

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
March 27, 2015**

The regular meeting of the directors of The Water Works Board of the City of Birmingham was held on Friday, March 27, 2015, at 9:00 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: A. Jackie Robinson, III, Sherry W. Lewis, Ann D. Florie, George Munchus and Kevin B. McKie.

The meeting was also attended by: Mac Underwood, General Manager, Michael Johnson, Darryl Jones and Sonny Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Cynthia Williams, Paul Lloyd, Barry Williams, Iris Fisher, George Anderson, Randy Harmon, Ben Sorrell, Rhonda Lewis, Michael Parker, David Le, Latricia Wilson, Meredith Hollins, Timothy Mitchell and Marilyn Vertison, Board Employees; Charlie Waldrep, K. Mark Parnell, Kelvin Howard and Fred Simpler, Waldrep, Stewart & Kendrick.; Matt Adams, Raymond James; Kirk Mills and Theo Johnson ,Volkert, Inc.; Jim Folsom, Piper Jaffray; Brian Ruggs, ARCADIS; Dr. Jesse Lewis and Dorian Kendrick, The Lewis Group; Chandra Abesingh, CE Associates; Joseph Bryant, *The Birmingham News*; William Robertson and Chris Swan, Monumental Contracting; and Ms. Ann C. Smith, The League of Women Voters.

Chairman Robinson called the meeting to order at 9:03 a.m. and prayer was offered by the General Manager.

General Manager, Mac Underwood proceeded with the business of the Board, as he asked the directors to adopt a resolution commending David Le (Senior Meter Reader) and Latricia Wilson (Customer Service Specialist III), as the Finance and Administration Division’s Employees of the Month for March 2015, as referenced in agenda item 1.1.; and to adopt a resolution commending Rhonda Lewis, Cortez Tolbert, Meredith Hollins and Timothy Mitchell, as the Finance and Administration Division’s Employees of the Month for March 2015, as referenced in agenda item 1.2. Mr. Underwood indicated that staff recommends approval of said items. Subsequently, a motion was made and seconded and 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 Ms. Sherry W. Lewis and seconded by Mr. George Munchus, that the Board hereby recognizes and commends David Le and Latricia Wilson, as the Finance and Administration Division’s Employees of the Month for March 2015, on having achieved outstanding job performance, attendance, and work above expected levels;

BE IT FURTHER RESOLVED, 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 an official resolution will be presented to the employees named above. Resolution No. 6885 is hereby adopted by unanimous vote.”

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Next, Human Resources Manager Paul Lloyd was recognized for comments as he stated that Meter reading accuracy, training new employees and providing customer support with leak inspections are some of the areas Mr. Le excels in. Mr. Le’s efforts have helped to reduce the monthly estimate count from 325 to 130 and reduced the monthly misread count from 640 to 375 all of which has helped the Meter Reading Department maintain its high standards. Mr. Lloyd added that Ms. Wilson has impacted

meter reading since her day of arrival. There has been improvement in management of meter reading exceptions as well as resolutions with cross meter issues because of Ms. Wilson. Meter reading exceptions are tracked and monitored by management and accounts are billed more accurately. Because of Ms. Wilson's efforts, there has been a reduction in the number of lost and late work orders. Mr. Le and Ms. Wilson are on the frontline impacting customers and they are to be commended for their level of service provided to customers. AGM Michael Johnson was recognized for comments as he thanked Mr. Le and Ms. Wilson for their hard work. He stated that approximately 10,000 meters are ready daily and approximately 200,000 are read on a monthly basis. AGM Michael Johnson added that meter readers have a tough job as they are required to read meters in the rain, encounter dogs, irate customers, etc. Mr. Le was recognized for comments as he thanked Mr. Randy Harmon, Mr. Michael Parker and the entire team for recognition as Employee of the Month.

Following, Chairman Robinson expressed appreciation to Mr. Le and Ms. Wilson for all their hard work. Chairman Robinson stated that after BWWB gets the water to the customers, the next most important thing would be accuracy in meter reading so BWWB can get paid. Chairman Robinson presented Mr. Le and Ms. Wilson with a commendation resolution along with a \$250.00 check. The meeting body extended applause.

Next, the second group of Employees of the Month for March 2015 was recognized as 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 Ms. Sherry W. Lewis and seconded by Mr. George Munchus that the Board hereby commends members of the Training and Organizational Team: Rhonda Lewis, Cortez Tolbert, Meredith Hollins and Timothy Mitchell, as the Finance and Administration Division's Employees of the Month for March 2015, for their outstanding efforts towards helping the Birmingham Water Works Board (BWWB) achieve the ranking of 24 out of 125 in Training Magazine's Annual Top 125 of employer-sponsored workforce training and development programs. This was a 51 spot improvement for BWWB as they ranked 75 out of 125 in 2014. The BWWB was ranked ahead of some well recognized companies such as Walgreens, BB&T, Best Buy, Wells Fargo, Cisco and Kimberly-Clark. Also, BWWB was one of only 16 companies with less than 1,000 employees to be ranked in the Top 125. The award was accepted on February 9, 2015, at the 2015 Training Conference and Expo in Atlanta, Georgia.

