

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

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Friday, October 16, 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.

Inasmuch as all of the Directors were present, Chairman Mims declared a quorum in attendance.

The meeting was also attended by: Mac Underwood, General Manager, Michael Johnson, and Sonny Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Cynthia Williams, Paul Lloyd, Joyce DuPree, Iris Fisher, George Anderson, Ben Sorrell, Luther Austin, Robert Lang, Jeff Cochran, Derrick Maye and Lorenzo Clay, Board Employees; Charlie Waldrep, K. Mark Parnell, Mary Thompson and Kelvin Howard Waldrep, Stewart & Kendrick; G. Courtney French, Fuston, Petway & French, LLP; Jerry Jones, ARCADIS; Dan Meadows, S.S. Nesbitt & Company, Dr. Jesse Lewis and Dorian Kendrick, The Lewis Group; Kirk Mills, Volkert, Inc.; David Merrida, Birmingham Construction Industry Authority; Chandra Abesingh, CE Associates; Paul Simmons, II, Blue Cross and Blue Shield of Alabama; and Alice Gordon, Skye Connect, Inc.

General Manager, Mac Underwood called the meeting to order at 9:03 a.m. and prayer was offered by Mr. George Anderson.

Following, Mr. Underwood informed the meeting body that on behalf of the Board, he received the Sustainability Award on Monday, October 12, 2015, during the Association of Metropolitan Water Agencies (AMWA) Conference held in Savannah, Georgia. The referenced award, program and package of information are located on the table for viewing. Mr. Underwood also informed the meeting body that during the Alabama-Mississippi Annual Conference held in Biloxi, Mississippi, on October 12 -15, 2015, two of the Board's employees were recognized as well. Lorenzo Clay from the Purification Department, who is in attendance today, was recognized as "The Young Professional of the Year" from Alabama and Wendell Cox, from Shades Mountain Filter Plant, was recognized as "Operator of the Year".

The General Manager, proceeded with the business of the Board, as he asked the directors to adopt a resolution expressing condolences in the death of the former Chairman of the Water Works Board of the City of Birmingham, Mr. Anthony L. Barnes, who passed away on Tuesday, October 13, 2015, as referenced in agenda item number 1. Mr. Underwood commented that Mr. Barnes served on the Water Works Board for approximately 22 years, wherein he was Chairman of the Board for most of those years. He added that Mr. Barnes was well-respected at the BWWB as well as in the community. Mr. Underwood indicated that staff recommends approval of said item. Subsequently, a motion was made and seconded and the following resolution was adopted:

“WHEREAS, the board of directors of The Water Works Board of the City of Birmingham was deeply saddened to hear of the sudden death of former Birmingham Water Works Board Chairman/President Anthony L. Barnes who passed away on Tuesday, October 13, 2015, at the tender age of 65; and,

WHEREAS, on Friday, October 16, 2015, the board of directors paused during its Regular Board of Directors' Meeting to express its deepest sympathy to Anthony L. Barnes' wife, Mildred, his four daughters, one son, seven grandsons, two granddaughters, two sisters, other family members, employees, friends, and customers; and,

WHEREAS, on March 5, 1991, Anthony L. Barnes 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 to complete the un-expired term of a former board member; and,

WHEREAS, in 1992, in a continuing effort to educate our community, Mr. Barnes spearheaded the creation of the Birmingham Water Works Board's Water Watchers Brigade Program (known as the "Young Water Ambassadors Program") which began with 25 students and increased to 100 students to educate high school students in the Water Works Board's distribution system about the water industry. The program has been supported successfully for over 20 years; and,

WHEREAS, on October 18, 1994, Mr. Barnes was appointed by the City Council of the City of Birmingham to serve his first full term; on December 12, 2000, Mr. Barnes was reappointed to serve his second full term; and on November 21, 2006, he was reappointed to serve his third full term as a member of the board of directors of the Water Works Board, serving nearly 22 years; and after completion of his third term in December 2012, his tenure was the longest of any board member; and,

