

OCTOBER 24, 1989

1. Call to Order and Roll Call:

The regular meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2 p.m. on Tuesday, October 24, 1989. Chairman Smith called the meeting to order at 2:00 p.m.

Chairman Smith and the following members were present: Aceto, Dent, Edwards, Ivey, Maas, McDonald, Pope, Waddey, and Williams. Others present were: W.H. Mull, Engineer-Manager, John S. Stevens, General Counsel, William Clarke, Attorney for MSD, Messers Bob Holbrook and Bill Morris, of Hendon Engineering Associates, Tom Tarrant IV, City of Asheville Engineering Department, and Ed Brackett with the Asheville-Citizen Times.

2. Minutes of September 19, 1989:

Mr. Dent moved that the Board minutes of September 19, 1989, be adopted as written. Mrs. Pope seconded the motion and voice vote was unanimous in favor of the motion.

3. REPORT OF ENGINEER-MANAGER:**a. Status of Phase III Plant Expansion Contracts:**

Mr. Mull stated that the District has been concerned about the scheduling, and reported that the final microscreens were not passing the full flow. The contractor was near completion of RBC's in half the aeration basins, and before the contractor moved to the second half, Envirex had to get these microscreens working. Mr. Holbrook stated that meetings have been going on with Envirex, Hendon Engineering, MSD personnel, and the Contractor (Republic Contracting Corporation), and proceeded to review this portion of the Main Plant Expansion.

b. Status of Proposed Sludge Disposal Facilities-Phase IV Main Plant Expansion:

Mr. Mull stated the final report from Black & Veatch has been received and noted that each Board member has a copy in his/her board folder. The comments and questions which were raised are also addressed in this report. Mr. Mull encouraged each Board member to review this report before the next Board meeting.

The District did receive its revised Grant Amendment Offer which reflected the change in one paragraph previously requested by the District, concerning advertising for bids. This gives the District time to advertise for bids on or before November 25, 1989, and award the contracts on or before April 25, 1990. General discussion followed.

c. AWWA/WPCA Conference - November 12th thru 15th - Grove Park Inn - Asheville, NC:

Mr. Mull stated the joint annual conference of the American Water Works Association/Water Pollution Control Association of North Carolina will be in Asheville November 12th thru 15th at the Grove Park Inn, and encouraged all Board Members to attend. Chairman Smith requested that the District register all Board Members and General Counsel for this conference. Mr. Dent moved that the Board authorize registration of Board Members, General Counsel and MSD Staff for the 1989 AWWA/WPCA Conference at the Grove Park Inn in Asheville, NC. Mr. Waddey seconded the motion and voice vote was unanimous in favor of the motion.

4. Report of Officers:

None.

5. Report of Committees:

a. Sewer System Consolidation - Mr. Aceto:

Mr. Aceto presented a proposed Resolution to adopt the Plan of Consolidation. The Board will not be asked to adopt this Resolution today, but a Special Board Meeting will be called for this purpose. General discussion followed. Mr. Clarke spoke concerning the Resolution, and handed out the Exhibits which go along with the Resolution. After an overview of the provisions, the Sewer System Consolidation Committee is recommending that the Board grant the Committee authority to negotiate with the various entities and affirm that the basic plan of consolidation is in accordance with the Board's wishes. General discussion followed.

Mr. Aceto recommended that the Board adopt this Resolution in the very near future, by a Special Meeting, and asked that the Board indicate its intention and plans to adopt this Resolution in accordance with the Agreements that have been negotiated up to this point and give the Sewer System Consolidation Committee authority to negotiate on behalf of the Board. Billing costs were also discussed.

Mr. Aceto moved that the Board approve the general plan and intent of Sewer System Consolidation as expressed in the attached Resolution. Mr. Waddey seconded the motion, and voice vote was unanimous in favor of the motion.

Chairman Smith made the comment that Mr. John Stevens, General Counsel for the District, and Mr. William Clarke, Attorney representing the District, have done a tremendous job of being the catalyst in getting the various groups together for Consolidation, and feels that the Board's position it took a year and a half ago when the Board entered into steady negotiations as to be so flexible as to accept almost any position which would get the job done, has also been a strong factor in getting the District where it is on Consolidation.

Chairman Smith also stated one big issue which has come to light is how to finance the renovations of the system. The District has various choices of various kinds of bonds, taxing authority and sewer fees to consider as revenue sources.

Chairman Smith stated that a proposal has been made at one of the Sewer System Consolidation Meetings that the District form a Blue Ribbon Committee of financiers and interested parties in the City/County area and have them meet under the Chairmanship of a MSD Board Member, and come up with a suggested plan to the MSD Board of how the District will finance these renovations.

The Committee will be comprised of 11 persons, including its Chairman, who shall be a member of the MSD Board, and appointed by the District Board. The remaining 10 are as follows: 2 persons knowledgeable in the field of Municipal Finance appointed by the Chairman of the MSD Board; 1 person representing the Banking Community in Buncombe County, appointed by the Chairman of the MSD Board; 2 persons representing the manufacturing and industrial community in Buncombe County appointed by the Chairman of the MSD Board; 2 members at large representing the general public appointed by the Chairman of the MSD Board, and the Chief Finance Officer of Buncombe County or his designee, and the Chief Finance

Officer of the City of Asheville or his designee, and the Chief Officer of at least one municipality in Buncombe County, other than the City of Asheville appointed by the Chairman of the District Board. The Engineer-Manager is directed to furnish the Committee such general information as it might require, and the Committee is encouraged to seek the advice of the N.C. Local Government Commission, or any other sources it considers helpful in carrying out these responsibilities, and it reports its findings annually to the District Board on or before the end of December.

