

**MINUTES OF THE REGULAR MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
October 26, 2017**

The regular meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, October 26, 2017 at 9:00 a.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: Tommy Joe Alexander, Deborah Clark, Brett A. King, William “Butch” Burbage, Jr., Sherry W. Lewis, Brenda J. Dickerson, William R. Muhammad and Ronald A. Mims. Director George Munchus was absent.

Inasmuch as eight Directors were present, a quorum was in attendance.

The meeting was also attended by: Mac Underwood, General Manager; Sonny Jones, Assistant General Manager of Engineering and Maintenance; Michael Johnson, Assistant General Manager of Finance and Administration; Tammy Wilson, Executive Assistant to Assistant General Managers, Sonny Jones and Darryl Jones; Grace Amison, Executive Assistant to the Board of Directors; Paul Lloyd, Rhonda Lewis, George Anderson, Rick Jackson, Michael Griffin, Cherita King, Terrell Jones, Rosalind Jones, Ben Sorrell and Barry Williams, Board Employees; Mark Parnell and Mary Thompson, Parnell Thompson, LLC; Jesse Lewis, Dorian Kendrick, LeBron Marks, Rick Lev and Lauren McLernon, The Lewis Group; Theo Johnson, Volkert & Associates, Inc.; Jerry Jones and Brian Ruggs, ARCADIS; Chandra Abesingha, CE & Associates, Inc.; Olivia Martin, State Attorney General’s Office; Jim Watterson, American Cast Iron Pipe; David Merrida and Brandon Kennedy, Birmingham Construction Industry Authority; Matthew Arrington, Terminus Municipal Securities; Juanita Jones, Securities Capital Corporation, Dan Devine, Zenner; Nelda Thompkins, Frances Pope and Janice Bledson Fisher, citizens; City of Birmingham Police Officer.

Chairwoman Lewis called the meeting to order at 9:02 a.m. General Manager, Mac Underwood welcomed the meeting body and called on Information Technology Manager, George Anderson to open the meeting with prayer.

Next, GM Underwood asked the Board to adopt resolutions commending employees for their accomplishments, as set forth in agenda item 1.1 and 1.2. Mac Underwood, General Manager, was elected as the 21st President of the Board of Directors of the Association of Metropolitan Water Agencies (AMWA) on Monday, October 16, 2017, at the AMWA’s Executive Management Conference held at the King and Prince Resort in St. Simons Island, Georgia. Mr. Underwood is the first African American to hold the position as President of the Board of Directors of AMWA. Drusilla Hudson, Manager of the EnviroLab and Water Quality Departments, was installed as the 71st Chair of the Alabama/Mississippi Section of the AWWA on Tuesday, October 17, 2017, at the Alabama/Mississippi Section’s 70th Annual Conference Awards Banquet at the Grand Hotel Marriott Resort in Point Clear, Alabama. Ms. Hudson is the first African American Chairwoman of the Alabama/Mississippi Section of the AWWA. On motions duly made and seconded, the following resolutions were adopted:

“WHEREAS, The Water Works Board of the City of Birmingham is a member of the Association of Metropolitan Water Agencies (AMWA). The Association of Metropolitan Water Agencies is an organization of the largest publicly owned water utilities in the United States. AMWA is the nation’s only policy-making organization solely for metropolitan drinking water suppliers. AMWA was formed in 1981 by a group of general managers of metropolitan water systems who wanted to ensure that issues of large publicly owned water suppliers would be represented in Washington, D.C. Member representatives to AMWA are general managers and CEOs of these large water systems.

WHEREAS, AMWA is governed by a 22-member Board of Directors, which represents all regions of the country. AMWA’s membership serves more than 150 million Americans from Alaska to Puerto Rico with safe drinking water;

WHEREAS, The Water Works Board of the City of Birmingham joined AMWA in 1982, among its earliest members. AMWA awards program honors public drinking water systems with its top utility management awards. In 2003, the Water Works Board was presented with AMWA’s Gold Award for Exceptional Utility Performance; in 2006, the Platinum Award for Utility Excellence; and in 2015, the Sustainable Water Utility Management Award. These awards represent exceptional leadership in past and current general managers at the Water Works Board;

WHEREAS, in 2005, Macaroy “Mac” Underwood was appointed General Manager at the Water Works Board. During his tenure, his strong leadership, challenging work and dedication has been instrumental in assisting the Water Works Board in maintaining its position as one of the top-rated water systems in the country, which has been most beneficial to all employees and retirees of the Water Works Board, as well as the customers served by the Water Works Board;

