

**MINUTES OF AN INFORMATIONAL MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
July 18, 2013**

An information meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, July 18, 2013 at 12:00 p.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, David S. Herring and Dr. George Munchus.

Inasmuch as all of the directors were present, Chairman Robinson declared a quorum in attendance.

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; Anitra Hendrix, Executive Assistant to the General Manager; Barry Williams, George Anderson, Paul Lloyd, Floyd Stephens, Ben Sorrell, and Binnie Myles, Board Employees; Charlie Waldrep, K. Mark Parnell, Mary Thompson and Kelvin Howard, Waldrep, Stewart & Kendrick; Mark Dolan, Volkert & Associates; Dorian Kendrick, Elements; Jesse Lewis, Sr., The Lewis Group; Jerry Jones, Arcadis; Chandra Abesingha, CE Associates; and Dan Meadows, S.S. Nesbitt.

Chairman Robinson called the meeting to order at 12:05 p.m. and General Manger Mac Underwood opened with prayer.

Following, the General Manager asked the Board to hear Division Reports, as set forth in agenda item 2, and Assistant General Manager Michael Johnson was recognized to present the Finance and Administration Division's Operating & Statistical Report (O&S) for June 2013 in a PowerPoint presentation. A copy of the presentation is on file with said meeting book. Director Robinson left the meeting at 12:06 p.m. Mr. Johnson reported on the following: the finished water system delivery; consumption, which has declined 7 percent due to increased rainfall. Director Robinson returned to the meeting at 12:07 p.m. Next, Mr. Johnson reported on the number of active customers; the operating revenues for June 2013 and year-to-date wherein they are under budget; the operating and maintenance expenses for June 2013 was under budget; the large O&M variance; the operating net revenue available for debt service and PAYGO for June 2013 which is under budget; and the total operating net revenue available for debt service year-to-date which is under budget. Mr. Johnson stated paving costs are \$446,000 over budget due to \$299,000 in charges were billed at the first of the year. Director Munchus questioned whether the contractors were far behind in submitting invoices. Mr. Johnson answered yes and stated there are about three (3) contractors that are behind in billing. Assistant General Manager Sonny Jones stated the contractors are given 60 days to submit invoices on bid contracts. He indicated if they do not submit the invoices on time, BWWB has the right to reduce their invoice by 1%. Director Florie stated there are other consultants submitting old invoices. Next, Mr. Johnson reported the power and chemical costs are under budget; the reserve fund balances as of June 20, 2013 is \$66,883,777 and the target balance is \$45,812,905 pointing out allocated balances as of June 2013 is significantly more than projected. Following, Mr. Johnson reported the balance sheet reflects nearly one billion in assets. He reviewed and compared the minority vendors' total cost for June 2012 and 2013 and compared the number of regular employees for June 2012 and 2013. Mr. Johnson reviewed a graphical illustration of the June 2013 EasyPay stats relative to the number of users for the IVR vs. Website, the e-Check vs. Credit/Debit cards, and

the e-Bill sign-ups. He reported 14,404 customers have signed up for e-billing. Director Lewis stated she recently attended a neighborhood meeting with BWWB staff. She stated several residents were not aware that they could pay their water bill online for free. She indicated the customers were educated on where they could pay their bill for no charge. Mr. Johnson stated the customers like the bill inserts and a mailing will go out concerning EasyPay. Mr. Underwood stated the redesign of the BWWB website is currently underway and will provide additional payment options for customers. Next, Mr. Johnson stated staff is working with BWWB's financial advisor to determine whether active management can be used for operating cash reserves. He indicated in the past the investments have been laddered for operating reserves. He stated there may be an opportunity to trade investments on a frequent basis and indicated a Request For Proposals (RFP) can be sent out. Director Munchus stated he agrees that is a good idea because an active manager is held accountable for their performance and questioned how soon the RFP would go out. Mr. Johnson stated a RFP can be sent out in three to four weeks.

