

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

November 1, 1995

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 2:00 P.M., on Wednesday, November 1, 1995. Chairman Post presided with the following members present: Bryson, Casper, Holcombe, Joyner, Pace, Selby, Slosman, Sobol and Wallace. Mr. Kelly was absent.

Others present were: W. H. Mull, Engineer-Manager, John S. Stevens, General Counsel, Con Dameron and William Langdon of Langdon & Associates, Jim Fatland, Ann Sutton, Angel Craven, Stan Boyd and Sondra Honeycutt, MSD.

2. Consideration of Potential Purchase of Real Property:

Mr. Mull presented a review of alternatives, which included the advantages and disadvantages of centralization of District facilities; estimated costs for the Burlington office space; annual cost savings and rental income as a result of centralization at Burlington; lost hours as a result of decentralization; summary of current and future office space needs, and relocation costs. A lengthy discussion followed regarding the cost of appraisals, schematics and the evaluation of schematics for costs; savings to the District over a three year period; whether the District can postpone expansion; public perception; whether the Alkaline Stabilization facility was considered as a potential site; reasons for not building on MSD property; square footage cost of the Burlington facility, and what effect, if any, will the expansion have on ratepayers.

With no further discussion, Mr. Slosman made the following four (4) part motion:

1. That the Board authorize entering into an agreement with the Architects to proceed with schematic drawings, subject to review and modification satisfactory to Counsel, at a cost not to exceed \$30,000.00.
2. Retain an Architect or Engineering firm, of MSD's choice, to evaluate the schematics for costs.
3. That the Board move ahead with an appraisal of the Biltmore and Burlington facilities at a cost up to \$10,000.00.
4. That the Board authorize Mr. Slosman to negotiation with the owners of the Burlington facility for an extension of the option.

Mr. Holcombe seconded the motion. Mr. Slosman questioned whether the District can legally exchange the Biltmore facility for the Burlington facility, as offered by its owners. Mr. Stevens stated that although there is no specific statute for the MSD, there is a statute, which he felt would apply, that governs exchange of property by City's and County's and basically states that such an exchange can be made provided that full and fair consideration of an appraisal is received. However, the District must adopt a resolution with a ten (10) day notice to the public. Following a brief discussion on whether there is a need to submit request for proposals for the appraisals, Roll call vote was as follows: 10 Ayes; 0 Nays.

Mr. Selby requested that staff investigate the feasibility of an expansion site within the District's current property. Following a brief discussion regarding the costs to assess this possibility, Mr. Selby and Mr. Sobol agreed to look at the property and give a report to the Board at it's next meeting.

3. Consideration of Participation in the Asheville Citizen-Times "Save Our Planet" page:

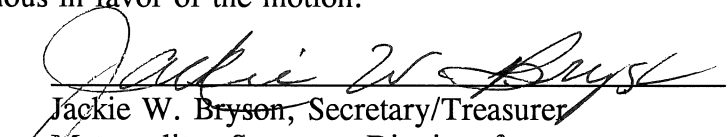
Mr. Mull presented costs information received from the Asheville Citizen-Times regarding an environmental page to run November 12, 1995. The Board agreed to decline participation.

4. Other Business:

Mr. Mull presented a memorandum from the Land-of-Sky Regional Council regarding a proposal to conclude the Water and Sewer Authority Work Group. Mr. Mull reported that the Board has been asked to review the summary report and provide any comments to Mr. Elmore by November 8, 1995.

5. Adjournment:

At 3:15 p.m. Mr. Holcombe moved for adjournment. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.


Jackie W. Bryson, Secretary/Treasurer
Metropolitan Sewerage District of
Buncombe County, North Carolina

BOARD OF THE METROPOLITAN SEWERAGE DISTRICT

November 29, 1995

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 Wednesday, November 29, 1995. Chairman Post presided with the following members present: Bryson, Holcombe, Joyner, Kelly, Pace, Selby, Slosman, Sobol and Wallace. Mr. Casper was absent.

Others present were: W. H. Mull, Engineer-Manager, John S. Stevens, General Counsel, Patty Beaver of CIBO, Robert D. Rose, II of APAC; Wayne Marshall and David Cabe of Killian, Cole & Marshall; Tim Hemker of W.K. Dickson; William Langdon, Con Dameron and Jim Lorick of William Langdon & Associates; G.W. Free; Ann Sutton, Stan Boyd, Jim Fatland, Chuck Young, John Sainato, Tom Tarrant and Sondra Honeycutt, MSD.

