

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
MAY 21, 1991**

1. Call to Order and Roll Call:

The regular monthly meeting of the Board of the Metropolitan Sewerage District was held in the Boardroom of MSD's Administration Building at 2:00 p.m. on Tuesday, May 21, 1991. Chairman Smith called the meeting to order at 2:00 p.m. with the following members present: Aceto, Bryson, Edwards, Ivey, Maas, McDonald, Penny, Smith, Waddey, Wallace and Williams.

Others present were: W. H. Mull, Engineer-Manager, John S. Stevens and Billy Clarke, General Counsel, Dean Huber and Bill Morris of Hendon Engineering Associates, Inc., Gary Davis with McGill Associates, John F. Schultheis with Nimmo & Co., Chemtronics PRP's, John W. Gaddis with Southeastern Architects, Engineers, Planners, Inc. Leah Karpen representing the League of Women Voters, Clarke Morrison with the Asheville Citizen-Times, Bob Ensley and Ann LaVeck, MSD.

2. Minutes of April 16, 1991 Board Meeting:

Following a discussion regarding the wording on page 6, paragraph C., subparagraph 3, line 2, it was agreed that this line should be changed to read "increases to cover current cost of living (5.3%) and merit of up to (3%) raises". Mr. Waddey moved that the minutes be adopted with the above changes. Mr. Aceto seconded. Roll call vote was as follows: 10 Ayes; 0 Nays

3. Public Hearing: Fiscal Year 1991-92 Operation & Maintenance Budget:

MINUTES OF PUBLIC HEARING

At 2:10 p.m. Chairman Smith declared a Public Hearing open for consideration of a proposed 1991-92 Operation and Maintenance Budget as advertised in the Asheville Citizen-Times on April 19, 1991. Mr. Mull reviewed the Resolution to adopt the Fiscal Year 1991-92 Budget and stated that this was the same Budget presented to the Board at the April 16, 1991 meeting with the exception of a 2 1/2 percent increase to the wage category. Mr. Mull stated that this increase was due to the transfer of employees to the District, which includes Retirement Benefits and Social Security contributions for a total increase of \$23,244.00. Mr. Mull further stated that this increase changed the Total Collection System Operations from \$2,431,544.00 to \$2,454,778.00 and changed the Total Expenditures from \$5,721,036.00 to \$5,744,270.00 Chairman Smith asked for comments from the public, and no comments were made.

At 2:20 p.m. Chairman Smith declared the Public Hearing closed and reconvened the regular Board meeting.

4. Consideration of Resolution Adopting Fiscal Year 1991-92 Operation & Maintenance Budget:

Following a brief discussion on the cost involved in Collection System Operations and the effect of the Preliminary Pay Plan on the Budget, Mr. Williams moved that the Board adopt the Resolution for the Fiscal Year 1991-92 Budget as presented. Dr. Maas seconded. Roll call vote was as follows: 11 Ayes; 0 Nays

5. Report of Engineer-Manager:

a. Capacity Depletion Fee Waiver (Padgett):

Mr. Mull reported that at the April 29, 1991 Sewer System Consolidation Committee meeting Mr. Padgett made an appeal for the waiver of the Capacity Depletion Fee for six (6) mobile home hook-ups and a number of houses to be constructed. Mr. Aceto stated that the committee determined that Mr. Padgett qualified for the grace period whereby building permits issued prior to October, 1990 would be allowed an exemption from this fee. Mr. Aceto moved on behalf of committee

that the Board grant Mr. Padgett a waiver with respect to the six (6) mobile home hook-ups, for which plans had been submitted and approved in 1989, but not as to any houses to be constructed. Mr. Waddey seconded. Voice vote was unanimous in favor of the motion.

b. Amendment to Contract for Engineering Services Weaverville CIP (McGill Associates):

Mr. Mull presented an Addendum to the Contract by McGill Associates, P.A. for Engineering Services for Sanitary Sewer Line Improvements in the Town of Weaverville. Mr. Mull stated that this Addendum, which was brought before the Sewer Systems Consolidation Committee on May 13, 1991, raises the lump sum for design to \$5,688.00 and a maximum not to exceed for construction to \$4,500.00, for a total contract amount of \$39,588.00 (lump sum for design) and \$29,050.00 (maximum not to exceed for construction). Mr. Aceto moved that the Board approve the Addendum to the Contract as presented. Mr. Penny seconded. Roll call vote was as follows: 11 Ayes; 0 Nays

c. Award of Construction Contract on Gill Branch Sewer Replacement, Weaverville:

Mr. Mull presented a letter and Certified Bid Tabulation from McGill & Associates, P.A. on the Gill Branch Sewer Replacement and stated that the budgeted amount in the CIP Plan was originally \$150,000.00 plus \$50,000.00 of State Grant Funds made available to the County for the project. Mr. Mull further stated that the change in pipe size from 10" to 15" attributes to the increase in the cost of this project. The Bid Tabulation Summary is as follows: Buckeye Construction Company (Apparent Low Bidder) with a total base bid of \$251,798.00; Hobson Construction Company with a total base bid of \$253,900.00; Steppe Construction with a total base bid of \$262,150.00; Wheeler Construction Company with a total base bid of \$275,000.00; Terry Brothers Construction Company with a total base bid of \$276,300.00; Huntley Construction Company with a total base bid of \$280,431.00; Stillwell Enterprises with a total base bid of \$317,050.00 and Morgan Corporation with a total base bid of \$335,955.42. Mr. Mull then presented the following recommendations on the above bid tabulation from Walter L. Currie, Attorney for the District:

1. Buckeye Construction Co., Inc. - This bidder has used an improper American Institute of Architects-type bid bond which does not provide for payment of the required five percent penalty but, rather, provides for the payment of an amount which can range from nothing to a maximum of five percent depending upon the contract price MSD would have to pay for the work should Buckeye refuse to enter into the contract and give the required payment and performance bonds. In my opinion, this bid should be rejected by the MSD Board.
2. Hobson Construction Co., Inc. - The bid, bid bond, and power of attorney of this bidder are in acceptable form, however, the bidder did not sign any of the minority business enterprise forms and MSD should require the bidder to sign the appropriate form before considering the bid. If the form is not signed prior to consideration, it is my opinion that the bid should be rejected by the MSD Board.
3. Steppe Construction, Inc. - The bid bond of this bidder names the Town of Weaverville as the obligee rather than The Metropolitan Sewerage District of Buncombe County and the power of attorney is not certified to be in force as of the date of execution of the bid bond. No minority business enterprise form was signed by this bidder. It is my opinion that the MSD Board should reject this bid.
4. Wheeler Construction Company, Inc. - The bid, bid bond, and power of attorney of this bidder are in acceptable form, however, the bidder did not sign any of the minority business enterprise forms and MSD should require the bidder to sign the appropriate form before considering the bid. If the form is not signed prior to consideration, it is my opinion that the bid should be rejected by the MSD Board.

5. Terry Brothers Construction Company, Inc. - The bid, bid bond, power of attorney, and MBE form are all in acceptable form.
6. Huntley Construction Co. - The bid, bid bond, power of attorney, and MBE form are all in acceptable form.
7. Stillwell Enterprises, Inc. - The bid, bid bond, power of attorney, and MBE form are all in acceptable form.
8. Morgan Corporation - The bid, bid bond, power of attorney, and MBE form are all in acceptable form.

Mr. Mull stated that Hobson Construction Company, Inc. has signed the Minority Business Enterprise Forms and is the now the responsible low bidder with a total base bid of \$253,900.00. Mr. Penny moved that the Board accept Hobson Construction Company, Inc.'s bid of \$253,900.00 for construction of the Gill Branch Sewer Line. Ms. Bryson seconded. Roll call vote was as follows: 11 Ayes; 0 Nays

d. Proposal for Engineering Service - Sewer Evaluation - Hendon Engineering, Inc.:

Mr. Mull stated that since the Proposal of Hendon Engineering Associates for Engineering Service and Sewer Evaluation has been withdrawn it will be presented at a future meeting of the Board.

e. Proposal for Architectural Services - Maintenance Facility:

Mr. Mull presented a proposal for Architectural and Engineering Services by Southeastern Architects: Engineers: Planners, Inc. Mr. Mull stated that Southeastern, who initially designed the Welch property, met recently with Stan Boyd and Ann LaVeck, to discuss the scope of work for MSD at the Thompson Street location. Mr. Mull reported that because of time constraints, the scope of work has been accelerated with exterior work scheduled for completion in mid July, and interior work scheduled for completion in October for a total estimated cost of between \$140,000.00 to \$150,000.00 and a lump sum design fee of \$20,000.00. Mr. Aceto moved that the Board, upon recommendation of staff, award this contract to Southeastern Architects: Engineers: Planners, Inc. for schematic design, design development, construction documents, building and negotiations and contract administration for a lump sum amount of \$20,000.00. Mr. Penny seconded. Roll call vote was as follows: 11 Ayes; 0 Nays

Mr. Mull stated that in order to start work on this project by mid June, it will be necessary to get Board approval to advertise for bids on plans being developed, therefore, Mr. Mull requested that a special meeting of the Board and/or appropriate Board committee be held prior to the next regularly scheduled meeting to review design plans. Mr. Penny moved that the Board authorize staff to advertise for bids pending approval of the design plans by the appropriate Board committee. Mr. Williams seconded. Voice vote was in favor of the motion.

