

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
May 28, 2015**

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, May 28, 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, Sonny Jones and Michael Johnson, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Anitra Hendrix, Executive Assistant to the General Manager; Rick Jackson, Joyce Dupree, Ben Sorrell, Floyd Stephens, Scott Starkey, George Anderson and Brian Keith Lind, Board Employees; Mary Thompson, Charlie Waldrep and K. Mark Parnell, Waldrep, Stewart & Kendrick; Jesse Lewis and Dorian Kendrick, The Lewis Group; Chandra Abesingha and Dennis Gray, C.E. Associates; Brian Ruggs, ARCADIS; Theo Johnson, Volkert, Inc.; Matthew Arrington, Terminus Securities; Jesse Lewis and Dorian Kendrick, The Lewis Group; and William Muhammad.

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

Chairman Robinson called the meeting to order at 11:41 a.m. and Assistant General Manager Michael Johnson opened with prayer.

Following, the General Manager recognized the employee of the month for May 2015, as set forth in agenda item 1. Joyce Dupree, Human Resources Supervisor, stated Brian "Keith" Lind works at the Western Filter Plant. She stated he goes above and beyond to complete work needed, much of it from his own initiative. She stated he has lead several projects in his 8 year tenure at BWWB. Floyd Stephens, Water Treatment Manager, stated he is very appreciative of the hard work Mr. Lind performs. Following, Chairman Robinson expressed his gratitude to Mr. Lind for his hard work. 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 recognizes and commends Brian "Keith" Lind (Maintenance Crew Leader – Western Filter Plant), as the Operations and Technical Services Division's Employee of the Month for May 2015, on having achieved outstanding job performance, attendance, and work above expected levels;

RESOLVED FURTHER, that the Board and the General Manager are hereby authorized to sign a formal resolution, the wording of which will carry out the intent herein, and an official resolution will be presented to the employee named above.

Resolution No. 6923 is hereby adopted by unanimous vote.”

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 Regular Board of Directors’ Meeting held April 13, 2015; and Regular Board of Directors’ Meeting held April 30, 2015. Resolution No. 6924 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to reimburse the Operating Account for capital expenditures for the period ended April 30, 2015, from Schedule No. IV (Cash Basis) in the amount of \$4,813,776.20, as set forth in agenda item 4. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, ARCADIS US, Incorporated, in a Certificate dated May 20, 2015, certified that during the period ending April 30, 2015 that there were expenditures for the cost of system improvements, which were paid out of the Operating Account and reimbursement of that account is now due in the preliminary amount of \$4,813,776.20 and;

WHEREAS, transfers to the Operating Account can be made from any, or a combination, of the following: the 2002 Construction Fund, the Improvement Fund, and/or the Revenue Account.

NOW, THEREFORE, BE IT RESOLVED By The Water Works Board of the City of Birmingham, on a motion duly made by Ms. Sherry W. Lewis and seconded by Mr. Kevin B. McKie, that the Trustee be, and is hereby instructed to immediately transfer \$4,813,776.20 to the Operating Account from any, or a combination, of the following: The 2002 Construction Fund, the Improvement Fund, and/or the Revenue Account.

Resolution No. 6925 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to approve payments of invoices for professional services, as set forth in agenda items 5.1 through 5.6. 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. George Munchus and seconded by Ms. Sherry W. Lewis, that the Board hereby authorizes staff to execute payments to the following:

- 5.1 Dominick Feld Hyde, P.C.
For professional services related to BWWB Cafeteria Plan
performed for the period of April 22, 2015 through April 28, 2015 \$ 878.85
- 5.2 Raftelis Financial Consultants, Inc.
For professional services rendered for April 2015 \$ 2,678.75
- 5.3 The Jones Group, LLC.
For professional services rendered for May 2015 \$ 5,000.00
- 5.4 Adams and Reese, LLP
For professional services rendered for May 2015 \$ 7,500.00
- 5.5 Waldrep, Stewart & Kendrick, LLC
For professional services rendered for April 2015 \$ 118,860.73
- 5.6 ARCADIS, U.S., Inc.
For professional services rendered for April 2015 \$ 493,814.83

Resolution No. 6926 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to take bids regarding various projects located in the city of Birmingham, as set forth in agenda items 6.1 through 6.2. The General Manager presented the board with the safety cable devices currently in use and the recommended devices to be used, as stated in agenda item 6.1. He stated the Engineering and Maintenance department have tested the new safety cable devices and recommend their use. Director Munchus requested that a notice be sent to him when bids go out. Subsequently, 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 Mr. Kevin B. McKie, that the Board hereby authorizes staff to take bids on the following:

- 6.1 To upgrade all Safety Climb Bars with Safety Climb Cables on all BWWB water tanks at an estimated out-of-pocket cost to the Board of \$100,000.00.
- 6.2 For the painting and modification of four (4) additional tanks located at: ❶ the Homewood Surge Tank at an estimated out-of-pocket cost to the Board of \$700,000.00; ❷ two (2) Sipsey Raw Water Tanks at an estimated out-of-pocket cost to the Board of \$950,000.00; and ❸ the Strozier Lake Tank at an estimated out-of-pocket cost to the Board of \$700,000.00.

