

MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
December 9, 2013

The regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Monday, December 9, 2013, at 3:00 p.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: A. Jackie Robinson, III, Sherry W. Lewis, David S. Herring and George Munchus, Ph.D.

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; T. M. "Sonny" Jones and Darryl Jones, Assistant General Managers; Grace E. Amison, Executive Assistant to the Board of Directors; Barry Williams, Ben Sorrell, Paul Lloyd, George Anderson, Binnie Myles, and Luther Austin, Board Employees; K. Mark Parnell and Kelvin Howard, Waldrep Stewart & Kendrick, LLC; Jerry Jones, ARCADIS US, Inc.; Dr. Jesse J. Lewis, Sr., Noelle Petties and Dorian Kendrick, The Lewis Group; Danny Meadows, S. S. Nesbitt & Company; Mark Dolan, Volkert, Inc.; David Merrida, Birmingham Construction Industry Authority; Mike Weeks, Utility Service Partners, Inc., National League of Cities; Chandra Abesingh, CE Associates; and Christopher Woods, C. W. Woods Contracting Services, Inc.

Chairman Robinson called the meeting to order at 3:06 p.m., and an invocation was given by Assistant General Manager Sonny Jones.

Following, the General Manager informed the Board that Assistant General Manager Michael Johnson was absent from today's meeting because he is on vacation. Since there was no old business for discussion in agenda item 1, the General Manager asked the Board to approve payments of invoices for professional services, as set forth in agenda items 2.1 through 2.8. He indicated staff has reviewed the referenced invoices 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. David S. Herring and seconded by Dr. George Munchus, that the Board hereby authorizes staff to execute payments to the following:

2.1	<u>Carl Dalton NeSmith, Jr., LLC</u> For Retainer Fee for December 2013	<u>\$ 500.00</u>
2.2	<u>Dominick, Feld Hyde, P.C.</u>	
2.2.1	For professional services related to OPEB – October 30, 2013	<u>\$ 205.00</u>
2.2.2	For professional services related to compliance review and Modification of miscellaneous benefit plans – October 7, 2013	<u>\$ 492.00</u>
2.3	<u>Birmingham Construction Industry Authority, Inc.</u> For professional services rendered for November 2013	<u>\$ 2,000.00</u>

2.4	<u>Terminus Securities, LLC</u> For professional services rendered for November 2013	<u>\$ 5,500.00</u>
2.5	<u>Volkert, Inc.</u> For professional services rendered for November 2013	<u>\$ 7,185.00</u>
2.6	<u>Fine Geddie & Associates</u> For professional services rendered for December 2013	<u>\$ 7,500.00</u>
2.7	<u>Raftelis Financial Consultants, Inc.</u> For professional services rendered for November 2013	<u>\$ 11,518.72</u>
2.8	<u>The Lewis Group</u> For professional services rendered for November 2013	<u>\$ 25,000.00</u>

Resolution No. 6593 is hereby adopted by unanimous vote.”

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Next, the Board was asked to rescind the bid awarded to Carmeuse Lime & Stone, the next lowest responsible and responsive bidder, as set forth in agenda item 3.1, approved on November 25, 2013, item 10.3, for an estimated annual quantity of 1,200,000 lbs of rice size quick lime for the Shades Mountain Filter Plant; and to award the bid to Unimin Lime Company, the lowest responsible and responsive bidder, as set forth in agenda item 3.2, for an estimated annual quantity of 1,200,000 lbs. of rice size quick lime for the Shades Mountain Filter Plant. The General Manager explained after staff reevaluated the bids, a variation was found on Unimin Lime Company’s offer resulted in excess savings of \$24,000.00 to the Board. He indicated staff recommends said items for approval. Assistant General Manager Darryl Jones responded to Director Herring’s inquires as to whether the quality of lime from both companies is the same, and the bidding process. He indicated the quality of the lime is the same. Further, he explained that the freight charge for Unimin Lime Company was accidentally duplicated and when the bid was corrected said company became the lowest bidder. He pointed the bid is the same, and that staff misunderstood Unimin Lime Company had already included the freight charge in its bid and added said charge again. Subsequently, on a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works and Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. David S. Herring and seconded by Dr. George Munchus, that the Board hereby authorizes staff to execute purchase orders and/or contracts for procurement of materials, services and supplies needed for item 3.2 as follows:

- 3.1 To rescind the bid awarded to Carmeuse Lime & Stone, the next lowest responsible and responsible bidder, on November 25, 2013, item 10.3, for an estimated annual quantity of 1,200,000 lbs. of rice size quick lime for the Shades Mountain Filter Plant at an estimated out-of-pocket cost to the Board of \$99,480.00.
- 3.2 To award the bid to Unimin Lime Company, the lowest responsible and responsive bidder, for an estimated annual quantity of 1,200,000 lbs. of rice size quick lime for the Shades Mountain Filter Plant at an estimated out-of-pocket cost to the Board of \$75,810.00.

Resolution No. 6594 is hereby adopted by unanimous vote.”

Following, the Board was asked to award a bid to Jones Valley Industrial Construction, LLC, the lowest responsible and responsive bidder, as set forth in agenda item 4, to paint the flocculator arms, motors, valve stems, and a small boat dock at the Shades Mountain Filter Plant. 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. David S. Herring and seconded by Dr. George Munchus, that the Board hereby authorizes staff to award bid to Jones Valley Industrial Construction, LLC, the lowest responsible and responsive bidder, to paint the flocculator arms, motors, valve stems, and a small boat dock at the Shades Mountain Filter Plant at a total out-of-pocket cost to the Board of \$129,692.00. Resolution No. 6595 is hereby adopted by unanimous vote.”

Following, the General Manager asked the Board to award a bid to AT&T, the lowest responsible and responsive bidder, as set forth in agenda item 5, for wireless communication services for a three-year period. Assistant General Manager Darryl Jones was recognized, and he called to the directors’ attention a revised packet of information that was given to them on the bidders for said services. A copy is on file in today’s Diligent Boardbooks. He said after verifying some of the numbers from each vendor, the total amount changed, pointing out the lowest responsible bidder has not changed. Assistant General Manager Darryl Jones indicated said services are for all of the wireless communication needs for the Water Works that include radios, cell phones, and hot spots where staff can pull up information on laptops from the Board’s operating system and send to employees in the field. In response to Director Munchus’ inquiry as to who currently has the contract, Assistant General Manager Darryl Jones said SouthernLinc is the current provider and indicated they are unable to deliver some of the higher end technology that the Water Works needs. In addition, the General Manager pointed out that in the past SouthernLinc was the only wireless company that offered coverage in rural areas, pointing out some of the other networks have now extended their coverage to such areas. Director Herring asked what the difference was in last year’s cost for SouthernLinc and AT&T, and Assistant General Manager Darryl Jones clarified that staff is requesting additional items in the new bid and the difference in the current three-year bids between SouthernLinc and AT&T is about \$200,000.00. He noted that the new bid is requesting the capability for staff to run all communications relative to laptops, smart phones and all of the technology required to send information to employees in the field. After the motion was 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. David S. Herring and seconded by Dr. George Munchus, that the Board hereby authorizes staff to award bid to AT&T, the lowest responsible and responsive bidder, for wireless communication services for a three-year period at a total out-of-pocket cost to the Board of \$657,719.00. [NOTE: The apparent low bidder was determined to be non-responsible/non-responsive because they did not meet the bid specifications.] Resolution No. 6596 is hereby adopted by Directors Robinson, Herring, and Dr. Munchus; Director Lewis abstained from voting.”

After adoption of the above resolution, Assistant General Manager Darryl Jones pointed out unit prices would not exceed a certain amount when the next level of technology is deployed, pointing out he does not believe the cost would reach the first year's bid amount submitted by AT&T.

