

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
JANUARY 20, 2010**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 P.M., Wednesday, January 20, 2010. Chairman Aceto presided with the following members present: Bellamy, Bisette, Bryson, Creighton, Haner, Kelly, Root, Russell, VeHaun and Watts. Mr. Stanley was absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Leah Karpen with the League of Women Voters, Chuck McGrady with Henderson County, Stan Boyd, Ed Bradford, John Kiviniemi, Scott Powell, Angel Banks, Peter Weed, Jim Hemphill, Julie Willingham, Mike Schraven, Ken Stines and Sondra Honeycutt, MSD.

2. Inquiry as to Conflict of Interest:

Mr. Aceto asked if there were any conflicts of interest with the agenda items. No conflicts were reported.

3. Approval of Minutes of the December 16, 2009 Board Meeting:

Mr. Haner moved that the minutes of the December 16, 2009 Board Meeting be approved as presented. Mr. VeHaun seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Aceto welcomed Ms. Karpen, Mr. McGrady and Staff. Mr. Aceto announced that a luncheon in recognition of Mr. Sobol and Mr. Metcalf will be held Wednesday, February 17th prior to the regular Board meeting. He stated that a new Vice Chairman will be elected at this meeting.

Mr. Aceto introduced Mr. Bob Watts, Public Works Director with the Town of Black Mountain and Al Root, Mayor of the Town of Weaverville as new Members of the District Board, replacing Michael Sobol and Steven Metcalf respectively. He welcomed them to the Board and presented each with a traditional manhole puller.

Mr. Aceto recognized Mr. Chuck McGrady, Commissioner with Henderson County. Mr. McGrady stated that the Board of Commissioners elected him to serve as a representative along with Charlie Messer to attend MSD Board meetings. He reported that Henderson County is in discussions with the City of Asheville regarding a range of issues, such as water and sewer. He stated that because the Cane Creek Authority is one of MSD's largest users, Henderson County is expressing preliminary interest with the City of Asheville, other municipalities, and legislative delegation about potentially stepping up and officially joining MSD. Mr. Aceto expressed his appreciation on behalf of the Board for Mr. McGrady's attendance and future participation from Henderson County.

Mr. Aceto reported that in addition to the appointments of Mr. Watts and Mr. Root, he, Ms. Bellamy, Mr. Haner and Mr. Kelly, were recently re-appointed to serve another term on the District Board.

6. Report of General Manager:

Mr. Hartye reported that the District has once again been granted the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. He expressed his appreciation to Teresa Gilbert and Scott Powell for their effort.

Mr. Hartye called on John Kiviniemi, Plant Manager for a report on the generator incident at 2 a.m. on Christmas Day following the Progress Energy outage. Mr. Kiviniemi reported that the plant experienced a loss of power from Progress Energy on December 25th at 2 a.m. However, the plant has a 2 megawatt diesel backup generator that is sufficient to carry the plant load and is designed to automatically start and transfer power once it senses loss of utility power. Although the generator started as designed, it did not produce power. Staff responded within 15 minutes and determined there was something wrong with the generator internally. The power was restored by Progress Energy by 3 a.m., but due to wet weather that proceeded Christmas Day, this resulted in a substantial amount of flow, causing the manhole behind the Administration Building to overflow for a short period of time. He stated that the overflow into the French Broad River was estimated at 374,000 gallons, and at the same time, the flow into the treatment plant was running at 30 mg. He further stated that on Christmas day, staff was able to identify and contact the generator repair specialist (Carolina Generator Company) outside of Greensboro and they were on site later that day, and the part (potential transformer) was replaced by noon the next day. He expressed his appreciation to the plant response staff for an excellent job.

Mr. Kiviniemi reported that following the incident, a spare part was purchased and staff met with Progress Energy to discuss some potential options on how to shore-up some of the potential for power outages on their utility side. Mr. Hartye stated that the generator did work under load on the previous Friday during the snow storm. He further stated that this generator is the main one for the plant, but the District also has 32 pump stations, 27 of which have stationary generators. Mr. Kiviniemi stated that on the preceding weekend, staff made sure all of the generators were fueled. In response to the newspaper article about the incident, Mr. VeHaun stated that he does not feel MSD is in any way responsible. Mr. Haner asked if there is any adjustment in Preventative Maintenance (PM) that could be made to keep this from happening again. Mr. Kiviniemi stated that an extensive amount of PM is done, both from load-testing the generators quarterly, as well as normal PM on the engine itself. However, staff has contacted Carolina Generator Company about retaining them to come in annually to check all of the generators for additional maintenance not normally done. Mr. Hartye stated that meetings with Progress Energy are taking place and staff will report back to the Board on the findings. He further stated that when the generator was installed in 1999, prior to Y2K, MSD did not envision using it six to eight times a year. Therefore, staff is looking to Progress Energy to shore-up redundancy on their part. Regarding the erroneous press given the incident, Mr. Haner suggested bringing the newspaper up to date on what is being done to minimize the chance for reoccurrence.

Mr. Hartye reported that the District has made significant progress with regard to SSO's. He presented a graph showing 10-years of SSO's, from 1999, with 280 per year, down to 23, during the last fiscal year. Mr. Haner asked how many of the pump station generators kicked-in during the power outage. Mr. Kiviniemi said most of them. Ms. Bellamy asked what staff would have done differently. Mr. Kiviniemi stated beyond the increased awareness of the equipment, discussions with Progress Energy to potentially shore-up utility provisions is MSD's best option. Ms. Bellamy asked about the possibility of alternative energy sources. Mr. Hartye stated that along with a series of options, the Hydro-electric facility is the biggest alternative, but it can not be used by itself; it has to be energized with power to keep it going and would not be available during low flow periods on the French Broad River. Mr. Aceto asked what scope and duration of power outage is MSD prepared to sustain. Mr. Kiviniemi said without refueling, up to

48 hours, after which MSD would have to ferry fuel to generators to keep them going. Mr. Aceto suggested that staff consider expanding the capacity to sustain the outage for an extended period of time; longer than 48 hours.

Prior to a presentation by Michael Schraven, MSD's Contract Construction Manager, Mr. Hartye presented a slide of MSD's organizational chart showing the six MSD divisions and a chart showing the Capital Improvement Program (CIP) Division, responsible for MSD's contract construction at an estimated cost of \$15 million a year. He also presented a slide of the CIP for the next 10 years, FY 10 through FY 19, with a total budget of \$145.6 million, which includes interceptor/wet weather rehab; collection system rehab; treatment plant/pump station; and reimbursements. Mr. Hartye reported that since Consolidation in 1990, MSD has spent approximately \$250 million on rehabbing or replacing over 800,000 feet of sewer. Mr. Hartye called on Mr. Schraven for a presentation on some of MSD's recent projects.

Using a Power Point presentation, Mr. Schraven introduced the Construction Management Team consisting of Denise Moore, Mike Presley, Jim Frey and Kevin Devlin. The team is responsible for quality assurance, quality control, and fiscal monitoring of the estimated \$15 million annual CIP. Mr. Schraven presented slides showing why MSD needs additional rights of way from a temporary construction easement standpoint, due to the sheer size and magnitude of the construction site. Slides were shown portraying site requirements for trenchless operations and lay-down areas on pipe projects. He stated that all projects are not pipe related; some are done at the Treatment Plant, while others may involve work in the crawl spaces under homes served by MSD. Slides were shown of work done on the Thermal Converter building rehabilitation project as well as plumbing work completed under an apartment building, required by mainline relocation. Mr. Schraven presented slides of a project in West Asheville showing the equipment used to set a 27' deep manhole and cranes that were utilized to set a wet well base on another project. Also, he presented slides of an old brick manhole prior to rehabilitation and a similar manhole after a cementitious liner was installed during a rehabilitation project. This type of rehabilitation is resistant to chemical attack inside the sewer and keeps out roots and water infiltration. He talked about crossing rivers and how coffer dams are used to divert the river to one side in order to dig the pipe in below the riverbed. In smaller streams and tributaries, it is easier to pump the creek around construction. He presented a slide showing a pump-a-round on the Reems Creek project where the creek was pumped around construction allowing the pipe to be laid in relative dry. On the same project a creek ford was built to keep traffic and mud out of the stream bed. He explained that in order to cut a manhole into an existing main, a by-pass pump operation was required as was done on the Hominy Creek Interceptor.

Mr. Schraven reported that occasionally a project will require night work, which is avoided when possible for safety reasons and the availability of other utilities in case of emergency. Other factors that cause problems are frost, wet weather, roadways and railways. He presented several slides showing a jack and bore operation where machinery augers or bores a hole under the roadway or railroad tracks.

Mr. Hartye stated that the major difference between sewer and water construction is MSD has to continually go down hill using gravity to move sewage, where water lines can run up and down hills because it is pumped. Also, because sewage is not pumped, it is sometimes necessary for construction to be in deep trenches. This makes sewer construction much more expensive than water. Mr. Schraven stated that the mountain topography helps to move sewer for great distances. Sewage from Black Mountain and Ridgecrest make the trip all the way to the plant without any assistance from pumps.

Mr. Schraven elaborated further on problems where, on occasion, crews cannot open dig a roadway, yet rock is present in the path of the boring operation. He presented

a slide of a rotary rock cutter used to perform a rock bore across Leicester Highway. This type of boring equipment crushes and grinds solid granite. He made a comparison of a rock to earth bore where a rock bore may progress 18 inches a day compared to 18 feet per day in earth. Mr. Schraven presented other machinery and tools used in construction ranging from a pavement milling machine to a chipper shredder used in clearing operations to a huge concrete saw used to remove concrete obstructions. He showed slides of equipment installed at the treatment plant and finally a slide of a new product being used to replace the typical round manhole. Ms. Karpen asked if MSD owns any of the large equipment shown. Mr. Schraven stated that the equipment shown in the slides is owned by the contractors.

Mr. Hartye continued with his report. He presented two articles; an AC-T article on the sewage spill and an article on smoking. Mr. Hartye reported that the next Right of Way Committee meeting will be held January 27th at 9 a.m. and the next regular Board Meeting will be held February 17th at 2 p.m. He further reported that a Finance Committee meeting will be scheduled for sometime in February and the Local Government Finance and Ethics workshop will be held February 24th.

Mr. Hartye called the Board's attention to the CIP and the Planning and Development Department's status reports.

