

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
September 13, 2018**

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, September 13, 2018 at 9:00 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: Tommy Joe Alexander, Deborah Clark, William Butch Burbage, Ronald A. Mims, William Muhammad, Brenda Dickerson, George Munchus, and Brett King.

The meeting was also attended by: Darryl Jones, Michael Johnson and Sonny Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Anitra Hendrix, Executive Assistant to the General Manager; George Anderson, Rick Jackson, Ben Sorrell, Barry Williams, John Dansby, Jeff Cochran, Stephen Franks, Chris Hill, and Rosalind Jones, Board Employees; K. Mark Parnell, Parnell Thompson, LLC; Kelvin Howard, Kelvin Howard, LLC; Jesse Lewis, Dorian Kendrick and Thomas Palladino, Agency 54; Patrick Flannelly and Brian Ruggs, ARCADIS; Theo Johnson, Volkert, Inc.; Matthew Arrington, Terminus Municipal Advisors; D. Nail, State of Alabama; Earl Hilliard, Jr. and Don Mosley, City of Birmingham; Ty Wallace and Steve Brannon, On Call Contractors; Sean McMillian, Integra Water; Kim Baylor Bivins, Birmingham Construction Industry Authority; and Nelda Thompkins.

Inasmuch as eight of the directors were present; Chairman Alexander declared a quorum in attendance.

Chairman Alexander called the meeting to order at 9:00 a.m. Director Dickerson arrived at the meeting at 9:00 a.m. Mr. George Anderson opened the meeting with prayer.

Following, the General Manager asked the Board to approve minutes for Regular Board of Directors' Meeting held May 17, 2018; and Regular Board of Directors' Meeting held July 12, 2018, as set forth in agenda item 1. On a motion duly made and seconded, the following resolutions were adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Dr. George Munchus and seconded by Mr. Ronald A. Mims, that the Board hereby approves minutes of Regular Board of Directors' Meeting held May 17, 2018; and Regular Board of Directors' Meeting held July 12, 2018. Resolution No.7881 is hereby adopted by unanimous vote.”

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Following, the General Manager asked the Board to adopt a resolution authorizing surviving spouse monthly retirement benefits from the Board's Retirement Trust Fund in accordance with the terms of the pension plan and as stated on the attached memo, effective September 1, 2018, for Ms. Annette Holsomback, the surviving spouse of James Holsomback, as set forth in agenda item 2. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, James Holsomback, a retiree of The Water Works Board of the City of Birmingham (“The Board”), passed away on August 26, 2018; and

WHEREAS, James Holsomback was receiving, up until the time of his death, monthly retirement benefits from the Board’s Retirement Trust Fund in the amount of \$4,118.01, and under the terms of the Board’s Retirement Plan, his spouse is now entitled to receive 50% of that monthly benefit until such time as she either remarries or passes away; and

WHEREAS, the surviving spouse, Annette Holsomback will begin receiving her surviving spouse monthly benefit of \$2,059.01, effective September 1, 2018.

NOW, THEREFORE, BE IT RESOLVED By the Board of Directors of The Water Works Board of the City of Birmingham, on motion duly made by Mr. Ronald A. Mims and seconded by Dr. George Munchus, that the Trustee be, and is hereby instructed to pay a pension of \$2,059.01 per month to Annette Holsomback from the Board’s Retirement Trust Fund, in accordance with the terms of the Trustee Pension Plan, with the payment to be effective September 1, 2018.

Resolution No. 7882 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to approve Director King's mileage expense reimbursement for August 2018, as set forth in agenda item 3. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, the Board of Directors has adopted a Travel Expense Reimbursement Policy, as amended; and

WHEREAS, in accordance with Act No. 2015-164, approval is requested for the following mileage expense reimbursement.

NOW, THEREFORE, BE IT RESOLVED, on a motion made by Mr. William R. Muhammad and seconded by Mr. Ronald A. Mims, that the following board member(s) be reimbursed for his mileage expense reimbursements as follows:

- Brett King for mileage expense reimbursement for August 2018 in the amount of \$101.37 (as listed on the attached Travel and Business Expense Reimbursement).