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 an official resolution will be presented to the employees named above. Resolution No. 6886 is hereby adopted by unanimous vote.”

Next, Mr. Lloyd commented that the referenced group was near and dear to his heart being he works very closely with them. The team members referenced above are being recognized for their efforts towards the BWWB being ranked number 24 out of 125 in the Training Magazines Annual Top 125 ranking of employer sponsored workforce training and development programs. Mr. Lloyd stated that in 2011, Ms. Rhonda Lewis attended said training conference in Atlanta, Georgia. During that time, Ms. Rhonda Lewis learned that a gala was held and the Top 125 companies were recognized and given an award. Ms. Rhonda Lewis left the conference wanting BWWB to be a part of the next Training Conference. In 2012, BWWB had an opportunity to be a part of said event. That year BWWB ranked number 95. In 2014, BWWB ranked number 75 out of 125. In 2015, there was a 51 spot improvement for BWWB as they moved from number 75 in 2014 to number 24. BWWB beat some successful companies such as: Walgreens, BB&T, Best Buy, Wells Fargo, Cisco and Kimberly-Clark. BWWB was one of only 16 companies with less than 1,000 employees. Mr. Lloyd stated that the Top 125 principles have a direct impact on businesses as the measures of training affects business outcome. BWWB's Training and Organizational team utilizes the principles as a template to ensure success in BWWB's training area. Mr. Lloyd recognized the team members as noted in agenda item 1.2. Mr. Lloyd stated that Ms. Marilyn

Vertison (Organization Development Specialist) was a new addition to the Training Team. Mr. Lloyd added that Ms. Vertison brings approximately 20 years of experience from BBVA Compass Bank. Mr. Lloyd informed the meeting body that Mr. Mitchell would be leaving BWWB as his full time job has become more demanding. Mr. Lloyd added that a key member of the team, Cortez Tolbert was not in attendance today for recognition. Ms. Rhonda Lewis was recognized for comments as she stated that the Training Team came back from the 2015 Conference motivated and already working on next years' ranking.

Some Directors asked questions such as how many other water utilities participated in the Top 125 employer sponsored program and the number of companies from Alabama. Mr. Lloyd responded that there was a water and gas company out of California in attendance and BWWB was the only participant from the state of Alabama.

AGM Michael Johnson gave comments as he stated that while in New York, both Moody's and Standard & Poor's asked about BWWB's leadership. AGM Michael Johnson commented that the Training Program has helped BWWB receive good leadership write-ups from said companies. The Training Department provides a good deal of value to BWWB.

Following, Chairman Robinson expressed appreciation to the Training team once again for all their hard work and accomplishments. Chairman Robinson reiterated that while in New York, the Board asked if BWWB was one of the only water utilities to start investing heavily in training and education. The answer was yes; Chairman Robinson stated that such investment definitely pays dividends along the way. Chairman Robinson presented Ms. Vertison with a personal "I Owe You" note thanking her in advance for all the hard work she is going to do at BWWB. Chairman Robinson presented other team members with a commendation resolution along with a \$250.00 check. The meeting body extended applause.

Ms. Rhonda Lewis thanked the Board and Executive Management for their support in helping achieve the Top 125 Award. Mr. Mitchell expressed his appreciation for the opportunity to work for the best water utility there is.

The next item would be to request the Board to adopt a resolution commending Mr. David S. Herring for his 12 years of service as a Board of Director at the Birmingham Water Works Board as referenced in agenda item 2. The General Manager stated that staff recommends approval of said item. Subsequently, a motion was made and seconded and the following resolution was adopted:

"WHEREAS, on February 4, 2003, David S. Herring was appointed by the City Council of the City of Birmingham to serve as a member of the board of directors of The Water Works Board of the City of Birmingham; and,

WHEREAS, on December 9, 2008, Mr. Herring was reappointed by the City Council of the City of Birmingham to serve his second full term as a member of the board of directors of the Water Works Board; and,

WHEREAS, Mr. Herring has served admirably and with distinction as a director for 12 years, in a manner which has been honorable, forthright, supportive and beneficial to the Water Works Board's success; and,

WHEREAS, during Mr. Herring's tenure on the board of directors of the Water Works Board, Mr. Herring held the offices of Assistant Secretary-Treasurer, and Secretary-Treasurer; and,

WHEREAS, in addition to holding the offices of Assistant Secretary-Treasurer and Secretary-Treasurer, Mr. Herring has dutifully and faithfully served on the following Water Works Board committees: Insurance Committee, Vehicle Transportation Committee, Five-Year Business Plan Committee, Audit Committee, Human Resources Committee, Executive Committee, Finance & Administration Committee, Operations & Technical Services Committee, Water Resources Committee, Communications Committee, Anti-Terrorism/Security Committee, Finance Committee, Engineering and Maintenance Committee, and Business and Economic Development Committee; and,