2. Approval of the Minutes of the October 18 and November 1, 1995 meetings:

Ms. Bryson moved that the minutes of the October 18, and November 1, 1995 meetings be approved as presented. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

3. Audit Report - Killian, Cole & Marshall

Mr. Fatland reported that during the Finance Committee's review of last year's annual audit, it was recommended that staff work with the Auditor to prepare a comprehensive annual financial report, to be submitted to the Government Finance office for an award. Also, the Committee directed staff to prepare a request for proposal for audit services. As a result, the Board approved the firm of Bitter, Killian, Cole & Marshall, P.A.. Mr. Fatland expressed his appreciation to Chuck Young for his work on the Statistical Section of the report; Teresa Gilbert for her work on the typing and graphics, and Mr. Alan Bolick, (the District's previous auditor) for his help in closing the books.

On behalf of Killian, Cole & Marshall, P.A., Mr. Marshall thanked the Board for giving their firm the opportunity to work with the District, and expressed his appreciation to staff, and Mr. Bolick, for assistance in completion of the Audit for year ending June 30, 1995. Mr. Marshall commented on the management letter stating that none of the reported conditions were material weaknesses, and commended management for their desire to make improvements to the internal control structure. He introduced David Cabe of his firm to discuss the audit.

Mr. Cabe reported that the Comprehensive Annual Financial Report (CAFR) was prepared in accordance with generally accepted accounting principles. Mr. Cabe briefly reviewed the Audit, which contained the following three (3) primary sections: the Introductory Section, providing an organizational overview; the Financial Section, containing the auditors' report and financial statements; the Statistical Section, containing selected management data, depicting operations in FY 1995 and prior years, and a brief history of MSD; its fiscal operations, and selected accomplishments. In addition Mr. Cabe presented an Executive Summary and a letter relating to deficiencies in the design or operation of the internal control structure. Mr. Cabe reported that the most significant conditions to be addressed are items 2, 3, 5 and 6.

Mr. Holcombe expressed a concern regarding pre-audit certification on construction contracts, and requested that Mr. Stevens prepare a report to be presented at the next meeting of the Board.

4. Budget Amendment:

Mr. Fatland reported that because the adopted budget does not reflect sewer rate revenue collected by the member agencies for the \$1.30 per customer billings, nor the

disbursement for return of said monies to the members for collection, that MSD must establish a revenue account and expenditure line item for billings and collections. Therefore, Mr. Fatland presented a Resolution Amending the 1995-96 Operation and Maintenance Budget, with an increase of \$360,000.00 (from \$9,161,056.66 to \$9,521,056.55). With no discussion, Mr. Holcombe moved that the Board adopt the Resolution as presented. Mr. Sobol seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

5. Engineer-Manager's Report:

CONSOLIDATED MOTION AGENDA

Planning Committee Items:

Mr. Mull reported that the following items were brought before the Planning Committee, November 17, 1995:

d.2. Consideration of Miscellaneous Rehabilitation Project - Stoner Avenue:

The Planning Committee recommended proceeding with the design, budgetary estimate and bidding process at a preliminary cost of \$120,000.00.

d.3. Consideration of Miscellaneous Project - Olive Street:

The Planning Committee recommended proceeding with the design, budgetary estimate and bidding process at a preliminary cost of \$32,000.00.

d.4. Consideration of Private Sewer Rehabilitation Project - Azalea Drive.

The Planning Committee recommended proceeding with the design, budgetary estimate and bidding process at a preliminary cost of \$52,000.00.

With no discussion, Mr. Slosman moved that the Board approve the Consolidation Motion Items as presented. Mr. Holcombe seconded the motion. 10 Ayes; 0 Nays.

Right of Way Committee Items:

Mr. Mull reported that the following items were brought before the Planning Committee, November 17, 1995:

e.II.b. Consideration of Contract Amendment for Acquisition Services - North Swannanoa II, 1 - Martin/McGill Associates.

The Right of Way Committee recommended approval of the revised contract ceiling in the amount of \$30,200.00, (an increase of \$9,600.00).

e.II.c. Consideration of MSD vs. Buchanan - North Swannanoa 1 - Hendon Engineering Associates, Inc.

The Right of Way Committee recommended that the District not appeal and give staff authorization to pay the Buchanan judgement as soon as possible.

Following a brief discussion with regard to whether judgement in the MSD vs. Buchanan issue was based on an appraisal, Mr. Selby moved that the Board approve the Consolidated Motion items as presented. Mr. Joyner seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

REGULAR AGENDA

Personnel Committee Item:

1. Report on New Management Structure - Mr. Sobol

Mr. Sobol reported that among other items discussed, the Personnel Committee considered the New Management Structure as proposed by Mr. Woody Ball, and comments from department heads as directed by the Board. Mr. Sobol pointed out that the Engineer-Manager agreed with the study and has given his approval of the new structure. With no discussion, Mr. Sobol moved that the Board adopt the New Management Structure. Mr. Selby seconded the motion. Voice vote was unanimous in favor of the motion.

