

August 21, 2012

The Water Works Board of the City of Calera met on August 21, 2012 at 5:00 p.m. at Calera City Hall with the following present:

Chairman: Jon Graham
Members: Preston Nail, Mike Roberson, Harold Cole
Absent: Joe Dorris
Finance Director: Roy Hadaway
Public Works Director: David Jones
Engineer: Chris Pappas

Chairman Graham called the meeting to order. Preston Nail made a motion to approve the following minutes:

Regular Meeting – July 17, 2012
Special Called Meeting – July 25, 2012

Harold Cole seconded said motion which was carried unanimously.

PUBLIC WORKS DIRECTOR REPORT:

David Jones, Public Works Director reported his crew is still working on the Southern Hills Project. The construction crew is installing water at the New Sports Complex.

Mr. Jones requested the Board consider doing the leak adjustments on a calendar year instead of a rolling year. This would allow customers one leak adjustment per calendar year.

Mike Roberson made a motion to authorize leak adjustments be made on a yearly calendar instead of the rolling year. Harold Cole seconded said motion which was carried unanimously.

REPORTS OF WATER BOARD MEMBERS:

No reports given

ENGINEER REPORT:

Chris Pappas, Engineer reported ADEM has received the Water Board's application to discharge backwash water from the treatment plant. ADEM has agreed to issue the permit under the condition a responsible official is appointed to act on all environmental issues on behalf of the Calera Water Board.

Preston Nail made a motion appointing Chris Pappas as the responsible official for the Calera

Water Board. Harold Cole seconded said motion which was carried unanimously.

Connie Payton, City Clerk will send a letter to ADEM informing them Mr. Pappas will be the responsible official for the Calera Water Board.

FINANCE DIRECTOR REPORT:

Roy Hadaway, Finance Director presented the following report for discussion: (Document Attached)

Budget vs. Actual Report as of July 31, 2012

Chairman Graham introduced the following Resolution:

RESOLUTION NO. W-2012-02

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF CALERA
WATER WORKS BOARD OF CALERA, ALABAMA**

BUDGET MANAGEMENT POLICY

That the Water Works Board of the City of Calera, Alabama (“the Board”) establishes budget policies which guide the development of the Water Works’ budget. The purpose of the budget policies are to:

- (a) Ensure the Water Works Board maintains a financial base sufficient to sustain a consistent level of water services;
- (b) Ensure the Water Works Board of the City of Calera is able to withstand local and regional economic variations;
- (c) Adjust to changes in the service requirements of the community; and
- (d) Maintain a good credit rating with the rating agencies so that borrowing costs are minimized and access to credit is preserved.

The following presents a summary of the policies which guide the budget development process:

- (1) The Water Works Board will prepare a budget annually; budgets will be reviewed on at least a quarterly basis for amendment of revenue and expense expectations based upon actual results to date.
- (2) The Water Works Board will maintain the fiscal integrity of its operating, debt service, and capital improvement budgets. It is the Board’s intent to maximize the level of public goods and services while minimizing the level of debt.
- (3) Annual projected expenditures in any budget should not exceed 90% of the annual projected revenue.
- (4) The Water Works Board will maintain a minimum unreserved General Fund balance of no less than 10% of annual operating expenditures. The purpose of this fund is to provide a means for the Water Works Board to respond to potential adversities such as public emergencies, natural disasters, or similarly unanticipated events.

DEBT MANAGEMENT POLICY

The purpose of this Debt Management Policy is to establish guidelines for the issuance and management of the debt of the Water Works Board of the City of Calera, Alabama (“the Board”). The Board is committed to consistent, best practices financial management, including maintaining the financial strength and flexibility of the Board, as well as the full and timely repayment of all borrowings. The Board views debt as a means to distribute and equalize improvement costs to both present and future citizens, and as a means to address the near-term cash flow impact of undertaking certain public improvements.

To further the directives set forth above and to promote long-term stability and strategic thinking, the Water Works Board hereby adopts the following policies:

- 1) The Board will prepare and adopt a five-year Capital Budget, updated every year, to identify capital project needs, estimated cost per year, and possible funding sources to finance the plan.
- 2) Board approval is required prior to the issuance of debt.
- 3) Capital projects financed through the issuance of bonds are financed for a period not to exceed a conservative estimate of the useful life of the facility or equipment to be financed.
- 4) The Board will not use long-term debt to support current operations.
- 5) The Board will use refunding bonds when appropriate to restructure its current outstanding debt.
- 6) The Board will conduct its debt management functions in a manner designed to maintain or enhance its existing credit ratings, so that borrowing costs are minimized and access to credit is preserved.

INVESTMENT MANAGEMENT POLICY

The purpose of the Water Works Board of the City of Calera’s Investment Management Policy is to provide guidelines and limitations for the responsible management of the Board’s funds that are available for investment. The investment policy applies to the cash management and investment activities of the Board, except for the debt service funds, reserve funds, and other financial assets held by various fiscal agents and trustees as provided by the appropriate bond ordinance or indenture. The financial assets of all other funds shall be administered in accordance with the provisions of this policy.

It is the policy of the Board to invest public funds in a manner which will provide maximum security of principal consistent with a market rate of return while meeting the cash flow needs of the Board and conforming to all applicable State, County, and City statutes governing the investment of public funds.

The primary objectives of the Board shall be:

- (1) Safety: Investments of the Board shall be undertaken in a manner that seeks to ensure the preservation of capital.
- (2) Liquidity: The Board’s investment portfolio shall remain sufficiently liquid to enable the Board to meet all operating requirements which might be reasonably anticipated.
- (3) Return on Investment: The Board’s investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the Board’s investment risk constraints and the cash flow characteristics of the portfolio.

The standard of prudence used by the Board shall be the “prudent person rule” and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The prudent person rule is restated below:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

The Board is empowered to invest in any securities as defined by the Code of Alabama 11-81-21.

BE IT FURTHER RESOLVED, that upon the adoption and execution of this resolution, that a copy of this policy be kept on record by the City Clerk.

Board Member Harold Cole made a motion to adopt Resolution No.W-2012-02. Board Member Preston Nail seconded said motion and upon vote, results were as follows:

AYES: Graham, Roberson, Cole, Nail

NAYS: None

The Chairman of the Board declared Resolution No. W-2012-02 adopted this the 21st day of September, 2012.

Connie Payton, City Clerk

Jon G. Graham, Chairman

Guests:

Teresa Wakefield requested to speak at the meeting, however was not present.

There being no further business, Preston Nail made a motion to adjourn.

Approved this 21st day of August, 2012.

Jon G. Graham, Chairman

ATTEST:

Connie B. Payton, City Clerk