

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
July 31, 2015**

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Friday, July 31, 2015 at 9:00 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: Ronald A. Mims, Kevin B. McKie, Ann D. Florie, George Munchus and Sherry W. Lewis.

The meeting was also attended by: Mac Underwood, General Manager; Sonny Jones and Darryl 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, George Anderson, Ben Sorrell, Scott Starkey, Tim Harris, Jonathan Harris, Iris Fisher and Jeff Cochran, Board Employees; Charlie Waldrep, Mary Thompson, Kelvin Howard and K. Mark Parnell, Waldrep, Stewart & Kendrick; Jesse Lewis and Dorian Kendrick, The Lewis Group; Jerry Jones and Brian Ruggs, ARCADIS; Theo Johnson and Norman Hill, Volkert, Inc.; Rebecca DePalma, White Arnold & Dowd; Chandra Abesingha, CE Associates; Dan Meadows, S.S. Nesbit & Company; Peiffer Brandt, Raftelis Financial Consultants; John Ray, KHAFRA; Kurt Lofters, Gray & Company; David Merrida, Birmingham Construction Industry Authority; Matthew Foster, Todd Golden, Jacqueline Brown; and Damian Johnson, Fox 6 News.

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

Chairman Mims called the meeting to order at 9:01 a.m. and Assistant General Manager Darryl Jones opened with prayer.

Following, the General Manager requested the Board to adopt a resolution commending Andrew Jackie Robinson, III, for his 6 years of service as a Board of Director and Chairman/President of the Water Works Board, as set forth in agenda item 1. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, on June 2, 2009, Andrew Jackie Robinson, III, was appointed by the City Council of the City of Birmingham to serve as a member of the board of directors of The Water Works Board of the City of Birmingham; and,

WHEREAS, Mr. Robinson has served admirably and with distinction as a director for six (6) years, in a manner which has been honorable, forthright, supportive and beneficial to the Water Works Board’s success; and,

WHEREAS, during Mr. Robinson’s tenure on the board of directors of the Water Works Board, he held the office of Chairman/President; and,

WHEREAS, in addition to holding the office of Chairman/President, Mr. Robinson has dutifully and faithfully served on the following Water Works Board committees: Executive Committee, Five-Year Business Plan Committee, Engineering & Maintenance Committee, Water

Resources Committee, Finance Committee, Anti-Terrorism/Security Committee, and Business and Economic Development Committee; and,

WHEREAS, under Mr. Robinson's leadership as Chairman/President and as well as in serving on the above committees, the Water Works Board progressed in the following areas: sound financial management, professional services, new financial and customer service systems, major expense reductions, increased profits, capital improvements, significantly funded employee pensions, increased community programs, limited rate increases, new revenue-generating initiatives, and two bond rating upgrades. In addition, Mr. Robinson has guided the Board to record financial strength while exhibiting his steadfast dedication and lasting contributions to the Water Works Board, its employees and customers; and,

WHEREAS, Mr. Robinson has provided consistent and thoughtful advice to the directors and to the Water Works Board's management teams that have spanned the length of his service as Chairman/President of the Water Works Board; and,

WHEREAS, BE IT RESOLVED, the board of directors formally expresses its sincere appreciation to Mr. Robinson for his excellent and untiring contributions to the success of the Water Works Board during his six (6) years of service; and,

NOW, THEREFORE, BE IT RESOLVED BY the below signed members of the board of directors of The Water Works Board of the City of Birmingham, that members of the board of directors unanimously extend their sincere and heartfelt appreciation to Mr. Robinson for his past service, exceptional leadership, hard work and dedication, and his continued efforts toward ensuring that the Water Work Board's reputation for excellence continues.

BE IT FURTHER RESOLVED, that in recognition of Mr. Robinson's services to the Board, a copy of this resolution be spread upon the minutes of The Water Works Board of the City of Birmingham and a copy be presented to Mr. Robinson.

Resolution No. 6953 is hereby adopted by unanimous vote."

Following, the General Manager recognized the employees of the month for July 2015, as set forth in agenda item 2. Paul Lloyd, Human Resources Manager, stated Timothy Harris works at Western Filter Plant. He stated Mr. Harris was nominated for his work to repair a 30-inch pipe that he discovered during a routine check which resulted in a savings of \$17,800.00. He stated Mr. Harris coordinated the repair while ensuring there was no interruption of service to BWWB customers. Mr. Lloyd stated Mr. Harris also worked tirelessly to get a pump back in service at Western Filter Plant after it went out of service over the weekend. He indicated the repair was at no cost to BWWB. Following, Chairman Mims expressed his gratitude to the employee 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 Mr. George Munchus and seconded by Mrs. Ann D. Florie, that the Board hereby recognizes and commends Timothy Harris, as the Operations and

Technical Services Division's Employee of the Month for July 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. 6954 is hereby adopted by unanimous vote.”