Mr. Mull stated that in reference to the same project it will be necessary to award a contract prior to the next regularly scheduled Board meeting. The Board agreed to hold a special meeting Monday, June 10, 1991 at 11:30 a.m. to approve the contract for exterior work. A brief discussion followed as to the number of contracts to be let and concern by Ms. Wallace regarding the design of the entrance gate. Mr. Gaddis of Southeastern Architects: Engineers: Planners, Inc. stated that the entire scope of the contract for exterior work will be in one contract and that concern regarding the design of the entrance gate will be considered in the design plan.

f. Contract for Equipment Maintenance with Buncombe County:

Mr. Mull presented a proposed contract for Equipment Maintenance with Buncombe County for the District's Collection System vehicles at a rate of \$20.00 per hour and an

anticipated increase to \$25.00 for FY92 with parts billed at a cost plus 5% for handling. Mr. Mull stated that the rates proposed are very competitive and that the MSD would only be charged for work that is actually done. Mr. Mull further stated that the MSD will be doing its own maintenance after moving into the facility, however, in the interim asked the Board for authorization to enter into a one (1) year contract with the County to provide this service. Ms. Wallace moved that the Board approve the contract proposed by Buncombe County. Dr. Maas seconded. Roll call vote was as follows: 10 Ayes; 0 Nays and 1 Abstention by Mr. Waddey

g. Consideration of Award of Contract for Uniform Rental Service:

Mr. Mull stated that after considerable discussion with staff and the Personnel Committee on uniform policies, a decision was made for the rental and cleaning of eleven (11) uniforms per employee, per week. Mr. Mull then presented the following bid tabulation: National Linen (Apparent Low Bidder) with a total base bid of \$6.00 + 5% tax for the Regular uniform and \$7.00 + 5% tax for the Executive uniform with no extra charge for the jacket; Swannanoa Cleaners with a total base bid of \$6.25 + 5% tax for the Laborer uniform, \$6.25 + 5% tax for the Foreman uniform and \$7.45 + 5% tax for the Supervisor uniform with no extra charge for the jacket. A discussion followed on the cost of renting in lieu of buying uniforms. Mr. Edwards moved that the Board accept the bid of National Linen for Uniform Rental Service for a total base bid of \$6.00 + 5% tax for the Regular uniforms and \$7.00 + 5% tax for the Executive Uniforms. Ms. McDonald seconded. Roll call vote was as follows: 11 Ayes; 0 Nays

h. Status of Chemtronics Groundwater Remediation Permit:

Mr. Mull presented a proposed Groundwater Remediation Permit for Chemtronics and stated this permit will be discussed at the next regular meeting of the Board.

i. Status of Montford Area Sewer Rehabilitation:

Mr. Mull presented a Project Status Report on the Montford Area Sewer Rehabilitation and stated that approximately 12% of the contract is complete with thirteen (13) repairs to pipe and the replacement of three (3) manholes on Cumberland Avenue. Mr. Mull stated that to date Wheeler Construction Company, Inc. has not made a request for payment.

j. Status of Maintenance Facility Site (Environmental Assessment Survey; Closing)

Mr. Mull reported that the MSD has closed on the Maintenance Facility site and that the Environmental Assessment Survey did not uncover any significant, substantial or problematical environmental concerns.

k. Status of Engaging Consultant for Marketing of Chemical Stabilization By-product:

Mr. Mull reported that samples of sludge have been sent to Dr. Rubin at North Carolina State University and from these samples a number of tests have been run including dewatering and quicklime tests. Mr. Mull stated that tests on MSD's sludge with kiln dust have not been run, however, Dr. Rubin has run tests on other sludges. Mr. Mull further stated that Dr. Rubin reported that the average ratio is approximately 10% quick lime to sludge, which produces a dry product that is 1/2 half the ratio that Dr. Rubin encountered on other sludges for kiln dust additions. Mr. Mull stated that Dr. Rubin is currently running tests on liming and nutrient values of the end product and has suggested that the MSD look into a heat addition process, which will cut down on the amount of lime that will have to be added. Mr. Mull reported that Dr. Rubin would like to meet with the Sludge Committee to review what he has accomplished to date and discuss what the MSD would like for him to do in the way of marketing this product. Following a lengthy discussion on the differences in lime products, tests performed by Dr. Rubin, PFRP processes, cost considerations, marketing strategies, etc. a meeting was set for Monday, June 3, 1991 at 2:00 p.m. to meet with Dr. Rubin.

I. Status of MSD's Preliminary Pay Plan:

Mr. Mull reported that the District has received the City of Asheville and Buncombe County's pay plans with job descriptions and classification numbers and have placed employees in classifications without regard to current salaries and are now looking at employee duties and salaries and where they fit on the pay schedule. Mr. Mull stated that he would like to meet with the Personnel Committee in order to come up with a final or semi-final package to be presented at the June 18, 1991 Board meeting.

m. Consideration of Buncombe County Resolution regarding Carolina Water Service:

Mr. Mull presented a Resolution by the Buncombe County Board of Commissioners requesting that the Metropolitan Sewerage District consider purchase of sewer lines in Lee's Ridge/Mt. Carmel Subdivision from Carolina Water Services, Inc. Mr. Mull stated that the District has never purchased a sewerage collection system and since the area in question is outside the District the District can not expend the money to maintain or purchase the system. Mr. Mull further stated that Carolina Water Services, Inc. would have to first petition to bring the system into the District. Mr. Mull reported that this Resolution was brought before the Sewer System Consolidation Committee and as a result, Mr. Clarke, Counsel for the District prepared the following Resolution. Chairman Smith then presented the Resolution for consideration:

PROPOSED RESOLUTION OF THE METROPOLITAN SEWERAGE DISTRICT BOARD

WHEREAS, the District Board of the Metropolitan Sewerage District has been contacted by the Director of Planning of Buncombe County to review the problems of Lee's Ridge/Mt. Carmel Subdivision and to inquire about the District's purchasing the collector sewer system in the Lee's Ridge/Mt. Carmel Subdivision from Carolina Water Services, Inc;

WHEREAS, the collector sewer system in Lee's Ridge/Mt. Carmel Subdivision lies outside the boundaries of the Metropolitan Sewerage District;

WHEREAS, the District presently owns no collector sewer systems outside the boundaries of the Metropolitan Sewerage District;

WHEREAS, the District has never purchased a collector sewer system from a political subdivision or any other entity in Buncombe County;

WHEREAS, MSD staff are working with Carolina Water Service in an effort to resolve the problems raised in a Resolution of the Buncombe County Board of Commissioners dated May 7, 1991 and addressed to the District Board;

NOW THEREFORE, BE IT RESOLVED by the District Board of the Metropolitan Sewerage District of Buncombe County as follows:

1. That the District hereby declines to purchase the collector sewer system in Lee's Ridge/Mt. Carmel Subdivision from Carolina Water Services, Inc.

Following a discussion on the contents of the Resolution, Dr. Maas moved that the Board adopt the Resolution with changes as discussed. Ms. McDonald seconded. Voice vote was in favor of the motion.

5. Report of Officers

None

6. Report of Committees:

a. Sewer System Consolidation - Mr. Aceto

Mr. Aceto reported that the Sewer System Consolidation Committee has met three times since the last Board meeting and that most of the matters discussed have been previously reported on in the Engineer-Manager's report. In other projects, Mr. Aceto reported the following:

Property Adjoining the Maintenance Facility:

Mr. Aceto stated that the committee recommends that the Board authorize the Engineer-Manager be authorized to negotiate the purchase of the Asheville Mica property.

At 3:31 p.m. Mr. Aceto moved that the Board go into Executive Session for the purpose of considering the purchase of the Asheville Mica property adjoining the Maintenance Facility.

At 3:42 p.m. Mr. Aceto moved that the Board reconvene the regular Board Meeting.

Mt. Carmel Subdivision:

Mr. Aceto stated that the committee considered the Mt. Carmel Resolution and procedures for billing. Mr. Mull reported that following recent correspondence, a meeting was held with Carolina Water Service, Inc. regarding billing procedures. Mr. Mull stated that the MSD advised Carolina Water Service, Inc. it would be willing to take the Asheville-Buncombe Water Authority's meter readings, calculate a waste water service charge and appropriate meter charge for each home and come up with total figure and bill Carolina Water Service. Carolina Water Service, Inc. would then pay the MSD from the flat rate they have collected from each homeowner.

Expansion of Agricultural Center - Fanning Bridge Road:

Mr. Aceto reported that the Agricultural Center, who is building an expansion on Fanning Bridge Road, has requested a tentative connection. Mr. Aceto stated that the committee determined that since the area was inside the Asheville City Limits that this was a routine request.

Black Mountain CIP Project Engineer & Design (ENG/Six Associates):

Mr. Aceto reported that at the May 13, 1991 meeting the committee reviewed preliminary engineering work being done by ENG/Six Associates in Black Mountain who have determined that there are serious line capacity problems. Mr. Aceto stated that because of these problems, ENG/Six Associates has requested that the MSD consider the cost of the additional work to be done. As a result of this report, the committee recommended that ENG/Six Associates update its proposed fee for the design and engineering of the project and submit a proposed fee for the additional work.

Biltmore Forest CIP Project Engineering (McGill & Associates, P.A.):

Mr. Aceto reported that the committee considered a preliminary engineering presentation by McGill & Associates, P.A. for work being done in Biltmore Forest and found that the cost of this project was significantly higher than estimated on the CIP Project list. Mr. Aceto stated that preliminary engineering indicated that there were serious problems with root intrusion and broken pipes and that most of the lines in the system will need to be replaced.

Old Toll Road Sewer Line:

Mr. Aceto stated that McGill & Associates, P.A. reported that there were serious structural problems with the this road and that approximately 70% of the line will need replacing.

b. Personnel Committee:

Mr. Ivey reported that the committee has not met since the last meeting, however, Mr. Mull did report by saying that the Personnel Committee added money to the budget to accommodate additional personnel expenses and that a Pay Plan is being developed to be presented at the next regular meeting of the Board.

c. Capital Improvement Plan Committee:

Mr. Aceto presented the minutes of the May 8, 1991 Capital Improvement Plan Committee and stated that it was the intention of the District to inform the public, following consolidation, on who to contact in the event there is a maintenance problem in the different municipalities. Mr. Mull stated that Ann LaVeck, Superintendent of Collection Systems, has prepared an advertisement to be published in the Asheville Citizen-Times within the next few days.

Regarding the Extension of Maintenance Contracts, Mr. Mull reported that he received a call from the Town of Black Mountain requesting that it be allowed to maintain its own sewer system. Mr. Mull stated that this request will come before the Board at the June 18, 1991 meeting.

7. Unfinished Business

Mr. Mull reported in regard to new connections to the system that the MSD has conferred with the local State Division of Environmental Management and have agreed on a procedure, confirmed by the Raleigh office, whereby if the MSD is in compliance through Friday, May 31, 1991, it will carry its monitoring report to the Asheville office to be checked and if in compliance a Letter of Allocation will be reissued the first of the following week.

Mr. Billy Clarke, Attorney for the District stated that as a result of conversation with Bond Attorneys, he has prepared another Series Resolution amending and supplementing the Resolution passed by District Board on May 16, 1991. Mr. Clarke further stated the three basic points amending the Resolution are as follows:

1. Amending the Series Resolution passed on May 16, 1991 to indicate that the Vice Chairman can sign the Bond Purchase Agreement.
2. That the official portion of Section 7 of the Resolution is amended to add a section regarding amending the Bond Order to allow the inclusion of "Capital Appreciation" or Zero Coupons in the Bond Issue.
3. Approve this version of the Series Resolution and authorize the Chairman and Engineer-Manager to make changes as appropriate.

Following approval of Counsel, Mr. Penny moved that the Board approve the new Resolution as presented. Mr. Aceto seconded. Roll call vote was as follows: 10 Ayes; 0 Nays

In other business, Mr. Aceto requested that the Chairman appoint an ad hoc committee to consider the moratorium and what can be done to prevent future problems. Dr. Maas stated that he would like the Board to institute a policy whereby the Engineer-Manager and Consulting Engineer would provide the committee with reports on BOD & TSS effluent concentrations in order to keep abreast of this situation to avoid its

reoccurring. Chairman Smith appointed the following members to serve on this committee: Dr. Maas, Chairman, Ms. Wallace and Mr. Aceto. Mr. Aceto suggested that this committee be called the JOC Compliance Committee.