WHEREAS, during Mr. Barnes' tenure on the board of directors of the Water Works Board, he held the office of Secretary-Treasurer; Chairman/President of the Board from January 8, 1996 to January 14, 2010; and Second Vice-Chairman/Second Vice President; and,

WHEREAS, in addition to holding the above offices, Mr. Barnes has dutifully and faithfully served on or chaired the following Water Works Board committees: Insurance Committee; Pension Committee; Five-Year Business Plan Committee; Real Estate Committee; Executive Committee; Water Resources Committee; Finance and Administration Committee; and Consultants' Committee; and,

WHEREAS, in his capacity as a member of the board of directors, as well as serving on the above committees and holding the above offices, Mr. Barnes has always been a strong and powerful advocate for improving the working conditions and benefits of all employees and retirees of the Water Works Board, enhancing diversity throughout the company, and assisting the Water Works Board in persevering as one of the preeminent water utilities in the nation; and,

WHEREAS, during Mr. Barnes' tenure, the Water Works Board considered demolition of the Cahaba Pumping Station facility; however, through his leadership and foresight, this historic facility was saved, renovated, and the Cahaba Pumping Station Museum was established; and in 2013, the historic museum was named the "Anthony L. Barnes Conference Center Cahaba Pumping Station Museum" to honor Mr. Barnes for his long and valued service; and,

WHEREAS, while the loss of our esteemed colleague Anthony L. Barnes is a personal burden, there is nonetheless shared joy and gratitude for the mark he made on each of us and at the Water Works Board over the period of his service as an Officer, Director, and Friend;

NOW, THEREFORE, BE IT RESOLVED BY the board of directors of The Water Works Board of the City of Birmingham, acting through this Resolution, we honor the life and acknowledge the outstanding contribution of Anthony L Barnes and extend our deepest sympathy to the Barnes family and to all those who shared in his generosity, wise counsel and insightful leadership.

BE IT FURTHER RESOLVED, that in recognition of Anthony L. Barnes' outstanding services to the Board, a copy of this resolution be spread upon the minutes of The Water Works Board of the City of Birmingham to commemorate his service, and a copy be presented to the Barnes family.

Resolution No. 7008 is hereby adopted by unanimous vote."

Following, Director Lewis expressed heartfelt remarks regarding Mr. Barnes. Director Lewis stated that Mr. Barnes loved the BWWB, the Board and its employees. Director Lewis stated that she felt

loved by Mr. Barnes as she so loved him. Director Lewis stated that in 2008, when she was appointed to the Board, Mr. Barnes was one of the first persons to give her a phone call. Mr. Barnes was a leader's leader as he cared about decisions made by the Board. At times, Mr. Barnes ruled with an iron fist, while at the same time he cared about each Board member as well as their opinions. Because of Mr. Barnes' tenure and phenomenal work at the BWWB, Cahaba Pumping Station Museum was named in his honor. Director Lewis stated that although Mr. Barnes was no longer on the Board, he was still serving. Director Lewis concluded as she stated that Mr. Barnes was a confidant, a true friend, one whom she appreciates, loves and will miss. On behalf of her mother, Director Lewis extended words of gratitude wherein she was made an honorary Board member because of Mr. Barnes. Mr. Underwood echoed the comments made by Director Lewis and he stated that Mr. Barnes was well thought of.