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Following, the General Manager asked the board to approve an Employment Contract for General Manager - Mac Underwood, as set forth in agenda item 3. Director McKie questioned whether the contract being approved contains the 66 percent. The General Manager responded yes. Director McKie made a motion to approve the contract which was seconded by Director Florie. Director Lewis stated she had questions regarding the contract. She stated she was concerned with doing a contract without any discussion. She stated she is surprised that a contract is being done without a review of the General Manager's work. She then questioned who will be responsible for performing the review and what would be the grading points. She stated in order to accept the contract it takes a simple majority but to terminate it would take a super majority and she questioned the consistency of the contract. She stated she has no idea what the salary package is for the General Manager. She indicated she and the General Manager have spoken regarding her concerns with his performance. She questioned what the General Manager's vision for BWWB is. She stated she has been on the board since December 2008 and stated she has had concerns regarding the leadership. She indicated the majority of ideas to move the company forward has come from the board of directors and she would like something in the contract to hold the General Manager accountable. Director Lewis also questioned the need for Section 6A in the contract. She stated there has been a change in the procedure for handling this contract and more discussion should be held. She questioned what the full package is for the General Manager and does it include Longevity Pay. She indicated all board members should be on the same page and have the same information. Subsequently, Chairman Mims stated the entire board gave him authority to negotiate the contract which has been outstanding for almost two years. He stated he did not feel there has been a rush to approve it. He stated the previous Chairman was in negotiations for two years regarding this contract. He indicated he does not believe in dragging his feet. Director Lewis stated she was not aware that past negotiations occurred. Chairman Mims stated the negotiations were of public knowledge. Director Lewis then questioned whether Longevity Pay would be included in the contract. Director McKie stated the contract states the General Manager will receive the same benefits as other BWWB employees. Director Lewis then questioned the amount of the General Manager's base pay and the timeliness of his review. Director McKie stated he asked the General Manager what his base pay is and suggested Director Lewis asks the General Manager for that information. He stated the General Manager will receive an annual review. Director Lewis questioned whether the General Manager would receive a review in 2015. The General Manager stated he and the Assistant General Managers have received a review every year based on a document that was sent to the former Chairman. He stated those reviews have occurred since 2012. Director Lewis stated her understanding is the Assistant General Managers are not under contract. The General Manager stated the General Manager's position was the only one under pay for performance for 2012 and his review went to Chairman Robinson. He stated in 2013 and 2014 the General Manager and the Assistant General Managers were under pay for performance and Chairman Robinson had to

authorize the Longevity Pay. He indicated executive management sent this information to Chairman Robinson and he authorized the payments. The General Manager stated the board of directors may not have been aware of the reviews occurring; however, copies of the reviews are located in each personnel file based on the strategic plan. Director Lewis questioned the General Manager whether he had the understanding that longevity pay was ending. The General Manager stated Longevity Pay was not ending; however it was pay for performance based on the understanding of the previous Chairman. Director Lewis questioned the General Manager whether he had the understanding that longevity pay would end for executive management. The General Manager responded longevity pay was converted to pay for performance. He indicated the board would need to vote to change the policy regarding longevity pay. He stated in the past 3 years executive management has held those payments until the Chairman authorized those payments. Director Lewis questioned whether the General Manager will have a review in 2015. The General Manager stated Director Munchus requested information regarding year to date accomplishments and that information was sent to all board members. Director Lewis stated she feels the contract is ill advised because she does not have all of the information and what she did receive was not sent in a timely manner. She stated she does not have an issue with the General Manager having a contract. Director Lewis stated she feels all board members should know all of the details regarding the General Manager's package. The General Manager stated the base compensation is \$319,000.00. Director Lewis questioned whether there are other details in the General Manager's package. The General Manager responded there is a vehicle allowance based on \$0.575 per mile and longevity pay is based on pay for performance. Director Lewis questioned whether there will be any additional raises for the General Manager. Director McKie responded the General Manager will receive what all BWWB employees receive. He stated additional raises would need to be negotiated and presented as an amendment. The General Manager stated the draft contract states no additional raises are given beyond what all BWWB employees receive. Director Lewis then questioned whether the contract protects the board or the employee more. Board Attorney Mark Parnell stated the contract is the same agreement previous General Managers, those that have had agreements, have had with the board. Director Lewis then questioned whether all previous General Managers have had a contract with board. Mr. Parnell stated the first General Manager to receive a contract was Gene Hanson. 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. Kevin B. McKie and seconded by Mrs. Ann D. Florie and, that the Board hereby approves an employment contract with General Manager Mac Underwood dated July 31, 2015.

