

**MINUTES OF THE REGULAR MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
August 16, 2018**

The regular meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, August 16, 2018 at 11:30 a.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: Tommy Joe Alexander, Deborah Clark, Brenda J. Dickerson, William "Butch" Burbage, Jr., Sherry W. Lewis, Brett A. King, George Munchus, William R. Muhammad and Ronald A. Mims.

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

The meeting was also attended by: Mac Underwood, General Manager; Sonny Jones, Assistant General Manager of Engineering and Maintenance; Darryl Jones, Assistant General Manager of Operations and Technical Services; Michael Johnson, Assistant General Manager of Finance and Administration; Tammy Wilson, Executive Assistant to Assistant General Managers, Sonny Jones and Darryl Jones; Grace Amison, Executive Assistant to the Board of Directors; George Anderson, Barry Williams, Michael Parker, Ben Sorrell, Steve Franks, Rick Jackson and Terrell Jones, Board Employees; Mark Parnell and Mary Thompson, Parnell Thompson, LLC; Kelvin Howard, Kelvin Howard, LLC; Jesse Lewis and Dorian Kendrick, Agency 54; Brian Ruggs and Patrick Flannelly, ARCADIS; Theo Johnson, Volkert, Inc.; Juanita Jones and Michael Jones, Security Capital Corporation; Larry Ward and Matt Adams, Raymond James; Yvonne, Green-Davis, Yvonne, Green-Davis, P.C.; Mark Ezell, Ezell Law, LLC; Matthew Arrington, Terminus Municipal Advisors; Kim Bevins, Birmingham Construction Industry Authority; Bruce Holcomb, Citigroup; Jason Grubbs, Frazer Lanier; Walter Lewis and Jim Folsom, Piper Jaffray; Emory Anthony, Emory Anthony Law Firm; Gary Reim, Stifel; Ty Wallace and Audrey Wallace, On Call Contractors; Olivia Martin, Attorney General Office; Ken Simon, Simon & Associates; City of Birmingham Police officer.

General Manager, Mac Underwood called the meeting to order at 11:31 a.m. and welcomed the meeting body. GM Underwood called on Information Technology Manager, George Anderson to open the meeting with prayer.

Following, Assistant General Manager, Darryl Jones entered the meeting at 11:32 a.m. Director Alexander requested an Executive Session. Attorney Kelvin Howard certified the purpose was to discuss pending litigation with the session lasting approximately 30 minutes. 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 Dr. George Munchus and seconded by Mr. Brett King, that the Board hereby approves an Executive Session to discuss pending litigation.

Resolution No. 7848 is hereby adopted by unanimous vote."

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Next, the Board members and Attorney Kelvin Howard entered into an Executive Session at 11:35 a.m. Director Muhammad entered the Executive Session at 11:35 a.m. and Director Mims entered the Executive Session at 11:36 a.m.

Following, the meeting reconvened at 12:20 p.m. Director Alexander requested to move to approve a bond issuance team, as set forth in agenda item 8. Director Alexander made a motion and Director Clark seconded the motion to appoint Raymond James as the Lead Underwriter and Piper Jaffray as the Co-Manager, but the motion failed.

Next, Director Burbage made a motion and Director Munchus seconded the motion to appoint Piper Jaffray as the Lead Underwriter. Director King asked what the Lead does in a bond transaction. GM Underwood responded that they are what is called the “Book Runner” and they will be taking the orders. They will do a lot of the front-end work. GM Underwood explained that they would also have the biggest portion of the liability. Director King asked Matthew Arrington if he had an opinion on who should be the lead. Mr. Arrington responded that he was fine with the recommendation from the Finance Committee. 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. William “Butch” Burbage, Jr. and seconded by Mr. George Munchus, that the Board hereby appoints Piper Jaffray as the Lead Underwriter for the 2018 Refunding Bond Issuance.

Resolution No. 7849 is hereby adopted by a roll call vote as follows:

Director Alexander, Yes; Director Burbage, Yes; Director Muhammad, Yes; Director Dickerson, Yes; Director Munchus, Yes; Director Mims, Yes; Director King No; Director Clark, No; Director Lewis, No.”

