

**MINUTES OF THE REGULAR MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
September 16, 2015**

The regular meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, September 16, 2015 at 9:00 a.m., at 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 Directors were present, a quorum was in attendance.

The meeting was also attended by: Mac Underwood, General Manager; Darryl Jones, Assistant General Manager of Operations and Technical Services; Sonny Jones, Assistant General Manager of Engineering and Maintenance; 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; Ben Sorrell, George Anderson, Iris Fisher, Drusilla Hudson, Anton Jones, Steve Franks, Board Employees; Kelvin Howard, Mark Parnell, Mary Thompson and Charlie Waldrep, Waldrep, Stewart & Kendrick, LLC; Dan Meadows, S.S. Nesbitt & Company, Inc.; Jesse Lewis, Dorian Kendrick and Brandon Wilson, The Lewis Group; Theo Johnson and Kirk Mills, Volkert & Associates, Inc.; Jerry Jones and Trisha Brown, ARCADIS; Chandra Abesingha, CE & Associates, Inc.; Matthew Arrington, Terminus Municipal Advisors, LLC; Otis Stewart, Facilities Management Consultants, LLC; Courtney French, Fuston, Petway and French, LLP; David Merrida, Birmingham Construction Industry Authority; David Head, Utegration.

General Manager, Mac Underwood, called the meeting to order at 9:04 a.m. and welcomed the meeting body. Assistant General Manager, Michael Johnson, opened the meeting with prayer.

Under old business, Director Munchus asked if there was any further discussion in the Human Resources Committee meeting last week after he left the meeting, regarding the possibility of closing the Birmingham Water Works Board (BWVB) Health and Wellness Center. Mac Underwood stated Staff is going to bring this back to the Committee for a second review. Director Florie said Mark Johnson had to run some numbers and he had other ideas to talk about. Michael Johnson added Healthstat would be present at the Informational Board meeting next week.

Following, Mac Underwood asked the Board to approve minutes from an Informational Board of Directors' Meeting on July 23, 2015 and a Regular Board of Directors' Meeting on July 31, 2015, as set forth in agenda item 2. 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. George Munchus and seconded by Mr. Kevin B. McKie, that the Board hereby approves minutes of the Informational Board of Directors’ Meeting held on July 23, 2015 and the Regular Board of Directors’ Meeting held July 31, 2015. Resolution No. 6981 is hereby adopted by unanimous vote.”

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Next, Mac Underwood asked the Board to approve payments of invoices, as set forth in agenda items 3.1 through 3.10. Mac Underwood indicated management has reviewed the referenced invoices and recommends them for approval. 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. 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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|------|---|---------------------|
| 3.1 | <u>Carl Dalton NeSmith, LLC</u>
For retainer fee for September 2015 | \$ <u>500.00</u> |
| 3.2 | <u>Birmingham Construction Industry Authority, Inc.</u>
For professional services rendered for August 2015 | \$ <u>2,000.00</u> |
| 3.3 | <u>Adams and Reese, LLP</u>
For professional services rendered through September 12, 2015 | \$ <u>3,000.00</u> |
| 3.4 | <u>The Bloom Group, Inc.</u>
For professional services rendered for September 2015 | \$ <u>4,000.00</u> |
| 3.5 | <u>Raftelis Financial Consultants, Inc.</u>
For professional services rendered for August 2015 | \$ <u>4,106.45</u> |
| 3.6 | <u>Terminus Municipal Advisors, LLC</u>
For professional services rendered for August 2015 | \$ <u>6,500.00</u> |
| 3.7 | <u>White Arnold & Dowd, P. C.</u>
For professional services rendered through September 12, 2015 | \$ <u>7,004.00</u> |
| 3.8 | <u>Fine Geddie & Associates, LLC</u>
For professional services rendered for September 2015 | \$ <u>10,000.00</u> |
| 3.9 | <u>Volkert, Inc.</u>
For professional services rendered for August 2015 | \$ <u>21,140.00</u> |
| 3.10 | <u>The Lewis Group</u>
For professional services rendered for August 2015 | \$ <u>25,000.00</u> |

Resolution No. 6982 is hereby adopted by unanimous vote.”