RESOLVED FURTHER, That the Chairman/President of this Corporation is hereby authorized and directed to execute the employment contract with General Manager Mac Underwood in substantially the form submitted. Resolution No. 6955 is hereby adopted by Directors Mims, McKie, Florie, and Munchus; Director Lewis voted no.”

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Following, the General Manager asked the board to adopt a resolution establishing its committees, effective July 31, 2015 through December 31, 2015, with appointed staff and consultants to serve on these committees, as set forth in agenda item 4. Director Lewis questioned why she was not consulted at all concerning committees. Chairman Mims stated he

did not consult any of the board members. He stated he took it upon himself to determine who was best fitted for each committee. He indicated the committees presented are merely a suggestion for the board. Director Lewis stated in the future she would like to be consulted if it affects her. Chairman Mims questioned Director Lewis whether he should leave her off if he does not consult her. Director Lewis clarified she would like to be consulted when it affects her. Chairman Mims stated he would consult her. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, on May 8, 1997, The Water Works Board of the City of Birmingham (“The Water Works Board”) adopted said committees for the purpose of working with staff in certain areas in helping the Board to establish overall policies.

WHEREAS, on July 31, 2015, on a motion duly made by Mr. George Munchus and seconded by Mrs. Ann D. Florie, that The Water Works Board hereby approves and establishes certain Board committees and membership on said committees.

NOW, THEREFORE, BE IT RESOLVED that The Water Works Board’s Committees and respective members shall be as reflected on the list of Board Committees attached hereto these minutes. Resolution No. 6956 is hereby adopted by Directors Mims, McKie, Florie, and Munchus; Director Lewis abstained from voting.”

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Following, the General Manager asked the board to hear a presentation from Renasant Asset Management regarding the Pension Plan's Investment Performance, as set forth in agenda item 6. He then recognized Matthew Foster, Todd Golden and Jacqueline Brown. Mr. Foster presented the board with a handout. A copy is on file with said meeting book. Mr. Foster stated the balance of the plan was \$129,122,267.58 as of December 31, 2014 and as of June 30, 2015 it was \$130,796,072.25. He stated a majority of the plan is invested in equities. He stated the market has been volatile; however, the plan has performed very well. He stated the employer contribution is \$2.2 million and employee contribution has been \$1.2 million. He then gave an overview of disbursements. Director Munchus questioned what the percentage is of equities in the plan. Mr. Foster responded the plan has 66 percent in equities based on the plan’s investment policy. He then gave an overview of market values. Director Munchus questioned what the projected outlook is. Mr. Foster responded one year. He stated the 2nd Quarter performance saw a gross of fees at 2.19 with a net of fees at 2.01 year to date in the plan. He stated this means it will take an index that is weighted to those types of investments. The plan is outperforming. Mr. Foster then gave an overview of the investment performance. He stated there is a 5.3 percent return from June 2014 to June 2015 and the trailing three year term is an annualized number of 9.3 percent. He indicated the plan is above the actuarial target on an annualized basis over the last three years. Director Lewis questioned how Hughes Capital Management performed. Mr. Foster stated Hughes Capital Management no longer exists because it was bought and it is now Atlantic Asset Capital. He stated Atlantic Asset Capital has visited with Renasant twice and he indicated Renasant feels completely comfortable with the transaction. Subsequently, Mr. Foster stated the S&P 500 large cap manager saw a return of 7.4 percent and the small cap manager saw a return of 5.6 percent. He stated the international markets have underperformed but have recently started to add value. He stated when the U.S. markets begin to slow down the international markets can stabilize the portfolio. Director Lewis questioned how long international markets will be allowed to underperform. Mr. Foster responded if the international