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Following, Director Mims made a motion and Director Munchus seconded the motion to eliminate Citi and Stifel as part of the team of Underwriters for consideration. Director Burbage asked what the reason was for eliminating them. Director Mims responded that one was not in the city limits of Birmingham and the other was a personal issue with an Assistant General Manager who has a relative working there. Regarding Stifel, Director Burbage reminded the Board that Senior Management would not be involved in the process to approve an Underwriting Team, so from that standpoint it would not be a conflict. Regarding Citi, Director Burbage stated they are the largest company being considered and they could underwrite the entire deal. Director Burbage said it was mind blowing to include Securities Capital and consider eliminating a company like Citi because Securities Capital has no capitalization to handle or provide any business sense. Attorney Parnell stated from an ethics standpoint, if AGM Michael Johnson is not involved in the process of evaluating or recommending who to use on the front-end and if his son does not participate in any financial way there is not an ethical problem. Once someone has been approved, it is fine for AGM Michael Johnson to participate. Overshadowing all of this, according to Attorney Parnell is that AGM Michael Johnson is the Chief Financial Officer and his son works at

Stifel and it is strongly encouraged to factor that in. If it is a gray area, it is good to avoid it according to Attorney Parnell. Director King asked Jim Folsom, with Piper Jaffray, as lead if he had any concerns about their ability to get enough buyers of the bonds if Citi and Stifel are eliminated from the deal. Mr. Folsom responded that Piper Jaffray is a top 10 company and they are prepared to back the bonds. Director King asked that the elimination of Citi and Stifel be voted on separately. Director Mims made a motion and Director Munchus seconded the motion to eliminate Citi as a Co-Manager for the bond issuance, but the motion failed.

Next, Director Mims made a motion and Director Munchus seconded the motion to eliminate Stifel as a Co-Manager for the bond issuance. 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. Ronald A. Mims and seconded by Dr. George Munchus, that the Board hereby eliminates Stifel as a Co-manager for the 2018 Refunding Bond Issuance.

Resolution No. 7850 is hereby adopted by a roll call vote as follows:

Director Alexander, No; Director Burbage, No; Director Dickerson, Yes; Director Munchus, Yes; Director Mims, Yes; Director King, Yes; Director Muhammad, Yes; Director Clark, Abstained; Director Lewis, Abstained.”

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Following, Director King made a motion and Director Muhammad seconded the motion to include Raymond James, Citi, Frazer Lanier and Securities Capital as Co-Managers for the bond issuance. 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. Brett A. King and seconded by Mr. William R. Muhammad, that the Board hereby approves Raymond James, Citi, Frazer Lanier and Securities Capital as Co-Managers for the 2018 Refunding Bond Issuance.

Resolution No. 7851 is hereby adopted unanimously by a roll call vote as follows:

Director Alexander, Yes; Director Burbage, Yes; Muhammad, Yes; Director King, Yes; Director Dickerson, Yes; Director Munchus, Yes; Director Mims, Yes; Director Clark, Yes; Director Lewis, Yes.”

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Next, GM Underwood asked the Board to approve the Bond Counsel Legal Team of Ezell Law, LLC and Yvonne Green-Davis, P. C., as recommended by the Finance Committee for the 2018 Bond Issuance. 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. William R. Muhammad and seconded by Dr. George Munchus, that the Board hereby approves Ezell Law, LLC and Yvonne Green-Davis, P.C. as Bond Counsel, for the 2018 Refunding Bond Issuance, as recommended by the Finance Committee.

Resolution No. 7852 is hereby adopted unanimously by a roll call vote as follows:

Director Burbage, Yes; Director Muhammad, Yes; Director King, Yes; Director Dickerson, Yes; Director Munchus, Yes; Director Mims, Yes; Director Clark, Yes; Director Lewis, Yes; Director Alexander, Yes.”

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Following, GM Underwood asked the Board to approve the Disclosure Counsel of Sirote & Permutt and Ken Simon for the 2018 Bond Issuance, as recommended by the Finance Committee. 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. Ronald A. Mims and seconded by Dr. George Munchus, that the Board hereby approves Sirote Permutt and Ken Simon as Disclosure Counsel, for the 2018 Refunding Bond Issuance, as recommended by the Finance Committee.

Resolution No. 7853 is hereby adopted by unanimous vote.”

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Next, GM Underwood stated the Underwriter’s Counsel would be determined at a later date. GM Underwood requested the Board authorize the bond team to work with Terminus Securities - Financial Advisor; Parnell Thompson, LLC and Kelvin Howard, LLC - Issuers Counsel; Raftelis - Financial Consultant and Rate Analyst; and Banks, Finley, White & Company - Revenue Certificate Provider as part of its Bond Issuance Team. 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. Ronald A. Mims and seconded by Dr. George Munchus, that the Board hereby authorizes the bond team to work with: 1) Terminus Securities – Financial Advisor; 2) Parnell Thompson, LLC and Kelvin Howard, LLC – Issuers Counsel; 3) Raftelis - Financial Consultant and Rate Analyst; and 4) Banks, Finley, White & Company – Revenue Certificate as part of its Bond Issuance Team.

