

**MINUTES OF THE INFORMATIONAL MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
July 23, 2015**

An information meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, July 23, 2015, at 11:30 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, Darryl Jones and Sonny Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Cynthia Williams, George Anderson, Barry Williams, Ben Sorrell, Rick Jackson, Scott Starkey, Jeff Cochran, Floyd Stephens and Victoria Damsgard Board Employees; Attorneys Charlie Waldrep and Kelvin Howard, Waldrep, Stewart & Kendrick; Jerry Jones, ARCADIS; Norman Hill, Kirk Mills and Theo Johnson, Volkert & Associates; Dr. Jesse Lewis and Dorian Kendrick, The Lewis Group; Rebecca DePalma, White, Arnold & Dowd, P.C.; Chandra Abesingha, CE Associates; John Ray, KHAFRA; Madison Underwood, Alabama Media Group; David Van Williams, Birmingham Neighborhood Association; Pamela Jenkins, Mildred Bennett, Irene Spears, Gilda Walker, Ethelyn Bledsoe-Fisher, Andrew Bennett, Quinn Hameen, Dollie Pankey, H. Edwards and Eric Bennett, citizens of Birmingham.

Chairman Mims called the meeting to order at 11:36 a.m. as he opened with prayer.

Following, the General Manager proceeded with the business of the Board as he informed the meeting body that AGM Darryl Jones was on the way to the meeting. He stated that Mr. Jones had a prior speaking engagement earlier this morning to the Young Water Ambassadors Ceremony at Cahaba Museum. Mr. Underwood asked the meeting body to remember AGM Michael Johnson in prayer as he was not in attendance today due to the illness of his sister. As there was no old business for discussion, the General Manager asked the Board to hear Division Reports, as set forth in agenda item 2. In the absence of AGM Michael Johnson, General Manager Mac Underwood presented the Finance and Administration Division's Operating & Statistical Report (O&S) for June 2015 in a PowerPoint presentation. A copy of the presentation is on file with said meeting book. Mr. Underwood reported on the following: no significant change in the number of active customers which is 196,430, finished water system delivery; and consumption which is 1 percent higher than June 2014. Next, Mr. Underwood reported on the operating revenues for June and year-to-date; through June 2015, the operating revenues are over budget by \$488,625; the operating expenses are slightly under budget by \$14,489, due to increase in power costs; the net operating revenue is over budget by \$474,136; operating revenues year-to-date are over budget by \$184,595; operating expenses year-to-date are under budget by \$3,124,653; net operating revenue year-to-date is over budget by \$3,309,247. Large O&M variances include employee health care expenses which are under budget year-to-date by \$26,226; contractor paving charges are over budget by \$23,201; paving charges are under budget by \$274,968; power expenses are over budget by \$136,861; chemical expenses are under budget by \$103,585, and the labor expenses are under budget by \$1,261,856 including overtime which is under budget by \$283,451. Mr. Underwood reported that the reserve fund balance as of June 2015 is \$86.6 million. Mr. Underwood commented that overall, expenses for the month of June are over budget and under budget YTD by \$3.1 million dollars. Following, Mr. Underwood reviewed and compared the minority vendors' expenditures for June 2015. Mr. Underwood commented that approximately one hundred persons attended the "How to Do

Business with the BWWB” Meeting held at the BWWB on Thursday, July 16, 2015 at the BWWB. Most of the attendees were minority vendors. Management plans to meet and discuss ways and ideas to improve the minority vendor participation percentage. Afterwards, Senior Management would provide the Board with a report during the next Board Meeting scheduled for Friday, July 31, 2015.

Director Lewis asked how vendors were notified of the referenced meeting. Mr. Underwood responded that a minority vendor list was provided by BCIA, the City of Birmingham, the State of Alabama as well as the Birmingham Business Alliance. Persons on said lists were notified via email.

Director Florie commented that a press release was sent to the Board prior to the meeting date.

Subsequently, Director Munchus commended Management and others for their involvement in hosting a meeting regarding “How to Do Business with the BWWB” relative to Minority Vendors Participation. Mr. Underwood continued the presentation as he reported that the current number of employees for June 2015 is 650. Mr. Underwood reviewed a graphical illustration of the EasyPay stats relative to the number of users of the IVR vs. Website, the e-Check vs. Credit/Debit cards, and the e-Bill sign-ups. He reported 25,303 customers have signed up for e-billing. He reported on the number of customers that have signed up for Home Serve and indicated 27,809 have signed up for said service. AGM Darryl Jones entered the meeting at 11:47 a.m.