markets begin to drastically deteriorate then the plan's exposure would be reduced; however, the plan is in line with the investment policy. Mr. Golden then gave an overview of the fixed income market. He stated the federal government is not disrupting the market at this time. He indicated a rate increase will occur in either September or December at 25 to 50 basis points. He stated this will be the first increase in 9 years. He indicated fixed income allocations are low and there will be some negative total returns. Mr. Golden stated the plan calls for 30 percent allocation for fixed income with the flexibility for it to be pushed 45 percent. He stated fixed income is expected to produce a 2 percent return. He stated bond prices are up. Mr. Golden then gave an overview of the money managers' performances. He stated Atlantic Asset Capital, formerly Hughes Capital Management, is down 20 basis points because the market is down. He stated Atlantic Asset Capital's performance over the past 10 years has been very good. Director Munchus questioned why the federal government is increasing the interest rate. Mr. Golden responded that the federal government is trying to get back to normal policy. He stated asset allocation in bonds will move with higher interest rates. He indicated stocks and bonds could inhibit the plan's 7.5 percent target. He stated this is a reasonable transition. Mr. Foster then gave an overview of the year-to-date performance of the plan, as of July 24, 2015. He indicated the plan is 2.2 percent ahead of the index. He then presented the board with a handout. A copy is on file with said meeting book. Mr. Foster stated Rensant has met with a third party alternative investment manager, Milliman Financial Risk Management, LLC, to perform due diligence. He stated there are no plans to bring in this manager at this time. Director Lewis questioned how long has there been communication with Milliman. Mr. Foster responded three months. Director Munchus questioned where Milliman's corporate base and do they have an office in Birmingham. Mr. Foster stated they are based in Chicago, IL and do not have an office in Birmingham. He stated the purpose of looking at this manager is for international trading. Director Munchus questioned who contacted Milliman. Mr. Foster stated Milliman contacted Renasant.

Following, the General Manager asked the board to hear a presentation from Gray & Company regarding the OPEB Plan's Investment Performance, as set forth in agenda item 7. He then recognized Kurt Lofters. Mr. Lofters stated there are no major investment updates. He stated increasing interest rates and Greece defaulting on their payment negatively impacted fixed income. He stated the OPEB Trust ended at \$25.6 million for the quarter which reflected a -0.8 percent return. He stated the year-to-date return was 1.22 percent. Mr. Lofters stated equities and fixed income generated negative returns within the portfolio. He stated international equities outperformed domestic equities based on the monetary easing policies coming out of the ECB. He stated the worst performing investment for the quarter was REIT coming in at a -10.5 percent loss. Mr. Lofters stated Morgan Stanley was on watch for underperformance and has performed well against their benchmark. He then gave an overview of the year-to-date performance. He stated equities have outperformed fixed income year-to-date. He stated the small cap performance has been good. He stated changes were made in 2013 regarding the allocation from U.S. Bank. He stated the trust in June 2013 had an annual return of 4.6 percent relative to the target of policy index of 8.8 percent. He indicated the trust in June 2015 had an annual return of 9.8 percent relative to the target of policy index of 9.7 percent. He stated the changes made to the plan have proven to be positive. Director Florie questioned whether Gray & Company had any recommended changes for the plan at this time. Mr. Lofters responded there are no changes to be made at this time regarding asset allocation. He stated the plan is at \$25.8 million as of July 30, 2015.

Following, the General Manager asked the board to approve minutes of the Board of Directors' meetings, as set forth in agenda item 8. 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 Mr. George Munchus and seconded by Mrs. Ann D. Florie, that the Board hereby approves minutes of the Regular Board of Directors' Meeting held June 12, 2015; Informational Board of Directors' Meeting held June 19, 2015; and Regular Board of Directors' Meeting held June 25, 2015. Resolution No. 6957 is hereby adopted by unanimous vote.”

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Following, the General Manager asked the board to reimburse the Operating Account for capital expenditures for the period ended June 30, 2015, from Schedule No. IV (Cash Basis) in the amount of \$4,445,254.68, as set forth in agenda item 9. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, ARCADIS US, Incorporated, in a Certificate dated July 17, 2015, certified that during the period ending June 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 \$4,445,254.68 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 Mr. George Munchus and seconded by Mr. Kevin B. McKie, that the Trustee be, and is hereby instructed to immediately transfer \$4,445,254.68 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. 6958 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 10.1 through 10.6. 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 Mr. Kevin B. McKie, that the Board hereby authorizes staff to execute payments to the following:

- 10.1 Raftelis Financial Consultants, Inc.
For professional services rendered for June 2015 \$ 3,428.75

