

MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS  
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM  
DECEMBER 20, 2016

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Tuesday, December 20, 2016, at 9:00 a.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: Ronald A. Mims, Kevin B. McKie, George Munchus, Sherry W. Lewis, and William R. Muhammad.

The meeting was also attended by: Mac Underwood, General Manager, Michael Johnson, T. M. "Sonny" Jones, and Darryl Jones, Assistant General Manager; Grace E. Amison, Executive Assistant to the Board of Directors; George E. Anderson, Jr., Floyd Stephens, Ben Sorrell, Paul Lloyd, Frank Burdette, Derrick Barlow, Joseph Stanford, Jason Couch, and Andre Webster, Board Employees; G. Courtney French, Sam Ford, and Ryan Wilson, Fuston, Petway & French, LLP; Jerry Jones and Brian Ruggs, ARCADIS US, Inc.; David Merrida, Birmingham Construction Industry Authority, Inc.; Dr. Jesse J. Lewis, Sr., Dorian Kendrick, Max Rykov, and Tommie Gardner, Agency 54; Theo Johnson and Kirk Mills, Volkert, Inc.; Stanley Graves, GRACO Resources, Inc.; Bill Bryant, Dominick Feld Hyde, P.C.; Johnny Brunson, Blount County Commission; Hal Humphrey, Gresham, Smith & Partners; a representative, Jefferson County Commission; Debra Taylor, Visitor; and Mark A. Peebles, MAP Development.

As there was a quorum, the meeting was called to order at 9:03 a.m., and Information Technology Manager George Anderson, Jr. opened the meeting with prayer.

Following, the General Manager proceeded with the agenda and he asked the Board to adopt a resolution commending Cane Creek Supervisor Derrick Barlow and Cahaba Pump Station Operators Jason Couch, Andre Webster, Frank Burdette and Joseph Stanford as Employees of the Month for December 2016 from the Operations & Technical Services Division, as set forth in agenda item 1.1. The General Manager said staff recommends approval of said 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. Kevin B. McKie, that the Board hereby recognizes and commends Derrick Barlow, Cane Creek Pump Station Supervisor; Jason Couch, Cane Creek Pump Station Operator; Andre Webster, Cane Creek Pump Station Operator; Frank Burdette, Cane Creek Pump Station Operator and Joseph Stanford, Cane Creek Pump Station Operator as the Employees of the month for December 2016; on having achieved outstanding team efforts for renovating the office at the Cane Creek Booster Station.

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. 7374 is hereby adopted by unanimous vote."

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Next, Human Resources Manager Paul Lloyd was recognized and he asked the referenced employees to introduce themselves. After introductions, Mr. Lloyd stated in addition to their regular jobs of operating the booster station and providing raw water, Messrs. Barlow, Couch, Webster, Burdette and Stanford renovated the office at the Cane Creek Booster Station by removing and replacing all of the ceiling tiles, painting the walls and trim, laying new carpet tiles, and installing new desk and office accessories. Following, Mr. Lloyd noted that a contractor would have charged \$5,446.00 wherein the referenced employees completed the above-mentioned work for a total of \$749.00 at a cost savings of \$4,967.00 to the Board. Subsequently, Mr. Lloyd congratulated the referenced employees and presented each with a commendation plaque wherein the meeting body applauded them for their efforts. Assistant General Manager Darryl Jones commented that one of the things said division drives and prides itself in is the Clean, Paint and Repair (CPR) program that was started several years ago, pointing out they want to make certain the facilities are presentable at all times. He said the Cane Creek/Carl Sims Booster Station is a beautiful facility wherein the team has done a great job embracing said program and he expressed his appreciation. Following, Chairman Mims congratulated and expressed appreciation to the group and presented each with a \$250.00 check.

Following, the General Manager asked the Board to adopt a resolution authorizing surviving spouse monthly retirement benefits from the Board's Retirement Trust Fund, as set forth in agenda item 2, in accordance with the terms of the pension plan and as stated on the retirement calculation, effective January 1, 2017, for Mrs. Sandra Goggins, the surviving spouse of retire Mr. Sammy Goggins, who passed away on December 4, 2016. He said staff recommends approval of the referenced item. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, Sammy Goggins, a retiree of The Water Works Board of the City of Birmingham ("the Board"), passed away on December 4, 2016; and

WHEREAS, Sammy Goggins was receiving up until the time of his death, monthly retirement benefits from the Board's Retirement Trust Fund in the amount of \$1,013.82, and under the terms of the Board's Retirement Plan, his spouse is now entitled to receive 50% of that monthly benefit until such time as she either remarries or passes away; and

WHEREAS, the surviving spouse, Ms. Sandra Goggins will begin receiving her surviving spouse monthly benefit of \$506.91, effective January 1, 2017.

NOW, THEREFORE, BE IT RESOLVED By the Board of Directors of The Water Works Board of the City of Birmingham, on motion duly made by Mr. Kevin B. McKie and seconded by Mr. William R. Muhammad, that the Trustee be, and is hereby instructed to pay a pension of \$506.91 per month to Ms. Sandra Goggins from the Board's Retirement Trust Fund, in accordance with the terms of the Trustee Pension Plan, with the payment to be effective January 1, 2017. Resolution No. 7375 is hereby adopted by unanimous vote.”

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Next, the Board was asked to adopt a resolution approving the Board of Directors and the General Manager to travel to and from various cities to attend conferences/annual meetings in 2017, as outlined in the resolution and as set forth in agenda item 3. 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, on a motion duly made by Mr. George Munchus and seconded by Mr. William R. Muhammad, that the Board of Directors and the General Manager are hereby approved to travel to and from various cities to attend conferences/annual meetings for calendar year 2017, as listed below, to pay any advances necessary and to reimburse all appropriate expenses incurred by the Board of Directors and the General Manager in connection with the following said conferences/annual meetings, as required by the Board’s and the Employees’ Travel Expense Reimbursement Policies:

DATES	ANNUAL CONFERENCES THE BOARD AND/OR THE GENERAL MANAGER PLAN TO ATTEND	LOCATION
January 30 - February 1, 2017	Training 2017 Conference & Exposition "This conference is designed for learning, training and performance professional."	San Diego, CA
February 7 – 10, 2017	2017 Utility Management Conference – AWWA - WEFTEC "This is a 'Utility Leader Forum' to hear the latest approaches, practices, processes, techniques, case studies, and research in all aspects of utility management."	Tampa, FL
April 19 - 23, 2017	Forum 2017 National Conference - National Forum for Black Public Administrators "This Forum provides 'Waves of Change, Oceans of Opportunity Repositioning Our Communities for the Future'".	Little Rock, AR
June 11 - 14, 2017	AWWA Annual Conference & Exposition (ACE) – 2017 "The AWWA Annual Conference provides an environment where water professionals can be leaders and learn from leaders in the water industry."	Philadelphia, PA
July 17 – 21, 2017	Alabama Society of CPAs (ASCPA) Annual Conference (for General Manager)	San Destin, FL
September 6 –8, 2017	2017 Annual Alabama Water Resources Symposium Conference "This is a Forum for all participants of Water Resources"	Orange Beach, AL
October 15 – 17, 2017	Alabama-Mississippi Section 2017 Conference – AWWA "A nonprofit scientific and educational society dedicated to the improvement of drinking water quality and supply."	Point Clear, AL
<b>OTHER CONFERENCES THE BOARD MAY ATTEND</b>		
March 26 – 29, 2017	2017 Water Policy Conference – Association of Metropolitan Water Agencies" The AMWA provides utility managers with a wealth of ideas and practical knowledge."	Washington, D.C.
September 10 - 14, 2017	SAP for Utilities 2017 "SAP offers utility leaders, managers, directors and other utility professionals with best practices, innovative ideas....."	Huntington Beach, CA
October 15 - 17, 2017	2017 Annual Executive Management Conference – Association of Metropolitan Water Agencies* "The Association of Metropolitan Water Agencies serves CEOs and general managers by providing tools for competitiveness and management."	Scottsdale, AZ
DATES TO BE DETERMINED	Various trips in 2017 to meet with rating agencies and bond underwriters – NYC [As Needed]	New York, NY

BE IT FURTHER RESOLVED, that prepayment of registration and workshop fees are hereby approved for the Board of Directors, the General Manager and other Board employees as set out above for the referenced conferences/seminars/annual meetings. Resolution No. 7376 is hereby adopted by unanimous vote.”

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Following, the General Manager asked the Board to approve payments of invoices for professional services, as set forth in agenda items 4.1 through 4.4, and he indicated staff has reviewed the referenced items and recommends them for approval. On a motion duly made and seconded, the following resolution was adopted:

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

- 4.1 Carl Dalton NeSmith, Jr., LLC  
For retainer fee for December 2016 \$ 500.00
  
- 4.2 Volkert, Inc.  
For professional services rendered for October 2016 \$ 45,478.07
  
- 4.3 Fuston, Petway & French, LLP  
For professional services rendered for November 2016 \$ 86,633.87
  
- 4.4 ARCADIS U.S., Inc.  
For professional services rendered per October 2016’s Progress Report (October 2016) \$ 336,482.73

Resolution No. 7377 is hereby adopted by unanimous vote.”

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Next, the General Manager asked the Board to award a bid to Consolidated Pipe, the lowest responsible and responsive bidder, as set forth in agenda item 5. 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. Kevin B. McKie and seconded by Mr. George Munchus, that the Board hereby authorizes staff to award bids to Consolidated Pipe, the lowest responsible and responsive bidder, for estimated annual quantities of unions to replenish stock in the Warehouse at an estimated out-of-pocket cost to the Board of \$64,527.40; and to authorize the General Manager and/or the Assistant General Manager to execute purchase orders and/or contracts for procurement of materials, services and supplies needed for the operation, construction, and maintenance of the water system. Resolution No. 7378 is hereby adopted by unanimous vote.”

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Following, the General Manager asked Assistant General Manager Darryl Jones to summarize agenda item 6 and items 7.1 through 7.8, as set forth in said agenda items. Prior to Assistant General Manager Darryl Jones’ review, Director Munchus commented that he will vote to approve item 6 and he indicated he would like to table items 7.1 through 7.8. He said he believes the Historically Underutilized Business (HUB) supplier that was located in the city had made an effort to bid with some of the other suppliers and indicated he was not informed of the outcome and did not see the owner at today’s meeting. Director Munchus said he wants the Board’s attorneys to look into the relationship because he thinks there are HUB suppliers in Birmingham and companies that would work with local firms. Assistant General Manager Darryl Jones said all chemicals listed on today’s agenda are critical for operations of the Board’s plants, pointing out the CAL-FLO® Lime Slurry referenced in item 6 is used only at the Shades Mountain Filter Plant because it is a liquid lime facility wherein said liquid lime provides staff with better control of the PH in the water treatment process. Following, he said all of the chemicals in item 7 are bid to get the lowest possible price for the Board and its customers. In addition, Assistant General Manager

Darryl Jones said all of the chemicals are mostly supplied directly from the manufacturers that produce the product wherein they are shipped to Birmingham, Alabama, pointing out the ferric sulfate in item 7.8 is brought in on rail cars and delivered directly to the treatment plants by tanker trucks. Following, Assistant General Manager Darryl Jones said the manufacturers that staff purchase products from directly may have some local delivery of the items and he pointed out there is no middle man or other options to add additional cost. He said it would be very challenging for a small business to engage in this process when they cannot produce or ship the product. He said staff presented the actual lowest cost product it could find for the chemicals through competitive bidding and indicated without the contracts it would be impossible for staff to treat the water. Subsequently, Assistant General Manager Darryl Jones encouraged the Board to approve the referenced items so that staff could continue using the chemicals and delivering high quality water. Following, he called to the directors' attention the list of chemicals he had given them for their review and pointed out the nearly \$28,000.00 difference in estimated net savings for 2017 as compared to the prices for 2016. A copy of said list is in today's Board Meeting book.

Next, Assistant General Manager Darryl Jones informed the Board that bid processes had not been received for a couple of chemicals that are used at the Carson and Shades Mountain Filter Plants. Subsequently, he asked the directors if there were any questions. Responding to a series of questions from Director McKie relative to whether said processes are on today's agenda; the expiration dates of the 2016 chemical contracts; and if the Board would have to pay higher prices if it does not have contracts with the chemical companies for 2017 under the current bids, Assistant General Manager Darryl Jones said only chemicals that staff received bids for were on said agenda; chemical contracts would expire on December 31, 2016; and chemicals would cost more in 2017 if they are not under the existing bids. He also said some of the bid prices decreased wherein some of them increased. Director Munchus commented that prices for 2016 and 2017 are estimates and he asked if this means prices for 2016 could increase or decrease. Assistant General Manager Darryl Jones noted that spending for 2016 chemicals is \$600,000.00 below the budget since staff used fewer chemicals than projected because of the treatment process, the drought and several different variables. He mentioned savings for chemicals and power are presented in his monthly Operations and Technical Services Division Report. Assistant General Manager Darryl Jones added that chemical prices are estimated and bid based on the quantities staff thinks it will use for the year. In response to Director Munchus' inquiry if the 2016 cost is estimated, the General Manager said unit prices for 2016 and 2017 are fixed wherein the estimated quantities create the different variables. Director Munchus then asked Assistant General Manager Darryl Jones if he said none of the chemical manufacturers use suppliers wherein Assistant General Manager Darryl Jones stated there may be a few local suppliers that have territorial contracts, and he pointed out the majority of said suppliers are directly from the manufacturers. Following, Assistant General Manager Darryl Jones indicated these chemicals are hazardous and suppliers must be able to transport them on state highways, pointing out they would have to use a local deliverer that could meet those safety guidelines.

