

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

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Monday, March 16, 2015 at 11:30 a.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, Ann D. Florie, George Munchus and Kevin B. McKie.

The meeting was also attended by: Mac Underwood, General Manager; 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; Rick Jackson, Paul Lloyd, John Reymann, Ben Sorrell, George Anderson, Iris Fisher, Geoff Goodwin, Johnnie Mayfield, Tina Webb, Ron Mallette, Matthew Hatley, Billy Gullledge, Coty Murphy, Steven Blackwood, Christopher Stewart and Austin Sims, Board Employees; Charlie Waldrep, Mary Thompson and K. Mark Parnell, Waldrep, Stewart & Kendrick; Jesse Lewis and Dorian Kendrick, The Lewis Group; Chandra Abesingha, C.E. Associates; Jerry Jones, ARCADIS; Kirk Mills, Volkert, Inc.; Ann Smith, League of Women Voters; Matt Arrington, Terminus Securities; Joseph Bryant, *The Birmingham News*; and Dan Meadows, S. S. Nesbitt & Company.

Inasmuch as all 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 recognized the employees of the month for February 2015, as set forth in agenda item 1. He stated due to the employees working a shift Monday-Thursday, they were unable to attend the last board meeting for the official commendation. He then recognized Paul Lloyd, Human Resources Manager. Mr. Lloyd stated employees Ron Mallette, Matthew Hatley, Billy Gullledge, Coty Murphy, Steven Blackwood, Christopher Stewart and Austin Sims were recognized for their teamwork and positive attitude during a difficult project to change out a 36" meter at U.S. Steel. He stated the team was nominated by Johnnie Mayfield, Superintendent - Industrial Commercial Affairs. Mr. Mayfield stated the team worked on a tight schedule and 16 hour work days; and the team was able to meet the project deadline set by U. S. Steel. He indicated the replacement of the meter will result in BWWB generating \$1 million per year. Following, the Chairman expressed his gratitude to the employees for the hard work.

Following, the General Manager asked the board to elect the following Officers of the Corporation: Secretary/Treasurer and Assistant Secretary Treasurer, as set forth in agenda item 2. Director Florie questioned when committee assignments would be voted on by the board. Chairman Robinson stated a vote could be held at the next board meeting on Friday, March 20, 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 Mrs. Ann D. Florie, that the following persons are hereby selected to serve as officers of the Board of Directors of The Water Works Board of the City of Birmingham as indicated below for one year (calendar year 2015) or until the next election of officers:

George Munchus	Secretary-Treasurer
Kevin B. McKie	Assistant Secretary-Treasurer

Resolution No. 6876 is hereby adopted by unanimous vote.”

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Following, the General Manager 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 January 22, 2015; and Regular Board of Directors’ Meeting held January 29, 2015. Resolution No. 6877 is hereby adopted by unanimous vote.”

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Following, the General Manager asked the board to approve payments of invoices for professional services, as set forth in agenda items 4.1 through 4.10. 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 Ms. Sherry W. Lewis and seconded by Mr. George Munchus, that the Board hereby authorizes staff to execute payments to the following:

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|-----|---|---------------------|
| 4.1 | <u>Dominick Feld Hyde, P.C.</u><br>For work performed February 2- February 20, 2015             | \$ <u>1,429.65</u>  |
| 4.2 | <u>White Arnold Dowd, P.C.</u><br>For professional services rendered for February 2015          | \$ <u>5,000.00</u>  |
| 4.3 | <u>Terminus Municipal Advisors, LLC</u><br>For professional services rendered for February 2015 | \$ <u>6,500.00</u>  |
| 4.4 | <u>The Bloom Group</u><br>For professional services rendered for March 2015                     | \$ <u>10,000.00</u> |
| 4.5 | <u>Fine Geddie &amp; Associates, LLC</u><br>For professional services rendered for March 2015   | \$ <u>10,000.00</u> |

4.6	<u>Volkert, Inc.</u> For professional services rendered for February 2015	\$ <u>28,041.48</u>
4.7	<u>ARCADIS U.S., Inc.</u> For professional services rendered for January 2015	\$ <u>381,085.06</u>
4.8	<u>Carl Dalton NeSmith, Jr., LLC</u> For professional services rendered for March 2015	\$ <u>500.00</u>
4.9	<u>Raftelis Financial Consultants</u> For professional services rendered for February 2015 and March 2015	\$ <u>15,025.00</u>
4.10	<u>The Lewis Group</u> For professional services rendered for February 2015	\$ <u>25,000.00</u>

Resolution No. 6878 is hereby adopted by unanimous vote.”