10.2	<u>The Jones Group, LLC.</u> For professional services rendered for July 2015	\$ <u>5,000.00</u>
10.3	<u>Dominick Feld Hyde, P.C.</u> 10.3.1 For professional services related to BWWB Pension Plan performed June 1, 2015 through June 2, 2015	\$ <u>2,154.60</u>
	10.3.2 For professional services related to BWWB Compliance Review and Modification of Miscellaneous Benefit Plans performed June 2, 2015 through June 16, 2015	\$ <u>3,564.00</u>
10.4	<u>Ingenuity</u> 10.4.1 For professional services related to Telecommunication Management Services for September, October and November 2014	\$ <u>24,114.84</u>
	10.4.2 For professional services related to Telecommunication Management Services for December 2014, January and February 2015	\$ <u>24,107.69</u>
10.5	<u>Waldrep, Stewart & Kendrick, LLC</u> For professional services rendered for June 2015	\$ <u>123,502.70</u>
10.6	<u>ARCADIS, U.S., Inc.</u> For professional services rendered per June's 2015 Progress Report (June 2015)	\$ <u>635,236.08</u>

Resolution No. 6959 is hereby adopted by unanimous vote.”

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Following, the General Manager requested the Board to approve the following directors’ actual travel expenses for the 2015 AWWA Annual Conference; Director Robinson in the amount of \$2,546.24; Director McKie in the amount of \$2,702.32; and Director Lewis in the amount of \$3,154.25, as set forth in agenda item 11. Chairman Mims stated a roll call vote is required for this item. Director Lewis questioned the reason for a roll call vote. Board Attorney Mark Parnell stated is the law of the State of Alabama. 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. 6837 adopted by the Board of Directors on December 23, 2014, approval was given to attend the American Water Works Association Annual Conference for 2015, scheduled June 7 – 10, 2015, in Anaheim, California; 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. George Munchus and Mr. Kevin B. McKie, that the following board member(s) be reimbursed for his/her actual expenses pertaining to said conference as follows:

- A. Jackie Robinson, III, for total expenses including conference registration and/or workshops, airline ticket fare, lodging (room and tax only), business meals, and other incidental expenses (parking, taxi, gratuities, etc.) in the amount of \$2,546.24 (as itemized on the attached Travel and Business Expense Reimbursement form).
- Kevin B. McKie for total expenses including conference registration and/or workshops, airline ticket fare, lodging (room and tax only), business meals, and other incidental expenses (parking, taxi, gratuities, etc.) in the amount of \$2,702.32 (as itemized on the attached Travel and Business Expense Reimbursement form).
- Sherry W. Lewis for total expenses including conference registration and/or workshops, airline ticket fare, lodging (room and tax only), business meals, and other incidental expenses (parking, taxi, gratuities, etc.) in the amount of \$3,154.25 (as itemized on the attached Travel and Business Expense Reimbursement form).

Resolution No. 6960 is hereby adopted by a roll call vote: Chairman Mims, Aye; Director McKie, Aye; Director Florie, Aye; Director Munchus, Aye; and Director Lewis, Aye.”

Following, the General Manager asked the board to take bids to replace all badge readers, PLCs, and software at all buildings on the Main Campus, Shades Mountain, Carson, Putnam, and Western Filter Plants, Cahaba, Sipsey, Mulberry, and Cane Creek (Carl Sims) Raw Water Pump Stations; at an estimated out-of-pocket cost to the Board of \$421,410.00, as set forth in agenda item 12. He stated staff recommends approval of this item. 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 takes bids to replace all badge readers, PLCs, and software at all buildings on the Main Campus, Shades Mountain, Carson, Putnam, and Western Filter Plants, Cahaba, Sipsey, Mulberry, and Cane Creek (Carl Sims) Raw Water Pump Stations; at an estimated out-of-pocket cost to the Board of \$421,410.00. Resolution No. 6961 is hereby adopted by unanimous vote.”