8. New Business

Mr. Mull presented a Hotel Confirmation Form for attendance to the Annual WPCF Conference in Toronto, October 6-10, 1991 and requested Board authorization for Members and Staff and Attorney to attend this conference. Mr. Edwards moved that the Board Members, and appropriate staff members of the District be authorized to attend the WPCF Conference. Ms. Bryson seconded. Roll call vote was as follows: 10 Ayes; 0 Nays

9. Date of Next Regular Meeting: June 18, 1991

10. Adjournment:

There being no further business, the meeting was adjourned.



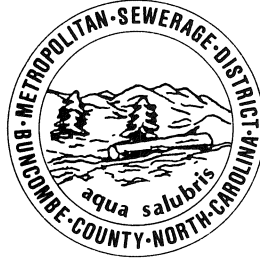
Jackie W. Bryson, Secretary/Treasurer

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

W. H. Mull, P.E., Engineer-Manager
P.O. Box 8969, Asheville, N.C. 28814
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John S. Stevens, General Counsel



Frank S. Smith III, Chairman
M. Leon Williams, Vice-Chairman
Steven T. Aceto
Jackie W. Bryson
M. Wayne Edwards
George E. Ivey
Richard P. Maas
Diane K. McDonald
Charles W. Penny
Marvin E. Waddey
Carolyn R. Wallace

CERTIFICATION

I, Jackie W. Bryson, Secretary/Treasurer to the 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 Resolution adopting the Fiscal Year 1991-1992 Budget, adopted by the Board of the Metropolitan Sewerage District at its regular meeting held May 21, 1991.

Witness my hand and seal of said District this 21st day of May, 1991.

Jackie W. Bryson, Secretary/Treasurer

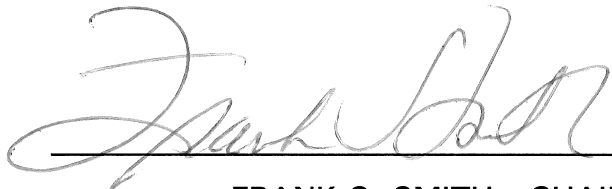
Board of the Metropolitan Sewerage District of
Buncombe County, North Carolina

RESOLUTION

BE IT RESOLVED that the Board of the Metropolitan Sewerage District of Buncombe County, North Carolina, does hereby adopt the attached Annual Operation and Maintenance Budget for the Fiscal Year 1991-92, this being the same Preliminary Budget which was submitted to the Board in April by the Engineer-Manager and Budget Officer, and thereafter presented at the regular Board meeting on April 16, 1991, which Budget has been available for inspection at the District office since April 16, 1991, except that the Preliminary Budget was changed in the following manner:

Total Collection System Operations has increased from \$2,431,544.00 to \$2,454,778.00 to reflect an increase in Wages, Retirement Benefits and Social Security Contributions of \$23,244.00; Total Expenditures has increased from \$5,721,036.00 to \$5,744,270.00 as a result of the above one (1) modification. The estimated monthly Budget is equal to one-twelfth (1/12) of the Total Budget.

This 21st day of May, 1991.



FRANK S. SMITH - CHAIRMAN

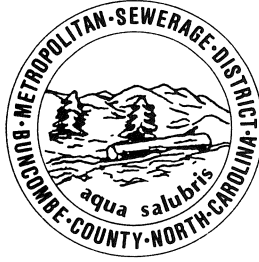
BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
OF BUNCOMBE COUNTY, NORTH CAROLINA

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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Frank S. Smith III, Chairman
M. Leon Williams, Vice-Chairman
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CERTIFICATION

I, Jackie W. Bryson, Secretary/Treasurer to the 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 Fiscal Year 1991-1992 Budget adopted by the Board of the Metropolitan Sewerage District at its regular meeting held May 21, 1991.

Witness my hand and seal of said District this 21st day of May, 1991.

Jackie W. Bryson, Secretary/Treasurer

Board of the Metropolitan Sewerage District of
Buncombe County, North Carolina

5/14/90

Schedule 4

METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA
 OPERATION AND MAINTENANCE FUND--STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 1991-92 BUDGET
 =====

	1991-92 BUDGET	CURRENT MONTH	PERIOD ENDING	PRIOR MONTH	PERIOD ENDING
	-----	-----	-----	-----	-----
TOTAL GENERAL ADMINISTRATION.....	991,152				
TOTAL PLANT OPERATIONS.....	2,298,340				
TOTAL COLLECTION SYSTEM OPERATIONS....	2,454,778				
TOTAL EXPENDITURES.....	5,744,270	=====	=====	=====	=====
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.....		-----	-----	-----	-----

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 \$5,744,270.

**RESOLUTION AMENDING AND SUPPLEMENTING THE
RESOLUTION OF THE DISTRICT BOARD OF THE
METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY,
NORTH CAROLINA PASSED ON MAY 16, 1991 RELATING TO
THE ISSUANCE OF \$14,710,000 SEWERAGE SYSTEM
REVENUE REFUNDING BONDS, SERIES 1991A OF SAID
DISTRICT**

THE DISTRICT BOARD OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY DOES HEREBY DETERMINE AND RESOLVE, as follows:

Section 1. Capitalized words and terms used in this resolution (this "Resolution") and not otherwise defined herein shall have the same meanings in this Resolution as such words and terms are given in the bond order adopted by the District Board of the Metropolitan Sewerage District of Buncombe County on May 23, 1985, as amended on June 4, 1985, authorizing and securing sewerage system revenue bonds of the District.

Section 2. The resolution passed by the District Board on May 16, 1991 relating to the issuance of \$14,710,000 Sewerage System Revenue Refunding Bonds, Series 1991A of the District (the "Series 1991A Bonds") is hereby amended and supplemented as follows:

(a) Section 6 of said resolution of May 16, 1991 is hereby amended by changing the word "Chairman" to the words "Vice Chairman of the District Board" and the execution of the Purchase Contract mentioned therein by said Vice-Chairman is hereby approved, ratified and confirmed as the approval of said Purchase Contract by the District Board and the District.

(b) The first sentence of Section 7 of said resolution of May 16, 1991 is hereby amended to read as follows:

"The Official Statement relating to the public offering of the Series 1991A Bonds, substantially in the form thereof presented to the District Board on May 21, 1991, is hereby approved, and the Chairman and the Engineer-Manager are each hereby authorized to approve such changes in such Official Statement for and on behalf of the District Board as they, with the advice of counsel, may deem necessary and appropriate and to execute such Official Statement; and such execution shall be conclusive evidence of the approval thereof by the District Board and the District."

(c) Section 9 of said resolution of May 16, 1991 is hereby amended and supplemented by the addition of a second paragraph to read as follows:

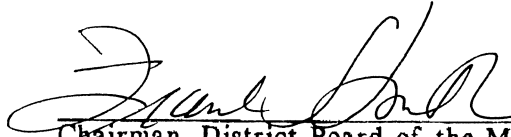
"By their purchase and acceptance of the Series 1991A Bonds, the Owners thereof shall have (i) signified their consent to and approval of such supplemental order, (ii) waived the required notice of the proposed adoption of such supplemental order set forth in the Order and (iii) irrevocably designated, appointed and authorized Interstate/Johnson Lane Corporation to act as attorney-in-fact for such Owners to execute a written consent to the proposed adoption of such supplemental order on their behalf."

(d) Paragraph 1 of the form of the order supplementing the Order attached to said resolution of May 16, 1991 and referred to in Section 9 of said resolution on May 16, 1991 is hereby amended by changing the words "Additional Facilities" to the words "Additional Improvements".

(c) The second paragraph of the form of the reverse side of each Series 1991A Bond set forth in Section 5 of said resolution on May 16, 1991 is hereby amended and supplemented by changing the words "resolutions duly passed by the District Board on May 6, 1991 and May 16, 1991" to the words "resolutions duly passed by the District Board on May 6, 1991, May 16, 1991 and May 21, 1991".

Section 3. This Resolution shall take effect immediately upon its passage.

Adopted this 21st day of May, 1991.



Chairman, District Board of the Metropolitan
Sewerage District of Buncombe County

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

SPECIAL MEETING

MAY 16, 1991

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

A Special Meeting of the Board of the Metropolitan Sewerage District was held in the Boardroom of MSD's Administration Building at 4:00 p.m. on Thursday, May 16, 1991. Chairman Smith called the meeting to order at 4:05 p.m. with the following members present: Aceto, Bryson, Edwards, Ivey, Maas, Penny, Smith, Waddey, Wallace and Williams.

Others present were: W. H. Mull, Engineer-Manager, John S. Stevens, General Counsel, Mike Plemmons and Debra Price representing CIBO, Clarke Morrison and Paul Johnson representing the Asheville Citizen-Times, Wyatt Martin representing the Board of Realtors, Drew Norwood with Windsor/Aughtry Co., Robert Mayhew with Mayhew Construction, Tom Vorys with Cornerstone Construction and Asheville Home Builders Association, Bob Selby with Signature Homes and Asheville Home Builders Association and Steve Brady with Riverknoll Development.

2. **Consideration of Series Resolution for 1991A Revenue Refunding Bonds:**

Mr. Stevens presented the Series Resolution and stated that the purpose of this Resolution is to authorize the issuance by the District of new bonds, the proceeds of which will be used to pay the cost of the new bond issue and to set aside enough money to pay off the bonds that were issued in 1985 for the Hydro Issue. This is called a Refunding Issue. Mr. Stevens reported that the bonds were priced and conditionally sold at a remarkably good rate. Mr. Stevens stated that he was informed by Interstate/Johnson Lane that the longest bonds sold for 6.75 percent and after the effective interest with expenses, etc. the rate is 6.9 percent, which results in a cumulative total savings over the life of the bonds of approximately \$2.8 million and a present value benefit of approximately \$1,181,000.00. Mr. Stevens further stated that the Series Resolution authorizes the issuance of the bonds and authorization for the District to sell the bonds through the Local Government Commission. Mr. Stevens reported that two changes have been made to the Resolution. These changes authorize the amending of the bond order to allow "Capital Appreciation Bonds" and a change in the way the Local Government Commission sells the bonds. Mr. Stevens stated that adoption of the Series Resolution authorizes the officers of the MSD to execute other documents that are necessary to sell the bonds and also incorporates and makes reference to the Official Statement. Mr. Stevens stated that Moody's and Standard & Poor's rated the Bonds at "A", which maintains the rating that the District previously had. A brief discussion followed regarding interest rates. Mr. Ivey stated that the bonds were well received and was completely sold out and/or committed to and that the issue is closed. At 5:16 p.m., May 16, 1991 Mr. Waddey moved that the Board adopt the final Series Resolution (as attached). Mr. Williams seconded. Roll call vote was as follows: 9 Ayes; 0 Nays and 1 Abstention by Mr. Ivey.