Following, Assistant General Manager Sonny Jones was recognized to present the Engineering and Maintenance Division's Report (E&M), as set forth in agenda item 2 for June 2013 in a PowerPoint presentation. A copy of the presentation is on file with said meeting book. Assistant General Manager Sonny Jones reported the Capital Improvement Plan (CIP) expenditures are at \$26.4 million of the \$58.5 million capital budget. Mr. Sonny Jones reviewed and discussed the Capital Project highlights regarding the Western Filter Plant Security Improvements and Filter Rehab and stated construction is in its final stages. He indicated tests are currently being conducted to ensure proper operation. Mr. Sonny Jones then gave an update on System Development Department's main replacement projects wherein a total of 41,741 feet of mains was installed as of May 2013 with 92,500 feet scheduled for 2013. Next, Mr. Sonny Jones gave the Distribution Department's operational highlights related to leak orders received, repaired, outstanding leak orders and hydrants. Mr. Sonny Jones presented information regarding Distribution Pipe Crews. He stated the pipe crew replaced 27,709 feet as of June 2013 and indicated production is down 14.7% due to rain and excessive rock. Mr. Sonny Jones stated the crew will start working four 10 hour work days and will not work overtime. Director Herring questioned how the remaining days of work will be covered. Assistant General Manager Sonny Jones stated this crew does not repair leaks, they replace old main or pipe. Mr. Sonny Jones stated he has met with Andre Bittas, City of Birmingham, and they have decided to change the backfill stone. He states it is easier to handle and less expensive. Mr. Sonny Jones stated the board will "break even" by creating positions to bring the work in-house. Director Florie questioned whether there would be any extra costs to BWWB. Mr. Sonny stated no and it would cost the same to have outside contractors to do the work. Subsequently, Assistant General Manager Sonny Jones reviewed some pictures of Western Filter Plant relative to construction being performed at said plant.

Following, Assistant General Manager Darryl Jones presented the Operations and Technical Services Division's Report, as set forth in agenda item 2 for June 2013 in a PowerPoint presentation. A copy of the presentation is on file with said meeting book. He reviewed and discussed the details as outlined in said report. Assistant General Manager Darryl Jones stated the area has received a lot of rain since the beginning of the year. He reported on comparisons of finished and raw water pumpage for 2012 and 2013, indicating 2013 yield 105 million gallons of finished and 146 million gallons of raw water. Assistant General Manager Darryl Jones then reported on rainfall in the area, stating it is 12 to 14 inches ahead of the average rainfall, the lake levels' capacities, and indicated Lake Purdy and Inland Lake are at 100% capacity. Assistant General Manager Darryl Jones then reviewed a comparison of power and chemical costs, indicating these costs have had the same annual budget as last year.

Subsequently, Water Treatment Manager Floyd Stephens was recognized to make a presentation regarding Carson Filter Plant. A copy of the presentation is on file with said meeting book. Mr. Stephens stated the plant is located in the Pinson, AL area. He stated the plant's capacity is 25.9 million gallons. He indicated the staff ensures the water meet and exceed all state and federal regulations. He indicated the average daily delivery for 2012 was over 13 million gallons and it serves the northeastern area of Jefferson County. Next, Mr. Stephens gave an overview of the treatment process and improvements made to the plant that includes: clearwell installation, sedimentation basin, back-up generators, recycle facility and security upgrades. Mr. Stephens then reviewed pictures of Carson Filter Plant and stated there are 11 employees at the plant.

Next, Director Robinson questioned whether information has been sent out regarding customers adding a second irrigation meter. Assistant General Manager Sonny Jones stated documentation will be presented to the Board to approve before being sent out. Assistant General Manager Michael Johnson stated the Information Technology (I.T.) department is working on programming to ensure the implementation goes smoothly. George Anderson, I.T. Manager, stated a test group of customers will have to be used before the project goes live and indicated there are volunteers already involved. Director Munchus questioned who will pay for the second meter. Mr. Sonny Jones stated the customer will pay for the second meter installation.

