

**MINUTES OF THE REGULAR MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
October 11, 2018**

The regular meeting of the Directors of The Water Works Board of the City of Birmingham was held on Thursday, October 11, 2018 at 9:00 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., Brett A. King, George Munchus and Ronald A. Mims. Director Sherry W. Lewis was absent.

Inasmuch as seven 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, Rick Jackson, Steve Franks, Rosalind Jones, Paul Lloyd and John Dansby, Board Employees; Mark Parnell, Parnell Thompson, LLC; Tommy Palladino, Martha Bozeman Jesse Lewis and Dorian Kendrick, Agency 54; Patrick Flannelly, ARCADIS; Kim Bivins, Birmingham Construction Industry Authority; Walter Lewis, Piper Jaffray; Mark Ezell, Ezell Law Firm, LLC; James White, Banks Finley White & Company; Jeff Sandlin, CE & Associates, Inc.; Nelda Thompkins, BWWB Retiree.

Board Chairman Tommy Joe Alexander called the meeting to order at 9:03 a.m. and welcomed the meeting body. GM Underwood called on Information Technology Manager, George Anderson to open the meeting with prayer.

Next, GM Underwood requested the Board hear an update on the Bond Issue and Bond Rating for the 2018 Bond Issue, as set forth in item 1. Matthew Arrington addressed the Board and provided a handout (a copy of which is on file with the Board meeting book) from Moody's Investors Service. Moody's assigned a rating of Aa2 to the Birmingham Water Works Board's (BWWB) \$87M Senior Water Revenue Bonds, Serie 2018. Mr. Arrington asked the Board Members who attended the event in New York to speak about their experience. The highlights that were talked about in New York were the Management Team, prudent fiscal management and formalized financial policies. The debt burden was discussed which is off-set by the Board's strong financial performance, consistent rate increases, reserves and debt service coverage. Director Muhammad entered the meeting at 9:06 a.m. There is a more detailed credit opinion that is available at a cost of \$250.00 according to Mr. Arrington. Mr. Arrington stated the credit for the presentation used goes to BWWB management and employees. Director Dickerson stated this was a very interesting process and covered a great deal of material. Director Dickerson added that she learned about the debt and believed we needed to reduce the debt service. Director King stated it was important to note that two independent rating agencies evaluated us. Our management is excellent Mr. King stated, adding he followed up asking how many management teams in our

category receive this high rating and the response was less than 6%. Several of us talked about our long-term goals which includes reducing our debt. Director King stated he mentioned to GM Underwood that he would like to get PayGo at 50% within 6 years. Director Munchus asked if revenue enhancement was discussed. Director King responded that it was discussed adding they gave us a lot of credit for the Jefferson County Sewer Agreement. Director Burbage stated the key is the debt and under the factors that could lead to an upgrade is a sizeable decrease in the debt. They are looking at revenues versus expenditures and how we manage operations. Director Munchus asked if the social issues played a part. Director Burbage stated they did not and Director Dickerson re-iterated the same information. Director Burbage stated the best thing is independent entities looking at the company and evaluating it. A question was raised by Director Dickerson in the Finance Committee Workshop the previous day about paying the debt off early. Director Burbage responded these are structured payments, not like credit card debts. Sometimes there are early call dates though. Some more discussion occurred regarding marketable securities. GM Underwood added, under social issues, Staff was asked to break down our customer base by locality and revenue by locality, so they could give us more credit for serving customers outside of the Birmingham area. Assistant General Manager Michael Johnson stated he has heard it stressed to engage the public regarding rate increases. Director Muhammad asked if there was a way to pay off the debt early. Mr. Arrington stated the next opportunity this Board would have to pay off some bonds will be in 2020 or the bonds could be defeased or sitting to collect interest. Director Clark stated the trip was most informative and the book used was excellent. Director Clark stated the Jefferson County Agreement was highly praised and our team did great work. Some more discussion occurred regarding cutting expenses and generating revenue. Mr. Arrington stated it was a collective effort. Director Alexander stated they asked about Cyber Security and our team was prepared to respond and he was pleased with the trip. Director Muhammad asked what kind of collection agreement we have with Hoover and Southwest Water. GM Underwood confirmed we have agreements with three entities at a fee of 4% and we will renegotiate with them.