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Following, Mac Underwood requested the Board to take bids for the purchase of two purge/trap and autosamplers for the EnviroLab to analyze for volatile organic compounds under EPA method 524.2 at an estimated out-of-pocket cost to the Board of \$120,000.00, as set forth in agenda item 4. EnviroLab Manager, Anton Jones, explained that these instruments would allow the lab to analyze for volatile organic compounds under EPA method 524.2, which the EPA requires. 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. George Munchus and seconded by Mr. Kevin B. McKie, that the Board hereby authorizes staff to take bids for the purchase of two new purge/trap and autosamplers for the EnviroLab to analyze for volatile organic compounds under EPA method 524.2 at an estimated out-of-pocket cost to the Board of \$120,000.00. Resolution No. 6983 is hereby adopted by unanimous vote.”

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Next, Mac Underwood requested the Board to award bids to Electrical Repair Services, item 5.1, for a new 450HP AC Squirrel-Cage Induction Motor at Inland Pump Station at an out-of-pocket cost to the Board of \$74,432.00, American Suncraft Company, item 5.2, for painting and repairs to Sipsey #2 raw water tanks at an out-of-pocket cost to the Board of \$644,300.00, REV Construction, Inc., item 5.3, for the relocation of Water Board facilities in conflict with the City of Birmingham for services along Killough Springs Road at an estimated out-of-pocket cost to the Board of \$719,527.90, Mark Johnson Construction, LLC, item 5.4, for replacement of the existing damaged waterway security barriers at Inland Lake at an estimated out-of-pocket cost to the Board of \$877,204.00 and Dunn Construction, item 5.5, for estimated annual quantities of asphalt hot mix at an estimated out-of-pocket cost to the Board of \$933,685.00. Director Lewis asked if Staff was looking at using a different mix at one time in relation to item 5.5 for estimated quantities of asphalt hot mix. Sonny Jones stated for inside the hole itself Staff is still in the testing phase; however for the top mix, this is the only product they have considered. Darryl Jones explained that there is also a cold mix not to be confused with the hot mix which is to be voted on to award today. Director McKie asked where Mark Johnson Construction, LLC, in relation to item 5.4 was located. Sonny Jones responded Tuscaloosa, Alabama. 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. George Munchus and seconded by Mr. Kevin B. McKie, that the Board hereby authorizes staff to award bids on the following:

- 5.1 Electrical Repair Services, the lowest responsible and responsive bidder, for a new 450HP AC Squirrel-Cage Induction Motor at Inland Pump Station, at an out-of-pocket cost to the Board of \$74,432.00.

- 5.2 American Suncraft Company, Inc., the lowest responsible and responsive bidder, for Painting and Repairs to Sipsey #2 Raw Water Tanks, at an out-of-pocket cost to the Board of \$644,300.00.
- 5.3 REV Construction, Inc., the lowest responsible and responsive bidder, for the relocation of Water Board facilities in conflict with the City of Birmingham (i.e. City) Drainage and Roadway Improvements Project. This project includes the installation of 1,830' of 8" DICL pipe; 100' of 6" DICL pipe and related appurtenances; and 10 water services along Killough Springs Road between Kay Drive and 6th Street NW located in the City of Birmingham at a bid amount of \$314,250.00; plus estimated cost of materials and Water Board labor in the amount of \$405,277.90; at an estimated out-of-pocket cost to the Board of \$719,527.90.
- 5.4 Mark Johnson Construction, LLC, the lowest responsible and responsive bidder, for replacement of the existing damaged waterway Security Barriers at Inland Lake, at an estimated out-of-pocket cost to the Board of \$877,204.00.
- 5.5 Dunn Construction, the lowest responsible and responsive bidder, for estimated annual quantities of Asphalt Hot Mix for temporary and permanent patching requirements, at an estimated out-of-pocket cost to the Board of \$933,685.00.