Next, Mark Dolan, Alicia Rudolph and Norman Hill, Volkert & Associates, were recognized to make a presentation regarding the Interstate 20/59 bridge, as set forth in agenda item 3. Ms. Rudolph stated Volkert & Associates is working for the Alabama Department of Transportation on the Interstate 20/59 bridge replacement located in downtown Birmingham. She indicated it will be a full bridge replacement. She stated the main purpose is to improve safety and congestion. Ms. Rudolph then gave an overview of the roads to be replaced or repaired and stated new ramps will be installed. She indicated 11th Avenue North will be used as the main thoroughfare through downtown. She stated currently there is no exit for 31st Street North off of Interstate 20/59 West and the State is currently working to address that problem. Director Herring questioned whether the current infrastructure will be torn down and replaced. Ms. Rudolph answered yes and stated this will be done in segments and will be slightly higher than the current bridge. Director Florie questioned whether this project will be completed in 4 years. Ms. Rudolph stated the project should be completed in 3 years. Director Lewis questioned how this project will affect the BWWB. Mr. Hill stated there was a meeting with BWWB staff to determine what pipes would be affected by construction. He indicated the 11th Avenue North area was primarily examined. Mr. Dolan stated perpendicular streets and main feeders would be affected, that includes a 30-inch line. Director Herring questioned whether the State would reimburse BWWB for the construction work. Mr. Underwood stated staff is awaiting a response from the State to confirm the reimbursement. He indicated the pipes on 11th Avenue North would need to be replaced. Director Herring questioned the age of the pipes. Mr. Darryl Jones stated the 30-inch pipe was installed in the 1920s and there is newer pipe around the Birmingham-Jefferson Civic Center (BJCC) that was installed in the 1970s. Director Munchus questioned whether the construction expenses are included in the capital budget should the State decide not to reimburse BWWB. Mr. Sonny Jones stated the expenses are not included in the capital budget. Director Florie questioned when the Board can expect a response from the State. Ms. Rudolph stated the State will send out design plans and at that time they will determine whether they will be reimbursing utilities. Director Florie questioned if the detour was on 12th Avenue North would it affect the BWWB infrastructure. Mr. Underwood stated the crossings and a cemetery would be affected. Director Florie requested staff research the possibility of 12th Avenue North being an option for the thoroughfare. Mr. Hill stated Volkert & Associates will be in touch with BWWB to minimize problems. Mr. Underwood stated staff has requested the State to replace any pipes in the area at their cost.

Next, General Manager Mac Underwood presented agenda item 4, Request Board to Discuss the BWWB Employee Handbook and Human Resources Management Guide to comply with the provisions of the new State gun law that goes into effect August 2, 2013. Mr. Underwood presented the Board with a handout. A copy of the handout is on file with said meeting book. Mr. Underwood gave a summary of the law. He stated employees can carry a gun in their car but not on them during time of work. He indicated the gun must be unloaded and the employee must possess a pistol permit or hunting license. He stated staff will amend the handbook. Board Attorney Mary Thompson stated employees cannot bring a weapon on campus if they have been convicted of a violent crime, no record of incident at BWWB, the gun must be kept locked and out of site in the employee's vehicle. She stated the employee must present BWWB with a copy of the permit that will be kept on file. She indicated guns cannot be brought inside the building. Director Munchus requested a copy of the bill. Director Robinson questioned whether an employee has to notify BWWB whether they will bring a gun on the premises. Ms. Thompson stated no, but BWWB is requiring that they do. Director Robinson questioned what the penalty is if employees do not comply. Ms. Thompson stated if an employee is making threats, adverse action may be taken against that employee. Director Herring questioned if there is a penalty listed in the handbook. Ms. Thompson answered yes. Mr. Underwood indicated this item will be up for approval at the upcoming board meeting.

Subsequently, General Manager Mac Underwood stated a workshop needs to be scheduled to address employee concerns within the next couple of weeks. The Board determined said workshop would be held July 26, 2013 from 11 a.m. to 2 p.m. Following, Director Florie requested an update on the agreement with Shelby County. Board Attorney Charlie Waldrep stated he is awaiting a response from Shelby County. Following, Director Lewis requested an update on the subdivision located near Ross Bridge. Assistant General Manager Sonny Jones stated staff is continuing to work with the developer. Director Herring left the meeting at 1:40 p.m. and returned at 1:41 p.m.

Board Attorney Charlie Waldrep stated an update needed to be given to the Board regarding the Jefferson County bankruptcy case and BWWB concerns. Mr. Waldrep then recommended the directors to go into Executive Session to discuss pending litigation and stated no action would need to be taken by the Board. On a motion duly made and seconded, the below resolution was adopted:

BE IT RESOLVED By The Water Works and Sewer Board of the City of Birmingham ("the Board"), on a motion duly made by David S. Herring and seconded by Sherry W. Lewis, that the Board hereby approves an Executive Session to discuss pending litigation. Resolution No. 6508 is hereby adopted by unanimous vote on July 18, 2013.

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At 1:44 p.m. the directors, senior executive management, Board Attorneys Mark Parnell, Kelvin Howard, and Mary Thompson; and Arcadis engineer, Jerry Jones entered into an Executive Session. At 2:32 p.m. a motion was made and seconded to adjourn the Executive Session and the meeting reopened. As there was no further business before the Board, a motion was duly made and seconded, and the meeting was adjourned at 2:32 p.m.

The following action items were requested of staff by the Board:

1. Director Munchus requested a copy of the State of Alabama's gun law that will go into effect August 1, 2013.

/s/

A. Jackie Robinson, III
Chairman/President

Attest:

/s/

David S. Herring
Secretary-Treasurer