Resolution No. 7854 is hereby adopted by unanimous vote.”

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Following, GM Underwood requested the Board adopt a reimbursement resolution authorizing the reimbursement of capital expenditures incurred from operating funds in an approximate amount of \$50,000,000.00. GM Underwood explained that we may have to dip into reserves for capital money; however, it will be reimbursed after the bond issue and Staff does this with every bond issue. On a motion duly made by Director King and seconded by Director Munchus, the following resolution was adopted:

“BE IT RESOLVED AND ORDERED by the Board of Directors (herein called the “Directors”) of **The Water Works Board of the City of Birmingham** (herein called the “Board”) as follows:

Section 1. Findings and Determinations.

(a) The Board has been and will be making certain capital expenditures for the purpose of constructing certain improvements and renovations to the Board’s water supply and distribution system (the “Authorized Purpose”), and reasonably expects that additional capital expenditures for the Authorized Purpose will be necessary.

(b) The Board reasonably expects to be reimbursed for capital expenditures made for the Authorized Purpose in an approximate amount of \$50,000,000, from the proceeds of its Water Revenue Bonds to be issued in 2018 (the “Bonds”) to be subsequently issued by the Board, which Bonds, when issued, shall be secured by a pledge of certain revenues from the water supply and distribution system of the Board (the “System”) that remain after the payment of the expenses of operating and maintaining the System (the “Pledged Revenues”), and shall not be a general obligation of the Board, and the Board shall not be liable for debt service on the Bonds except from Pledged Revenues.

(c) The Board anticipates that there will be no funds from sources other than proceeds of the Bonds nor will any such funds be reserved, allocated on a long-term basis or otherwise set aside by the Board to finance such capital expenditures for the Authorized Purpose, other than moneys needed in addition to the proceeds of the Bonds.

Section 2. The Board is making this declaration of official intent pursuant to Section 1.103-8(a) (5) and Section 1.150-2 of the United States Treasury Regulations (collectively, the “Reimbursement Regulations”).

Section 3. The Board hereby declares its intent to issue the Bonds and use the proceeds from the sale of the Bonds for the Authorized Purpose.

Section 4. Capital expenditures for the Authorized Purpose made by the Board before the issuance of the Bonds from any legally available source of funds of the Board, including without limitation, certain operation and maintenance reserves of the Board, shall be reimbursed from the proceeds of the Bonds to the extent permitted by the Reimbursement Regulations.

Section 5. All resolutions in conflict with this resolution are hereby rescinded and repealed, but only to the extent of any such conflict. This resolution shall be effective immediately upon its adoption.

Resolution 7855 is hereby adopted by unanimous vote.”

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Next, regarding the Bond Issuance Team, Chairman Alexander asked how the Board determines the proportions. Director Lewis responded the Board would have to vote on that. Director Munchus stated he would like the Financial Advisor to have an input. Director Burbage stated as the de facto Chair of the Finance Committee, he would like to meet with Matthew Arrington to determine the proportions and submit it to the next Finance Committee. Director Muhammad responded he would like it to be brought to the full Board. Director Burbage stated he was perfectly happy with that. GM Underwood stated in the meantime the team can begin work on the documents. As long as the proportions are designated in the next 30 days, it will not be a problem GM Underwood stated. At 12:44 p.m., Director Munchus exited the meeting.

Following, was a request for the Board to adopt a resolution authorizing monthly retirement benefits from the Board's Retirement Trust Fund for Tony Means, Leak Utility II, Distribution Department for 20 years and 3 months of service, as stated on the respective retirement calculation, effective September 1, 2018, and commending Mr. Means for his years of service, as set forth in agenda item 1. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, Tony Means, an employee of The Water Works Board of the City of Birmingham ("the Board"), is retiring, effective September 1, 2018, at an age of 55, and

WHEREAS, Tony Means has 20 years and 3 months of continuous service with the Board at his retirement date, and in accordance with the terms of the Trusteed Pension Plan, is entitled to receive a monthly Retirement payment from the Board's Retirement Trust Fund in the amount of \$1,636.05; and

NOW, THEREFORE, BE IT RESOLVED By the Board of Directors of The Water Works Board of the City of Birmingham, on motion duly made by Mr. Brett A. King and seconded by Mr. Ronald A. Mims, that the Trustee be, and is hereby instructed to pay monthly benefit payments of \$1,636.05 to Mr. Means from the Board's Retirement Trust Fund, in accordance with the terms of the Pension Plan, with the first payment to be made September 1, 2018.