Resolution No. 7883 is hereby adopted by a roll call vote: Chairman Alexander, Yes; Director Clark, Yes; Director Dickerson, Yes; Director Burbage, Yes; Director Munchus, Yes; Director Mims, Yes; Director Muhammad, Yes; and Director King, Abstained.”

Following, the General Manager asked the board to approve payments of invoices for professional services, as set forth in agenda items 4.1 through 4.4. The General Manager indicated staff had reviewed the invoices and recommended them for approval. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Ronald A. Mims and seconded by Dr. George Munchus, that the Board hereby authorizes staff to execute payment to the following:

4.1	<u>Carl Dalton NeSmith, Jr. LLC</u> For retainer fee for September 2018	\$ <u>500.00</u>
4.2	<u>Terminus Municipal Advisors, LLC</u> For professional services rendered for August 2018	\$ <u>6,500.00</u>
4.3	<u>The Jones Group, LLC</u> For professional services rendered for September 2018	\$ <u>7,500.00</u>
4.4	<u>Agency 54</u> For professional services rendered for July 2018	\$ <u>25,000.00</u>

Resolution No. 7884 is hereby adopted by unanimous vote.”

Following, the General Manager asked the Board to authorize the General Manager to settle that certain lawsuit styled Hartford Fire and Causalty Insurance Company v. The Water Works Board of the City of Birmingham, et. al. presently pending in the Federal District Court for New York, as set forth in agenda item 5. Director Muhammad questioned the amount of the settlement. Board Attorney Mark Parnell responded \$250,000.00. Director Munchus questioned how this matter affects Clay Ragsdale. Mr. Parnell stated that matter is separate from this issue. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. William “Butch” Burbage, Jr. and seconded by Mr. Brett King, as follows:

1. The Board’s General Manager is hereby authorized to settle that certain lawsuit styled *Hartford Fire and Causalty Insurance Company v. The Water Works Board of the City of Birmingham, et. al.* presently pending in the Federal District Court for New York for the sum of \$250,000.00. The General Manager is further authorized to execute any and all documents need to settle said lawsuit.

Resolution No. 7885 is hereby adopted by unanimous vote.”

Following, the General Manager asked the Board to hear Division Reports, as set forth in agenda items 6.1 through 6.3. Assistant General Manager Michael Johnson presented the report for the Finance and Administration Division. Mr. Johnson stated the number of customers as of July 2018 was 192,155; he reported the operating revenue was \$8,713,566 and indicated it was over budget for July 2018; and he reported on the number of shutoffs. Director Munchus questioned how many customers were without water. Mr. Johnson stated 600 to 800 shut offs are done each month. Director Munchus stated there are currently 3,000 customers without water and questioned how these numbers affects the bottom line. Mr. Johnson stated 212,000 active accounts