Following, was a request for the Board to approve a resolution authorizing the issuance of Senior Water Revenue Bonds, Series 2018 including (i) issuance of the Series 2018 Bonds, (ii) the execution and delivery of the Financing Documents by the Board, and (iii) the consummation of all other transactions described in the recitals of the attached resolution and contemplated by the Financing Documents (the “Plan of Financing”) and to authorize the Board Chairman and Secretary/Treasurer to execute any necessary bond documents approving the bond issue, as recommended by the Finance Committee and set forth in item 1.1. Matthew Arrington stated a reimbursement resolution was passed in August and now the date has been set for Wednesday, October 24th to go to the bond market, at which time rates will be locked 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 Mr. Brett A. King and seconded by Dr. Brenda J. Dickerson, that the Board hereby approves a resolution authorizing the issuance of Senior Water Revenue Bonds, Series 2018 including (i) issuance of the Series 2018 Bonds, (ii) the execution and delivery of the Financing Documents by the Board, and (iii) the consummation of all other transactions described in the recitals of the attached resolution and contemplated by the Financing Documents (the “Plan of Financing”) and to authorize the Board Chairman and Secretary/Treasurer to execute any necessary bond documents approving the bond issue, as recommended by the Finance Committee.

Resolution No. 7895 is hereby adopted by unanimous vote.”

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Next, Attorney Parnell stated there is one document that will need to be signed by Board Members today regarding notice of this meeting in conjunction with the 2018 Senior Water Revenue Bond Issuance. Walter Lewis spoke and praised the bond team, Staff and Board Members. Mr. Lewis also stated he believed the recognition BWWB has received was important, adding he would be available to answer any questions anyone may have. GM Underwood stated BWWB is just below a AAA rating, which is close to the top of the scale at 820 to 825 and it’s up to the Board to decide what they want to do to get to the top at 850.

Following, Chairman Alexander requested the meeting body move to item 10. Item 10 was a request for the Board to approve the Board's Property and Liability Insurance Plan (the Plan) for November 1, 2018 to October 31, 2019 in the amount of \$1,227,001.00 and payment of an Agency fee in the amount of \$150,000.00 to S.S. Nesbitt & Company, Inc. for broker of record services related to the Plan; and to authorize the General Manager and/or the Assistant General Manager to execute the necessary documents to effectuate the Plan, as recommended by the Finance Committee. GM Underwood stated there was a 3% increase in our property values which resulted in a \$20,500.00 increase in premiums. GM Underwood added we do have minority participation with this agreement. Director Munchus stated this is what we have been working toward. 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 the Board's Property and Liability Insurance Plan (the Plan) for November 1, 2018 to October 31, 2019 in the total amount of \$1,377,001.00, which includes \$1,227,001.00 for insurance premiums and the agency’s fee in the amount of \$150,000.00 to S.S. Nesbitt & Company, Inc. for broker of record services related to the Plan; and to authorize the General Manager and/or the Assistant General Manager to execute the necessary documents to effectuate the Plan.

Resolution No. 7896 is hereby adopted by Directors Alexander, Clark Dickerson, Burbage, Mims, Munchus and King. Director Muhammad abstained from voting”

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Next, the Board was asked to adopt resolutions authorizing monthly retirement benefits from the Board’s Retirement Trust Fund, as stated on the respective retirement calculations, effective November 1, 2018, and commending the following employees for their years of service for Mary Banks, Sr. Collections Specialist, Customer Support Services Department for 25 years and 10 months of service and Frances Drolet, Drafter, Mapping & Records Department for 25 years and 10 months of service, as set forth in agenda items 2.1 and 2.2 respectively. On a motion duly made and seconded, the following resolutions were adopted:

“WHEREAS, Mary Banks, an employee of The Water Works Board of the City of Birmingham ("the Board"), is retiring, effective November 1, 2018, at an age of 68, and

WHEREAS, Mary Banks has 25 years and 10 months of continuous service with the Board at her 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 \$2,715.69; 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. Ronald A. Mims and seconded by Dr. George Munchus, that the Trustee be, and is hereby instructed to pay monthly benefit payments of \$2,715.69 to Ms. Banks from the Board’s Retirement Trust Fund, in accordance with the terms of the Pension Plan, with the first payment to be made November 1, 2018.

Resolution No. 7897 is hereby adopted by unanimous vote.”

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“WHEREAS, Mary Banks, an employee of The Water Works Board of the City of Birmingham, is retiring, effective November 1, 2018, after 25 years and 10 months of service with the Board; and

WHEREAS, management has informed the Board of Mary Banks’s 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, Mary Banks, 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, Mary Banks is hereby commended for her efficiency, reliability, and loyal service to the Board.

