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Birmingham Water Works Achieves over \$35 million in savings – Receives High Quality Bond Ratings from Moody’s and S&P Global Ratings

Ratings Indicative of Effective Operational Management and Birmingham Area Growth

BIRMINGHAM, ALABAMA — (July 14, 2021) — Wednesday, the Birmingham Water Works Board (BWWB) approved the final sale of over \$480 million in taxable bonds to replace higher interest rate bonds, reducing BWWB’s debt by over \$35 million without extending the maturity of the debt. In addition, the BWWB was able to eliminate over \$287 million in subordinate debt. The refinancing is a part of the BWWB’s plan to reduce its long-term debt and is the second highest amount of savings achieved in the Board’s history.

The most notable factor contributing to the success of the transaction is that in preparation for the sale of the bonds, the BWWB received a Aa2 bond rating from Moody’s Investors Service and a AA rating from S&P Global, among the highest-possible ratings assigned by the credit rating agencies. Ratings at this level among other factors serve to boost investor confidence as indicated by the results of this transaction.

Both ratings confirmed BWWB’s stable outlook that reflect the board's prudent fiscal management practices, conservative budgeting, and formal financial policies. Also, the ratings account for the utility’s higher-than-average debt levels, which are offset by the Board’s healthy financial position, characterized by solid reserves, liquidity, responsible rate-setting, and debt service coverage levels. Service area stability, marked by strong economic growth within Birmingham and surrounding areas, also factors into the ratings.

“The bond ratings are a reflection of the work and dedication our management team commits to ensuring that Birmingham Water Works is a top-tier water provider that we all can be proud of,” says BWWB General Manager Michael Johnson. “This honor is shared by our Board Chair Ronald Mims, Finance Committee Chair Larry Ward, and the rest of the Board of Directors who oversee the management of the system and its assets.”

“Managing the financial resources of such a large utility and taking advantage of opportunities such as this refinancing saves money and helps our ratepayers. This is especially rewarding as

we continue to operate during the pandemic where prudent financial decisions have to be made,” says Assistant General Manager of Finance & Administration Iris Fisher. “BWVB achieving these ratings is something we’re proud of, and we are happy to commend our employees for also helping to make this happen.”

The BWVB executive management team is especially thankful for the help of our financial advisor Terminus Municipal Advisors, LLC and our underwriting syndicate led by senior manager Raymond James, and co-managers Piper Sandler, Blaylock Van, and San Blas Securities. Blaylock Van and San Blas Securities are both Historically Underutilized Businesses and their engagement underscores the BWVB’s commitment to diversity throughout its operations. Also, we would like to thank other professionals who advised on this transaction.

Founded in 1951, the Birmingham Water Works Board (BWVB) serves 655,000 people in Jefferson, Shelby, Blount, St. Clair, and Walker counties. The BWVB operates four filtration plants, a certified testing laboratory, and has more than 4,000 miles of pipe in its distribution network; it ranked among the top five water systems in the United States. For more information about the Birmingham Water Works Board, media inquiries, or tours of our museum, please call 205-244-4000 or visit www.bwwb.org

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