Resolution No. 6984 is hereby adopted by Directors Mims, McKie, Florie and Lewis. Director Munchus voted no on items 5.2, 5.3 and 5.4."

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Following, Mac Underwood requested the Board to grant an easement to Alabama Power Company for the installation of a new power line located at Western Filter Plant at no cost to the Board. Mr. Underwood explained further that power would be required for George Kountoupes Painting to paint the four Mulberry Site #4 water tanks. Chairman Mims asked Darryl Jones if these were the tanks that the two of them looked at yesterday as they were visiting sites. Darryl Jones responded no, but that the Cane Creek tank which we did visit yesterday will need painting at some point also. 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. George Munchus and seconded by Mr. Kevin B. McKie, that the Board hereby grants an easement to Alabama Power Company for the installation of a new power line located at Western Filter Plant for a 480V/3ph/200 amp power line to run a D&H unit (for proper atmospheric humidity for paint application) for George Kountoupes Painting to paint the four Mulberry Site #4 water tanks. Alabama Power Company will install two poles and a meter box while Stone & Sons will install four to six more poles. The cost of the installation lies with George Kountoupes Painting and there is no cost to the Board unless, in the future, the BWWB decides to turn the service on; and to authorize the General Manager and/or the Assistant General Manager to execute the easement. Resolution No. 6985 is hereby adopted by unanimous vote."

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Next, Mac Underwood requested the Board to approve expenditure with Layne/Vertiline c/o Dowdy & Associates, to repair a Cahaba Pump Station spare river pump at an out-of-pocket cost to the Board of \$72,655.00. This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider. Darryl Jones stated the cost to repair this pump is much lower than the cost of a new pump. 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. George Munchus and seconded by Mr. Kevin B. McKie, that the Board hereby approves expenditures with Layne/Vertiline c/o Dowdy & Associates, a sole source provider, to repair a Cahaba Pump Station spare river pump at an out-of-pocket cost to the Board of \$72,655.00. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.] Resolution No. 6986 is hereby adopted by unanimous vote.”

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Following, Mac Underwood requested the Board to approve and authorize the General Manager and/or the Assistant General Manager to enter into a Master Services Agreement with Paymentus to provide online payment processing for Birmingham Water Works Board customers using credit cards, debit cards and other form of electronic payments. Services will be provided by charging customers \$1.95 convenience fee, with no out-of-pocket cost to the Board. Some discussion occurred about the convenience fee amount and the renewal period. Mac Underwood stated this is a 3-year contract. Mr. Underwood provided a handout (wherein a copy is on file in the Board meeting book) with a summary of all quotes from Paymentus. Director Florie asked Staff about the resolution concerning all renewal contracts that the Board requested. Mac Underwood stated Staff is working on the resolution concerning renewal contracts for the Board. Director McKie requested that at least a 30-day notice be given to the Board on renewals. Director Florie asked for notification 30 days before the 6-month termination notice in regards to the contract renewal with Paymentus, prior to voting. 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. Kevin B. McKie and seconded by Mr. Ronald A. Mims, that the Board hereby approves and authorizes the General Manager and/or Assistant General Manager to enter into a Master Services Agreement with Paymentus to provide online payment processing services for BWWB customers using credit cards, debit cards and other forms of electronic payments. Services will be provided by charging customers \$1.95 convenience fee, with no out-of-pocket cost to the board. Resolution No. 6987 is hereby adopted by Directors Mims, McKie and Florie. Director Lewis opposed and Director Munchus abstained.”