The next agenda item would be a request to discuss old business as items 2.1 through 2.3 would relate to the BWWB's Medical Plan for 2016. Item 2.1 as referenced in the agenda would be a request to approve insurance carriers for the BWWB Medical Plan, to approve the Projected Plan Design Changes and to approve healthcare premium rates, which would be effective, January 1, 2016. Item 2.2 as referenced in the agenda would be to approve COBRA rates for 2016, which would be paid on a monthly basis. Item 2.3 states that the premium rate changes would not affect the current or post-employment healthcare benefits for former Industrial Water Board employees. The General Manager distributed handouts as he gave a brief summary of what took place during the last Board Meeting held Tuesday, October 6, 2015. (said document are on file in Diligent Boardbooks). Mr. Underwood stated that during the last meeting, a motion was made and seconded to approve United Healthcare (UHC) as the BWWB's medical carrier for 2016. UHC was voted down as two (2) directors voted for UHC and three (3) directors voted against it. Afterwards, there was a discussion regarding approval of Blue Cross Blue Shield (BCBS) as the medical carrier for 2016. During said meeting a quorum was lost prior to voting on BCBS. The General Manager reviewed the distributed documents relative to Plan Design Changes and Premiums with BCBS for 2016. The noted projections are based on a fixed cost budget of \$716,933.90; a variable cost budget of \$11,190,261.93 and a total cost budget of \$11,907,196.00. In order to do so, the following projected plan design changes were made: the deductible for the single plan would be \$1,000.00 with an out-of-pocket max of \$3,500.00; the deductible for the family plan would be \$2,000.00 with an out-of-pocket max of \$7,000.00. Co-insurance would be 80%-20%; emergency room co-pays would be \$200.00; primary care co-pays would be \$30.00; specialist co-pays would be \$60.00 and there would be no charge for lab and diagnostic services. Employee bi-weekly premiums would be \$69.00 for single coverage; employee plus children would be \$151.00; employee plus spouse would be \$185.00 and family coverage would be \$252.00. Monthly premiums for retirees under age 65 would be \$277.00 for single coverage; retiree plus children would be \$498.00; retiree plus spouse would be \$609.00 and family coverage would be \$831.00. There would also be an increase in COBRA Rates for 2016. As noted on the agenda, item 2.3 states that the premium rate changes do not affect the current or post-employment healthcare benefits for former Industrial Water Board employees.

The General Manager distributed handouts as he gave a brief summary of the discussion during the last meeting held Tuesday, October 6, 2015. Next, the General Manager stated that over the summer of 2015, Senior Management and Creative Benefits Solutions listened to proposals from UHC, BCBS, VIVA, VSP, Delta Dental and others. He commented that VIVA actually offered the lowest cost proposal; however, staff rejected their proposal due to their closed network. The General Manager commented that communication continued with UHC and BCBS. Next, the General Manager read the special resolution in its entirety. Afterwards, the General Manager stated that management recommends approval of said item and document.

Director Munchus distributed a news article from the Wall Street Journal relative to the Cadillac Tax. Director Munchus stated that due to the fact he had to leave the meeting early on October 6, 2015, he has some questions that would require a yes or no answer. He asked if management recommended UHC as the 2016 insurance carrier during the meeting held October 6, 2015. The General Manager responded yes. Director Munchus asked if management was recommending BCBS as the 2016 insurance carrier

during today's meeting (October 16, 2015). The General Manager responded that during the last referenced meeting, UHC was voted down as two (2) directors voted for UHC and three (3) directors voted against UHC. Next, Director Munchus asked if Creative Benefits Solutions (CBS) was involved in any way in the decision made by management on October 6, 2015. The General Manager responded that CBS was involved in the entire process. Director Munchus asked if CBS provided any recommendations relative to UHC or BCBS. The General Manager responded that during the last referenced meeting, CBS' recommendation was consistent with managements' recommendation of UHC. Director Munchus asked if CBS had any involvement in the change in recommendation and he asked if CBS recommended the change to BCBS. The General Manager responded that CBS was involved until yesterday (October 15, 2015). The General Manager answered that it was unknown if CBS specifically stated that they recommended BCBS as carrier; however, CBS did work through the entire process with management. Following, Director Munchus addressed the article from the Wall Street Journal (The "Cadillac Tax" Makes Everyone Sick). Director Munchus stated that the Cadillac Tax is real. He commented that more than one-hundred prominent economists signed a letter defending said tax. The General Manager commented that the Cadillac Tax was expressed as concern relative to both carriers, UHC and BCBS.