Planning Committee Items:

d.1 Report on Lexington Avenue Rehabilitation Project - Tim Hemker - W.K. Dickson:

Mr. Hemker presented a status report on the Lexington Avenue Sewer Rehabilitation Contract, finalized October 5, 1995. He reported that to date, TV Inspection, physical survey of manholes, and smoke testing of the sewer system are complete, with delivery of the final report expected by December 8, 1995. Mr. Hemker presented a map showing the location of the proposed sewerline rehabilitation, and where point repair by excavation will take place. He further reported that the majority of work will be done through manholes using the slip-lining technique. He stated that a meeting was held November 27, 1995 between MSD and City of Asheville personnel in order to coordinate the scope of work and schedules, and based on the City of Asheville's schedule to rehabilitate sidewalks on Lexington Avenue, it appears that the District can meet the City's deadline requirements. He further stated that the MSD will assist the City with a public hearing, scheduled for December 15, 1995, to inform businesses in the area of work that will take place. A discussion followed regarding the length of pipe to be repaired and if those businesses affected will be notified when work in their particular areas are affected.

d.5.& 6. Consideration of Bids for Construction and Construction Contract Administration - Asheville Street/Sidewalk Sewer Rehabilitation - Contract 12:

Mr. Mull reported that the cost estimate on the Asheville Street/Sidewalk Sewer Rehabilitation project, based on the prior contract, was \$241,700.00, and that the low bid of Asheville Paving & Contracting, (APAC) came in at \$321,720.90, considerably higher than estimated. He further reported that APAC indicated that the reason for the increase was because the cost of renewing services along the lines was more difficult than anticipated. He stated that after further review of the project, staff has eliminated all but one of the streets, (Logan Avenue) at a cost of \$115,000.00. Therefore, staff recommends that the District proceed with rehabilitation of Logan Avenue; eliminate the other portion of the contract, and review these lines for no-dig technology in the future.

In conjunction with this project, Mr. Mull stated that staff recommends approval of Hendon Engineering's proposal for Construction Contract Administration Inspection Services for Logan Avenue in the amount of \$23,000.00. In answer to a question as to why the District is not using it's own inspector for this project, Mr. Boyd reported that although the District does have three (3) other inspectors that work on private development projects, it's possible the District can use one of these inspectors on a part-time basis to assist Hendon Engineering. Mr. Slosman moved that the Board adopt the recommendations of staff. Mr. Joyner seconded the motion. A discussion followed with regard to whether the City of Asheville will charge a street cut permit fee; if this entails any other activity on the part of the City, and if the District has a funded Inspector

position. With no further discussion, roll call vote was as follows: 10 Ayes; 0 Nays.

g. Report on November 20, 1995 Meeting with Town Managers:

Mr. Mull reported that an Informational Meeting was held with the Town Manager's of each municipality within the District on November 20, 1995. He stated that MSD department heads were introduced and a list of their phone numbers and respective duties were provided. In addition, a brief history of the District was given, along with a review of the Capital Improvement Program projects. Mr. Mull further stated that some of the topics discussed were sewer extensions; the lack of planning, particularly in the north and northwest section of Buncombe County; the District's preliminary Master Plan, and the possibility of scheduling a joint meeting with the Town Boards as a whole, or individually with each Town Board. Mr. Mull further reported that the District was commended for its excellent response time, quality of work, and courtesy to calls in the Black Mountain area, and that it was agreed that the group would meet on a quarterly basis. Following a lengthy discussion regarding whether individual meetings, or one large meeting should be held; the most effective way to accomplish this task, and the issues to be discussed, the Board agreed that individual informative meetings be scheduled between the various entities, with Board appointed representatives, the Engineer-Manager, Chairman of the Board, and General Counsel in attendance, and that the Engineer-Manager develop an agenda, to be approved by the Board, for a meeting of all the entities to be held in February.

In other business, Mr. Mull reported that a New Product Review Committee, comprised of MSD Engineering/Maintenance staff and a local contractor has been established to meet periodically to review new materials and methodology that come on the market.

With regard to the purchase of a backhoe, Mr. Mull moved that the Board authorize advertisement of bids at an estimated cost of \$121,000.00, subject to Finance Committee Chairman approval. Bid award will be scheduled for the next Board meeting. Mr. Selby seconded the motion. Voice vote was unanimous in favor of the motion.

Mr. Mull reported that testing for furons and dioxins is being performed today, with testing of the continuous emissions monitoring equipment scheduled for tomorrow.

6. Report of Officers:

None

7. Report of Committees:

a. Personnel Committee - November 27, 1995 - Mr. Sobol

Mr. Sobol had no further report.

d. Planning Committee - October 11, 1995 - Mr. Slosman

Mr. Slosman had no further report.

e. Right of Way Committee - October 27 & November 17, 1995 - Mr. Selby

Mr. Selby had no further report.

8. Unfinished Business:

a. Consideration of Centralizing MSD Office Facilities (Deferred to Closed Session).