BE IT FURTHER RESOLVED, that in recognition of Mary Banks’s services to the Board, a copy of this resolution be spread upon the minutes of The Water Works Board of the City of Birmingham and an official resolution presented to Ms. Banks.

Resolution No. 7898 is hereby adopted by unanimous vote.”

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“WHEREAS, Frances Drolet, an employee of The Water Works Board of the City of Birmingham ("the Board"), is retiring, effective November 1, 2018, at an age of 69; and

WHEREAS, Frances Drolet has 25 years and 10 months of continuous service with the Board at her retirement date, and, in accordance with the terms of the Trusteed Pension Plan, Mrs. Lowry is entitled to receive a monthly Retirement payment from the Board's Retirement Trust Fund in the amount of \$3,113.46; 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. Ronald A. Mims and seconded by Dr. George Munchus, that the Trustee be, and is hereby instructed to pay monthly benefit payments of \$3,113.46 to Mrs. Drolet, beginning November 1, 2018, from the Board's Retirement Trust Fund, in accordance with the terms of the Pension Plan.

Resolution No. 7899 is hereby adopted by unanimous vote.”

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“WHEREAS, Frances Drolet, an employee of The Water Works Board of the City of Birmingham, is retiring, effective November 1, 2018, after 25 years and 10 months of service with the Board; and

WHEREAS, management has informed the Board of Frances Drolet's 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, Frances Drolet, 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, Frances Drolet is hereby commended for her efficiency, reliability, and loyal service to the Board.

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

Resolution No. 7900 is hereby adopted by unanimous vote.”

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Following, the Board was asked to approve minutes of the May 31, 2018 Regular Board Meeting, as set forth in agenda item 3. 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 minutes of the Regular Board of Directors' Meeting held on May 31, 2018.

Resolution No. 7901 is hereby adopted by unanimous vote.

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Next, the Board was asked to approve Director King's mileage expense reimbursement for September 2018 in the amount of \$101.37, as set forth in agenda item 4. On a motion duly made and seconded, the following resolution as 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. Ronald A. Mims and seconded by Dr. George Munchus, that the following board member(s) be reimbursed for his mileage expense reimbursements as follows:

- Brett King for mileage expense reimbursement for September 2018 in the amount of \$101.37 (as listed on the attached Itemized Travel and Business Expense Reimbursement).

Resolution No. 7902 is hereby adopted by a roll call vote as follows:

Director Alexander, Aye; Director Clark, Aye; Director Burbage, Aye; Director Mims, Aye; Director Dickerson, Aye; Director King, Aye; Director Munchus, Aye; Director Muhammad, Aye."

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Following, the Board was asked to approve payments of invoices, as set forth in agenda items 5.1 to 5.3. 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 Dr. George Munchus and seconded by Mr. Ronald A. Mims, that the Board hereby authorizes staff to execute payments to the following:

- | | | |
|-----|--|--------------------|
| 5.1 | <u>Terminus Municipal Advisors, LLC</u>
For professional services rendered for September 2018 | \$ <u>6,500.00</u> |
| 5.2 | <u>The Jones Group, LLC</u>
For professional services rendered for October 2018 | \$ <u>7,500.00</u> |

5.3 ARCADIS U. S., Inc.

For professional services rendered per July 2018 Progress Report \$ 280,294.77

Resolution No. 7903 is hereby adopted by unanimous vote.”

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Next, the Board was asked to authorize management to enter into a 1-year select service plan agreement with Teledyne Tekmar, a sole source provider, that will give necessary support to maintain the EnviroLab’s Tekmar Fusion TOC Analyzer for a total out-of-pocket cost to the Board of \$6,217.00, and to authorize the General Manager and/or the Assistant General Manager to execute the agreement, as recommended by the Engineering and Maintenance Committee and set forth in agenda item 6. 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 management to enter into a 1-year select service plan Request agreement with Teledyne Tekmar, a sole source provider, that will give necessary support to maintain the EnviroLab’s Tekmar Fusion TOC Analyzer for a total out-of-pocket cost to the Board of \$6,217.00, and to authorize the General Manager and/or the Assistant General Manager to execute the agreement, as recommended by the Engineering and Maintenance Committee. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.]

Resolution No. 7904 is hereby adopted by unanimous vote.”