Following, Director Munchus asked if all of the bids on today's agenda are in Diligent and Assistant General Manager Darryl Jones responded yes. Director Munchus said he assumes HUB participation is zero percent by all of the chemical manufacturers on said agenda. He then asked if the Purchasing Department is correct in saying said manufacturers indicated they could not find any local HUB suppliers to assist them wherein Assistant General Manager Darryl Jones said yes and Purchasing Manager Edward Travis said most of the chemicals as previously stated are delivered directly from the manufacturers. Director Munchus commented that he referred the HUB supplier that contacted him to Mr. Jones. Following, he again asked that the chemical items be tabled so that the Board's attorneys could look at the relationships between the suppliers and some of the chemical manufacturers, pointing out there appears to be an attempt to keep small suppliers out of the business. Following, Mr. Travis said he believes there are about six (6) manufacturers that actually ship the chemicals to staff on their vehicles

and not by rail cars wherein Director Munchus asked if these are the same vendors the Board has used for years and Mr. Travis said yes. Subsequently, Director Munchus said if staff continues doing business in the same manner it has for the past 40 or 50 years, opportunities would never be created for small suppliers to grow and possibly become manufacturers.

Following, Director Lewis asked if the chemical bidding process is the same to give everyone an opportunity to bid and Assistant General Manager Darryl Jones called to the directors' attention that item 6 for the Lime Slurry is not bid because it is a sole source and Burnett Lime Company is the only manufacturer that has said product, and he pointed out all of the other chemicals are bid. Assistant General Manager Darryl Jones said a supplier may win the bid for two (2) consecutive years and then it is awarded to another supplier, pointing out the same manufacturers do not always win because the bids and the market are competitive and the margin for profit is very narrow. Following, Director Lewis commented that staff does not always use the same chemicals and is constantly upgrading and getting better chemicals to mix in the water, pointing out the Board has discussed this many times. Director Lewis said she is in favor of inclusion of everyone but she is also in favor of what is in the best interest of the Birmingham Water Works Board, which is to get the best chemicals at the lowest price instead of using a middleman, middle woman or a company.

Following, Director Lewis asked what the process would be if the Board tabled item 7 wherein staff runs out of chemicals and the amount of time it would take to get what is needed. Director Munchus said he does not believe management would allow this to happen and Director Lewis stated there is a process to rebid the chemicals and inquired as to how long this would take. Assistant General Manager Darryl Jones said one (1) chemical that was rebid cost the Board an additional \$30,000.00. In response to Director Lewis' inquiry whether there is a great possibility that the Board would pay more for chemicals if it tables said items on today, Assistant General Manager Darryl Jones said yes, pointing out without an agreement the Board would pay whatever cost the manufacturers set. He said the requested chemicals are a necessity and staff recommends approval. Following, Assistant General Manager Darryl Jones said staff followed the competitive bid law process to get the lowest price straight from the manufacturer wherein Director Munchus asked if staff had considered there might be a problem with the so-called competitive bid law and if it is fair. The General Manager said staff is required to comply with the State of Alabama Competitive Bid Law, pointing out if said law is not fair, then someone should file a lawsuit protesting its wrongness. He said staff does not deviate from said law wherein Director Munchus stated he believes said law gives staff wide latitude to define responsiveness and responsible, pointing out he is arguing that said law as constituted is not a fair law and believes the Board has wide preference and authority based on the case law he has read. Subsequently, the General Manager said the question is whether the Board wants to award the annual chemical bids so that staff could treat the water and move it forward at the rates it presented. Following, Director Munchus asked how close staff is to running out of chemicals wherein the General Manager said some chemicals are delivered daily. Assistant General Manager Darryl Jones said shipments are received regularly but all of the agreements expire on the aforementioned date, pointing out the Board would not meet again until January 2017. Assistant General Manager Darryl Jones pointed out the manufacturers would continue delivering products without contracts but it would be at the higher market costs.

Next, a discussion ensued relative to whether any of the chemical manufacturers had a HUB program or a supplier diversity component as a part of their business wherein they do not because the chemicals coming directly from the manufacturers which is the Board's lowest possible option. It was pointed out this is the process staff has used for years to ensure the Board gets the best price. Following, a discussion ensued relative to the terms of chemical contracts. Assistant General Manager Sonny Jones indicated all of the chemical contracts are bid for one year wherein the Board could choose to extend or

cancel such contracts, pointing out one chemical contract was terminated midyear because such chemical did not produce the results staff needed. Assistant General Manager Darryl Jones reminded the directors they had approved staff's request during the summer for a two-year extension on liquid aluminum sulfate in order to get a discount and he said the other contracts are renewable on January 1<sup>st</sup>. Director Munchus then asked for a list of corporate offices for each of the chemical manufacturers and indicated he wants the Board's attorneys to contact said companies regarding their supplier diversity programs. Director Muhammad commented, in his opinion, the issue is whether the Board tries to do all it can to achieve and elevate its policies wherein he imagines the Board has not stretched and tried to do this as it relates to chemicals. Director Muhammad added he believes the Board could use the fact that it spends money with said manufacturers in order to check into their diversity programs to determine what they would do. Director Muhammad said contracts for the chemicals end on December 31<sup>st</sup> and they were placed on the agenda for the last meeting of the year, pointing out it appears staff believed the Board's approval would be automatic. Director Muhammad indicated he has often mentioned staff brings items to the Board for approval at the last minute. Chairman Mims asked Attorney French how long it would take them to contact the vendors and Attorney French replied they could start immediately and he pointed out it might be difficult to reach some manufacturers/suppliers because of the approaching holidays.