also included inactive accounts. Director Munchus questioned whether we would know if houses were abandoned. The General Manager stated some of the accounts could be inactive accounts which include abandoned houses. Director Munchus stated BWWB could be more active as a participant in putting cash in these properties and work with the real estate community. Mr. Parnell stated that there would be legal issues presented with this approach. Director Lewis arrived at the meeting at 9:11 a.m. Mr. Johnson stated the first five months of the year BWWB was being reimbursed by Jefferson County for a portion of its collection expenses, which resulted in a reimbursement \$1.89 million. He indicated the agreement with Jefferson County went into effect June 1, 2018. He stated the amount of revenue or fees through July 2018 was \$3.7 million. Director Munchus questioned why there was a disparity in the numbers. Mr. Johnson stated one of the reasons for redoing the agreement with Jefferson County was because the board was receiving less money than costs were. He indicated the board is receiving much more revenue than it originally was receiving under the reimbursement agreement. Director Dickerson questioned the difference between reimbursement versus fees. Mr. Johnson stated under the reimbursement agreement BWWB was reimbursed part of its expenses and it was not revenue. He stated the budget was reduced by the amount that was reimbursed for the expenses. He stated under the fee agreement, Jefferson County will pay BWWB based on a percentage of billings which will be recorded as revenue. Director Munchus questioned whether the board is restricted with spending the funds received from Jefferson County. The General Manager stated the money can be spent on anything to benefit the water system. Director Clark stated the board needs to reduce its debt with these funds. Director Lewis stated having extra money is a bonus and the board is now generating revenue from Jefferson County. Director Muhammad stated in the reports he's seen it appears BWWB has billed more than it has collected. Mr. Johnson stated the information in the report shows what BWWB was paid for collecting for Jefferson County. Director Muhammad questioned whether there is an area in the report that reflects the agreement with Jefferson County that BWWB would pay them as billed. He stated his understanding of that is if BWWB billed Jefferson County \$2 million more than was collected, where does it show in the report the \$2 million. Director Lewis responded it is the dates in the report. The General Manager stated an A/R aging report can be provided to show the information Director Muhammad is requesting. Mr. Johnson stated Jefferson County does not owe BWWB. The General Manager stated the collection rate will increase an additional 2 percent in October 2018.

Subsequently, Mr. Johnson gave an overview of the Large O&M variances through July 2018 and stated health care costs were \$2.1 million under budget. He indicated a presentation would be made at the upcoming Human Resources Committee meeting regarding health care costs. Mr. Johnson stated contractor and paving charges are under budget; power and chemical costs are under budget; labor cost is over budget by \$692,000 due to the hiring of construction crews and additional staff related to handle the Jefferson County agreement; and overtime is \$80,000 under budget. Director Munchus questioned what will happen if health care costs are \$2 million under budget. Mr. Johnson stated it will increase the profit for the year. Director Muhammad questioned whether there are reserve funds for health benefits. Mr. Johnson stated there are no reserves established for health insurance. He indicated the trend for the past two years has been lower costs which could result in a reduction in premium. Director Muhammad stated he would prefer a policy be established to produce a reserve for health care money. Director Lewis stated that issue could be discussed in committee. Mr. Johnson stated the reserves totaled \$89.9 million. Director Muhammad questioned whether the RSE fund is connected to rates. Mr. Johnson responded yes. Director Dickerson questioned whether the board must abide by the current Rate Stabilization Equalization policy or can they make changes. Mr. Johnson responded the board can amend their policy. Mr. Johnson then gave an overview of the schedule related to cash reserves and indicated

bond funds were spent in June 2017 and has since started using Paygo. He indicated the Capital program is a little behind. Director Munchus questioned when the upcoming bonds would close. Matthew Arrington, Terminus Municipal Advisors, stated the bonds would close November 11th or 12th. Mr. Johnson stated HUB participation was 20.37 percent with a goal of 30 percent. Director Munchus stated he believed there could be more minority participation regarding chemical vendors if the board had a more active contract compliance program. Mr. Johnson stated the current number of employees is 645; and stated there was over 42,000 active policies for HomeServe. Director Muhammad questioned the amount of revenue HomeServe produces for the system and Mr. Johnson responded he would provide that information. Director Lewis questioned when would HomeServe come to make a presentation to the board because the rates increased without the board's approval. Mr. Rick Jackson stated HomeServe would make a presentation to the Communications Committee. Director Muhammad questioned the dollar amount associated with vacant employee positions. Mr. Johnson stated that information could be pulled. Director Dickerson questioned whether there would be discussion as to the needs of the vacant employee positions. Mr. Johnson responded yes. The General Manager stated there are no new budgeted positions added, except for what was added during the year.

