

## METROPOLITAN SEWERAGE DISTRICT BOARD

April 16, 1985

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building, 2 p.m., Tuesday, April 16, 1985.

Chairman Robinson and the following Board members were present: Messrs. Batts, Boggs, Clark, Dent, Ivey, Pope, Smith, and Williams and Mrs. Sciara. Also attending were Attorney John S. Stevens and Consulting Engineer Don Berryhill.

Mr. Boggs moved that the minutes of March 26 stand approved as written. Mr. Clark seconded the motion, and voice vote was unanimous in favor of the motion.

Mr. W. H. Mull, Engineer-Manager, reported on the following:

- a. Hydro update: Mr. Stevens told the Board that the District must make arrangements for defeasing present MSD bonds in order to sell new bonds for financing the hydro project and Phase 1 of the main plant expansion, must proceed with the selection of an escrow agent and trustee, and must select a printer for the Official Statement and the offering documents. He said the Official Statement is now in the third draft, with the engineering report now in final draft, and the accountants must make their report. In connection with selecting an escrow agent and trustee, Mr. Stevens solicited and received proposals from Wachovia (the present trustee), First Union, and NCNB. He recommended that a committee be appointed to review the proposals and make a decision as to which banking firm to use as trustee and escrow agent to be voted upon by the Board by polling by telephone in order to proceed immediately with a selection of escrow agent and trustee. Mr. Dent moved that Chairman Robinson appoint a committee to review the proposals from Wachovia, First Union, and NCNB, giving the committee the responsibility of making that decision which the Board is to ratify by telephone poll. Mr. Smith seconded the motion, and voice vote was unanimous in favor of the motion. Chairman Robinson appointed Mr. Smith and Mr. Ivey to serve on the Escrow and Trustee Selection Committee, with instructions for them to meet immediately following the Board meeting.

Mr. Mull presented to the Board a letter from Interstate Securities who, as managing underwriters, recommended the use of Washburn Press in Charlotte as the printer for the Official Statement and offering documents. After reviewing the qualifications of Washburn Press, Mr. Smith moved that the District accept Interstate Securities' recommendation to use Washburn Press of Charlotte to print the Preliminary Official Statement and the Final Official Statement, to reproduce the associated underwriting documents, and to be responsible for mailing and distribution of all the documents for an estimated cost of from \$20,000 to \$23,000., barring Mr. Stevens' finding another suitable printer the Board would accept with the Board to be notified if there is an alternative. Mr. Clark seconded the motion, and roll call vote was unanimous in favor of the motion. (Mr. Stevens later reported to the Board that he had confirmed that Washburn Press's estimate was the most cost effective, offered the greatest time saving in transmitting copy and proofs back and forth, and that there was not another North Carolina firm qualified to do this type of work.)

Mr. Stevens told the Board that a meeting will be held in May with Moody's and Standard and Poor's representatives who will rate the District's new bonds, saying it is imperative that Chairman Robinson and Mr. Smith attend the meeting when a formal presentation will be made to those representatives.

- b. Request authorization to advertise for bids, Section 2, Hydro project: Mr. Boggs moved that the Board authorize advertising for bids within the next ten days for Section 2 (which is Phase 3) of this project, and Mr. Williams seconded the motion. Roll call vote was unanimous in favor of the motion.

- c. Amendment to Hydro engineering contract, Hendon Engineering Associates: Mr. Williams moved that the Board enter into the amended contract with Hendon Engineering Associates which reflects revised ceilings for services as approved by the Bond and Hydro Committees in a joint meeting on March 26, 1985, amended as follows: The cost ceiling outlined in Paragraph 5(a) is hereby increased from \$220,000 to \$290,000; the cost ceiling outlined in Paragraph 5(b) is hereby increased from \$73,000 to \$110,000. Mr. Clark seconded the motion, and roll call vote was unanimous in favor of the motion.
- d. Results of auction of surplus MSD vehicles: Mr. Mull told the Board that an auction had been held on the 15th at noon in an attempt to sell these vehicles, that only two persons had bid on the vehicles, and that the bids were well below the appraisals. Therefore, Mr. Mull advised the Board that all bids had been rejected, were being readvertised, and that another auction will be conducted April 26 in an attempt to secure higher bids for the four vehicles.
- e. Main plant expansion update: Mr. Mull told the Board that the contractors are moving rapidly on this project, with work ahead of schedule. More dirt and less rock than was originally anticipated is being moved southwest of the Administration Building, causing more area to be lost in order that soil erosion is prevented. This item was received as information by the Board.
- f. Use of Washburn Press of Charlotte for printing of the Preliminary Official Statement and Final Official Statement for the District: This item is covered under the second paragraph of Item a.
- g. Consulting engineers annual report: Mr. Berryhill presented the Annual Report by Hendon Engineering Associates, Inc., to the Board. A copy of that report is attached hereto and thereby made a part of these minutes.