Mr. Stevens stated that in connection with the sale of the bonds a Public Hearing has been scheduled for Tuesday, June 4, 1991 at 9:00 a.m. Mr. Stevens stated this hearing is required by the Tax Act of 1982 to inform the public of what is being done. Ms. Wallace moved that the Board accept the date of June 4, 1991 for the Public Hearing. Mr. Edwards seconded. Voice vote was unanimous in favor of the motion.

3. **Consideration of Bids for Vehicles received May 8, 1991:**

- a. Four - 3/4 Ton 4 x 4 Pickup Trucks with Utility Beds

Mr. Mull reported that in Mr. Walter Currie's letter concerning the following bid document that the bid from Matthews Ford, Inc. (only bidder) is in acceptable form. The results of the May 8, 1991 bid opening are as follows: Matthews Ford, Inc. with a total base bid of \$66,216.56 (\$16,554.14 each). Mr. Wadley moved that the Board accept the bid from Matthews Ford for four (4) 3/4 Ton 4 x 4 Pickup Trucks with Utility Beds at a cost of \$16,554.14 each for a total base bid of \$66,216.56. Mr. Williams seconded. Roll call vote was as follows: 10 Ayes; 0 Nays

b. Four Door, Four-Wheel Drive Utility Vehicle

Mr. Mull reported that in Mr. Walter Currie's letter concerning the following bid document that the bid from Matthews Ford, Inc. (only bidder) is in acceptable form. The results of the May 8, 1991 bid opening are as follows: Matthews Ford, Inc. with a total base bid of \$17,486.31. Mr. Edwards moved that the Board accept the bid from Matthews Ford for one (1) Four-door Four-wheel drive Utility Vehicle for a total base bid of \$17,486.31. Ms. Bryson seconded. Roll call vote was as follows: 10 Ayes; 0 Nays

4. **New Connections:**


Mr. Mull reported that the District has been operating under Consent Judgement since 1983 with this being the first time a violation has occurred. Mr. Mull stated that the violation was due to prolonged construction of the treatment plant around the existing facility; problems with the RBC Microscreens and infiltration inflow of grit and fine clays into the sewer system. Mr. Mull reported that the final microscreens, which have been in operation for over 2 1/2 years and are used to partially remove activated sludge, have been deteriorating rapidly and the District has been waiting for Envirex, Inc. to come up with a media size to go with the Intermediate Clarifiers. Mr. Mull stated that a meeting with Envirex, Inc. was held in February and at that time Envirex agreed to replace the screens at its cost. The media ordered in February arrived on April 11, 1991 and installation completed on April 26, 1991. Since that time the District has been back in compliance with the requirements of the Judicial Order. Mr. Mull further stated that the Judicial Order specifies no new connections to the system and requires a Letter of Allocation from the Director of Environmental Management, Water Quality Section of the North Carolina Department of Environment, Health and Natural Resources in Raleigh allowing for connections to the system. However, the Letter of Allocation is automatically voided any time the effluent numbers are violated. Mr. Mull reported that as of this date the District has reapplied for a Letter of Allocation with support from Roy Davis and Max Haner of the local Division of Environmental Management and hope to receive a reply within a week or two. Mr. Mull stated that the Building Permits office will continue to issue permits but the Sewer Tap portion of the permit would be withheld pending receipt of the Allocation Letter. Following a lengthy discussion regarding timing for completion of construction; violation of both effluent BOD and Total Suspended Residue limits; the amount of time it will take to receive the Allocation Letter and what can be done to speed up the process, Mr. Stevens advised that the District allow no taps until clarification is received from the State.

Chairman Smith then called for any questions from the floor. Chairman Smith then recognized Mr. Tom Voyrs of Cornerstone Construction and Asheville Home Builders Association. Mr. Voyrs asked for a clarification on the timing of the Allocation Letter and if there were any reasons why the letter might not be signed. Dr. Maas stated there were several reasons why the letter might not be signed. The first being that the microscreens were in need of replacement and second that there are a tremendous

number of leaking sewer lines causing infiltration into the sewer system resulting from heavy rainfall, which alone could cause the District to violate the Judicial Order of Consent (JOC). Dr. Maas further stated that in the past it would take two full months of being in compliance before the State would consider allowing the District to make new taps. Therefore, the State might want to see a longer period of time the District is in compliance, through several major rains, to be sure it won't be out of compliance again. Mr. Vorys then questioned the accuracy of the policy of charging a Capacity Depletion Fee of \$400.00 for an additional 1/2 bath when there is no increase in occupancy. Mr. Mull stated that this policy was accurate but that the fee schedule can be modified by the Board at any time. Mr. Ivey recommended that Mr. Vorys apply for an exception to this policy. Chairman Smith then recognized Mr. Drew Norwood of Windsor Aughtry Company. Mr. Norwood asked if while waiting for the Letter of Allocation whether construction permits would be available. Mr. Mull stated that construction permits would be granted in the interim. Chairman Smith then recognized Mr. Robert Mayhew of Mayhew Construction asked if the District could accept sewer tap applications prior to receipt of the Letter of Allocation. Mr. Mull stated that the District would accept applications and notify applicants when the letter has been received. Chairman Smith then recognized Mr. Mike Plemmons representing CIBO. Mr. Plemmons expressed his concern regarding the availability of obtaining building permits. Mr. Waddey reported that contractors and owners applying for permits have been informed of the situation at the MSD and applicants are required to sign a form stating that they understand that no tap fee has been paid, or allocated; no power can be turned on and no occupancy will be allowed until the problem with the MSD is resolved, but that they can proceed with construction. Mr. Plemmons then suggested that the Board form a committee to visit local financial institutions to make them aware of the situation at MSD. Chairman Smith then recognized Mr. Bob Selby of Signature Homes. Mr. Selby questioned the status of the South Swannanoa Interceptor Sewer. Mr. Mull reported that this project was completed in February, 1991. Chairman Smith then recognized Mr. Wyatt Martin with the Asheville Board of Realtors. Mr. Martin asked what Board of Realtor members should tell buyers who are ready to hook-up to the system and how long it will be. Mr. Mull stated that there were no guarantees as to when this problem will be resolved.

5. **Adjournment:**

There being no further business, the meeting was adjourned at 5:20 p.m.


Jackie W. Bryson
Secretary/Treasurer

RESOLUTION SUPPLEMENTING THE SERIES RESOLUTION OF THE DISTRICT BOARD OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$15,400,000 SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 1991A OF SAID DISTRICT PURSUANT TO THE PROVISIONS OF SECTION 211 OF THE BOND ORDER ADOPTED BY SAID DISTRICT BOARD ON MAY 23, 1985, AS AMENDED, APPROVING THE AWARD OF SAID BONDS AND PROPOSING TO SUPPLEMENT SAID ORDER TO AUTHORIZE THE ISSUANCE OF CAPITAL APPRECIATION BONDS.

WHEREAS, under the authority of the North Carolina Metropolitan Sewerage Districts Act, as amended, and The State and Local Government Revenue Bond Act, as amended (collectively the "Enabling Act") the District Board of the Metropolitan Sewerage District of Buncombe County (the "District") adopted a bond order on May 23, 1985, as amended on June 4, 1985 (the "Order"), authorizing and securing sewerage system revenue bonds of the District; and

WHEREAS, the District Board of the District (the "District Board") on May 6, 1991 passed a series resolution authorizing the issuance of not exceeding \$15,400,000 Sewerage System Revenue Refunding Bonds, Series 1991A of the District pursuant to the provisions of Section 211 of the Order and requesting the Local Government Commission of North Carolina (the "Local Government Commission") to award said bonds at private sale within the limitations established in said resolution; and

WHEREAS, the Local Government Commission has awarded said bonds at private sale, subject to the approval of the District Board, and the Chairman of the District Board and the Engineer-Manager of the District have presented their recommendations with respect to such sale to the District Board, as directed by the District Board in said resolution; and

WHEREAS, said resolution provides, in part, that said bonds are to have such terms and provisions as shall be provided in a resolution to be passed by the District Board after the award of said bonds by the Local Government Commission, and this resolution is intended so to supplement said resolution; and

WHEREAS, the District Board also desires to propose the adoption of an order supplementing the Order to authorize the District to issue capital appreciation bonds and effect related changes to certain provisions of the Order;

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

Section 1. Capitalized words and terms used in this resolution (this "Resolution") and not otherwise defined herein shall have the same meanings in this Resolution as such words and terms are given in the Order.

Section 2. Pursuant to the Enabling Act and Section 211 of the Order, the District Board hereby authorizes the issuance of \$14,710,000 principal amount of revenue refunding bonds of the District, such bonds to be designated "Metropolitan Sewerage District of Buncombe County Sewerage System Revenue Refunding Bonds, Series 1991A" (the "Series 1991A Bonds"), to be dated as of June 1, 1991, and to consist of Serial Bonds in the aggregate principal amount of \$5,895,000, maturing on July 1 in each of the years and in the amounts and bearing interest at the rates per annum shown below:

<u>Year of Maturity</u>	<u>Principal Amount Due</u>	<u>Interest Rate</u>
1992	\$285,000	5.00%
1993	300,000	5.20
1994	315,000	5.40
1995	335,000	5.60
1996	350,000	5.80
1997	370,000	5.90
1998	395,000	6.00
1999	420,000	6.10
2000	445,000	6.20
2001	470,000	6.30
2002	500,000	6.40
2003	535,000	6.50
2004	570,000	6.55
2005	605,000	6.60

and of Term Bonds in the principal amount of \$2,855,000, maturing on July 1, 2009 and bearing interest at the rate of 6.75% per annum and Term Bonds in the principal amount of \$5,960,000, maturing on July 1, 2015 and bearing interest at the rate of 6.75% per annum.

The Series 1991A Bonds shall be numbered from R91A-1 upward and shall be issuable as fully registered bonds in the denomination of \$5,000 or any multiple thereof. Interest on the Series 1991A Bonds shall be payable on January 1, 1992 and thereafter semi-annually on each January 1 and July 1 until the Series 1991A Bonds are paid in full.