Resolution No. 7856 is hereby adopted by unanimous vote.”

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“WHEREAS, Tony Means, an employee of The Water Works Board of the City of Birmingham, is retiring, effective September 1, 2018, after 20 years and 3 months of service with the Board; and

WHEREAS, management has informed the Board of Tony Means' efficiency, reliability, and loyal service which contributed to the effective operation and growth of The Water Works Board of the City of Birmingham; and

WHEREAS, Tony Means, leaves behind a record which deserves a sincere word of gratitude for a job well done; and the Board does hereby express its best wishes for many happy years ahead.

NOW, THEREFORE, BE IT RESOLVED, By the Board of Directors of the Water Works Board of the City of Birmingham, Tony Means is hereby commended for his efficiency, reliability, and loyal service to the Board.

BE IT FURTHER RESOLVED, that in recognition of Tony Means' 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 an official resolution presented to Mr. Means.

Resolution No. 7857 is hereby adopted by unanimous vote.”

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Following, GM Underwood requested the Board adopt a resolution authorizing surviving spouse monthly retirement benefits from the Board's Retirement Trust Fund in accordance with the terms of the pension plan and as stated on the attached memo, effective September 1, 2018, for Ms. Katherine Motte, the surviving spouse of DeWayne Motte, as set forth in agenda item 2. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, DeWayne Motte, a retiree of The Water Works Board of the City of Birmingham (“The Board”), passed away on August 7, 2018; and

WHEREAS, DeWayne Motte was receiving, up until the time of his death, monthly retirement benefits from the Board's Retirement Trust Fund in the amount of \$1,386.85, and under the terms of the Board's Retirement Plan, his spouse is now entitled to receive 50% of that monthly benefit until such time as she either remarries or passes away; and

WHEREAS, the surviving spouse, Katherine Motte will begin receiving her surviving spouse monthly benefit of \$693.43, effective September 1, 2018.

NOW, THEREFORE, BE IT RESOLVED By the Board of Directors of The Water Works Board of the City of Birmingham, on motion duly made by Mr. Ronald A. Mims and seconded by Dr. Brenda J. Dickerson, that the Trustee be, and is hereby instructed to pay a pension of \$693.43 per month to Katherine Motte from the Board's Retirement Trust Fund, in accordance with the terms of the Trustee Pension Plan, with the payment to be effective September 1, 2018.

Resolution No. 7858 is hereby adopted by unanimous vote.”

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Next, was a request for the Board to approve minutes from the Regular Board Meeting held June 15, 2018, as set forth in agenda item 3. GM Underwood indicated Staff had reviewed the minutes and recommends them for approval. Director Lewis asked to table the minutes due to her having a question about where her name fits in. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED BY The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Ms. Sherry W. Lewis and seconded by Mr. Brett A. King, that the Board hereby tables minutes of the Regular Board of Directors' Meeting held on June 15, 2018.

Resolution No. 7859 is hereby adopted by unanimous vote.”

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Following, was a request for the Board to approve Director King’s mileage expense reimbursement for June and July 2018 in the amount of \$135.16, as set forth in agenda item 4. 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, in accordance with Act No. 2015-164, approval is requested for the following mileage expense reimbursement.

NOW, THEREFORE, BE IT RESOLVED, on a motion made by Mr. William “Butch” Burbage, Jr. and seconded by Dr. Brenda J. Dickerson, that the following board member(s) be reimbursed for his mileage expense reimbursements as follows:

- Brett King for mileage expense reimbursements for June and July 2018 in the amount of \$135.16 (as listed on the attached Itemized Travel and Business Expense Reimbursement).

Resolution No. 7860 is hereby adopted by a roll call vote on August 16, 2018 as follows:

Director Burbage, Yes; Director Muhammad, Yes; Director Dickerson, Yes; Director Mims, Yes, Director Clark, Yes; Director Lewis, Yes; Director Alexander, Yes. Director King, Abstained.”