WHEREAS, in his capacity as a member of the board of directors, as well as in serving on the above committees and holding the above offices, Mr. Herring led the Water Works Board through some of the most challenging times in its history and guided the Board to record financial strength while exhibiting his steadfast dedication and lasting contributions to the Water Works Board, its employees and customers; and,

WHEREAS, Mr. Herring has provided consistent and thoughtful advice to the directors and to the Water Works Board's management teams that have spanned the length of his service as a director and Secretary-Treasurer of the Water Works Board; and,

WHEREAS, BE IT FURTHER RESOLVED, The Board of Directors formally expresses its sincere appreciation to Mr. Herring for his excellent and untiring contributions to the success of the Water Works Board during his 12 years of service; and,

NOW, THEREFORE, BE IT RESOLVED BY the below signed members of the board of directors of The Water Works Board of the City of Birmingham, that members of the board of directors unanimously extend their sincere and heartfelt appreciation to Mr. Herring for his past service, exceptional leadership, hard work and dedication, and his continued efforts toward ensuring that the Water Work Board's reputation for excellence continues.

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

Resolution No. 6887 is hereby adopted by unanimous vote."

As there was no old business for discussion in agenda item 3, the General Manager asked the Board to approve minutes of the Board of Directors' Meetings, as set forth in agenda item 4. He indicated that staff has reviewed the minutes and recommends them for approval. On a motion duly made and seconded, the following resolution was adopted:

"BE IT RESOLVED BY The Water Works Board of the City of Birmingham ("the Board"), on a motion duly made by Ms. Sherry W. Lewis and seconded by Mrs. Ann D. Florie, that the Board hereby approves minutes of the Regular board of Directors' Meeting held February 19, 2015; the Informational Board of Directors' Meeting held February 20, 2015 and the Regular Board of Directors' Meeting held February 27, 2015. Resolution No. 6888 is hereby adopted by unanimous vote."

Following, the General Manager asked the Board to approve payments of invoices for professional services, as set forth in agenda items 5.1 through 5.4. Mr. Underwood indicated that staff

recommends approval of the referenced invoices. 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 Ms. Sherry W. Lewis and seconded by Mr. George Munchus, that the Board hereby authorizes staff to execute payments to the following:

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| 5.1 | <u>Birmingham Construction Industry Authority, Inc.</u>
For professional services rendered for March 2015 | <u>\$ 2,000.00</u> |
| 5.2 | <u>The Jones Group, LLC</u>
For professional services rendered for March 2015 | <u>\$ 5,000.00</u> |
| 5.3 | <u>Waldrep Stewart & Kendrick, LLC</u>
For professional services rendered through February 2015 | <u>\$ 91,549.00</u> |
| 5.4 | <u>ARCADIS U.S., Inc.</u>
For professional services per February’s 2015 Progress Report | <u>\$ 411,073.89</u> |

Resolution No. 6889 is hereby adopted by unanimous vote.”

Next, the General Manager asked the Board to award bid to the respective lowest responsible and responsive bidder, as set forth in agenda item 6. Mr. Underwood commented that this would be the last part of the Main Campus Outdoor Lighting and Security Improvement Project. AGM Darryl Jones added that the referenced portion of the project would include additional lights, cameras and electrical sensors. Fencing for the referenced areas are complete. Director Munchus asked if there were only two bidders for said project and if so, who the other bidder was. AGM Sonny Jones was recognized to respond as he stated that there were only two bidders and the second bidder was Stones and Sons. After a brief discussion, Mr. Underwood indicated that staff recommends approval of the referenced item. A motion was 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 Ms. Sherry W. Lewis and seconded by Mr. George Munchus, that the Board hereby authorizes staff to award bid to Mastin’s Electrical Contractors, the lowest responsible and responsive bidder, for the Main Campus Outdoor Lighting and Security Improvement Project to increase security throughout the Main Campus and at the supply yard adjacent to 4th Terrace and 37th Street North, at an out of pocket cost to the Board of \$159,000.00. Resolution No.6890 is hereby adopted by unanimous vote.”

The next item would be to request the Board to adopt a resolution approving the issuance of a bond as noted in agenda item 7. Mr. Underwood commented that the draft wording would allow issuance of up to \$200,000,000.00. The first half of the request relates to refunding. Refunding would include all Series for 2006, all Series for 2008 and the portion with enough savings for Series 2009. The second half of the amount noted would relate to new money bonds for capital improvement. The requested resolution would allow Executive Management to approve the bond issue and sign off on it on Monday, March 30, 2015 if the interest rates would come in at less than 4.25 percent and less than 4.30 percent as noted.