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Next, Mac Underwood requested the Board to approve Scopes of Services with Utegration to perform SAP Phase 2 – Customer Relationship and Billing realization and implementation services to configure the system and assist in overall project planning, development and delivery of related functional and technical deliverables and activities to support system implementation at an out-of-pocket cost to the Board of \$9,596,554.00; and ARCADIS, U.S., Inc. to provide services related to the installation of SAP Phase 2 – Customer

Relationship & Billing services including program management, data conversion, software testing support, basis management and other implementation assistance services at a total out-of-pocket cost to the Board of \$1,460,474.00; and to authorize the General Manager and/or the Assistant General Manager to accept the agreements. Mac Underwood stated he had just returned from the SAP for Utilities Conference where Utegration was selected as SAP Implementation Partner of the Year. Also present in today's meeting is David Head, Executive Manager with Utegration. David Head was introduced and recognized. Mr. Head stated he was excited about the opportunity to move forward, also adding that implementation is key. Director Munchus asked if Paymentus' services would not be needed with this implementation at some point. Mac Underwood stated someone would have to continue to process payments. Director Florie expressed concern that Staff did not have the capacity in-house to project manage the vendors in item 5.2 with ARCADIS. Mac Underwood provided an Effort Summary sheet (wherein a copy is on file in the Board meeting Book) with a breakdown of the various tasks and vendors costs. Some discussion took place concerning the conversion of data. Every customer account must be cleansed according to Mac Underwood then converted from OTIS to SAP. Jerry Jones stated this effort was really no different than a construction site project which utilizes vendors to complete a project. Director Florie asked if Barry Williams could be the Project Manager on this effort instead. Mac Underwood responded that Barry Williams is ensuring the internal customer (BWVB) gets what they need. Mac Underwood also stated there were two positions being asked for in the budget to ramp up Staff to handle the additional workload to assist Barry Williams. David Head added that other companies during the implementation period do the same. Director Florie asked for a time frame on the implementation period. Mac Underwood responded 14 months. Mac Underwood added some ancillary improvements will be made during this process. Some discussion occurred concerning the type of programmers BWVB currently has on Staff and it was explained by Mac Underwood that the Otis System is 40 – 50 years old and SAP requires architectural programmers, which we do not have on Staff right now. Director Florie asked if in the future the capacity in house will be developed for this type of programming. Mac Underwood stated yes, but not completely. On the data conversion support, Director Florie asked if this type of work had been performed by ARCADIS before. Jerry Jones responded yes. David Head stated the synergy and teamwork Utegration has built with ARCADIS is pretty significant. From a data conversion perspective, if this information does not get into SAP in a clean manner it could be a big risk according to David Head. 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. George Munchus and seconded by Mr. Kevin B. McKie, that the Board hereby approves the following:

- 9.1 To approve an agreement with Utegration to provide implementation services for SAP Phase 2 in the amount of \$ 9,596,554.00; and authorize the General Manager and/or the Assistant General Manager to accept the agreement.
- 9.2 To approve an agreement with ARCADIS, U.S., Inc. to provide program management; data conversion, software testing support, basis management and other implementation assistance services for SAP Phase 2 in the amount of \$1,460,474.00; and authorize the General Manager and/or the Assistant General

Manager to accept the agreement.

Resolution No. 6988 is hereby adopted by unanimous vote.”

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Following, Mac Underwood requested the Board to approve an agreement with Fuston, Petway & French, LLP to provide general legal services and to authorize the Chairman to accept the agreement. Chairman Mims apologized to the Board for not being as open as he could have been regarding this item but he felt as if it was necessary. Director Florie asked for confirmation that this agreement was hourly and not a retainer. Mac Underwood stated she was correct. Courtney French, principal in the firm, was present and talked about his qualifications, a copy of which is included in the meeting book. Mr. French also added that his father retired from the BWWB and was an operator at Western Filter Plant. There are three principal partners in the firm Mr. French stated; however he is the majority owner. Mr. French stated he specializes in personal injury matters and that he also represents the Jefferson County Transit Authority. In the past, Mr. French stated he worked with Chief Justice Ralph Cook when he was on the Supreme Court. Each attorney in the firm has a specialization. Director Florie asked Mr. French if they had the latitude to bring in other expertise if needed. Mr. French confirmed, adding the cost should actually be less expensive hourly regarding the use of legal expertise in a particular area. 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 Mrs. Ann D. Florie, that the Board hereby approves an agreement with Fuston, Petway & French, LLP, to provide general legal services; and authorize the Chairman to accept the agreement. Resolution No. 6989 is hereby adopted by Directors Mims, McKie, Florie and Lewis. Director Munchus abstained.