9. Old Business:

Mr. Joyner requested that he be given the opportunity to review any further contracts with Hendon Engineering Associates, Inc., or its personnel.

a. Sludge Management Study - McGill Associates, Inc.

Postponed until the December meeting of the Board.

b. Consideration of Selection of Bank Depository:

Mr. Fatland reported that Request for Proposals for Banking Services was issued to seven (7) banks in the Asheville area that utilize the State Treasurer's pooling method for collateralization, and as a result, five (5) banks responded. Mr. Fatland further reported that following review, staff recommends approval of First Citizens as the official depository for all MSD checking accounts for a three (3) year period commencing January 1, 1996. Also, that the Board authorize the Chairman to execute the agreement in a form approved by the District's Legal Counsel. Following a brief discussion regarding the length of the contract and the amount of savings to be realized, Mr. Kelly moved that the Board approve First Citizens Bank as the District's official depository, based on the estimated annual banking fee of \$5,519.76. Mr. Slosman seconded the motion. Roll call was as follows: 9 Ayes; 0 Nays; 1 Abstention (Ms. Bryson).

10. New Business:

a. Consideration of Bids for the Restoration of Streets & Sidewalk Contract:

Mr. Mull reported that three (3) bids on the District's annual Restoration of Streets and Highway Rights-of-Way were received November 7, 1995 as follows: APAC-Carolina, Asheville Division, with a total base bid of \$259,719.85; Paving Enterprises, Inc., with a total base bid of \$262,244.00, and Taylor-Murphy, Inc. with a total base bid of \$711,850.35. Mr. Mull further reported that the District's Legal Counsel reviewed the bids as to form and found them to be in acceptable form, therefore, recommended awarding the contract to APAC-Carolina in the amount of \$259,719.85. Mr. Mull pointed out that the new contract is below last year's amount by approximately eight (8) percent. With no discussion, Mr. Slosman moved that the Board adopt the resolution approving the bid of APAC-Carolina as presented. Ms. Wallace seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

b. Consideration of Resolution Closing Out Construction II Fund:

Mr. Fatland reported that all projects budgeted in the Construction II Fund are complete and that the transfer was included in the adopted 1995-96 budget to be made upon completion of the annual audit. Therefore, close out of the Construction II fund and transfer of the fund balance to the General Fund is recommended. With no discussion Mr. Holcombe moved that the Board adopt the Resolution closing out the Construction II Fund. Mr. Pace seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

c. Consideration of Resolution Establishing Purchasing Policies:

Mr. Fatland recommended that the District implement Purchasing Policies and Procedures. He reported that Administrative staff has met with and received input from the Department Heads and Supervisors for developing the final proposed draft, and that the District's independent auditor has reviewed and approved the policy and procedures as well as the Institute of Government, UNC-Chapel Hill. He further reported that District Counsel has reviewed the purchasing resolution and is reviewing the proposed policy for conformance with North Carolina State Statues. As recommended by Mr.

Stevens, the wording "not to exceed \$15,000.00" will be added to Page 4, Section IV, paragraph A. Ms. Wallace suggested that the wording, "be able to" in paragraph B. of the same Section be deleted. Mr. Holcombe recommended that this document be submitted to the Local Government Commission for approval. With no further discussion, Mr. Holcombe moved that the Board adopt the Resolution establishing Purchasing Policies, contingent upon review of Counsel with changes as noted, and that it be submitted to the Local Government Commission for review and approval. Mr. Slosman seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

d. Consideration of Resolution Establishing Safety Policies and Procedures Manual:

The Board commended John Sainato for an excellent job in preparation of the Safety Policies and Procedures Manual. With no discussion, Mr. Slosman moved that the Board approve the Resolution establishing the Manual. Mr. Holcombe seconded the motion. Voice vote was unanimous in favor of the motion.

In other new business, Mr. Post presented a letter from Mr. Holcombe, representing the City of Asheville, announcing a Public Hearing scheduled for December 5, 1995 regarding the Environmental Management Commission's reclassification of the Mills River intake rating. Also, he presented a letter from BASF, expressing appreciation to the District and staff for treatment of waste water during the first half of this year.

Mr. Sobol expressed his concern regarding a project in Black Mountain, (View Street) and requested that staff check into whether it is necessary to rehabilitate this line as designed. Also, Mr. Post expressed a concern regarding the start-up of CIP projects in Black Mountain.

Mr. Post recognized Ms. G.H. Free, representing a Mr. Norman of 68 Livingston Street, who is concerned about the high cost of sewer treatment, compared to the cost of water consumption. Ms. Free gave an example of the water bill in question and stated that she felt that the charge was exorbitant, therefore, requested that the Board consider an adjustment in the sewer portion of the bill. Mr. Post stated that the Engineer-Manager will investigate the charge, making sure the bill is the minimum everyone in Buncombe County is paying. Mr. Post further stated that if there is a problem, the District will be happy to make a refund. A lengthy discussion followed regarding the minimum rate; the accuracy of the bill in question, and whether there is some flexibility built into the standard charge. Mr. Mull reported that the District is looking at doing away with it's minimum charge during budget planning. Ms. Free expressed her appreciation to the Board for it's consideration.