Following, Assistant General Manager Sonny Jones presented the July 2018 Engineering and Maintenance Division report. Mr. Sonny Jones stated the current projection for the Capital Plan is to spend less than \$5 million per month. He then gave an overview of Capital project highlights; and stated System Development replaced 25,000 feet of water main year-to-date. Director Muhammad questioned whether 40,000 feet of main would be replaced by the end of the year and Mr. Sonny Jones responded yes. Mr. Sonny Jones stated 543 leak orders had been completed. Director Muhammad questioned who performs the leak repair work. Mr. Sonny Jones responded the leak repair crews. Next, Jeff Cochran, Board Employee, gave a presentation regarding the Shades Mountain Filter Plant filter improvement project including an overview of the old clear wells and pipes. Director Munchus questioned whether the contractor was on schedule. Mr. Cochran responded the contractor is a little behind. Patrick Flannelly, ARCADIS, Inc., stated the contractor is a little over two months behind due to weather issues. He indicated they are responsible to complete the project on schedule and they have to present a recovery schedule.

Following, Assistant General Manager Darryl Jones presented the July 2018 Operations and Technical Services Division report. Mr. Darryl Jones stated finished water was 22.4 billion gallons; and raw water was 25.4 billion gallons year-to-date. He indicated 2018 has been a drier year than 2017. Director Munchus questioned who the largest raw water customers are. Mr. Darryl Jones responded ACIPCO, U.S. Pipe, ABC BiProducts and Walter Energy. Director Dickerson questioned whether more pumpage is expected this year. Mr. Darryl Jones responded yes because there is less rainfall this year. He indicated the weather determines whether there is an increase in pumpage. He then gave an overview of rainfall for the system indicating it was above normal; storage levels for lakes Purdy and Inland; finished water delivery is at 105.9 MGD year-to-date; power costs are \$224,000 under budget year-to-date; and chemical costs will end the year on budget. Director Mims questioned when chemicals would be bid again. Mr. Darryl Jones responded the chemicals are bid on annually.

Following, the General Manager asked the Board to hear presentations regarding the 2019 Draft – Operations and Maintenance Budget and the 2019 Draft – Capital Budget, as set forth in agenda items 7.1 and 7.2. Assistant General Manager Michael Johnson presented the board with a handout. A copy of the handout is on file in Diligent. Mr. Johnson stated costs related to health

insurance and Other Post-Employment Benefits (OPEB) have not been finalized. He then gave an overview of the items affecting the budget. Director Dickerson stated the cost of living increase and merit are included in the report and questioned why longevity was not included. Mr. Johnson stated longevity could be added to the list. He then gave an overview of costs associated with each BWWB department. He stated the net budget for 2018 was \$99.9 million. Director Dickerson stated she would like to see the numbers broken out for longevity. The General Manager stated the reason for merit and COLA costs were broken out is because there are additional costs associated with them; however, longevity was already included in the budget. Director Lewis requested the number of employees in each department. Mr. Johnson stated the net budget for 2019 is \$108.9 million. He stated \$13.5 million in additional revenue was due to the new Jefferson County agreement. Director Mims questioned how much money would BWWB receive if it increased its fee with Jefferson County to 7.5 percent. The General Manager stated they would calculate the numbers because 7.77 percent is regarding what is billed and the 7.5 percent is regarding what is collected. Director Muhammad requested an explanation of water accountability and treasury. Mr. Johnson stated water accountability falls under revenue water; and cashiers fall under treasury. Director Lewis requested an organization chart for the company. Director Muhammad stated the treasurer was to assist with investments. Mr. Johnson stated an organization chart was provided to the board during last year's budget process and the Treasury Department was included. Director Lewis questioned the number of employees in the Treasury Department. Director Clark stated BWWB's structure may need to be discussed in the Human Resources Committee. The General Manager stated part of the Accounting Department was moved over to the Treasury Department. Director Clark stated she feels the Board's authority has been usurped. Director Muhammad stated he would like to know how the treasurer was hired. Mr. Johnson stated the treasurer wasn't hired to just assist with investments, but it also includes handling cash.