After discussion on the manufacturers and/or suppliers of the chemicals relative to whether they have a minority program and possibly establishing set prices for chemicals because it is a competitive business, Chairman Mims asked staff to contact the chemical manufacturers/suppliers and request a 30-day extension on the current chemical bid prices, pointing out it would allow staff time to further evaluate the chemical bids. He said the Board does not need to do business with a manufacturer that refuses to delay its bid price. Following, Assistant General Manager Darryl Jones said some of the chemicals would be decreasing, pointing out this would benefit the Board. He noted these kinds of commodities have market fluctuations that could be higher because bid prices only last for a certain time before they have to be rebid. Subsequently, Assistant General Manager Darryl Jones said since everyone knows what the other companies bid this would change the next bid and pointed out this as the reason the bid increased an additional \$30,000.00 on the same quantity. Assistant General Manager Darryl Jones indicated that the chemicals could be rebid. Chairman Mims replied that the Board was not asking staff to rebid the chemicals rather to ask for a 30-day extension from the manufacturers due to the discrepancy in awarding bids at the last minute. Chairman Mims asked staff to make sure bids are presented to the Board before the last Board meeting in December. Assistant General Manager Darryl Jones also pointed out that staff could bid the chemicals in June but the prices would not become effective until January 1<sup>st</sup>. Purchasing Manager Ed Travis added that one of the reasons the chemicals were being presented at today's Board meeting is because staff tried the online reverse option which took some extended time, and he pointed out the State of Alabama has approved this selection process. In response to Director Munchus' question as to what was the result of said option, Mr. Travis indicated three (3) bids are being awarded from said option and noted the costs decreased when staff sets prices using said option. Following, Mr. Travis said the Board currently pays about \$.79 per pound for ferric sulfate but the cost decreased to \$.70 when staff used the reverse option. Mr. Travis said he believes the bidder was a minority vendor and drove the price down to \$.70. Director Munchus commented that staff's introduction of HUB into the process drove the cost down. Following, Director Lewis stated it was mentioned earlier that the HUB vendor could not deliver and Director Munchus said they could not deliver because the manufacturer jammed them up, pointing out he considers this practice to be rogue wherein it is not good business. Director Munchus said someone must stand up for the small businesses who are trying to get into the market that can compete with the manufacturers. Subsequently, a motion was duly made and seconded for item 6, 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. Ronald A. Mims, that the Board hereby approves expenditures with Burnett Lime Company, a sole source provider, for delivery of 9,000,000 lbs. of CAL-FLO® Lime Slurry for Shades Mountain Filter Plant at an estimated out-of-pocket cost to the Board of \$472,500.00. [NOTE: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a sole source provider.] Resolution No. 7379 is hereby adopted by unanimous vote.”

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Next, Chairman Mims asked the Board its preference for handling item 7. Director McKie stated he supports said items and is in favor of including the potential female supplier that he recently met to get involved in the chemical market. He said, however, considering the timeline of the contracts he believes the Board would be better off approving the referenced item today. Following, Director McKie said the Board needs to find out where the potential supplier’s business can benefit the Board and where staff can get the potential female supplier involved with the process. Subsequently, Director McKie said if the Board has problems with the supplier, it could terminate the contract and rebid it the following month. On a motion duly made and seconded, the below resolution was adopted. Chairman Mims said he voted “no” with the condition to allow staff 30 days to see if chemical manufacturers on today’s agenda have diversity supplier programs.

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Kevin B. McKie and seconded by Ms. Sherry W. Lewis, that the Board hereby authorizes the General Manager and/or the Assistant General Manager to execute purchase orders and/or contracts for procurement of materials, services and supplies needed for annual chemical bids on the following:

- 7.1 Shannon Chemicals, the lowest responsible and responsive bidder, for an estimated annual quantity of 65,000 lbs. of orthophosphoric acid for the Carson Filter Plant at an estimated out-of-pocket cost to the Board of \$19,435.00.
- 7.2 F2 Industries, LLC, the lowest responsible and responsive bidder, for an estimated annual quantity of 15,000 lbs. of potassium permanganate for the Cahaba Pump Station, Putnam Filter Plant, Western Filter Plant and the Carson Filter Plant at an estimated out-of-pocket cost to the Board of \$24,345.00.
- 7.3 Cabot Norit Americas, Inc., the lowest responsible and responsive bidder, for an estimated annual quantity of 85,000 lbs. of bulk powdered activated carbon for the filtration plants at an estimated out-of-pocket cost to the Board of \$35,955.00.
- 7.4 Harcros Chemicals, the lowest responsible and responsive bidder, for an estimated annual quantity of 300, 2,000-lb (600,000 lbs.) cylinders of liquid chlorine for the Putnam Filter Plant, the Carson Filter Plant, and the Western Filter Plant at an estimated out-of-pocket cost to the Board of \$140,400.00.
- 7.5 Univar USA, Inc., the lowest responsible and responsive bidder, for an estimated annual quantity of 1,115,000 lbs. of hydrofluosilicic acid for the filtration plants at an estimated out-of-pocket cost to the Board of \$168,875.00.



- 7.6     Harcros Chemicals, the lowest responsible and responsive bidder, for an estimated annual quantity of 510,000 gallons of liquid sodium hypochlorite for the Shades Mountain Filter Plant at an estimated out-of-pocket cost to the Board of \$336,447.00.
- 7.7     Unimin Corporation, the lowest responsible and responsive bidder, for an estimated annual quantity of 4,200,000 lbs. of bulk hydrated lime for the Western Filter Plant, the Putnam Filter Plant, and the Carson Filter Plant at an estimated out-of-pocket cost to the Board of \$344,232.00.

Resolution No. 7380 is hereby voted for by Directors McKie and Lewis; Directors Mims, Munchus and Muhammad voted no.”

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After rejection of the above resolution, it was pointed out that a new motion would be needed since Chairman Mims did not include the 30-day stipulation in his above motion. 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 tables the below items and requested staff to ask for a 30-day extension on the chemicals bid prices for annual chemical bids on the following:

- 7.1     Shannon Chemicals, the lowest responsible and responsive bidder, for an estimated annual quantity of 65,000 lbs. of orthophosphoric acid for the Carson Filter Plant at an estimated out-of-pocket cost to the Board of \$19,435.00.
- 7.2     F2 Industries, LLC, the lowest responsible and responsive bidder, for an estimated annual quantity of 15,000 lbs. of potassium permanganate for the Cahaba Pump Station, Putnam Filter Plant, Western Filter Plant and the Carson Filter Plant at an estimated out-of-pocket cost to the Board of \$24,345.00.
- 7.3     Cabot Norit Americas, Inc., the lowest responsible and responsive bidder, for an estimated annual quantity of 85,000 lbs. of bulk powdered activated carbon for the filtration plants at an estimated out-of-pocket cost to the Board of \$35,955.00.
- 7.4     Harcros Chemicals, the lowest responsible and responsive bidder, for an estimated annual quantity of 300, 2,000-lb (600,000 lbs.) cylinders of liquid chlorine for the Putnam Filter Plant, the Carson Filter Plant, and the Western Filter Plant at an estimated out-of-pocket cost to the Board of \$140,400.00.
- 7.5     Univar USA, Inc., the lowest responsible and responsive bidder, for an estimated annual quantity of 1,115,000 lbs. of hydrofluosilicic acid for the filtration plants at an estimated out-of-pocket cost to the Board of \$168,875.00.
- 7.6     Harcros Chemicals, the lowest responsible and responsive bidder, for an estimated annual quantity of 510,000 gallons of liquid sodium hypochlorite for the Shades Mountain Filter Plant at an estimated out-of-pocket cost to the Board of \$336,447.00.