The Preliminary Budget for fiscal year 1985-86 was presented for the Board's consideration, after which Mr. Smith moved that the Board adopt the preliminary budget as submitted by the Budget Committee and schedule a public hearing for the May 21 Board meeting. Mrs. Sciara seconded the motion, and roll call vote was unanimous in favor of the motion.

At 3:05 p.m., it was the unanimous decision of the Board to adjourn to next Wednesday, April 24, 2 p.m.

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Board meeting of April 16 continued April 24, 1985

The District Board of the Metropolitan Sewerage District of Buncombe County, North Carolina, met in special session in the Boardroom in the Administration Building, N.C. Highway 251 North, Woodfin, North Carolina, the regular place of meeting, at 2 p.m., on April 24, 1985.

Present: Vice-Chairman M. Leon Williams, presiding, and members Batts, Boggs, Clark, Dent, Ivey, Pope, and Sciara.

Absent: Chairman Robinson, Smith.

Also attending were Attorney John S. Stevens and Consulting Engineer Don Berryhill.

Mr. W. H. Mull, Engineer-Manager, reported on the following:

- a. Polling by telephone April 18 and 19 regarding recommendation by the Escrow and Trustee Selection Committee (Smith and Ivey) that the District retain Wachovia as trustee for new bonds and escrow agent for old bonds: Mr. Ivey told the Board that the committee met immediately following the April 16 Board meeting to evaluate the proposals received from Wachovia, First Union, and NCNB. In connection with making a decision, the committee and Mr. Mull talked with City and County officials and the Local Government Commission; and Mr. Mull negotiated the acceptance fee with Wachovia. It was the committee's recommendation that Wachovia be retained by the District, after which Mr. Ivey moved that the Board accept the committee's recommendation to retain Wachovia as trustee for new bonds and escrow agent for old bonds. Mr. Pope seconded the motion, and roll call vote was unanimous in favor of the motion.

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- b. Tentative remaining schedule for hydro bonds: Mr. Mull presented to the Board a tentative schedule, after which it was the unanimous decision of the Board to hold a special meeting May 14, 4 p.m., re the Official Statement and pricing of bonds. May 21, 2 p.m., is the regular monthly meeting date of the Board, during which a public hearing will be held on the preliminary budget for fiscal year 1985-86. Another special meeting is tentatively scheduled for May 23, 10 a.m., which will be a meeting to sell bonds (execute the Bond Purchase Agreement, etc.).
- c. Letter from Ernest S. Cochran: Mr. Mull gave the Board a letter from Mr. Cochran requesting analysis reports on the sewer flow from Chemtronics for the period of February 17 through March 8, 1985. It was the consensus of the Board that Mr. Stevens evaluate and respond to this request.

The next item of business was a resolution providing for the payment of outstanding bonds of the Metropolitan Sewerage District of Buncombe County, North Carolina, and approving the form of an escrow deposit agreement and appointing various agents in connection therewith. In connection with this resolution, Mr. Stevens had asked Interstate Securities to try to secure proposals from accounting firms concerning the appointment of a verification agent for the defeasance of the prior bond issues of the Metropolitan Sewerage District. Interstate Securities advised that they had contacted three accounting firms, McGladrey, Hendrickson & Pullen, Coopers and Lybrand, and Ernst & Whinney. McGladrey, Hendrickson and Pullen indicated an interest but declined to make a specific proposal, and Coopers & Lybrand indicated an interest but have not provided a specific proposal; Ernst & Whinney submitted a summary of capabilities and a verbal estimate of the fee they will charge to provide verification, the estimated fee being \$3,000. Interstate Securities, as managing underwriters, stated that they believe the estimated fee of \$3,000 to be reasonable in light of the services to be rendered and recommended that Ernst & Whinney be named as verification agent for the defeasance of the prior bond issues of the MSD. Mr. Dent then moved that the Board adopt the resolution with the insertion of the name of Ernst & Whinney in Section 4, and Mr. Batts seconded the motion. Roll call vote was unanimous in favor of the motion.