Director Munchus asked if the unwinding of the GICS (Guaranteed Investment Contracts) would take place on Monday, March 30, 2015. Mr. Underwood responded as a document (Summary of Series 2006-A, Series 2007-A, Series 2008-A and Series 2009-A) was distributed. Mr. Underwood commented

that the document reflects the status as of now; however, it is still a work in progress. There could be some changes on Monday. As noted on the referenced schedule, the Series 2006-A and Series 2013-A agreement has full rights to be transferred. There would be no changes to Series 2007-A. The Series 2008-A document allows RBC to cancel the agreement at PAR, which means they can get out of the agreement without termination penalties. Subsequently, a motion was made and seconded and the following resolution was adopted:

“BE IT RESOLVED by the Board of Directors (herein called the “Directors”) of THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM (herein called the “Board”), as follows:

Section 1. **Findings.** The Directors have ascertained and found and do hereby determine and declare as follows:

(a) Under and pursuant to the provisions of that certain Trust Indenture dated as of December 1, 1998 (herein called the “Original Indenture”), between the City of Birmingham, Alabama (herein called the “City”), and The Chase Manhattan Bank, as the original trustee, the City has heretofore issued its Water and Sewer Revenue Warrants, Series 1998-A (herein called the “Series 1998-A Warrants”), which warrants have now been defeased, and its Taxable Water and Sewer Revenue Refunding Warrants, Series 1998-B (herein called the “Series 1998-B Warrants”), which warrants have now been paid and retired.

(b) Under the Assignment and Assumption Agreement dated February 23, 2001, between the City and the Board, the Board assumed the obligations of the City under the Series 1998-A Warrants, the Series 1998-B Warrants and the Original Indenture and has succeeded to the City as a party to the Original Indenture.

(c) Under the provisions of Article IX of the Original Indenture, the Board has the right to issue, upon compliance with the conditions precedent set forth in said Article IX, additional warrants, bonds, notes or other forms of indebtedness (herein called “Additional Parity Securities”), to be secured on a parity with the Series 1998-A Warrants, the Series 1998-B Warrants and any then outstanding Additional Parity Securities, as respects the security afforded by the Original Indenture.

(d) The Board has heretofore issued as Additional Parity Securities (a) its \$8,000,000 principal amount Short-Term Water and Sewer Revenue Bond, Series 2002-A, dated July 1, 2002 (herein called the “Series 2002-A Bond”), which has been paid and retired, (b) its \$300,000,000 aggregate principal amount Water and Sewer Revenue Bonds, Series 2002-B, dated September 1, 2002 (herein called the “Series 2002-B Bonds”), which have been paid and retired, (c) its \$48,030,000 aggregate principal amount Water and Sewer Revenue Bonds, Series 2004-A, dated April 1, 2004 (herein called the “Series 2004-A Bonds”) which have been defeased, (d) its \$16,260,000 aggregate principal amount Taxable Water and Sewer Revenue Bonds, Series 2004-B, dated April 1, 2004 (herein called the “Series 2004-B Bonds”) which have been paid and retired, (e) its \$90,310,000 aggregate principal amount Water and Sewer Revenue Bonds, Series 2006-A, dated April 1, 2006 (herein called the “Series 2006-A Bonds”) which are now outstanding in the aggregate principal amount of \$70,550,000, (f) its \$10,000,000 aggregate principal amount Water Revenue Bonds, Series 2008-A, dated December 1, 2008 (herein called the “Series 2008-A Bonds”) which are now outstanding in the aggregate principal amount of \$7,970,000, (g) its \$11,160,000 aggregate principal amount Water and Sewer Revenue Bonds, Series 2007-B, dated February 28, 2007 (herein called the “Series 2007-B Bonds”) which have been paid and retired, (h) its \$108,305,000 aggregate principal amount Water Revenue Bonds, Series 2009-A, dated May 1, 2009 (herein called the “Series 2009-A Bonds”) which are now outstanding in the aggregate principal amount of \$97,075,000, (i) its \$46,760,000 aggregate principal amount Water Revenue Refunding Bonds, Series 2009-B, dated May 1, 2009 (herein called the “Series 2009-B Bonds”) which are now outstanding in the aggregate principal amount of \$25,925,000, (j) its \$86,975,000 aggregate principal amount Water Revenue Refunding Bonds, Series 2010-A, dated November 16, 2010 (herein called the “Series 2010-A Bonds”) which are now