WHEREAS, While Mac Underwood has served on various civic and national organizations locally and nationally, he has been a member of the national organization of the AMWA since 2011. He was first elected to the AMWA Board of Directors in October 2011. He has served as AMWA’s representative to the U.S. Environmental Protection Agency’s Peer-to-Peer (P2P) Utility Leaders Group. In addition, he served as Board Secretary from October 2013 – October 2015, then elected Vice President and served from October 2015 until October 2017;

WHEREAS, on Monday, October 16, 2017, at AMWA’s Executive Management Conference held at the King and Prince Resort in St. Simons Island, Georgia, that Mac Underwood, General Manager of The Water Works Board of the City of Birmingham, was elected as the 21st President of the Board of Directors of AMWA; and

WHEREAS, Mac Underwood is the first African American to hold the position as President of the Board of Directors of AMWA since the founding of the organization in 1981.

NOW, THEREFORE, BE IT RESOLVED, on a motion duly made by Mr. Brett King and seconded by Mr. Ronald A. Mims, that the Water Works Board of the City of Birmingham does hereby commend Mac Underwood for his dedication and outstanding performance at AMWA and the water works industry as he serves as the first African American President of the Board of Directors of AMWA.

BE IT FURTHER RESOLVED, that in recognition of Mac Underwood’s services to the Board and AMWA, a copy of this resolution be spread upon the minutes of The Water Works Board of the City of Birmingham and an official resolution presented to Mr. Underwood.

Resolution No. 7630 is hereby adopted by unanimous vote.”

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“WHEREAS, The Water Works Board of the City of Birmingham is a corporate member of the American Water Works Association (AWWA) and the largest water utility in the Alabama/Mississippi (AL/MS) Section of the AWWA and supports the core mission of the association in its promotion of public health and welfare in the provision of drinking water of unquestionable quality and sufficient quantity to all customers;

WHEREAS, The Water Works Board of the City of Birmingham’s employees are vital members of the national organization of the AWWA and the AL/MS Section and are encouraged to promote the benefits of the association and the water works profession;

WHEREAS, on Tuesday, October 17, 2017, at the Alabama/Mississippi Section’s 70th Annual Conference Awards Banquet held at the Grand Hotel Marriott Resort, Golf Club & Spa in Point Clear, Alabama, that Drusilla Hudson, Manager of the EnviroLab and Water Quality Departments, of The Water Works Board of the City of Birmingham, was installed as the 71st Chair of the Alabama/Mississippi Section of the AWWA;

WHEREAS, Drusilla Hudson is the first African American woman to hold the position as Chair of the Section since the founding of the Section in 1947. Drusilla Hudson is the third African American to hold this prestigious position and the second woman to serve as chair of the AL/MS Section; and

WHEREAS, Drusilla Hudson has served the AL/MS Section as Program Chair, Governmental Affairs Liaison, Executive Board Member, Trustee-at-Large for Alabama, and a critical member of the Diversity Committee with the Section and at the National level of AWWA, and a host of other offices in her tenure with the AWWA

NOW, THEREFORE, BE IT RESOLVED, By the Board of Directors of The Water Works Board of the City of Birmingham,

NOW, THEREFORE, BE IT RESOLVED, on a motion duly made by Mr. Brett King and seconded by Mr. Ronald A. Mims, that the Water Works Board of the City of Birmingham does hereby commend Drusilla Hudson for her dedication to the mission of the AWWA and the water works industry as she serves as the first African American Chairwoman of the Alabama/Mississippi Section of the American Water Works Association.

BE IT FURTHER RESOLVED, that in recognition of Drusilla Hudson’s services to the Board and AWWA, a copy of this resolution be spread upon the minutes of The Water Works Board of the City of Birmingham and an official resolution presented to Ms. Hudson.

Resolution No. 7631 is hereby adopted unanimous vote.”

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Following, GM Underwood asked the Board to recognize Donald Hicks, Building Maintenance Electrician for receiving Employee of the Month for October 2017, as set forth in agenda item 2.1. 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 Ms. Brenda J. Dickerson, that the Board hereby recognizes and commends Donald Hicks, as the Engineering and Maintenance Division’s Employee of the Month for October 2017, on having achieved outstanding job performance, attendance, and work above expected levels;

BE IT FURTHER RESOLVED, that a copy of this resolution be spread upon the minutes of the Water Works Board of the City of Birmingham and a copy presented to Mr. Hicks.