Vice-Chairman Williams introduced the following resolution which was read:

RESOLUTION PROVIDING FOR THE PAYMENT OF OUTSTANDING BONDS OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA AND APPROVING THE FORM OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING VARIOUS AGENTS IN CONNECTION THEREWITH.

The District Board of the Metropolitan Sewerage District of Buncombe County, North Carolina DOES HEREBY DETERMINE AND RESOLVE, as follows:

Section 1. The Metropolitan Sewerage District of Buncombe County, North Carolina (the "District") has heretofore issued \$8,050,000 bonds pursuant to a resolution adopted by the District Board of the District on September 25, 1964, as amended on September 3, 1965 (the "Resolution"), which bonds are designated, dated and currently outstanding in the principal amounts as follows:

Sewage Disposal System Bonds	July 1, 1965	\$4,575,000
Sewage Disposal System Bonds (1968 Issue)	July 1, 1965	\$ 145,000

Section 2. It is necessary to acquire and construct certain improvements to the sewerage system of the District and to issue revenue bonds of the District and use available moneys in certain funds and accounts established by the Resolution for the purpose of paying a portion of the cost of such improvements. As the Resolution does not authorize the District to issue revenue bonds or so to use such moneys, it is necessary to make provision for the payment of said outstanding bonds (collectively the "Prior Bonds") with the effect of enabling the District to take such actions.

Section 3. Wachovia Bank and Trust Company, N.A., in the City of Winston-Salem, North Carolina, is hereby appointed the escrow agent in connection with making provision for the payment of or refunding the Prior Bonds (the "Escrow Agent"), subject to the right of the District Board to appoint another Escrow Agent as provided in the Escrow Deposit Agreement mentioned below, and as such shall perform its responsibilities as provided in such Escrow Deposit Agreement. Such Escrow Deposit Agreement, substantially in the form of the draft thereof dated as of May 1, 1985 (the "Escrow Deposit Agreement"), and the creation of the Escrow Fund and other arrangements described therein to attain said refunding are hereby approved, and the Chairman and the Secretary-Treasurer of the District Board are each hereby authorized to approve such changes in the Escrow Deposit Agreement as are necessary and to execute the Escrow Deposit Agreement in the name and on behalf of the District.

Section 4. Ernst & Whinney is hereby appointed to perform the mathematical verification that the interest on and the maturing principal amounts of the Government Obligations and the Cash Deposit, as each such term is defined in the Escrow Deposit Agreement, will be sufficient to assure that moneys will be available to the Escrow Agent to pay the Prior Bonds and the interest thereon as described in the Escrow Deposit Agreement.

Section 5. An amount of moneys as required pursuant to the Escrow Deposit Agreement to be deposited in the Escrow Fund created thereby from the moneys in the funds and accounts established by the Resolution shall be deposited to the credit of said Escrow Fund upon the execution of the Escrow Deposit Agreement, provided that the maximum amount of such deposit does not exceed \$3,525,000, and the balance of the moneys in the funds and accounts established by the Resolution shall thereafter be applied as the Secretary-Treasurer of the District Board and the Engineer-Manager shall direct the trustee for the holders of the Prior Bonds.

Section 6. The officers, agents and employees of the District and the District Board and the officers and agents of the trustee for the holders of the Prior Bonds and the Escrow Agent are hereby authorized and directed to do all acts and things required of them by the provisions of the Escrow Deposit Agreement and this resolution for the full, punctual and complete performance of the provisions and agreements therein and herein.

Section 7. This resolution shall take effect immediately upon its passage.

Upon motion of member Dent, seconded by member Batts, the foregoing resolution entitled

RESOLUTION PROVIDING FOR THE PAYMENT OF OUTSTANDING BONDS OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA, AND APPROVING THE FORM OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING VARIOUS AGENTS IN CONNECTION THEREWITH

was passed by the following vote:

Ayes: 8

Noes: 0

Vice-Chairman Williams introduced a resolution concerning the funding of certain capital improvements of the Metropolitan Sewerage District of Buncombe County, North Carolina, after which Mr. Boggs moved that the Board adopt the resolution. Mr. Pope seconded the motion, and roll call vote was unanimous in favor of the motion. The resolution is as follows:

RESOLUTION CONCERNING THE FUNDING OF CERTAIN CAPITAL IMPROVEMENTS OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA.