Section 3. The Sinking Fund Requirements for the Series 1991A Term Bonds maturing on July 1, 2009 shall begin in the Fiscal Year ending June 30, 2006 and shall be as follows:

<u>Fiscal Year Ending June 30</u>	<u>Sinking Fund Requirements</u>
2006	\$645,000
2007	690,000
2008	735,000
2009	785,000

The Sinking Fund Requirements for the Series 1991A Term Bonds maturing on July 1, 2015 shall begin in the Fiscal Year ending June 30, 2010 and shall be as follows:

<u>Fiscal Year Ending June 30</u>	<u>Sinking Fund Requirements</u>
2010	\$ 840,000
2011	895,000
2012	955,000
2013	1,020,000
2014	1,090,000
2015	1,160,000

Section 4. The Series 1991A Bonds maturing on or after July 1, 2002 shall be subject to redemption prior to maturity, at the option of the District Board, on or after July 1, 2001, in whole on any date or in part on any interest payment date, in inverse order of maturity and by lot within a single maturity, from any moneys that may be made available for such purpose, upon notice as provided in Article III of the Order and, when redeemed in any period shown in the following table, at the respective Redemption Price (expressed as a percentage of the principal amount of the Series 1991A Bonds to be redeemed) set opposite each such period in such table, plus accrued interest to the date fixed for redemption:

<u>Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Prices</u> <u>(Expressed as a Percentage</u> <u>of Principal Amount)</u>
July 1, 2001 to June 30, 2002	102%
July 1, 2002 to June 30, 2003	101
July 1, 2003 and thereafter	100

In addition, the Series 1991A Term Bonds due on July 1, 2009 are subject to redemption in part by lot on July 1, 2006 and each July 1 thereafter to and including July 1, 2008 and the Series 1991A Term Bonds due on July 1, 2015 are subject to redemption in part by lot on July 1, 2010 and each July 1 thereafter to and including July 1, 2014 in amounts equal to the respective Sinking Fund Requirements therefor in the immediately preceding Fiscal Years set out in Section 3 of this Resolution, upon notice as provided in Article III of the Order, at the principal amount of each Series 1991A Bond to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Section 5. The Series 1991A Bonds issuable hereunder and the Certificate of the Local Government Commission and the Certificate of Authentication to be endorsed on all the Series 1991A Bonds shall be substantially in the following forms, with such variations, omissions and insertions as are required or permitted by the Order:

[FORM OF BOND]

[Front Side of Bond]

No. R91A-_____

\$_____

United States of America
State of North Carolina
County of Buncombe

METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY

Sewerage System Revenue Refunding Bond
Series 1991A

Maturity Date

Interest Rate

Cusip

The Metropolitan Sewerage District of Buncombe County (herein sometimes called the "District"), a public body and body politic, in the County of Buncombe, State of North Carolina, and corporate, exercising public and essential governmental functions, is justly indebted and for value received hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to _____

_____ or registered assigns or legal representative, on the maturity date specified above (or earlier as stated hereinafter), upon the presentation and surrender hereof at the principal corporate trust office of Wachovia Bank and Trust Company, N.A., in the City of Winston-Salem, North Carolina, or any successor bond registrar (the "Bond Registrar") the principal sum of

_____ DOLLARS

in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, to the person in whose name this bond (or one or more Predecessor Bonds, as defined in the Order hereinafter mentioned), is registered at the close of business on the regular record date for such interest, which shall be the 15th day of the calendar month next preceding an interest payment date (the "Regular Record Date"), by check mailed to such person at his address as it appears on the bond registration books of the District, interest on said principal sum from the date of this

bond or from the January 1 or July 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a January 1 or July 1 to which interest shall have been paid, in which case from such date, on January 1 and July 1 in each year, commencing January 1, 1992, in like coin or currency, at the rate per annum specified above until payment of said principal sum. Any such interest not so punctually paid shall forthwith cease to be payable to the person who was the registered owner on such Regular Record Date and may be paid to the person in whose name this bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date, as defined in the Order, for the payment of such defaulted interest to be fixed by the Trustee hereinafter mentioned, notice whereof being given to registered owners not more than fifteen (15) days and not less than ten (10) days prior to such Special Record Date, or may be paid in any other lawful manner not inconsistent with the requirements of applicable law or any securities exchange on which the bonds may be listed and upon such notice as may be required by such law or exchange, all as more fully provided in the Order.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

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

IN WITNESS WHEREOF, the Metropolitan Sewerage District of Buncombe County has caused this bond to bear the facsimile signatures of the Chairman and the Secretary-Treasurer of the District Board of the District and a facsimile of the corporate seal of the District to be imprinted hereon, all as of the 1st day of June, 1991.

METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY

[facsimile of
corporate seal]

By [facsimile signature]
Chairman

[facsimile signature]
Secretary-Treasurer

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

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

[facsimile signature]
Secretary, Local Government
Commission of North Carolina

CERTIFICATE OF AUTHENTICATION

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

WACHOVIA BANK AND TRUST COMPANY, N.A.
as Bond Registrar

By _____
Authorized Signatory

Date of authentication: _____

[Reverse Side of Bond]

Metropolitan Sewerage District of Buncombe County
Sewerage System Revenue Refunding Bond, Series 1991A

This bond is one of a duly authorized series of revenue refunding bonds of the District, designated "Sewerage System Revenue Refunding Bonds, Series 1991A" (the "Series 1991A Bonds"), consisting of bonds maturing in annual installments on July 1 in the years 1992 to 2005, inclusive (the "Serial Bonds"), and of bonds maturing on July 1, 2009 and July 1, 2015 (collectively the "Term Bonds"), and issued for the purpose of providing funds, with any other available funds, for (i) refunding a series of revenue bonds of the District, designated "Sewerage System Revenue Bonds, Series 1985A", dated May 1, 1985 and issued in the aggregate principal amount of \$14,420,000 pursuant to the Order (the "Series 1985A Bonds"), by paying at

maturity and redeeming prior to maturity the outstanding Series 1985A Bonds and paying the interest to accrue thereon to the stated maturity dates or date fixed for redemption, (ii) making a deposit to a certain debt service reserve for the Series 1991A Bonds and (iii) paying expenses incidental thereto.

All of the Series 1991A Bonds are issued under and pursuant to the Constitution and laws of the State of North Carolina, including the North Carolina Metropolitan Sewerage Districts Act, as amended, and The State and Local Government Revenue Bond Act, as amended (collectively the "Enabling Act"), a bond order duly adopted by the District Board on May 23, 1985, as amended on June 4, 1985 (such bond order, together with all orders supplemental and amendatory thereto as therein permitted, being herein called the "Order"), and resolutions duly passed by the District Board on May 6, 1991 and May 16, 1991 (collectively the "Series Resolution"). In addition to the Series 1985A Bonds, the District has heretofore issued under the Order \$20,700,000 aggregate principal amount of its Sewerage System Revenue Bonds, Series 1986A, dated July 1, 1986 (the "Series 1986A Bonds"). The Order provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of additional bonds to provide funds for paying all or any part of the cost of acquiring and constructing Additional Improvements, as defined in the Order, to provide funds for completing payment of the cost of acquiring and constructing any Additional Improvements, to pay any Indebtedness, as defined in the Order, incurred or assumed by the District for any purpose for which bonds may be issued and to refund any bonds issued under the Order or other Indebtedness (such additional bonds, the Series 1991A Bonds and the Series 1986A Bonds being herein collectively called the "Bonds"). The Order also provides for the assumption by the District of the payment of debt service on general obligation indebtedness or other indebtedness of units of local government or privately-owned utilities ("Additional Indebtedness") in conjunction with the acquisition of Additional Improvements and for the incurrence or assumption by the District of additional indebtedness payable from Revenues, as defined in the Order, on a parity with all Bonds and Additional Indebtedness (such indebtedness and the Bonds and Additional Indebtedness being herein collectively called "Parity Indebtedness") and of indebtedness payable from Revenues subordinate to Parity Indebtedness ("Subordinate Indebtedness") under the conditions, limitations and restrictions therein set forth. Reference is hereby made to the Order for the provisions, among others, with respect to the custody and application of the proceeds of Bonds, the collection and disposition of Revenues, the special fund charged with and made available for the payment of the interest and the redemption premium, if any, on and the principal of the Bonds, any Additional Indebtedness and any other Parity

Indebtedness, the nature and extent of the security for the Bonds and any Additional Indebtedness, other Parity Indebtedness and Subordinate Indebtedness thereby created, the terms and conditions on which the Bonds of each series are or may be issued or the payment of debt service on Additional Indebtedness may be assumed or other Parity Indebtedness or Subordinate Indebtedness may be incurred or assumed, the rights, duties and obligations of the District, the Bond Registrar and the Trustee and the rights of the registered owners of the Bonds. A certified copy of the Order is on file at the principal corporate trust office of the Wachovia Bank and Trust Company, N.A., in the City of Winston-Salem, North Carolina (the "Trustee"). By the acceptance of this bond, the registered owner hereof assents to all of the provisions of the Order.

The Order provides for the creation of a special fund designated the "Metropolitan Sewerage District of Buncombe County, North Carolina Bond Service Fund" (the "Bond Service Fund"), which special fund is made available for and charged with the payment of the principal of and the interest on all Bonds and any other Parity Indebtedness, and also provides for the deposit to the credit of said special fund of the Revenues after provision has been made for the payment of Current Expenses, as defined in the Order, to the extent and in the manner provided in the Order. The Order further provides for transfers to the credit of the Bond Service Fund from other special funds created by the Order and made available thereunder to make up any deficiencies in said Fund with respect to all Bonds, all to the extent and in the manner provided in the Order.

In the Series Resolution, the District Board has proposed to adopt an order supplementing the order to authorize the District to issue capital appreciation Bonds and effect related changes to certain provisions of the Order. By the acceptance of this bond, the registered owner hereof (i) signifies his consent to and approval of such supplemental order, (ii) waives the required notice of the proposed adoption of such supplemental order set forth in the Order and (iii) irrevocably designates, appoints and authorizes Interstate/Johnson Lane Corporation to act as attorney-in-fact for such owner to execute a written consent to the proposed adoption of such supplemental order on his behalf.

The Order provides for the charging by the District of rates, fees and charges for the use of and for the services and facilities furnished or to be furnished by the Sewerage System, as defined in the Order, in order to produce at all times sufficient Revenues, together with any other available funds, to pay the Current Expenses and to pay the principal of and interest on all Parity Indebtedness and Subordinate Indebtedness as the

same shall become due and to create certain reserves for such purposes.

The Revenues, after provision has been made for the payment of Current Expenses, are pledged by the Order to the payment of the principal of and the interest and any redemption premium on the Bonds and other Parity Indebtedness and then Subordinate Indebtedness as provided in the Order. The District is not obligated to pay the Bonds or other Indebtedness except from the Revenues, after provision has been made for the payment of Current Expenses, or assets made available therefor under the Order. Neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof is pledged to the payment of the principal of and the interest and any redemption premium on this bond.

The Bonds are issuable as registered bonds without coupons, in such denominations as the District Board may by resolution determine. At the principal corporate trust office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Order, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

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

The Series 1991A Bonds at the time outstanding may be redeemed prior to their respective maturities at the option of the District Board on or after July 1, 2001 in whole on any date or in part on any interest payment date, in inverse order of maturity and by lot within a single maturity, from any moneys that may be available for such purpose at the principal amount of the Series 1991A Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption, plus a premium of 2% of such principal amount, if redeemed on or prior to June 30, 2002, 1% if redeemed thereafter and on or prior to June 30, 2003 and without premium if redeemed thereafter. Term Bonds are required to be redeemed from moneys in the Sinking Fund Account, as defined in the Order, in a total principal amount equal to the Sinking Fund Requirements (less the principal amount of Series 1991A Bonds retired by purchase), as defined in the Order, in annual installments on July 1 in each of the years 2006 to 2008, inclusive, and 2010 to 2014, inclusive, at the principal amount of the Series 1991A Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption, without premium. The portion of any Series 1991A Bond to be redeemed shall be in the principal amount equal to the lowest denomination of the Series 1991A Bonds or some integral multiple thereof, and in selecting Series 1991A Bonds for redemption, the Bond Registrar shall treat each Series 1991A Bond as representing that number of Series 1991A Bonds which is obtained by dividing the principal amount of such Series 1991A Bond by the amount of the lowest denomination of the Series 1991A Bonds.