7. Consolidated Motion Agenda:

a. Consideration of Annual Meeting Dates:

Presented as information only

b. Consideration of Development Constructed Sewer System for the Leicester Village Apartments/Townhouse Project:

Mr. Hartye reported that this project is located outside the District boundary off New Leicester Highway on English Ivy Drive. The project included the installation of approximately 440 linear feet of 8" gravity sewer to serve a 56 unit residential development. Staff recommends acceptance of the system. All MSD requirements have been met.

c. Cash Commitment/Investment Report – Month Ended November 30, 2009:

Mr. Hartye called on Scott Powell for a report. Mr. Powell stated that on Page 2 of the report, the District's Investment Portfolio has shown little change from month to month. In October, monies from the Bond Issues were received and added in November and there was a lot of money in the North Carolina Cash Management Trust (NCCMT). In November, this money was put in short-term CD's. He explained that local CD's in five-star banks is where the District is earning the most yields. He stated that in the past MSD has invested in agencies, commercial paper, etc, but due to the downturn in the economy a couple of years ago, those investment instruments have been yielding less return. On Page 3, Mr. Powell noted the weighted average maturity is 94 days and yield to maturity is 1.56%, Six-month T-Bill secondary market is 0.15% and NCCMT Cash Portfolio is 0.14%. He stated that the portfolio is short in duration and MSD is maximizing its returns in CD's, which is done due to the economy. He explained that when the economy improves, yields improve and if the MSD locks in more than a year it will pay for it with less return on investments.

Regarding revenues, Mr. Powell reported that on a YTD perspective, revenues are down approximately 3% in comparison to last year. MSD has received preliminary numbers from the City of Asheville (COA) as far as their consumption. He stated that as of the end of December, consumption is down approximately 9%, which will

have an impact on both the COA and MSD budgets, but is waiting to get the final information from the COA. Mr. Powell stated that the reason MSD uses the COA information is because this represents 80% of MSD's revenue information. This same trend is being seen in other municipalities. He further stated that the downturn in consumption is based on two factors; recessionary pressures and a wet summer and fall that have impacted water usage.

With regard to expenditures, Mr. Powell reported that comparison on a monthly as well as a YTD perspective is in line with historical trends and within the current year budget. He stated that YTD capital projects, depending on the nature of those projects, are within 17.8% of budget. As reported by Mr. Hartye, the secondary microscreen project is on hold until MSD gets some definitive information as it pertains to the duration of the impacts of the revenue downturn.

Mr. Powell reported that both of the Variable Rate Debt Series have performed in relation to budget, and as of December, MSD has saved ratepayers approximately \$2 million on both Series in Debt Service. Ms. Bellamy expressed her appreciation for the transparency with which Scott Powell reports the District's finances and that he does a good job in trying to meet the needs of the Board and to insure on a monthly basis that the Board is aware of what is happening with the dollars and how they are being spent. Mr. Powell stated that as soon as the numbers are received from the COA and staff has a chance to analyze this, the Board will be notified by e-mail of a possible Finance Committee meeting in February. Ms. Bellamy moved that the Board approve the Consolidated Motion Agenda as presented. Mr. Kelly seconded the motion. Roll call vote was as follows: 11 Ayes; 0 Nays.

8. Old Business:

None

9. New Business:

Mr. Aceto recognized Mr. Russell. Mr. Russell asked if there is a Board policy on travel. Mr. Clarke stated that there was some discussion several years ago having to do with what Board Members could accept as far as meals, etc., but the Board does not have a formal travel policy. However, it does have an Ethics, Conduct and Attendance Policy. Mr. Haner stated that this was discussed at the last retreat and feels this is an issue the Board needs to develop as a policy, which gives the impression of being progressive in thoughts and decisions. He suggested that the pros and cons of a travel policy should be discussed again at the upcoming retreat. Mr. Aceto stated that although the Board does not have a written policy, there is an understanding that if a particular Board Member has an interest in attending a conference because of the subject matter or they serve on a state or national committee, then travel is justified on that basis, but the Board's policy over the last several years is to discourage travel. Ms. Bellamy stated that traveling to conferences benefit organizations and ratepayers and feels this should be discussed at the next retreat. Mr. Russell suggested that Board Member travel be presented to the Board and voted on. Mr. Aceto asked Counsel to draft an addendum to the Board's current Ethics, Conduct and Attendance Policy to be presented to the Planning Committee. Mr. Aceto asked staff to poll the Board on a date for the retreat and items to be discussed.

10. Adjournment:

With no further business, Mr. Aceto called for adjournment at 3:20 p.m.

Jackie W. Bryson, Secretary/Treasurer

MSD

Regular Board Meeting

Metropolitan Sewerage District
of Buncombe County, NC

AGENDA FOR 01/20/10

✓	Agenda Item	Presenter	Time	
	Call to Order and Roll Call	Aceto	2:00	
	01. Inquiry as to Conflict of Interest	Aceto	2:02	
	02. Approval of Minutes of the December 16, 2009 Board Meeting.	Aceto	2:05	
	03. Discussion and Adjustment of Agenda	Aceto	2:10	
	04. Informal Discussion and Public Comment	Aceto	2:15	
	05. Report of General Manager	Hartye	2:20	
	06. Consolidated Motion Agenda		2:50	
	a. Consideration of Annual Meeting Dates	Hartye		
	b. Consideration of Developer Constructed Sewer System: Leicester Village Townhomes	Hartye		
	c. Cash Commitment/Investment Report – Month Ended November 30, 2009.	Hartye		
	07. Old Business:	Aceto	3:05	
	08. New Business:	Aceto	3:10	
	09. Adjournment (Next Meeting 2/17/2010)	Aceto	3:15	

APPROVAL OF MINUTES

**BOARD OF THE METROPOLITAN SEWERAGE DISTRICT
DECEMBER 16, 2009**

1. Call to Order and Roll Call:

The regular monthly meeting of the Metropolitan Sewerage District Board was held in the Boardroom of MSD's Administration Building at 2:00 P.M., Wednesday, December 16, 2009. Vice Chairman Sobol presided with the following members present: Bellamy, Bissette, Bryson, Creighton, Haner, Kelly, Russell, Sobol, Stanley and VeHaun. Mr. Aceto, Ms. Bellamy and Mr. Metcalf were absent.

Others present were: Thomas E. Hartye, General Manager, William Clarke, General Counsel, Gary McGill with McGill Associates, Russell Coleman and Lee Conner with Cherry, Bekaert & Holland, Jim Struve with Hazen & Sawyer, Leah Karpen with the League of Women Voters, Stan Boyd, Ed Bradford, Scott Powell, John Kiviniemi, Jim Hemphill, Peter Weed, Angel Banks, Ken Stines, Mike Stamey, Julie Willingham and Sondra Honeycutt, MSD.

2. Inquiry as to Conflict of Interest:

Mr. Sobol asked if there were any conflicts of interest with the agenda items. No conflicts were reported.

3. Approval of Minutes of the November 18, 2009 Board Meeting:

Mr. Kelly moved that the Minutes of the November 18, 2009 Board Meeting be approved as presented. Mr. Stanley seconded the motion. Voice vote in favor of the motion was unanimous.

4. Discussion and Adjustment of Agenda:

None

5. Informal Discussion and Public Comment:

Mr. Sobol welcomed Mr. Holland, Mr. Conner, Mr. Struve, and Ms. Karpen.

6. Report of the General Manager:

Mr. Hartye called on Mr. Russell Coleman with Cherry, Bekaert & Holland (CBH) for a report on the audit.

Mr. Coleman, thanked the Board on behalf of CBH for engaging their firm to perform the audit over the last five years, and expressed his appreciation to Scott Powell for his professionalism and commitment during the audit process.

Mr. Coleman reported that CBH issued an unqualified (clean) opinion on the District's financial statements for the fiscal year ending June 30, 2009. He stated that in addition to complying with the American Institute of AICPA's auditing standards, CBH must comply with government auditing standards issued by the Government Accountability Office of the United States. In addition, CBH is required to confirm they are independent with respect to the District and, must tell the District about its estimates in the financial statements. He explained that depreciation is the biggest estimate and is based on management's knowledge and experience about past and current events and assumptions about future events. The most sensitive estimate affecting the financial statements was Management's estimate of the allowance for doubtful accounts; based on an analysis of historical collection trends, current customer relations, credit sales levels, industry factors and current and anticipated economic conditions. It was suggested that an immaterial adjusting entry be made relating to depreciation of two capital assets that were not depreciated in the prior year. There were no other audit differences for which an adjustment was proposed but not made.

Mr. Coleman reported that during the year the District adopted GASB Statement No. 45, which affects the disclosure of other post-employment benefits and the related obligation. The estimate of the obligation is based on service costs, interest rates, inflation rates, etc. Mr. Coleman further reported that in the course of the audit, they have to determine the potential errors that exist in the financial statements and determine what controls management has in place to prevent errors from occurring, then make sure the controls are actually in place. As a result of this control work, there were no deficiencies in internal control and accordingly, no material weaknesses. In addition to GASB Statement No. 45, there are three (3) new pronouncements that will become effective in FY 2010: GASB Statement No. 49; accounting and financial reporting for pollution remediation obligations, which may not have an impact on the District. However, GASB Statement No. 51; accounting and financial reporting for intangible assets and GASB Statement No. 53; accounting and financial report for derivative instruments, could have an effect on the District. He stated that currently the District discloses the fair value of its interest rate swap, and going forward, the District will have to record an obligation on the fair value of the swaps.

Mr. Coleman reported that the District's total assets increased by \$7,094,000. Current and other assets decreased by \$3,400,000, due to cash being used for construction of plant facilities. Capital assets increased by \$10,494,000. He further reported that total liabilities decreased by \$2,943,000. Debt and other long-term liabilities decreased by \$3,998,000 and other liabilities increased by \$1,055,000. He stated that as a result of operations, net assets increased by \$10,038,000. Investments in capital assets increased by \$15,130,000; restricted new assets increased by \$607,000, but unrestricted net assets decreased by \$5,699,000.

Mr. Coleman reported that operating revenues decreased by \$845,000 and operating expenses increased by \$2,234,000, but \$1,500,000 of this amount is due to depreciation expense, along with a \$475,000 increase in personnel costs and \$227,000 increase in outside contracts. He stated that non-operating revenues and expenses changed very little from 2008, but because interest rates are down, both interest expense and interest income decreased by \$700,000.