7.7 Unimin Corporation, the lowest responsible and responsive bidder, for an estimated annual quantity of 4,200,000 lbs. of bulk hydrated lime for the Western Filter Plant, the Putnam Filter Plant, and the Carson Filter Plant at an estimated out-of-pocket cost to the Board of \$344,232.00.

Resolution No. 7381 is hereby adopted by Directors Mims, McKie, Munchus and Muhammad; Director Lewis opposed.”

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After adoption of the above resolutions, Director McKie asked if staff had started favoring local people, pointing out one (1) of the chemicals that the Board uses only costs a fraction of one cent more than the out-of-state supplier’s cost. Following, Director McKie said a manufacturer in Decatur, Alabama, produces orthophosphoric acid at a \$15.00 difference in the Board’s total quantity. He then asked if the Board has some flexibility to choose the manufacturer in said city and pay an additional \$15.00 instead of using an out-of-state manufacturer. Following, the General Manager replied staff consulted with the Board’s attorneys concerning this and was told a change would have to be made to allow for a 3% local preference, pointing out it depends on how local is defined and if it is in the Board’s service area. Following, Chairman Mims asked the Board’s attorneys if the Board approves a local preference would it contradict state bid laws and Attorney French stated no and pointed out the State of Alabama Bid Law allows the Board to approve said preference.

Following, the General Manager asked the Board to approve an agreement with Harris, Rothenberg International, Inc., d/b/a Humana Wellness to provide wellness services for the BWWB, as set forth in agenda item 8. Assistant General Manager Michael Johnson was recognized and he said the referenced agreement covers the Board’s new Go365 Health and Wellness Program. He reminded the Board that when the benefits discussion was done in August and September, staff talked about the wellness program and the Board approved an agreement with Abacus Health Solutions at its August 25, 2016 Regular Board of Directors’ Meeting. At said meeting staff went through deliberations regarding said program, as it was associated with the Board’s employees being able to accumulate funds to assist them with their medical bills. After discussion, the General Manager indicated staff recommends approval of said 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. Kevin B. McKie, that the Board hereby approves an agreement with Harris, Rothenberg International, Inc., d/b/a Humana Wellness to provide wellness services for the BWWB for an initial period of 12 months with an automatic renewal for successive one year periods at an estimated annual cost of \$83,106.00 in fees for the first year; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement. [NOTE: Either party may terminate the agreement by providing a 90-day written notice to the other party.] Resolution No. 7382 is hereby adopted by unanimous vote.”

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Next, the Board was asked to accept .439 acres of property and well from MAP Development, LLC as set forth in agenda item 9. Following, the General Manager stated that staff had discussed with representatives of said company relative to the Board accepting some acreage near Eastwood Mall wherein the well is currently operating and is being used for irrigation. He indicated staff believes the well could be used during drought situations and he pointed out it would require some additional

permitting by the Alabama Department of Environmental Management (ADEM) and some extra work to get the water from the well to the Shades Mountain Filter Plant or to the Cahaba River. The General Manager introduced Mr. Stanley Graves of GRACO Resources, Inc., noting he previously drilled some wells for the Board; Mr. Mark Peeples of Map Development; and Attorney Bill Bryant of Dominick Feld Hyde who reviewed documents from Messrs. Graves and Peeples and provided them with a legal opinion relative to whether the Board could accept MAP Development's donation. In response to Director Munchus' inquiry of what the cost would be to get the well in operation going forth, the General Manager said the current well is operating and providing irrigation water to Eastwood Mall. He indicated the well is in excess of 250 feet deep and that the current owner is receiving about \$24,000.00 annually in revenue. Following, Director Munchus said he is interested in the cost of the additional work wherein the General Manager stated staff does not yet have all of the cost-related information and noted MAP Development would deed the Board the referenced acres along with the current well that is on the property.

Following, the General Manager pointed out that the referenced item is the same as the Board's approval of the emergency water purchase agreement with the City of Irondale Water Department. A discussion ensued relative to the costs associated with the donation of said item. The General Manager said the estimated cost would be for piping from the well to wherever the water would be discharged. Director Munchus asked the General Manager if he had any idea of the cost to lay the referenced pipe wherein the General Manager said he believes two (2) of the referenced alternatives would require installing about three (3) miles of pipe and Chief Engineer Ben Sorrell said System Development Manager Douglass Stockham could provide all of the numbers. Following, Director Munchus said he finds it extremely unwise to do something such as the above-mentioned item and not have at least an estimated cost. Director Munchus commented that he would not vote for item 9. Following, the General Manager apologized and commented that he does not know if said item is a last minute request. He pointed out the Board may now have more details, since said item was presented in the drought update at the October 13, 2016 Regular Board of Directors' Meeting wherein Director Munchus said a cost was not given.

Following, the General Manager gave some background relative to the work staff has done to ensure the referenced site could be used as a raw water source during emergency situations. Director Munchus commented it seems as if the cost of the pipe would be known since it is a vital part of the process. Following, Director Muhammad asked if staff had done an appraisal of the property and the General Manager said he believes Mr. Mark Peeples had an appraisal done and noted staff has not yet seen it. Mr. Peeples introduced Mr. Stanley Graves as being the water well driller. Following, Director Muhammad inquired of the assessed value of the well and he asked the General Manager if he had a copy of the appraisal. Mr. Peeples said the appraisal was sent to Principal Engineer Patty Barron wherein Director Muhammad asked him if he knew the value of .439 acres and he responded \$29 million. The General Manager stated said amount was not correct and he asked Mr. Peeples the appraised value of the .439 acres. Following, Mr. Peeples said the land and the well were not appraised separately and explained the appraisal includes improvements, land and everything that he is being donated to the Birmingham Water Works Board. In response to Director Lewis' inquiry if the referenced items were appraised for \$29 million, Mr. Peeples responded yes and indicated an out parcel is on the front of the property and the well is located in the rear. Mr. Peeples indicated his estimated value of the land and well would not be more than \$250,000.00. Following, Director Muhammad asked Mr. Peeples if he receives \$24,000.00 per month from the well and Mr. Peeples replied that he receives said amount annually for irrigating \$350,000.00 worth of landscaping on 50 acres. The General Manager said when the drought started staff tried to work out at least five (5) options to get raw water so that more water could be pumped over the mountain. He said the Carson Loop and the round connection are two (2) sources that could help staff pump finished water. Following, the General Manager stated a well was also dug on Cahaba Beach Road,

the old Birmingham Water Works mine, as a raw water source. The General Manager said the question is whether the Board wants to accept 1/2 acre of property to be able to access the water. He said the Board spent a considerable amount of money to build a road and drill a well on its property wherein the aforementioned well should have about the same liability or value.

