

MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
APRIL 27, 2017

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, April 27, 2017, at 9:00 a.m., at 3600 First Avenue North, Birmingham, Alabama.

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

The meeting was also attended by: Mac Underwood, General Manager; Michael Johnson, T. M. "Sonny" Jones, and Darryl Jones, Assistant General Managers; Grace E. Amison, Executive Assistant to the Board of Directors; Rick Jackson, Barry Williams, George Anderson, Jr., Paul Lloyd, Scott Starkey, Terrell Jones, and Cynthia Williams, Board Employees; K. Mark Parnell, Parnell Thompson, LLC, Kelvin Howard, Kelvin W. Howard, LLC, Jerry Jones and Brian Ruggs, ARCADIS; Jessie J. Lewis, The Birmingham Times; Dorian Kendrick Agency 54; Theo Johnson, Volkert, Inc.; Oliva Martin, Attorney General Office State of Alabama; Nelda Thompkin and Isaac Ballard, Retirees; and Carlos Chaverest, visitor.

As there was a quorum, the meeting was called to order at 9:01 a.m. The General Manager stated for the record all of the directors are present today. Following, IT Manager George Anderson opened the meeting with prayer.

Next, the General Manager proceeded with the agenda and he asked the Board to adopt a resolution commending the Employees of the Month for April 2017 from the Engineering and Maintenance Division, as set forth in agenda item 1.1. 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 Ms. Deborah Clark, that the Board hereby recognizes and commends Nicholas Norman, Edward Norfleet, Markus Snoddy, Cornelious Tolbert, Willie Battle, Steve Debrow, Tim Woods, Rodney Ellison, Reginald Perry, Carvin Jones, Tracy Myricks, Jermaine Morton and Franklin Turk in the Distribution Department as the Employees of the Month for April 2017 from the Engineering and Maintenance Division; on having achieved outstanding team efforts for supporting a high volume of construction projects and frequent operating of flow and pressure needs due to drought conditions along with their normal job responsibilities.

RESOLVED FURTHER, that the Board and the General Manager are hereby authorized to sign a formal resolution, the wording of which will carry out the intent herein, and a copy of which will be presented to the employees named above.

Resolution No. 7461 is hereby adopted by unanimous vote."

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Following, Human Resources Manager Paul Lloyd indicated that the April's Employees of the Month are a 13-member valve crew who works in the Distribution Department. He said they are the first responders when there are leaks or main breaks in the system. Subsequently, Mr. Lloyd asked the 13-member valve crew to introduce themselves. He stated the Board experienced record levels of leaks and main breaks during January and February 2017 due to the drought and cold weather wherein said employees

are being recognized for their efforts. Mr. Lloyd said during this time the valve crew stayed ahead of the Board's 15 leak crews, shutting off water to try and prevent damage to customers' homes. Mr. Lloyd stated said employees also worked on several ongoing construction projects in the system, while continuing to carry out their normal responsibilities of keeping up with the maintenance crews and normal exercising of over 48,000 valves. Mr. Lloyd said the referenced employees are called on at all hours of the night in all types of weather, have been asked to stay late, come in on weekends and holidays and return to work after they have gone home, pointing out they have answered the call every time and never complained. Following, Mr. Lloyd thanked the employees for their dedication to the Water Works, for providing good service and for taking care of the Board's customers. Subsequently, the meeting body applauded the group for a job well done. Field Supervisors Eddie Gray and Russell Thomas introduced themselves and congratulated the crew. On behalf of the Board and senior executive management, Chairwoman Lewis expressed appreciation to the employees and indicated they do a fantastic job. She commented the Water Works and its customers count on them and they always deliver. Chairwoman Lewis said the Board is proud to have said crew as employees and she asked to continue the good work; she added the referenced employees are experts at their jobs. Subsequently, Chairwoman Lewis presented each employee with a commendation plaque and a \$250.00 check. Following, Assistant General Manager Sonny Jones said staff has some contracts that require outside firms during heavy periods to fix the Board's pipes. He indicated it has been a hard and fast rule for nearly 40 years that no one is allowed to turn the Board's valves except its Valve Crew and some of its other employees. Assistant General Manager Sonny Jones said the valve crew works hard and does good work for the organization. Subsequently, he thanked the group and said the team deserves recognition and the meeting body applauded.