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Page Five

The District Board of Metropolitan Sewerage District of Buncombe County, North Carolina, DOES HEREBY DETERMINE AND RESOLVE, as follows:

Section 1. The District Board has received a draft of a report prepared by Hendon Engineering Associates, Incorporated, entitled "Metropolitan Sewerage District of Buncombe County, North Carolina Engineering Feasibility Report on the District's Sewerage System" and dated April 12, 1985, which report describes a capital improvement program of the Metropolitan Sewerage District of Buncombe County, North Carolina (the "District"), and the funding requirements of said program.

Section 2. The District Board of the District intends to issue revenue bonds of the District in one or more series for the purpose of providing funds for paying a portion of the cost of constructing phase 1 of the District's wastewater treatment plant expansion constituting a part of said program and designing phases 2, 3, and 4 of said expansion as described in said report.

Section 3. In anticipation of receiving the proceeds of the sale of such revenue bonds for the purpose mentioned above, the District may apply for such purpose moneys available to the District for other purposes, provided that such moneys so applied by the District commencing with the date of the passage of this resolution are not otherwise required to be applied pending such use and are replenished from the proceeds of such revenue bonds.

Section 4. This resolution shall take effect immediately upon its passage.

Upon motion of member Boggs, seconded by member Pope, the foregoing resolution entitled:

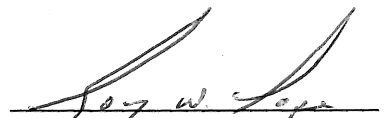
RESOLUTION CONCERNING THE FUNDING OF CERTAIN  
CAPITAL IMPROVEMENTS OF THE METROPOLITAN SEWER-  
AGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA.

was adopted by the following vote:

Ayes: 8  
Noes: 0

Mr. Mull told the Board that bids will be opened May 22 on the final phase of the hydro project, which is Section 2 (Phase 3).

It was the consensus of the Board to adjourn to reconvene to a special meeting on May 14, 4 p.m. Voice vote was unanimous in favor of the motion. The meeting was concluded at 2:50 p.m.



Secretary

\*I DO HEREBY FURTHER CERTIFY that a notice of said meeting of said District Board stating that a special meeting of said District Board would be held at 2 p.m., on April 24, 1985, in the Administration Building, N. C. Highway 251 North, Woodfin, North Carolina, concerning the passage of a resolution providing for the payment of outstanding bonds of said District and approving the form of an escrow deposit agreement and appointing various agents in connection therewith and a resolution concerning the funding of certain capital improvements of said District, was, at least forty-eight hours before said meeting, delivered to each member of said District Board or left at his or her usual dwelling place and, at least forty-eight hours before said meeting, posted on the principal bulletin board of said District Board and ailed or delivered to each newspaper, wire service, radio station, television station, and person that had filed with me a written request for notice pursuant to G.S. 143-318.12.



# Hendon Engineering Associates

INCORPORATED

TELEPHONE (704) 274-7711

ADDRESS REPLY TO P. O. BOX 5176

25 REED STREET • ASHEVILLE, NORTH CAROLINA 28813

HARRY H. HENDON

(1904-1973)

H. D. HUBER

P. L. BENTLEY

M. G. BUCKLEY, JR.

S. W. NELSON

R. F. HOLBROOK

D. W. BERRYHILL

S. C. BOYD

H. E. BYAS, JR.

March 28, 1985

Metropolitan Sewerage District of  
Buncombe County  
P. O. Box 8969  
Asheville, North Carolina 28814

Attention: Mr. W. H. Mull, Engineer-Manager

Gentlemen:

That certain agreement dated September 6, 1983 and accepted by you October 17, 1983 for providing engineering services in connection with the design and construction of the Craggy Dam Hydroelectric Project is hereby amended as follows:

1. The cost ceiling outlined in Paragraph 5(a) is hereby increased from \$220,000.00 to \$290,000.00.
2. The cost ceiling outlined in Paragraph 5(b) is hereby increased from \$73,000.00 to \$110,000.00.

All other terms and conditions of the contract shall remain unchanged.

Respectfully submitted,

HENDON ENGINEERING ASSOCIATES, INC.