Ms. Wallace requested that the December 20, 1995 meeting of the Board be rescheduled for December 13, 1995. The Board agreed to the change.

At 3:45 p.m., Mr. Slosman moved that the Board go into closed session to consider and instruct staff regarding the purchase, option, or lease acquisition of real property and amount to be paid for same. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

At 5:50 p.m., Ms. Wallace moved that the Board reconvened the regular meeting. Mr. Sobol seconded the motion. Voice vote was unanimous in favor of the motion.

Mr. Joyner moved that the Board approve to proceed with hiring an engineer of staff's choice to cost out the schematics at a cost not to exceed \$10,000.00. Ms. Wallace seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays. Mr. Pace was absent during the vote.

Mr. Selby moved that the Board direct staff to obtain a preliminary cost comparison from William Langdon & Associates on expansion of the Administration building at it's current location, with the Maintenance facility being located at Burlington, and centralization of facilities at the Burlington location at a cost not to exceed \$5,000.00. Also, that Mr. Fatland perform an evaluation of efficiency savings. Mr. Sobol seconded the motion. Roll call vote was as follows: 7 Ayes; 3 Nays: (Ms. Bryson, Mr. Joyner and Mr. Kelly).

At 5:55 p.m., Mr. Selby moved that the Board go into closed session to consider the fitness and qualifications of persons for appointment to positions in the new staff organizational structure of the District. Mr. Joyner seconded the motion. Voice vote was unanimous in favor of the motion.

At 6:25 p.m., the regular meeting was reconvened.

Ms. Wallace moved that Board choose Bill Mull as the Metropolitan Sewerage District's Engineer-Manager at his current salary, serving at the pleasure of the Board, and that the position of General Manager, as described in the organizational structure, be changed to Engineer-Manager consistent with the District Bond Order. Mr. Kelly seconded the motion. Roll call vote was as follows: 9 Ayes; 1 Nay, Mr. Pace.

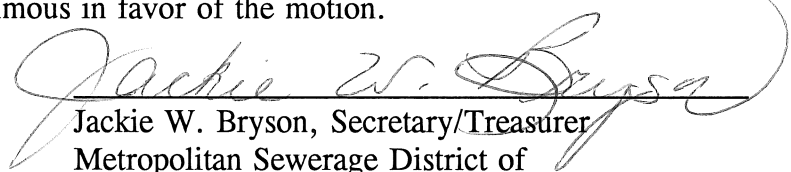
Mr. Pace explained that the reason for his vote was that he planned to move that the Board consider a multi-year contract for this position.

Mr. Sobol moved that the Board approve Mr. Jim Fatland for the position of Deputy General Manager for Administration at his current salary. Mr. Kelly seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

With regard to the position of Deputy General Manager for Operations, Mr. Sobol reported that this matter will be brought before the Personnel Committee to consider the proposed pay scale, hiring procedures and job description.

11. Adjournment:

At 6:35 p.m. Mr. Holcombe moved for adjournment. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.


Jackie W. Bryson, Secretary/Treasurer
Metropolitan Sewerage District of
Buncombe County, North Carolina

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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E. Benson Slosman, Vice-Chairman
Jackie W. Bryson
Larry Casper
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E. Glenn Kelly
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C. Michael Sobol
Carolyn R. Wallace

RESOLUTION ESTABLISHING PURCHASING POLICIES

WHEREAS, the North Carolina State Legislature has approved the North Carolina Local Government Budget and Fiscal Control Act which sets forth certain requirements governing purchasing policies; and

WHEREAS, North Carolina Government Statute 159-26(d) sets forth policy requirements for establishing accounting for encumbrances; and

WHEREAS, North Carolina Government Statute 159-28(a) requires a pre-audit certificate signed by the finance officer to appear on the contract, agreement, or purchase order before it becomes an obligation of the District; and

WHEREAS, the Governing Board may waive the bid deposit requirements on purchases up to one hundred thousand dollars (\$100,000.00); and

WHEREAS, the North Carolina Treasurer's office policies encourage centralizing the purchasing function; and

NOW THEREFORE BE IT RESOLVED:

1. That the Board of Directors do hereby adopt purchasing policies on attached Exhibit "A" for the Metropolitan Sewerage District of Buncombe County, North Carolina; and that are in full compliance with 159-26(d) and 159-28(a);
2. That the Board of Directors do hereby waive the bid deposit requirements on purchases up to one hundred thousand dollars (\$100,000.00); and
3. That the Department Heads and Engineer-Manager shall administer purchasing in accordance with the prescribed purchasing policies; and
4. That the independent auditor for the District shall monitor the District's compliance with the established purchasing policies and report to the Board annually as part of the District's audit.