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Following, the General Manager asked the board to approve expenditures with Dezuirk/Echo-Tech and Eaton Corporation, sole source providers, as set forth in agenda items 5.1 and 5.2. Assistant General Manager Darryl Jones presented the board with a handout. A copy is on file with said meeting book. Mr. Darryl Jones stated a presentation was made to the Engineering and Maintenance Committee regarding Inland’s meter and valve replacement project. He stated the estimated cost for the project is \$1.8 million. He indicated the planning for the project began in the summer of 2014 and this is one segment of the project. Director Lewis questioned whether the project will go over budget. Mr. Darryl Jones stated the costs should not go over budget. He indicated both items needed for the project are from sole source providers. He stated the work at the Sipsey Intake will ensure the system is safe and reliable. He indicated Sipsey Intake was built between 1958-1962 and the upgrade replaces an original part. Director McKie questioned the projected life of the valve. Mr. Darryl Jones responded the projected life is 75-100 years. Director Lewis questioned whether there is more than one valve being replaced on the project. Mr. Darryl Jones responded there are multiple valves on the project. Director Lewis questioned whether these items would fall under materials and would the costs be in the line with the projected budget. Mr. Darryl Jones responded yes. 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 expenditures with the following:

- 5.1 Dezuirk/Eco-Tech, **a sole source provider**, for the purchase of one (1) raw water check valve for the 60-inch raw water line located at Inland Lake at an out-of-pocket cost to the Board of \$370,000.00. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.]

- 5.2 Eaton Corporation, a **sole source provider**, for the Sipsey 2000A Air-Break Switches Replacement and the performance of testing on the 2000 Amp Bus located at the Sipsey Intake at an out-of-pocket cost to the Board of \$307,112.00. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.]

Resolution No. 6879 is hereby adopted by unanimous vote.”

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Following, the General Manager asked the board to award bids to Ferguson Waterworks, Consolidated Pipe and American Cast Iron Pipe, as set forth in agenda items 6.1, 6.2 and 6.3. 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. George Munchus and seconded by Mrs. Ann D. Florie, that the Board hereby award bids on the following:

- 6.1 Ferguson Waterworks, the lowest responsible and responsive bidder, for estimated annual quantities of Meter Boxes and Lids, at an estimated out-of-pocket cost to the Board of \$136,167.50.
- 6.2 Consolidated Pipe, the lowest responsible and responsive bidder, for estimated annual quantities of Copper Setters/Resettlers, at an estimated out-of-pocket cost to the Board of \$727,161,80.
- 6.3 American Cast Iron Pipe, the lowest responsible and responsive bidder, for estimated annual quantities of Pipe (Slip Joints, Pressure Class Pipe and M.J. Fittings), at an estimated out-of-pocket cost to the Board of \$2,606,685.80.

Resolution No. 6880 is hereby adopted by unanimous vote.”

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Next, the General Manager asked the board to approve exterior water accounts to allow two (2) meters to be located in front of one (1) residence, one for Potable Water Service, and a second to be used for Exterior Water Service only that will be exempt from sewer charges. The Exterior Water Service tap fee will be billed at 50% of the Potable Water Service tap fee; and the Exterior Water Service Monthly Basic Service Charge will be billed at 50% of the Potable Water Service Monthly Basic Service Charge. All water billed through the Exterior Water Service account will be at Tier 3. In addition, BWWB will offer an additional 50% off the Exterior Water Service tap fee for 2015 and 25% off the Exterior Water Service tap fee for 2016, as recommended by the Business and Economic Development Committee, as set forth in agenda item 7. Assistant General Manager Sonny Jones presented the board with a handout. A copy is on file with said meeting book. Mr. Sonny Jones stated this item was presented to the Business and Economic Development Committee. He stated customers will receive 50% off the costs associated with the taps installed in 2015 and 25% off the costs associated with the taps installed in 2016. He stated in 2017 the rate will return to its regular amount. Director McKie questioned

whether new customers will be allowed to sign up for this service. Mr. Sonny Jones responded yes. Geoff Goodwin, Manager – Revenue Water, stated there are 140 customers ready to sign up and new irrigation taps to be installed. Director Munchus questioned when the information regarding this service would be included in the bill inserts. Mr. Sonny Jones stated the information would be included in the April and May inserts. He also stated meetings would be held to advertise the service with such groups like the homebuilders’ association. Director McKie questioned would a regular mailer be sent to customers who receive their bill electronically. Mr. Sonny Jones responded yes. Director Florie stated the information regarding the discount must be clearly presented to customers. Chairman Robinson stated the information should say customers will receive a discount through December 31, 2015. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, in addition to standard domestic and fire service connections, The Water Works Board of the City of Birmingham (the “Board”) desires to establish an additional service connection for exterior water use; and,

WHEREAS, in an effort to help market this new service, the Board desires to establish an incentive program that would offer initial discounts for calendar years 2015 and 2016.

