

**Minutes Of
Finance Committee Meeting
Of The Water Works Board
Of The City Of Birmingham
April 20, 2016**

A Finance Committee Meeting of The Water Works Board of the City of Birmingham was held on Wednesday, April 20, 2016, at 9:00 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama, 35222, to discuss finance issues.

The following Committee members were present: Ronald A. Mims, Kevin B. McKie and George Munchus. Also present was Sherry Lewis, who does not serve on the Committee. Ann D. Florie does not serve on the Committee and was not in attendance.

Inasmuch as all Committee members were present, a quorum was in attendance.

The meeting was also attended by: Mac Underwood, General Manager; T. M. "Sonny" Jones, Assistant General Manager of Engineering and Maintenance; Darryl R. Jones, Assistant General Manager of Operations and Technical Services; Michael Johnson, Assistant General Manager of Finance and Administration; Grace Amison, Executive Assistant to the Board of Directors; Tammy Wilson, Executive Assistant to T. M. "Sonny" Jones and Darryl R. Jones; Ben Sorrell, Chief Engineer; Doug Stockham, Manager of System Development; Rhonda Brooks, Manager of Mapping and Records; Patty Barron, David Nichols and Anthony Gentry, Board employees; Mike Petway, Sam Ford and Courtney French, Fuston, Petway & French, LLP; Alan Morris, Jerry Jones and Jason Carter, ARCADIS; Jesse Lewis and Dorian Kendrick, The Lewis Group; Chandra Abesingha, CE & Associates, Inc.; Yvonne Green Davis, Yvonne Green Davis, P. C.; Christopher Swain, Monumental Contracting.

Chairman Mims called the meeting to order at 9:04 a.m.

There was no discussion under old business.

Following, General Manager Mac Underwood requested the Committee recommend to the Board to take bids for the Shades Mountain Filter Plant (SMFP), Filter Upgrade Project at an estimated cost to the Board of \$45,000,000.00, as set forth in agenda item 2. AGM Darryl Jones talked about the history leading up to the need for the filter upgrade at SMFP. Darryl Jones stated that two years ago the Board approved to design new filters at the SMFP. The infrastructure at SMFP is 40 to 50 years old. The SMFP clearwells were completed in 2012 thereby leaving a great location for the new filters. After some discussion, the Committee agreed to move the SMFP Filter Upgrade Project to the full Board.

Next, General Manager Mac Underwood requested the Committee recommend to the Board to accept a scope of work from ARCADIS to provide construction phase

services during the SMFP Filter Upgrade Project at an out-of-pocket cost to the Board of \$3,600,000.00, as set forth in agenda item 3. Assistant General Manager Sonny Jones stated he strongly recommended using the same firm that was used for the design phase of the project, which was ARCADIS. The bidding phase is not included and ARCADIS will issue the bids according to Assistant General Manager Sonny Jones. Director Munchus asked who would bear the liability on construction management. AGM Sonny Jones responded that it would be ARCADIS. Director McKie asked if the design was 100% complete and if he could hear from the independent engineer. Sonny Jones stated the design was complete. Jerry Jones, with ARCADIS explained that his company would act as the independent engineer to manage the contracts working with Birmingham Water Works Board (BWWB) Staff and contractors. Director McKie asked Jerry Jones if he was in agreement that using ARCADIS as the independent engineer was a good idea. Jerry Jones stated the design work created by ARCADIS could eliminate many change orders another firm would likely suggest. Jerry Jones added this would be the largest project in the history of the BWWB. Some more discussion occurred about there being a possible conflict with ARCADIS acting as the independent engineer relating to bond indentures. Director McKie stated he was not questioning the quality of ARCADIS' work, but rather he stated he was concerned with ARCADIS as the independent engineer in that they are opining about their own company. Director McKie stated the conflict he has is the advice the Board gets from the independent engineer, not the amount of money being paid to them or the quality of their work. Director Lewis stated she liked the idea of having someone such as ARCADIS manage the project that has a history with the BWWB and also specializes in the water industry. Director Lewis stated she saw no conflict with ARCADIS acting as the independent engineer on the project. Director Munchus asked what precipitated the Board having to have an independent engineer. Mac Underwood stated the bond indenture requires someone to oversee the Board's Capital Program. Jerry Jones stated he believed his company brings great value to the Board and that he would be happy to sit down and discuss the issue in more detail with Board members. The Committee agreed to move the scope of work with ARCADIS to the full the Board.