Resolution No. 7632 is hereby adopted by unanimous vote.”

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Next, Human Resources Manager, Paul Lloyd spoke about the achievement of Mr. Hicks, who has worked for the Board for 29 years and 8 months. Mr. Hicks repaired ten lights on the front ramps of the main building that had not worked in several years. These lights were on the list to be repaired by an outside contractor. This was done voluntarily by Mr. Hicks when he found out that this repair had been contracted out. AGM Sonny Jones added that he appreciated Mr. Hicks’ attitude and that he noticed Mr. Hicks frequently seeking out work to be done on the campus. Mr. Hicks thanked the Board, adding that he would like to donate his monetary award to the Board’s H2O Foundation.

Following, GM Underwood asked the Board to approve travel expenses for the 2017 Alabama/Mississippi Section – AWWA – Annual Conference for Director Mims in the amount of \$1,169.16; Director Alexander in the amount of \$1,312.94; Director Muhammad in the amount of \$1,344.21; and Director Dickerson in the amount of \$1,361.36, 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, pursuant to Resolution No. 7376 adopted by the Board of Directors on December 20, 2016, approval was given to attend the 2017 Alabama/Mississippi Section – AWWA – Annual Conference scheduled October 15 - 17, 2017, in Point Clear, AL; and

WHEREAS, in accordance with Act No. 2015-164, approval is requested for the following actual expenses relative to the above-referenced conference.

NOW, THEREFORE, BE IT RESOLVED, on a motion duly made by Mr. William “Butch” Burbage, Jr. and seconded by Ms. Deborah Clark, that the following board member(s) be reimbursed for his/her actual expenses pertaining to said conference as follows:

- Ronald A. Mims for total expenses including conference registration, use of personal automobile, lodging (room and tax only) and business meals in the amount of \$1,169.16 (as itemized on the attached Travel and Business Expense Reimbursement form).
- Tommy Joe Alexander for total expenses including conference registration, use of personal automobile, lodging (room and tax only) and business meals in the amount of \$1,312.94 (as itemized on the attached Travel and Business Expense Reimbursement form).
- William R. Muhammad for total expenses including conference registration, use of personal automobile, lodging (room and tax only) and business meals in the amount of \$1,344.21 (as itemized on the attached Travel and Business Expense Reimbursement form).
- Brenda J. Dickerson for total expenses including conference registration, use of personal automobile, lodging (room and tax only), other incidental expenses, and business meals in the amount of \$1,361.36 (as itemized on the attached Travel and Business Expense Reimbursement form).

Resolution No. 7633 is hereby adopted by a roll call vote as follows: Lewis Aye; Alexander Aye; Clark Aye; King Aye; Burbage Aye; Mims Abstain; Munchus Absent; Muhammad Abstain; and Dickerson Aye.”

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Following, GM Underwood asked the Board to approve its Property and Liability Insurance Plan, as set forth in agenda item 4. The GM distributed a hand out summarizing the Property & Liability Insurance coverage and he reviewed the entire summary with the Board. (A copy of which is on file with the Board meeting book). GM Underwood compared the various premium amounts explaining that the amount for coverage is a reduced amount compared to last year. The Insurance Plan provides coverage from November 1, 2017 to October 31, 2018 in the total amount of \$1,356,490.00 which includes \$1,206,490.00 for insurance premiums and the agency’s fee in the amount of \$150,000.00 to S.S. Nesbitt & Company, Inc. for broker of record services related to the Plan. A motion was duly made by Director Mims and seconded by Director King. At 9:18 a.m. Director Mims departed the meeting. 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 Mr. Brett A. King, that the Board hereby approves the Board's Property and Liability Insurance Plan (the Plan) for November 1, 2017 to October 31, 2018 in the total amount of \$1,356,490.00 which includes \$1,206,490.00 for insurance premiums and the agency’s fee in the amount of \$150,000.00 to S.S.

Nesbitt & Company, Inc. for broker of record services related to the Plan; and to authorize the General Manager and/or the Assistant General Manager to execute the necessary documents to effectuate the Plan.

Resolution No. 7634 is hereby adopted by Directors Lewis, Alexander, Clark, King, Burbage, Dickerson and Muhammad.”

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Following, GM Underwood asked the Board to approve payments of invoices, as set forth in agenda items 5.1 through 5.3. GM Underwood indicated management has reviewed the invoices and recommends 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. Brett A. King and seconded by Ms. Brenda J. Dickerson, that the Board hereby authorizes staff to execute payments to the following:

- 5.1 Birmingham Construction Industry Authority, Inc.
For professional services rendered for October 2017 \$ 2,000.00

- 5.2 Volkert, Inc.
For professional services rendered for July 2017 \$ 33,693.19

- 5.3 ARCADIS U. S., Inc.
For professional services rendered for September 2017 \$ 290,584.50

Resolution No. 7635 is hereby adopted by Directors Lewis, Alexander, Clark, King, Burbage, Dickerson and Muhammad.”

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Next, GM Underwood asked the Board’s approval to award a bid to REV Construction, as set forth in agenda item 6. At 9:20 a.m. Director Mims returned to the meeting. REV Construction, Inc., is the lowest responsible and responsive bidder, for the replacement of approximately 5,550’ of 2” galvanized steel pipe / 2” unlined cast iron pipe and 1,460’ of 2” cast iron cement lined (CICL) pipe with approximately 1,360’ of 4” DICL pipe; 960’ of 6” DICL pipe; 4,900’ of 8” DICL pipe and related appurtenances; and 152 water services along Pine Tree Lane; 1st Avenue South; 86th Street South; 86th Place South; 87th Place South; 87th Street South; Fulton Avenue; and 49th Court North in the City of Birmingham, Alabama at a bid amount of \$1,143,030.00; plus estimated cost of materials and Water Board labor in the amount of \$398,100.00; for an estimated out-of-pocket cost to the Board of \$1,541,130.00. 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. Brett A. King and seconded by Mr. Ronald A. Mims, that the Board hereby authorizes staff to award bid on the following:

REV Construction, Inc., the lowest responsible and responsive bidder, for the replacement of approximately 5,550’ of 2” galvanized steel pipe / 2” unlined cast iron pipe and 1,460’ of 2” cast iron cement lined (CICL) pipe with approximately 1,360’ of 4” DICL pipe; 960’ of 6” DICL pipe; 4,900’ of 8” DICL pipe and related appurtenances; and 152 water services along Pine Tree Lane; 1st Avenue South; 86th Street South; 86th Place South; 87th Place South; 87th Street South; Fulton Avenue; and 49th Court North in the City of Birmingham, Alabama at a bid amount of \$1,143,030.00; plus estimated cost of materials and Water Board labor in the amount of \$398,100.00; for an estimated out-of-pocket cost to the Board of \$1,541,130.00.

Resolution No. 7636 is hereby adopted by unanimous vote.”

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Following, Director Muhammad asked what the two Historically Underutilized Businesses (HUBs) participating in this project will be doing. AGM Sonny Jones responded paving and possibly sidewalks, curbing or hauling. Director King asked how long these pipes have been in the ground. AGM Sonny Jones responded about 86 years, adding this project will make a huge difference in the water quality for the customers. Director Muhammad asked if there is a way to know what the HUBs are doing on projects and making sure it is being done. AGM Sonny Jones stated there is an inspector who verifies the work. GM Underwood explained that System Development, under Doug Stockham verifies the work and the amount they are being paid on all projects with a report. Director Dickerson asked if the report could be made available to the Board. GM Underwood responded yes.

Next, GM Underwood asked the Board to hear Division reports, as set forth in agenda item 7.1 through 7.3. AGM Michael Johnson reviewed the September 2017 Finance and Administration Division report. The number of active customers through September was 190,906. Operating Revenues for the month were \$15.6 million. Director Muhammad asked if customers could be notified if their water is to be shut-off when their past due balances are not paid in full. AGM Michael Johnson responded yes. Some discussion occurred regarding cut-off statuses. AGM Michael Johnson stated he can stress to the cashiers to notify customers if they are not paying their bill in full. Chairwoman Lewis stated the customer has their bill and should know what they owe, so the responsibility lies with the customer to pay their bill in full. GM Underwood added that the cashier does not always know about payment arrangements Customer Service has made with a customer. Director Mims suggested placing something on the bill which states the customer’s account will be shut off if past due amounts are not paid in full. AGM Johnson stated Operating Expenses were under budget by \$384,000. Net Operating Revenue was under budget by \$881,000 at \$7.1 million. Operating Revenues available for debt service YTD were \$127.5 million which was under budget by \$5.6 million. Operating Expenses YTD were \$68.3 million