Following, Director Lewis made comments as she stated that to receive a letter that was sent to UHC stating that the majority of the Board was in favor of BCBS prior to voting was of great concern to her. Director Lewis stated that she was not surprised to receive the information that was provided in Diligent Boardbooks; however, she felt that it was irresponsible being it would cost the Board \$1 million dollars more in approving BCBS as the medical carrier. Director Lewis stated that she felt the decision to remain with BCBS was made prior to the meeting and she felt that personal and political issues were drivers for the decision. She stated that although UHC was voted down, an assumption was made to keep BCBS prior to voting. Director Lewis expressed concern as to how the approach and assumption of BCBS was handled.

Next, Director McKie made a motion to move forward with the policy that was proposed earlier today. He reiterated comments made by Director Munchus regarding the Cadillac Tax. Director McKie stated that a lot of people feel said tax will be overturned; maybe it will or maybe it will not. He stated that the referenced tax is not liked by many; however, preparation should be made as the Board is doing so. Director McKie commented that on another note, one must always be careful about making assumptions upon assumptions. Director Lewis responded that she speaks truth to power.

Following, prior to voting, Director Florie stated that for the record, Mr. Terry Kellogg, CEO of Blue Cross Blue Shield sits on the Leadership Birmingham Board of Directors'. She commented that she was verbally advised by the BWWB Board's attorneys that her voting would not constitute any conflict. Subsequently, the motion made earlier was seconded and the following resolution was adopted:

"WHEREAS, pursuant to Ala. Code § 11-50-235(13) (1975) The Water Works Board of the City of Birmingham (the "Water Works Board"), has the specific power "to provide for such insurance as its board of directors may deem advisable";

WHEREAS, on or about June 23, 2015, the Water Works Board), along with its consultant, Creative Benefit Solutions, LLC ("CBS") requested proposals from various companies to provide various health insurance related services for the Water Works Board's approximate 650 employees, and over 200 retirees and their families;

WHEREAS, said proposals were to include detailed information regarding, among other things, claim settlement procedures, underwriting procedures for renewals, procedures for developing suggested funding rates and expected liability, COBRA administration, disease management initiatives, wellness initiatives as well as the standard medical services they would provide with administrative services only contracts;

WHEREAS, said proposals were to cover health insurance for medical, pharmacy, vision and dental needs;

WHEREAS, among the proposals received by the Water Works Board were proposals from Blue Cross Blue Shield of Alabama (“BCBS”), United Health Care (“United”), Viva Health, Inc. (“Viva”), Express Scripts, Inc. (“Express”), Delta Dental (“Delta”) and Visual Service Plan, Inc. (“VSP”) (collectively the “Proposers”);

WHEREAS, following receipt of said proposals, the Water Works Board along with CBS entered into discussions with the Proposers to negotiate terms and conditions of health insurance services that were the most beneficial for the Water Works Board’s employees, retirees, and their families;

WHEREAS, among the most competitive proposals received by the Water Works Board were proposals from each of the above referenced Proposers;

WHEREAS, throughout this process, information regarding the various options for health insurance services has been shared with the Water Works Board’s employees and the views, questions and concerns from the employees have been duly considered;

WHEREAS, among the concerns voiced by the employees include, the possible increase in the cost of premiums, the possible increase in the cost of deductibles and out of pocket expenses, whether all their current health care providers will still be covered under the health insurance plan, how the health insurance claims will be processed, whether health insurance claims may be denied and general issues surrounding the loss of continuity from the current provider;

WHEREAS, while the cost of providing health insurance is an important factor in the decision as to which proposal to accept, cost is not the only factor the Water Works Board considered in making this decision;

WHEREAS, through the various interactions the Water Works Board has had with its employees throughout this process, it is clear that among the most compelling concerns they have is maintaining the continuity of the professional and skilled services currently being provided by the Water Works Board’s current provider, BCBS;

WHEREAS, one way the Water Works Board can maintain the continuity of the professional and skilled services currently being provided to its employees, retirees and their families is to continue to contract with its current provider, BCBS; and,

WHEREAS, in addition to selecting a company to provide these health insurance services, the Water Works Board hereby establishes the following described health plan design and approves the healthcare premiums and COBRA rates both effective January 1, 2016.