The moneys in the Bond Service Fund and the Redemption Fund, as defined in the Order, available for the purchase or redemption of Bonds shall be allocated to all series of Bonds outstanding under the Order in the manner provided in the Order.

Not more than ninety (90) days and at least thirty (30) days before the redemption date of any Bonds, the Bond Registrar shall cause a notice of any such redemption, either in whole or in part, signed by the Bond Registrar, to be published in the City of Asheville, North Carolina, and to be mailed, postage prepaid, to all registered owners of Bonds or portions of Bonds to be redeemed at their addresses as they appear on the registration books of the District kept by the Bond Registrar, as provided in the Order, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption. On the date designated for redemption, notice having been given as aforesaid, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for the redemption of such Bonds or portions thereof on such date, and, if the moneys for payment of the redemption price and the accrued interest are held by the Bond Registrar, as provided in the Order, interest on such Bonds or

portions thereof shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Order, and the registered owners thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment of the redemption price thereof and the accrued interest so held by the Bond Registrar. If a portion of this bond shall be called for redemption, a new Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon surrender hereof.

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

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

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

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

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

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

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells, assigns and transfers unto _____

the within bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

Section 6. The award of the Series 1991A Bonds by the Local Government Commission at private sale without advertisement to Interstate/Johnson Lane Corporation, First Charlotte, a Division of J.C. Bradford & Co., and J. Lee Peeler & Company, Inc., as the underwriters (the "Underwriters"), at the prices and with certain other terms set forth in the Purchase Contract relating to the sale of the Series 1991A Bonds presented to the District Board, which award was made on behalf of and subject to the approval of the District Board, is hereby approved, and the Chairman and the Engineer-Manager are hereby authorized to evidence such approval by executing such Purchase Contract; and such execution shall be conclusive evidence of the approval thereof by the District Board and the District.

Section 7. The Official Statement relating to the public offering of the Series 1991A Bonds, substantially in the form thereof presented to the District Board, is hereby approved, and the Chairman and the Engineer-Manager are each hereby authorized to approve such changes in such Official Statement for and on behalf of the District Board as they, with the advice of counsel, may deem necessary and appropriate and to execute such Official Statement; and such execution shall be conclusive evidence of the approval thereof by the District Board and the District. The

District Board hereby approves and authorizes the distribution and use of copies of such Official Statement, with such changes as are authorized by this Resolution, by the Underwriters in connection with such public offering.

Section 8. Simultaneously with the delivery of the Series 1991A Bonds, the Trustee shall apply the proceeds of the Series 1991A Bonds, including any amount received as accrued interest, as follows:

(a) an amount as required pursuant to the Escrow Deposit Agreement to be deposited to the Escrow Fund created thereby shall be deposited to the credit of such Escrow Fund; and

(b) the amount received as accrued interest on the Series 1991A Bonds shall be deposited to the credit of the Interest Account.

Section 9. The District Board proposes to adopt an order supplementing the Order to authorize the District to issue capital appreciation Bonds and effect related changes to certain provisions of the Order. Such supplemental order shall be substantially in the form thereof attached to this Resolution and the Trustee is hereby requested to cause notice of the proposed adoption of such supplemental order to be given as required by Sectio 1102 of the Order.

Section 10. The officers, agents and employees of the District and the officers and agents of the Trustee, the Bond Registrar and the Escrow Agent are hereby authorized and directed to do all acts and things required of them by the provisions of the Series 1991A Bonds, the Order, such Purchase Contract, the Escrow Deposit Agreement and this Resolution for the full, punctual and complete performance of the terms, covenants, provisions and agreements therein.

Section 11. This Resolution shall take effect immediately upon its passage.

ORDER SUPPLEMENTING THE BOND ORDER
ADOPTED BY THE DISTRICT BOARD OF THE
METROPOLITAN SEWERAGE DISTRICT OF
BUNCOMBE COUNTY ON MAY 23, 1985, AS
AMENDED.

WHEREAS, under the authority of the North Carolina Metropolitan Sewerage Districts Act, as amended, and The State and Local Government Revenue Bond Act, as amended, the District Board of the Metropolitan Sewerage District of Buncombe County (the "District") adopted a bond order on May 23, 1985, as amended on June 4, 1985 (the "Order"), authorizing and securing sewerage system revenue bonds of the District;

WHEREAS, Section 1102 of the Order provides that the owners of not less than two-thirds (2/3) in aggregate principal amount of the bonds then outstanding under the Order shall have the right to consent to and approve the adoption by the District of such orders supplemental thereto as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Order, subject to certain exceptions (which supplemental orders shall thereafter form a part of the Order);

WHEREAS, the District Board of the District (the "District Board") has determined that it is desirable to add certain provisions to and modify certain provisions of the Order as hereinafter provided;

WHEREAS, the Trustee under the Order (the "Trustee") has caused notice of the proposed adoption of this supplemental order to be given as provided in Section 1102 of the Order;

WHEREAS, the District, within one year after the date of the first publication of such notice, has delivered to the Trustee an instrument or instruments in writing purporting to be executed by the owners of not less than two-thirds (2/3) in aggregate principal amount of the bonds then outstanding, which instruments specifically consent to and approve the adoption of this supplemental order in substantially the form thereof referred to in such notice; and

WHEREAS, all other acts, conditions and things required by the Order to happen, exist and be performed precedent to the adoption of this supplemental order have happened, exist and have been performed as so required;

NOW, THEREFORE, the Order is hereby amended and supplemented in the following respects:

1. Section 101 is hereby amended by the addition of the following definition immediately before the definition of "Additional Facilities":

" 'Accreted Amount' shall mean, as of any point in time, with respect to Capital Appreciation Bonds of any Series, the amount set forth in, or calculated in accordance with, a Series Resolution as the amount representing the initial principal amount thereof plus the accumulated and compounded interest on such Bonds as of such point in time."

2. Section 101 is hereby amended by the addition of the following definition immediately before the definition of "Chairman":

" 'Capital Appreciation Bonds' shall mean Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in the applicable Series Resolution and is payable upon redemption or on the maturity date of such Bonds or on the date, if any, upon which such Bonds become Current Interest Bonds."

3. Section 101 is hereby amended by the addition of the following definition immediately before the definition of "Daily Newspaper":

" 'Current Interest Bonds' shall mean Bonds the interest on which is payable on the interest payment dates provided therefor herein or in the applicable Series Resolution, which Series Resolution may also provide that Bonds initially issued as Capital Appreciation Bonds may become Current Interest Bonds on the date specified therein."

4. Section 101 is hereby amended by the addition of the following definition immediately before the definition of "Principal Account":

" 'Principal' shall mean (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in this Order in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an event of default, in which case "principal" means the initial principal amount of such capital appreciation Bond (the difference between the Accreted Amount and the initial principal amount being deemed interest), and (ii) with respect to any Current

Interest Bond, the principal amount of such Bond payable in satisfaction of a Sinking Fund Requirement, if applicable, or at maturity."

5. In Section 101 the definition of "Principal and Interest Requirements" is hereby amended by adding to the words "provided that payments to be made in respect of Balloon Long-Term Indebtedness and Variable Rate Indebtedness are to be calculated in accordance with the provisions of this Order" the following words:

"and that, for Capital Appreciation Bonds, the principal and interest portions of the Accreted Value thereof shall be included on the dates such Bonds are payable, either at maturity or by virtue of a Sinking Fund Requirement."

6. In Section 210 the second paragraph is hereby amended to read as follows:

"Before any Bonds shall be issued under the provisions of this Section, the District Board shall adopt a Series Resolution authorizing the issuance of such Bonds, fixing the amount and the details thereof and describing in brief and general terms the purpose for which the Bonds are to be issued. The Bonds of each Series issued under the provisions of this Section shall be designated, shall be dated, shall be stated to mature on such date or dates in such year or years, shall bear interest at such rate or rates (or shall have such yield or yields in the case of any Capital Appreciation Bonds), shall be redeemable at such times and prices (subject to the provisions of Article III of this Order), shall be issued in such form, including, but not limited to, Capital Appreciation Bonds or Current Interest Bonds, Serial or Term Bonds or any combination thereof, shall be numbered and shall have such denomination or denominations and Sinking Fund Requirements on account of any Term Bonds thereof as may be provided by the Series Resolution for such Bonds. Except as to any differences in the maturities thereof or the rate or rates of interest (or yield or yields) or the provisions for redemption or the rights of owners to the proceeds of any Credit Facility, such Bonds shall be on a parity with and shall be entitled to the same benefit and security under this Order as all other Bonds issued under this Order."

7. In Section 211 the second paragraph is hereby amended to read as follows:

"Refunding Bonds of the District may also be issued under and secured by this Order, subject to the conditions hereinafter provided in this Section, from time to time, for the purpose of providing funds, with any other available funds, for paying at maturity or redeeming prior to maturity all or any part of the Outstanding Bonds of any Series or, to the extent permitted by law, other Indebtedness, including the payment of any redemption premium thereon, making any required deposit to the Debt Service Reserve Fund and, if deemed necessary by the District Board, paying the interest to accrue thereon to the date fixed for redemption or stated maturity date or dates and any expenses in connection with such refunding. Before any Bonds shall be issued under the provisions of this paragraph, the District Board shall adopt a Series Resolution authorizing the issuance of such Bonds, fixing the amount and the details thereof and describing the Bonds or other Indebtedness to be redeemed or paid. Such refunding Bonds shall be designated, shall have such denomination or denominations, shall be dated, shall bear interest at such rate or rates (or shall have such yield or yields in the case of any Capital Appreciation Bonds) not exceeding the maximum rate then permitted by law, shall be stated to mature on such date or dates in such year or years, shall be redeemable at such times and prices (subject to the provisions of Article III of this Order), shall be issued in such form, including, but not limited to, Capital Appreciation Bonds or Current Interest Bonds, Serial Bonds or Term Bonds or any combination thereof, shall be numbered, shall have such Sinking Fund Requirements on account of any Term Bonds of such Series and shall have such Debt Service Reserve Requirement within the limitations specified in this Order, all as may be provided by the Series Resolution for such Bonds. Except as to any differences in the maturities thereof or the rate or rates of interest (or yield or yields) or the provisions for redemption or the rights of Owners to the proceeds of any Credit Facility, such refunding Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Order as all other Bonds issued under this Order."