Adopted this **29th** day of **November, 1995** by the following vote to wit:

AYES: 10

NAYS: 0

ABSENT: 1

Approved as to Form:



Chairman



District Legal Counsel

Attest: 

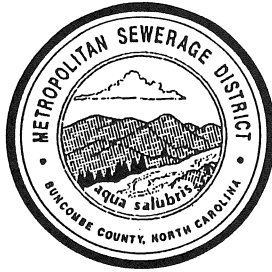
Secretary

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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Bob Selby
C. Michael Sobol
Carolyn R. Wallace

RESOLUTION AMENDING 1995-96 OPERATION AND MAINTENANCE BUDGET

WHEREAS, the District Board of the Metropolitan Sewerage District of Buncombe County, North Carolina adopted its 1995-96 Operation and Maintenance Fund budget at its regularly scheduled meeting on June 14, 1995; and

WHEREAS, the adopted budget does not reflect sewer rate revenue collected by the member agencies for the \$1.30 per customer billings nor the disbursement for returning said monies to the members for collection; and

WHEREAS, the District Board adopted sewer user charges, the \$1.30 billing fee and base meter charges in its resolution adopted June 14, 1995; and

NOW, THEREFORE, BE IT RESOLVED:

That the 1995-96 Operation and Maintenance Fund budget be increased \$360,000 from \$9,161,056.55 to \$9,521,056.55.

Adopted 29th day of November, 1995 by the following vote to wit:

AYES: 10

NAYS: 0

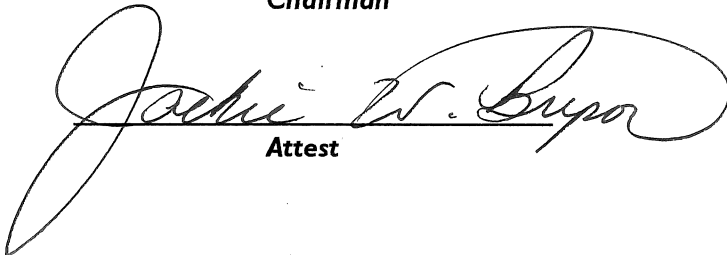
ABSENT: 1



Chairman



Approved as to Form



Attest

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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Bob Selby
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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 amending the OPERATION & MAINTENANCE Budget for fiscal year 1995-96, adopted by the Metropolitan Sewerage District Board at its regular meeting held on June 14, 1995.

WITNESS my hand and seal of said District this 29th day of November, 1995.

Jackie W. Bryson,

Secretary/Treasurer

Board of the Metropolitan Sewerage District

of Buncombe County, North Carolina

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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RESOLUTION CLOSING OUT CONSTRUCTION II FUND

WHEREAS, the District established the Construction II Fund to account for monies for its \$20.7 million revenue bond issue on July 1, 1986 to fund "1986 Improvements"; and

WHEREAS, the District received federal construction grants from the Environmental Protection Agency to fund a portion of the "1986 Improvements", and

WHEREAS, the "1986 Improvements" included procurement and installation of rotating biological contact facilities and expansion of the waste water treatment plant; and

WHEREAS, the "1986 Improvements" have been completed and accepted by the District; and

WHEREAS, the 1995-96 adopted MSD budget included this transfer; and

NOW, THEREFORE BE IT RESOLVED THAT:

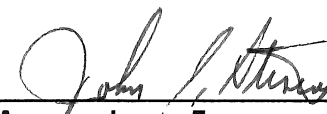
1. The Construction II Fund be closed out and fund balance be transferred to the General (Construction) Fund
2. Wachovia Bank, the trustee for the revenue bonds, be instructed to transfer said monies from the Construction II Fund to the General Fund.

Approved this 29th day of November, 1995 by the following vote to wit:

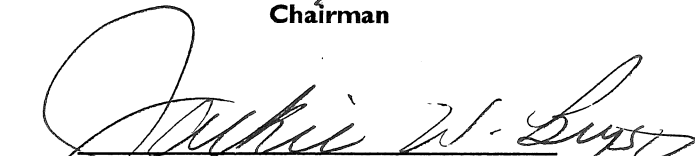
AYES: 10 NAYS: 0 ABSENT: 1



Chairman



Approved as to Form



Attest

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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P.O. Box 8969, Asheville, N.C. 28814
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John S. Stevens, General Counsel



O. R. Post, Chairman
E. Benson Slosman, Vice-Chairman
Jackie W. Bryson
Larry Casper
Michael L. Holcombe
Joe Joyner
E. Glenn Kelly
Ben Pace
Bob Selby
C. Michael Sobol
Carolyn R. Wallace