NOWHEREFORE, on a motion made by Mr. Kevin B. McKie and seconded by Mr. Ronald A. Mims, it is hereby resolved as follows:

1. The Water Works Board accepts BCBS’ proposal to provide health insurance services and hereby selects BCBS to provide the Water Works Board’s health insurance services. The General Manager or Assistant General Manager is hereby authorized to execute all documentation needed to fully effectuate this arrangement.
2. Based on BCBS’ proposal the total estimated cost for funding the Water Works Board’s health insurance plans is \$11,907,196.00, as more fully set forth on Exhibit “A” attached hereto.

3. Based on BCBS' proposal, the plan design is as set forth on Exhibit "A" attached hereto.
4. Based on BCBS' proposal, effective January 1, 2016, the health care premiums for employees, under 65 retirees and their families is as set forth on Exhibit "A" attached hereto.
5. Effective January 1, 2016, the 2016 COBRA rates shall be those set forth on Exhibit "B" attached hereto.
6. These health care premiums changes do not affect current or post-employment healthcare benefits for former employees of The Industrial Water Works Board of the City of Birmingham.

Next, Director Munchus stated that prior to voting he would like to address an article from the Wall Street Journal titled The "Cadillac" Tax Makes Everyone Sick. (said document is on file in Diligent Boardbooks).

Resolution No. 7009 is hereby adopted by Directors Mims, McKie and Florie; Directors Munchus and Lewis voted no."

Following, the General Manager proceeded with the agenda as he reviewed agenda item 3. The request would be to renew the agreement with United American Insurance Company (AmWINS) to provide post 65 supplemental medical and prescription drug coverage, at an estimated annual cost of \$966,432.00 dollars, as noted in agenda item 3. The General Manager stated that management recommends approval of said item. Subsequently, a motion was made and seconded and 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 Mr. George Munchus, that the Board hereby renews the agreement with United American Insurance Company (AmWINS) to provide Post 65 supplemental medical and prescription drug coverage at an estimated cost of \$966,432.00 and authorizes the General Manager and/or the Assistant General Manager to execute said agreement. Resolution No.7010 is hereby adopted by unanimous vote."

The next agenda item would be to request approval of invoices as noted on agenda items 4.1 through 4.7. The General Manager stated that management has reviewed said invoices and they recommend approval. Subsequently, a motion was made and seconded and 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:

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|-----|---|------------------|
| 4.1 | <u>Carl Dalton NeSmith Jr., LLC</u>
For retainer for October 2015 | \$ <u>500.00</u> |
| 4.2 | <u>Dominick Feld Hyde, P.C.</u>
4.2.1 For professional services rendered for work performed
August 20, 2015 | \$ <u>313.20</u> |
| | 4.2.2 For professional services rendered for work performed | |

From July 2, 2015 through July 16, 2015 \$ 481.95

- 4.3 Birmingham Construction Industry Authority, Inc.
For professional services rendered for October 2015 \$ 2,000.00
- 4.4 Terminus Municipal Advisors, LLC
For professional services rendered for September 2015 \$ 6,500.00
- 4.5 Fine Geddie & Associates, LLC
For professional services rendered for October 2015 \$ 10,000.00
- 4.6 Raftelis Financial Consultants, Inc.
For professional services rendered for September 2015 \$ 22,962.61
- 4.7 The Lewis Group
For professional services rendered for September 2015 \$ 25,000.00

Resolution No. 7011 is hereby adopted by unanimous vote.”