Following, Assistant General Manager Sonny Jones presented the Engineering and Maintenance Division’s Report (E&M), as set forth in agenda item 2.2 for June 2015 in a PowerPoint presentation. A copy of the presentation is on file with said meeting book. Mr. Sonny Jones reported the Capital Improvement Plan (CIP) expenditures are at \$24.4 million of the \$59.4 million capital budget. Mr. Sonny Jones reviewed and discussed the Capital Project highlights that are currently under construction as he reviewed Shades Mountain Filter Plant Improvements Project that is currently under design by ARCADIS; the 2015 budget for said project is \$6.6 million dollars and the total budget for the project is \$51 million dollars. The expected bid date is November 2015 and the expected completion date for the referenced project is June 2018. Mr. Jones indicated that the last Phase of Carson Loop 6C is under construction, where the right-of-way is being acquired; the final design is in process by Volkert & Associates and the expected completion date for said project is the summer of 2016. Mr. Jones indicated that the design for the Inland Marina Project is complete, request to bid documents are being prepared and completion of said project is expected to be in the fourth quarter of 2015. Mr. Sonny Jones gave an update on System Development Department’s main replacement projects. Mr. Sonny Jones gave highlights on the Distribution Departments leaks as he stated that as of June 2015, 438 leak orders have been completed; there are 90 outstanding leaks orders mainly due to some employees in the department are on light duty because of injuries; plus, July and August are the busiest months for the leak crew department; 240 hydrants have been repaired or replaced, with no outstanding orders. AGM Sonny Jones commended the Hydrant Department for their performance. The nation of Costa Rica contacted Mueller Engineering inquiring to visit the number one hydrant utility in the United States. Mueller made arrangements to have approximately ten persons from Costa Rica to shadow hydrant crews at the BWWB. AGM Sonny Jones concluded his presentation as he commented that Mr. Jeff Cochran would make a presentation regarding a request to replace the Mobile Pilot Plant.

Mr. Cochran was recognized as he stated that his presentation would relate to a request to the Board to consider approval for staff to purchase a replacement for the existing Mobile Pilot Plant. Mr. Cochran indicated that the Mobile Pilot Plant is a very sophisticated two treatment facility inside the 53-foot semi-trailer. The current Pilot Plant was purchased in 2004 for approximately \$1,300,000.00 dollars. Since purchase date, said Pilot Plant has been in operation 24-hours, 7-days a week. The Pilot gives staff the ability to test treatment conditions for implementation at the full-scale

plant without risking the public's health. Mr. Cochran stated that Western, Carson, Shades Mountain and Putnam Filter Plants have the same technologies, which have been condensed into the Pilot Plant and duplicated. If approved, the new Pilot would be taken to each of the four plants for 12-18 months to capture all of the source water variations. Mr. Cochran stated that it would be critical to have two trains inside the Mobile Pilot. One of the treatment trains would be used to mimic the full-scale plant, and the second train would be used for new testing. The existing Pilot has allowed staff to provide and receive treatment optimization at all four Filter Plants; over fifty national presentations; ten publications; successful Ph.D. research and Funded Research Projects with the Water Research Foundation from the Biological GAC as well as received state, national and international awards associated with research due to the Pilot Plant. Mr. Cochran stated that after 11-12 years of operation, the current Mobile Pilot is reaching its end of life. Said Pilot is beginning to have equipment issues whereas some software is no longer supported. If approved to purchase a new Pilot, some options for the existing Pilot would include training for internal and external operators; potential Science and Engineering Programs at various high schools and universities along with basic modeling and optimization. Mr. Cochran indicated that the proposal for said Pilot is from Intuitech, a sole source provider. The proposed cost would be approximately \$1,790,562.00.

Director McKie asked if the existing Mobile Pilot would be of any use to some smaller water utility. Mr. Cochran responded that some of the technology in the current pilot would need to be upgraded before attempting to sell. AGM Darryl Jones commented that smaller water utilities could use the referenced Mobile Pilot being they use similar equipment and technology as the BWWB. Subsequently, the Board agreed for staff to place the item on the next agenda, Friday, July 31, 2015 requesting approval.

