

**MINUTES OF AN INFORMATIONAL MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
November 21, 2013**

An information meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, November 21, 2013 at 12:00 p.m., at the Anthony L. Barnes Conference Center – Cahaba Museum, 4012 Sicard Hollow Road, 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 four 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; George Anderson, Floyd Stephens, Barry Williams, Doug Stockham, Carolyn White, Roger Hicks, Luther Austin, Scott Starkey, Cynthia Williams, Creola Lee, Tammy Wilson, Nelda Thompkins, Reginald Nall, Binnie Myles, Ed Travis, Ben Sorrell, and Terrell Jones, Board Employees; Mary Thompson, K. Mark Parnell and Kelvin Howard, Waldrep, Stewart & Kendrick; Mark Dolan, Volkert & Associates; Jerry Jones, Arcadis; Dan Meadows, S. S. Nesbitt & Company; David Merrida, Birmingham Construction Industry Authority; Dr. Jesse J. Lewis, Noelle Pettres and Dorian Kendrick, The Lewis Group; and Herb Allen.

Chairman Jackie Robinson called the meeting to order at 12:07 p.m. and Distribution Manager Reginald Nall opened with prayer.

Following, General Manager Mac Underwood stated there were no items under agenda item 1; therefore, he 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 October 2013 in a PowerPoint presentation. He presented the directors with a handout. A copy of the presentation and handout are on file with said meeting book. Mr. Johnson reported on the following: the finished water system delivery; consumption, which has declined 10 percent. Next, Mr. Johnson reported on the number of active customers; the operating revenues for October 2013 and year-to-date wherein they are under budget; the operating and maintenance expenses for October 2013 was under budget; the large O&M variance; the operating net revenue available for debt service and PAYGO for October 2013 which is under budget; and the total operating net revenue available for debt service year-to-date which is under budget. Next, Mr. Johnson reported the reserve fund balance as of October 31, 2013 is \$81.9 million and the target balance is \$45 million pointing out allocated balances as of October 2013 is considerably more than projected. Mr. Johnson reviewed a graphical illustration of the October 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 16,178 customers have signed up for e-billing.

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 October 2013 in a PowerPoint presentation. He presented the directors with a handout. A copy of the presentation and handout are on file with said meeting book. Assistant General Manager Sonny Jones

reported the Capital Improvement Plan (CIP) expenditures are at \$40 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. He stated the work being done at Carson Loop has been delayed until 2014. Director Munchus questioned whether the expenses related to Carson Loop have been accounted for in the 2014 budget. Mr. Sonny Jones stated the money will be re-budgeted for 2014. Director Herring questioned whether there will be an increase in the budget for 2014 compared to 2013. Mr. Sonny Jones responded there will not be an increase. Mr. Sonny Jones gave an update on System Development Department's main replacement projects are on track to complete 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. He stated the pipe crew replaced 33,925 feet as of October 2013.

Following, Assistant General Manager Darryl Jones presented the Operations and Technical Services Division's Report, as set forth in agenda item 2 for October 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. He reported on comparisons of finished and raw water pumpage for 2012 and 2013, indicating there was a 2013 yield 102 million gallons per day of finished and 132 million gallons per day of raw water. Assistant General Manager Darryl Jones then reported on rainfall in the area, and the lake levels' capacities. He stated raw water customers' production is currently flat. Assistant General Manager Darryl Jones then reviewed a comparison of power and chemical costs, indicating these costs are under budget. He stated the presentation regarding the Mulberry Pump Station would be presented at the December 2013 Informational Board Meeting.

Next, General Manager Mac Underwood gave an update on the board's strategic plan. He indicated BWWB is able to deliver the highest quality water to its customers due to the work being done at the plants. He gave an overview of the awards BWWB has received. Mr. Underwood then reported on the financial viability indicating the reserve funding is ahead of the goal the board set. He stated the only goal that hasn't been met is regarding PAYGO. Director Robinson questioned why that goal needs to be reached. Mr. Underwood stated this will result in the board borrowing less money to fund projects. Next, Mr. Underwood then gave an overview of the bond rating increase issued by Standard & Poor's and Moody's. Subsequently, he gave a brief overview of goals set for customer service and revenue generating.

Next, Chairman Robinson recognized former board member, Mr. Anthony Barnes. He stated the board meeting was being abbreviated in honor of the ceremony to be held afterwards for the dedication of the Cahaba Pumping Station Museum in Mr. Barnes' honor.

As there was no further business before the Board, a motion was duly made and seconded, and the meeting was adjourned at 12:39 p.m.

/s/

A. Jackie Robinson, III
Chairman/President

Attest:

/s/

David S. Herring
Secretary-Treasurer