Mr. Dent moved that the Board authorize the Chairman of the Board to appoint the Blue Ribbon Committee. Mr. Williams seconded. General discussion followed. Chairman Smith appointed Mr. Ivey as Chairman of this Committee, and Mr. Ivey officially accepted the Chairmanship. Voice Vote was unanimous in favor of the motion.

6. Unfinished Business:

Mr. Mull reminded Chairman Smith that a committee needed to be appointed to look into the existing Bond Finance Team and see if the Board wants to add anybody or delete anybody. Chairman Smith appointed Mr. Aceto as Chairman of the Bond Finance Committee, and Mr. Waddey and Mrs. Pope as members of the Committee.

7. New Business:

Mr. Mull discussed interest rates which pertained to one of the District's accounts, and requested that the Budget Committee and Bond Finance Committee meet after the Board meeting, to discuss this issue further.

At this time Dr. Maas stated that several months ago the Board passed a very strong Resolution relating to trying to do something about the cadmium levels coming into the Treatment Plant. Mr. Clarke stated he could address this issue and would like to talk with Dr. Maas about it later due to the fact that what is being done is still in the investigative stages. Chairman Smith appointed Dr. Maas as Cadmium King and put him in charge of this matter, because this is an issue pertinent to the Board.

8. Date of Next Regular Meeting - November 28, 1989

9. Adjournment:

There being no further business, the Board meeting was adjourned at 3:15 p.m.



Secretary

RESOLUTION

WHEREAS, the Consolidation Committee of the District Board of the Metropolitan Sewerage District of Buncombe County, North Carolina (the "District") has worked with representatives of the political subdivisions comprising the District, the County of Buncombe and other members of the community in developing a proposal to consolidate the collector and interceptor sewers and certain related property now owned by such political subdivisions and County and certain other collector sewers and certain related property into a single consolidated sewerage system to be owned and operated by the District together with the existing facilities of the District; and

WHEREAS, agreements with each of such political subdivisions, including the City of Asheville, the Town of Biltmore Forest, the Town of Weaverville, the Town of Black Mountain, the Town of Montreat, Woodfin Sanitary Water and Sewer District, Busbee Sanitary Sewer District, Crescent Hill Sanitary Sewer District, Skyland Sanitary Sewer District, Fairview Sanitary Sewer District, East Biltmore Sanitary Sewer District, Caney Valley Sanitary Sewer District, Swannanoa Water and Sewer District, Beaverdam Water and Sewer District, Venable Sanitary District and Enka-Candler Water and Sewer District, and with the County of Buncombe, transferring to the District the collector and interceptor sewers and certain related property (collectively the "Sewerage Systems", which such political subdivisions and County now own (collectively the "Agreements") have been prepared in the forms attached to this resolution).

WHEREAS, such political subdivisions and county have expressed their desires and intent to transfer the Sewerage Systems according to the terms and conditions set forth in the Agreements; and

WHEREAS, the Consolidation Committee of the District Board of the District (the "District Board") has recommended to the District Board that the District Board proceed with the acquisition of the Sewerage Systems according to the terms and conditions set forth in the Agreements;

NOW, THEREFORE, the District Board hereby finds, determines and resolves, as follows:

Section 1. The acquisition by the District of the Sewerage Systems and the related responsibility to operate, maintain, improve, reconstruct and extend the Sewerage Systems and certain other collector sewers and related property according to the terms and conditions set forth in the Agreements would preserve and promote the public health and welfare within the District.

Section 2. The Sewerage Systems are not subject to any lien or other encumbrance which is materially adverse.

Section 3. The Agreements and other appropriate instruments will transfer complete ownership of the property to be transferred thereunder constituting the Sewerage Systems to the District, delegate to the District the responsibility for the operation, maintenance, improvement, reconstruction and extension of the Sewerage Systems, subject to certain terms and conditions set forth in the Agreements which represent the exercise of such responsibility by the District Board, and authorize the District to establish rates, fees and charges for the use of and for the services and facilities provided or to be provided by the District without supervision or regulation by any person transferring the ownership of the Sewerage Systems to the District.

Section 4. Pursuant to the Agreements, appropriate instruments to indicate such transfer of ownership will be duly recorded and the District will be guaranteed reasonable access to and over related public rights-of-way and easements necessary for the operation, maintenance, improvement, reconstruction or extension of the Sewerage Systems.

Section 5. Adequate funding for the acquisition, operation, maintenance, improvement, reconstruction and extension of the Sewerage Systems pursuant to the Agreements will be available from available funds of the District, from rates, fees and charges established by the District, from grants or other funds provided by the United States of America, the State or any other source, from the issuance of revenue bonds or general obligation bonds of the District, from taxes levied and collected by the District or from any combination of such sources, as is appropriate.

Section 6. The District Board will, in its sole discretion, determine the need and priority for the operation, maintenance, improvement, reconstruction and extension of the Sewerage Systems, subject to certain terms and conditions set forth in the Agreements which represent the exercise of such discretion by the District Board and taking into consideration, among other factors, the capacity of the District's existing facilities and available funding.

Section 7. The acquisition by the District of the Sewerage Systems according to the terms and conditions set forth in the Agreements is hereby approved. The Agreements substantially in the forms attached to this resolution are hereby approved, and the Chairman and the Secretary of the District Board are hereby authorized to approve changes in the Agreements which are not material and to execute the Agreements for and on behalf of the District.

Section 8. The Chairman and the Secretary of the District Board are hereby authorized to execute any and all other necessary instruments to complete the acquisition of the Sewerage Systems and to complete the consolidation of the Sewerage Systems into a single sewerage system under the ownership and operation of the District.