Next, Assistant General Manager Darryl Jones was recognized to present the Operations and Technical Services Division's Report, as set forth in agenda item 2.3 for June 2015 in a PowerPoint presentation. A copy of the presentation is on file with said meeting book. He reported on comparisons of finished and raw water pumpage for 2014 and 2015, indicating there was a 2015 yield of 111.6 million gallons per day of finished and 136.9 million gallons per day of raw water. AGM Darryl Jones reported that treated water is slightly ahead compared to a few years ago while raw water is slightly behind. The reduction was mainly due to USX as they reduced their workforce and their production. However, USX had an increase in water usage for the month of June 2015. Raw water sales YTD for 2015 is 22.58 billion gallons compared to 23.7 billion gallons YTD in 2014. He reported on the lake levels' capacities, indicating that the lakes are in great shape as there has been above normal rainfall YTD by approximately 3-4 inches. Mr. Darryl Jones then reviewed a comparison of power and chemical costs, indicating power costs are \$57,079 over budget for the month of June; a net of \$136,861 over budget year-to-date; chemical costs are \$21,668 below budget for the month of June; a net of \$103,585 under budget year-to-date under budget.

Following, the General Manager asked the Board to hear a presentation on Access Control Upgrade to the BWWB's existing system, as stated in agenda item 3. Mr. Scott Starkey was recognized to lead the discussion. Mr. Starkey gave a brief history of the existing Access Control System as stated said system was installed in 2000 by GE Securities. He stated that the current system is currently outdated and antiquated. Since installation in 2000, GE Securities has been purchased by another company (Lanell) which has plans to phase out the brand of software used by the BWWB. Plus, Lanell would stop servicing the existing system in 2017. A current badge reader and a new badge reader were passed around the room for viewing. Mr. Starkey reviewed the basic security structure of the Access Control System which consists of badge readers, the video management system, cameras, the fence controllers and the control room. In closing, Mr. Starkey stated that the total estimated cost for the referenced project would be approximately \$421,410.00.

Various Directors asked questions such as: Would there be an impact with operations of the SCADA System while installing the referenced system? Would security still be in place during installation? Has there been a frequency of problems with the existing system? How frequently does staff use the support that is currently available? AGM Darryl Jones responded that the SCADA System and the Access Control System have totally different responsibilities. Mr. Starkey stated that security would be in place during installation. He stated that there have been issues with equipment which are corrected in a timely manner, which reduced down time. Mr. Starkey added that staff has relied upon support at least once every three to four months. Subsequently, the Board agreed to move forward and place the referenced item on the next agenda, July 31, 2015 requesting approval.

Next, the General Manager asked the Board to hear an update on the status of implementation of the new Web Portal for Customer Electronic Billing and Payment processing, as stated in agenda item 4. Mr. George Anderson was recognized to lead the discussion as he stated that migration is currently underway from Paymentus to Acculynk, Inc. for Electronic Billing and Payment Processing. Acculynk's online website portal would be used for customers to pay their bills as well as a backend portal for staff to monitor transition activity. Mr. Anderson stated that the contract with Acculynk was executed on May 19, 2015. On May 21, 2015, Paymentus was notified and there was a project kickoff meeting with Acculynk. Project meetings are ongoing as they are held on Tuesdays and Thursdays of each week. Mr. Anderson commented that much work was done with Acculynk during the month of June 2015. Staff provided Acculynk with detailed designed documents for the referenced web portal. On June 17th, 2015, Acculynk provided staff with the initial mock-ups in a PDF version for review. Mr. Anderson stated that during June 17th through June 24th, there was much feedback/communication between staff and Acculynk relative to the mock-ups. Around June 30th, staff received verbal notification from Acculynk that the delivery date would need to be extended to September 15, 2015. Mr. Anderson stated that currently, staff is in the process of reviewing the developed websites. Upon receipt of the Customer Portal and Back-End Portals, staff plans to test every moving point in the website as well as the data transmission. Afterwards, the goal is to perform a soft launch of the referenced website by using some employees to pay their bills electronically for live billing cycle testing. Mr. Anderson stated that if all goes as expected, the go live date would be in November 2015.