Following, the General Manager asked the board to award bid to Russo Corporation, the lowest responsible and responsive bidder, for the replacement of galvanized steel pipe and unlined cast iron pipe in various locations in the Dolomite Community in the City of Birmingham, as set forth in agenda item 13. Director Munchus stated he recommends moving this item to the Business and Economic Development Committee with a possibility of a better opportunity being presented. Chairman Mims questioned Assistant General Manager Sonny Jones' opinion on moving this item to committee. Mr. Sonny Jones stated staff has worked with Russo Corporation to get the percentage increased and they have not being able to move it pass the 15-19 percent. He indicated this is a good price for the project. He stated the pipe in this neighborhood desperately needs to be replaced. He indicated it is 1 1/2" galvanized steel pipe that is 70-75 years old. The General Manager stated Russo Corporation reached out to other companies regarding day to day paving at the same price; however, they would have to increase the cost of the project. He indicated staff does not recommend the increase but recommend moving forward with the current bid item. 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. Kevin B. McKie and seconded by Mrs. Ann D. Florie, that the Board awards bid to Russo Corporation, the lowest responsible and responsive bidder, for the replacement of approximately 895’ of 1-1/2” galvanized steel pipe and 4,825’ of 2” unlined cast iron pipe and 2” galvanized steel pipe with 3,000’ of 6” DICL pipe; 2,000’ of 4” DICL pipe and related appurtenances; and 70 water services located at Morrow Street, Thomas Street, Circle Street, Circle Drive, Hudson Street and Railroad Street located in the Dolomite Community of the City of Birmingham; at a bid amount of \$660,780.39; plus estimated cost of materials and Water Board labor in the amount of \$375,525.59; for an out-of-pocket cost to the Board of \$1,036,305.98. Resolution No. 6962 is hereby adopted by Directors Mims, McKie, and Florie; Directors Munchus voted no; and Director Lewis abstained from voting.”

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Following, the General Manager asked the Board to approve expenditures with Intuitech, a sole source provider, to purchase and replace the current Mobile Drinking Water Treatment Pilot Plant, as set forth in agenda item 14. He stated staff recommends approval of this item. Director Munchus stated he would like this item moved to the Engineering and Maintenance Committee due to his concerns with the money allocated for this project. He stated he would prefer to see the money spent on pipe being replaced in the system. He questioned whether the independent engineer been a part of this process. Assistant General Manager Darryl Jones stated the independent engineer has not been a part of this process. Director Munchus then questioned whether this item was discussed in the capital expenditures dialogue. Mr. Darryl Jones stated there are some projects that will not be able to start this year for various reasons; therefore, this project was moved forward from 2016. Director Munchus questioned whether the capital project budget was being shortened \$1.7 million and why are projects being delayed. Mr. Darryl Jones stated the budget is not being shortened and there has been a delay to some projects due to a rewrite of front end documents to meet the board's criteria. Director Lewis stated there were talks in the past regarding building a new lab and questioned whether this money would be better spent going towards that project. Mr. Darryl Jones stated both the new lab building and the mobile pilot plant are needed. Director Lewis questioned what would happen if this agenda item did not get approved. Mr. Darryl Jones stated the current mobile pilot plant would be “patched”.

He indicated several of the awards BWWB has received are due to the mobile pilot plant. Director McKie questioned whether the mobile pilot plant saves time, money and other resources. Mr. Darryl Jones responded yes and stated the mobile pilot plant helps BWWB to keep up with the Environmental Protection Agency's regulations. Director Lewis questioned whether the current mobile pilot plant could be updated. Jeff Cochran, BWWB Employee, stated the existing mobile pilot plant may have one more year of usefulness. He indicated upgrading the current mobile pilot plant would be more expensive. Director Munchus clarified that he is not against purchasing the mobile pilot plant; however, he would like for further discussion to be had in committee. Director McKie stated he agreed with Assistant General Manager Darryl Jones that building a new lab and the purchase of the mobile pilot plant are two unrelated items. He then made a motion to move forward with the item. 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. Kevin B. McKie and seconded by Mrs. Ann D. Florie, that the Board hereby approve expenditures with Intuitech, a sole source provider, to purchase and replace the current Mobile Drinking Water Treatment Pilot Plant for current and future optimization testing at the four BWWB filtration plants at an out-of-pocket cost to the Board of \$1,790,562.00. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.] Resolution No. 6963 is hereby adopted by Directors Mims, McKie, and Florie; Directors Munchus and Lewis abstained from voting.”

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Next, Chairman Mims recognized visitors attending the meeting. David Merrida, Birmingham Construction Industry Authority, stated he has been working with Jefferson County to develop MBE/DBE program. He stated board members and executive management may be contacted by Jefferson County regarding BWWB's extension of its MBE program to 30 percent.

As there was no further business before the Board, Chairman Mims entertained a motion to adjourn the meeting and a motion was duly made and seconded, and the meeting adjourned at 10:43 a.m.

/s/
Ronald A. Mims
Chairman/President

Attest:

/s/
George Munchus
Secretary-Treasurer