

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT  
DECEMBER 15, 1999**

**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., Wednesday, December 15, 1999. Chairman Blackburn presided with the following members present: Aceto, Bryson, Field, Graham, Kelly, Pace, Sobol, Spell and Venable.

Others present were: W. H. Mull, General Manager, William Clarke, General Counsel, Gary McGill of McGill Associates, Wayne Marshall with Gould Killian CPA Group, Patti Beaver with CIBO, John Kiviniemi, Tom Hartye, Jim Fatland, Stan Boyd, Sharon Walk and Sondra Honeycutt, MSD.

**2. Approval of Minutes of the November 10, 1999 Meeting:**

Mr. Spell requested that, page one, paragraph two, line three be changed to read "Ms. Bryson seconded the motion". Mr. Venable requested that page three, paragraph two, line nine be changed to read "software viruses", and that line twelve read "downloads and updates to the virus protection file is performed". With no further additions or corrections, Mr. Venable moved that the minutes of the November 10, 1999 meeting be approved as amended. Mr. Pace seconded the motion. Voice vote was unanimous in favor of the motion.

**3. Report of General Manager:**

**Consolidated Motion Agenda:**

**a. Consideration of Comprehensive Annual Financial Report for Year Ended June 30, 1999:**

The Finance Committee recommends approval of the Comprehensive Annual Financial Report.

**b. Consideration of Construction without Easement or Condemnation - Woodland Road, MSR:**

The Right of Way Committee recommends noticing the owner and proceeding with construction without an easement or condemnation action at this time. If the owner does come forth, staff will negotiate or condemn if necessary for the taking at that time.

**c. Consideration of Construction without Easement or Condemnation - Smith Mill Creek, AMP:**

The Right of Way Committee recommends sending a letter offering an approved compensation amount, if no response, then notice the owner and proceed with construction without an easement or condemnation action at this time. If the owner does come forth, staff will negotiate or condemn if necessary for the taking at that time.

**d. Consideration of Construction without Easement or Condemnation - Fairfax Avenue, AMP:**

The Right of Way Committee recommends noticing the owner and proceeding with construction without an easement or condemnation action at this time. If the owner does come forth, staff will negotiate or condemn if necessary for the taking at that time.

**e. Consideration of Construction without Easement or Condemnation - North Swannanoa, Phase II, Section 3 CIP:**

The Right of Way Committee recommends noticing the owner and proceeding with construction without an easement or condemnation action at this time. If the owner does come forth, staff will negotiate or condemn if necessary for the taking at that time.

**f. Consideration of Bids for State Street and Magill Road MSR Projects and COA Sidewalk Replacement Project:**

The following bids for these projects were opened on November 23, 1999: Bryant Electric with a total base bid of \$847,139.00; T&K Utilities with a total base bid of \$688,836.00 and Hobson Construction Co. with a total base bid of \$618,040.00. Staff recommends the Board award these contracts to Hobson Construction Company, in the total amount of \$618,040.00, contingent upon attorney review and approval, and also contingent upon State review and approval.

**g. Acceptance of Developer Constructed Sewer Systems: Brookside Cove Phase 2 and Poplar Creek Subdivision:**

Staff recommends acceptance of developer constructed sewer systems. (All MSD requirements have been met).

**h. Consideration of Bids for Campground Rd. AMP:**

The following bids for this project were opened on December 8, 1999: T&K Utilities with a total base bid of \$212,279.00; Terry Brothers Construction with a total base bid of \$227,669.00 and Hobson Construction Company with a total base bid of \$230,855.00. Staff recommends the Board award this contract to T&K Utilities in the total amount of \$212,279.00, contingent upon attorney review and approval, and also contingent upon State review and approval.

**i. Consideration of Investment Report for Period Ended 10/31/99:**

No action necessary. Receive and File.

Mr. Venable asked whether approval of grants towards construction costs for items f. and h. are still available. Mr. Hartye stated that the grant funds have already been allocated. With no further discussion, Ms. Bryson moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Pace seconded the motion. Roll call vote was as follows: 10 Ayes; 0 Nays.

**4. Committee Reports:**

**Right of Way Committee**

Mr. Pace reported that in addition to action on previously presented items, Mr. Mark Morris with Professional Appraisal Services gave a presentation on Valuation of Flood Plain/Way Property. Also, Mr. Clarke with Roberts and Stevens gave a presentation on Prescriptive Easement Rights.

### **Finance Committee**

Mr. Kelly reported that the Finance Committee met to discuss the Comprehensive Annual Financial Report (CAFR) ending June 30, 1999. He stated that Mr. Marshall of Gould Killian CPA Group will be present later in the meeting to answer any questions regarding the CAFR and Mr. Fatland will present additional protection policies for improved internal controls.