outstanding in the aggregate principal amount of \$86,975,000, (k) its \$7,525,000 aggregate principal amount Taxable Water Revenue Refunding Bonds, Series 2010-B, dated November 16, 2010 (herein called the "Series 2010-B Bonds") which are now outstanding in the aggregate principal amount of \$2,605,000, (l) its \$133,565,000 aggregate principal amount Water Revenue Bonds, Series 2011, dated June 14, 2011 (herein called the "Series 2011 Bonds") which are now outstanding in the aggregate principal amount of \$125,550,000, (m) its \$51,710,000 aggregate principal amount Water Revenue Refunding Bonds, Series 2012-A, dated March 15, 2012 (herein called the "Series 2012-A Bonds") which are now outstanding in the aggregate principal amount of \$50,945,000, (n) its \$23,335,000 aggregate principal amount Water Revenue Refunding Bonds, Series 2013-A, dated April 25, 2013 (herein called the "Series 2013-A Bonds") which are now outstanding in the aggregate principal amount of \$23,245,000 and its \$70,785,000 aggregate principal amount Water Revenue Bonds, Series 2013-B, dated April 25, 2013 (herein called the "Series 2013-B Bonds") which are now outstanding in the aggregate principal amount of \$70,785,000. The Series 2006-A Bonds, the Series 2008-A Bonds, the Series 2009-A Bonds, the Series 2009-B Bonds, the Series 2010-A Bonds, the Series 2010-B Bonds, the Series 2011 Bonds, the Series 2012-A Bonds, the Series 2013-A Bonds and the Series 2013-B Bonds were issued under the Original Indenture, as supplemented and amended by a First Supplemental Indenture dated as of July 1, 2002 (herein called the "First Supplemental Indenture"), a Second Supplemental Indenture dated as of September 1, 2002 (herein called the "Second Supplemental Indenture"), a Third Supplemental Indenture dated as of April 1, 2004 (herein called the "Third Supplemental Indenture") a Fourth Supplemental Indenture dated as of April 1, 2006 (herein called the "Fourth Supplemental Indenture"), a Fifth Supplemental Indenture dated as of February 28, 2007 (herein called the "Fifth Supplemental Indenture"), a Sixth Supplemental Indenture dated as of December 1, 2008 (herein called the "Sixth Supplemental Indenture"), a Seventh Supplemental Indenture dated as of May 1, 2009 (herein called the "Seventh Supplemental Indenture"), an Eighth Supplemental Indenture dated as of November 1, 2010 (herein called the "Eighth Supplemental Indenture"), a Ninth Supplemental Indenture dated as of June 1, 2011 (herein called the "Ninth Supplemental Indenture"), a Tenth Supplemental indenture dated as of March 1, 2012 (herein called the "Tenth Supplemental Indenture") and an Eleventh Supplemental indenture dated as of April 1, 2013 (herein called the "Eleventh Supplemental Indenture") between the Board and the Trustee. The Series 2006-A Bonds, the Series 2008-A Bonds, the Series 2009-A Bonds, the Series 2009-B Bonds, the Series 2010-A Bonds, the Series 2010-B Bonds, the Series 2011 Bonds, the Series 2012-A Bonds, the Series 2013-A Bonds, the Series 2013-B Bonds, the Series 2015-A Bonds and the Series 2015-B Bonds and any other Additional Parity Securities that may hereafter be issued pursuant to the Original Indenture are hereinafter collectively referred to as the "Senior Securities."

(e) It is appropriate, desirable and in the public interest for the Board to issue the Series 2015 Bonds authorized herein for the purposes specified in Section 2.

(f) Except for the Series 1998-A Warrants (which have been paid and retired), the Series 1998-B Warrants (which have been paid and retired), the Series 2002-B Bonds (which have been defeased), the Series 2002-A Bond (which has been paid and retired), the Series 2004-A Bonds (which have been paid and retired), the Series 2004-B Bonds (which have been defeased), the Series 2006-A Bonds, the Series 2007-B Bonds (which have been paid and retired), the Series 2008-A Bonds, the Series 2009-A Bonds, the Series 2009-B Bonds, the Series 2010-A Bonds, the Series 2010-B Bonds, the Series 2011 Bonds, the Series 2012-A Bonds, the Series 2013 Bonds and the Series 2015 Bonds, no Additional Parity Securities have heretofore been issued by the City or the Board under the Original Indenture (as heretofore supplemented and amended).

(g) No Event of Default under the Original Indenture (as heretofore supplemented and amended), and no event which, with the giving of notice or the passage of time or both, would constitute such an Event of Default has occurred and is continuing.

(h) U.S. Bank National Association (as successor to the corporate trust activities of SouthTrust Bank) has become the successor Trustee under the Original Indenture (as heretofore supplemented and amended).

