

**MINUTES OF THE INFORMATIONAL MEETING OF DIRECTORS  
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM  
March 20, 2015**

The Informational Meeting of the Directors of The Water Works Board of the City of Birmingham was held on Friday, March 20, 2015, at 9:00 a.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: A. Jackie Robinson, III, Sherry W. Lewis, Kevin B. McKie and George Munchus. Ann D. Florie was not in attendance.

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

The meeting was also attended by: Mac Underwood, General Manager; Sonny Jones, Darryl Jones and Michael Johnson, Assistant General Managers; Grace E. Amison, Executive Assistant to the Board of Directors; Tammy Wilson, Administrative Assistant to Assistant General Managers Sonny Jones and Darryl Jones; Ben Sorrell, Rick Jackson, George Anderson, Iris Fisher and Barry Williams, Board Employees; Jerry Jones, ARCADIS; Charlie Waldrep and Mary Thompson, Waldrep, Stewart & Kendrick, LLC; Matthew Arrington, Terminus Securities; Kirk Mills and Theo Johnson, Volkert & Associates, Inc.; Jesse Lewis and Brandon Wilson, The Lewis Group; Chandra Abesingha, C. E. & Associates, Inc.; Dan Meadows, S. S. Nesbitt and Company, Inc.; Joseph Bryant, Staff Writer for The Birmingham News; Rebecca DePalma, Lobbyist with White, Arnold and Dowd, P. C.

Chairman A. Jackie Robinson, III called the meeting to order at 9:09 a.m. and welcomed the meeting body asking everyone to remember Kelvin Howard's family in their moment of grief in the passing of Kelvin's father. George Anderson opened the meeting with prayer. There was no discussion under old business. Chairman Robinson stated he attended the service for Floyd Jackson, Kelvin Howard's father saying that it was a tribute to his life and the uplifting person he was. The Chairman also announced that the Board was getting requests and interest about possible asset sales and that various assumptions were being made. As the Board gets closer to knowing more, Chairman Robinson stated that information would be shared as appropriate. Director Munchus asked if the inquiries were in relation to Moody or Blount County assets. The Chairman responded both are still fluid. Director Munchus stated he wanted the Board to get it right and that real estate deals were always fluid and moving up until closing sometimes.

Following, General Manager Mac Underwood requested the Board authorize the General Manager and/or the Assistant General Manager to enter into an agreement with a "Bidding Agent" to act on behalf of the Birmingham Water Works Board (BWWB) for the purpose of properly investing the Series 2015 Construction and Escrow Funds and to take all actions; execute such documents and certificates and prepare such bid documents as may be necessary to consummate the issuance of the Water Revenue Refunding Bonds, Series 2015 - A and the Water Revenue Bonds, Series 2015 - B as set forth in agenda item 2. Documentation containing quotes (a copy is on file with the Board meeting book) pertaining to the two agents being considered was distributed to the meeting body. Some discussion took place concerning the key

points to note about the two agents, with Mac Underwood explaining. Municipal Government Investors Corporation (mGIC) has been doing business for us beginning in 2004 and Winters has been doing business for us beginning in 2011. George Munchus asked Mac Underwood to comment on which entity would be best to act as the bidding agent. The fact that mGIC bid and negotiated the transactions, led Mac Underwood to believe that mGIC would be the best choice to carry these transactions and interest rates over. Fee summaries were highlighted. Of note, all fees are paid by the provider (winning bidder) and they are reflected as a slight reduction of interest rate. George Munchus asked if there were any arbitrage issues for us. Michael Johnson stated no, the interest rates on our bonds are 3%, 4% and 5% and the yield in the market place is down around 1%. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, The Water Works Board of the City of Birmingham (the “Board”) is in the process of issuing its Water Revenue Refunding Bonds, Series 2015-A Bonds and its Water Revenue Bonds, Series 2015-B (together, the “Series 2015 Bonds”) in order to refund certain outstanding debt of the Board and to borrow money for capital improvement to the Board’s Water System (the “Series 2015 Improvements”); and, in connection therewith, will establish (i) one or more Escrow Funds (the “Escrow Funds”) in order to provide for the refunding of the outstanding Bonds to be refunded, and (ii) a Construction Fund (the “Series 2015 Construction Fund”) to pay for the Series 2015 Improvements, and