Mr. Sobol asked why the Independent Auditors' Report is dated November 10, 1999 when the Report was for the year ended June 30, 1999. Mr. Kelly stated that there was subsequent correspondence to Management, which Management responded to, however, the Auditors' Report dealt with opinions based on the audit as of June 30, 1999.

### **Personnel Committee**

To be reported in closed session.

## **5. Old Business:**

### **Board Retreat Agenda**

Mr. Mull presented a preliminary agenda for the Board Planning Retreat scheduled for January 15, 1999 at the Arboretum. In addition, there will be a presentation by David Nicholson, Henderson County Manager. He stated that staff recommends forming a small committee of Board Members, along with key staff to meet prior to the retreat in order to finalize the agenda; ensuring that all issues considered relevant by the Board are included in the discussion.

Ms. Field stated that the preliminary agenda does not include an open discussion regarding MSD's responsibilities to the community. Mr. Spell stated that he is looking at a broader approach where the Board sets policy and goals, with staff determining what the increments are to help fulfill those goals. He further stated that although he is very interested in the presentation from Henderson County, he is not sure the planning retreat is the proper place. He suggested that this presentation be made at a regular Board meeting. Mr. Mull stated that he would contact Mr. Nicholson and reschedule his presentation for the Board meeting following the retreat. Mr. Blackburn asked Mr. Spell, Mr. Aceto, Mr. Sobol and Ms. Field to meet with key staff and the Consulting Engineers to finalize the agenda. Mr. Kelly suggested that the Committee keep in mind the Consolidation Agreement and Mission Statement in final preparation of the agenda. A brief discussion followed regarding the date of the Retreat.

### **Continuation of Finance Committee Report:**

Regarding Mr. Sobol's question on the date of Auditors' Letter, Mr. Marshall stated that the "Correspondence to Management" dated November 10, 1999, relates to the financial statements as of June 30, 1999. The "Independent Auditors' Report" dated November 10, 1999 is the report on the financial statements, which is the final day of fieldwork.

Mr. Fatland reported that the Finance Committee discussed some of the internal control improvements. He stated that the objective is to provide the MSD with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition are recorded. He further stated that purchasing and accounting staff met with Mr. Marshall and Mr. Cabe of the Gould Killian

CPA Group to discuss controls measures that have already been implemented and to add additional controls. He presented a summary of those changes and stated that in his opinion these controls will enhance what is currently in effect.

Mr. Venable asked how much additional staff time is involved in implementing these controls. Mr. Fatland stated that Mr. Marshall expressed a concern that too many controls may slow the process down, but that this is a reasonable request and the employees understand that these measures will add needed checks and balances to the system. Mr. Spell asked if there is a need for a third party to look at these controls to assure they are adequate. Mr. Marshall stated that the development of additional controls is an excellent step and in his opinion does not feel that a third party is necessary in this particular area. However, the District might consider taking an in-depth look into controls in other areas, which can be performed by his firm or in part by staff.

### **Grant Funds**

Mr. Aceto asked if any action has been taken regarding use of the recent \$2 million grant funds. Mr. Mull stated that this is an appropriation, not a grant that Congressman Taylor made through his River Initiative Program to provide full stand-by power for the District. He further stated that a portion of the funds would be used for a 2-megawatt generator, but since the generator will not cost as much as expected, the remainder of the funds can be used for projects that qualify in this area. With regard to both the River Initiative appropriation and the \$3million State Grant, Mr. Spell stated that monies for the Master Plan Projects was in the budget and funded, so if the District uses the \$3million to fund these projects, the money in the budget is free. Therefore, he called for a discussion regarding how monies from both sources is re-programmed. Mr. Mull stated that during the budget process in January and February revised numbers would be presented as to the impact of these funds.

### **6. New Business:**

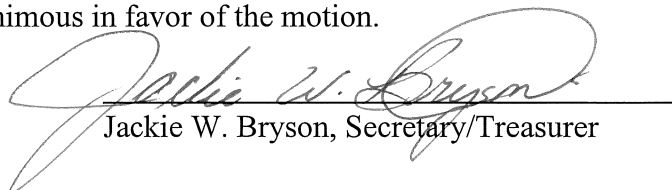
Mr. Blackburn announced the re-appointment of Jackie Bryson, Elizabeth Graham and Doug Spell. He further stated that Buncombe County appointed David Gantt to fill the unexpired term of Bob Selby.

At 2:55 p.m., Mr. Pace moved that the Board go into closed session to discuss a pending criminal investigation and to discuss the evaluation of the General Manager. Mr. Kelly seconded the motion. Voice vote was unanimous in favor of the motion.

At 3:25 p.m., the regular meeting was reconvened.

### **7. Adjournment:**

At 3:26 p.m., Mr. Pace moved for adjournment. Mr. Spell seconded the motion. Voice vote was unanimous in favor of the motion.

  
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Jackie W. Bryson, Secretary/Treasurer