Section 2. Authorization of the Issuance and Sale of the Series 2015 Bonds. In order (i) to refund all or a portion of the Series 2006-A Bonds, the Series 2008-A Bonds and such amount of the Series 2009-A Bonds as may be determined at the time of marketing and (ii) to pay related issuance expenses, there are hereby authorized to be issued by the Board an amount not exceeding \$200,000,000 aggregate principal amount of its Water Revenue Refunding Bonds, Series 2015-A (herein called the "Series 2015-A Bonds"). In order (i) to finance the costs of capital improvements to the Board's water supply and distribution system, (ii) to make a deposit to the Debt Service Reserve Fund as provided under the Original Indenture and (iii) to pay related issuance expenses, there are hereby authorized to be issued by the Board an amount not exceeding \$86,000,000 aggregate principal amount of its Water Revenue Bonds, Series 2015-B (herein called the "Series 2015-B Bonds" and with the Series 2015-A Bonds are herein called the "Series 2015 Bonds"). As more particularly provided in the Twelfth Supplemental Indenture authorized in Section 5 of this resolution (herein called the "Twelfth Supplemental Indenture"), the Series 2015 Bonds shall be issued in the denomination of \$5,000 or any integral multiple thereof, and the precise principal amount of the Series 2015 Bonds shall be as set forth in such Twelfth Supplemental Indenture. The Series 2015 Bonds shall bear such date or dates, shall mature at such times and in such manner, shall be payable at such place, shall bear interest for the periods of time and at the per annum rate or rates which produce a True Interest Cost (i) in the case of the Series 2015-A Bonds, not exceeding 4.25%, and (ii) in the case of the Series 2015-B Bonds, not exceeding 4.30%, as specified in the Twelfth Supplemental Indenture, shall bear such numbers and shall be in such form and contain such provisions as are set out in the Eleventh Supplemental Indenture. All provisions of the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture and the Twelfth Supplemental Indenture (herein together called the "Indenture") and of the Series 2015 Bonds authorized to be issued thereunder are hereby adopted as part of this resolution as though the same were set out in full herein.

Section 3. Source of Payment. The principal of and the interest and premium (if any) on the Series 2015 Bonds shall be payable solely out of the sources of payment provided by the Indenture. Neither the Series 2015 Bonds nor the Indenture shall ever constitute an indebtedness of the Board within the meaning of any state constitutional or statutory provision or limitation. The general faith and credit of the Board are not pledged to payment of the principal of or the interest or premium (if any) on the Series 2015 Bonds, and the Series 2015 Bonds shall not be a general obligation of the Board. No agreement, representation or warranty made or implied in this resolution or in the issuance of the Series 2015 Bonds shall ever impose any general liability or charge upon the Board, whether before or after any breach by the Board of any such agreement, representation or warranty, except with respect to the sources of payment provided by the Indenture. Nothing contained in this section, however, shall relieve the Board or its officers from its or their obligation to perform the several agreements on its or their part contained herein and in the Indenture, provided that such performance does not impose a general liability or charge upon the Board.

Section 4. Payment of Series 2015 Bonds. All remittances of principal of and interest and premium (if any) on the Series 2015 Bonds shall be made to the holders of such bonds at par without any deduction for exchange or other costs, fees or expenses. The bank or banks at which the principal of and the interest and premium (if any) on the Series 2015 Bonds shall at any time be payable shall be considered, by acceptance of their duties hereunder and under the Indenture, to have agreed that they will make or cause to be made remittances of principal of and interest and premium (if any) on the Series 2015 Bonds out of the moneys provided for that purpose, in bankable funds at par without any deduction for

exchange or other costs, fees or expenses. The Board will pay, or cause to be paid, to such bank or banks all reasonable charges made and expenses incurred by them in making such remittances in bankable funds at par.

Section 5. Authorization of Twelfth Supplemental Indenture. To specify the details respecting the Series 2015 Bonds and as further security for payment of the principal of and the interest and premium (if any) on the Series 2006-A Bonds, the Series 2008-A Bonds, the Series 2009-A Bonds, the Series 2009-B Bonds, the Series 2010-A Bonds, the Series 2010-B Bonds, the Series 2011 Bonds, the Series 2012-A Bonds, the Series 2013 Bonds the Series 2015 Bonds and any other Additional Parity Securities that may be issued thereunder, pro rata and without preference or priority of one security over another, or of the securities of any one series over the securities of any other series, the Directors do hereby authorize and direct the Chairman or the First Vice Chairman of the Directors to execute and deliver, for and in the name and behalf of the Board, a Twelfth Supplemental Indenture (herein, as previously indicated, called the “Twelfth Supplemental Indenture”) between the Board and U.S. Bank National Association (as successor to The Chase Manhattan Bank), as trustee (herein, in its capacity as Trustee under the Indenture, called the “Trustee”). The Directors do also hereby authorize and direct the Secretary or any Assistant Secretary of the Board to affix the official seal of the Board to the Twelfth Supplemental Indenture and to attest the same. The Twelfth Supplemental Indenture shall be in substantially the form presented to the Directors at the meeting at which this resolution is adopted, with such changes, not inconsistent with the provisions hereof, as the Chairman or First Vice Chairman of the Directors, acting with the advice of counsel to the Board, shall determine to be necessary or desirable in order to consummate the transactions authorized by this resolution, the determination of the definitive form of the Twelfth Supplemental Indenture by such officer to be conclusively established by his execution of the same.