NOW THEREFORE, on a motion made by Mr. George Munchus and seconded by Mr. Kevin B. McKie, it is hereby resolved as follows:

1. Effective immediately there shall be established a service connection for exterior water uses that will be referred to as an Exterior Water Service.
2. The Board’s Rules and Regulations applicable to service connections, meters and other associated fixtures shall be applicable to Exterior Water Services.
3. Tap fees for Exterior Water Services shall be 50% of the tap fees for similar sized domestic service connections.
4. Meter charges for Exterior Water Services shall be 50% of the meter charges for similar sized domestic service connections.

As an added incentive, for calendar year 2015, a 50% discount will be allowed on the tap fees set out in paragraph 3 for any Exterior Water Service that is installed, and for calendar year 2016, a 25% discount will be allowed on the tap fees set out in paragraph 3 for any Exterior Water Service that is installed. After calendar year 2016, the tap fees for Exterior Water Services shall be as set out in paragraph 3 above. Resolution No. 6881 is hereby adopted by unanimous vote.”

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Next, 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 in the memorandum dated March 10, 2015, effective April 1, 2015, for Delores M. Clements, the surviving spouse of retiree Walter Clements, who passed away on March 7, 2015, as set forth in agenda item 8. On a motion duly made and seconded, the following resolution was adopted:

WHEREAS, Walter Clements, a retiree of The Water Works Board of the City of Birmingham (“the Board”), passed away on March 7, 2015, and

WHEREAS, Walter Clements was receiving, up until the time of his death, monthly retirement benefits from the Board's Retirement Trust Fund in the amount of \$3,373.18, 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, Delores M. Clements will begin receiving her surviving spouse monthly benefit of \$1,686.59, effective April 1, 2015.

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 Ms. Sherry W. Lewis and seconded by Mr. George Munchus, that the Trustee be, and is hereby instructed to pay a pension of \$1,686.59 per month to Delores M. Clements from the Board's Retirement Trust Fund, in accordance with the terms of the Trustee Pension Plan, with the payment to be effective April 1, 2015.

Resolution No. 6882 is hereby adopted by unanimous vote.

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Following, the General Manager asked the board to approve a resolution appointing the bond team for Series 2015-A and Series 2015-B Water Revenue Refunding Bonds and Water Revenue Bonds: Yvonne Green Davis, Co-Disclosure Counsel; Maynard, Cooper & Gale, Underwriter's Counsel; Citigroup, Piper Jaffray, IFS Securities, Securities Capital, Commonwealth Bank and Harbour Financial as Co-Managing Underwriters; and Banks, Finley White & Company, Revenue Certificate Provider, as set forth in agenda item 9. The General Manager stated the consultants selected will complete the bond team. Director Florie questioned whether the recommendation for the team is coming from a committee or management. The General Manager responded the recommendation comes from both. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED AND ORDERED by the Board of Directors (herein called the “Directors”) of the Water Works Board of the City of Birmingham (herein called the “Board”) as follows:

Section 1. Findings and Determinations. The Board has several series of its Water and Sewer Revenue Bonds and Water Revenue Bonds outstanding (the “Outstanding Senior Lien Bonds”), which were issued pursuant to a Trust indenture dated as of October 1, 1988, as amended and supplemented (the “Indenture”). The Board and its financial advisor have analyzed the Senior Lien Bonds and have ascertained and determined that, in the current interest rate environment, several of the issues of the Senior Lien Bonds can be refunded, either in part or in whole, at substantial debt service savings to the Board.

The Board has found and determined that it is necessary and desirable to proceed with the refinancing of several of its outstanding issues of Senior Lien Bonds in order to achieve financial benefits associated with such refinancings and refundings and also to incorporate into such refundings and refinancings certain borrowings for planned capital improvements in a principal amount of approximately \$80,000,000; and

The Board has found and determined that it is in the best interests of the Board and its customers to appoint: 1) Yvonne Green Davis - Co-Disclosure Counsel; 2) Maynard, Cooper & Gale – Underwriter’s Counsel; 3) Citigroup, Piper Jaffray, IFS Securities, Securities Capital, Commonwealth Bank and Harbour Financial as Co-managing Underwrites; and 4) Banks, Finley White & Company – Revenue Certificate Provider as part of its Bond Issuance Team.