By

H. Dean Huber  
President

Accepted:  
Metropolitan Sewerage District of  
Buncombe County

By:

  
Chairman

4-16-85  
Date

# MSD Metropolitan Sewerage District of Buncombe County, North Carolina.

W. H. Mull, P.E., Engineer-Manager  
P. O. Box 8969, Asheville, N. C. 28814  
Telephone: Area Code 704-254-9646

John S. Stevens, General Counsel



C. LeRoy Robinson, Chairman  
M. Leon Williams, Vice-Chairman  
Walter T. Batts  
Walter J. Boggs  
Ben H. Clark  
George E. Ivey  
Charles M. Dent  
Roy W. Pope  
Diane M. Sciara  
Frank S. Smith III

April 16, 1985

I, Roy W. Pope, Secretary to the District Board of the Metropolitan Sewerage District of Buncombe County, North Carolina, do hereby certify that the attached is a true and correct copy of the PRELIMINARY 1985-86 BUDGET adopted by the Metropolitan Sewerage District Board at their regular meeting held April 16, 1985.

WITNESS my hand and seal of said District this 16th day of April, 1985.

Roy W. Pope  
Secretary to the Board  
Metropolitan Sewerage District  
of Buncombe County



4/16/85  
 METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA  
 OPERATION AND MAINTENANCE FUND--STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 PRELIMINARY BUDGET

	1985-86 BUDGET	CURRENT JULY	PERIOD ENDING 7/31/85	PRIOR JULY	PERIOD ENDING 7/31/84
200 SALARIES.....	144,500				
210 BILLING & COLLECTIONS.....	53,500				
220 TELEPHONE & TELEGRAPH.....	6,200				
230 TRAVEL & CONVENTION.....	4,000				
240 OFFICE SUPPLIES.....	6,500				
251 POWER & WATER.....	4,000				
260 DIRECTORS' EXPENSES.....	8,000				
270 INSURANCE.....	50,000				
280 DUES & SUBSCRIPTIONS.....	1,650				
290 ACCOUNTING @ 1% OF PAYROLL..	5,745				
300 CONSULTING ENGINEERS.....	14,000				
310 LEGAL FEES & EXPENSES.....	10,000				
320 TRUSTEE FEES.....	8,500				
330 AUDIT FEES.....	4,000				
340 POSTAGE & PETTY CASH.....	2,200				
350 OFFICE EQUIPMENT REPAIRS....	1,000				
360 FICA TAXES @ 6.70%.....	40,790				
370 NC RETIREMENT @ 8.38%.....	48,373				
380 VEHICLE EXPENSE.....	4,800				
390 CAPITAL OUTLAY (EQUIPMENT)..	10,000				
400 CONTINGENCY.....	13,500				
TOTAL ADMINISTRATIVE AND GENERAL.....	441,257				

4/16/85

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	1985-86 BUDGET	CURRENT JULY	PERIOD ENDING 7/31/85	PRIOR JULY	PERIOD ENDING 7/31/84
DISBURSEMENTS CONTINUED					
500 SALARIES & WAGES.....	430,000				
510 CHEMICALS.....	42,000				
520 TELEPHONE.....	5,000				
530 POWER & LIGHTS.....	420,000				
540 SMALL TOOLS & SUPPLIES.....	7,500				
550 WATER & GARBAGE.....	8,000				
560 VEHICLE EXPENSE.....	16,000				
571 LABORATORY SUPPLIES.....	6,000				
580 UNIFORM SERVICE.....	3,200				
591 SCHOOLS.....	2,200				
600 MAINTENANCE BLDG. & GROUNDS.	15,500				
610 MAINTENANCE PIPELINE.....	5,000				
620 MAINTENANCE EQUIPMENT.....	80,000				
630 CAPITAL OUTLAY--NEW.....	20,000				
640 EQUIPMENT REPLACEMENT.....	40,000				
650 CONTINGENCY.....	33,520				
TOTAL OPERATIONS EXPENDITURES.....	1,133,920				
TOTAL EXPENDITURES.....	1,575,177				
INTEREST TRANSFERRED TO REVENUE ACCT.....					
TOTAL DISBURSEMENTS.....					
TRANSFERRED FROM REVENUE FUND.....					
OTHER RECEIPTS.....					
TOTAL RECEIPTS.....					
EXCESS OF RECEIPTS OVER DISBURSEMENTS.....					
(DISBURSEMENTS OVER RECEIPTS).....					
BEGINNING CASH BALANCE.....					
ENDING CASH BALANCE.....					

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The current expenses for each month are estimated to be one-twelfth (1/12) of the annual budget.

Estimated revenue to be collected from sewer service charges for this fund equal \$1,575,177.