Regarding the statement of cash flows, Mr. Coleman reported that operating income, plus an adjustment for depreciation, a non-cash expense, resulted in a positive cash flow of approximately \$15,985,000. Capital plant additions and required debt service payments consumed \$19,790,000 while investment earnings and net sales of investments provided \$7,775,000. Cash increased by \$3,970,000.

Mr. Russell questioned the increase in the depreciation expense. Mr. Coleman stated that depreciation will stay at the \$8.5 million level for an extended period of time then slowly increase over the years.

Mr. Hartye called on Ed Bradford for a presentation regarding the proposed engineering study of the wastewater conveyance system for the Weaverville area.

Mr. Bradford presented a map showing the Reems Creek area and an aerial of the Reems Creek Basin; approximately 32 sq. miles and 20,500 acres. He reported that prior to the pump system; a treatment plant was located on Reems Creek (owned/operated by MSD). The pump system was constructed in the 1980's when the treatment plant was decommissioned and is comprised of two pump stations and over 4.2 miles (22,300 LF) of force main. He stated that pump station (PS) #1 pumps about 9,600 LF to PS #2, which then pumps 12,700 LF to the plant. He further stated that PS #1 lifts the wastewater 144 feet to PS #2, which is then lifted 100 ft to the plant. Mr. Bradford reported that the current system has been of increasing concern to staff due to a combination of factors including the age of the system, the routing and configuration of the pumps and force main, and future growth that will occur upstream in the basin. He stated that staff seeks a

formal, planned approach in order to prioritize and budget for long-term capital improvements to the system. The study will include thorough evaluation of the current system then evaluate several options, including the possible elimination of PS #2. Mr. Bradford presented slides of both pump stations and degradation of the force main.

Mr. Bradford reported that staff advertised a Request for Qualifications (RFQ) in August, 2009 with several firms responding. The MSD Selection Committee reviewed and considered each firm's capabilities and experience, then short-listed three firms for on-site interviews. After a thorough evaluation, the Committee chose Hazen & Sawyer, who is a large firm and has recent experience with similar pump system evaluations. Mr. Haner asked if consideration will be given to pumping leachate from the new landfill to the pump station. Mr. Bradford said no. Mr. Sobol asked if the leachate is tested for heavy metals before being dumped at the plant. Mr. Kiviniemi stated that the leachate is tested, but no substantial amounts of metal have been found.

Mr. Hartye continued with his report. He stated that the next regular meeting of the Board will be held January 20th at 2PM and the next Right of Way Committee meeting will be held January 27th at 9AM.

Mr. Hartye announced that the Christmas lunch for employees will be held December 17th at 11:30 AM in the atrium.

7. Report of Committees:

Planning Committee:

Mr. Bissette reported that the Planning Committee met December 9, 2009 to consider a proposed agreement with Avery Creek Sanitary District (ACSD), which provides for a transfer of approximately 45,000 L.F. of sewer and one pump station to the District. The transfer requires approval by the Local Government Commission and Bond Counsel. In exchange, the District would receive \$670,000 of the ACSD fund balance to be used in the ACSD as the District sees fit. He stated that the agreement was put together by the District's Attorney and Bob Long, Attorney for ACSD. The Planning Committee recommends the Board adopt a resolution making the findings necessary under the North Carolina General Statutes and the District's Bond Order to acquire the Avery Creek Sewer System and authorizing the Chairman and General Manager to proceed with the acquisition, subject to approval of the acquisition by the Local Government Commission and bond counsel and, to ACSD acquiring a pump station and the collector sewer system for the Ashley Woods subdivision. Mr. Hartye stated that the Ashley Wood subdivision lines have not been deeded over to ACSD, and should be before the system is conveyed to the District. Mr. Bissette moved that the Board adopt the recommendation of the Planning Committee. Mr. Creighton seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

Mr. Bissette reported that a discussion was held regarding un-sewered areas within the City of Asheville (Rock Hill Road and other areas). He stated that staff put together some information regarding areas that were annexed by the City, but sewer service was never provided; primarily because of the cost (\$40,000 to \$250,000) per residence. Mayor Bellamy has asked the Board to look into this again to see if there is a way MSD can partner with the City to run sewer to those areas should they become a public health problem. He explained that during Consolidation, MSD agreed to complete some annexation sewers, but none going forward. He further stated that it was requested that staff review the information and that it be brought to the Board at its retreat next year.

In other business, the Committee discussed a new agreement with the Cane Creek Water & Sewer District (CCW&SD) for treatment service only. Mr. Bissette reported that

the current agreement is for the treatment of 1.35 MGD of wastewater, of which CCW&SD is only using .75 MGD. As a result of land use planning, CCW&SD has identified long term future needs at about 3.0 MGD, which would require a change to the current agreement. Mr. Hartye stated that staff is speaking with CCW&SD and looking at the impact 3.0 MGD would have on the MSD system and trying to assess what type of agreement would be best going forward and will bring this information back to the Planning Committee.

With regard to un-sewered areas, Mr. Russell stated that he was not aware of Mayor Bellamy's request and asked if there is a problem. Mr. Hartye stated that some time back there was a septic tank failure in the Rock Hill Road area, which was annexed by the city in the 80's, but the resident was not provided sewer service. At the request of the City, MSD got involved and made some estimates of what would be required. Because of the cost to provide sewer service, it was recommended that the resident's on-site system be repaired, which was done, but this issue triggered the question of how many other areas were in the same situation. As a result, City staff identified those areas and came up with estimates of what would be required to provide sewer. He further stated that the idea of a special assessment was discussed as well as participation in the MSD. Mr. Russell asked if the City is required to provide sewer service when an area is annexed. Mr. Clarke said yes. Mr. Haner asked if the City extends and annexes and no sewer is available, does it have an obligation to repair a septic tank on private property. Mr. Clarke stated that some of the areas were annexed before there was a requirement to provide sewer service. Mr. Hartye stated that this should be considered along with other problems MSD has with private sewers that come up as a result of public health issues.

Finance Committee:

Mr. Kelly reported that the Finance Committee met today and adopted staff's recommendation to continue the auditing relationship with Cherry, Bekaert & Holland, LLP in the amount of \$47,710.00 for FY 2010. Mr. Stanley seconded the recommendation of the Finance Committee. Roll call vote was as follows: 9 Ayes; 0 Nays.

8. Consolidated Motion Agenda:

a. Consideration of Dingle Creek Interceptor @ Crowfields Phase 1:

Mr. Hartye reported that this project is for the replacement of a portion of an existing interceptor line serving the Dingle Creek Basin in South Asheville. He stated that Phase 1 is a cooperative effort with the City of Asheville. The City will receive ARRA stimulus funding to install stormwater improvements in this area, but the sewer must be relocated first. The following bids were received on December 1, 2009: Patton Construction Group, with a total bid of \$146,600.00; Appalachian Environmental Services with a total bid of \$135,042.00; T&K Utilities with a total bid of \$130,291.00; Terry Brothers Construction Co. with a total bid of \$123,617.00; Carolina Specialties with a total bid of \$119,797.39; Spur Construction Company LLC with a total bid of \$111,284.07; Bryant Land & Development Co. with a total bid of \$103,026.11; Buckeye Construction Co. with a total bid of \$96,757.65 and Huntley Construction Co. with a total bid of \$85,869.00. Staff recommends award of this contract to Huntley Construction Company, Inc. in the amount of \$85,869.00, subject to review and approval by District Counsel.

b. Consideration of US 70 @ Neil Price Avenue Phase 1 and 11B:

Mr. Hartye reported that the project is for the replacement of an existing sewer line near the Ingles Warehouse in Black Mountain. Due to site constraints, the new

sewer line must be located at/under the location of the new sidewalk. Therefore staff proposes to accelerate the project so that the new sidewalk will not have to be removed and replaced later. The following bids were received on December 1, 2009: Appalachian Environmental, with a total bid of \$418,519.00; Patton Construction Group with a total bid of \$346,300.00; Spur Construction with a total bid of \$343,769.20; Carolina Specialties Construction with a total bid of \$325,235.00; Terry Brothers Construction with a total bid of \$311,976.00; T&K Utilities with a total bid of \$308,244.00; Huntley Construction Co. with a total bid of \$248,741.00 and Buckeye Construction Co. with a total bid of \$247,382.70. Staff recommends award of the contract to Buckeye Construction Co., Inc. in the amount of \$247,382.70, subject to review and approval by District Counsel. Mr. Sobol asked when construction will begin. Mr. Bradford said January. Mr. Sobol suggested the MSD work with the Town of Black Mountain in sharing the cost of replacing dirt, grass, etc. following construction.

c. Consideration of Weaverville Pumping System Study:

Mr. Hartye reported that the Weaverville Pump System was constructed in the 1980's, when MSD decommissioned the Reems Creek treatment plant. The system serves the Reems Creek basin, which includes the Town of Weaverville and is comprised of two separate pump stations and approximately 22,300LF of force main. He stated that some minor studies have been performed over time, and certain recommendations implemented; however, staff now seeks a formal plan, which determines and prioritizes long-term capital upgrades to the system. Request for Qualifications (RFQ's) was advertised in August, 2009 with the following firms submitting: Black & Veatch; CDM; Hazen & Sawyer; Jordan, Jones & Goulding; McGill Associates; Stearns & Wheler and Willis Engineering. Mr. Hartye further reported that the MSD Selection Committee carefully reviewed and considered each firm's capabilities and experience. Following an interview with three of the firms, staff recommends award of this contract to Hazen & Sawyer, PC in the amount of \$117,035.00, subject to review and approval by District Counsel. Mr. Hartye stated that the study will begin in January 2010, with the final report being provided in August, 2010.

d. Consideration of Developer Constructed Sewer Systems: Buchanan Road; Holiday Inn and Woodfin Manor:

Mr. Hartye reported that staff recommends acceptance of the developer constructed sewer systems and that all MSD requirements have been met.

e. Presentation of Audit & CAFR – Fiscal Year Ended June 30, 2009:

Presented as part of Report of the General Manager.

f. Cash Commitment/Investment Report – Month Ended October, 31, 2009:

Presented as information only.

Mr. Bisette moved that the Board approve the consolidated motion agenda as presented. Mr. Kelly seconded the motion. Roll call vote was as follows: 9 Ayes; 0 Nays.