Next, the General Manager asked the Board to adopt a resolution authorizing surviving spouse monthly retirement benefits from the Board's Retirement Trust Fund, as set forth in agenda item 2. The General Manager indicated staff recommends approval of the referenced item. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, James W. Jackson, a retiree of The Water Works Board of the City of Birmingham (“The Board”), passed away on April 5, 2017; and

WHEREAS, James W. Jackson was receiving, up until the time of his death, monthly retirement benefits from the Board's Retirement Trust Fund in the amount of \$2,181.69, 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, Judy Jackson, will begin receiving her surviving spouse monthly benefit of \$1,090.85, effective May 1, 2017.

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. George Munchus and seconded by Mr. William “Butch” Burbage, Jr., that the Trustee be, and is hereby instructed to pay a pension of \$1,090.85 per month to Judy Jackson from the Board's Retirement Trust Fund, in accordance with the terms of the Trustee Pension Plan, with the payment to be effective May 1, 2017.

Resolution No. 7462 is hereby adopted by unanimous vote.”

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After the above resolution was adopted, the General Manager responded to Director Munchus' inquiries relative to the surviving spouse's monthly benefits of 50% relative to 100%. The General Manager stated that surviving spouses receive 50% of their deceased retiree's monthly retirement benefit. In addition,

the General Manager explained that if the Board increased surviving spouse from 50% to 100% of the deceased retiree's monthly retirement benefit, he indicated it would be an actuarial issue wherein the unfunded liability would be increased. He pointed out that an actuarial study would need to be conducted to determine the cost. Following, Director Burbage was asked what Shelby County does and he indicated that Shelby County's retirees are under the RSA. He said spouses generally receive 50% of the retiree's monthly retirement benefit. He pointed out in order for surviving spouses to receive such funds, the employees would have to elect to do something when they retire.

Following, the Board was asked to authorize reimbursement of the operating account for capital expenditures for the period ended March 31, 2017, as set forth in agenda item 3. He indicated staff recommends approval of the referenced item. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, ARCADIS US, Incorporated, in a Certificate dated April 17, 2017, certified that during the period ending March 31, 2017 that there were expenditures for the cost of system improvements, which were paid out of the Operating Account and reimbursement of that account is now due in the preliminary amount of \$3,855,014.63 and;

WHEREAS, transfers to the Operating Account can be made from any, or a combination, of the following: the 2002 Construction Fund, the Improvement Fund, and/or the Revenue Account.

NOW, THEREFORE, BE IT RESOLVED By The Water Works Board of the City of Birmingham, on a motion duly made by Mr. George Munchus and seconded by Mrs. Brenda Dickerson, that the Trustee be, and is hereby instructed to immediately transfer \$3,855,014.63 to the Operating Account from any, or a combination, of the following: The 2002 Construction Fund, the Improvement Fund, and/or the Revenue Account.

Resolution No. 7463 is hereby adopted by unanimous vote.”

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Next, the General Manager asked the Board to approve payments of invoices for professional services, as set forth in agenda items 4.1 through 4.6, and he indicated staff recommends approval of said items. After the motion was made and seconded, Director Dickerson asked for an explanation of what Raftelis Financial Consultants does for the Board. Assistant General Manager Michael Johnson stated said company is the Board's rate and financial consultants, pointing out said company is very knowledgeable of the Board's water utility and its customers, consumption, and national trends in consumption. He indicated Raftelis assists staff annually when budgets are prepared and helps in estimating what consumption would be compared to that of other utilities around the country, assists with rate setting and anything that staff does not have the internal resources to do or need validation in doing. Following, the General Manager noted that a certain dollar amount is normally included for Raftelis during the budget process for different special projects it does throughout the year. He mentioned that Assistant General Manager Michael Johnson has a synopsis of said company's summary of work. Following, Assistant General Manager Michael Johnson stated the summary includes miscellaneous items and Director Dickerson asked for an explanation as to how rates are calculated because she does not understand. Chairwoman Lewis indicated this discussion could take place in a Finance Committee Meeting wherein Assistant General Manager Michael Johnson said the bill would be reviewed with the Board to show how it was calculated. Following, Assistant General Manager Michael Johnson said the Rate Stabilization and Equalization policy is applied when establishing rates, pointing out when rates are set they are based on what the Board needs to operate with wherein the actual rate increase is a byproduct of this.