Subsequently, Mr. Johnson gave an overview of the 2019 net budget variance. Director Dickerson stated there is an increase in variance with the Treasury Department. The General Manager stated the main reason for the increase is the Jefferson County sewer allocation. Mr. Johnson stated Jefferson County expenses were grossed up. A discussion then ensued. Director Lewis then questioned if there are any positions staff is trying to fill. The General Manager responded yes. Director Lewis suggested putting a hold on hiring unless there is a position we cannot function without it. She stated hiring should be frozen, if possible, until the budget process is complete. Chairman Alexander questioned Director Lewis whether she would like to take the matter up under New Business. Director Lewis responded yes. Director Munchus left the meeting at 10:37 a.m. Director Lewis questioned whether there were positions that need to be filled at this time. Assistant General Manager Darryl Jones stated there are employees that will be retiring soon at treatment plants and those positions need to be filled. He indicated there would not be a need for new hires rather current slots would need to be filled. Director Lewis stated the Board needs to know the critical positions. Director Lewis questioned when does the budget need to be approved. The General Manager stated the resolution states the end of October; however, it has been approved in November. Director Clark stated the Board needs to know the critical positions for each department. Director Lewis questioned whether another department would be added to the structure. The General Manager responded no and indicated there are no new positions in the budget. Chairman Alexander stated there are 699 positions with only 654 of those positions being filled; therefore, hiring should be held at 654. He indicated if an employee retires, the position is being replaced and the number of employees would still hold at 654. Director Dickerson stated the report needs to state for each department who is working there, what the salaries are and what the fringe benefits are. Mr. Johnson stated staff was requested to provide the Board with a working draft with the budget in total. Director Clark left the meeting at 10:43 a.m. and returned at 10:44

a.m. Director Muhammad stated he sees a 10 percent increase. Director Lewis stated she had a motion on the floor. Chairman Alexander clarified the motion stating there are 654 employees and hiring should be held at that number unless a position is critical. Director Lewis added the General Manager is to provide a reason for the critical need. Chairman Alexander stated that does not mean a position cannot be replaced. Director Muhammad questioned how many employees were in last year's budget. Chairman Alexander responded 654. Director Clark left the meeting at 10:46 a.m. Director Lewis stated the Board's fiduciary duty is to approve a good budget. Director Clark returned to the meeting at 10:47 a.m. Director King requested the motion be re-stated. Director Lewis stated the motion is for the Board to freeze hiring with the exception of any critical positions needed during the budget process. Board Attorney Mark Parnell clarified that the resolution was until the budget is approved. He stated that the way Director Lewis stated the motion was a little different from what was stated by Chairman Alexander. Mr. Parnell questioned whether the resolution was that new hires could not go beyond 654 employees and it has to be critical. Chairman Alexander stated hiring could go beyond 654 employees if the position is critical. Director Lewis stated that motion "works for her". Director Mims seconded the motion. Mr. Parnell again clarified this resolution is in effect until the budget is approved. The following resolution was adopted:

"BE IT RESOLVED By The Water Works Board of the City of Birmingham ("the Board"), on a motion duly made by Ms. Sherry W. Lewis and seconded by Mr. Ronald A. Mims, that the Board hereby agrees to freeze hiring any new employees and to hold the number of employees at 654 except for any critical positions needed wherein staff is to provide an explanation for those critical positions needed effective today until the 2019 Budgets have been approved. Resolution No. 7886 is hereby adopted by unanimous vote."

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Next, Mr. Johnson presented the Board with a handout. A copy is on file in Diligent. Mr. Johnson stated there was a request to examine each department to determine whether they were over or under budget. He then gave an overview of the report and indicated there was a summary for each department. Director Clark requested a line by line review of the budget. Mr. Johnson then explained the reallocation of funds from the Information Technology department to the Meter Reading department. Director Lewis stated she would like clarity regarding the reduction in the Information Technology's budget because the report uses dollars and numbers. Mr. Johnson stated he would provide a more detailed budget. Director King stated the number is there and he interprets the reason why meter reading is over budget \$40,486.73 and Information Technology was reduced, and two spots were added to Meter Reading. He stated it is a pretty good explanation. Director Lewis stated she would like more details regarding the number of persons that was reduced in the Information Technology department. She then questioned whether this was the budget staff was presenting the board for their review. The General Manager stated the report was a draft budget to provide the board with some information. Director Lewis questioned when the board would receive the budget. The General Manager stated the plan was to present the budget to the board at the last board meeting of September. He stated the idea was to give the board information earlier than they have received it in the past. Director Clark stated part of the problem is the board does not know staff's timeframe to decipher information. Director Dickerson stated she would like more detailed information because she felt some information was left out of the report. The General Manager stated that information would be provided at the Human Resources Committee meeting. He indicated the only changes that needs to be made to the budget that staff is aware of is regarding health insurance and change in OPEB. He stated both changes would result