Next, the General Manager asked the Board to adopt resolutions authorizing monthly retirement benefits from the Board's Retirement Trust Fund, as set forth in agenda items 6.1 through 6.4, as stated on the respective retirement calculations, and commending the referenced employees for their years of services at the Water Works Board. The General Manager indicated staff has reviewed the referenced items and recommends them for approval. Following, Director Herring inquired as to whether succession planning was still being utilized relative to employees' retirement. The General Manager responded that staff is utilizing succession planning, especially for upper-level employees. Subsequently, a motion was made and seconded, and the following resolutions were adopted:

“WHEREAS, Glenda Price, an employee of The Water Works Board of the City of Birmingham ("the Board"), is retiring, effective January 1, 2014, at an age of 63; and

WHEREAS, Glenda Price has 27 years and 3 months of continuous service with the Board at her retirement date, and in accordance with the terms of the Trusteed Pension Plan, is entitled to receive a monthly Retirement payment from the Board's Retirement Trust Fund in the amount of \$4,133.36; and

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. David S. Herring and seconded by Dr. George Munchus, that the Trustee be, and is hereby instructed to pay monthly benefit payments of \$4,133.36 to Glenda Price from the Board's Retirement Trust Fund, in accordance with the terms of the Pension Plan, with the first payment to be made January 1, 2014. Resolution No. 6597 is hereby adopted by unanimous vote.”

“WHEREAS, Glenda Price, an employee of The Water Works Board of the City of Birmingham, is retiring, effective January 1, 2014, after 27 years and 3 months of continuous service with the Board; and

WHEREAS, management has informed the Board of Glenda Price's efficiency, reliability, and loyal service, which contributed to the effective operation and growth of The Water Works Board of the City of Birmingham; and

WHEREAS, Glenda Price leaves behind a record which deserves a sincere word of gratitude for a job well done; and the Board does hereby express its best wishes for many happy years ahead.

NOW, THEREFORE, BE IT RESOLVED, By the Board of Directors of the Water Works Board of the City of Birmingham, that Glenda Price is hereby commended for her efficiency, reliability, and loyal service to the Board.

BE IT FURTHER RESOLVED, that in recognition of Glenda Price'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 presented to Glenda Price. Resolution No. 6598 is hereby adopted by unanimous vote.”

“WHEREAS, Willie Banks, Jr., an employee of The Water Works Board of the City of Birmingham ("the Board"), is retiring, effective January 1, 2014, at an age of 60 and

WHEREAS, Willie Banks, Jr. has 37 years and 8 months of continuous service with the Board at his retirement date, and in accordance with the terms of the Trusteed Pension Plan, is entitled to receive a monthly retirement payment from the Board’s Retirement Trust Fund in the amount of \$5,993.61; and

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. David S. Herring and seconded by Dr. George Munchus, that the Trustee be, and is hereby instructed to pay monthly benefit payments of \$5,993.61 to Willie Banks, Jr. from the Board’s Retirement Trust Fund, in accordance with the terms of the Pension Plan, with the first payment to be made January 1, 2014. Resolution No. 6599 is hereby adopted by unanimous vote.”

“WHEREAS, Willie Banks, Jr., an employee of The Water Works Board of the City of Birmingham, is retiring, effective January 1, 2014, after 37 years and 8 months of continuous service with the Board; and

WHEREAS, management has informed the Board of Willie Banks, Jr.’s efficiency, reliability, and loyal service, which contributed to the effective operation and growth of The Water Works Board of the City of Birmingham; and

WHEREAS, Willie Banks, Jr. leaves behind a record which deserves a sincere word of gratitude for a job well done; and the Board does hereby express its best wishes for many happy years ahead.

NOW, THEREFORE, BE IT RESOLVED, By the Board of Directors of the Water Works Board of the City of Birmingham, that Willie Banks, Jr. is hereby commended for his efficiency, reliability, and loyal service to the Board.

BE IT FURTHER RESOLVED, that in recognition of Willie Banks, Jr.’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 presented to Willie Banks, Jr. Resolution No. 6600 is hereby adopted by unanimous vote.”