which was under budget by \$6.9 million. Net Operating Revenue YTD was \$59.2 million which was over budget \$1.3 million. Under Large O & M Variances, employee health cost is under budget by \$3.5 million YTD. Contractor charges were over budget by \$533,000, paving charges were under budget by \$287,000, power costs were under budget by \$734,000, chemical costs were under budget by \$240,000 and overtime was over budget by \$1 million. In June, July and August the Customer Service Center was open for extended hours, which contributed to a portion of the overtime. We are trending downward on overtime, according to AGM Johnson. Chairwoman Lewis asked GM Underwood to work lean in the new year. Director Muhammad asked if the Finance Committee could be updated on the overtime status periodically especially when there are extenuating circumstances requiring it. Director Dickerson stated she asked for additional information and had some questions regarding overtime which she sent in an email. GM Underwood stated Staff would have the information to the Board by tomorrow. Under the Reserve Fund Summary, the allocated reserve fund balances were \$130.5 million. GM Underwood stated we are now drawing down on PAYGO money. Cash flow for the Shades Mountain Filter Plant project is scheduled to begin January 2018. The HUB Participation Summary YTD percentage total for consultants was 47.52%. Suppliers, and services percentage total was 23.54%. The total HUB vendors percentage was 27.26%. Going forward, Chairwoman Lewis asked Staff to look at what other cities and states were doing regarding HUB participation. Director Muhammad asked for a five-year report with a breakdown of the minorities, adding it is not all black people included in the HUB numbers. Chairwoman Lewis stated it means all minorities, including women. Director Muhammad stated he did not consider women to be a minority. The number of regular employees through September 2017 totals 674, compared to last year at 661. The total number of active HomeServe policies as of October 18th was 38,226 and the total number of customers having policies was 24,209. Director Muhammad stated he liked receiving more detailed information like he received at the AWWA AL/MS Section Conference Workshop. Director Dickerson concurred. In the past, there were informational meetings at the Board Director Muhammad stated. Chairwoman Lewis stated those were where the Division Reports were given. Director Muhammad stated he was in favor of an informational meeting if it was the desire of the Board's majority.

Following, AGM Sonny Jones reviewed the Engineering and Maintenance Division report for October 2017. Capital Expenses projected through the end of the year was \$52 million of \$62 million. The Shades Mountain Filter Plant project will start the beginning of the year with Jeff Cochran leading under Ben Sorrell, Chief Engineer. Capital Project Highlights include the Inland Marina where Staff was working to complete the electrical portion, Carson Loop 8A and 8C which goes over Lake Purdy. Carson Loop 6C should be finished in 4 months and will move on to 6D which includes a bridge across the Cahaba River with a cost of about \$6 million. The Shades Mountain Filter Plant Dredge Replacement was ongoing with Jeff Cochran as the Project Manager on that job. The Main Office HVAC Replacement is continuing in the main building which was built in the 1970's. The Raw Water Tanks at Sipsey were being handled in-house and there are 2 tanks at the site being rehabbed. Director Muhammad asked about the decision-making process

to perform some projects in-house versus contracting out. AGM Sonny Jones stated in general Staff feels comfortable doing \$3 million or less projects. On larger re-design projects in excess of \$3 million, Staff feels more comfortable contracting those out AGM Sonny Jones stated. Chairwoman Lewis stated there was a report produced by the Engineering Staff in the past. Ben Sorrell stated the report can be updated and redistributed to the Board. Under System Development highlights, there were 5,053 feet of pipe installed during the month and YTD 50,764 feet of pipe were installed. There were 3 conceptual projects, 19 under design projects and 2 under the bid phase projects. Under construction, there were 21 projects. Distribution leak orders completed was 582. Hydrants repaired or replaced was 62 and the average out-of-service time was one-day, with no outstanding hydrant orders. The total number of valves exercised was almost 700 with 25 valves repaired or replaced. The overall outstanding known leaks was 128. Director Alexander asked what our leak percentage was. AGM Sonny Jones responded around 34% currently. Director Alexander asked how that can be improved. AGM Sonny Jones stated the 2" galvanized steel could be removed from the system at a cost of around \$300 million. Chairwoman Lewis recommended more discussion take place in an Engineering Committee Meeting regarding non-revenue water. AGM Sonny Jones stated that the way to address non-revenue water is to replace old pipe rather than continuing to repair it. Geoff Goodwin and Ray Sloan are among the experts when it comes to non-revenue water and they are consistently recognized nationally for their audits regarding non-revenue water AGM Sonny Jones stated.