RESOLUTION AWARD OF CONTRACT

WHEREAS, the Metropolitan Sewerage District of Buncombe County, North Carolina is required to restore the Streets and Highway Rights-of-Way following maintenance performed on the Collection System; and

WHEREAS, the District has received three bids for the Restoration of Streets and Highway Rights-of-Way as follows:

APAC-Carolina, Asheville Division	\$259,719.85
Paving Enterprises, Inc.	\$262,244.00
Taylor-Murphy, Inc.	\$711,850.35

WHEREAS, the District Legal Counsel has reviewed the bids as to form and finds them to be in acceptable form; and

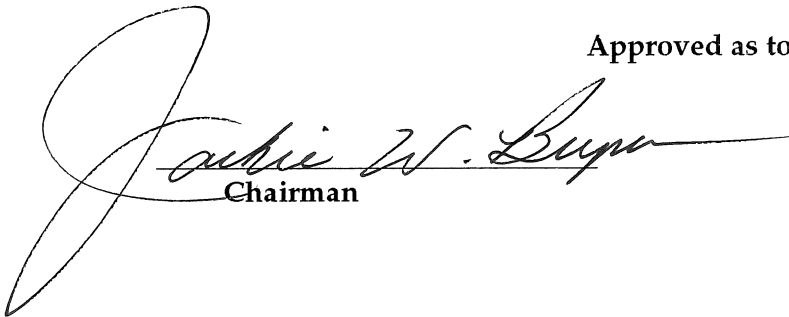
NOW THEREFORE BE IT RESOLVED:

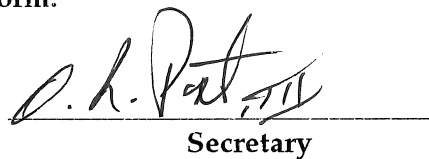
That the District Board hereby awards the 1995-1996 contract to APAC-Carolina, Asheville Division as being the lowest responsible bidder and authorizes the Engineer-Manager to execute a contract for the work.

Adopted this **29th** day of **November 1995** by the following vote to wit:

AYES: 10 NAYS: 0 ABSENT: 1

Approved as to Form:


Chairman

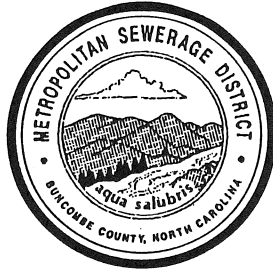

Secretary

MSD Metropolitan Sewerage District of Buncombe County, North Carolina

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

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RESOLUTION ESTABLISHING SAFETY POLICIES AND PROCEDURES MANUAL

WHEREAS, the North Carolina Occupational Health and Safety Administration (NCOSHA) requires all employers conducting business in North Carolina comply with, but not limited to, applicable regulations in NCOSHA 29 CFR 1910 & 1926; and

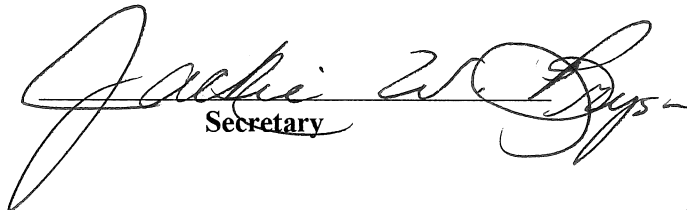
WHEREAS, it is the responsibility of the Environmental Safety Director, who reports directly to the Director of Administration, to supervise, implement and update the MSD Safety Manual approved by the Engineer-Manager; and

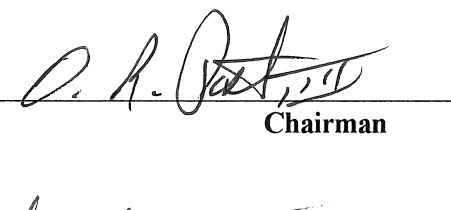
WHEREAS, it is the desire of the Board of Directors to acknowledge and support the use and implementation of said MSD Safety Manual; and

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF DIRECTORS THAT:

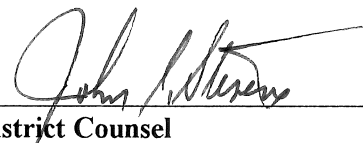
The Board of Directors hereby charges the Environmental Safety Director, with the cooperation of the Engineer-Manager and department heads and officials, and consistent with, but not limited to, all applicable NCOSHA regulations, to devise and implement a safety policies and procedures manual that seeks to ensure a work place free from recognized hazards;

Approved this 29th day of November, 1995.