The next agenda item was to request the Board to award bids to BSE Industrial Contractors, the lowest responsible and responsive bidder, for Safety Climb Cables for 48 of BWWB’s 51 Potable Water Tanks, at an out-of-pocket cost to the Board of \$105,502.16; Schmidt Environmental Construction, Inc., the lowest responsible and responsive bidder, for demolition of the existing failing plate and frame dewatering press, and for installation of two, 26-inch centrifuges located at Shades Mountain Filter Plant, at an out-of-pocket cost to the Board of \$183,100.00.; and to American Suncraft, the lowest responsible and responsive bidder, for painting and modifications to the Potable Water Tank located at Strozier Lake, at an out-of-pocket cost to the Board of \$515,487.00, as noted in agenda items 5.1 through 5.3. The General Manager reviewed the items as noted and stated that management recommends approval of said items. As Director Munchus stated that he was voting no for agenda item 5.3, items 5.1 and 5.2 were voted on separately from item 5.3. Subsequently, a motion was made and seconded and 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 authorizes staff to award bids to:

- 5.1 BSE Industrial Contractors, **the lowest responsible and responsive bidder**, for Safety Climb Cables for 48 of BWWB’s 51 Potable Water tanks, at an out-of-pocket cost to the Board of \$105,502.16.
- 5.2 Schmidt Environmental Construction, Inc., **the lowest responsible and responsive bidder**, for demolition of the existing failing plate and frame dewatering press, and for installation of two, 26-inch centrifuges located at Shades Mountain Filter Plant, at an out-of-pocket cost to the Board of \$183,100.00.

Resolution No. 7012 is hereby adopted by unanimous vote.”

As previously reviewed, agenda item 5.3 was a request to award bid to American Suncraft, the lowest responsible and responsive bidder, for painting and modifications to the Potable Water Tank

located at Strozier Lake, at an out-of-pocket cost to the Board of \$515,487.00, as noted. The General Manager stated that management recommends approval of said item. Director Munchus asked AGM Sonny Jones to provide him with the bid packet submitted by Stone and Sons regarding the electrical contractors bid. He also requested a list of the other electrical contractors that were non responsive. Director Munchus commended BCIA, AGM Sonny Jones and Mr. Ben Sorrell for their assistance in involving more minority participation with the bid process relative to The Potable Water Tank Painting Project at Strozier Lake. Subsequently, a motion was made and seconded and 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 authorizes staff to award bid to American Suncraft, the lowest responsible and responsive bidder, for painting and modifications to the Potable Water Tank located at Strozier Lake, at an out-of-pocket cost to the Board of \$515,487.00. Resolution No. 7013 is hereby adopted by Directors Mims, McKie, Florie and Lewis; Director Munchus voted no.”

The General Manager stated that the next agenda items 6.1 and 6.2 are related to each other. He reviewed each item as noted on the agenda. Item 6.1 was a request to rescind Resolution No. 6949, adopted July 10, 2015, approving expenditures with the Foxboro Company, **a sole source provider**, to purchase hardware, software and services for the SCADA Control Processors (CP 60s) and I/O Modules Upgrade Project, at an out-of-pocket cost to the Board of \$900,000.00. This action is necessary due to general license issues with the State of Alabama. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.] Item 6.2 was a request to approve expenditures with Schneider Electric, **a sole source provider**, to purchase hardware and software services for the SCADA Control Processors (CP 60s) and I/O Modules Upgrade Project, at an out-of-pocket cost to the Board of \$900,000.00. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.] The General Manager commented that in January of 2015, The Foxboro Company was acquired by Schneider Electric. The Foxboro Company no longer has a general contractor’s license with the State of Alabama. The General stated that although the merger has not been completed, Schneider Electric has all the necessary licenses to provide the needed services. He stated that management recommends approval of both items. Subsequently, a motion was made and seconded and 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:

- 6.1 Rescinds Resolution No 6949, adopted July 10, 2015, approving expenditures with The Foxboro Company, **a sole source provider**, to purchase hardware, software and services for the SCADA Control Processors (CP 60s) and I/O Modules Upgrade Project at a total out-of-pocket to the Board of \$900,000.00. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.]
- 6.2 Approves expenditures with Schneider Electric, **a sole source provider**, to purchase hardware, software and services for the SCADA Control Processors (CP 60s) and I/O Modules Upgrade Project, at an estimated out-of-pocket cost to the Board of \$900,000.00. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.]