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Following, the Board was asked for approval to take bids for the replacement of approximately 4,620’ of 2” galvanized steel pipe / 2” unlined cast iron pipe, 360’ of 2” cast iron cement lined (CICL) pipe and 330’ of 6” unlined cast iron pipe with approximately 100’ of 4” DICL pipe; 2,680’ of 6” DICL pipe; 2,850’ of 8” DICL pipe and related appurtenances; and 104 water services along Steiner Avenue SW; Lee Avenue SW; 19th Place SW; 19th Street SW; 18th Way SW; and 18th Place SW located in the West End Community of the City of Birmingham, Alabama at an estimated out-of-pocket cost to the Board of \$1,182,300.00, as recommended by the Engineering and Maintenance Committee and set forth in agenda item 7. Director Mims asked if there were any lead services there. AGM Darryl Jones stated we would not know until we start digging, adding they are old enough to have lead services. 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. Brenda J. Dickerson and seconded by Mr. Ronald A. Mims, that the Board hereby authorizes staff to take bids for the replacement of approximately 4,620’ of 2” galvanized steel pipe / 2” unlined cast iron pipe, 360’ of 2” cast iron cement lined (CICL) pipe and 330’ of 6” unlined cast iron pipe with approximately 100’ of 4” DICL pipe; 2,680’ of 6” DICL pipe; 2,850’ of 8” DICL pipe and related appurtenances; and 104 water services along Steiner Avenue SW; Lee Avenue SW; 19th Place SW; 19th Street SW; 18th Way SW; and 18th Place SW located in the West End Community of the City of Birmingham, Alabama at an estimated out-of-

pocket cost to the Board of \$1,182,300.00, as recommended by the Engineering and Maintenance Committee.

Resolution No. 7905 is hereby adopted by unanimous vote.”

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Next, the Board was asked to consider approving a resolution requesting a formal Attorney General Opinion regarding a request made by Director George Munchus, to support the Shower of Love Project, as set forth in agenda item 8. Director Munchus withdrew his request following some discussion about the resolution saying he wanted it to state that we are partnering with the Shower of Love Project. 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 A. King, that the Board hereby tables a resolution requesting a formal Attorney General Opinion regarding a request made by Director George Munchus, to support the Shower of Love Project.

Resolution No. 7906 is hereby adopted by unanimous vote.”

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Following, the Board was asked to consider approving a resolution to settle those certain lawsuits *Williamson v. BWWB* and *Matthews v. BWWB*, as set forth in agenda item 9. Attorney Parnell stated legal recommended this settlement and several emails were sent to the Board updating them. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, there is pending that certain lawsuit styled *Williamson v. The Water Works Board of the City of Birmingham* (the “Water Works Board”), CV-2010-900997, Circuit Court for Shelby County, Alabama; and,

WHEREAS, there is pending that certain lawsuit styled *Frank Mathews, et. al., v. The Water Works Board of the City of Birmingham*, CV-2017-900508, Circuit Court for Jefferson County, Alabama; and,

WHEREAS, after years of extensive litigation, including numerous depositions, a class certification hearing, and an appeal to the Alabama Supreme Court, the Parties through a court ordered mediation have reached a resolution that will settle these lawsuits; and,

WHEREAS, the Water Works Board denies any liability or wrongdoing of any kind associated with the Plaintiffs’ claims and the proposed settlement is in no way an admission by the Water Works Board that it has engaged in any actionable behavior; however, in an effort to avoid further litigation costs, the Water Works Board will agree to adopt a billing procedure that is more fully described below that will help alleviate the issues raised by the Plaintiffs; and,

WHEREAS, the Water Works Board’s insurance carrier, National Union Fire Insurance Company of Pittsburgh, PA (NUFIC), is willing to cause to be paid all Plaintiffs’ class counsel

fees, class representative fees and Plaintiffs' class action litigation expenses in return for the Water Works Board releasing NUFIC from any potential liability it may have to Water Works Board regarding the above referenced lawsuits.

NOW THEREFORE, BE IT RESOLVED on a motion made by Mr. Brett A. King and seconded by Dr. Brenda J. Dickerson as follows:

1. After proper notice and approval by the Circuit Court for Shelby County and the the dismissal, with prejudice, of the above referenced lawsuits, the Water Works Board agrees to timely implement the following billing procedure:

The average billing period for the Water Works Board is 32 days. The Water Works Board will render 12 bills a year. There are various circumstances, known and unknown, that may cause the time between meter reads to be longer than the average billing period of 32 days. These circumstances ("Intervening Events") are generally described as follows:

1. The manner in which business days fall in any given calendar month per year and how that impacts the billing cycle.
2. The manner in which billing cycles are impacted by State and Federal Holidays.
3. The manner in which billing cycles are impacted by inclement weather.
4. The manner in which personnel staffing is impacted outside the BWWB's control such as excessive illnesses.
5. The manner in which additional time is needed to verify accuracy of a particular meter reading.
6. The manner in which other events outside the control of the BWWB prevent a meter from physically being read and processed during a regular billing cycle.