Next, GM Underwood reviewed the Operations and Technical Services Division report for October 2017 in AGM Darryl Jones' absence. Monthly Finished Water Pumpage YTD was 29,167 million gallons, so pumpage was down for the year. The Daily Finished Water Pumpage was 106.194 MG for the daily average, with Shades Mountain pumping the most. The Cumulative Finished Water Pumpage YTD was 29.167 billion gallons. Monthly Raw Water Pumpage YTD was 31,554 million gallons. The Daily Raw Water Pumpage was 120.132 MG for the daily average, with Cahaba pumping the most. The Cumulative Raw Water Pumpage YTD was 31.554 billion gallons. The Average Cumulative Rainfall showed us ahead for the year. Inland Lake was full and Lake Purdy was full. The Last 30 Days 2017 Delivery year-to-date average was 102.213 MGD of finished water. USX was down and Staff did not see any change soon due to U. S. Steel shutting down most of their plant operations. The Power Accounts were under by \$734,000 and the Chemical Accounts were under by \$240,000. Director Dickerson asked if Staff ever did energy audits. GM Underwood responded that Ingenuity managed the accounts in the past for several years and they reduced our costs by about \$3 or \$4 million. This year Alabama Power will have a 5% increase, so energy costs will move upward according to GM Underwood.

Following, Rick Jackson stated the Board had started its school program. Mr. Jackson invited all Board Members to attend the program at Oxmoor Valley Elementary School today at 1:30 p.m. Chairwoman Lewis reminded Mr. Jackson to provide an overview of the school program to the Communications Committee. Director Muhammad stated that some items were not coming through the Communications Committee, such as the \$150,000 Agency 54 contract. Chairwoman

Lewis stated we needed to tighten up in some areas. Chairwoman Lewis asked Mr. Jackson to work closer with the Communication Committee, adding we could all do a better job. Chairwoman Lewis stated there were differences among Board Members regarding spending money on public relations as the Birmingham Water Works Board is a monopoly. Chairwoman Lewis stated these things can be discussed in the budget meetings. Director Dickerson stated she would like an Assistant General Manager of Public Affairs to be considered as a new position. Director Muhammad voiced his concern about getting information out to the ratepayers periodically instead of only a Public Hearing once a year.

Next, GM Underwood encouraged the Board and Staff to record or watch the documentary on Lifetime Saturday night regarding Flint, Michigan in case questions were asked of them. Director King asked if the Board could enter an Executive Session.

First, under new business, Director Muhammad stated Sonny Jones predicted a \$9 million surplus and asked if the surplus money could be transferred to operations. GM Underwood explained that the money will be spent in the following year. This just carries over to another year GM Underwood stated. Tax exempt money that is borrowed can only be used for capital purposes, not operational purposes, according to attorney Parnell. Director Muhammad stated he did not realize the capital money was borrowed. Some discussion occurred regarding where the Public Hearing would be held and if there was enough space in the Board Room. Chairwoman Lewis stated she believed the message and content were more important than where the meeting was held, adding in the past that we have not needed additional space.

Next, attorney Parnell stated two matters would be discussed in an Executive Session: (1) the amount of consideration to be offered in a real estate matter, and (2) a request for information from the Attorney General's Office that may resultant in litigation, as set forth in agenda item 9. 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. Tommy Joe Alexander and seconded by Ms. Deborah Clark, that the Board hereby approves an Executive Session to discuss two matters: (1) the amount of consideration to be offered in a real estate matter, and (2) a request for information from the Attorney General's Office that may result in litigation.

Resolution No. 7637 is hereby adopted by unanimous vote.”

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At 10:35 a.m., the Board Directors, Senior Staff and the Board attorneys entered an Executive Session.

At 11:38 a.m. a motion was made and seconded to reopen the meeting, and during the vote Director Munchus voted no.

As there was no further business before the Board, a motion was duly made and seconded, and during the vote Director Munchus voted no. The meeting was adjourned at 11:39 a.m.

_____/S/
Sherry W. Lewis
Chairwoman/President

Attest:

_____/S/
Brett A. King, Esq.
Secretary-Treasurer