Section 6. Sale of Series 2015 Bonds. The Series 2015 Bonds shall be and hereby are sold to Raymond James & Associates, Inc., Citigroup, Piper Jaffray, IFS Securities, Securities Capital Harbor Financial and Commonwealth Bank (herein called the “Underwriters”), at and for a purchase price equal to the principal amount thereof less net original issue discount or plus original issue premium, as the case may be, and less an underwriting discount (such underwriting discount shall not be greater than \$4.50 per \$1,000 of the principal amount of the Series 2015 Bonds issued). In order to provide for said sale, the Chairman or the First Vice Chairman of the Directors is hereby authorized and directed to execute and deliver, for and in the name and behalf of the Board, a Bond Purchase Agreement (herein called the “Purchase Contract”), with the Underwriters. The Purchase Contract shall be in substantially the form presented to the meeting of the Directors at which this resolution is adopted, with such changes, not inconsistent with the provisions hereof, as the said Chairman or the First Vice Chairman, acting with the advice of counsel to the Board, shall determine to be necessary or desirable in order to consummate the transactions authorized by this resolution, the determination of the definitive form of the Purchase Contract by such officer to be conclusively established by his execution of the same.

Section 7. Execution and Delivery of the Series 2015 Bonds. The Chairman or the First Vice Chairman of the Directors is hereby authorized and directed to execute the Series 2015 Bonds, in the name and behalf of the Board, by manually signing such bonds. The Secretary or any Assistant Secretary of the Board is hereby authorized and directed to cause the official seal of the Board to be affixed to the Series 2015 Bonds and to attest the same by manually signing such bonds. The Chairman or First Vice Chairman of the Directors is hereby directed to deliver the Series 2015 Bonds to the Trustee and to direct the Trustee to authenticate the Series 2015 Bonds and to deliver them in accordance with the instructions of the Underwriter upon payment to the Board of the purchase price therefor.

Section 8. Application of Proceeds of Series 2015 Bonds. The entire proceeds derived by the Board from the sale of the Series 2015 Bonds shall be paid to the Trustee. The Trustee is thereupon

authorized and directed to apply and disburse such moneys for the purposes and in the order specified in the Twelfth Supplemental Indenture.

Section 9. Approval of Official Statement. The Directors hereby approve and ratify the actions taken by the Underwriter in connection with the preparation and distribution of a Preliminary Official Statement respecting the Series 2015 Bonds. The Directors hereby approve and adopt the Official Statement respecting the Series 2015 Bonds (herein called the “Official Statement”) in substantially the form of such Preliminary Official Statement, with such additions and revisions as may be necessary or appropriate to reflect the definitive provisions of the Series 2015 Bonds. The Official Statement will be in substantially such form, with such additional changes, not inconsistent with the provisions hereof, as the Chairman or First Vice Chairman of the Directors, acting with the advice of counsel to the Board, shall determine to be necessary or desirable in order to consummate the transactions authorized by this resolution, the determination of the definitive form of the Official Statement by such officer to be conclusively established by his execution of the same. In evidence of the approval by the Directors of the Official Statement, the Chairman or the First Vice Chairman of the Directors is hereby authorized and directed to sign the Official Statement on behalf of the Board and to deliver it to the Underwriters.

Section 10. Redemption of Series 2006-A Bonds, Series 2008-A Bonds [and Series 2009-A Bonds]; Approval of Escrow Agreement. The Board does hereby elect to redeem and pay, and does hereby call for redemption and payment, on January 1, 2006, the Series 2006-A Bonds, or such lesser amounts of such maturities as shall be set forth in the Escrow Trust Agreement (hereinafter defined and authorized), the redemption of each such Series 2006-A Bond to be effected at a redemption price equal to 100% of its principal amount plus accrued interest thereon to the date fixed for redemption. The Chairman of the Board and the Secretary of the Board are hereby authorized and directed to take or cause to be taken, in the name and on behalf of the Board, all of the actions required by the provisions of the Indenture to be taken in order to affect the redemption described above.

The Board does hereby elect to redeem and pay, and does hereby call for redemption and payment, on January 1, 2008, the Series 2008-A Bonds, or such lesser amounts of such maturities as shall be set forth in the Escrow Trust Agreement (hereinafter defined and authorized), the redemption of each such Series 2008-A Bond to be effected at a redemption price equal to 100% of its principal amount plus accrued interest thereon to the date fixed for redemption. The Chairman of the Board and the Secretary of the Board are hereby authorized and directed to take or cause to be taken, in the name and on behalf of the Board, all of the actions required by the provisions of the Indenture to be taken in order to affect the redemption described above.

The Board does hereby elect to redeem and pay, and does hereby call for redemption and payment, on January 1, 2009, the Series 2009-A Bonds, or such lesser amounts of such maturities as shall be set forth in the Escrow Trust Agreement (hereinafter defined and authorized), the redemption of each such Series 2009-A Bond to be effected at a redemption price equal to 100% of its principal amount plus accrued interest thereon to the date fixed for redemption. The Chairman of the Board and the Secretary of the Board are hereby authorized and directed to take or cause to be taken, in the name and on behalf of the Board, all of the actions required by the provisions of the Indenture to be taken in order to affect the redemption described above.]