Intervening Events in numbers 1 or 2 above are events that affect the scheduling of planned meter reads in any given year. If a meter cannot be scheduled to be read within 35 days of the previous meter reading, as a result of an Intervening Event in numbers 1 and 2 above, the bill (for the period which will be referred to as "Period 2") will be estimated, after 35 days, based on the customer's previous month's usage (which will be the usage in the period referred to as "Period 1") on a prorated per day basis.

Intervening Events in numbers 3-6 above are unplanned events that can arise after meter reading schedules are developed. As a result of any Intervening Event in numbers 3-6 above, if a meter is unable to be read within 37 days of the previous meter reading, the bill (for "Period 2") will be estimated based on the customer's previous month's usage (for "Period 1") on a prorated per day basis. The billing will then be reconciled after the next billing cycle where a true meter reading is taken (which will be referred to as "Period 3"), and the customer will receive a credit or debit on his/her account based on the following rules:

If the estimated consumption (Period 2) is greater than the prorated percentage of actual consumption (based on the actual reading in Period 3), the customer's bill is deemed to have been overestimated, and the customer will be credited the difference.

If the estimated consumption (Period 2) is less than the prorated percentage of actual consumption (based on the actual reading in Period 3), the customer’s bill is deemed to have been underestimated, and the customer will be debited the difference.

The credit or debit will be applied to the customer’s account by reversing the estimated bill and properly adjusting the consumption based on the prorated percentage. The customer then will be issued a bill reflecting the correct amount.

2. The Water Works Board’s General Manager and legal counsel, Parnell Thompson, LLC, are authorized to work with the Water Works Board’s insurance carrier, NUFIC, to cause to be paid all Plaintiffs’ class counsel fees, class representative fees and Plaintiffs’ class action litigation expenses and to execute the necessary documentation to release NUFIC from any liability NUFIC may have for insurance coverage regarding the above referenced lawsuits.
3. The Water Works Board’s General Manager is authorized to pay a mediator’s fee not to exceed \$20,000.00 to Robert G. Methvin, Jr., with the laws firm of Methvin, Terrell, Yancey, Stephens, & Miller, P.C.

Resolution No. 7907 is hereby adopted by unanimous vote.”

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Next, the Board was asked to approve an agreement with Banks, Finley, White & Company to audit the financial statements of the Water Works Board for the three (3) years ending December 31, 2018, December 31, 2019, and December 31, 2020, at a fee not to exceed \$165,000.00 per year; and to authorize the General Manager and/or Assistant General Manager to execute the agreements, as recommended by the Finance Committee and set forth in agenda item 11. 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 approve an agreement with Banks, Finley, White & Company to audit the financial statements of the Water Works Board for the three (3) years ending December 31, 2018, December 31, 2019, and December 31, 2020, at a fee not to exceed \$165,000.00 per year; and to authorize the General Manager and/or Assistant General Manager to execute the agreements; as recommended by the Finance Committee.

Resolution No. 7908 is hereby adopted by unanimous vote.”

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Following, GM Underwood asked for clarification from the September 13th Board Meeting where a hiring freeze resolution was adopted, not exceeding 654 positions. A handout (a copy of which is on file with the Board meeting book) of the critical and vacant positions was provided to the Board. GM Underwood explained that there are several positions that need to be filled in the Treatment Plants, the Distribution Department and the System Development. Director Clark stated she believed the freeze was intended while the Budget Hearings were underway unless there was

