	Asheville	28806	72	1,445	4/16/2025	Waiting on Final Inspection
13	Emma Road	2022083	Asheville	28806	5	311	4/22/2025	Final Inspection complete, awaiting close-out docs
14	16/18 Spring Drive	2022125	Asheville	28806	2	70	4/18/2023	Final Inspection complete, awaiting close-out docs
15	Holiday Villa	2022172	Asheville	28704	7	355	2/15/2023	Final Inspection complete, awaiting close-out docs
16	Star Point (aka Resturant Ct)	2023003	Asheville	28801	70	22	11/8/2024	Waiting on Testing
17	115 Fairview Road Apartments&Townhomes	2023019	Asheville	28803	269	1,036	1/29/2025	Waiting on Final Inspection
18	Helpmate, Inc.	2023041	Asheville	28801	26	484	8/27/2024	Waiting on Final Inspection
19	Evado at Tap Root	2023050	Asheville	28732	310	1,458	7/1/2025	Waiting on Final Inspection
20	Enka Commerce Park	2023125	Asheville	28806	Comm.	1,525	7/9/2024	In construction
21	157 New Leicester Apartments	2023197	Asheville	28806	141	529	7/2/2024	In construction
22	Butler Road Apartments	2024011	Asheville	28704	279	1,205	10/7/2025	Waiting on Testing
23	Chipotte Airport Road	2024056	Asheville	28732	Comm.	247	8/12/2025	In construction
24	The Shoppes at Winston's Corner	2024092	Asheville	28806	Comm.	777	8/7/2024	In construction
25	Terra Futura	2025058	Asheville	28806	4	197	9/3/2025	Pre-con held, construction not yet started
26	Birch Hill Phase 2	2025098	Asheville	28806	2	284	12/16/2025	In construction
27	123 Hayward Street	2025128	Asheville	28801	15	162	9/17/2025	Waiting on Final Inspection
28	Deerfield Episcopal Retirement Community	2025143	Asheville	28803	1	3,214	1/27/2026	Pre-con held, construction not yet started
29	Tudor Croft - Phase 2B, 2C, 2D	2018004	Black Mountain	28711	5	224	6/8/2022	Waiting on Final Inspection
30	Sweet Birch Lane Phase 3	2020151	Black Mountain	28711	20	800	6/30/2021	Waiting on Final Inspection
31	Old Toll Road Subdivision	2020182	Black Mountain	28711	14	637	8/17/2021	Final Inspection complete, awaiting close-out docs
32	206 Padgettown Extension	2024251	Black Mountain	28711	7	244	6/24/2025	In construction
33	NC DOT I-5504 NC 191/1-26 Interchange	2016132	Buncombe Co.	28806	0	355	10/23/2017	Installing
34	605 Old US Hwy 70	2018097	Buncombe Co.	28711	64	1,215	4/8/2025	Waiting on Final Inspection
35	841 Charlotte Hwy	2019222	Buncombe Co.	28730	Comm.	110	4/20/2021	Waiting on Testing
36	Broad River Village Off-Site Sewer Extension	2021057	Buncombe Co.	28806	92	2,152	12/10/2025	Final Inspection complete, awaiting close-out docs
37	Village at Bradley Branch Ph. 4B	2021120	Buncombe Co.	28704	16	393	11/2/2021	Final Inspection complete, awaiting close-out docs
38	The Duke Sewer Improvement	2022040	Buncombe Co.	28801	2	168	12/3/2024	Final Inspection complete, awaiting close-out docs
39	Christ School Townhomes	2022127	Buncombe Co.	28704	87	2,050	4/16/2025	Waiting on Final Inspection
40	Double R Sewer Extension	2022200	Buncombe Co.	28715	7	263	1/31/2025	Final Inspection complete, awaiting close-out docs
41	Meribel (Monticello Family)	2022204	Buncombe Co.	28787	168	295	2/5/2025	Waiting on Final Inspection
42	Edgewood Road S - Offsite Extension	2022262	Buncombe Co.	28803	0	165	10/25/2023	Final Inspection complete, awaiting close-out docs
43	Riverstone Phase 3	2023015	Buncombe Co.	28704	116	660	10/7/2025	Waiting on Testing
44	Lakeshore Villas	2023112	Buncombe Co.	28803	120	936	5/10/2024	Waiting on Final Inspection
45	Edgewood Road S Subdivion Ph. 2	2023143	Buncombe Co.	28803	7	285	10/25/2023	Final Inspection complete, awaiting close-out docs
46	The Biltmore Park West Offsite	2023190	Buncombe Co.	28803	1	774	9/17/2025	In construction
47	The Apex at Brevard	2023202	Buncombe Co.	28704	197	859	9/23/2025	In construction
48	Old Charlotte Apartments Phase 1	2023216	Buncombe Co.	28803	210	1,723	10/22/2024	Final Inspection complete, awaiting close-out docs
49	Chestnut Ridge	2023234	Buncombe Co.	28804	5	257	9/20/2024	Final Inspection complete, awaiting close-out docs
50	Rydele Heights Pockets	2023235	Buncombe Co.	28804	20	935	3/12/2025	Final Inspection complete, awaiting close-out docs
51	Old Charlotte Phase 2	2024059	Buncombe Co.	28803	221	6,866	12/4/2024	Waiting on Testing
52	High Street	2024080	Buncombe Co.	28804	16	565	9/25/2024	Waiting on Testing
53	Altitude Apartments	2024096	Buncombe Co.	28704	114	340	8/8/2025	In construction
54	Reems Creek Village	2024120	Buncombe Co.	28787	35	1,440	6/24/2025	Waiting on Testing
55	Pinner Road/Woodlights Trail	2024123	Buncombe Co.	28704	3	116	7/15/2025	Pre-con held, construction not yet started
56	The One at Candler	2024125	Buncombe Co.	28715	336	2,920	10/28/2025	In construction
57	WD Williams Sewer Relocation	2024153	Buncombe Co.	28806	1	183	11/20/2024	Final Inspection complete, awaiting close-out docs
58	Carolina Wren MHP	2024175	Buncombe Co.	28806	55		1/20/2026	In construction
59	Sheetz Arden	2024184	Buncombe Co.	28704	Comm.	208	7/25/2025	Waiting on Final Inspection
60	Broad River Village On-Site Sewer Extension	2024198	Buncombe Co.	28806	92	1,670	12/10/2024	Final Inspection complete, awaiting close-out docs
61	Oak Hill Circle	2024281	Buncombe Co.	28806	8	320	5/2/2025	Waiting on Final Inspection
62	12 Baker Road	2025080	Buncombe Co.	28806	4	409	11/25/2025	In construction
63	Belcrest at Biltmore Park	2025129	Buncombe Co.	28803	357	2,164	2/25/2026	Pre-con held, construction not yet started
64	Collett Industrial (Banner Farm)	2020108	Cane Creek	28759	Comm.	255	11/20/2020	Final Inspection Complete, awaiting closeout docs
65	Seasons at Cane Creek Phase 2	2022170	Cane Creek	28732	84	566	5/1/2024	Final Inspection Complete, awaiting closeout docs
66	Taproot Phase 2A	2021161	Fletcher	28732	151	2,462	6/6/2023	Final Inspection complete, awaiting close-out docs
67	Mountain Green Landscaping	2022019	Fletcher	28732	3	427	7/2/2025	In construction
68	Taproot Phase 3	2023114	Fletcher	28732	128	4,130	2/7/2024	Final Inspection complete, awaiting close-out docs
69	Asheville Airport Parkinng Lot Sewer Reloc	2023135	Fletcher	28732	0		8/8/2023	In construction
70	Ingles #140 Fletcher	2023139	Fletcher	28732	Comm.	715	11/30/2023	Final Inspection complete, awaiting close-out docs
71	Brickton Road Relocation	2023195	Fletcher	28732	Comm.	275	4/30/2024	Pre-con held, construction not yet started
72	Taproot Phase 4	2023237	Fletcher	28732	113	5,757	2/7/2024	Pre-con held, construction not yet started
73	Taproot Phase 5	2023238	Fletcher	28732	111	3,648	2/7/2024	In construction
74	Legacy at Mills River	2022117	Hendersonville	28759	456	9,679	6/18/2025	Pre-con held, construction not yet started
75	Advent Health Hendersonville MOB	2023069	Hendersonville	28792	Comm.	356	3/26/2024	Waiting on Final Inspection
76	Marketplace at Mills River	2023174	Hendersonville	28759	Comm.	1,901	4/30/2025	Waiting on Testing
77	Ohalo Sewer Extension	2024116	Hendersonville	28759	1	764	5/27/2025	Final Inspection complete, awaiting close-out docs
78	Rutledge Road Phase 3	2025078	Hendersonville	28732	28	1,394	2/25/2026	Pre-con held, construction not yet started
79	School House Road Industrial	2025099	Hendersonville	28759	2	900	12/17/2025	Pre-con held, construction not yet started
80	James River - Mills River Site	2022222	Mills River	28759	2	460	1/17/2024	Waiting on Final Inspection
81	18 Wildwood Park Sewer Relocation	2021129	Weaverville	28787	1	147	2/22/2022	Waiting on Final Inspection
82	Greenwood Park Phase 4	2024254	Weaverville	28787	73	262	4/25/2025	Waiting on Final Inspection
83	Serenity Townhomes	2020037	Woodfin	28804	8	480	7/14/2020	On hold
84	Weaverville Road Subdivision	2020123	Woodfin	28804	4	600	4/6/2021	On hold
85	Terraces at Reynolds Mountain West Ph I & II	2021164	Woodfin	28804	42	1,990	6/26/2024	Final Inspection complete, awaiting close-out docs
TOTAL					5,128	91,174		