Director Florie asked if there would be any additional cost for the BWWB due to the extended delivery date from Acculynk. Mr. Underwood responded that there would not be any additional cost. However, staff would need to ask for an extension from Paymentus regarding the time schedule set for cut-off of their system.

Afterwards, Director McKie asked Mr. Anderson to keep the Board updated on the process of the soft launch with employees. Mr. Anderson agreed to keep the Board updated and he added that he would inform the Board of developed web pages as they become available by sending links to them of the opening pages for viewing.

Following, General Manager Mac Underwood reviewed the tentative agenda for the July 31, 2015 Regular Board of Directors' Meeting calling attention to items 2, 4 and 5. Mr. Underwood stated that item number 2 would be a request to the Board to adopt a resolution commending Andrew Jackie Robinson, III, for his six (6) years of service as a Board of Director and Chairman/President of the Water Works Board. Mr. Underwood stated that items four and five would be a request to hear a presentation regarding the Pension Plan's Investment Performance and the OPEB Plan's Investment Performance. Mr. Underwood commented that the remaining items were routine.

Mr. Rick Jackson was recognized for comments as he indicated that he would update the meeting body on some things that are being done by the Public Relations Department relative to summer initiatives. Mr. Jackson reviewed a short presentation regarding community outreach. Mr. Jackson stated that the objectives would be to engage with customers on an interpersonal level to create a more family-friendly image; to explore innovative methods that illustrate the benefits of water in ways that everyone can enjoy, and to enhance the BWWB's brand identity. The strategies would be to have educational camps throughout the City during the summer to communicate with kids the importance of water. Another strategy would be to "Hydrate the City", which was launched earlier this summer. Mr. Jackson commented that hydration places are set-up throughout the City as the PR Team distributes water and health tips to individuals. Thus far, stations have been set-up at Linn Park and the Botanical Gardens; others are scheduled throughout September 2015. The final strategy of community outreach is via the "Water Works Water Boy". In the summer of 2014, the Water Works Water Boy began as he visited different high schools in BWWB's service areas to communicate hydration to coaches and football players while on and off the field. This summer, the program expanded to include other athletes such as volley ball teams and band members (as requested by Director Lewis). Mr. Jackson stated that the PR Team is communicating hydration via fruit infused water demonstrations. The goal is to show athletes and others that there are fun ways to drink water. Mr. Jackson stated that the PR Team has plans to have fruit infused water demonstrations throughout the City as well as demonstrations for BWWB employees. Mr. Jackson informed the meeting body that the referenced team would be happy to provide said demonstrations at neighborhood association meetings. In closing, Mr. Jackson stated that the next initiative would be "Wiser Water." The PR Team would focus on and reach out to senior citizens during the fall of 2015 to communicate hydration and safety tips to them.

Following, Director Lewis commended Mr. Jackson for the presentation and his hard work. Director Lewis stated that being she is a neighborhood officer, she is very supportive of anything that is community driven.

Next, Chairman Mims extended words of welcome to the visitors as some were recognized for comments. On behalf of the visitors, Ms. Gilda Walker stated that they were in attendance today because they thought BWWB would vote to support the Sewer Defense Fund that is challenged in Jefferson County. Mr. Underwood stated that some time ago, staff received a request to provide support to the referenced fund, but staff was advised by the Board to take no action.

Under other business, Director Munchus asked if the Board could enter into Executive Session to discuss the general reputation and character of a Board employee. Attorney Charlie Waldrep asked for a motion and a second to enter into an Executive Session to discuss the general reputation and character of an employee. 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 an Executive Session to discuss the general reputation and character of an employee. Resolution No. 6952 is hereby adopted by unanimous vote."

At 12:47 p.m., the Directors, Board Attorneys Charlie Waldrep and Kelvin Howard and Mr. Underwood entered into an Executive Session. At 1:05 p.m., a motion was made and seconded to adjourn the Executive Session and the meeting reopened. Following, a brief discussion ensued relative to the structure and terms of the referenced employee's contract.

As there was no further business before the Board, a motion was duly made and seconded, and the meeting adjourned at 1:15 p.m.

_____/s/
Ronald A. Mims
Chairman/President

Attest:

_____/s/
George Munchus
Secretary-Treasurer