Following, Assistant General Manager Michael Johnson responded to a series of inquiries from Director Muhammad relative to what amount is needed for levels of reserves and how much money is in the unrestricted reserve fund. Assistant General Manager Michael Johnson stated the Board has about six (6) different funds where monies must be available, and he pointed out 25% of PAYGO must be put into the capital program. In addition, he pointed out the Board has a certain debt service coverage ratio wherein it can currently meet all its reserve targets with about \$70 million, noting there is about \$56 million for the capital program. Assistant General Manager Michael Johnson indicated there is approximately \$55 million in the unrestricted reserve fund and indicated said amount would go toward the capital program. Following, Director Muhammad said during a conversation with Mr. Peiffer Brandt of Raftelis, he mentioned there is a different base rate for larger meters wherein he stated it may not be possible to charge this rate to residential customers. Assistant General Manager Michael Johnson replied the current base charge for a 5/8-inch residential meter is around \$23.00, noting this is calculated into generated revenue. He indicated if there is to be a change, the directors would need to consider this during the Cost of Service Study.

Subsequently, Chairwoman Lewis pointed out to the directors that they were getting off the subject and indicated they could ask more in-depth questions during division reports. Director Muhammad inquired about the report conducted by Raftelis relative to research on the sewer collections as requested by Attorneys Sullivan and Grigsby. Director Muhammad said Raftelis' report stated as sewer prices increased the number of customers would be cut off and he asked if staff received this report. Assistant General Manager Michael Johnson replied he had not received the report and indicated he could ask Raftelis to review its findings with the Board. Subsequently, several suggestions were made as to how the Board could review the report; that is, (1) Raftelis could make a presentation to the Board or (2) staff could send the directors the links to Raftelis' report wherein the Board could review it onscreen. After discussion, Chairwoman Lewis called for the vote. Subsequently, Director Muhammad questioned the amount of Source One Legal Copy's invoice in item 4.5 and stated the amount seems high for items to be requested by another organization. Board Attorney Parnell reminded the Board about the confidentiality relative to item 4.5. 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 Ms. Deborah Clark, that the Board hereby authorizes staff to execute payments to the following:

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| 4.1 | <u>Carl Dalton NeSmith, Jr., LLC</u> For professional services rendered from March 14, 2017 through April 11, 2017 | <u>\$ 3,350.00</u> |
| 4.2 | <u>The Jones Group</u> For professional services rendered for April 2017 | <u>\$ 7,500.00</u> |
| 4.3 | <u>Raftelis Financial Consultants, Inc.</u> For professional services rendered for March 2017 | <u>\$ 18,591.28</u> |
| 4.4 | <u>Volkert, Inc.</u> For professional services rendered for March 2017 | <u>\$ 50,959.78</u> |
| 4.5 | <u>Source One Legal Copy, Inc.</u> For professional services associated with digital imaging and endorsing of records, maps and other documents - April 13, 2017 | <u>\$179,755.60</u> |
| 4.6 | <u>ARCADIS U.S., Inc.</u> For professional services rendered per January 2017's Progress | |

Resolution No. 7464 is hereby adopted by Directors Lewis, Alexander, Clark, King, Burbage, Mims, Munchus and Dickerson; Director Muhammad opposed.”

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Following, the Board was asked to award a bid to Consolidated Pipe, the lowest responsible and responsive bidder, as set forth in agenda item 5. He said staff recommends approval of the referenced item. After the motion was made and seconded, Director Munchus asked the General Manager to include the participation percentages for Historically Underutilized Businesses (HUB)’s, Disadvantaged Business Enterprises (DBE)’s and Minority Business Enterprises (MBE)’s on all products and services in the future so that the directors would have a record. Director Munchus said some of the vendors have supplier diversity programs and want to do business with the disadvantaged business community and indicated they do not know how. Subsequently, Chairwoman Lewis called for the vote. 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 Ms. Deborah Clark, that the Board hereby award bid to Consolidated Pipe, the lowest responsible and responsive bidder, for an annual estimated quantity of 900 each of meter boxes and lids to replenish stock in the Warehouse at an estimated total annual out-of-pocket cost to the Board of \$94,086.00; and to authorize the General Manager and/or the Assistant General Manager to execute purchase orders and/or contracts for procurement of materials, services and supplies needed for the operation, construction, and maintenance of the water system. Resolution No. 7465 is hereby adopted by unanimous vote.”