WHEREAS, the Board wishes to bid the investment of the Escrow Funds and the Series 2015 Construction Fund (hereinafter collectively referred to as the “Invested Funds”) that will be in need of being invested; and

WHEREAS, the Board desires to appoint Municipal Government Investors Corporation as the bidding agent for the Invested Funds.

NOW, THEREFORE, BE IT RESOLVED on a motion duly made by George Munchus and seconded by Kevin McKie, as follows:

1. The Board hereby authorizes and appoints Municipal Government Investors Corporation to serve as Bidding Agent for the Invested Funds (the “Bidding Agent”), and authorizes the Bidding Agent to take all actions and execute such documents and certificates and prepare such bid documents as may be necessary to consummate the transactions contemplated therein. Resolution No. 6884 is hereby adopted by unanimous vote.”

Mac Underwood reminded the Board that Staff would have quotes from the five or six companies on the Operating Fund money investing by next Thursday if we are able to secure them by the end of the day and at that time we will get them to the Board. Then hopefully it can be voted on in the Board meeting Friday according to Mac Underwood.

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Next, Assistant General Manager Michael Johnson was recognized to present the Finance and Administration Division Report for February 2015 in a PowerPoint presentation as set forth in agenda item 3. The Board was provided a copy of the presentation (wherein a copy of the

presentation is on file with the Board meeting book). Assistant General Manager Michael Johnson reviewed and discussed the details as outlined in said report.

Assistant General Manager Michael Johnson reported that the total number of Active Customers billed through February did not have a significant change. Customer Metered Consumption other than raw water is down about 4%. U. S. Steel is above budget by 25% although we may see some changes there later. Mac Underwood added that Matthew Arrington was able to get the articles on U. S. Steel's additional investments to the rating agency before they went to committee, which was great news. For the month of February we are under budget by just under \$300,000.00 in Revenues. Expenses were under budget as well. Employee Healthcare Costs are over budget \$170,000.00 YTD, due to rising healthcare costs. Contractor and Paving Costs are under budget. Power Costs are over budget due to the increase in rates for power costs not budgeted and also a recent maintenance project contributed. Chemical, Labor and Overtime Costs are under budget. Meetings are being held monthly with Managers and Supervisors to identify changes and overages. Reserve Fund Balances are a little over \$88M. A Minority Participation Summary calculates to a little over 5%. IVR vs. Website Usage continues to grow. E-Check vs. Credit/Debit usage indicates continued increases. E-Billing statistics have continued to see increases with 23,231 customers on record through February 2015. There are 23,357 active HomeServe policies as of March 10, 2015. Michael Johnson added we are working to transition from Paymentus to Acculink. There is a Communication Committee Meeting scheduled for April 14<sup>th</sup> or 15<sup>th</sup> where we hope to bring an agreement for approval to cover Paymentus during the months of the transition period.

Following, Assistant General Manager Sonny Jones was recognized to present the Engineering and Maintenance Division Report for February 2015 in a PowerPoint presentation as set forth in agenda item 3. The Board was provided a copy of the presentation (wherein a copy of the presentation is on file with the Board meeting book). Assistant General Manager Sonny Jones reviewed and discussed the details as outlined in said report.