Resolution No. 6927 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to award bids to Fortiline Waters, Ferguson Waterworks, TekLinks and HD Supply, as set forth in agenda items 7.1 through 7.4. The General Manager stated items will only be purchased as needed for items 7.1, 7.2 and 7.4. He then recognized George Anderson, Information Technology Manager, to make a presentation regarding item 7.3. Mr. Anderson stated the Cisco hardware is used at all BWWB locations to transmit data for employees that use a computer. He then gave an overview of the specific number of hardware devices at each location. He stated three (3) years of maintenance is included with the cost. Director Lewis questioned whether this item was presented at the last Informational Board of Directors' meeting. The General Manager stated no and that the item was in the bid process during that meeting. Director Lewis stated she has an issue with items being added to the agenda after the Informational Board of Directors' meeting because she has not had enough time to properly review the information. Director Munchus stated he assumed the bids had not been received yet regarding this item before the Informational Board of Directors' meeting. Assistant General Manager Michael Johnson stated that particular item was still in the bid process at the time of Informational Board of Directors' meeting and the item needed to be added to the current agenda. Director Lewis then requested that an individual vote be taken on agenda items 7.1 through 7.4. Director McKie questioned when the vendor's support end. Mr. Anderson stated the vendor support ends the first week in June 2015. Director Lewis stated if an item needs to be expedited, then it should be presented early to be vetted properly. She stated the process should be run correctly. Director Munchus questioned whether the suppliers are local. The General Manager stated the majority of the suppliers are local. Subsequently, 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 Mr. George Munchus and seconded by Mr. Kevin B. McKie, that the Board hereby award bid on the following:

- 7.1 Fortiline Waters, the lowest responsible and responsive bidder, for estimated annual quantities of Meter Adapters to replenish stock in the Warehouse, at an estimated out-of-pocket cost to the Board of \$107,162.52.

Resolution No. 6928 is hereby adopted by unanimous vote.”

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Kevin B. McKie and seconded by Ms. Sherry W. Lewis, that the Board hereby award bid on the following:

- 7.2 Ferguson Waterworks, the lowest responsible and responsive bidder, for the purchase of 60-inch Steel Pipe Connections and related appurtenances to replace several valves on the Inland Lake's 60-inch raw water line located at Inland Lake, at an out-of-pocket cost to the Board of \$227,692.50.

Resolution No. 6929 is hereby adopted by unanimous vote.”

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Kevin B. McKie and seconded by Mrs. Ann D. Florie, that the Board hereby award bid on the following:

- 7.3 TekLinks, the lowest responsible and responsive bidder, for providing upgraded Cisco Switch and Router hardware for the Birmingham Water Works Board’s network communications for the main campus and remote sites, at an estimated out-of-pocket cost to the Board of \$233,969.80.

Resolution No. 6930 is hereby adopted by Directors Robinson, Florie, Munchus, and McKie; Director Lewis voted no.”

“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 awards bid on the following:

- 7.4 HD Supply, the lowest responsible and responsive bidder, for estimated annual quantities of Fire Hydrants to replenish stock in the Warehouse, at an estimated out-of-pocket cost to the Board of \$249,953.44.

Resolution No. 6931 is hereby adopted by unanimous vote.”

Next, the General Manager asked the board to approve and authorize the General Manager and/or the Assistant General Manager to enter into a one-year renewal contract with Security Engineers, Inc. for security guard services. 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 Mr. Kevin B. McKie, that the Board hereby approves and authorizes the General Manager and/or the Assistant General Manager to enter into a one-year renewal contract with Security Engineers, Inc., for security guard services, effective June 14, 2015 to June 14, 2016, at sites referenced in the contract at a total estimated annual cost for the third year of guard services at an estimated out-of-pocket cost to the Board of \$386,361.12. [NOTE: This expenditure is exempt from bidding under the State of Alabama Competitive Bid Law because it is related to security.] Resolution No. 6932 is hereby adopted by unanimous vote.”