Following, Director Lewis inquired of the number of previous wells drilled for the Board and the cost. In addition, Director Lewis asked senior staff to ensure those staff members who are involved with agenda items be in attendance at such meeting, pointing out this would help the directors. Following, the General Manager departed the meeting at 10:06 a.m. to get a report on the wells. In response to Director Lewis, Revenue Water Manager Geoff Goodwin replied that five (5) wells have been drilled for the Board. Director Lewis stated she believes the current issue is trying to make sure the Board has some water if there is another drought. Director Lewis said she believes the cost was reasonable and asked when the above-mentioned wells were drilled. Mr. Goodwin said the wells were drilled in 2008. Director Lewis indicated staff brought a report to the Board prior to the five (5) wells being dug. Mr. Goodwin said staff also brought estimated costs; he pointed out there is a projected price for each spot that is drilled because the exact depth is not known, pointing out this changes with time and geologists cannot see that far inside the ground. Following, Mr. Goodwin responded to questions from Director Munchus relative to whether any pipe was associated with getting the well water into the pumping system and if staff had the estimated costs on the front end. Mr. Goodwin said a pipeline was installed to take the water from the wells to Lake Purdy and staff did not have said costs in advance. Subsequently, Assistant General Manager Darryl Jones said the report that the General Manager went to get contains the costs that were spent on the five (5) wells wherein it would include the prices for piping, drilling and all other costs associated with said wells. Following, Director Lewis asked how much water staff is retrieved from each well and the amount of water that would be pumped from the well that is being donated. Mr. Stanley Graves said Registered Hydrologist Conrad Gauzier did a report for MAP Development, noting that he also did a report on the site near Eastwood Mall for the previous Board in 2001, prior to Mr. Peoples' ownership. He stated said site was identified as a prime location for extraction, ground water storage and recovery. The General Manager returned to the meeting and he distributed a report on Lake Purdy Wells dated December 14, 2016. A copy is on file with today's meeting book.

Following, Mr. Graves said various Water Works Boards have looked at the site for many years. Director Munchus asked if it was anticipated that the Board would purchase it when it was originally looked at and Mr. Graves said he did not know and pointed out said site was identified as a potential source of water for the Birmingham Water Works Board wherein the current report indicates a well capable of producing 6.5 millions of gallons per day (mgd) could be developed on said site. Mr. Graves said when he visited the site they looked at it to be certain there was physically room to do everything they need to do, noting he met with staff and the engineers wherein they agreed said site could be developed. He also said MAP Development also has some additional easement capabilities that it believes would kick in. Following, Mr. Graves said the directors need to understand they do not have to do anything and they would just own the well and could make the decision at a future Board meeting as to whether they want to use the well. Director Munchus asked why the Board would want to own something it does not use and Mr. Graves said the Board has that option to use it whenever. Director Lewis inquired of the total amount of money the Board spent to purchase water during the current drought and the General Manager said the Board spent about \$1 million from Shelby County.

In response to Director Muhammad's inquiry of the Board's commercial rate on \$1 million, the General Manager stated Shelby County's rate is about \$660.00 per thousand gallons. Assistant General Manager Darryl Jones commented that the Board got about 4 mgd from Shelby County for nearly 50 days, pointing out this was discontinued when it rained. Following, Director Muhammad commented that

he is in favor of accepting a donation of the land and does not see where it would cause the Board any problems if it chooses not to use the well. He said if the Board chooses to use the well it would have to look at whatever the conflicts are. Director Muhammad asked if there is a cost to the Board in accepting MAP Development's offer and the General Manager said no. The General Manager stated that ADEM indicated water from the referenced well could be used for raw water to be treated at the Shades Mountain Filter Plant or at another filter plant. The General Manager stated that staff wants to accept the land then do a thorough evaluation to determine the best route of where the water could be used, pointing out this would require the Board's approval.

Responding to questions from Director Lewis relative to whether staff has tested the water in the well on a regular basis and the number of samples it has taken, the General Manager replied the water has been tested and indicated staff has taken three (3) samples. Mr. Graves said the City of Irondale uses the same aquifer as the above-mentioned well and pumps directly into its water system. Following, Director Lewis asked what the advantages would be to the Board to have the land and the General Manager stated said well would be another raw water source that could produce 6.5 mgd. The General Manager reported Mr. Stockham estimates it would cost the Board about \$2.8 million to install a pipeline for three (3) miles. Director Munchus asked if the referenced cost is for all three (3) options or if each option would cost said amount. The General Manager said options one and two would take three (3) miles to get to a point where the water could be discharged to the river. He stated option three (3) is slightly more complex because a pipeline would have to be installed at Shades Creek wherein the water would have to flow down said creek. The General Manager added that ADEM's approval would be needed to use this as a drinking water source and a pump would have to be installed to pump the water up to said plant.

In response to Director Munchus' inquiry if estimated cost for options one and two is \$2.8 million and indicated that staff does not know said cost for option three, the General Manager responded yes. Following, Director Lewis asked what ADEM's response is and the General Manager said ADEM stated the water could be pumped to a treatment facility and used. The General Manager pointed out that the cities of Trussville, Irondale and Leeds use well water daily. In addition, the General Manager pointed out that Montgomery uses over 20 wells daily to supply water to its customers, noting during the State of Alabama Drought Litigation group meeting, the State of Alabama was monitoring nearly 20 large wells across the state to ensure people continued to have water. The General Manager said the Board needs options to assist it in getting through droughts for the short term. He said the Board also needs the long-term water resource plan and he pointed out said plan does not help the Board for 15 to 20 years. Subsequently, the General Manager said the Board has to have options now to help get water to its customers over the mountain.