Under the CIP Metrics slide, Sonny Jones stated the forecasted budget amount is \$58,030,172.00 with actual expenditures through February 2015 being \$6,391,803.00. Capital Projects were highlighted with Sonny Jones stating Inland Dam Rehab investigation final analysis reports are in progress. Also, the weir design and monitoring system plans are under review. The Lake Purdy Dam Stability Study is making good progress and the 2015 budgeted amount is \$1.8M. The Carson Loop 6B project has a completion date of April 2015. The Carson Loop 6C budget for 2015 is \$5.3M. The Inland Marina design is complete. Capital Projects Scheduled for 2015 with cost estimates are; Carson Loop 6C - \$6,926,000.00, SAP Phase 2 - \$6,293,000.00, Shades Mountain Filter Plant Filter Improvements - \$6,580,000.00, Lake Purdy Dam Rehab - \$1,823,000.00, Inland Marina - \$1,100,000.00, Western Filter Plant Electrical Upgrades - \$1,529,000.00 and Inland Pump Station and Transmission Upgrades - \$1,888,000.00. Moving on to System Development Department's main replacement projects, Sonny Jones stated BWWB's scheduled 2015 projects total 40,000 feet. The amount of main replaced in February was around 16,605 feet. The total number of Cut and Cap Parallel Mains replaced in 2015 through February is 3,297 feet. Sonny Jones shared figures from the Distribution Department for February 2015; 312 leak orders were completed; outstanding leak orders in February totaled 29; the oldest leak in the system is February 10, 2015; and we repaired

or replaced 131 hydrants in February with them only being out of service 1 day. Incorporated into the presentation were a series of photographs taken of the progression of work on the road being built at Lake Purdy in conjunction with the Lake Purdy Dam Stability Study. Sonny Jones announced a proposed residential development with a park in the city of Vestavia which would possibly add more 70 to 95 customers to the BWWB system. We plan to meet with the mayor and developer as soon as possible to see what we need to get in the ground to be prepared for expansion in this area. Lastly, Sonny Jones referred to a binder that is produced every two years which is the 10 – Year Capital Plan by Project (a copy was provided to each Board Director). This is the road map for us and we meet to review this every two weeks. Also, this week the documents went out on the street for the new paving bid and also we broke the asphalt material out from that and bid it separately. We should have the results from those next month according to Sonny Jones.

Next, Assistant General Manager, Darryl Jones, was recognized to present the Operations and Technical Services Division report for February 2015 in a PowerPoint presentation as set forth in agenda item 3. The Board was provided a copy of the presentation (wherein a copy of the presentation is on file with the Board meeting book). Assistant General Manager Darryl Jones reviewed and discussed the details as outlined in said report.

Darryl Jones reported on the finished and raw water pumpage for February 2015. The cumulative finished water pumpage total for February is 5.857 billion gallons. The cumulative raw water pumpage total for February is 7.426 billion gallons. We track the rainfall every day and we have six sources we pull from. We are right on target for rainfall. Lake levels at both Inland Lake and Lake Purdy are full. The last 30 days looks very similar to what we did last year at the same time. USX started to see a drop in February. The power accounts are over budget for the month by \$53,346.00 and chemical accounts are under budget for the month by \$52,522.00.

Following, General Manager Mac Underwood highlighted an item on the agenda for the Regular Bimonthly Board of Directors' Meeting scheduled for March 27, 2015. We will be recognizing the Human Resources training team as Employees of the Month for their ranking of 24 out of 125 in the Top 125 Training Award. Other than that the remaining items are routine Mac Underwood stated.

Next, Matthew Arrington announced that Moody's and Standard & Poor's will be releasing credit ratings today, which is the National Score Card. One rating will be released at 12:30 and the other a couple of hours later.

Following, Charlie Waldrep stated he visited Kelvin Howard and his mother and he learned that Floyd Jackson, Kelvin's father, started a job right out of High School and worked there for 42 years.

Last, Director Lewis requested that a resolution be added and placed on the agenda for the next scheduled Board Meeting, March 27, 2015, to recognize former Director David Herring for his service on the Board, as is customary.

As there was no further business before the Board, a motion was duly made and seconded, and the meeting was adjourned at 9:58 a.m.

\_\_\_\_\_/s/\_\_\_\_\_  
A. Jackie Robinson, III  
Chairman/President

Attest:

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