Resolution No.7014 is hereby adopted by unanimous vote.”

The next agenda item was a request to amend the provision in the Rate Stabilization and Equalization Plan (RSE), requiring the budgets (Capital and Operations and Maintenance) to be approved by November 30th of each year, as noted in agenda item 7. The General Manager commented that when the RSE Model was approved in the past, it stated that the budgets would be approved by October 30th of each year. Since that time, approval of the budgets has been extended to November 30th of each year. The General Manager stated that management recommends approval of said item. Subsequently, a motion was made and seconded and 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 Mrs. Ann D. Florie and seconded by Mr. George Munchus, that the Board hereby amends the provision in the Rate Stabilization and Equalization Plan (RSE), requiring the Budgets (Capital and Operations and Maintenance) to be approved by November 30th of each year. Resolution No.7015 is hereby adopted by unanimous vote.”

The last agenda item was a request to approve renewal of the Board’s Property and Liability Insurance Plan (“the Plan”), for the period November 1, 2015 to October 31, 2016 in the total amount of \$1,236,484.00; and an agency fee to S.S. Nesbitt & Company, Inc., for broker of record services related to the Plan, at a cost of \$150,000.00; and to authorize the General Manager and/or Assistant General Manager to execute the necessary documents to effectuate the Plan, as noted in agenda item 8. The General Manager reviewed the renewal summary page as he stated that for each level of coverage, the carriers would remain the same. He stated that there would be a slight decrease in premiums for most levels. The total renewal premium would be \$1,386,484.00 compared to \$1,419,871.00 for the last renewal. The General Manager stated that Mr. Meadows and S.S. Nesbitt & Company worked hard to maintain insurance coverage for the BWWB as well as get rates reduced. He added that Mr. Meadows has been instrumental in reducing the cost of the property insurance. At one time, said insurance cost was over \$2 million dollars yearly. The General Manager commented that staff recommends approval of said item.

Director McKie asked a question regarding the paid portion of the policy relative to Environmental Pollution. He asked if all was paid at once for said policy. Mr. Meadows responded that the Pollution Policy is a 3-year policy which will be due during the next renewal date. He stated that Environmental Pollution premiums are approximately \$95,000.00, while in the past the Board paid approximately \$250,000.00 for one-year. Mr. Meadows commented that the Board’s property values have increased over \$12 million dollars; revenues are up over \$10 million dollars and payrolls increased by \$3 million dollars. The General Manager added that Mr. Meadows has been instrumental in reducing the cost of the property insurance. At one time, said insurance cost was over \$2 million dollars yearly. Director Munchus commended S.S. Nesbitt & Company for their hard work. Subsequently, a motion was made and seconded and 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 the Board’s Property and Liability Insurance Plan (“the Plan”), for the period November 1, 2015 to October 31, 2016 in the total amount of \$1,236,484.00; and an agency fee to S.S. Nesbitt & Company, Inc., for broker of record services related to the Plan, at a cost of \$150,000.00; and to authorize the General Manager and/or the Assistant General Manager to execute said Plan. Resolution No.7016 is hereby adopted by unanimous vote.”

Following, Director Munchus asked management when the agreement with Creative Benefits Solutions would expire. AGM Michael Johnson responded that he believed the expiration to be in 2017; however, he would confirm said date.

As there was no further business to come before the Board, at 9:43 a motion was duly made and seconded, and the meeting was adjourned.

/s/
Ronald A. Mims
Chairman/President

Attest:

/s/
George Munchus, Ph.D.
Secretary-Treasurer