Section 2. *Authorization of Financing Team.* The Board hereby appoints 1)Yvonne Green Davis - Co-Disclosure Counsel; 2) Maynard, Cooper & Gale – Underwriter’s Counsel, 3) Citigroup, Piper Jaffray, IFS Securities, Securities Capital, Commonwealth Bank and Harbour Financial as Co-managing Underwrites; and 4) Banks, Finley White & Company – Revenue Certificate Provider as part of its Bond Issuance Team to accomplish the financings referred to above.

Section 3. *Effective Date.* This Resolution shall become effective upon its approval as provided by law.

Resolution No. 6883 is hereby adopted by unanimous vote.”

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Next, the General Manager stated a company will need to be selected to handle investments on the proceeds from the bonds and serve as an escrow provider to invest some of those funds. He then presented the board with handouts from mGic and Winters & Co. Advisors, LLC. Copies are on file with said meeting book. He stated both companies have previously done work for the board. Director Florie questioned whether there were any issues with either company. The General Manager stated mGic had a lawsuit against them a few years ago. Director McKie questioned what the basis of the lawsuit was. Matthew Arrington, Terminus Securities, stated several years ago there was a national sweep on bid rigging. He stated the suit was against Wachovia Bank and it encompassed everyone that worked with them. He stated mGic was subpoenaed because they were the bidding agent; however, the company was never charged. He stated the board received a settlement from the lawsuit. Director Munchus stated the board should be able to receive better pricing from mGic. Assistant General Manager Michael Johnson stated mGic made a presentation before the Finance Committee and stated mGic has been able to help the board to realize savings of over \$17 million. He stated Winters & Co. also bids guaranteed investment contracts. Director Munchus stated there should be savings on fees. Mr. Johnson stated on all guaranteed investment contracts the provider of the investment pays the fees and not the board. Chairman Robinson requested a financial summary for Winters & Co. Advisors, LLC. The General Manager stated the key is the amount of the interest rate. He stated it depends on the company with the better relationship. He stated his recommendation would be to use mGic. He stated one of the contracts was terminated at one time and the board received a payment of \$2-\$3 million. Chairman Robinson stated it would be great if any of the terms could be carried over.

Following, the General Manager stated the meetings with Moody’s and S&P rating agencies were successful. He stated they provided positive feedback. Mr. Johnson stated the rating agencies acknowledged the level of planning done by the board. He indicated they have confidence in the board. Director McKie stated there is no doubt that the rating agencies think

the utmost of the board and management. Director Munchus stated other companies would “kill” for the kind of comments the board received from the rating agencies. Director McKie added that the rating agencies will not give out those kinds of comments unless they really mean it. Chairman Robinson thanked the team for their hard work and stated the preparation shows we have a good board and solid management team. He stated he is looking forward to receiving the comments from the rating agencies in the coming days.

Next, Director Munchus presented the board with a handout. A copy is on file with said meeting book. He stated the state of California has a drought problem. He indicated companies are leaving the state due to not having access to water. He stated as a part of economic development these companies should be pursued more aggressively to come to Birmingham. He stated there is a favorable opinion of Birmingham in the community and he feels Birmingham has the water capacity to handle these businesses.

Next, Director Florie questioned the status of the General Manager’s contract. Chairman Robinson stated the board has not decided. Director Florie then questioned when staff would be ready to present Raftelis’ report and the proposal for Moody. The General Manager stated the Raftelis’ report is still in draft form. Chairman Robinson stated the report would not be presented until there is a vote needed by the board. Director Florie stated she would like to see the report before it is to be voted on. Chairman Robinson stated the report involves real estate and he has been informed by the board’s attorney that the report is confidential until there is some action to be taken. He indicated at this time there is no action to be taken. Director Florie questioned could an Executive Session be held regarding the report. Chairman Robinson stated all information will be presented as needed and not before. Director Lewis then made a motion to adjourn the meeting that was seconded by Director Munchus. The meeting was adjourned at 12:16 p.m.

The following action item was requested of staff by the Board:

1. Director Robinson requested a financial summary for Winters & Co. Advisors, LLC.

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

Attest:

\_\_\_\_\_  
/s/  
George Munchus  
Secretary-Treasurer