



Directors/Officers

September 29, 2023

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Derrick Murphy, MEng
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Dear Bondholder:

The Water Works Board of the City of Birmingham (the "**Board**") appreciates your investment in our Senior Taxable Water Revenue Refunding Bonds, Series 2019 (the "**Series 2019 Bonds**") and our Senior Taxable Water Revenue Refunding Bonds, Series 2021 (the "**Series 2021 Bonds**"), collectively the "**Bonds**")

You are receiving this letter because **the Board is inviting offers for the purchase of certain of the Bonds for cash.**

The Invitation to Tender Bonds for Purchase, dated September 29, 2023 (the "**Invitation**"), describes (1) the Series 2019 Bonds, as listed on page 3 thereof, by maturity and, as to each maturity thereof, the maximum principal amount thereof that the Board may purchase, as shown in the column entitled "Maximum Principal Amount Permitted for Purchase" in the table on page 3 of the Invitation entitled "Series 2019 Bonds" (the "**Target 2019 Bonds**") and (2) the Series 2021 Bonds, as listed on page 3 thereof, by maturity and, as to each maturity thereof, the maximum principal amount thereof that the Board may purchase, as shown in the column entitled "Maximum Principal Amount Permitted for Purchase" in the table on page 3 of the Invitation entitled "Series 2021 Bonds" (the "**Target 2021 Bonds**") and, together with the Target 2019 Bonds, the "**Target Bonds**"), the Board's offer to purchase such Target Bonds for cash, and sets forth the terms and conditions for such purchase.

Information concerning the Board, including its most recent audited financial statements, is set forth in the Preliminary Official Statement, dated September 28, 2023, attached to the Invitation as Appendix A (the "**2023 POS**"), with respect to the Board's Senior Water Revenue Refunding Bonds, Series 2023 (the "**Series 2023 Bonds**"); *please see below for directions as to how to access the Invitation documents via the web.*

Background:

This invitation is part of a plan by the Board to purchase, cancel and refund the Target Bonds using the proceeds of the Series 2023 Bonds to reduce the Board's overall debt service payments. If the Invitation proceeds to an actual purchase of tendered Target Bonds, the tendered Target Bonds accepted for purchase are expected to be purchased on November 9, 2023 or such later date as the Board shall determine (the "**Settlement Date**"), pursuant to the Invitation.

The source of funds to purchase the Target Bonds validly tendered for purchase pursuant to the Invitation and accepted by the Board is anticipated to be proceeds received by the Board from the sale of the Series 2023 Bonds, which Series 2023 Bonds are expected to be issued on the Settlement Date. As described in Section 12 of the Invitation, the Board will not be required to purchase any Target Bonds, nor incur any liability as a result, if certain conditions are not satisfied, including among other things, the Board does not, for any reason, complete the sale and delivery of the Series 2023 Bonds or have sufficient funds on the Settlement Date from the proceeds of the Series 2023 Bonds, to pay the purchase prices of Target Bonds accepted for purchase pursuant to the Invitation.

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What price is the Board offering to purchase my Target Bonds?

The purchase price for each CUSIP of Target Bonds to be paid to holders of tendered Target Bonds will be based on the applicable fixed spread for each CUSIP of Target Bonds to be added to the yield on the relevant benchmark United States Treasury Securities applicable to such Target Bonds, as listed on page 3 of the Invitation, plus accrued and unpaid interest thereon to, but not including, the Settlement Date. Included with this letter you will find a table listing each maturity of the Bonds subject to the Invitation and, as to each maturity of the Bonds, the maximum principal amount thereof that the Board may purchase, as shown in the column entitled “Maximum Principal Amount Permitted for Purchase,” and the respective fixed spread for such maturity being offered by the Board.

On October 23, 2023, the Board will determine the purchase price for the Target Bonds pursuant to the calculations described in the Invitation and will publish the respective purchase prices.

Is the Board Required to Accept Offers for Target Bonds?

No. The Board may decide not to accept offers for any Target Bonds or the Board may decide to accept offers for one or more CUSIPs but not for other CUSIPs.

What if I choose not to participate in the Invitation or the Board opts not to purchase my Bonds?

Any Bondholders of Bonds not tendered for purchase in response to the Invitation or tendered for purchase and not accepted by the Board will continue to hold their Bonds, subject to the Board’s existing right to redeem such Bonds in the future at its option.

You should consult your bank, broker or other financial advisor in deciding whether, and if so how, to respond to the Invitation. They are a resource to discuss the Invitation and the options available to you.

The deadline to tender your Target Bonds for purchase is October 20, 2023 at 5:00 P.M, Prevailing Eastern Time, unless earlier terminated or extended as provided in the Invitation. The Board has the right to extend the Invitation for a particular CUSIP or all CUSIPs.

Should you wish to participate, please contact your bank, broker or other financial advisor in advance of this date, so they may have sufficient time to relay your instructions to the Board prior to expiration of the Invitation.

This brief letter cannot provide you with all the information you need to consider for deciding whether to participate in the Invitation. Bondholders are urged to carefully read the Invitation and the 2023 POS appended thereto, because they contain information, including the various terms of and conditions to the Invitation, Bondholders should consider before making any decision regarding tendering their Target Bonds.

The Invitation and the 2023 POS are available electronically on the website of the Information and Tender Agent at www.globic.com/bwwa, as well as the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org> using the CUSIP numbers for the Target Bonds listed on page 3 of the Invitation. Upon the expiration, termination or extension of the Invitation, the Board will cause notices to be posted on these same websites. Copies of the Invitation and the 2023 POS are also available on request from the Information and Tender Agent.

Institutional investors with questions about the Invitation should contact the Dealer Manager at:

Raymond James & Associates, Inc.

Ted Hynes

Tel: (212) 909-4038 E-Mail: ted.hynes@raymondjames.com

Matt Adams

Tel: (205) 802-4275 E-Mail: matt.adams@raymondjames.com

Individual investors and their brokers, account executives, financial advisors and/or other appropriate professionals with questions about the Invitation should contact the Information and Tender Agent at:

Globic Advisors Inc.

Attention: Robert Stevens

Tel: (212) 227-9622 E-Mail: rstevens@globic.com

Please note the Board retains the right to modify or withdraw the Invitation at any time through and including the expiration of the Invitation (unless earlier terminated or extended), as more fully described therein.

Thank you for taking the time to consider the Invitation.

THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM