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**BOARD AUTHORIZES COMPETITIVE BID TO EARN HIGHER RATE OF RETURN ON INVESTMENT
COMPETITIVE BID FOR MATURED CERTIFICATES OF DEPOSIT EXPECTED TO EARN ADDITIONAL
\$800,000**

BIRMINGHAM, Ala. (October 17, 2022) – The Birmingham Water Works Board (BWVB) Wednesday approved a competitive bid for two of its Certificates of Deposit (CDs) that have matured totaling \$20.7 million. It is expected that based on market conditions, the bid could result in approximately \$800,000 in additional revenues for the BWVB. The additional revenue from investments helps BWVB control rates.

“The great news for rate-paying customers of the Birmingham Water Works system is that we expect to realize up to \$800,000 in additional income that will equate to savings for our customers,” said Birmingham Water Works General Manager Michael Johnson.

Johnson said the anticipated rate of return for the competitive bid process is approximately 4.0% (\$800,000) as opposed to the recently matured CDs’ rate of 0.10% (approximately \$20,000). The anticipated rate assumes being able to access the Guaranteed Investment Contract (GIC) market in addition to the traditional CD market. Adding a GIC as an option for these funds improves the comparative rate advantage in today’s market over bank CDs, as GICs are geared for the larger dollar volumes typical of institutional investors and offer yields above Treasury rates.

“Economic pressures have influenced everything we do as a utility, but our goal is to keep bringing the nation’s highest quality water to our customers at the lowest possible price. Part of that assignment is making good decisions with the finances we have” he said.

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