9. Old Business:

Mr. Clarke reported that negotiations with Norfolk Southern (NS) are still on-going, but progress has been made. He requested the Board's authority to negotiate an agreement with NS with the following principal components: For existing crossings, MSD would pay a one-time occupation fee of \$5,000 for pipe casings (under the tracks)

of more than 28" in diameter, and where the casing is 28" or less in diameter, MSD would pay \$2,500. The license agreement would have a provision that would allow NS, upon the opinion of its chief engineer that if the MSD line interfered with its railway operation it could require MSD to relocate the line, but would have to let MSD cross in another place at no cost to the MSD. There would also be a license agreement for developers; where private development is constructing a sewer line that on occasion crosses NS's new crossing. Another case is the developer enters into a license agreement with NS for the construction period, and then NS would enter into an agreement with MSD when construction is complete and the sewer system is transferred to the MSD. MSD would not pay a fee for its license agreement; the developer would pay a reasonable fee. He further reported that there are other issues about charging un-reasonable fees for flagging railroad traffic during construction. He stated that the other issue that needs negotiation is where MSD parallels the line in NS's right of way, but does not cross. He further stated that there is one active project (US 70 @ Neil Price Avenue) that MSD needs access to and based on the Board's previous approval, he will proceed with filing condemnation on this project. Mr. Stanley moved that the Board approve the authority to negotiate an agreement with NS. Mr. Kelly asked what happens if a developer gets a license agreement to go under the tracks then turns it over to the MSD and MSD accepts it and NS says they are revoking the license agreement. Mr. Clarke stated that the memorandum of agreement says, the developer gets a license agreement, but when the developer assigns to the MSD, MSD will get a new license agreement which includes that language where if NS makes MSD relocate the line, NS has to give MSD another place to cross at no cost. Mr. Kelly asked what would happen if MSD and NS cannot agree on a new location. Mr. Clarke stated that the license agreement says they shall allow MSD to cross at another location. Mr. Kelly asked if MSD gives NS the sole authority to decide where the new location will be. Mr. Clarke said no. He further stated that MSD can condemn all of these, but does not feel this is the way to go. Mr. Russell seconded Mr. Stanley's motion. Mr. Haner asked if the Board should take a position on behalf of developers that a set fee be included in the agreement that could not be exceeded. Mr. Clarke stated that this is a policy decision and the language being proposed is a developer would pay a reasonable fee required by the railroad, but to date, MSD has not attempted to talk to the developers. Mr. Kelly stated that he will vote against this since the Right of Way Committee should consider this again. Mr. Russell withdrew his second to the motion. No action was taken.

10. New Business:

None

11. Adjournment:

With no further business, Mr. Sobol called for adjournment at 3PM.

Jackie W. Bryson, Secretary/Treasurer

REPORT OF GENERAL MANAGER

MEMORANDUM

TO: MSD Board
 FROM: Thomas E. Hartye, P.E., General Manager
 DATE: January 14, 2010
 SUBJECT: Report from the General Manager

- GFOA Distinguished Budget Presentation Award

The District has once again been granted the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. Many thanks to Teresa Gilbert and Scott Powell.

- Generator Incident at the Treatment Plant

At 2 am on Christmas day the treatment plant experienced a power outage. The 2 Megawatt Back-up generator (which ran fine during the snowstorm the week before) had an internal part malfunction and could not produce the required electricity. Grid power came back on at around 3am. Staff worked around the clock for the next 48 hours to secure the part and repair the generator. As a result there was a spill of approximately 374,000 gallons into the river. Most of this was rainwater and snow melt. The river was running over 20,000 CFS which is higher than during hurricane Ida. John Kiviniemi, MSD Treatment Plant Manager will give a short update on the situation at the meeting.

- Presentation/Update on Construction Projects

MSD reinvests approximately \$15 Million per year in its Capital Improvement Program (CIP) which is almost exclusively used for rehabilitation and replacement of existing sewers and plant facilities. Since Consolidation in 1990 the District has reinvested approximately \$250 million through the CIP while rehabbing or replacing over 700,000 feet of sewers. Some construction is completed by in house forces while some of the larger and more technical projects are built by outside contractors which are administered by MSD staff.

Mike Schraven, MSD Contract Construction Manager will give a presentation on some of the recent MSD contracted construction projects.

- Reading

- AC-T article on sewage spill
- AC-T article on smoking

- **Board/Committee Meetings**

The next Right of Way Committee meeting will be January 27th at 9am. The next Regular Board Meeting will be held February 17th at 2pm. A Finance Committee will be scheduled for sometime in February. The Local Government Finance and Ethics workshop will be held February 24th.



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

December 16, 2009

Mr. Thomas E. Hartye, P.E.
General Manager
Metropolitan Sewerage District of Buncombe County
2028 Riverside Drive
Asheville, NC 28804

Dear Mr. Hartye:

I am pleased to notify you that Metropolitan Sewerage District of Buncombe County, North Carolina has received the Distinguished Budget Presentation Award for the current budget from the Government Finance Officers Association (GFOA). This award is the highest form of recognition in governmental budgeting and represents a significant achievement by your organization.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual or department designated as being primarily responsible for its having achieved the award. This has been presented to:

W. Scott Powell, Director of Finance
Teresa Gilbert, Administrative/Budget Assistant

We hope you will arrange for a formal public presentation of the award, and that appropriate publicity will be given to this notable achievement. A press release is enclosed for your use.

We appreciate your participation in GFOA's Budget Awards Program. Through your example, we hope that other entities will be encouraged to achieve excellence in budgeting.

Sincerely,

A handwritten signature in blue ink that reads "Stephen J. Gauthier". The signature is fluid and cursive.

Stephen J. Gauthier, Director
Technical Services Center

Enclosure

Buncombe faces fine for sewage spill

Discharge was in French Broad

By Nanci Bompey
NBOMPE@CITIZEN-TIMES.COM

ASHVILLE — The Buncombe County Metropolitan Sewerage District could be fined for discharging 374,000 gallons of untreated sewage into the French Broad River.

A power outage at the Riverside Drive treatment

center combined with a failed generator and large amounts of stormwater leading to the unintended discharge from a manhole about 15 feet from the river.

The discharge was one of the largest this year, but it posed no threat to human health or danger to

fish, said Ken Stines, a maintenance division assistant director with the Metropolitan Sewerage District.

The state Division of Water Quality is evaluating a written report from the sewerage district and will take regulatory action, if necessary.

The division has the power to levy a fine of up to \$25,000 a day, although

that is rare, said Roger Edwards, regional supervisor for surface water protection.

"Typically speaking, it is not a major issue, but anytime we have raw wastewater escaping its collection system, it is problematic," Edwards said. "It would be a tremendous amount if it were all strictly wastewater, but it is a dilute amount of wastewater due to the rainfall."

The treatment plant at 2028 Riverside Drive lost power about 2 a.m. Friday, and the plant's backup generator failed. Workers witnessed sewage starting to come out of a manhole about 2:45 a.m. Power was restored about 3 a.m., and workers restored the malfunctioning generator

Please see SPILL on B3

SPILL: Storm, outage cited

Continued from B1

the spill.

Stines said it is not uncommon for an overflow to occur during a big storm when stormwater gets into the system.

There are more than 2,000 reported sanitary sewer overflows in North Carolina each year, resulting in millions of gallons of untreated waste entering waters.

The rain and runoff meant that a high percentage of the sewage was storm water, he said. The French Broad also was running much higher than normal, helping to dilute

The Metropolitan Sewerage District had 22 overflows in 2008, he said.

Law changes, workplace aid add incentives to end tobacco use

By Nanci Bompey
NBOMPEY@CITIZEN-TIMES.COM

ASHEVILLE — Rodney Smith has tried to quit smoking many times over the past 20 years, but he thinks this time he's finally going to end his nearly a pack-a-day cigarette habit for good.

"I am very confident that I am going to quit this time or at least do better than I've done before," he said.

From smoking bans to higher insurance premiums, governments and employers are implementing all sorts of policies that may encourage people to stop using tobacco this year.

While some have opted for the stick, or penalty, approach, others like Smith's employer, the Metropolitan Sewerage District, are using a carrot approach to help workers quit using tobacco.

Starting this year, the sewerage district increased the amount of money it spends on tobacco cessation from \$150 to \$2,000 per year per employee, which covers the cost of stop-smoking aids and on-site one-on-one counseling with a tobacco cessation specialist.

More than 20 employees have signed up for the program, which amounts to about 40 percent of tobacco users at the company. Smith, who was instrumental in changing the company's policy, is leading the charge.

"I'm kind of a high-profile smoker here," said the 40-year-old database administrator. "If I can do it, anyone can do it."

The Metropolitan Sewerage District



JOHN FLETCHER/JFLETCHER@CITIZEN-TIMES.COM

Rodney Smith consults with smoking cessation counselor Donna Borowski at the Metropolitan Sewerage District in Woodfin, where Smith works.

RESOURCES FOR TOBACCO CESSATION

- Mission Hospital Nicotine Dependence Program, 445 Biltmore Ave., second floor, Room 201.03. To schedule an appointment call 213-2222, option 2. The program also offers free freedom from smoking group classes. The next one starts March 1.
- NC Quit Line is open 8 a.m.-3 a.m. daily: 800-784-8669. www.quitlinenc.com.
- American Cancer Society Cessation Program. 800-227-2345. www.cancer.org.
- American Lung Association Cessation Program. 866-784-8937 or www.ffsonline.org.
- Become an Ex cessation Web site. www.BecomeAnEx.org.

GENERAL TIPS FOR QUITTING

- If you plan to use medicines, talk to your doctor, nurse or pharmacist about which ones may be right for you.
- Write down your reasons for wanting to quit. Keep the list with you to read when you need a reminder.
- Throw away all of your cigarettes, lighters and ashtrays.
- Think of all the things you usually do while you smoke. Then come up with other habits or activities you can do instead.
- Set a quit date and plan ahead to help deal with cravings.
- Tell your family, friends and co-workers about your plans to quit.
- Have other things to put in your mouth rather than cigarettes, such as peppermints, carrot sticks, toothpicks or cinnamon sticks.
- Stay busy.
- Think ahead and avoid situations that trigger an urge to smoke.

Source: American Cancer Society.

Please see QUIT on B5

QUIT: Group sessions have greater success than people trying to stop on their own

Continued from B4

hopes the policy will save the company money on its health insurance costs, while also keeping its employees healthy.