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After adoption of the above resolution, Director Munchus called to the directors’ attention that the General Manager sent out information relative to a bill amending the State of Alabama Bid Law. He said while it would not help the Board with reference to local participation moving from a 3% preference to perhaps a 5% preference, he indicated the Board should perhaps support this bill. Director Munchus said he thought staff was going to put a resolution on the agenda so the Board could vote on it. The General Manager distributed a copy of the House Bill amending the Alabama Bid Law. The General Manager pointed out said matter had previously been discussed wherein he believes the law as it currently exists would allow the Birmingham Water Works to put in a 3% local preference. Board Attorney Parnell pointed out the Water Works does not put in said preference and indicated said percentage is already included. Following, the General Manager said the Board charged BCIA to rewrite the documents wherein said company is supposed to include local preference that would be based on the current law. In response to Director Dickerson’s question of whether The Jones Group played a role in drafting the bill, the General Manager said Mr. Jones sent the bill to him for staff’s opinion and to forward it to the Board. He said according to Mr. Jones there is no opposition. Subsequently, Chairwoman Lewis suggested that the Board talk with Mr. Jones first and determine what the atmosphere is in Montgomery, noting she would contact him for his recommendation and she commented the decision would ultimately be up to the Board.

Following, Assistant General Manager Darryl Jones was recognized to present the Operations and Technical Services Division Report, as set forth in agenda item 6.1 for March 2017 in a PowerPoint presentation. A copy of the detailed report is on file in today’s Board Meeting book. Assistant General Manager Darryl Jones reported on comparisons of the monthly finished water pumpage for the past five (5) years, pointing out year-to-date said pumpage is about the same for 2017 as it was at this point in 2016 with about 8.8 billions of gallons; reported the average daily finished water pumpage for March 2017 was about

94.5 billions of gallons per day and reported on a five-year comparison of the monthly raw water pumpage, pointing out more raw water was pumped in January, February and March that includes some leakage wherein all of it is not water sales.

Following, Assistant General Manager Darryl Jones reported the daily raw water pumpage for March 2017 was 108 millions of gallons, pointing out said water feeds the Board's plants and its industrial customers; reported on the average cumulative rainfall; and reported that Inland Lake and Lake Purdy Storages are currently full. Assistant General Manager Darryl Jones reported the last big drought was in 2007, noting this may be a five (5) to seven (7) year cycle and indicated this area is about nine (9) inches behind in normal rainfall year-to-date. Director Muhammad said, in his opinion, droughts cannot be based on five-year pattern relative to unstable weather patterns, pointing out he thinks staff has to throw out calculations of thinking a drought might occur every five (5) years, considering normal rainfall is not where it should be. Assistant General Manager Darryl Jones said this gives the Board an opportunity to support the Carson Loop Project. He said staff's intent is to get 18 millions of gallons per day (mgd) from areas where there is a surplus of water, noting there is more water in the northern part of the system than the southern part wherein said project would give staff the opportunity to deal with multiple variations in weather.

Following, he reported with the exception of USX Corporation, consumption for raw water customers was less in March 2017 than it was in March 2106. In response to Director King's inquiry as to why said consumption was so low if USX is out and if this is another trend with the other raw water customers, Assistant General Manager Darryl Jones said a lot of the other customers such as ABC By-Products and Walter Energy produce coke that USX uses in its blast furnaces and American Cast Iron Pipe Company and U.S. Pipe also use coke produced by said companies. In response to Director Burbage's inquiry as to what happened with USX's consumption in 2015, Assistant General Manager Darryl Jones replied that USX decided to shut down its blast furnace. Assistant General Manager Darryl Jones said peak time for industrial customers is during summer months wherein their demand usually increases during this time. He also said USX's raw water usage has been down considerably for nearly three (3) years, pointing out said company was a major customer of the Birmingham Water Works. Following, Director Munchus asked if a staff person is working with the industrial customers and Assistant General Manager Darryl Jones responded yes and said Superintendent of Industrial and Commercial Affairs Johnnie Mayfield works with said customers monthly to make sure their needs and strict water quality standards are met.