8. This supplemental order shall take effect upon its adoption by the District Board and acceptance by the Trustee.

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
SPECIAL MEETING

May 6, 1991

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

A special meeting of the Board of the Metropolitan Sewerage District was held May 6, 1991, at 4:00 p.m., to approve the Distribution of the Preliminary Official Statement for and the Issuance of Sewerage System Revenue Refunding Bonds and consideration of Bids for Vehicles and Equipment.

Chairman Smith called the meeting to order at 4:00 p.m. with the following members present: Aceto, Bryson, Edwards, Ivey, Maas, Penny, Smith, Waddey and Williams. Others present were: W. H. Mull, Engineer-Manager, John S. Stevens and Billy Clarke General Counsel, Dean Huber representing Hendon Engineering Associates, Inc., George Woodall representing Interstate/Johnson Lane and Debra Price representing CIBO.

2. **To approve the Distribution of the Preliminary Official Statement for and the Issuance of Sewerage System Revenue Refunding Bonds:**

Mr. John S. Stevens, Counsel for the District presented a Series Resolution and Escrow Deposit Agreement and reported that the District Management tentatively decided to go forward with a refunding of its 1985 bond issue of approximately \$14,000,000.00 since interest rates have dropped to a point where it makes sense to issues new bonds to pay off old bonds. Mr. Stevens stated that procedures for issuing bonds has changed considerably since the 1985 bond issue in that the Local Government Commission is basing its going forward on the adoption of this first Series Resolution then having the District meet again at a later date to adopt a second resolution. Mr. Stevens discussed the Series Resolution and all sections therein. A lengthy discussion followed regarding the continued use of Wachovia Bank & Trust Company as Registrar for the Bonds. Mr. Ivey stated that it makes sense to use Wachovia since the MSD will have to use it as the Escrow Agent for the old issue. Mr. Stevens stated that during the 1985 bond issue the Board, after evaluation of other proposals, agreed to stay with Wachovia as the Escrow Agent. Dr. Maas recommended that on future bond issues that the District put this out for bid. Ms. Bryson moved that the Board adopt the Series Resolution presented by Mr. Stevens (Attached). Dr. Maas seconded. Mr. George Woodall with Interstate/Johnson Lane then presented the Preliminary Official Statement relating to the \$15,400,000.00 Sewerage System Revenue Refunding Bonds, Series 1991A. Mr. Woodall discussed in length the contents of the statement and reported that following approval of the Board, the Official Statement will be published on May 8, 1991 and sent to brokerage account executives so they can begin soliciting orders for the bonds. Mr. Woodall further reported that the actual pricing of the bonds will take place on May 15, 1991 at which time final maturity dates and final interest rates will be presented to the Board for approval. Mr. Woodall stated that given the current levels of interest rates, they anticipated on today's market an average coupon interest rate of 6.85 percent. This interest rate would result in a savings to the District of approximately \$2.5 million dollars over the life of the bond issue with an estimated present value savings of approximately \$940,000.00 on today's market; assuming the District maintains an A rating from both Moody's Investors and Standard & Poor's. Mr. Woodall reported that during the past two weeks both rating agencies have visited the MSD to see first hand what has been accomplished since the 1985 rating. Following a discussion as to why the District put an interest rate of 7 3/4% (It being explained this was a quote not to exceed interest rate), Chairman Smith called for a vote on the Adoption of the Series Resolution approving the Preliminary Official Statement and the Escrow Deposit Agreement. Roll call vote was as follows: 9 Ayes; 0 Nays

3. **Consideration of Bids for Vehicles and Equipment received April 17, 1991:**

a. **Tractor with front-end loader and backhoe**

Mr. Mull presented correspondence from Walter L. Currie, Attorney for the District concerning his review of the following bid documents stating that bids received from Farm Equipment Company of Asheville, Inc. and Arden Equipment Company are in acceptable form. Mr. Currie stated that Farm Equipment indicated that the bid would have been a lesser amount had it understood that the specified four levers included the two stabilizer levers, however, Farm Equipment cannot be allowed to change its bid now that the bids have been opened. Mr. Currie further stated that General Tractor, Inc.'s bid is stated to be F.O.B. (which means free on board under the terms of the North Carolina Uniform Commercial Code) Metropolitan Sewerage District Office. The results of the April 17, 1991 bid opening are as follows: Farm Equipment Company of Asheville, Inc. with a total base bid of \$52,969.35; Arden Equipment Company, Inc. (Apparent Low Bidder) with a total base bid of \$51,038.40 and General Tractor Inc. with a total base bid of \$54,704.88. Mr. Ivey questioned the note from Farm Equipment Company regarding misinterpretation of the bid specifications, which would have meant a possible bid reduction in excess of \$1,930.95 (the difference between his bid and that of Arden Equipment Company, Inc.). Mr. Mull stated that once a bid is opened it cannot be amended or modified as noted above in Mr. Currie's remarks. Mr. Edwards moved that the Board accept the bid of Arden Equipment Company, Inc. for two (2) J.I. Case 580K, Phase III Tractor Loader-Backhoe at \$24,304.00 each for a total base bid of \$51,038.40. Mr. Williams seconded. Roll call vote was as follows: 6 Ayes; 0 Nays and 1 Abstention (Mr. Aceto)

b. **Three-inch Self Priming Pump:**

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that both bids deviated from technical specifications and it should be determined whether the deviations are material and whether or not the bids should be rejected as being unresponsive. Otherwise, the bids from Prime Equipment and Arden Equipment Company, Inc. are in acceptable form. The results of the April 17, 1991 bid opening are as follows: Prime Equipment (Apparent Low Bidder) with a total base bid of \$1,149.75 and Arden Equipment Company, Inc. with a total base bid of \$1,152.53. Mr. Penny moved that the Board accept the bid of Prime Equipment for one (1) Wacker PT3A for a total base bid of \$1,149.75. Mr. Aceto seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

c. **Flat bed Dump Truck:**

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that in his opinion both bid documents appear to be in acceptable form. The results of the April 17, 1991 bid opening are as follows: Carolina Truck & Body Company, Inc. (Apparent Low Bidder) with a total base bid of \$30,933.97 and Matthews Ford, Inc. with a total base bid of \$33,133.02. Mr. Penny moved that the Board accept the bid of Carolina Truck & Body Company, Inc. for one (1) 1991 GMC TC7H042 Custom Built Flat Bed Dump Truck for a total base bid of \$30,933.97. Mr. Edwards seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

d. Dump Truck:

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that in his opinion both bid documents appear to be in acceptable form. The results of the April 17, 1991 bid opening are as follows: Carolina Truck & Body Company, Inc. (Apparent Low Bidder) with a total base bid of \$30,933.97 and Matthews Ford, Inc. with a total base bid of \$33,055.77. Mr. Edwards moved that the Board accept the bid of Carolina Truck & Body Company, Inc. for one (1) 1991 GMC TC7H042 Custom Built Dump Truck for a total base bid of \$30,933.97. Mr. Penny seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

e. Three-quarter Ton Diesel Four-wheel Pickup Truck with Utility Bed:

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that all bids received are in acceptable form. However, the bid from Parkway Chevrolet-GEO, Inc. and Harry's Cadillac-Pontiac-GMC deviated from the technical specifications and it should be determined whether the deviation is material and whether or not the bids should be rejected as being unresponsive. Mr. Currie further stated that the bid from Harry's Cadillac-Pontiac-GMC indicated on its bid that it is submitting a quotation only and that sale is subject to approval. Also Mr. Currie stated that if the bidder is indicating that it is not submitting a bid which will remain firm for the specified time period, then the bid is unresponsive and should be rejected and that the bidder should clarify the language in writing. The results of the April 17, 1991 bid opening are as follows: Matthews Ford, Inc. (Apparent Low Bidder) with a total base bid of \$18,261.88; Parkway Chevrolet-GEO, Inc. with a total base bid of \$18,770.74 and Harry's Cadillac-Pontiac-GMC with a total base bid of \$18,689.00. Mr. Williams moved that the Board accept the bid of Matthews Ford, Inc. for one (1) 1991 Ford Heavy Duty F-250 w/Knapheide Service Body for a total base bid of \$18,261.88. Ms. Bryson seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

f. Four 3/4 Ton Four-wheel Pickup Trucks with Utility Beds:

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that all bids received are in acceptable form. However, the bid from Parkway Chevrolet-GEO, Inc. and Harry's Cadillac-Pontiac-GMC deviated from the technical specifications and it should be determined whether the deviation is material and whether or not the bids should be rejected as being unresponsive. Mr. Currie further stated that the bid from Harry's Cadillac-Pontiac-GMC indicated on its bid that it is submitting a quotation only and that sale is subject to approval. Also Mr. Currie stated that if the bidder is indicating that it is not submitting a bid which will remain firm for the specified time period, then the bid is unresponsive and should be rejected and that the bidder should clarify the language in writing. Mr. Mull reported that the bids had been reviewed further after receipt of a letter from Matthews Ford, Inc. stating there was a \$1,650.00 error in its bid, therefore, all bids were rejected.

g. Three Quarter Ton Two-wheel Drive Pickup Truck with Utility Bed (for Treatment Plant):

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that all bids received are in acceptable

form. However, the bid from Parkway Chevrolet-GEO, Inc. and Harry's Cadillac-Pontiac-GMC deviated from the technical specifications and it should be determined whether the deviation is material and whether or not the bids should be rejected as being unresponsive. Mr. Currie further stated that the bid from Harry's Cadillac-Pontiac-GMC indicated on its bid that it is submitting a quotation only and that sale is subject to approval. Also Mr. Currie stated that if the bidder is indicating that it is not submitting a bid which will remain firm for the specified time period, then the bid is unresponsive and should be rejected and that the bidder should clarify the language in writing. The results of the April 17, 1991 bid opening are as follows: Matthews Ford, Inc. (Apparent Low Bidder) with a total base bid of \$13,835.97; Parkway Chevrolet-GEO, Inc. with a total base bid of \$15,685.82 and Harry's Cadillac-Pontiac-GMC with a total base bid of \$15,561.00. Mr. Edwards moved that the Board accept the bid of Matthews Ford, Inc. for one (1) 1991 Ford Heavy Duty F-250 w/Knapheide Service Body for a total base bid of \$13,835.97. Mr. Aceto seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

- h. One-half Ton Two-wheel Drive Pickup Truck with Utility Bed (for Treatment Plant):

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that all bids received are in acceptable form. However, the bid from Parkway Chevrolet-GEO, Inc. and Harry's Cadillac-Pontiac-GMC deviated from the technical specifications and it should be determined whether the deviation is material and whether or not the bids should be rejected as being unresponsive. Mr. Currie further stated that the bid from Harry's Cadillac-Pontiac-GMC indicated on its bid that it is submitting a quotation only and that sale is subject to approval. Also Mr. Currie stated that if the bidder is indicating that it is not submitting a bid which will remain firm for the specified time period, then the bid is unresponsive and should be rejected and that the bidder should clarify the language in writing. The results of the April 17, 1991 bid opening are as follows: Matthews Ford, Inc. (Apparent Low Bidder) with a total base bid of \$12,999.61; Parkway Chevrolet-GEO, Inc. with a total base bid of \$14,646.92 and Harry's Cadillac-Pontiac-GMC with a total base bid of \$14,975.00. Mr. Aceto moved that the Board accept the bid of Matthews Ford, Inc. for one (1) 1991 Ford F-150 w/Knapheide Service Body for a total base bid of \$12,999.61. Mr. Williams seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