"The focus is on the employees," said human resources director Jim Hemphill. "We are interested in their health, and the cost — \$2,000 a year — compared to a person's life, that is nothing."

Policy changes

Research shows that investments like these and policy changes like smoking bans do increase a person's tendency to quit smoking, according to Karen Caldwell, coordinator of Buncombe County's Project ASSIST Tobacco Prevention Coalition, which works to reduce tobacco use and promote health policies that reduce exposure to secondhand smoke.

Buncombe County recently became one of the first jurisdictions in the state to take advantage of a new law allowing counties, cities and towns to ban smoking in public places.

Smoking is now no longer allowed on any county-owned property. That's in addition to a new state law that took effect Jan. 2 that bans smoking in most restaurants and bars, and a policy change for state employees who will have to pay more money for their

health insurance if they smoke.

"All of the legitimate studies show that they (policy changes) do help people to quit," Caldwell said.

But while these policies may help more people think about quitting, putting down that pack of cigarettes or that tin of tobacco is not so easy.

"For some people, it is like, 'OK. Here is one more place I can't do this. I've thought about quitting, and this is the perfect time,'" said Donna Borowski, tobacco addiction specialist at Mission Hospital's tobacco cessa-

tion program. "For others, it may take a bit longer... Everyone reacts differently."

Put down the tobacco

Borowski said she believes being successful in quitting tobacco requires a combination of medication, support and counseling. She said there are many resources, including many on the Internet, that people can take advantage of when quitting.

Mission's program has one-on-one counseling sessions and group classes to help people quit. Borowski said the

program has around a 50 percent success rate, compared with a 5 percent success rate for people who quit without help.

"There is a huge difference when you are connected," Borowski said. "You don't have to do this alone, and I don't recommend anyone doing it alone."

The program has been

working for Ken Martin, a phlebotomist at Mission Hospital. Martin, who dipped two cans of snuff a day for 30 years, started working with a counselor last month and taking the nicotine replacement drug Chantix 3 1/2 weeks ago. Martin has relapsed twice since he started quitting, but he is determined to give up the habit for good. He said he is

also grateful that the hospital is picking up the tab for the tobacco cessation program, one of the benefits he has as a Mission employee.

"I was going to do it (quit) one way or another, but the counseling and the drugs have helped enormously," Martin said. "I can't say for certain that I would have been successful without it."

CONSOLIDATED MOTION AGENDA

**METROPOLITAN SEWERAGE DISTRICT
ANNUAL MEETING DATES
2010**

BOARD MEETINGS – 2:00 PM

January 20

February 17

March 17

April 21

May 19

June 9

July 21

August 18

September 15

October 20

November 17

December 15

COMMITTEE MEETINGS - (See Budget Calendar)

Planning Committee - As needed by notice.

Right of Way Committee - 4th Wednesday of each month at 9 a.m. No meeting in November and the December Meeting will be held on Wednesday 12/1 to avoid the holidays.

Personnel Committee - As needed by notice. (See Budget Calendar)

Finance Committee - As needed by notice (See Budget Calendar)

CIP Committee - Annual – (See Budget Calendar)

Construction Committee - As needed by notice

Metropolitan Sewerage District of Buncombe County

Board Action Item

BOARD MEETING DATE: January 20, 2010

SUBMITTED BY: Thomas Hartye, P.E., General Manager

PREPARED BY: David Monteith, Kevin Johnson

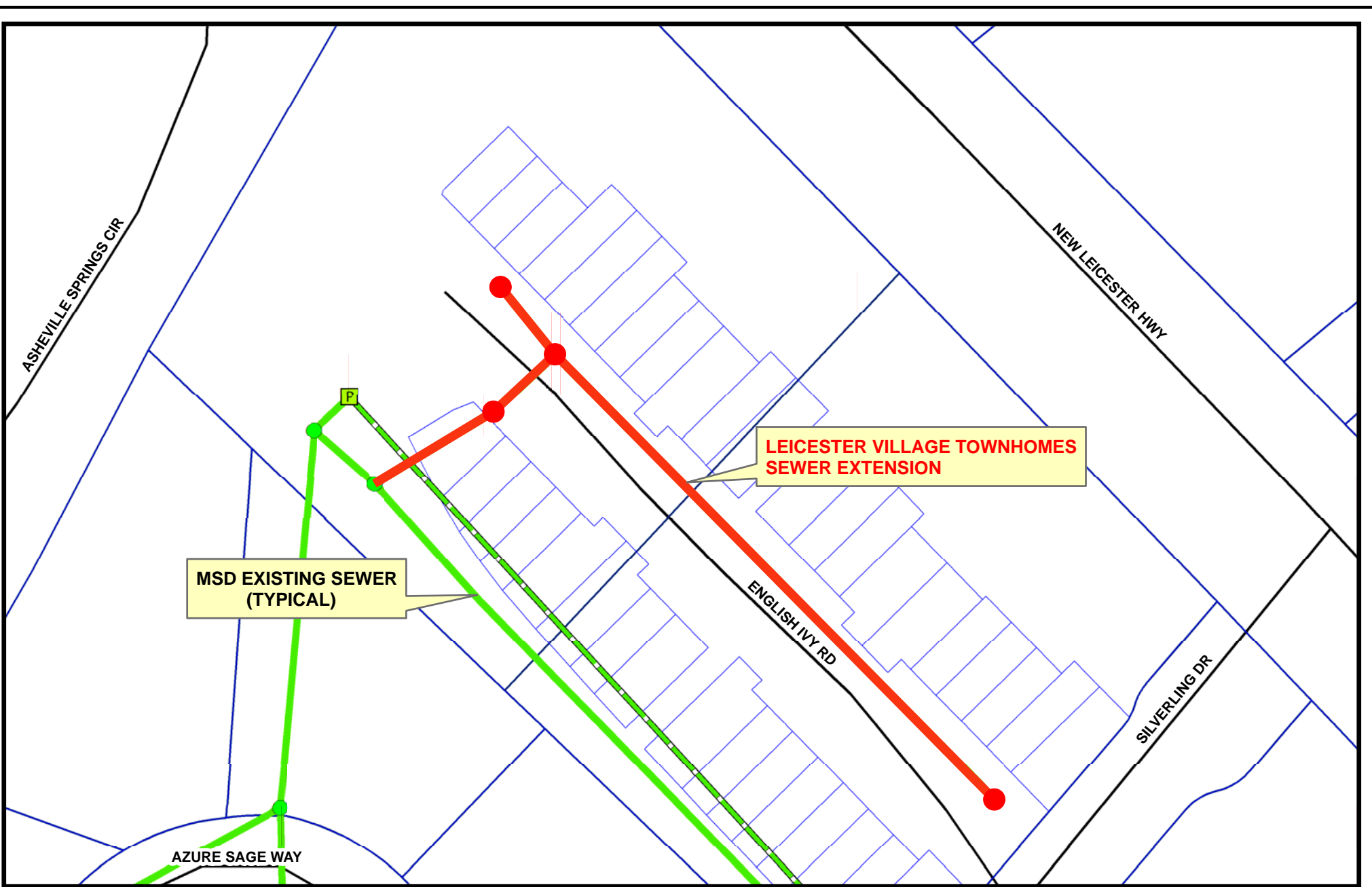
REVIEWED BY: Stan Boyd, PE, Engineering Director

SUBJECT: Acceptance of Developer Constructed Sewer System for the Leicester Village Apartments/Townhouses Project.

BACKGROUND: This project is located outside the District boundary at the off New Leicester Highway (NC 63) on English Ivy Drive in Asheville, North Carolina. The developer of the project is David Day. The project included the installation of approximately 440 linear feet of 8" gravity sewer to serve a 56 unit residential development. A wastewater allocation was issue in the amount of 11,200 GPD for the project. The estimated cost of the sewer extension is \$51,258.00.

STAFF RECOMMENDATION: Acceptance of developer constructed sewer system.
(All MSD requirements have been met)

COMMITTEE ACTION TAKEN	
Motion by :	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	
BOARD ACTION TAKEN	
Motion by	To: <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove
Second by:	<input type="checkbox"/> Table <input type="checkbox"/> Send back to staff
<input type="checkbox"/> Other:	



MSD EXISTING SEWER
(TYPICAL)

LEICESTER VILLAGE TOWNHOMES
SEWER EXTENSION



Project # 2007291

Not To Scale

	METROPOLITAN SEWERAGE DISTRICT of BUNCOMBE COUNTY, NORTH CAROLINA
	Leicester Village Townhomes Sewer Extension

Metropolitan Sewerage District of Buncombe County

BOARD INFORMATIONAL ITEM

Meeting Date: January 20, 2010

Submitted By: Thomas E. Hartye, PE., General Manager

Prepared By: W. Scott Powell, Director of Finance

Subject: Cash Commitment/Investment Report-Month Ended November 30, 2009

Background

Each month, staff presents to the Board an investment report for all monies in bank accounts and specific investment instruments. The total investments as of November 30, 2009 were \$49,183,703. The detailed listing of accounts is available upon request. The average rate of return for all investments is 2.021%. These investments comply with North Carolina General Statutes, Board written investment policies and the District's Bond Order.

The attached investment report represents cash and cash equivalents as of November 30, 2009 does not reflect contractual commitments or encumbrances against said funds. Shown below are the total investments as of November 30, 2009 reduced by contractual commitments, bond funds, and District reserve funds. The balance available for future capital outlay is \$10,640,266.

