

MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
JANUARY 26, 2017

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, January 26, 2017, at 9:00 a.m., at 3600 First Avenue North, Birmingham, Alabama.

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

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; George Anderson, Board Employee; K. Mark Parnell and Mary H. Thompson, Parnell Thompson, LLC; Samuel Ford, Fuston, Petway & French, LLP; Dr. Jesse J. Lewis, Sr., Dorian Kendrick, and Max Rykov, The Lewis Group; Danny Meadows, S. S. Nesbitt & Company, Inc.; Theo Johnson, Volkert, Inc.; Brian T. Ruggs and Jerry Jones, ARCADIS US, Inc.; Yvonne Davis, Yvonne Green-Davis, P.C.; David Russell, Russell & Associates; Bryan Gilliom, Message Point Media; Walter Lewis, Piper Jafray; Richard Jones and Brad Stevens, Jones Utility; Eddie Perry, Perry Hauling; Chandra Abesingha, CEAssociates; Wes Harrell, WVTM – 13; Brandon Riggins, WBRC – FOX 6; Lauren Walsh and Lee Smith, ABC 33/40; Helen Williams, Doss Cleveland, Frances Pope, Melvin J. Short, Charles Hicks, Catherine Gooden, Norma Rogus, Lorine Walker, Debra Taylor, Mac O. Gaines, Walter Gaines, Helen Mitchell, Oliver Harper, Mary Moseley, E. Philemon Hill, II, Frank Matthews, Nelda B. Thompkins, Iva Williams, Valton Johnson, Belinda Mays, and Harry Collins, visitors.

As there was a quorum, the meeting was called to order at 9:00 a.m. Human Resources Manager Paul Lloyd opened the meeting with prayer. Following, the General Manager indicated Directors Sherry W. Lewis and Ronald A. Mims are absent from today's meeting.

Following, the General Manager proceeded with the agenda, and he asked the Board to adopt a resolution expressing its condolences in the death of employee Christian Bell, as set forth in agenda item 1, who was a Dump Truck Utility Worker in the Distribution Department. The General Manager pointed out Mr. Bell was employed by the Board for 18 years and one (1) month. Subsequently, he indicated staff recommends approval of the referenced item. On a motion duly made and seconded, the following resolution was adopted:

"WHEREAS, Christian Bell passed away on Monday, January 16, 2017, wherein The Water Works Board of the City of Birmingham (hereinafter known as the "Board") mourns the death of Christian Bell; and

WHEREAS, Christian Bell had been a dedicated and valued employee of the Board since November 30, 1998; and

WHEREAS, This Board wishes to pause from its Board of Directors' Meeting on Thursday, January 26, 2017, to convey its respect and deepest sympathy to the family, friends and co-workers of Christian Bell; and

NOW, THEREFORE, BE IT RESOLVED, on a motion duly made by Mr. George Munchus and seconded by Mr. William R. Muhammad, that The Water Works Board of the City of Birmingham does

hereby perpetuate the memory of Christian Bell, who was a Dump Truck Utility Worker in the Distribution Department of the Engineering and Maintenance Division, and hereby expresses its condolences to his family, friends, and co-workers.

BE IT FURTHER RESOLVED, That a copy of this Resolution be spread upon the minutes of The Water Works Board of the City of Birmingham, and that a copy be presented to the Bell family. Resolution No. 7404 is hereby adopted by unanimous vote.”

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Next, the General Manager asked the Board to adopt resolutions commending the following employees, as set forth in agenda items 2.1 and 2.2, respectively, as Employees of the Year for 2016 from the Engineering and Maintenance Division: Water Accountability Supervisor Jeremiah Polk, Non-Revenue Water Project Coordinator Doney Childrey, and Water Accountability Technicians II Willie Lee and Jerome Little, Jr.; and Plant Maintenance Worker Kerry Thomas; and as Employee of the Month from the Operations & Technical Services Division. The General Manager indicated staff recommends approval of said items. On a motion duly made and seconded, the following resolutions were 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. William R. Muhammad, that the Board hereby recognizes and commends Jeremiah Polk, Water Accountability Supervisor; Doney Childrey, Non-Revenue Water Project Coordinator; Willie Lee, Water Accountability Technician II and Jerome Little, Jr., Water Accountability Technician II as the Employees of the Year for 2016; on having achieved outstanding work efforts after being called out to work during the Thanksgiving and Christmas holidays.

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. 7405 is hereby adopted by unanimous vote.”

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“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. William R. Muhammad, that the Board hereby recognizes and commends Kerry Thomas, Purification Maintenance Worker at Inland Lake Dam in the Operations and Technical Service Division as the Employee of the month for January 2017; on his outstanding action for notifying and assisting the fire department when he spotted a fire in the woods on Birmingham Water Works Board property. His quick response reduced further property and structure damage.

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 Kerry Thomas. Resolution No. 7406 is hereby adopted by unanimous vote.”

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Next, Human Resources Manager Paul Lloyd explained how employee(s) of the month is/are selected throughout the year. Following, the above referenced employees introduced themselves. Mr. Lloyd noted that Messrs. Polk, Childrey, Lee and Little were selected as Employees of the Month for March 2016. Mr. Lloyd stated when said employees were called out to work during the Thanksgiving and Christmas holidays, they willingly and unselfishly left their families, some visiting from out of town, and came to work because the Board was losing tanks and customers did not have water. Following, Mr. Lloyd said

when “out of water” reports were received from the Homewood area during the Thanksgiving holiday said employees used great teamwork and located a 500 gallon per minute main break on West Valley Avenue. Mr. Lloyd stated on December 26, 2015 the referenced employees were called to northwest Jefferson County because of water loss to customers and the Northwest Jefferson tank wherein they worked throughout the day and night until water was restored. Mr. Lloyd said this is a great example of employees stepping up and making personal sacrifices to take care of the Board’s customers. He thanked the referenced employees for their dedication in providing great customer service and for making a positive impact at the Birmingham Water Works. Subsequently, Mr. Lloyd congratulated the above-mentioned employees and presented each with a commendation plaque. The meeting body applauded them for their efforts. On behalf of the Board, First Vice-Chairman Tommy Alexander expressed appreciation to the group and presented each with a \$250.00 check. In response to Director Muhammad’s inquiry of how the above referenced employees compete against each other, Mr. Lloyd said at the end of the year names of all Employee of the Month winners are reviewed by the committee that votes wherein the group or individual with the most votes is selected as Employee(s) of the Year.

Following, Mr. Lloyd said Kerry Thomas was nominated by Inland Dam Supervisor Emanuel Washington for his fast actions on November 28 and December 2, 2016, after noticing fires in the woods on Birmingham Water Works Board property. He said Mr. Thomas quickly notified and assisted the fire department, thereby reducing additional property and structure damage. Following, Mr. Lloyd said Mr. Thomas created a small mobile fire truck to extinguish hotspots and surveyed burned areas the next day to make sure no hotspots continued to burn. Following, Mr. Lloyd said Mr. Thomas is a great example of an employee going beyond the normal duties in looking after Birmingham Water Works Board property and resources wherein he is doing a great job. Subsequently, Mr. Lloyd congratulated Mr. Thomas and presented him with a commendation plaque and the meeting body applauded him for a job well done. On behalf of the Board, First Vice-Chairman Tommy Alexander expressed appreciation to Mr. Thomas and presented him with a \$250.00 check. Assistant General Manager Darryl Jones commented that the Operations and Technical Services Division pushes and chases perfection daily. He then thanked Mr. Thomas for his efforts and pointed out he is an example of the caliber of employees at Inland Lake Dam, the Operations and Technical Services Division and the Water Works. In response to Director Munchus’ inquiry as to whether fires occur frequently or periodically, Assistant General Manager Darryl Jones said the referenced fires happened because of the drought during the fall.

Next, the General Manager asked the Board to authorize reimbursement of the operating account for capital expenditures for the period ended November 30, 2016, 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 December 21, 2016, certified that during the period ending November 30, 2016 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 \$4,418,254.84 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 Ms. Brenda J. Dickerson that the Trustee be, and is hereby instructed to immediately transfer \$4,418,254.84 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. 7407 is hereby adopted by unanimous vote.”

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Following, the Board was asked to approve payments of invoices for professional services, as set forth in agenda items 4.1 through 4.9. The General Manager indicated Assistant General Manager Darryl Jones would explain item 4.7, and he indicated staff recommends approval of the invoices. Following, Director Dickerson indicated that she had questions relative to the following invoices: The Jones Group, item 4.4, The Lewis Group, item 4.5, Volkert, Inc., item 4.6, and ARCADIS U.S., Inc., item 4.9.

Following, as a representative from The Jones Group was not present, the General Manager responded to a series of questions from Director Dickerson relative to said group monitoring legislation, if there is a written report, and what is included in The Jones Group's \$7,500.00 invoice. The General Manager discussed The Jones Group Agreement between the Water Works Board which included the monthly retainer of \$7,500.00 per month, indicated a new agreement was approved for said amount at the December 15, 2016 Regular Board of Directors' Meeting. In response to Director Dickerson's inquiry as to whether Mr. Jones is paid whether the legislature is in session or not, the General Manager acknowledged that Mr. Jones's agreement is an annual contract wherein he is paid on a monthly basis. The Board was informed that The Jones Group frequently compiles and makes available a list of some of the legislative happenings in Montgomery, Alabama. The General Manager stated staff would make sure all of the new Board members are added to the referenced list. Subsequently, Director Dickerson inquired about the Board's lobbyists. The General Manager pointed out that The Jones Group is the Board's only lobbying group, and he mentioned that Fine Geddie & Associates, LLC was one of the Board's lobbyists last year. After discussion, Director King asked the General Manager to invite Mr. Jones to attend a Board meeting next month to introduce himself to the directors and the General Manager responded yes.

Next, Director Dickerson indicated she had some questions relative to The Lewis Group. Dr. Jesse Lewis indicated that he would answer her questions at their scheduled meeting next Friday. Dr. Lewis indicated his firm is on a monthly retainer for the Water Works wherein monthly documentation is sent to the Board for approval. Following, Director Dickerson asked a series of questions relative to The Lewis Group's professional services which included charges for copying and content, brand strategy, etc. listed on said group's invoice. Following, Dr. Lewis said they labor continuously on the Water Works account on whatever comes up. He indicated a copy of the Water Works 2017 Communications Plan would be sent to Director Dickerson. Director Muhammad commented he believes the positive qualities of the Water Works are not publicized. He pointed out he was instrumental in pushing to get The Lewis Group's budget increased so that attributes such as Employees of the Year and Employees of the Month could be made public. Following, Director Dickerson expressed concern over the words "creative design" referenced on The Lewis Group's invoice. Ms. Dorian Kendrick stated "creative design" speaks to ongoing communications they are working on wherein she would provide a detailed breakdown. Director Dickerson inquired what was done for the 42 hours that The Lewis Group charged the Board \$10,500.00 at \$250.00 an hour. Subsequently, Dr. Lewis said they would send Director Dickerson the referenced information and the 2017 Communications Plan on today. Director Dickerson requested copies of the last three (3) invoices from The Lewis Group and the General Manager indicated he would send them.

Following, in response to Director Dickerson's question whether Volkert, Inc. has a rate sheet, Assistant General Manager Sonny Jones responded yes and he pointed out said company files an annual rate sheet of charges for its design team, and he indicated said company also includes a rate sheet with all of their contracts. In response to Director King's inquiry as to who decides if Volkert or ARCADIS handles outside engineering on a specific Board project, Assistant General Manager Sonny Jones said in this case Volkert does pipeline projects that the Board's internal staff cannot handle. Following, the General Manager said usually larger pipeline projects are assigned to Volkert. He pointed out to the directors that said company presents a scope of services to the Board for each project and is allowed to work on projects

as they are approved by the Board. Following, Mr. Theo Johnson introduced himself as Project Manager for Volkert, Inc.

Following, Director Dickerson inquired about the Water Research Foundation's invoice. Assistant General Manager Darryl Jones called to the directors' attention a handout from said organization that was distributed for their review. A copy is on file in today's Board Meeting book. He explained said organization is worldwide and consists of member utilities that help fund research for drinking water, wastewater and other water related technology wherein the Birmingham Water Works has been a member since 1986. Assistant General Manager Darryl Jones said being a member of said foundation is valuable because it allows staff access to research conducted by all of the utilities relative to treating water, new contaminants, etc. that can be implemented in the system. Following, Assistant General Manager Darryl Jones noted that staff also develops research and partners on projects with other utilities in said foundation. He used an example that a few years ago staff participated in a yearlong project using Granular Activated Carbon (GAC) filters at the Shades Mountain Filter Plant and conducted research with UAB and a university in Denver, Colorado. He said staff benefitted from the referenced projects and the research that was conducted became a part of information available for said foundation. Subsequently, Assistant General Manager Darryl Jones stated the referenced invoice is for membership renewal so that staff could continue utilizing the above-mentioned information for its benefit.

Next, Mr. Jerry Jones of ARCADIS responded to Director Dickerson relative to overage for General Consulting for 2016. Mr. Jones explained that General Consulting includes about 20 tasks of the Board's daily needs that are related to water resources, droughts, distribution system issues, etc., pointing out all of the referenced items are spelled out in their detailed report. He said items in the Independent Engineering account were authorized by the Board when it approved its 2017 budget last year in November wherein such are ongoing daily items. Following, Mr. Jones said they do individual jobs that involve working with staff throughout the year managing the capital program on certain projects such as the Shades Mountain Filter Plant. Subsequently, Mr. Jones said scopes of work to manage construction phases are presented to the Board as individual projects and indicated they have nothing to do with general consulting or independent engineering, pointing out these are things that are done for the bond indenture and for the Board's annual approval of the budgets.

Following, Assistant General Manager Darryl Jones responded to Director Munchus' inquiry relative to the Water Research Foundation (WRF)'s annual membership fee. Assistant General Manager Darryl Jones stated said foundation calculates membership fees using a unit price based on the total volume of water a utility produces during a calendar year, pointing out the 38 billion gallons of water staff treated in 2016 were multiplied by the Water Research Foundation's unit factor to determine the Board's 2017 membership fee. Following, Assistant General Manager Darryl Jones said the Birmingham Water Works is also a member of the American Water Works Association; and the Association of Metropolitan Water Agencies, which consists of the top 100 utilities in the country wherein staff would submit these invoices for the Board's approval as received. Subsequently, Director Munchus asked Assistant General Manager Darryl Jones if he believes being a part of three (3) national organizations is a good investment of ratepayers because of the expertise they bring to the Water Works as well as best practices that the Water Works offers to them. Assistant General Manager Darryl Jones said he thinks it is a great investment for the Birmingham Water Works, pointing out staff can gain a lot of knowledge from research done by organizations that impact utilities. Following, he said improvements of the Board's resources and lakes that eliminated some of the problems were done mainly because staff took advantage of the knowledge from said organizations. Subsequently, the General Manager indicated staff recommends approval of items 4.1 through 4.9.

Following, Director King reminded the General Manager that he had asked staff to invite Attorney David Sullivan to today's meeting. The General Manager stated he sent said attorney a couple of emails asking him to attend said meeting and indicated that he was not present at today's meeting. Following,

Director King said he would not vote to pay Attorney Sullivan until he answers his questions wherein Director Muhammad said perhaps staff could answer Director King’s questions since they recommended said attorney invoice for payment. After discussion, Director King indicated he would like to ask Attorney Sullivan some questions. Subsequently, a motion was duly made to pay items 4.1, 4.2, 4.4 through 4.9 and seconded, and the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Brett A. King and seconded by Mr. George Munchus, that the Board hereby authorizes staff to execute payments to the following:

4.1	<u>Carl Dalton NeSmith, Jr., LLC</u> For retainer fee for January 2017	<u>\$ 500.00</u>
4.2	<u>Fleenor & Green, LLP</u> For professional services rendered January 3 - 12, 2017	<u>\$ 3,700.00</u>
4.4	<u>The Jones Group</u>	
	4.4.1 For professional services rendered for December 2016	<u>\$ 5,000.00</u>
	4.4.2 For professional services rendered for January 2017	<u>\$ 7,500.00</u>
4.5	<u>The Lewis Group</u> For professional services rendered for December 2016	<u>\$ 25,000.00</u>
4.6	<u>Volkert, Inc.</u> For professional services rendered for November 2016	<u>\$ 30,775.94</u>
4.7	<u>Water Research Foundation (WRF)</u> For WRF corporate membership renewal of subscription to the Drinking Water Research Program - January 2017 through December 2017	<u>\$ 75,360.35</u>
4.8	<u>Fuston, Petway & French, LLP</u> For professional services rendered for December 2016	<u>\$117,026.08</u>
4.9	<u>ARCADIS U.S., Inc.</u> For professional services rendered per November 2016’s Progress Report (November 2016)	<u>\$ 342,299.36</u>

Resolution No. 7408 is hereby adopted by unanimous vote.”

Following, the General Manager asked the Board to approve a payment of invoice for professional services, as set forth in agenda item 4.3. On a motion duly made and seconded to pay item 4.3, the motion failed by a vote of 4 to 3, with Directors Munchus, Muhammad and Dickerson voting for the motion. The following resolution was failed:

“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. Brenda J. Dickerson, that the Board hereby authorizes staff to execute payments to the following:

4.3 David A. Sullivan
For professional services rendered January 2 - 12, 2017 \$ 8,375.00

Resolution No. 7409 is hereby adopted by Directors Munchus, Muhammad and Dickerson voting yes; Directors Alexander, Clark, Burbage and King voted no.”

After the above motion failed, the General Manager said he would ask Attorney David Sullivan to attend the next Board meeting to answer Director King’s questions wherein Director King stated said attorney is welcome to resubmit his invoice. Following, Director Muhammad and Dickerson expressed their concerns as to why Director King did not ask his questions so that staff could try to answer them. The General Manager indicated he did not know if he could answer such. Following, Director King pointed out the referenced item had been voted on and indicated the directors could talk about it at the next meeting. Subsequently, the General Manager said staff would inform the directors that the invoice would be placed on the next Board meeting agenda and would ask Attorney Sullivan to attend. Following, Director Munchus asked Director King if he wanted to go on record with his questions today and Director King responded no.

Next, the Board was asked to take bids for a Software-as-a Service (cloud-based) data backup solution, as set forth in agenda item 5. Following, Assistant General Manager Michael Johnson said the Board’s system is very complex wherein backup and security of data is extremely important, pointing out the cloud-based system is slightly different from what the Board currently has. Staff responded to a series of questions from Director Munchus relative to HUB participation and the current vendor who provides data backup service for the Board. Following, Director Munchus expressed concern that a lot of cloud-based systems are not secure and can be hacked wherein Mr. Anderson stated staff would request certifications from the data centers. Subsequently, Director Munchus requested to review the draft list of vendors that the bid invitation would be sent to and Mr. Anderson indicated he would send it to him. He also said in addition to Mr. Anderson’s draft list, the invitation to bid is also posted on the Board’s website so that anyone else who provides such services would be aware. Director Munchus inquired of other water systems using cloud-based software and Mr. Anderson said it depends on their business drivers. Mr. Anderson explained when situations happen where you are running out of windows to back up all of the data volume; he indicated such software is required. The General Manager pointed out the IT world is recommending companies have some offsite storage at a backup facility. After discussion, a motion was duly made and seconded, and 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. Brett A. King, that the Board hereby authorizes staff to take bids for a Software-as-a Service (cloud-based) data backup solution which encompasses features to backup (copy), transmit, and store system and application data to a remote location for added security and automated retrieval of information for the Information Technology Department (IT) at an estimated monthly cost of \$12,000.00 per month. Resolution No. 7410 is hereby adopted by unanimous vote.”

Following, the Board was asked to approve a Utility Relocation Agreement with MAB Acquisitions, LLC for relocation of an existing 16-inch water main located in Lakeshore Parkway, as set forth in agenda item 6. In response to a series of inquiries from Director Munchus with regard to the history on said item, Assistant General Manager Sonny Jones indicated USX has owned the property since 2000 or earlier wherein the City of Birmingham requested the Water Works to install a water line on Lakeshore Parkway in 2002 or 2003 to support development. Assistant General Manager Sonny Jones pointed out the

Water Works was supposed to have an easement in front of the shopping center and he indicated it was not filed and the Board is on private property. He indicated the City of Birmingham is going to allow staff into the road's right-of-way. Assistant General Manager Sonny Jones replied to Director Munchus' inquiry whether the developer would do the work, if it would be done in-house, if staff would bid it, or if it would be done by the Board's on-call contractors. Assistant General Manager Sonny Jones replied the work would not be done by the developer and staff does not have adequate time to bid it. He indicated he would meet with the General Manager and recommend the referenced work be done by said contractors. Following, the General Manager pointed out the Board is in conflict with the development and it would have to pay to move its pipeline. At 9:53 a.m., Director Dickerson departed the meeting. Director Munchus commented since this is an important project, he hopes it is expedited and that the General Manager looks favorably at trying to put it in the on-call program. In response to Director King's inquiry if Relocation Agreements are drafted internally or by Board Attorney Courtney French, Attorney Ford indicated they only review said agreements with opposing counsel. The General Manager noted staff uses a standard agreement and the System Development Department completes said agreement and sends it to the attorney for review and approval. After discussion, the General Manager indicated staff recommends approval of the referenced item. 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. Brett A. King, that the Board hereby approves a Utility Relocation Agreement with MAB Acquisitions, LLC, a Delaware Limited Liability Company (“MAB”), for relocation of an existing 16-inch water main located in Lakeshore Parkway approximately 520-feet SW of the intersection of Shannon-Wenonah Road in the City of Birmingham, Alabama, at an estimated out-of-pocket cost to the Board of \$150,000.00; and to authorize the General Manager and/or the Assistant General Manager to execute said agreement. Resolution No. 7411 is hereby adopted by unanimous vote.”

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Next, the General Manager asked the Board to grant an Easement Agreement to Alabama Power Company, as set forth in agenda item 7. After the motion was made and seconded, Director Dickerson returned to the meeting at 9:56 a.m. Subsequently, Director Muhammad asked what the Board's out-of-pocket cost was for. In response, Assistant General Manager Darryl Jones indicated the referenced amount is for relocating the power line for safety purpose. Following, the General Manager called for a 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 Mr. William R. Muhammad, that the Board hereby grants an Easement Agreement to Alabama Power Company for installation of a new power line at the Gardendale Tank to tie in with an existing power line which will be located exclusively within said tank site boundary at an out-of-pocket cost to the Board of \$5,387.72; and to authorize the General Manager and/or the Assistant General Manager to execute said agreement. Resolution No. 7412 is hereby adopted by unanimous vote.”

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Following, the Board was asked to approve a renewal agreement with Message Point Media of Alabama, Inc., a sole source provider, as set forth in agenda item 8, for a 24-month period to provide HD signage platform (monitors), equipment, communication services and support as part of BWWB's employee and customer engagement strategy. Assistant General Manager Michael Johnson pointed out the referenced agreement has some equipment attached to it with an amortization period of three (3) years wherein there are two (2) years remaining. Following, Assistant General Manager Michael Johnson noted

said company provided a presentation outlining services the Board is receiving. He pointed out there are about 18 televisions around the Board's facilities that deliver communication to employees, including the Call Center so that customers are also involved. In addition, Assistant General Manager Michael Johnson pointed out staff wants to be able to use the service to deliver training to employees who work at remote sites. Staff responded to Director Munchus' inquiries as to whether the referenced strategy is for internal use and whether it will be used in the community, the library or at the Birmingham City Hall. Assistant General Manager Michael Johnson pointed out that the Payment Center has six (6) monitors wherein these devices can be used to provide information to citizens who may come into the Call Center. The General Manager replied to Director Munchus' inquiry as to what happened to expanding to a broader audience, and he indicated staff had spoken with representatives at the City of Birmingham wherein the details have not yet been worked out.

Next, Bryan Gilliom of Message Point Media introduced himself and stated it has been an honor to be a part of the Birmingham Water Works family for the past couple of years. He stated some videos they generated last year were used through the Water Works' social media explaining the leak reporting process, various elements of leaks and how the Water Works classifies leaks. Following, Director Munchus asked if they have expanded said videos in the communities so that citizens could ask questions when they attend neighborhood meetings. Mr. Gilliom said they have informal agreements with the cities of Irondale, Birmingham, Bessemer and a new network coming on line with the transit facility. He pointed out if a client wants to see some of its contents aired in another location, Message Point Media could make this happen.

Following, Mr. Gilliom indicated that Media of Alabama is looking at some more formal agreements in the coming years that may be an alliance between different clients wherein they would be able to get pre-approval to have a small amount of space on each other's monitors. In response to Director Munchus' inquiry if said company is coordinating such with The Lewis Group, Mr. Gilliom said they are arranging this with said group in terms of communication strategy. He said Message Point Media does not produce the plan and indicated they are the mechanism for implementation of the messaging that BWWB is interested in getting out. Following, Director Muhammad suggested such idea be brought to the Communications Committee so that building the network could be discussed. Director Muhammad added that staff should distribute information in such a manner wherein it is circulated over the entire community with various networks of people. Subsequently, Mr. Gilliom said they would be happy to take any role the Water Works would like in terms of helping to set it up with various cities that are in the Water Works' footprint and making sure a good job is done relative to coordinating content. Following, Director Muhammad inquired of an approximate cost to work with others and develop a county-wide a network. The General Manager indicated staff has developed an inside network that includes the Payment Center to get information out to employees and customers. He said if the Parks and Recreation Board gets a television system similar to the Water Works', staff would try and partner with them to have the Board's information played wherever their systems are located. Following, the General Manager pointed out that staff is not trying to develop a comprehensive network. He said the City of Birmingham may only have systems in ten (10) locations and the transit authority may only have systems in five (5) locations wherein staff would try and share data on networks that are already operating. In response to Director Munchus' inquiry if staff is interfacing with public libraries and Birmingham City Schools, the General Manager said the key point is to try and partner with entities that already have networks up and running so that it does not cost the Board more to install a separate network. Following, Director Muhammad indicated that he would like for the Communications Committee to consider how the Board could develop an extensive network with others that may go beyond what has been discussed which would include looking at cost and not just the Board paying for it, viability, etc. Director Muhammad asked Mr. Gilliom if he would be willing to work on such with said committee and Mr. Gilliam responded yes. Dr. Jesse Lewis said all communications that happens at the Water Works is immediately placed on all of Mr. Gilliom's systems, pointing out the Water Works does not have to pay for this. Following, the General Manager indicated staff would be glad to discuss this

in the referenced committee meeting with Mr. Gilliom, and he indicated staff recommends approval of the referenced item. 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. William R. Muhammad, that the Board hereby approves a renewal agreement with Message Point Media of Alabama, Inc., a sole source provider, for a 24-month period to provide HD signage platform (monitors), equipment, communication services and support as part of BWWB’s employee and customer engagement strategy at an estimated annual out-of-pocket cost to the Board of \$40,090.00; and to authorize the General Manager and/or the Assistant General Manager to execute said agreement. Resolution No. 7413 is hereby adopted by unanimous vote.”

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Under new business, a discussion ensued relative to the Speaker’s Policy; proposed Board Committees for 2017; customer service issue regarding paying online; Morgan Stanley’s invoice and termination of Fuston, Petway and French, LLP’s agreement. Director Dickerson said she did not know if the Speaker’s Policy is new business because it should have been on the agenda since the Board discussed it at a previous meeting. She also said the directors received a copy of said policy and inquired as to its status. Following, Director Dickerson stated she hopes the Board could address said policy today wherein the General Manager commented the referenced document was sent to the directors anticipating they would call Chairwoman Lewis to discuss said matter.

Following, a discussion ensued relative to the Speaker’s Policy. Director Munchus asked if the Board could rescind said policy, pointing out he finds it offensive and indicated the Board does not need it. Following, the General Manager recommended that the Board discuss said policy prior to rescinding it. He indicated the directors could hear from anyone who wants to speak at today’s meeting. The General Manager said the referenced policy was approved effective February 10, 2016. In addition, he pointed out one section of the By-Laws states persons wanting to speak at a Board meeting must give the General Manager written notice prior to the scheduled meeting relative to a specific number of days. Subsequently, the General Manager recommended the directors review and discuss the Speaker’s Policy before rescinding it. Following, the directors deliberated on modifying said policy to allow anyone to speak as often as they wish and as long as it is sensible, suspending said policy for today to allow anyone to speak at today’s Board meeting, waiving such policy by a majority vote, and speakers being respectful to everyone.

Following, First Vice-Chairman Alexander asked the speakers to not make statements to the Board and to not ask the directors any individual questions. Director Muhammad agreed with First Vice-Chairman Alexander, pointing out he believes in the Chair and the power of the Chair. Director Munchus said if someone asks him a question he would answer it as a matter of being polite. Following, Director Muhammad asked First Vice-Chairman Alexander to consider informational meetings wherein First Vice-Chairman Alexander stated he likes the idea of scheduling said meetings and having them in the evening. Subsequently, the General Manager said staff would operate in the manner the directors think is best and he suggested they discuss in a separate meeting how they want to operate and the time for meetings.

Next, Director Dickerson inquired as to when proposed Board Committees for 2017 would be discussed. The General Manager said he prefers that Chairwoman Lewis is present for the discussion and pointed out she asked staff to distribute the proposed list of said committees to the directors. Director Munchus stated he is not in favor of committees and believes the Board can conduct all business with nine (9) intelligent people. First Vice-Chairman Tommy Alexander said problems could be solved in committee meetings before coming to Board meetings. Director Munchus said he thinks a committee as a whole is much more effective than several small groups of people. Director Dickerson said all of the directors want to be included in everything but it is problematic when you start dividing people into small groups of three’s. Director Muhammad pointed out that all of the directors could attend all of the committee meetings and

indicated non-committee members cannot vote. Following, the General Manager indicated the committee structure is to assign certain people to areas of the company and to work in detail. He said the directors could come to any committee meetings of their choice and indicated the purpose of the committees is to assign certain information to the committees wherein they report back to the full Board. Following, the directors deliberated on the structure of committees, certain committees' appointments. Director Dickerson stated she understood said item was not on the agenda and indicated she is bringing it up as a new business item. The General Manager said any concerns relative to committee assignments should be discussed with Chairwoman Lewis since she developed the list. The General Manager indicated he could not address the issue, pointing out the directors should wait until Chairwoman Lewis is present to address their concerns. Subsequently, Director Dickerson asked that today's minutes reflect her disagreement concerning the 2017 committee assignments. First Vice-Chairman Alexander indicated Chairwoman Lewis did not discuss the referenced assignments with him and he asked the directors to move to the next new business item. Following, Director Dickerson said when Chairwoman Lewis called and asked her which committees she wanted to serve on, she expressed her preference. First Vice-Chairman Alexander commented that the Chair has the right to assign committees in the manner she chooses. Director Muhammad agreed with First Vice-Chairman Alexander and pointed out when Director Mims was Chairman he assigned committees without consulting anyone. Subsequently, Director Muhammad said he is not complaining about it because he believes in and respects the power of the Chair.

Next, Director Dickerson said Mr. John Archibald referred to the Birmingham Water Works' water bills as a public crisis in his article that came out this morning. She said she had gotten several telephone calls from ratepayers asking what to do about their bills. Following, a discussion ensued relative to customer service issues regarding paying online. Director Dickerson said Mr. Archibald's article lists several cases of similar customer services situations relative to paying online and indicated that she is concerned about said matter. Following, the General Manager said when the new system was installed on November 15, 2016 BWWB changed customer account numbers for all customers including online customers and those customers had to sign-up for online access again. This caused delays in customers being able to sign on and pay their bills online; however, it did not affect customer bills. He said there were also some long billing periods during the implementation process, pointing out accounts are normally billed within 30 days and indicated some billing periods included additional days which caused proration of the base charges. With some longer billing cycles, some customers base charge was higher than normal which increased their bills. In these instances, the next customer billing cycle would have been less than 30 days; therefore, the base charge would have been prorated down (lesser amount) and the customer's bill would have been less than normal. Management corrected this issue and all customers with higher base charges in December receiving credits (reductions) on their December 2016 bills. Following, the General Manager said there have been some issues with the new SAP system that resulted in more calls than normal and slightly higher than usual bills for some customers because of the longer billing period and base charge proration issue discussed above. It's important to note that the implementation team (system implementer - Utegration and BWWB staff) have verified that customer bills are being properly calculated based on metered consumption. He stated Customer Service Representatives are working overtime to try and resolve these issues. Following, the General Manager said 200,000 customers have been billed monthly since the new system was installed wherein staff is making corrections as they proceed through the process. He said customers should contact the Customer Service Department and make sure their accounts are corrected if they have problems. In response to Director Dickerson's inquiry if there is a way to add additional people to answer calls so that customers do not have to wait long, the General Manager said he believes the issue with the wait times is training new people on how to use the new system, pointing out staff is doing its best in working through these issues. Following, the General Manager said he had a conversation on Monday with Assistant General Manager Michael Johnson about considering part-time people and indicated they would still have to be trained on how to use the new system in order to help the customers. Assistant General Manager Michael Johnson apologized to customers for the problems they are experiencing and said staff is working through the issues to make sure all adjustments are made to their accounts. Following, Assistant General Manager

Michael Johnson said it takes time to train individuals about talking to customers, pointing out explaining their bills is not a routine thing wherein staff is looking closely at hiring new people. He also said SAP provides additional information so that employees can manage customers and indicated it is more complex and extra steps must be done in SAP as opposed to the old system. In response to Director Dickerson's inquiry if staff is turning off customers' water considering the problems, Assistant General Manager Michael Johnson responded no. He said when drawbacks are found customer accounts are put on hold until staff can determine what is wrong.

Next, Assistant General Manager Michael Johnson said he was told things are getting better and that perhaps at the end of this quarter or the beginning of the next quarter staff could be near the end of making adjustments to customers' accounts. Director Munchus asked Assistant General Manager Michael Johnson if he said adjustments to customers' accounts would continue throughout the end of March and Assistant General Manager Michael Johnson said this is possible. Director Dickerson asked if there is a way to inform customers of this so they would know their water is not going to be turned off and that staff is working on the problem.

Following, Director Muhammad agreed with Mr. Archibald's "public crisis" statement. He said "*The Birmingham News*" would not report anything positive that Assistant General Manager Michael Johnson says but it would report the negative. Director Muhammad said during the drought Mr. Jerry Jones met with staff daily and indicated no one talked with Dr. Jesse Lewis when there are PR situations. Director Muhammad inquired about hiring additional workers and Assistant General Manager Michael Johnson indicated that it is being looked at. Following, First Vice-Chairman Tommy Alexander said the Water Works could operate more efficiently by going to radio read meters or satellite read meters. He said when customers come to the Payment Center to check their bills a representative could instantly view the customers' water usage. Following, Director Munchus pointed out if the Board currently employs staffing agencies the process could be expedited.

Next, Director Muhammad said the former Board voted to pay Morgan Stanley and he indicated Renasant Wealth Management said because of its fiduciary responsibility to the Board's OPEB plan and its retirees, they recommend that the Board not pay Morgan Stanley. Director Muhammad said when former Board member Kevin McKie got involved in the negotiations, a \$45,000.00 amount was mentioned but \$40,000.00 was listed on the agenda. Director Muhammad said when he inquired about the latter amount he was told by a representative from Morgan Stanley that Attorney McKie told him Chairwoman Lewis indicated it should be \$40,000.00. Subsequently, Director Muhammad said Chairwoman Lewis tabled the \$40,000.00 payment and he inquired of its status. Following, the General Manager said Chairwoman Lewis and he met with Morgan Stanley Monday. He said staff had planned to place said item on the agenda to resolve the referenced issue and indicated Chairwoman Lewis asked him to hold the item until February because she would not be at today's meeting. The General Manager said a memo would be sent to the directors next week concerning her recommendations for payment to said company.

Following, First Vice-Chairman Alexander said at the last Board meeting, Attorney French and Director King had talked about reducing Fuston, Petway & French, LLP's hourly rate from \$275.00 to \$225.00. First Vice-Chairman Alexander then asked the General Manager to read a letter he received from Attorney French in response to his email. Following, the General Manager indicated he did not have the referenced letters with him today. He said in his email he asked Attorney French to amend said firm's contract by reducing its fee as stated above; decreasing the number of termination days from 90 to 30; and removing "supermajority" and the reference to administering the Contract Compliance Program from the contract. The General Manager said Attorney French responded that Fuston, Petway & French, LLP's agreement would remain as it was approved in November 2016. Following, First Vice-Chairman Alexander said he believes Attorney French told Director King and the Board at that time he would refuse to change their agreement. At 10:39 a.m., Director Dickerson departed the meeting. Director King said he had not

communicated privately with Attorney French and indicated he did ask him if he would be willing to lower his fee to \$225.00 during a January Board meeting. Following, Director Munchus said he did not think the Board should be discussing this since the issue pertaining to it is resolved wherein Director Muhammad asked if the Board needed to have an Executive Session. First Vice-Chairman Alexander asked the General Manager to read a resolution to terminate the legal services of Fuston, Petway and French, LLP. When Director Munchus commented that the Board had not seen the referenced resolution, First Vice-Chairman Alexander asked if this was true and the General Manager responded he did not know. Following, Director Munchus asked if the Board would be asked to vote on something it had not seen. Director Muhammad inquired whether the Board would be asked to vote on something it had not seen within 24 hours of today's meeting and he asked if said issue was in violation of the Board's By-Laws. After the General Manager read the resolution, Director Munchus asked who drafted it. Director Muhammad asked the purpose of the resolution and if it violates the Board's By-Laws that require the directors to have documentation 24 hours prior to the start of Board meetings. Subsequently, First Vice-Chairman Alexander said he could not answer their questions and was not familiar with the By-Laws. At 10:42 a.m., Director Dickerson returned to the meeting. Following, the General Manager said agendas are set at least 24 hours before Board meetings. He also said the directors had talked about other new business items wherein he believes First Vice-Chairman Alexander brought up Fuston, Petway & French, LLP's agreement as such. Following, Director Munchus asked First Vice-Chairman Alexander if he had drafted said resolution and First Vice-Chairman Alexander said no. In response to Director Muhammad's inquiry as to who drafted the referenced resolution, the General Manager said he believes Chairwoman Lewis had the resolution drafted and gave it to First Vice-Chairman Alexander. Following, Director Munchus asked the General Manager if he knew whether Chairwoman Lewis personally drafted said resolution or if she had someone else to do it wherein the General Manager said he did not know. Subsequently, Director Munchus stated since Chairwoman Lewis is absent from today's meeting he thinks in all fairness the resolution should be tabled until she is present and explains her reason for doing such. Following, Director Muhammad said for the record, when the directors discussed equalization of legal fees, it was mentioned to Attorney French. He said Chairwoman Lewis nullified Fuston, Petway & French LLP's entire contract and pointed out when the directors met they only talked about the fees being the same. Also for the record, Director Muhammad stated Fuston, Petway and French, LLP's contract was written by the former Board as such because the directors anticipated this happening. He said Attorney French added the "supermajority" language because former Board members knew once Attorney Charlie Waldrep's people were rehired the first thing they would do is get rid of said firm. Following, Director Muhammad said Chairwoman Lewis is using the pretense of Attorney French saying he would equalize his fees with those of Parnell Thompson, LLC. He also said Chairwoman Lewis is singularly changing Fuston, Petway and French, LLP's entire contract and violating the earlier vote wherein a supermajority of votes would be needed to make any changes to said contract.

Following, First Vice-Chairman Alexander offered a motion for approval of the above-mentioned resolution. Following there was discussion by Directors Dickerson and Muhammad regarding the continuing investigations by the state and federal governments. Subsequently, First Vice-Chairman Alexander's motion died due to lack of a second. Following, Director King said perhaps some of this could be clarified by Attorney French relative to the aforementioned email wherein Director Dickerson stated said attorney is absent from today's meeting because he is in court. Following, Director King said as he understands when the Board hired Parnell Thompson, LLC at its first meeting, Attorney French was comfortable with the Board going to \$225.00 per hour and he stated he could be mistaken. Director King said he saw the emails this week with Attorney French's response wherein it appears said attorney is standing on the rights he has pursuant to the contract he signed in November 2016. Subsequently, Director King asked Attorney Samuel Ford of Fuston, Petway and French, LLP if he is aware of Attorney French's decision wherein Attorney Ford said he prefers that Attorney French addresses Director King's question.

Following, Director Munchus' motion to adjourn was seconded by Director Burbage. Director Dickerson reminded the Board that speakers were present wherein Director Munchus withdrew his motion.

Director Burbage said according to Robert's Rules of Order, since the motion had been made and seconded the directors would have to vote to determine what would take place next. Following, the General Manager stated a motion and a second to adjourn were on the floor and he called for the vote. He said there were three (3) votes in favor of adjourning and three (3) votes against adjourning wherein the motion failed.

Next, the General Manager indicated two (2) people had signed up to speak wherein it was indicated said number was higher. The General Manager said he would address persons who had signed up first and he recognized Speaker Marilyn Moseley and informed her she would be allowed three (3) minutes to speak. Following, Mrs. Moseley addressed the Board and she asked when the Board came up with the Speakers Policy, she asked for a list of the Board members, Board committees and chairs, the number of customers served by the Birmingham Water Works outside the City of Birmingham and their locations. She then inquired of the number of customers that the Birmingham Water Works serves in Shelby and Blount Counties wherein the General Manager responded there are about 15,000 to 20,000 customers in Shelby County and 500 to 1,000 customers in Blount County. Mrs. Moseley said Board members from Shelby and Blount counties do not know where Southwest Birmingham is located yet they are making decisions on what should happen to the Birmingham Water Works when they have not invested any money. Following, Mrs. Moseley suggested that the Birmingham Water Works get rid of customers from Blount and Shelby counties and let them come up with their own water systems; she indicated that the Water Works Board does not need their customers. Ms. Moseley asked the Water Works Board to come up with a plan so when the drought comes the Board won't depend on these outside sources. She stated the Water Works Board needs to become self-sufficient in water and to think about getting rid of those folks who don't live in Jefferson County. Subsequently, the General Manager thanked Mrs. Moseley for her comments.

Following, Speaker Frank Matthews was recognized and he commented on sending robo calls to fill the Board meeting room today. Mr. Matthews said he is one (1) of the best campaigners in America, pointing out he has contracts all over the country and commented don't try to say who pays Frank Matthews. He then read information from U.S. Attorneys from the Northern District of Alabama relative to ARCADIS, and Waldrep Stewart and Kendrick. Mr. Matthews commented on the Parnell Thompson, LLC contract the Board voted on. Mr. Matthews asked the General Manager for all records relative to the Young Water Ambassadors program. Following, the General Manager said the majority of information Mr. Matthews is requesting is related to payroll wherein such information could not be provided. Following, the General Manager said a summary of this information would be given to Mr. Matthews.

Next, Mr. David Russell said 38% of people living in the City of Birmingham make minimum wage and the Water Works is continuing to increase its rates. He stated said rates have increased over 550% since 1990 wherein people cannot afford to continue paying such high rates. Following, Mr. Russell said a water bill he received last week for \$156.00 indicated he had not paid for October and November. He said he referenced his check numbers where he had paid said bills and sent this to the payment center. Following, Mr. Russell said some of his neighbors also received high water bills. Afterwards, Mr. Russell said by increasing water rates the Birmingham Water Works is increasing the number of people selling drugs in the community, having guns and robbing. He said if someone makes \$7.25 per hour they cannot afford to pay a water bill. Subsequently, Mr. Russell said he attended today's meeting because he wants to make his community better.

As there was no further business before the Board, a motion was duly made and seconded, and the meeting adjourned at 11:12 a.m.

_____/s/_____
Tommy Joe Alexander
First Vice Chairman/First Vice President

Attest

_____/s/
Brett A. King
Secretary-Treasurer