- i. Half-ton Four-wheel Drive Compact Pickup Truck with Tool Box (for Engineering Division):

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that all bids received deviated from the technical specifications and it should be determined whether the deviation is material and whether or not the bids should be rejected as being unresponsive and that Parkway Chevrolet-GEO, Inc's bid did not include a tool box. Mr. Currie further stated that the bid from Harry's Cadillac-Pontiac-GMC indicated on its bid that it is submitting a quotation only and that sale is subject to approval. Also Mr. Currie stated that if the bidder is indicating that it is not submitting a bid which will remain firm for the specified time period, then the bid is unresponsive and should be rejected and that the bidder should clarify the language in writing. Otherwise, all bids received were in acceptable form. The results of the April 17, 1991 bid opening are as follows: Matthews Ford, Inc. (Apparent Low Bidder) with a total base bid of \$13,141.75; Parkway Chevrolet

GEO, Inc. with a total base bid of \$13,635.72 and Harry's Cadillac-Pontiac-GMC with a total base bid of \$13,225.00. Ms. Bryson moved that the Board accept the bid of Matthews Ford, Inc. for one (1) 1991 Ford Ranger w/Cargo Box for a total base bid of \$13,141.75. Mr. Edwards seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

j. Mini-Cargo Van (for Treatment Plant's Electronic Technician):

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that the bid from Matthews Ford, Inc. was in acceptable form. Mr. Currie further stated that the bid from Harry's Cadillac-Pontiac-GMC indicated on its bid that it is submitting a quotation only and that sale is subject to approval. Also Mr. Currie stated that if the bidder is indicating that it is not submitting a bid which will remain firm for the specified time period, then the bid is unresponsive and should be rejected and that the bidder should clarify the language in writing. The results of the April 17, 1991 bid opening are as follows: Matthews Ford, Inc. (Apparent Low Bidder) with a total base bid of \$12,873.94 and Harry's Cadillac-Pontiac-GMC with a total base bid of \$13,158.00. Following a discussion on differences in bid specifications, Mr. Aceto moved that the Board accept the bid of Matthews Ford, Inc. for one (1) 1991 Ford Aerostar Cargo Van for a total base bid of \$12,873.95. Mr. Williams seconded. Roll call vote was as follows: 7 Ayes; 0 Nays

k. Compact Car (For Right-of-Way Coordinator-Engineering Div.):

Mr. Mull reported that in Mr. Currie's letter concerning the following bid documents Mr. Currie stated that the bid from Matthews Ford, Inc. was in acceptable form. The results of the April 17, 1991 bid opening are as follows: Matthews Ford, Inc. (Apparent Low Bidder) with a total base bid of \$9,892.10. Following a brief discussion regarding the fact that only one bid was received and a discussion on the possibility of readvertising, Mr. Mull stated that Mr. Currie cautioned the MSD about readvertising when a bid has been made in good faith and at a competitive price and without a good reason to reject the bid. Mr. Penny moved that the Board accept the bid of Matthews Ford, Inc. for one (1) 1991 Ford Tempo 4-Door for a total base bid of \$9,892.10. Mr. Edwards seconded. Roll call vote was as follows: 8 Ayes; 0 Nays

4. **Date of next Special Meeting:** Thursday, May 16, 1991 at 4:00 p.m.
5. **Adjournment**

There being no further business, the meeting was adjourned.


Jackie W. Bryson, Secretary/Treasurer

SERIES RESOLUTION OF THE DISTRICT BOARD OF THE METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$15,400,000 SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 1991A OF SAID DISTRICT PURSUANT TO THE PROVISIONS OF SECTION 211 OF THE BOND ORDER ADOPTED BY SAID DISTRICT BOARD ON MAY 23, 1985, AS AMENDED, AND REQUESTING THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA TO AWARD SAID BONDS AT PRIVATE SALE.

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

WHEREAS, the District has heretofore issued \$14,420,000 principal amount of its Sewerage System Revenue Bonds, Series 1985A (the "Series 1985A Bonds") pursuant to the Enabling Act and a bond order adopted by the District Board of the District (the "District Board") on May 23, 1985, as amended on June 4, 1985 (the "Order"), and the Series 1985A Bonds are currently outstanding in the principal amount of \$13,820,000; and

WHEREAS, Section 211 of the Order authorizes the issuance of revenue refunding bonds of the District from time to time for the purpose of providing funds, with any other available funds, for (a) paying at maturity or redeeming prior to maturity all or any part of the outstanding bonds of any series issued pursuant to the Order, including the payment of any redemption premium thereon, and (b) if deemed necessary by the District Board, paying the interest to accrue thereon to the date fixed for redemption or stated maturity date or dates and any expenses in connection with such refunding; and

WHEREAS, the District has determined to proceed with the refunding of the Series 1985A Bonds and to pay the cost of such refunding by issuing a series of revenue refunding bonds and using any other available funds; and

WHEREAS, the District Board has received information to the effect that the District will be able to satisfy the requirements

of Section 211 of the Order with respect to such series of revenue refunding bonds;

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

Section 1. Capitalized words and terms used in this Series Resolution (this "Resolution") and not otherwise defined herein shall have the same meanings in this Resolution as such words and terms are given in the Order.

Section 2. The District Board hereby finds and determines in connection with authorizing the issuance of revenue refunding bonds of the District, as hereinafter provided, that (i) the issuance of such refunding bonds is necessary or expedient for the District, (ii) the proposed principal amount of such refunding bonds is adequate and not excessive for the proposed purpose of such issue, (iii) the refunding of the Series 1985A Bonds to be effectuated by the issuance of such refunding bonds is feasible, (iv) the District's debt management procedures and policies are good and are managed in strict compliance with law and (v) under current economic conditions such refunding bonds can be marketed at a reasonable interest cost to the District.

Section 3. Pursuant to the Enabling Act and Section 211 of the Order, the District Board hereby authorizes the issuance of not exceeding \$15,400,000 principal amount of revenue refunding bonds of the District, such bonds to be designated "Metropolitan Sewerage District of Buncombe County Sewerage System Revenue Refunding Bonds, Series 1991A" (the "Series 1991A Bonds"), to be dated as of such date, to consist of Serial Bonds or Term Bonds or both Serial Bonds and Term Bonds, to mature in such principal amounts on such dates, to have such Sinking Fund Requirements, to bear interest as such rates on such dates, to be subject to redemption prior to their respective maturities, to be issued in such form, to be numbered and to have such other terms and provisions as shall be provided in a resolution to be passed by the District Board after the award of the Series 1991A Bonds by the Local Government Commission.

Section 4. The proceeds of the Series 1991A Bonds, together with any other available funds, will be used to (i) pay at maturity and redeem prior to maturity the outstanding Series 1985A Bonds and pay the interest to accrue thereon to the stated maturity dates or date fixed for redemption as provided in the Escrow Deposit Agreement mentioned below and (ii) pay expenses incurred by the District in connection with the issuance of the Series 1991A Bonds and such refunding of the Series 1985A Bonds.

Section 5. Wachovia Bank and Trust Company, N.A., Winston-Salem, North Carolina, is hereby designated as Bond Registrar for the Series 1991A Bonds.

Section 6. The Local Government Commission is hereby requested to sell the Series 1991A Bonds at private sale without advertisement to any purchaser or purchasers thereof, at such prices as said Commission determines to be in the best interest of the District, subject to the approval of the District Board; provided, however, that the purchase price of the Series 1991A Bonds is not less than ninety-eight percent (98%) of the face value of the Series 1991A Bonds plus one hundred percent (100%) of any accrued interest, that the maximum interest rate on the Series 1991A Bonds does not exceed seven and three-quarters per centum (7-3/4%) per annum and that the maximum maturity of the Series 1991A Bonds does not exceed July 1, 2015.

Section 7. The Chairman and the Engineer-Manager of the District Board are each hereby authorized to consult with the Local Government Commission and prospective purchasers in connection with the private sale of the Series 1991A Bonds, subject to the provisions of this Resolution, and such officers are hereby directed to present their recommendations with respect to such sale to the District Board.

Section 8. The Preliminary Official Statement relating to the public offering of the Series 1991A Bonds and the Purchase Contract relating to the sale of the Series 1991A Bonds among Interstate/Johnson Lane Corporation, First Charlotte, a Division of J.C. Bradford & Co. and J. Lee Peeler & Company, Inc., as prospective underwriters (the "Underwriters"), and the Local Government Commission, each substantially in the form of the draft thereof presented to the District Board, are hereby approved, and the Chairman and the Engineer-Manager of the District Board are each hereby authorized to approve such changes in such Preliminary Official Statement and such Purchase Contract for and on behalf of the District Board as they, with the advice of counsel, may deem necessary and appropriate, subject to the provisions of this Resolution. The District approves and authorizes the distribution and use of copies of such Preliminary Official Statement and such Purchase Contract, with such changes as are authorized by this Resolution, by the Underwriters in connection with the public offering of the Series 1991A Bonds.

Section 9. Wachovia Bank and Trust Company, N.A., in the City of Winston-Salem, North Carolina, is hereby appointed the escrow agent in connection with the refunding of the Series 1985A 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

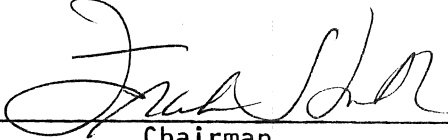
responsibilities as provided in such Escrow Deposit Agreement. Such Escrow Deposit Agreement, substantially in the form of the draft thereof presented to the District Board (the "Escrow Deposit Agreement"), and the creation of the Escrow Fund and other arrangements described therein to attain said refunding are hereby approved, and the Chairman and the Secretary and 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 10. Ernst & Young 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 Series 1985A Bonds and the interest and redemption premiums thereon as described in the Escrow Deposit Agreement.

Section 11. The officers, agents and employees of the District and the officers and agents of the Trustee, the Bond Registrar and the Escrow Agent are hereby authorized and directed to do all acts and things required of them by the provisions of the Order, the Escrow Deposit Agreement and this Resolution for the full, punctual and complete performance of the terms, covenants, provisions and agreements therein.

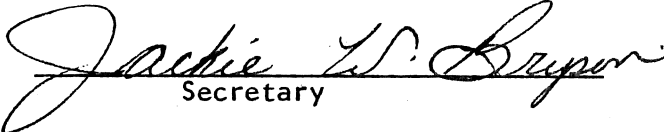
Section 12. This Resolution shall take effect immediately upon its passage.

Adopted this 6th day of May, 1991.



Chairman

ATTEST:



Secretary