Subsequently, a discussion ensued relative to having a lobbyist in Washington, D.C. Assistant General Manager Darryl Jones pointed out the water industry has associations with lobbyists in Washington because they are trying to get funds for all utilities and their infrastructure. In addition, he pointed out the Board pays its memberships at the agencies wherein a portion of its membership fees is for the organizations to have lobbyists in Washington. In response to Director Munchus' inquiry if staff thinks the Birmingham Water Works needs its own lobbyist, the General Manager stated the Board had a lobbyist in Washington for nearly five (5) years wherein it never received any money. He said the Board then decided it would not have a federal lobbyist. The General Manager said the Board could hire a lobbyist and push out as much information in Washington as it wants, and he indicated a part of the issue is trying to help smaller utilities. He indicated they are looking at the larger utilities being able to raise rates, pay for the bills and keep things going. Following, Director Munchus then asked whether the Water Works Board could partner with some of the smaller utilities and try and help them for a fee. The General Manager said Homeland Security appropriated a certain amount of money for generators and other kinds of projects for one (1) year when there was a major storm. He said funds started from the coast and only made it as far as Greenville, Alabama. At 9:56 a.m., Director Dickerson departed the meeting. Following, Assistant General Manager Darryl Jones reported the U. S. Drought Monitor dated April 18, 2017 shows there is a moderate drought and he indicated the Board's lakes are full and have been overflowing for about four (4) weeks. Subsequently, Assistant General Manager Darryl Jones reported power costs are \$88,884.00 under budget year-to-date, pointing out

more power is used during summer months wherein the monthly average is \$1 million mainly due to pumpage costs; and reported chemical costs are \$30,213.00 under budget year-to-date.

Next, Assistant General Manager Michael Johnson was recognized to present the Finance and Administration Division's Operating & Statistical Report (O&S) as set forth in agenda item 6.2 for March 2017 in a PowerPoint presentation. A copy of the detailed report is on file in today's Board Meeting book. At 9:58 a.m., Chairwoman Lewis departed the meeting. He reported on the numbers of active customers, pointing out reclassifications were done for some accounts when staff implemented SAP. He said currently, based on accounts and how contracts are made the Board has 198,642 customers. Assistant General Manager Michael Johnson stated going forward the number of customers would be between said total and about 200,000, noting the customer base stays within said range. At 10:00 a.m., Director Dickerson returned to the meeting.

Following, Assistant General Manager Michael Johnson discussed details as outlined in said report. At 10:01 a.m., Chairwoman Lewis returned to the meeting. Assistant General Manager Michael Johnson proceeded to discuss the following: the operating net revenue available for debt service and PAYGO; the operating expenses available for debt service and PAYGO; the net operating revenue for March 2017; the total operating revenues year-to-date; the total operating expenses year-to-date; and the total operating revenue year-to-date. Assistant General Manager Michael Johnson reported on the large O&M variances wherein employee health cost, paving charges, and power costs, and labor costs, are under budget year-to-date; and contractor charges, chemical costs, and overtime are over budget. Following, Assistant General Manager Michael Johnson reported the net unrestricted reserve fund balance as of March 31, 2017, is \$121,409,107.00. He reported total HUB participation year-to-date is about 20.38%, pointing out when vendor amounts were determined government related agencies, insurance, utilities and large pipe and lab vendors were excluded. Assistant General Manager Michael Johnson reviewed the number of regular full time employees; reported that as of April 17, 2017, there are 23,693 HomeServe customers with 36,461 active policies that include water service line, sewer septic line, plumbing & drainage, cooling and water heater. Following, Director Munchus asked about the total amount of rebate dollars the Water Works has received from HomeServe and Assistant General Manager Michael Johnson said he would get this report. He said the Water Works gets 15% of the commissions and noted the last check received from HomeServe was for March and it totaled \$15,000.00. Directors Munchus, Alexander and Muhammad said they believe the Board could get a higher percentage. Subsequently, Chairwoman Lewis recommended that the Communications Committee invite HomeServe to said committee meeting to discuss their entire process so that everyone would have a clear understanding of the program. Assistant General Manager Sonny Jones said rebates from said company are used to keep rates low. He said HomeServe gives the Board 12 pro bono line replacements annually wherein staff determines where they are by need. Following, he agreed it is time to bring said company in and said staff can do a public relation targeted advertisement. Chairwoman Lewis pointed out that employees get an incentive for selling the products. Following, the General Manager recalled that the previous five-member Board indicated it wanted to do a *soft sell*, not an aggressive approach. He said the Board could bring HomeServe back in, listen to them and decide how aggressive it wants them to be wherein said company would push out whatever campaign the Board wants. Following, Director Muhammad said during a community meeting of the Outcast Voters League, it was proposed that HomeServe could meet with said group and allow them an opportunity to work the communities. Chairwoman Lewis indicated this could be vetted properly in the Communications Committee, pointing out said committee can bring a recommendation back to the Board. Subsequently, Chairwoman Lewis said Public Relations Specialist Rick Jackson could assist in guiding what is done internally.

