

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
January 16, 2015**

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Friday, January 16, 2015 at 11:30 p.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: A. Jackie Robinson, III, Sherry W. Lewis, and George Munchus. Directors Ann D. Florie and David S. Herring were not present.

The meeting was also attended by: Mac Underwood, General Manager; Michael Johnson, Darryl Jones 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, Barry Williams, Board Employees; Charlie Waldrep, Mary Thompson, K. Mark Parnell and Kelvin Howard, Waldrep, Stewart & Kendrick; Mark Dolan, Volkert & Associates; Jesse Lewis and Dorian Kendrick, The Lewis Group; Chandra Abesingha, C.E. Associates; Jerry Jones, ARCADIS; Dan Meadows, S.S. Nesbitt & Company; Ann C. Smith, League of Women Voters; Sheila Tyson, City of Birmingham Council Member; David Sullivan and David Russell.

Inasmuch as three of the directors were present; Chairman Robinson declared a quorum in attendance.

Chairman Robinson called the meeting to order at 11:35 a.m. and Assistant General Manager Michael Johnson opened with prayer.

Following, the General Manager asked the Board to elect Officers of the Corporation for the 2015 calendar year, as set forth in agenda item 1. Director Robinson questioned whether the election could be delayed due to all of the board members not being present. The General Manager stated the item could be tabled until the Informational Board Meeting for January 22, 2015. 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 Ms. Sherry W. Lewis and seconded by Mr. George Munchus, that the Board hereby tables selection of officers for calendar year 2015 until the January 22, 2015 Informational Board of Directors’ Meeting. Resolution No. 6839 is hereby adopted by unanimous vote.”

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on January 16, 2015.”

Following, the General Manager stated there was no old business under agenda item 2 and asked the board to approve minutes of the Board of Directors’ meetings, as set forth in agenda item 3. Mr. Underwood stated staff had reviewed the minutes 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 Ms. Sherry W. Lewis and seconded by Mr. George Munchus, that the Board hereby approves minutes of the Informational Board of Directors’ Meeting held October 23, 2014; Regular Board of Directors’ Meeting held November 14, 2014;

and Regular Board of Directors' Meeting held November 25, 2014. Resolution No. 6840 is hereby adopted by unanimous vote." on January 16, 2015."

Following, the General Manager asked the board to approve payments of invoices for professional services, as set forth in agenda items 4.1 through 4.5. 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. Sherry W. Lewis David S. Herring and seconded by Mr. George Munchus, that the Board hereby authorizes staff to execute payments to the following:

- 4.1 Carl Dalton NeSmith, LLC
For professional services rendered for January 2015 \$ 500.00
- 4.2 White Arnold & Dowd P.C.
For professional services rendered for December 2014 \$ 5,000.00
- 4.3 Terminus Municipal Advisors, LLC
For professional services rendered for December 2014 \$ 6,500.00
- 4.4 Fine Geddie & Associates, LLC
For professional services rendered for January 2015 \$ 10,000.00
- 4.5 Lewis & Company
For professional services rendered for December 2014 \$ 25,000.00

Resolution No. 6841 is hereby adopted by unanimous vote." on January 16, 2015."

Next, Assistant General Manager Michael Johnson requested an Executive Committee meeting be scheduled to discuss the Pension and OPEB plans performance reviews. He also requested a joint Human Resources and Communications meeting be scheduled to discuss the recommendation for E-billing and BWWB employee engagement. The General Manager stated a committee meeting needs to be held regarding minority participation and minority vendor program. He stated the bid process for 2015 is being delayed until the policy is re-written and approved. Director Munchus questioned what the changed recommendations are. The General Manager stated the recommendation is to include that BWWB requests vendors to have thirty percent minority participation. Director Munchus questioned whether joint ventures could be added to the recommendation. He stated he would like the perception to be that BWWB would like to see minority participation at the maximum extent possible. Director Munchus stated he is interested in expanding relationships and does not want projects to be delayed. Subsequently, Assistant General Manager Michael Johnson stated the board approved an agreement with Banks, Finley, White & Company to conduct an audit of BWWB processes for collections and billing for Jefferson County. He stated that report will be presented at the next Executive Committee Meeting.

At 11:40 a.m., Councilor Sheila Tyson entered the meeting. Next, Chairman Robinson recognized guests attending the meeting. Councilor Sheila Tyson stated the Birmingham City

Council passed a resolution to support Calvin Grigsby and David Sullivan's litigation opposing Jefferson County Sewer Bankruptcy Plan and the City contributed \$25,000.00 to the legal cost in opposition to Jefferson County sewer litigation. She requested the board to consider making a contribution of \$100,000.00 to assist with the litigation. Director Robinson questioned why the request is for \$100,000.00 instead of being similar to the contribution from the City of Birmingham for \$25,000.00. Councilor Tyson stated more funds are being requested from BWWB because this litigation will impact water consumption and BWWB revenue. Director Lewis questioned what would the funds be used for. Councilor Tyson stated the funds would be used for attorney fees. Councilor Tyson then recognized Attorney David Sullivan. Mr. Sullivan stated he has been working on this particular litigation for several years and it does not appear it will come to a resolution for five to six years. He stated the board's attorneys, Waldrep, Stewart & Kendrick, previously wrote a 32-page objection to the confirmation of the County's bankruptcy plan stating the negative impact the sewer would have on rate payers. He stated as the price of the sewer increases, water consumption will decrease. He stated there will be an average increase of 472% over the next four years and for lower income rate payers there will be a 1300% increase. Mr. Sullivan stated BWWB revenues will be directly impacted. Director Munchus questioned why more money is being requested from BWWB. Director Robinson added why this litigation doesn't have more of an impact on the City of Birmingham. Councilor Tyson stated the City had to find \$25,000.00 within its budget and the City understands it will have to contribute more funds. She stated there is no public assistance available to pay water bills. She stated customers can get a bill paid one time a year. She stated residents have resorted to having portable toilets on their property. Director Munchus stated he believes BWWB should assist and stated a reasonable dollar amount should be presented. Director Lewis stated the board has shown its concern for its customers. She indicated she is not against providing assistance but she would need more information regarding the use of funds. Mr. Sullivan stated they are working to reduce the rates to the amount they were in 2012. Councilor Tyson stated a defense fund has been created by rate payers of Jefferson County. Director Lewis stated the board created the H2O Foundation to assist rate payers butand indicated more information is needed in order to support this request. Councilor Tyson stated the need for funds is immediate because the attorneys are volunteering their time.

Subsequently, Director Robinson stated BWWB has spent a half million dollars on litigation for Shepherd's Bend to ensure quality water is given to its customers. He indicated BWWB's first priority is quality water and it does care about its customers. Councilor Tyson stated there is a possibility of 40,000 customers getting their water disconnected. Director Robinson stated if that were to occur, it would affect BWWB negatively but it would not have that kind of impact she is suggesting. He indicated the Board has detailed information available to share with the Council and public regarding the percentage impact the Jefferson County bankruptcy issues would have on BWWB. He stated this information has been presented to bond holders. Director Robinson stated there is a priority list for BWWB and keeping the water safe for customers is the number one priority. He indicated this request would be second in its importance. Director Munchus stated it would be good if the City of Birmingham could intervene in the lawsuit against Shepherd's Bend. He questioned the board's attorneys whether it was too late for the City to intervene. Board Attorney Mark Parnell stated it is too late for the City to intervene in the Shepherd's Bend case. Director Lewis stated a discussion should be scheduled regarding this request once the board receives a written request. Mr. Sullivan stated they would present the request in writing and would include the rationale and a reasonable amount.

Next, Director Munchus stated the General Manager gave an excellent presentation on economic development to the City of Birmingham. He stated he felt the presentation was well received. The General Manager stated the presentation explained the process BWWB has with

developers to install new mains. Director Munchus stated the Birmingham Business Alliance has requested the same presentation be presented to their Governmental Affairs Committee. The General Manager stated he would contact the Birmingham Business Alliance to setup a meeting.

As there was no further business before the board, a motion was duly made and seconded, and the meeting was adjourned at 12:16 p.m.

The following action items were requested of staff by the Board:

1. The General Manager will contact the Birmingham Business Alliance regarding making a presentation on economic development.

/s/
A. Jackie Robinson, III
Chairman/President

Attest:

/s/
David S. Herring
Secretary-Treasurer