Total Cash & Investments as of 11/30/2009	49,183,703
Less:	
Budgeted Commitments (Required to pay remaining FY10 budgeted expenditures from unrestricted cash)	
Construction Funds	(16,787,818)
Operations & Maintenance Fund	(8,625,890)
	(25,413,708)
Bond Restricted Funds	
Bond Service (Funds held by trustee):	
Funds in Principal & Interest Accounts	(70,633)
Debt Service Reserve	(2,550,017)
Remaining Principal & Interest Due	(7,232,171)
	(9,852,821)
District Reserve Funds	
Fleet Replacement	(1,011,088)
WWTP Replacement	(894,987)
Maintenance Reserve	(806,067)
	(2,712,142)
Post-Retirement Benefit	(17,607)
Self-Funded Employee Medical	(547,159)
Designated for Capital Outlay	10,640,266

Staff Recommendation

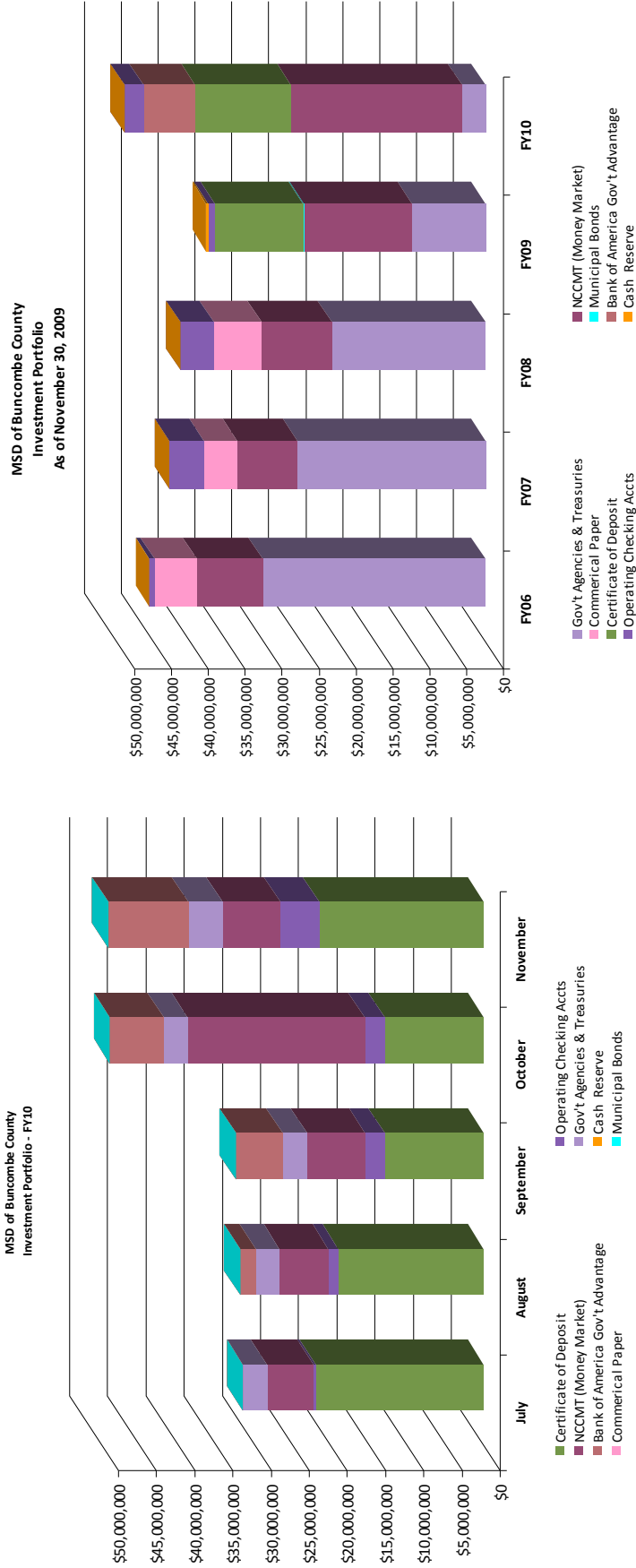
None. Information Only.

Action Taken

Motion by:	to	Approve	Disapprove
Second by:		Table	Send to Committee
Other:			
Follow-up required:			
Person responsible:			Deadline:

Metropolitan Sewerage District of Buncombe County
 Investment Portfolio

	Cash in Operating Checking Accounts	Bank of America Gov't Advantage	NCCMT (Money Market)	Certificate of Deposit	Commercial Paper	Municipal Bonds	Cash Reserve	Gov't Agencies & Treasuries	Total
Held with Bond Trustee	\$ -	\$ -	\$ 104,437	\$ -	\$ -	\$ -	\$ -	\$ 2,516,213	\$ 2,620,650
Held by MSD	\$ 13,493,703	\$ 2,000,336	\$ 7,421,624	\$ 21,616,130	\$ -	\$ -	\$ -	\$ 2,031,260	\$ 46,563,053
	\$ 13,493,703	\$ 2,000,336	\$ 7,526,061	\$ 21,616,130	\$ -	\$ -	\$ -	\$ 4,547,473	\$ 49,183,703



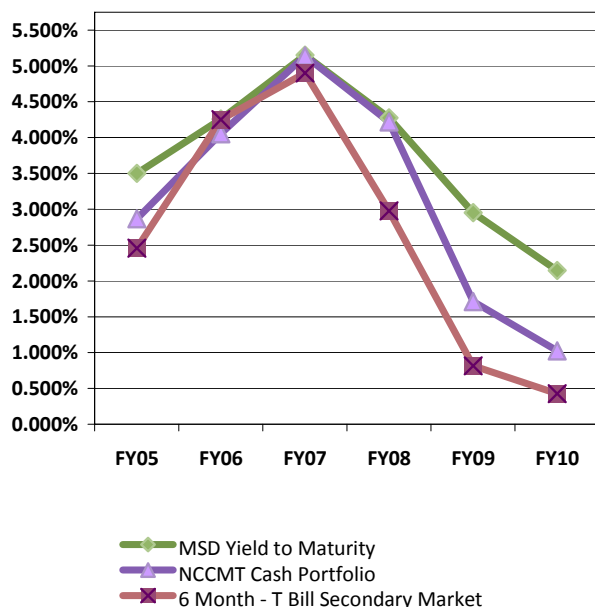
**METROPOLITAN SEWERAGE DISTRICT
INVESTMENT MANAGER'S REPORT
AT NOVEMBER 30, 2009**

Summary of Asset Transactions			
	Original Cost	Market	Interest Receivable
Beginning Balance	\$ 42,241,088	\$ 42,276,708	\$ 298,799
Capital Contributed (Withdrawn)	(1,168,379)	(1,168,379)	
Realized Income	9,174	9,174	
Unrealized/Accrued Income	-	(4,360)	35,700
Ending Balance	<u>\$ 41,081,883</u>	<u>\$ 41,113,143</u>	<u>\$ 334,499</u>

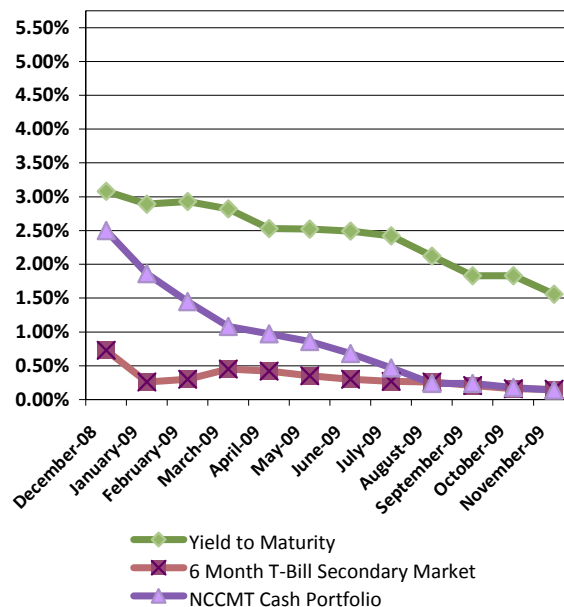
Value and Income by Maturity			
	Original Cost	Income	
Cash Equivalents <91 Days	\$ 17,465,203	\$ 17,224	
Securities/CD's 91 to 365 Days	21,616,130	21,318	
Securities/CD's > 1 Year	2,000,000	1,972	
	<u>\$ 41,081,333</u>	<u>\$ 40,514</u>	

Month End Portfolio Information	
Weighted Average Maturity	94 Days
Yield to Maturity	1.56%
6 Month T-Bill Secondary Market	0.15%
NCCMT Cash Portfolio	0.14%

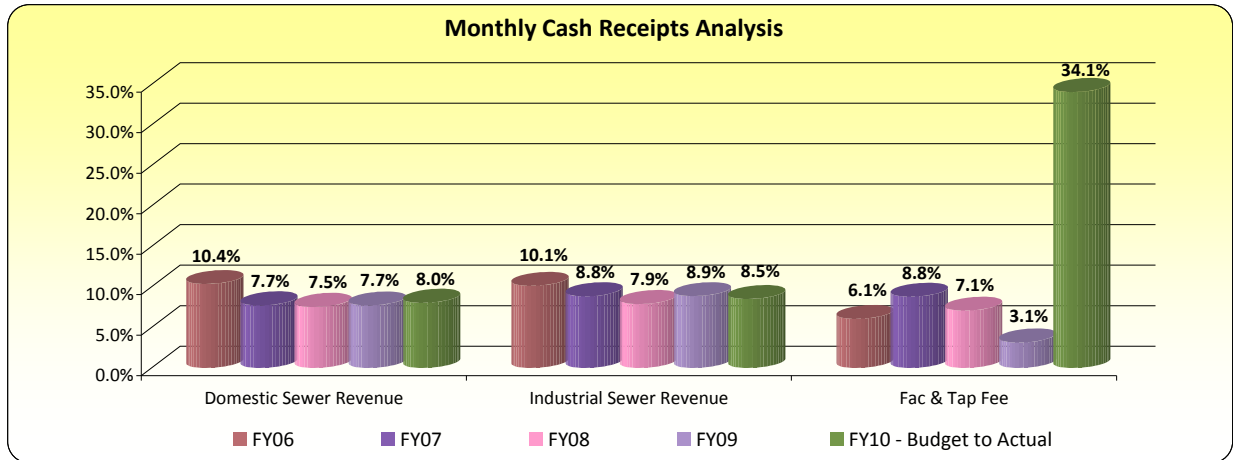
**Metropolitan Sewerage District of Buncombe Co.
Annual Yield Comparison**