Following, General Manager Mac Underwood requested the Committee recommend to the Board to authorize expenditures with GE Oil and Gas Bently Nevada, Inc. (located in Minden, NV), a sole source provider, to upgrade and replace the existing five, 7200 Series Bently Nevada Vibration Monitoring systems on five pumps with two, 3500 Machinery Protection systems including wiring, hardware, software and measurement devices at the Mulberry Raw Water Intake at an out-of-pocket cost to the Board of \$295,000.00, as set forth in agenda item 4. Director Munchus asked if these were routine maintenance issues. Ben Sorrell, Chief Engineer responded yes adding this is extending the life of the pump by monitoring and limiting the vibration. Assistant General Manager Darryl Jones stated the pumps were placed in service in 1989 making them close to 30 years old. The Committee agreed to move the expenditures with GE Oil and Gas Bently Nevada at the Mulberry Raw Water Intake to the full Board.

Next, General Manager Mac Underwood requested the Committee recommend to the Board to authorize expenditures with Flowserve, a sole source provider, to repair and

refurbish Sipsey Pump Station's No. 6 pump to its original equipment manufacturer's specification at a total out-of-pocket cost to the Board of \$405,592.88, as set forth in agenda item 5. Ben Sorrell, stated the pumps are pulled periodically for inspection. The No. 6 pump showed severe wear according to Ben Sorrell. Director Munchus asked if Flowserve is a local company. Ben Sorrell stated they are out of Florida and this repair shop is in South Carolina. Director Lewis asked how many pumps are at Sipsey. Ben Sorrell stated there are a total of six pumps at the Sipsey Pump Station. AGM Darryl Jones added there will be four more pumps to replace in the future. The Committee agreed to move the expenditures with Flowserve to refurbish the No. 6 pump at Sipsey Pump Station to the full Board. Director Munchus stated if items 6 and 7 were in the budget and maintenance/routine items he recommended moving those items forward as well. Assistant General Manager Sonny Jones responded they were both items relating to maintenance of the Board's system with item 7 being a main replacement project. The Committee agreed to move item 6, a request that the Committee recommend to the Board to authorize expenditures with Morrow Water Technologies/ITT Procast, a sole source provider, to repair and refurbish Cahaba Pump Station's No. 16 pump to its original equipment manufacturer's specifications at a total out-of-pocket cost to the Board of \$640,000.00. The Committee also agreed to move item 7, a request that the Committee recommend to the Board to take bids for the replacement of approximately 2,080 feet of 2-inch unlined cast iron pipe/2-inch galvanized steel; pipe with approximately 2,110 feet of 6-inch DICL pipe and related appurtenances; and 37 water services at 2nd Street NW and 27th Court NW located in the city of Centerpoint, Alabama, at an out-of-pocket cost to the Board of \$390,350.00. Assistant General Manager Darryl Jones added this item is a water quality issue.

Following, Assistant General Manager Sonny Jones requested the Committee recommend to the Board to issue scopes of services to three outside engineering design firms to assist with projects of 5,000 linear feet of existing 2-inch galvanized water mains at various locations in the BWWB distribution system at an estimated out-of-pocket cost to the Board of \$3,000,000.00, as set forth in agenda item 8. Assistant General Manager Sonny Jones gave a PowerPoint Presentation. AGM Sonny Jones explained that the System Development Department is not staffed to handle this much additional work. He stated Staff is behind on Capital Projects and that the Carson Loop work could be shifted to allow for this work to be performed. There was a proposed list of eight companies Staff would choose from and could recommend to perform the work. Director McKie asked about the proposed companies being local. AGM Sonny Jones stated the companies were local. AGM Sonny Jones stated Staff's recommendation was to use the top three; CE & Associates, Burke Kleinpeter, Inc. and Gresham Smith Engineers. The cost per 5,000 linear feet is estimated at about \$900,000.00. Chairman Mims suggested the Committee approve the item and decide at a later date which three firms to use. AGM Sonny Jones stated he would provide scopes of services from each of the eight firms. Director Munchus stated he would like to use the firms with HUBE participation. The Committee agreed to move Staff's request to use three outside engineering design firms, to be determined at a later date, to assist with various water main projects in the BWWB distribution system to the full Board.