Following, it was pointed out that an appraisal is currently being done relative to referenced property. Some discussion ensued relative to whether ownership of the donated property would cause the Board any liability and management indicated it would not. In response to Director Muhammad's inquiry if staff had looked at the referenced land, and management responded in the affirmative.

Following, Mr. Graves said ground water does not have any surface water decontaminate issues that are present with chlorine and while the well water would be diluted with surface water at the Shades Mountain Filter Plant, it would reduce the amount of flushing that staff does with the lines for trihalomethane issues that happen during the summer, pointing out this as one of the reasons many cities are returning to using ground water particularly in the summer because it reduces their compliance costs with the Environmental Protection Agency's (EPA) standards on trihalomethane. Assistant General Manager Darryl Jones said regulations are a lot easier to meet using ground water compared to surface water. He said there is a different group of challenges and regulations for surface water and how it is

disinfected wherein ground water helps the utility meet some of the EPA's standards. He stated in this case staff would not put trihalomethane directly into the pipeline but said chemical would be placed in the processor at the treatment plant. Subsequently, Director Lewis again stressed the importance of committee meetings, pointing out the referenced discussion could have taken place at the appropriate committee.

Following, Director Lewis asked if the well from MAP Development would be one (1) of the larger wells and Mr. Graves said yes. Following, Mr. Graves was recognized to briefly discuss ground water and he stated said water is at a constant temperature, chemical quality and flow within reason. He said this would be 6.5 mgd, pointing out said amount is greater than all of the Board's five (5) wells combined. Mr. Graves stated based on the report and the fact that he drilled the first wells in Eastwood Mall in 1970, he believes this would probably be the largest well in the State of Alabama. Following, the General Manager asked Mr. Graves to address the storage issue and Mr. Graves stated they did a ground water storage and recovery report for Malcolm Pirnie and the Board in 2001 wherein they identified the referenced site as a potential. Mr. Graves said the Tusculumbia Fort Payne, which the aquifer has two (2) barriers on top to protect it from surface contaminates. He stated said aquifer is about 150 feet thick, is similar to a huge sponge of fractured gravel and holds hundreds of millions of gallons of water. Following, Mr. Graves reported many communities across the United States today are storing water underground and pumping it back out when they need it during droughts or peak demands. He noted when this water is pumped back out, it returns in the same quality as it was when stored. Subsequently, Mr. Graves said this has dual potential that could really help the Board and the system to have additional storage capacity.

Subsequently, it was pointed out that execution of the necessary documents to complete transaction of the referenced property is subject to the review and acceptance of the Board's attorneys, ARCADIS, U.S., Inc. and Dominick Feld Hyde, P.C, and MAP Development. In addition, it was pointed out that staff was asking the Board today to accept the land and that an appraisal would be completed. In addition, the General Manager pointed out staff had received the title search late last week relative to said property and that said property was placed on the agenda in the stated manner because ARCADIS has to provide the Board with a letter affirming the donation's beneficial use to the Water Works Board. The General Manager pointed out after all of the referenced entities have reviewed the documents and acknowledges that staff has everything needed, then it could close and accept said property. Following, Director Lewis inquired whether the Board would have to legally accept the land and well if one (1) of the reviewers disagrees that acceptance is not beneficial to the Board. Attorney French said if there are any issues in the process, he indicated the attorneys would come back to the Board. Attorney French pointed out that the Board does not own the referenced land and well until it is approved by the referenced parties.

Following, Mr. Bill Bryant of Dominick Feld Hyde, P.C. said typically when someone makes a charitable donation they receive a Determination Letter from the Internal Revenue Service (IRS), stating they are a charitable organization and can accept charitable contributions from individuals, corporations, etc. He said the Water Works Board is not a charitable organization and since the Board does not have said letter to satisfy the donor that his gift is tax-deductible, they are giving an opinion that the Board is a qualified charitable organization for purposes of the IRS code. Mr. Bryant said they are not giving any opinion as to the gift itself or the value of the land. In responses to Director Munchus' inquiry if Mr. Bryant stated he would give the Board an opinion indicating it is a charitable organization, Mr. Bryant said the opinion would not state the Water Works is said organization instead, it would state the Water Works is a qualified organization under the IRS code to receive charitable contributions. Mr. Jerry Jones of ARCADIS US, Inc. stated said company's perspective is strictly related to engineering and whether it

is feasible. He said there are legal issues and the value of the property. Mr. Jones said ARCADIS gave the General Manager a letter yesterday concerning the engineering feasibility in terms of fatal flaws. Following, Mr. Jones said he believes it is about the legality of what the Board is buying, what it would get gifted to it and what the overall value to the Board is. He also said there are no engineering issues with the referenced land that cannot be managed at some cost. Following, Mr. Jones said the value of said property would need to be addressed by the Board's attorneys. Following, Attorney French asked Board Attorney Paige Goldman to inform the Board of what she had reviewed wherein Attorney Goldman said she received a copy of the title search and saw a memo indicating Phase One was done. Attorney Goldman also said she has a copy of a proposed Quit Claim Deed from MAP Development's attorney. Attorney Goldman said she had spoken with the General Manager concerning his intentions and indicated she has not seen a lot of documentation.

Following, Assistant General Manager Darryl Jones indicated if the Board accepts the land, staff would be digging a well that would be a deeper aquifer, pointing out this has not been tested because the well has not been dug. Mr. Graves said a deep test was not done because ADEM only needed a smaller volume of water. He said the well may be another hundred feet deeper but it is still the same reservoir of water. Further, Mr. Graves pointed out they had also spoken with Mr. Dennis Harrison, head of drinking water at ADEM, wherein he confirmed that the well's water quality is acceptable for use for the Board's facility. There was some discussion about adding "final approval from ADEM" to the agreement. It was pointed out that the Board would not face any problems for obtaining ownership of said property and that ADEM would not have any concerns if the Board decides not to use the land. Following, Assistant General Manager Darryl Jones stated there would not be any issues with the ground water, pointing out all prior testing has met ADEM's criteria. Director Lewis asked how long it would be until staff receives the information from ADEM and Mr. Graves indicated ADEM does not require a permit to drill the well to be used for a raw water supply. Mr. Graves stated the drilling contractor has to file an "Intent to Drill" within 24 hours of the time work starts and then 30 days upon completion of the well. Mr. Graves said if the Board decides to use the water and pump it directly into its system, he indicated it would require a public water permit for the well.