**Metropolitan Sewerage District of Buncombe Co.
Yield Comparison
November 30, 2009**



**METROPOLITAN SEWERAGE DISTRICT
 ANALYSIS OF CASH RECEIPTS
 AS OF NOVEMBER 30, 2009**

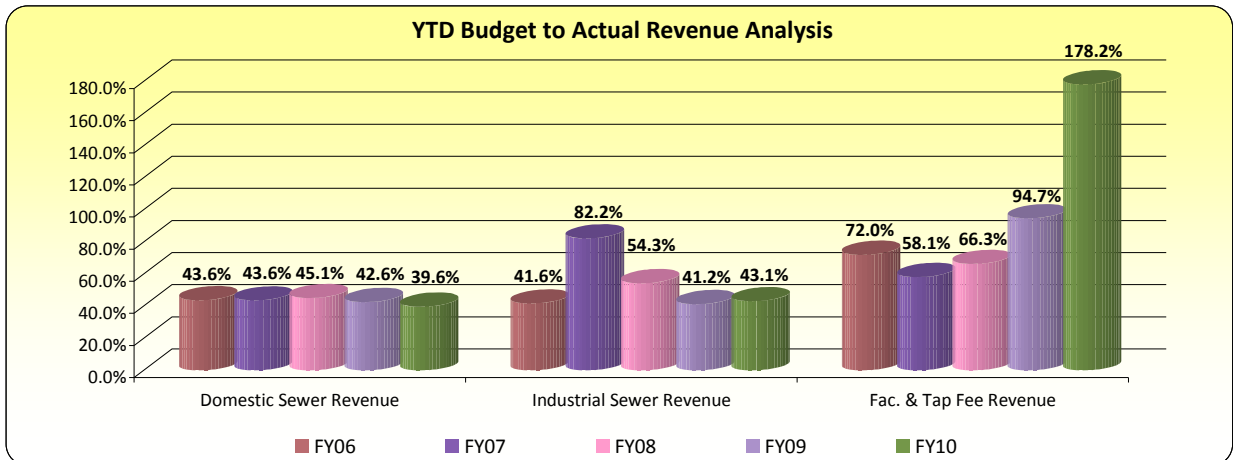


Monthly Cash Receipts Analysis:

Monthly Domestic Sewer Revenue is slightly higher due to timing of (2) cash receipts in the current year as well as decreased residential consumption due to a wet summer.

Monthly Industrial Sewer Revenue is considered reasonable based on historical trends.

Due to the unpredictable nature of facility and tap fee revenue, staff budgets this revenue stream conservatively. Based on that facility and tap fee revenue is considered reasonable.



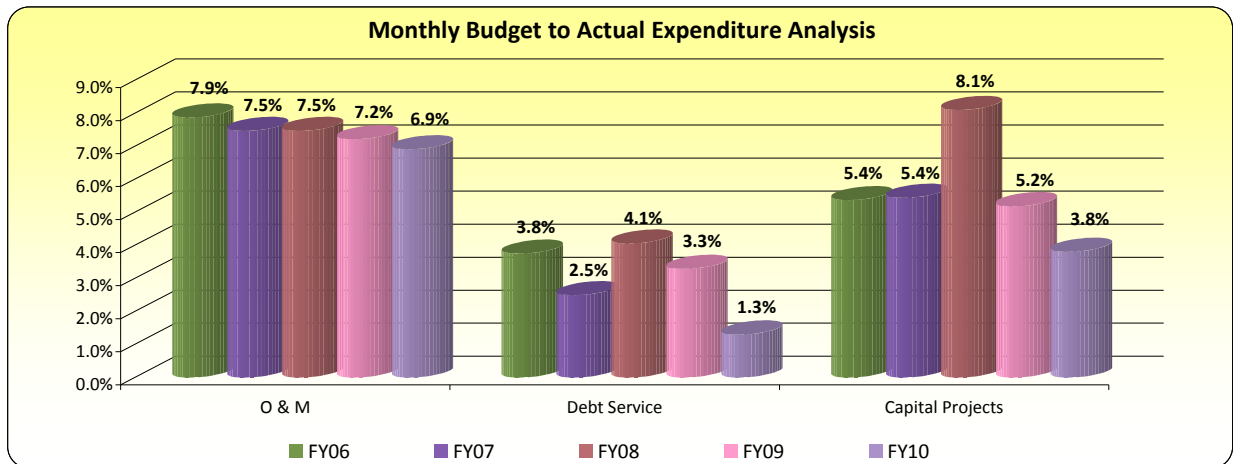
YTD Budget to Actual Revenue Analysis:

YTD Domestic Sewer Revenue is lower due to a wet summer as well as continuing recessionary pressures.

YTD Industrial Sewer Revenue is considered reasonable based on historical trends.

Due to the unpredictable nature of facility and tap fee revenue, staff budgets this revenue stream conservatively. Based on that facility and tap fee revenue is considered reasonable.

**METROPOLITAN SEWERAGE DISTRICT
 ANALYSIS OF EXPENDITURES
 AS OF NOVEMBER 30, 2009**

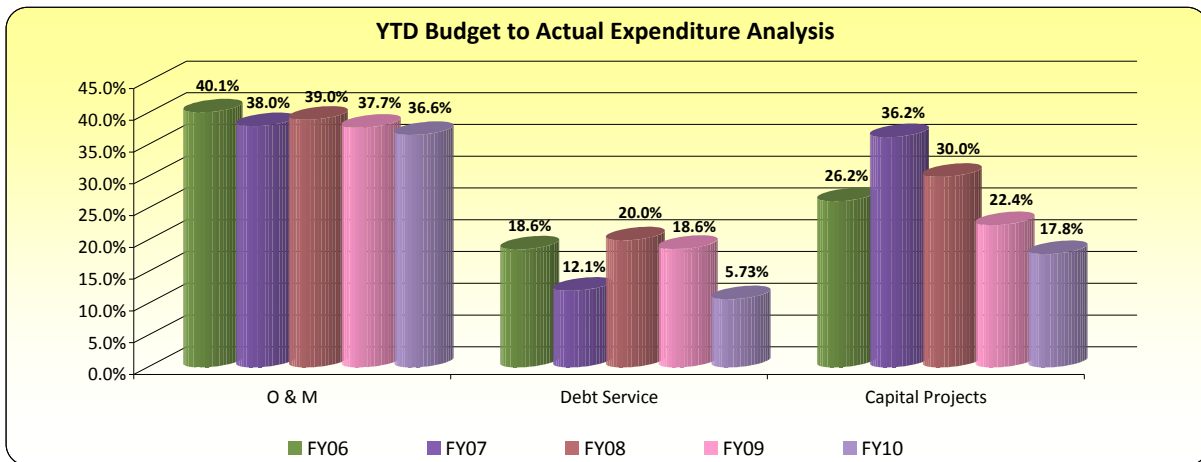


Monthly Budget to Actual Expenditure Analysis:

O&M expenditures are considered reasonable based on historic trends.

Due to the the nature of the variable rate bond market, monthly expenditures can vary year to year. Based on current variable interest rates monthly debt service expenditures are considered reasonable.

Due to nature and timing of capital projects, monthly expenditures can vary from year to year. Based on the current outstanding capital projects, monthly capital project expenditures are considered reasonable.



YTD Budget to Actual Expenditure Analysis:

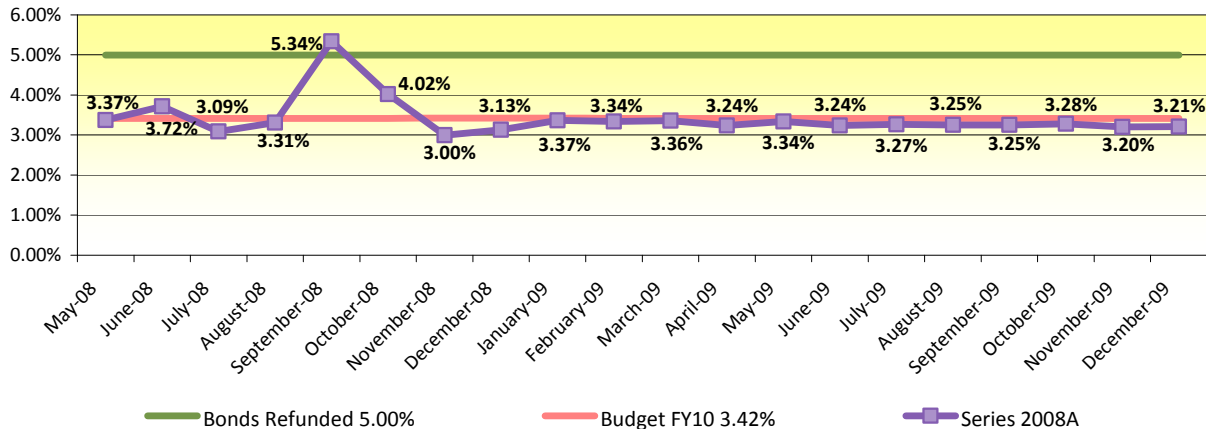
YTD O&M expenditures are considered reasonable based on historical trends.

Due to the the nature of the variable rate bond market, YTD expenditures can vary year to year. Based on current variable interest rates YTD debt service expenditures are considered reasonable.

Due to nature and timing of capital projects, YTD expenditures can vary from year to year. Based on the current outstanding capital projects, YTD capital project expenditures are considered reasonable.

MSD Variable Debt Service Report
As of December 31, 2009

Series 2008A Synthetic Fixed Rate Bonds - Performance History



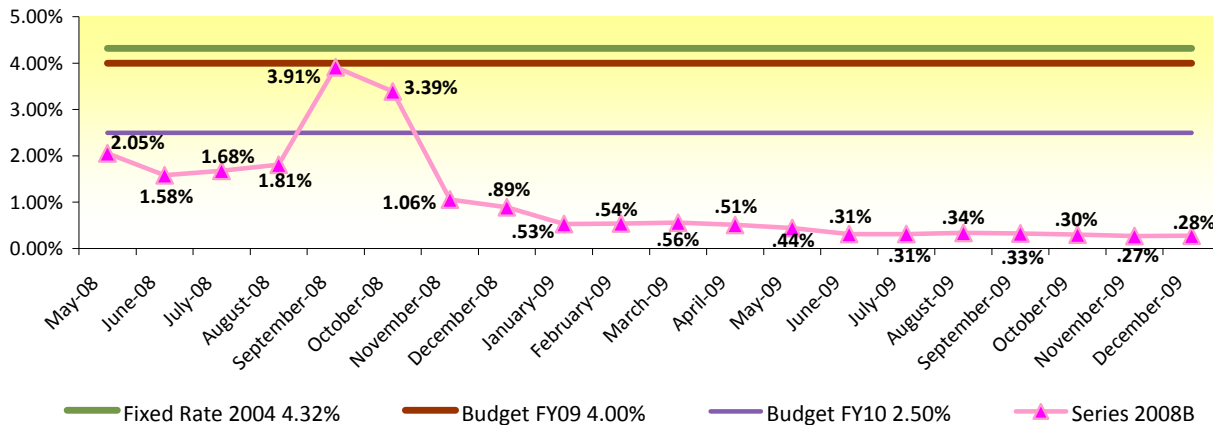
Series 2008A:

Savings to date on the Series 2008A Synthetic Fixed Rate Bonds is \$833,767 as compared to 4/1 fixed rate of 4.83%.