“WHEREAS, Alexander Chaney, an employee of The Water Works Board of the City of Birmingham ("the Board"), is retiring, effective January 1, 2014, at an age of 58 and

WHEREAS, Alexander Chaney has 38 years and 5 months of continuous service with the Board at his retirement date, and in accordance with the terms of the Trusteed Pension Plan, is entitled to receive a monthly retirement payment from the Board’s Retirement Trust Fund in the amount of \$6,232.81; and

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. David S. Herring and seconded by Dr. George Munchus, that the Trustee be, and is hereby instructed to pay monthly benefit payments of \$6,232.81 to Alexander Chaney from the Board’s Retirement Trust Fund, in accordance with the terms of the Pension Plan, with the first payment to be made January 1, 2014. Resolution No. 6601 is hereby adopted by unanimous vote.”

“WHEREAS, Alexander Chaney, an employee of The Water Works Board of the City of Birmingham, is retiring, effective January 1, 2014, after 38 years and 5 months of continuous service with the Board; and

WHEREAS, management has informed the Board of Alexander Chaney’s efficiency, reliability, and loyal service, which contributed to the effective operation and growth of The Water Works Board of the City of Birmingham; and

WHEREAS, Alexander Chaney leaves behind a record which deserves a sincere word of gratitude for a job well done; and the Board does hereby express its best wishes for many happy years ahead.

NOW, THEREFORE, BE IT RESOLVED, By the Board of Directors of the Water Works Board of the City of Birmingham, that Alexander Chaney is hereby commended for his efficiency, reliability, and loyal service to the Board.

BE IT FURTHER RESOLVED, that in recognition of Alexander Chaney’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 presented to Alexander Chaney. Resolution No. 6602 is hereby adopted by unanimous vote.”

“WHEREAS, Alvin Crumpton, an employee of The Water Works Board of the City of Birmingham ("the Board"), is retiring, effective January 1, 2014, at an age of 59 and

WHEREAS, Alvin Crumpton has 38 years and 10 months of continuous service with the Board at his retirement date, and in accordance with the terms of the Trusteed Pension Plan, is entitled to receive a monthly retirement payment from the Board’s Retirement Trust Fund in the amount of \$6,300.90; and

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. David S. Herring and seconded by Dr. George Munchus, that the Trustee be, and is hereby instructed to pay monthly benefit payments of \$6,300.90 to Alvin Crumpton from the Board’s Retirement Trust Fund, in accordance with the terms of the Pension Plan, with the first payment to be made January 1, 2014. Resolution No. 6603 is hereby adopted by unanimous vote.”

“WHEREAS, Alvin Crumpton, an employee of The Water Works Board of the City of Birmingham, is retiring, effective January 1, 2014, after 38 years and 10 months of continuous service with the Board; and

WHEREAS, management has informed the Board of Alvin Crumpton’s efficiency, reliability, and loyal service, which contributed to the effective operation and growth of The Water Works Board of the City of Birmingham; and

WHEREAS, Alvin Crumpton leaves behind a record which deserves a sincere word of gratitude for a job well done; and the Board does hereby express its best wishes for many happy years ahead.

NOW, THEREFORE, BE IT RESOLVED, By the Board of Directors of the Water Works Board of the City of Birmingham, that Alvin Crumpton is hereby commended for his efficiency, reliability, and loyal service to the Board.

BE IT FURTHER RESOLVED, that in recognition of Alvin Crumpton'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 presented to Alvin Crumpton. Resolution No. 6604 is hereby adopted by unanimous vote."

For the final agenda item, the Board was asked to amend the Section 125 Cafeteria Plan, as set forth in agenda item 7, to provide for a carryover provision with a \$500.00 limit and to eliminate the grace period effective for the plan year beginning January 1, 2014, for contributions into the Health Flexible Spending Account (HFSA). Human Resources Manager Paul Lloyd was recognized, and he said employees can currently contribute up to \$2,500.00 annually to their HFSA accounts to assist with medical expenses and indicated they must use the balance within the first 2½ months of the new year or they would lose it. Mr. Lloyd pointed out in October 2013 the Internal Revenue Service (IRS) released a notice that now permits more leeway to the "use it or lose it" rule, and the \$500.00 limit employees are being allowed to carryover can be used for medical expenses at any time during the new plan year. In addition, Mr. Lloyd pointed out that the Board's attorneys have prepared a resolution relative to the \$500.00 limit provision. At 3:20 p.m., Director Ann Florie entered the meeting. On a motion duly made and seconded, the following resolution was adopted:

"Whereas, the Board sponsors an Internal Revenue Code §125 cafeteria plan permitting employee contributions to purchase various benefits by way of salary reductions, which plan is known as "The Water Works Board of the City of Birmingham Flexible Benefits Plan" (the "Cafeteria Plan"); and

Whereas, the Cafeteria Plan includes a health flexible spending account ("HFSA") and a dependent care flexible spending account ("DCFSA") to which employees contribute by way of salary reduction; and

Whereas, any amounts an employee contributes that are not used by year-end or the end of an optional "grace period" of up to 2½ months will be forfeited (the "use it or lose it" rule);

Whereas, on October 31, 2013, the IRS released Notice 2013-71 (the "Notice"), which now permits more flexibility to the "use it or lose it" rule; and,

Whereas, pursuant to the Notice employers are permitted to amend their cafeteria plans to allow employees to carry over to the immediately following plan year up to \$500 of any unused amount in his/her HFSA as of the end of the plan year, which carryover amount can be used to reimburse medical expenses incurred at any time during the plan year to which it is carried over ("Carryover Provision"),

Whereas, a cafeteria plan that is amended to include a Carryover Provision may not also include a grace period in the plan year to which unused amounts may be carried over (e.g., no grace period is allowed in 2015 if unused amounts can be carried over from 2014 to 2015); and

Whereas, the Board desires to amend the Cafeteria Plan documents to (i) provide for a Carryover Provision with a \$500 limit and (ii) eliminate the grace period.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors, on motion duly made by Mr. David S. Herring and seconded by Dr. George Munchus, that the Board hereby amends its Cafeteria Plan to (i) provide for a Carryover Provision with a \$500 limit and (ii) eliminate the grace period, with such amendment being effective for the plan year beginning January 1, 2014 and for contributions made after that date.

BE IT FURTHER RESOLVED by the Board of Directors that the General Manager or Assistant General Manager of the Board are hereby authorized and directed to (i) take such actions and execute such documents as are deemed necessary and proper in order to implement the amendment to the Cafeteria Plan, and (ii) to set up adequate accounting and administrative procedures to provide benefits under the amended Cafeteria Plan, and (iii) as soon as possible, to notify the employees of the amendment of the Cafeteria Plan by delivering to each employee a copy of the amended summary description of the Plan. Resolution No. 6605 is hereby adopted by unanimous vote.”

Subsequently, Chairman Robinson recognized consultants, visitors, and staff. Public Communications Manager Binnie Myles reported that she had met with Councilor William Parker about projects and main replacements in his district and indicated she would be meeting with Councilor Parker on Tuesday afternoon, December 10, 2013, relative to some items he wants to discuss. Following, Board Attorney Mark Parnell informed the directors that he is aware of an issue concerning a report Mr. Mike Mason is working on that needs to be discussed in an Executive Session. After the Board agreed to discuss said issue at today’s meeting, Attorney Parnell indicated a motion was needed to enter into an Executive Session to discuss pending litigation, pointing out said session would not take more than 20 minutes. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works and Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. David S. Herring and seconded by Dr. George Munchus, that the Board hereby approves an Executive Session to discuss pending litigation. Resolution No. 6606 is hereby adopted by unanimous vote.”

At 3:25 p.m., the directors, senior executive management, and the Board’s attorneys entered into an Executive Session. At 3:43 p.m., a motion was duly 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.

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

Attest:

_____/s/
David S. Herring
Secretary-Treasurer