Following, Director Muhammad began a discussion on the HUB participation and certification, and he asked how staff is certifying businesses as HUB's. Following, Assistant General Manager Sonny Jones said BCIA is representing to staff that businesses are HUB's and are providing documentation stating such. The General Manager said certifications are provided from seven (7) different organizations that

include the City of Birmingham, BCIA and ALDOT wherein whoever submits HUB certification documents to staff is reportedly getting certified by one (1) of the seven (7) organizations. Following, Director Muhammad said the BCIA stated no one uses HUB's except Houston and he pointed out how said company can give HUB certifications when entities the General Manager referenced use DBE's and not HUB's. Following, the General Manager said the HUB policy specifies MBE, DBE, veterans, etc. wherein these classifications are defined in said policy as minorities. Chairwoman Lewis said they are working with senior executive management to increase the amount of HUB participation, noting the percentage for said participation has to be better. She said she believes some internal conversations and presentations to the Board on how this would be done would be helpful. Subsequently, Chairwoman Lewis said hopefully by the next Board meeting there would be an outline of how this would be done. Chairwoman Lewis said they met with Messrs. Michael Bell and David Merrida of BCIA and are still waiting for the presentation they indicated they would send. Chairwoman Lewis said she would call them again and request documentation wherein this would be presented in the next scheduled Engineering and Maintenance Committee Meeting. Chairwoman Lewis said if they do not get the documents from Messrs. Bell and Merrida, she indicated they would have to appear before said committee and explain why the documentation is not ready. Chairwoman indicated the Board could move in other directions. Following, Director Munchus said in the interim, he does not believe the Board needs to wait on BCIA wherein Chairwoman Lewis stated she would like to afford them the opportunity, pointing out this is what the Board said it would do. At 10:24 a.m., Director Dickerson departed the meeting. Director Muhammad stated, for the record, he believes HUB obscures the fact. He said he previously asked that a breakdown of categories be provided for HUB businesses that received a portion of the 16% participation. Assistant General Manager Michael Johnson said staff has a report of such that is broken down by various groups. At 10:25 a.m., Director King departed the meeting. A copy of the report was distributed to the directors to review, and a copy is on file with the meeting book.

Following, Assistant General Manager Sonny Jones was recognized to present the Engineering and Maintenance Division's Report (E&M), as set forth in agenda item 6.3 for April 2017 in a PowerPoint presentation. A copy of the detailed report is on file in today's Board Meeting book. Following, he reported the Capital Improvement Plan (CIP) expenditures are moving towards \$60 million; he reviewed the Capital Project highlights; gave an update on the System Development Department's main replacement projects and noted 12,884 linear feet of pipe have been replaced through March 2017 wherein 8,725 linear feet of pipe is under construction; no cut and caps of parallel mains have been done and reported staff is working through 14,485 linear feet of pipe to bring to the Board for approval. At 10:30 a.m., Director King returned to the meeting. Director Munchus asked why no cuts and caps have been done and Assistant General Manager Sonny Jones said this was being added into some additional projects, pointing out projects staff brought to the Board in January – March did not include this. He said after staff did some research it discovered approximately 100 miles of the Board's 4,000 miles of water mains have two (2) or three (3) pipelines in the same street. Assistant General Manager Sonny Jones said for various reasons this was done years ago. He said the newest one is the largest to provide fire service and indicated former board members long ago decided not to move the services to the largest main to save money. Following, Assistant General Manager Sonny Jones said staff is not doing any replacement work but having services moved from smaller main to eight-inch main. Director Munchus asked if the old pipe would be left in the ground and Assistant General Manager Sonny Jones said yes.

Next, Assistant General Manager Sonny Jones reviewed the Distribution Department highlights that included leak orders completed; water mains and service lines repaired; services killed at the main; meters repaired, false alarms and other work orders; and hydrants repaired or replaced. Following, Assistant General Manager Sonny Jones reported that the Board has approximately 15,000 fire hydrants in its system, noting said hydrants are rented for about \$200.00 annually. He pointed out that in order to get a fire hydrant installed, the municipality must call the fire department and accept responsibility. He also said if municipalities do not have a fire department, neighbors can have a fire hydrant installed and can share the \$200.00 annual cost. Following, Assistant General Manager Sonny Jones stated if municipalities do not pay

said fee, the fire hydrant would be taken out of service. The General Manager responded to a series of questions from Director Muhammad relative to the fire hydrant annual cost and whether the cost is comparable to other cities in the Board's service area. The General Manager explained the fire hydrant annual cost was included in the Cost of Service Study. He pointed out said rates for water, etc. are included in said study to make sure cost is being captured and sufficient funds are generated to provide the service. In addition, the General Manager pointed out the time to review said rates would be when the referenced study is conducted. Further, the General Manager pointed out said rate did not increase for several years and indicated the fee for hydrants remained slightly over \$140.00 for quite some time wherein said fee was increased during the last Cost of Service Study. Following, Assistant General Manager Darryl Jones pointed out the Board does not pay to install fire hydrants and indicated the annual fee is received to maintain them. He noted that it is very economical for the Board and added that staff keeps spare hydrants on hand because the Board is responsible for replacing them if they are damaged. Director Alexander added when the fire hydrant is damaged, the insurance company would reimburse the Board, if staff gets a police report. Following, the General Manager pointed out if the Board decreases the fire hydrant fee for municipalities, it would have to be made up somewhere else, pointing out this is typically borne by the ratepayers. Director Muhammad said he was considering increasing the fire hydrant fee if it is justified and the General Manager said the Board could have this conversation during said study. He mentioned the cities strongly objected the last time said fee was increased wherein staff phased it in over a three-year period. The General Manager indicated if the fire hydrant fee is increased again, it would probably have to be done in the same manner. After discussion of the fire hydrant fee for municipalities, Chairwoman Lewis recommended to the directors to conduct a Cost of Service Study so they could vet said matter and determine what is in the Board's best interest.

Following, Assistant General Manager Sonny Jones continued with his presentation and reported valves are exercised once every two (2) years and there are 48,000 valves in the Board's system; reported on outstanding leak orders, pointing out there are currently 67 such orders; reported the oldest leak in the system is from March 27, 2017 and leak orders received in March total 466. Director King asked if "overall outstanding leaks" should be listed as "known leaks" and Assistant General Manager Sonny Jones indicated that "*outstanding*" refers to leaks that have been reported. Following, Chairwoman Lewis asked Assistant General Manager Sonny Jones to provide the Board with a leak study report so that the directors would know where they are, and indicated said report would be reviewed in an Engineering and Maintenance Committee Meeting. Assistant General Manager Sonny Jones reviewed photos of the parking lot and the marina at Inland Lake, noting the parking lot of the marina was in extremely bad shape and indicated it has now been repaired. Staff responded to Director Munchus' inquiries relative to the operations of the marina at Inland Lake. Director Munchus said he read an article in *The Birmingham News* Wednesday about rowboats on Lake Purdy. Assistant General Manager Darryl Jones said Lake Purdy operates totally different from Inland Lake. He said there is a concessionaire and indicated outside boats are not allowed on said lake. Subsequently, Chairwoman Lewis asked the General Manager to send a copy of the boat license agreement to the directors so they can read it. She said all the directors have had great ideas and the Board's number one (1) job is to protect the water. Chairwoman Lewis said she thinks the Board needs to hear the entire presentation and then decide. In response to Director Alexander's inquiry as to how many boat slips the Water Works has and how many are rented, Assistant General Manager Darryl Jones replied he believes there are 38 boat slips and perhaps over 30 are rented. Subsequently, Chairwoman Lewis pointed out that the reference matter can be discussed in the Engineering and Maintenance Committee Meeting and the General Manager said staff would get a count of the boat slips and discuss it at said committee meeting.

Next, Assistant General Manager Sonny Jones pointed out the Water Works puts out three (3) types of bids and contracts, materials, construction on demand and construction schedule. Assistant General Manager Sonny Jones discussed the zero percent minority participation in the landscaping contract. In response to Director Munchus' inquiry if this is an on-call contract, Assistant General Manager Sonny Jones said the landscaper has no idea of what he would be asked to do from job to job. He said he believes staff

is missing some HUB participation in these numbers because the on-call contractors are not being required to report said participation and indicated staff is working on this. Director Munchus inquired as to whether there were any HUB bids on the landscaping contract. Assistant General Manager Sonny Jones replied there was one (1) bid wherein the vendor bid through another contractor and he indicated there was a large mathematical problem and the bid was withdrawn. Following, Assistant General Manager Sonny Jones said each of the landscaping jobs require them to be a licensed utility contractor by the State of Alabama wherein staff could not find such a landscaper. He said every landscaper that bid had to have a general utility contractor's license with the State of Alabama. In response to Director Muhammad's question of what the referenced license consists of, Assistant General Manager Sonny Jones replied it is the same as a driver license wherein it is issued as a contractor's license. He said vendors must take tests and be certified wherein the state would give them a certificate indicating they are a licensed utility contractor, noting there are many different breakdowns. Director Muhammad asked why vendors have to be licensed utility contractors. Assistant General Manager Sonny Jones gave an example that after a storm, a person would not want someone working on his or her roof who has never done this kind of work before. Director Alexander said licensed contractors are reputable wherein those who are not licensed might start a job and never complete it.

Next, the General Manager announced that Director Alexander wants to have a Business and Economic Development Committee meeting to discuss Lake Purdy and Director King asked the directors if they would like to have an Engineering and Maintenance Committee Meeting on May 5th. Chairwoman Lewis said the directors could decide later on dates for the referenced meetings.

Following, Chairwoman Lewis asked the directors if they had any new business. The General Manager reported that the pension meeting went well on Tuesday, and he asked the directors to inform staff by Monday of any changes they would like to include in the report, pointing out staff would send the letter out on said day. Chairwoman Lewis reminded the directors that a meeting with the retirees had been discussed for May 2017 at the Anthony L. Barnes Conference Center Cahaba Pumping Station Museum. The General Manager called to the directors' attention a schedule that Ms. Dorian Kendrick of The Lewis Group had placed at their seats. Director Clark pointed out the schedule had not been reviewed by the Communications Committee wherein she indicated the schedule should be discussed first in said committee. Following, Chairwoman Lewis asked the General Manager to share with contractors the Board's process relative to information being reviewed by the respective committee prior to distribution to the Board. After discussion, Ms. Kendrick said she gave the directors the schedule only for information purposes and pointed out it is just a timeline of current action items. Subsequently, Chairwoman Lewis asked Ms. Kendrick to contact the respective committee chairs and make sure it is okay to distribute the information. Subsequently, Director King thanked Ms. Kendrick for providing the information. Following, the General Manager reported National Drinking Water Week would be observed May 7 – 13, 2017 and pointed out staff previously mentioned the "Wonderful Works of Water" School Program event is scheduled for May 12, 2017. He mentioned that an email has been sent to the directors informing them Public Relations Specialist Rick Jackson would be preparing the Board for the "Talk of Alabama" show for the May 12th school event. The General Manager reported that the Board is hosting the Mayors Association Meeting on May 18, 2017. Following, Chairwoman Lewis reported she would be attending a community meeting at the Five Points West Library at 6:00 p.m. wherein she would be making a presentation.

Following, Director King asked staff to give an update on delinquent accounts at the next scheduled Regular Board meeting. The General Manager mentioned that Mr. Jackson had a copy of the reminder letter that is being sent to customers informing them the cutoffs for delinquent accounts would begin in June. Mr. Jackson distributed a copy of the letter, and a copy is on file with the meeting book. Following, Director Clark asked if employees in the Customer Payment Center had been made aware of this and Mr. Jackson responded yes. Director Muhammad said it was discussed in committee that sending out letters is perhaps

not as effective as using radio and television. He also said Chairwoman Lewis agreed to speak to this and he asked if there is something else the committee needs to do to get this in motion. Chairwoman Lewis said the committee discussed using different methods. She said the Board has to be careful because these are individual's accounts wherein it should not be mentioned over the radio or on television. Director Clark added that she thinks Mr. Jackson should do this. In addition, the General Manager said outbound dialer and door hangers would be used and emails where available relative to informing customers of their delinquent accounts. Following, as a new Board member, Director Clark asked that vendors who submit invoices for Board approval to attend a respective Board meeting, to introduce themselves and to provide some background relative to their respective company and the nature of their invoice. Subsequently, Chairwoman Lewis said they would work on this.

As there was no further business before the Board, a motion was duly made and seconded, and the meeting adjourned at 11:08 a.m.

_____/s/_____
Sherry W. Lewis
Chairwoman/President

Attest

/s/

Brett A. King, Esq.
Secretary-Treasurer