in reducing the budget by approximately \$1.5 million each and that information will be presented at the upcoming Human Resources Committee meeting. He indicated once that information has been presented and finalized, staff can finalize the budget for board review. Director Lewis offered her apologies because the budget was presented earlier than it had been in the past and she stated she understood the process. Director Dickerson stated she would like a breakdown of each department by salary and fringe benefits. The General Manager stated they would provide that information.

Following, Assistant General Manager Sonny Jones presented the 2019 Draft – Capital Budget. Mr. Sonny Jones stated the budget for 2019 is \$65.8 million and the budget for 2018 was \$63.9 million which reflects a 3 percent increase. He then presented the board with a handout. A copy is on file in Diligent. Mr. Sonny Jones stated six-line items account for 97 percent of the budget; four-line items account for 3 percent of the budget. He then presented the board with a handout of the 5-year capital budget. A copy is on file with Diligent. Director Muhammad questioned whether the board could get a common-sense budget. He stated it is a budget that common people can understand. He stated if \$10 million is capitalized O&M, we are paying with borrowed money that the Board is being charged interest on. He stated he believed some of the staff's salaries are included in capitalized O&M. The General Manager stated additional revenue would need to be generated if their salaries weren't allowed to be charged to the Capital budget. A discussion then ensued. The General Manager then presented the board with a handout of proposed meetings dates to discuss with the budget. A copy is on file in Diligent. Director Muhammad stated for the record, a 3:30 p.m. meeting will not work.

Next, the General Manager stated there were two (2) speakers to speak before the Board. Steve Brannon and Ty Wallace, On-Call Heating & Air, presented the board with a handout. Mr. Wallace stated Director Lewis requested information from On-Call Heating & Air. Mr. Wallace stated their company does not feel they are being treated right regarding the HVAC contract. He stated they submitted a bid based on the bid requirements. He stated they won the bid and they had a few changes regarding the contract. He stated they wanted to remove the clause stating the Board could terminate the contract for any reason. Director Lewis questioned whether On-Call's issue is with item 3.1 in the contract. Mr. Wallace responded yes. Director Lewis stated that verbiage is standard in the Board's contracts and questioned whether On-Call is asking for an exception. Mr. Wallace stated they are not asking for an exception but stated he is asking that the terms and conditions be put into the contract. Director Clark questioned whether On-Call is stating their contract contains different verbiage from the bid. Mr. Wallace responded the contract is different from the terms and conditions they bided on. The General Manager stated the attorneys reviewed the contract, and they made the bid specifications a part of the terms and conditions to the contract. He stated the bid specifications as they are written are a part of the terms and conditions to the contract. Mr. Parnell stated on May 2, 2018 an invitation was put out to bid. He stated the invitation states the Board also reserves the right to exercise the option to extend the contract up to two years with a mutual consent of both parties and the Board also reserves the option to cancel the contract with 30 days written notice. He stated the bid specifications states the Board in writing can terminate for the performance of work under this agreement whenever the Board determines the contractor has failed to meet the performance requirements of this agreement. He stated the Board may terminate this agreement at its convenience with advance notice written to the contractor. He indicated the contract that was sent to On-Call states the contractor agrees to perform the services set out in the bid specifications and conditions and made specifically a part of this agreement. He indicated that makes the bid specifications a part of the agreement and the contract does has standard language contained in it. Mr. Parnell stated it has been clear from the