Upon delivery of the Series 2015-A Bonds, and to provide for the refunding of the Series 2006-A Bonds, the Series 2008-A Bonds [and the Series 2009-A Bonds], the Chairman of the Board is hereby authorized and directed to execute and deliver, for and in the name and behalf of the Board, the Escrow Trust Agreement (the “Escrow Trust Agreement”) between the Board and U.S. Bank National Association (the “Escrow Trustee”), in substantially the form presented to the meeting of the Board at which this resolution is adopted, with such changes, not inconsistent with the provisions hereof, as the said officer of the Board executing such document, acting with the advice of counsel to the Board, shall

determine to be necessary or desirable in order to consummate the transactions authorized by this resolution, the determination of the definitive form of the Escrow Trust Agreement by such officer to be conclusively established by his execution of the same; and the Secretary of the Board is hereby authorized and directed to affix the seal of the Board to Escrow Trust Agreement and to attest the same. Payment of the amount of proceeds of the Series 2015-A Bonds to the Escrow Trustee to provide for the funds necessary to create and establish the Escrow Fund to provide for the payment of the principal and premium of and interest on the Series 2006-A Bonds, the Series 2008-A Bonds and such amount of the Series 2009-A Bonds as may be refunded is hereby authorized.

Section 11 **General Authorization.** The officers of the Board are hereby further authorized and directed to execute, deliver, seal and attest such other ancillary documents and certificates (including, without limitation, a No-Arbitrage Certificate and a Continuing Disclosure Agreement with respect to the Series 2015 Bonds) as may be necessary to effect the issuance of the Series 2015 Bonds and to carry out fully the transactions contemplated in the documents authorized in this resolution to be executed and delivered on behalf of the Board.

Section 11. **Status of Resolution as Contract.** The provisions of this resolution pertaining to the Series 2015 Bonds shall constitute a contract between the Board and each owner of the Series 2015 Bonds.

Section 12. **Severability.** The various provisions of this resolution are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other provision of this resolution.

Section 13. **Effective Date.** This resolution shall take effect upon its passage and adoption by the Directors.

Resolution No. 6891 is hereby adopted by unanimous vote.”

Under other business, AGM Michael Johnson was recognized to address a document that was distributed regarding the investment of internal cash. Said document summarized proposed fee structures from investment advisors. AGM Michael Johnson commented that requests for proposals were sent to seven (7) institutions requesting quotes on investing approximately \$60,000,000.00 of internal funds. Staff requested quotes for one (1), two (2), and three (3) year-yield on securities. As noted on the summary sheet, the highest yield would be with Regions Bank and Sterne Agee. The goal would be for BWB to have a laddered portfolio that would allow the flexibility of having funds available if needed. Staff would choose a combination of maturities (one, two and three years). After a brief discussion, AGM Michael Johnson stated that staff is requesting approval from the Board to move forward with the investment advisors that offer the highest rate.

Chairman Robinson commented that with the rates being so low, much would not need to be placed in a 3-year maturity, as short investments makes more sense. Director Munchus asked if the referenced funds could legally be placed elsewhere, being he had some thoughts where the money could earn more. Mr. Underwood responded that funds could not be placed elsewhere and earn the noted rates. Also, funds have to be invested according to state laws. Funds are not allowed to be invested in things such as stock market or real estate. Subsequently, a motion was 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. Kevin B. McKie, that the Board hereby authorizes the purchase of securities from Regions Bank and Sterne Agee as part of its strategy to build a

laddered portfolio of allowable investments that earn the highest yield available as quoted by Regions Bank and Sterne Agee for maturities of one (1), two (2) and three (3) years.

Resolution No. 6892 is hereby adopted by unanimous vote.”

AGM Michael Johnson was recognized for additional comments as he gave an update on Employee Engagement. AGM Michael Johnson informed the Board that staff is continuing to get input from employees during big initiatives. Starting Monday, March 30, 2015, there will be sessions with all employees, including supervisors and managers built around benefits. Once sessions are complete, staff will develop a three or four year plan on benefits. Afterwards, staff would come back to the Human Resources Committee with plans and recommendations.

Following, Chairman Robinson asked the Directors’ and the Board’s Attorneys to enter into an Executive Session. Subsequently, Board Attorney Mark Parnell indicated that the purpose of the Executive Session would be to review and discuss the consideration the Board is willing to accept related to St. Clair County (Moody’s Water System). On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By the Water Works Board (“the Board”), on a motion made by Ms. Sherry W. Lewis and seconded by Mr. Kevin B. McKie, that the Board hereby approves an Executive Session to discuss the consideration related to St. Clair County (Moody’s Water System). Resolution No. 6893 is hereby adopted by unanimous vote.”

At 9:32 a.m., the Directors and the Board’s Attorneys entered into an Executive Session.

At 9:57 a.m., a motion was made and seconded to reopen the meeting. As there was no further business to come before the Board, a motion was duly made and seconded, and the meeting was adjourned.

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

Attest:

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