Assuming that the rate on the Series 2008A Bonds continue at the current all-in rate of 4.1675%. MSD will achieve cash savings of \$3,503,702 over the life of the bonds.

MSD would pay \$3,010,000 to terminate the existing Bank of America Swap Agreement.

2008B Variable Rate Bond - Performance History



Series 2008B:

Saving to date on the 2008B Variable Rate Bonds is \$1,170,427 as compared to 5/1 fixed rate of 4.32%

Since May 1, 2008, the Series 2008B Bonds average variable rate has been 1.02% .

MSD will achieve \$7,121,000 in cash savings over the life of the bonds at the current average variable rate.

STATUS REPORTS

CAPITAL IMPROVEMENT PROGRAM

STATUS REPORT SUMMARY

Current as of January 12, 2010

PROJECT	AWARD DATE	NOTICE TO PROCEED	*COMPLETION DATE	*CONTRACT AMOUNT	*COMPLETION STATUS (WORK)	COMMENTS
BILTMORE AVENUE BRIDGE REPLACEMENT (NCDOT) / THOMPSON STREET SEWER	10/16/2009	10/26/2009	12/9/2009	\$42,068.00	95%	Informal Project is complete and cleaned up with exception of final paving which will wait until Spring and warm weather.
DINGLE CREEK INTERCEPTOR @ CROWFIELDS, PHASE 1	12/16/2009	TBA	TBA	\$85,869.00	0%	Informal No work has begun yet.
EASTWOOD AVENUE @ OLD U.S. 70	9/16/2009	12/2/2009	5/31/2010	\$165,330.00	0%	Informal Contractor preparing to set first manhole.
FOREST HILL DRIVE #1 (PRP 11006)	TBA	TBA	TBA	TBA	0%	Formal Bid opening is scheduled for February 2, 2010.
FOREST HILL DRIVE #2 (PRP 11005)	TBA	TBA	TBA	TBA	0%	Formal Bid opening is scheduled for February 2, 2010.
LONG SHOALS ROAD (PRP 48002)	6/10/2009	7/6/2009	2/1/2010	\$365,024.50	95%	Formal - ARRA project Project essentially complete. A couple of minor pavement issues must wait until Spring.
MIDDLE BEAVERDAM CREEK INTERCEPTOR	7/15/2009	8/31/2009	2/27/2010	\$736,476.00	45%	Formal Mainline construction on the 30 inch interceptor is progressing slowly because of rock excavation.
TOWN BRANCH INTERCEPTOR	8/19/2009	9/21/2009	2/18/2010	\$726,875.00	10%	Formal Contractor is working on the second bore.
U.S. HIGHWAY 70 @ NEIL PRICE AVENUE, PHASES I AND II B	12/16/2009	1/18/2010	7/16/2010	\$247,382.70	0%	Formal No work has begun yet. Contractor expected to mobilize this week.
WRF - INTERMEDIATE PUMPING REPLACEMENT	7/15/2009	8/19/2009	8/19/2010	\$1,690,788.00	25%	Formal Contractor was directed to build alternate route / plan for the primary electrical feed. Old electrical room has been demolished and the structural portion of the new room is complete.

*Updated to reflect approved Change Orders and Time Extensions

Planning and Development Projects
Status Report January 20, 2010

Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	Gene Bradley Subdivision	2004022	Fletcher	9	420	3/3/2005	Complete-Waiting on final documents
	Davidson Road Sewer Extension	2004154	Asheville	3	109	12/15/2004	Complete-Waiting on final documents
	Riverbend Urban Village	2004206	Asheville	260	1250	8/29/2006	Complete-Waiting on final documents
	N. Bear Creek Road Subdivision	2005137	Asheville	20	127	7/11/2006	Complete - Waiting on final documents
	Willowcreek Village Ph.3	2003110	Asheville	26	597	4/21/2006	Complete - Waiting on final documents
	Westmore Subdivision	2003003	West Asheville	92	1163	8/29/2006	Complete - Waiting on final documents
	Rock Hill Road Subdivision	2005153	Asheville	2	277	8/7/2006	Complete - Waiting on final documents
	Ken Higgins	1999153	Asheville	-	240	6/15/2007	Complete - Waiting on final documents
	Jim Beck	2003003	West Asheville	future	75	12/12/2000	Complete - Waiting on final documents
	Byrd Street Condos	2007085	Asheville	14	300	7/31/2007	Complete - Waiting on final documents
	MWB Sewer Extension	2008046	Asheville	Comm.	285	5/12/2008	Complete - Waiting on final documents
	The Cottages on Liberty Green	2007297	Asheville	7	124	5/30/2008	Complete - Waiting on final documents
	Haw Creek Tract	2006267	Asheville	49	1,817	10/16/2007	Complete - Waiting on final documents
	Haywood Village	2007172	Asheville	55	749	7/15/2008	Complete - Waiting on final documents
	Oak Crest Place	2004056	West Asheville	27	791	12/3/2004	Ready for final inspection
	Buncombe County Animal Shelter	2007216	Asheville	Comm.	78	5/1/2008	Complete - Waiting on final documents
	Oak Crest Drive	2008138	Asheville	5	290	1/14/2009	Complete - Waiting on final documents
	Lodging at Farm (Gottfried)	2008169	Candler	20	45	6/2/2009	Complete - Waiting on final documents
	Camp Dorothy Walls - Ph. 1	2007294	Black Mtn.	Comm.	593	6/16/2009	Complete - Waiting on final documents
	Asheville Ford	2008083	Asheville	Comm.	243	2/16/2009	Complete - Waiting on final documents
	Momentum Health Adventure	2008097	Asheville	Comm.	184	8/19/2009	Complete - Waiting on final documents
	Honeysuckle Breeze	2007246	Asheville	5	70	9/22/2009	Complete - Waiting on final documents
	Ridgefield Business Park	2004188	Asheville	18	758	2/16/2005	Complete-Waiting on final documents
			Subtotal	612	10,585		

Planning and Development Projects
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Status	Project Name	Project Number	Work Location	Units	LF	Pre-Construction Conference Date	Comments
	Crayton Creek Green	2006282	Asheville	10	482	3/15/2007	New developer & Engineer, ready for final
	Grove Park Cove Subdivision	2004101	Asheville	14	1122	6/28/2006	Pre-con held ready for construction
	The Settings (6 Acre Outparcel)	2004192	Black Mountain	21	623	3/15/2006	Ready for final inspection
	McGinnis Sewer Extension	2004225	Asheville	9	48	5/19/2005	In redesign.
	Falcon Ridge	2004240	Asheville	38	3,279	10/11/2006	Ready for final inspection
	Waightstill Mountain PH-8	2006277	Arden	66	3,387	7/26/2007	testing
	Artisan Park	1998125	West Asheville	133	4,529	4/26/2001	Changed Engineer - work to restart soon
	Brookside Road Relocation	2008189	Black Mtn	n/A	346	1/14/2009	Pre-con held, ready for construction
	Scenic View	2006194	Asheville	48	534	11/15/2006	Ready for final inspection
	Ingles	2007214	Black Mtn.	Comm.	594	3/4/2008	Ready for final inspection
	Bartram's Walk	2007065	Asheville	100	10,077	7/28/2008	testing
	Morgan Property	2008007	Candler	10	1,721	8/11/2008	Pre-con held, ready for construction
	Village at Bradley Branch - Ph. III	2008076	Asheville	44	783	8/8/2008	Ready for final inspection
	Versant Phase I	2007008	Woodfin	64	12,837	2/14/2007	Ready for final inspection
	Canoe Landing	2007137	Woodfin	4	303	5/12/2008	Ready for construction
	Central Valley	2006166	Black Mtn	12	472	8/8/2007	Punchlist pending
	Hominy Valley Center	2005010	Candler	5	433	8/9/2005	Punchlist pending
	Kenilworth Cottages	2008031	Asheville	11	177	5/12/2008	Ready for construction
	CVS-Acton Circle	2005163	Asheville	4	557	5/3/2006	Ready for final inspection
	Hamburg Mountain Phase 3	2004086	Weaverville	13	844	11/10/2005	Ready for final inspection
	UNCA New Science Building	2005039	Asheville	5	538	10/28/2005	Ready for final inspection
	Bostic Place Sewer Relocation	2005102	Asheville	3	88	8/25/2005	Ready for final inspection
	Kyfields	2003100	Weaverville	35	1,118	5/10/2004	Ready for final inspection
	Brotherton Co-Housing	1999162	West Asheville	32	152	1/24/2003	Undergoing redesign by new developer
	Teems Road Subdivision	2007143	Asheville	40	1,308	5/27/2008	Ready for construction
	Thom's Estate	2006309	Asheville	40	3,422	1/24/2008	testing
	Thom's Estate - Phase II	2008071	Asheville	40	3,701	6/10/2008	testing
	Rockwood Apartments - Phase 2	2008109	Asheville	256	4072	1/27/2009	Installing
	Skyland Apartments	2007117	Arden	63	96	4/23/2008	Installing
	Berrington Village Apartments	2008164	Asheville	308	4,690	5/5/2009	Installing
	Cottonwood Townhomes	2009110	Black Mtn.	8	580	10/20/2009	Installing
	North Point Baptist Church	2008105	Weaverville	Comm.	723	5/20/2009	Ready for final inspection
	The Villages at Crest Mountain	2009049	Asheville	63	1,364	9/9/2009	Pre-con held, ready for construction
	Carolina Hand Surgery	2009063	Asheville	Comm.	298	10/7/2009	Pre-con held, ready for construction
	CVS- Weaverville Hwy	2006301	Woodfin	Comm.	59	8/18/2009	Pre-con held, ready for construction
	Camp Dorothy Walls - Ph. 2	2007294	Black Mtn.	Comm.	593	6/16/2009	Pre-con held, ready for construction
	Forest Manor Complex	2088050	Asheville	Comm.	96	12/4/2008	Ready for final inspection
	Subtotal			2311	82,958		
	Total Units:			2,923			
	Total LF:				93,543		