Director McKie asked Director Munchus if he could elaborate on why he abstained, adding if an Executive Session needed to be called in order to discuss he would be in favor of it. If there is a relationship or conflict for instance, it could play a part in doing business with this company Director McKie stated. Director Munchus said he had no further comments on the matter.

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Next, Mac Underwood requested the Board to authorize the General Manager and/or the Assistant General Manager to enter into a renewal contract with SHI International Corporation for a Microsoft Enterprise Licensing Agreement for usage of Microsoft software and maintenance support from Microsoft for September 2015 through September 2018 at an out-of-pocket cost to the Board of \$625,386.00. IT Manager, George Anderson gave a PowerPoint presentation. In summary, BWWB uses Microsoft for most everything from desktop to the server level. The renewal with Office365 option allows the BWWB to have everything we have today plus mobile smartphones and Office365. The Office365 component features cover all usage by employees in 3 levels, up to 15 copies of Office per employee, Enterprise Mobility Suite, Email Online, Online Document Portals, Skype for Business and Online File Storage, Managed Compliance and Disaster Recovery of Data and e-Discovery with Legal Hold. Director Munchus asked if this was a 3-year contract. George Anderson responded yes, but no automatic renewal. 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. George Munchus and seconded by Mr. Kevin B. McKie, that the Board hereby authorizes the General Manager and/or the Assistant General Manager to enter into a renewal contract with SHI International Corporation for a Microsoft Enterprise Licensing Agreement for usage of Microsoft software and maintenance support from Microsoft for September 2015 through September 2018 at an out-of-pocket cost to the Board of \$625,386.00.

Resolution No. 6990 is hereby adopted by unanimous vote.”

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Following, Michael Johnson provided a handout (wherein a copy is on file in the Board meeting book) regarding the results of the investment of debt service funds for water revenue bonds. Michael Johnson reminded everyone that the Board approved Staff to seek Requests for Proposals (RFP’s). Referring to page 7 of the handout, Michael Johnson stated there was a summary of the bidders indicating Citibank as the winner. Page 6 is a summary of the income, with about \$64,000.00 in income. Also, Michael Johnson added the fee will be paid by Citibank. With this rate, the interest earned will be about \$640,000.00 per Matthew Arrington who stated this is a 5-year deal. MGIC is the bidding agent and they are scheduled to close Friday, September 18, 2015 Michael Johnson stated.

Next, Mac Underwood announced that the recent H2O Golf Tournament was successful and that a report would be given in the next Board Meeting. Mr. Underwood also announced that Customer Service Week begins the first week in October with an Employee Appreciation Lunch planned for that Friday, October 9th. There will be food and tents set up in the back parking lot of the Main Building that day for the lunch.

Following, Director Florie asked if Staff is going to continue paying Carl Dalton NeSmith, LLC a retainer. The Board does not retain representation for other counties Director Florie stated and she wondered if there are currently any Blount County issues. Mac Underwood stated there were 60 to 70 properties in Blount County at one time. With about 5,000 acres owned by the Board in Blount County NeSmith was retained for that reason. The Board is subject to being sued and it would be the advice of the legal team to continue to retain NeSmith in Blount County. Mac Underwood stated Staff is working on a list of contracts to present and bring before the Board prior to voting to renew all contracts.

Next, Dan Meadows, with S.S. Nesbitt and Company, Inc. stated that November 1, 2015 is the effective date that the Board’s property and liability insurance will go into effect, adding he was optimistic about the outcome of proposals and available for any questions.

Following, Chairman Mims asked Jesse Lewis if everyone was working with him on the Minority Vendor Program. Jesse Lewis stated it was moving forward and he was satisfied with the progress.

As there was no further business before the Board, a motion was duly made and seconded, and the meeting was adjourned at 10:12 a.m.

_____/s/_____
Ronald A. Mims
Chairman/President

Attest:

_____/s/_____
George Munchus
Secretary-Treasurer