beginning that the Board has always reserved the right to terminate the contract with 30 days' notice. Mr. Wallace stated his issue is that "failed to perform" was not spelled out in the contract. Director Lewis stated the Board has a right to terminate the contract. Mr. Parnell stated paragraph 1 incorporates, as part of the contract, the terms and conditions, which makes it a part of the contract. Mr. Wallace stated he is fine with what Mr. Parnell stated. He stated his other issue is their contract is to be divided and On-Call was never asked for documentation regarding this work. He indicated they want the whole contract and the reason why the contract was split was because it was believed that they did not have certain licenses. He stated sometime after that, they received a letter stating the contract was canceled in whole. Director Lewis questioned Mr. Wallace when they placed their bid, were they under the impression they were bidding on the entire work. Mr. Wallace responded yes and stated he had documents from the Purchasing Department stating they won the contract. The General Manager presented the board with a handout. A copy is on file in Diligent. He stated the Board could award the bid on individual or total cost bid basis. He stated the bid was awarded the same way in 2015 with two winners and they were doing the same in 2018. He stated if the bid is over \$50,000.00, it is a public works contract and it has to be handled differently. He stated by awarding it at \$49,724.00 and \$3,060.00 we could proceed with the bid as it was. Director Lewis questioned what the contractor knew when he left the bid opening. Did he receive something in writing. Mr. Wallace stated he did not receive anything in writing. Director Lewis questioned Mr. Wallace what he was told. Mr. Wallace stated Reginald Miller, Board Employee, told him congratulations and he won the bid. Director Lewis questioned which bid. Mr. Wallace responded the HVAC bid, the complete bid. Mr. Wallace stated after 70 days of trying to communicate with Ed Travis, Purchasing Manager, he was informed the bid was canceled. Director Lewis requested Mr. Reginald Miller to state what happened at the bid opening. Mr. Reginald Miller, Board Employee, stated there were four bidders, the low bid was by On-Call Heating & Air. He stated he saw their numbers were the lowest; however, he did not handle any tabulations. Mr. Parnell questioned whether the words "you've won this bid" or "you are the low bidder" uttered. Mr. Miller responded you are the low bidder. Director Clark stated the assumption was because they were the low bidder, they won the contract. Director Lewis stated the portion of the bid that is On-Call's is \$49,000 and if they are requesting they receive the entire bid, the bid would need to be re-bid because it exceeds \$50,000. She indicated On-Call stands to lose \$49,000. Mr. Parnell stated the bid would have to go out again and certain bonds would be required. A discussion then ensued. Mr. Miller stated On-Call agreed to do all of the work for \$49,000. Mr. Parnell stated the Board may be able to negotiate the bid legally; however, the other contractor might state they could do the work cheaper. Chairman Alexander stated just because it was stated a contractor was the low bidder does not mean they won the bid. A discussion then ensued. Director Clark stated the process needs to be improved internally. Mr. Wallace stated he has first right of refusal and someone else was offered the work. The General Manager stated that was not correct and stated On-Call was offered, in writing, Items 1, 3 and 4, in his office, at \$49,724 and we did not offer it to another contractor until On-Call said they did not want it. Mr. Wallace stated they didn't refuse the contract. They requested changes be made to the contract. The General Manager stated the request was for a change in terms and conditions, which the terms and conditions could not be changed. Mr. Steve Bannon stated On-Call will accept the contract. Chairman Alexander clarified that On-Call would perform the work for Item 1, 3 and 4. Mr. Bannon responded yes. Director Lewis left the meeting at 11:42 a.m.

As there was no further business before the Board, Chairman Alexander entertained a motion to adjourn the meeting. A motion was duly made and seconded, and the meeting adjourned at 11:42 a.m.

/s/

Tommy Joe Alexander
Chairman/President

Attest:

/s/

William Burbage, Jr.
Secretary-Treasurer