a critical issue. Director Munchus asked if these positions were in the budget. GM Underwood responded yes. GM Underwood stated this is a fluid situation with employees retiring. Human Resources Manager, Paul Lloyd stated there are four candidates that we offered positions to and had to withdraw and there are 16 positions which need to be filled. Director Clark asked which positions are so critical that they cannot wait until we get through the budget process. Director Clark asked why this is just being addressed since September 13th if these positions are so critical. Director Mims asked how many hours we are having to invest in overtime due to these vacant positions. Distribution Manager, John Dansby responded that his department has been working about 40 hours per day in overtime. Mr. Dansby stated there is constant movement in the company and there has been an impact with only 11 functioning leak crews of the 16 needed. Director Muhammad stated he did not intend to direct a freeze on any positions that were approved in the 2018 budget. Some discussion occurred regarding water demand increasing slightly compared to last year. Director Muhammad asked what the By-Laws state about acting on an item such as this. Attorney Parnell stated the By-Laws require a 24-hour notice to act on an item. Attorney Parnell stated he believed GM Underwood was presenting this information for information only. Director King stated he would like management to be able to fill needed positions. Director Muhammad stated again that he did not make a motion regarding hiring related to the 2018 budget. Director Clark stated Human Resources Manager, Paul Lloyd should have spoken up about these critical positions before the hiring freeze resolution was adopted. John Dansby stated internal movement is needed just to function. AGM Darryl Jones stated this is a lean organization and we are killing morale because we don't have enough bodies. We have someone working 16 hours per day at a treatment plant. When people take vacation, we utilize overtime to cover the shifts. Director Clark stated that not every issue Staff is having is due to the hiring freeze. Director Mims stated he could not support the hiring of these new positions. Director King stated he is willing to spend his time on engineering issues because he has experience in this area by training. Director King asked if anyone knew what the Board has spent on the Independent Engineer over the last 10-years. Director King stated \$56 million has been spent. Director King stated he has nothing against ARCADIS either. Director King asked if there are enough Board Members on board with talking to other engineering firms. If we are trying to get the PayGo at 50%, we need to set some big policy goals. Director Alexander asked how many engineers we have on Staff. AGM Sonny Jones responded there are 14 in the Engineering Department. AGM Sonny Jones stated the Independent Engineer function is a smaller sub-set of what we pay ARCADIS every month. They look over our shoulders making sure we operate in a fiducially sound and logical manner with the money we have, they certify that to the bond holders and they determine what needs to be reimbursed to the operating budget to repay what we spent in capital from the operating budget. Attorney Parnell stated there is a requirement with the Bond Indenture that the Board employ an independent engineer. A portion of the money spent is for design work and management of projects. GM Underwood stated another company could do design work and management for instance. Director King stated if Mr. Jerry Jones, with ARCADIS, is convicted; he would like to be prepared to move in another direction if necessary. Director Dickerson stated she was not in favor of this and Director Munchus stated he was not either. Director Muhammad stated he could recommend someone to handle legal work for a better price. Director King stated he believed the Board should address this. Director King questioned if you are really independent if you are running the project. Director Dickerson stated Mr. Jones has not been convicted of anything yet and he was released from ARCADIS. Director Mims stated the company has not done anything illegal. Director Dickerson asked if we are wasting time with this. Chairman Alexander stated he is in favor of

saving money. Director Clark stated Staff was in favor of looking into options, due to cost and minority participation. Director Dickerson asked who Director Clark has been talking to. Director Clark declined to answer. Director Clark stated since we are in budget talks, she believed this was a good time to have this discussion. Director King stated he did not understand how the engineer could be truly independent while working on design projects. Director Munchus responded that he was offended as a lawyer that Director King would think that the independent engineer would be so stupid. While we were in New York, Director King stated, the Lake Purdy Dam Project was discussed and he wanted to look for himself to make sure this expenditure of \$35 million is necessary. Chairman Alexander talked about grouting working for many years. Director Dickerson stated Patrick Flannelly was not even here when this seepage issue came up. Director King stated he had a discussion with Director McKie before he came on the Board and he asked about reducing costs with ARCADIS, adding he was interested in reducing expenses. Director Dickerson stated she did not think this was the time. Director King stated he was fine with putting this off until the spring. Director Clark stated the only way to find out is to see what other firms have to offer and it was no reflection on ARCADIS. Director King stated he believed we should delay this action right now. Director Mims stated he wanted to delay this until at least April 2019. Director Munchus stated he wanted to table the item forever. Some discussion occurred regarding the percentages for design work and management. AGM Darryl Jones stated scopes are given to design and manage projects separate from the Independent Engineer's role and these scopes come before the Board for approval. Director King stated he would like management to talk about the various engineering firm's roles for the company in Committee. On 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 overrides the Engineering and Maintenance Committee to delay interviewing engineering firms until April 2019.

Resolution No. 7909 is hereby adopted by a roll call vote as follows:
Director Alexander, Aye; Director Clark, No; Director Burbage, Aye; Director Mims, Aye; Director Dickerson, Aye; Director King, Aye; Director Munchus, Aye; Director Muhammad, Aye.”

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As there was no further business before the Board, the meeting was adjourned at 10:42 a.m.

/s/
Tommy Joe Alexander
Chairman/President

Attest:

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