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Next, the Board was asked to approve payments of invoices, as set forth in agenda items 5.1 to 5.6. GM Underwood indicated Staff had reviewed the items and recommends them for payment. 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. Ronald A. Mims and seconded by Mr. Brett A. King, that the Board hereby authorizes staff to execute payments of invoices to the following:

- 5.1 Carl Dalton NeSmith, Jr., LLC
For retainer fee for August 2018 \$ 500.00
- 5.2 Dominick Feld Hyde, P.C.
 - 5.2.1 For BWWB OPEB Plan performed July 13, 2018 through July 30, 2018 in the amount of \$2,563.20 \$ 2,563.20
 - 5.2.2 For BWWB Pension Plan performed July 6, 2018 through July 31, 2018 in the amount of \$2,723.20 \$ 2,723.20

5.3	<u>Terminus Municipal Advisors, LLC</u> For professional services rendered for July 2018	<u>\$ 6,500.00</u>
5.4	<u>The Jones Group, LLC</u> For professional services rendered for August 2018	<u>\$ 7,500.00</u>
5.5	<u>Agency 54</u> For professional services rendered for June 2018	<u>\$ 25,000.00</u>
5.6	<u>Raftelis Financial Consultants, Inc.</u> 5.6.1 For Miscellaneous Consulting for June 2018	<u>\$ 18,965.00</u>
	5.6.2 For Bill Frequency for June 2018	<u>\$ 1,355.00</u>
	5.6.3 For Cost of Service Study for June 2018	<u>\$ 23,375.21</u>

Resolution No. 7861 is hereby adopted by unanimous vote.”

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Following, the Board was asked to take bids, as set forth in agenda items 6.1 through 6.3 and recommended by the Engineering and Maintenance Committee. 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. Ronald A. Mims and seconded by Dr. Brenda J. Dickerson, that the Board hereby authorizes staff to take bids on the following, as recommended by the Engineering and Maintenance Committee:

- 6.1 The replacement of approximately 3,175’ of 2” galvanized steel pipe / 2” unlined cast iron pipe and 1,060’ of 8” unlined cast iron pipe with approximately 1,230’ of 4” DICL pipe; 2,510’ of 6” DICL pipe; 385’ of 8” DICL pipe and related appurtenances; and 86 water services along 7th Avenue; Cambridge Street; Buffalo Place; 5th Court; 6th Court; Albany Street; Buffalo Street; Detroit Street; and Attala Place located in the Wylam Community at an estimated out-of-pocket cost to the Board of \$875,000.00.
- 6.2 The replacement of approximately 1,750’ of 8” unlined cast iron pipe with approximately 1,750’ of 8” DICL pipe and related appurtenances; and 4 water services for the Green Springs Phase I Project and the relocation of approximately 950’ of 16” DICL pipe and related appurtenances for the Lakeshore Parkway Project for a total estimated out-of-pocket cost to the Board for both areas of \$815,000.00.
- 6.3 The replacement of approximately 2,580’ of 2” galvanized steel pipe / 2” unlined cast iron pipe with approximately 150’ of 4” DICL pipe; 2,680’ of 6” DICL pipe and related appurtenances; and 16 water services along 2nd Place; Avenue Y; Avenue X; 2nd Way and Alder Avenue located in Pratt City; and the replacement

of approximately 3,630' of 2" galvanized steel pipe / 2" unlined cast iron pipe, 470' of 4" unlined cast iron pipe and 1,160' of 2" CICL pipe with approximately 200' of 4" DICL pipe; 420' of 6" DICL pipe; 3,500' of 8" DICL pipe and related appurtenances; and 56 water services along 5th Street; 5th Place; Avenue D and Avenue E located in Pratt City for a total estimated out-of-pocket cost to the Board for both areas of \$1,307,700.00.

Resolution No. 7862 is hereby adopted by unanimous vote."

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Next, the Board was asked to approve the title sponsorship of the opening event for the Alabama/Mississippi Section of the AWWA 71st Annual Conference in Birmingham, AL being held October 14 – 16, 2018, in the amount of \$36,624.80, as set forth in agenda item 7 and recommended by the Executive Committee. Director Mims asked about sponsoring the golf tournament. GM Underwood responded you would have to ask legal. Director Mims said he did not need to ask them and that it was okay. 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. Brett A. King and seconded by Mr. Ronald A. Mims, that the Board hereby approves title sponsorship of the opening event of the Alabama/Mississippi Section of the AWWA 71st Annual Conference in Birmingham, AL being held October 14-16, 2018, in the amount of \$36,624.80, as recommended by the Executive Committee.

Resolution No. 7863 is hereby adopted by unanimous vote."

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Following, under new business, Director Lewis stated she was still concerned about Customer Service and that she sent everyone an email regarding an issue. Customer Service is paramount, and Staff must do a better job of serving the customers Director Lewis stated. GM Underwood responded that he would get a response to the Board regarding that item.

As there was no further business before the Board, the meeting was adjourned at 12:48 p.m.

/s/
Tommy Joe Alexander
Chairman/President

Attest:

_____/s/
William "Butch" Burbage, Jr.
Secretary-Treasurer