Following, the General Manager recognized Matthew Arrington, Terminus Securities, to make a presentation under Old Business, as set forth in agenda item 2. The General Manager stated a previous presentation was made by Rob Rassmussen, mGIC, regarding un-invested debt service funds. Mr. Arrington presented the board with a handout. A copy is on file with said meeting book. Mr. Arrington stated he spoke with Rob Rassmussen and would clarify information regarding un-invested debt service funds. He stated every month the board takes money to pay towards its debt. He stated in June or July the interest portion is paid and in January, once the bonds have matured, the interest and the principal amount is paid. Mr. Arrington then gave an overview of the monthly payment. He stated the money is in a money market account; however, it is not earning much at \$660 per month. He stated the goal was to find a way to get more interest earnings. Mr. Arrington stated the best way to do that is to have a guaranteed investment contract based on the board's investment policy. He stated a decision needs to be made regarding the length to go out. He stated based on the U.S. Treasury's 10 year rate, a guaranteed investment contract's length is decided between 3, 5, 7 and 10 years. He stated his recommendation is contrary to the recommendation presented by Mr. Rassmussen. Mr. Arrington stated as of May 28, 2015, a 5 year guaranteed investment contract is better than a 7 year. He stated the reason is due to earning more money on a 10 year treasury. He stated a 7 year contract would have been good the previous week as presented by Mr. Rassmussen; however, whenever there is a holiday or federal government announcement, the rates will change. Director Lewis stated Mr. Rassmussen provided an in depth explanation as to why the board should do a 7 year guaranteed investment contract. The General Manager stated the best time for a guaranteed investment contract depends on when the yield curve starts to flatten out. He stated last week it flattened out at 7 years; however, this week it flattens out a 5 years. He stated each week will be different; therefore, staff is requesting the board to allow them to judge when the bid should be made. Director Lewis questioned whether a 3 year contract should be considered. Mr. Arrington stated a 3 year contract cannot be done because there is not enough time for the bidders to figure out how to return the money. Director Florie questioned whether it not being beneficial to the bidders to do a 3 year guaranteed investment contract. Mr. Arrington stated the board would not receive a good rate if it chose to do a 3 year guaranteed investment contract.

Subsequently, Director Lewis questioned what staff is requesting from the board. The General Manager stated staff is requesting the board to give authorization to allow mGIC to bid the guaranteed investment contract and to authorize the length of the contract. He stated the decision would be based on Mr. Arrington and Mr. Rassmussen's analysis of the yield curve. Director Lewis stated her concern is if the board had followed Mr. Rassmussen's recommendation, they would have been wrong. The General Manager stated the best thing to do is to allow staff the option of choosing between 5, 7 or 10 years for the length of the guaranteed investment contract. He stated it will take some time for Mr. Rassmussen to gather all of the documentation and he may not be able to bid the guaranteed investment contract until June 15, 2015. The General Manager stated the week of June 15th staff will look at the yield curve to determine the best option. Director Lewis questioned what the forecast is. The General Manager stated the forecast changes weekly. Director McKie stated he feels the shorter time period is better and 10 years is too long. Chairman Robinson stated he recommends 5 years for the contract's length. Director Munchus questioned whether the board would be locked in for 5 years if they agree to do that length for the contract. Mr. Arrington responded yes; however, the contract can be re-bid after the 5 years have passed. Director Munchus questioned whether staff will request bids for 5, 7 and 10 years contract or only a bid for a 5 year contract. The General Manager stated bids will only be requested for a 5 year contract if the board decides it only wants

a 5 year contract. Chairman Robinson questioned Mr. Arrington whether he adheres to Mr. Rassmussen not giving the board a 5 or 7 year rate. Mr. Arrington stated a better rate will be given for a 7 year contract because the bidders know the rate will increase and they would prefer to lock in at a lower rate. Chairman Robinson questioned whether the board should get two bidding agents to bid the guaranteed investment contract so they will know the board is looking for the best rate. Director Munchus stated Mr. Rassmussen is the bidding agent and he will send the bid out to at least three or four banks for their business. Mr. Arrington stated the bid will be sent out to at least seven to ten providers. He stated a better rate will not be given by having two different bidding agents. He stated interest rates will increase but will not move fast. He stated whatever is not earned can be made up when the guaranteed investment contract is re-bid. Director McKie questioned Mr. Arrington what his recommendation is. Mr. Arrington stated he recommends the 5 year length for the guaranteed investment contract and it can be re-bid after five years. Director Lewis stated she has some un-readiness based on presentations by Mr. Arrington and Mr. Rassmussen. Director Munchus stated the board cannot take any action until the bids are put out. A discussion then ensued regarding the rates for a 5 year contract. The General Manager stated the rates would only be held for a short period of time. He stated the bid would be performed on the day of a board meeting so that the rate can be locked in. He then asked Mr. Arrington how long can the rates be held. Mr. Arrington stated the rates would be held for ten (10) minutes. Chairman Robinson stated staff should look at a 5 year guaranteed investment contract. 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 Mr. Kevin B. McKie, that the Board hereby authorizes mGic to bid guaranteed investment contracts for the investment of Debt Service Funds pertaining to Bond issues of the Board which are not currently so invested for a five (5) year period. Resolution No. 6933 is hereby adopted by Directors Robinson, Lewis, Munchus, and McKie; Director Florie abstained from voting.”

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Next, Assistant General Manager Darryl Jones presented the board with the 2015 Consumer Confidence Report and stated it is currently being mailed to all BWWB customers. He stated all customers should receive the report by the end of the first week in June 2015.

As there was no further business before the Board, Chairman Robinson entertained a motion to adjourn the meeting and a motion was duly made and seconded, and the meeting adjourned at 12:17 p.m.

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

Attest:

_____/s/
George Munchus
Secretary-Treasurer