Following, Director Muhammad asked Mr. Graves if the referenced aquifer is the same as the one he mentioned relative to ground water storage and its capacity. Mr. Graves said the aquifer is the same and holds hundreds of millions of gallons of water. Director Muhammad said he believes there would be other droughts and this is a way to prepare for them. He added, in his opinion, Board members should separate the function of installing the pipe from accepting the donated land. Director Lewis agreed and she stated the Board's product is water, pointing out it is always a possibility that ADEM could come back and say something is wrong with the well's water and the Board could not use it for the planned purpose. Following, Mr. Graves said he does not know exactly what staff is waiting on from ADEM because it is his understanding the raw water has been approved by ADEM for the Board's specific use. Mr. Graves said he drilled the well in 2006 when there was a drought to use for irrigation, and indicated he has consistently used the referenced well for irrigation and at that time got the approval from ADEM in 2008 that the water is potable. Following, Mr. Graves said since then he has gone back to ADEM to validate and recertify and indicated to his knowledge there is nothing staff needs from ADEM to use the existing well to perform the services that the Board is anticipating using the well for. Mr. Graves said as he understands if the Board drills a bigger well it would require ADEM's approval because it would be new, and he pointed out the new well would be the same as the existing well because it is on the same property however, the diameter of the pipe would be larger. After a lengthy discussion, Assistant General Manager Darryl Jones stated it is staff's request to the Board today to receive the land at no cost. Following, there was some discussion relative to the referenced land being previously offered to the Board and there was an issue as to why the Board did not accept. Mr. Graves indicated he did the report

and at that time there was no gift anticipated. Mr. Graves stated it was a general review of the entire Birmingham valley as a potential ground water storage and recovery site. He said they worked with Malcolm Pirnie at that time and he indicated there was no gift anticipated. Assistant General Manager Darryl Jones added at that time efforts were channeled to the Carson Loop project because staff felt this was a more direct and immediate benefit. Assistant General Manager Darryl Jones said accepting the land was not pursued to that level to receive it at that time. He said staff identified said land as a source and indicated that staff did not move in that direction. In addition, the General Manager added that staff has looked at said land in 2007 and 2008, pointing out this was during the drought and there was an issue at the Mulberry and the water could not be used. He said at that time Lake Purdy had plenty of water but Inland Lake level was down since the Mulberry could not be used for nearly eight (8) months because of the bromide issue. The General Manager said a lot of water was taken from Inland Lake wherein the aforementioned land deal surfaced during that time. The General Manager said the land probably should have been accepted at that time. 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. Kevin B. McKie and seconded by Mr. William R. Muhammad, that the Board hereby accepts .439 acres of property and well from MAP Development, LLC and to authorize the General Manager and/or the Assistant General Manager to execute all documents necessary to complete the transaction. [NOTE: This item is subject to the final legal review and acceptance of: 1) Fuston, Petway and French, 2) ARCADIS, US, Inc., and 3) Dominick, Feld, Hyde, P.C.]. Resolution No. 7383 is hereby adopted by Directors Mims, McKie and Muhammad; Directors Munchus and Lewis abstained from voting.”

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Following, the General Manager wished the meeting body a Merry Christmas and a Happy New Year. He announced that the offices would be closed Friday, December 23<sup>rd</sup> and Monday, December 26<sup>th</sup> in observance of the Christmas holidays and on Monday, January 2, 2017 in observance of New Year’s Day.

Following, a discussion ensued relative to expediting movement of the funds from Renasant Wealth Management to BB&T and paying Morgan Stanley’s invoices for their consulting services. The General Manager reported that the Money Management account was transferred smoothly to BB&T and indicated it appears said company has an issue with paying the retirees. He said the money could be transferred and indicated it would take BB&T longer to pay all of the retirees. Subsequently, the General Manager said if the referenced funds are moved again the process would have to start over. The General Manager mentioned that Chairman Mims, Director McKie and he, perhaps others are scheduled to meet with BB&T on December 21, 2017. Following, the General Manager indicated if BB&T would be ready on February 1, 2017 he believes the funds should stay where they are because it would take someone new 45 to 60 days to put the procedure in place. Director Lewis said when such problems arise all of the Board members should be notified. Following, the General Manager indicated the funds must be transferred from Renasant to BB&T before Morgan Stanley could start providing Pension and OPEB Consulting Services wherein Director McKie commented that Morgan Stanley has concerns about BB&T’s ability to handle the situation. Following, Assistant General Manager Michael Johnson pointed out it is included in Renasant’s agreement that it is their responsibility to look at the trust agreement and determine what is reasonable. He stated Renasant’s reason and opinion for not paying Morgan Stanley is because they still have an agreement with the Board to provide the level of service that is in the agreement, which includes advisory services. Following, Assistant General Manager Michael Johnson said Renasant indicated it



considers said services that Morgan Stanley charged the Board for as a duplication of services wherein this caused them to question the reasonableness of the referenced services. Following, Director Lewis reminded the directors that she indicated at the last Board meeting it should not pay for duplicate services by paying Renasant and Morgan Stanley and that she had asked for the item to be tabled so that staff could negotiate with Morgan Stanley. The General Manager said Renasant was ready to transfer the funds in November and December and would be prepared to transfer the funds in January, and he indicated BB&T is not ready to accept the money. Director McKie stated said company was not aware that Morgan Stanley was actually performing the work. Subsequently, Assistant General Manager Michael Johnson said BB&T has now said it would be ready to accept the assets in January 2017 and to make the pension payments on February 1, 2017. The General Manager said he believes the Board should wait another 30 days to determine where BB&T is ready, pointing out a meeting is scheduled with BB&T on tomorrow morning. He stated if said company is not ready on said date, he indicated staff would recommend something different to the Board. Following, the General Manager mentioned that he shared some emails with Director McKie showing staff's continuing involvement with BB&T and The Segal Company to get all of the necessary information so that BB&T could prepare to make the aforementioned payments. Subsequently, the General Manager pointed out it is a massive task transferring all of the pension assets of \$129 million and setting up a file to pay all of the retirees.

In closing, Director Lewis expressed her sentiments relative to serving on the Board and indicated it has been a pleasure and an honor to serve on the Birmingham Water Works Board. Director Lewis commented that when she was appointed to the Board she originally stated "she may not always do the popular thing but she would always try and do the right thing." Director Lewis stated she hopes she leaves the Board better than she found it. Director Lewis expressed her appreciation for the opportunity to serve the Birmingham Water Works and wished all a Merry Christmas and a Happy New Year and the meeting body applauded.

As there was no further business before the Board, a motion was duly made and seconded, and the meeting adjourned at 11:01 a.m.

\_\_\_\_\_/s/\_\_\_\_\_  
Ronald A. Mims  
Chairman/President

Attest

\_\_\_\_\_/s/\_\_\_\_\_  
George Munchus  
Secretary-Treasurer