Secretary


Chairman

APPROVED AS TO FORM:


District Counsel

RESOLUTION ON INVESTMENT POLICY

WHEREAS, the Metropolitan Sewerage District shall maintain investment of funds in full compliance with all State Statutes governing investments;

WHEREAS, the investment program shall be designed to emphasize safety, liquidity and yield; and

WHEREAS, principles of sound financial management must utilize an investment policy which sets forth objectives, directions and restrictions in its' investment program; and

WHEREAS, the North Carolina Local Government Commission recommends that investment policies be adopted by the Board of Directors; and

WHEREAS, the Board of Directors are desirous to adopt an investment program consistent with the laws of the State of North Carolina and with principles of sound financial management; and

NOW, THEREFORE BE IT RESOLVED that the Investment Policy attached hereto is hereby approved by the Board of Directors of the Metropolitan Sewerage District of Buncombe County, North Carolina.

Adopted this 20th day of September, 1995.

AYES:

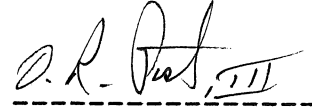
NOES:

ABSENT:

Attest:

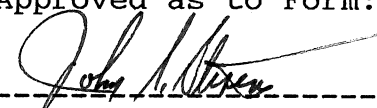


Secretary



Chairman

Approved as to Form:



District Counsel

METROPOLITAN SEWERAGE DISTRICT INVESTMENT POLICY

INVESTMENT PHILOSOPHY:

It is the policy of the MSD ("the District") to preserve capital and invest public funds in a manner consistent with the District Bond Order which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds.

SCOPE:

This investment policy applies to all financial assets of the District and is specifically subject to all of the provisions of the District's Bond Order. These funds are accounted for in the District's annual financial report and include:

- Operation and Maintenance
- Self Funded Insurance
- Maintenance Reserve Fund
- Fleet Replacement Fund
- WWTP Replacement Fund
- Construction II
- Construction III
- General
- Trust and Agency Funds
- Any new fund created by the District Board, unless specifically exempted by the District Board.

This investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds is limited to the extent permitted by the District Bond Order.

OBJECTIVES:

Safety of principal shall be the foremost investment objective of the District. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The investment portfolio of the District shall be designed to attain a market-average rate of return while minimizing risk and retaining liquidity.

Investment officials and employees involved in the investment process shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of

professionalism worthy of the public trust. The governing body, however, recognizes that in a diversified portfolio, occasional measured losses are inevitable and must be considered with the context of the overall portfolio's investment return, provided adequate diversification has been implemented.

DELEGATION OF AUTHORITY:

The Director of Administration serves as the District's Finance Officer. The responsibility for conducting investment transactions resides with the Finance Officer in accordance with North Carolina G.S. 159-25 (a) (6) and 159-30 (a). The Finance Officer shall establish and maintain written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority by the Finance Officer to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Officer and approved by the District Board. The Finance Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.

ETHICS AND CONFLICTS OF INTEREST:

Officers and employees involved in the investment program shall refrain from personal business activity that could conflict, or appear to conflict, with proper execution of the investment program or which could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the District Board any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall avoid any large personal financial/investment positions that could be related to the performance of this jurisdiction's portfolio. Employees and officials shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales.

INVESTMENT INSTRUMENTS:

The District is authorized by the North Carolina General Assembly to invest idle funds in compliance with North Carolina General Statute 159-30 to the extent permitted by the District Bond Order.

MATURITIES AND VOLATILITY:

Investments of the District shall be limited to instruments maturing within eighteen (18) months at the time of purchase.

The District's general intent is to make investments and hold until maturity. However, early liquidation may be necessary if cash flow demand warrants an earlier date of sale.

COLLATERALIZATION OF PUBLIC DEPOSITS:

The District shall utilize the pooling method of collateralization and use only banking institutions that are approved by the North Carolina Local Government Commission.

DIVERSIFICATION:

The District will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments or individual financial institutions.

Diversification by instrument:	Maximum Percent <u>of Portfolio</u>
U.S. Government Treasuries, Agencies and Instrumentalities	100%
Bankers' Acceptances	40%
Certificates of Deposit	100%
Commercial Paper	50%
North Carolina Capital Management Trust	100%

SAFEKEEPING AND CUSTODY:

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a contracted third party custodian designated by the Finance Officer and evidenced by safekeeping receipts, or held directly by the Finance Officer for safekeeping. The bank custody agreement shall be in form approved by District Legal Counsel.

INVESTMENT TRADING RELATIONSHIP AGREEMENT:

Dealers providing services to the District must execute an investment trading relationship agreement with the Finance Officer in a form approved by District Legal Counsel.

REPORTING:

The Finance Officer is charged with the responsibility of a quarterly investment inventory report which includes investment type, cost, market value, maturity date, and yield. This report shall be submitted to the Board of Directors and Engineer-Manager.

The Finance Committee of the Board shall review, at least annually, the investment policies and make recommendations to the Board of Directors for any changes.