Next, Assistant General Manager Sonny Jones requested the Committee hear information on BWWB excess property, as set forth in agenda item 9. Rhonda Brooks, Manager of Mapping and Records, was introduced along with David Nichols, who is part of the survey crew. Rhonda Brooks pointed to a large map displaying the areas where the BWWB owns excess property in the Birmingham area. Ben Sorrell stated there are 2,000 individual vacant pieces of property. A booklet (a copy of which is on file with the Committee meeting book) containing detailed information about the excess property owned by the Board was distributed to the Committee members. Specific areas were pointed out and some discussion occurred with no decision being made in regards to selling any of the excess BWWB property. Director Lewis stated it was her opinion not to sell certain property as it continues to increase in value. Assistant General Manager Darryl Jones described one piece of property near the Red Mountain Expressway cut through which houses some BWWB equipment. General Manager Mac Underwood added that there are small remnants of property that the Board has no use for, but must continue to maintain. It was decided the Board would review the material and information provided. GM Mac Underwood stated the item was for information only and encouraged the Board to contact Staff if they had any questions.

Following, Assistant General Manager Sonny Jones requested the Committee to recommend to the Board to accept one of two real estate offers from Pankey Properties relative to 1/3 to 1/2 acre of BWWB property at the intersection of Grants Mill Road and Rex Lake Road. One offer is Pankey Properties would like to purchase the BWWB tract for \$25,000.00 and the second offer is Pankey Properties would like to purchase the BWWB tract for \$20,000.00 and give BWWB a small parcel owned by Pankey Properties on the other side of Rex Lake Road (about 1/10 acre) that abuts BWWB property for about 50 feet, as set forth in agenda item 10. Ben Sorrell pointed to a map which displayed the location of the property in Pankey Properties' offer. Mr. Pankey desires to develop this property and is willing to purchase the \$5,000.00 triangular piece of property for \$25,000.00 according to Ben Sorrell. Assistant General Manager Sonny Jones stated the property is not in the water shed. GM Mac Underwood added the BWWB could not do anything with it. The Committee agreed to move the offer from Pankey Properties to purchase the BWWB property at the intersection of Grants Mill Road and Rex Lake Road for \$25,000.00 to the full Board. In relation to item 10, the Pankey Property offer, Director McKie asked Staff to inquire about Pankey Properties intention with its development plan.

Next, General Manager Mac Underwood requested the Committee to recommend to the Board to accept Inland Lake Lot 20-A license holder's request to install a lift from the lot's boat dock to the cabin, the lift will be approximately 140 feet from the shore to the house and will sit about 1 to 2 feet off the ground. There will be no requirements of removal of trees or rocks. The lift will be installed by the Hill Hiker company at no cost to the Board, as set forth in agenda item 11. Assistant General Manager Sonny Jones explained that the owner is unable to physically make the descent from the cabin to the boat dock any longer. The Committee requested Staff stay abreast of the work on Lot 20-A to ensure that guidelines are being met. The Committee agreed to move the lift request from Lot 20-A at Inland Lake to the full Board.

Following, Assistant General Manager Darryl Jones requested the Committee to review and discuss cell tower leases on BWWB water tanks and the development of guidelines for future cell tower leases, as set forth in agenda item 12. AGM Darryl Jones provided a handout (a copy of which is on file with the Committee meeting book). He stated for security reasons BWWB does not allow anyone except BWWB employees on its water tanks. The exceptions are the Dolly Ridge Tank and the Meadowbrook Tank which house towers on their property but not on the actual tanks. AGM Darryl Jones stated A T & T has sent multiple requests to place cell towers/antennas on BWWB tanks. GM Mac Underwood stated in the past the company asks for additional space for their buildings and other equipment. Director McKie stated he was not in favor of leasing the Board's water tanks for cell towers; however if there is an open site on Board property on the ground he was open to that. Director Lewis stated she would abstain on the cell tower lease issue with her being an employee of A T & T.

As there was no further business to be brought before the Committee, a motion was duly made and seconded, and the meeting was adjourned at 10:25 a.m.

_____/s/
Ronald A. Mims
Chairman/President

_____/s/
Kevin B. McKie, Esq.
First Vice-Chairman/First Vice President

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

_____/s/
Mac Underwood
General Manager