

**MINUTES OF THE EXECUTIVE COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
Tuesday, October 20, 2020
12:30 p.m.**

An Executive Committee Budget Workshop #2 meeting of the directors of The Water Works Board of the City of Birmingham was held on Tuesday, October 20, 2020 at 12:30 p.m., via an in-person meeting.

The following Committee members were present: William “Butch” Burbage Jr., Ronald A. Mims, Brenda J. Dickerson, Deborah Clark, William R. Muhammad, Tommy J. Alexander, Lucien Blankenship, and George Munchus. Director King was absent.

The meeting was also attended by: Michael Johnson, General Manager; Derrick Murphy and Iris Fisher, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Cynthia Williams, Board Administrator; Vanessa Washington, Executive Assistant; Colandrus Mason, Rosalind Jones, Rick Jackson, BWWB Employees; K. Mark Parnell, Parnell Thompson Law, LLC and Emory Anthony, Jr.

Inasmuch as eight Committee members were present, a quorum was in attendance.

Director Burbage called the meeting to order at 12:33 p.m. General Manager Michael Johnson opened the meeting with prayer.

Following, Director Burbage called for the agenda to be accepted as printed. Director Muhammad stated item 1.3 should not be discussed because it was not on the agenda but was included in the Diligent Book. GM Johnson indicated that said item was part of the Operating and Maintenance (O&M) Budget Presentation and information that directors had previously requested. Director Munchus made a motion to approve the agenda. Director Mims seconded. The agenda was approved by a unanimous voice vote.

Next, Director Burbage instructed GM Johnson to proceed with the next item on the agenda to allow time to setup the O&M budget presentation on the projector for viewing. Thus, agenda item two requested the Committee to approve and to recommend to the Board to adopt a resolution to allow employees to sell up to 120 hours of accrued/unused vacation of each employee's vacation time in excess of 80 hours in December 2020; necessary to perform essential minimum functions of the governmental body. GM Johnson stated there was no impact on the budget, because the vacation time is recorded as an expense as the employees earn it. After a brief discussion, Director Munchus made a motion to approve agenda item two. Director Dickerson seconded. The agenda item was approved by a voice vote with 7 in favor and 1 against. Said agenda item was moved to the full board for consideration.

Following, agenda item three requested the Committee to approve and to recommend to the Board to authorize the General Manager and or the Assistant General Manager to engage Municipal Government Investors Corp. (MGIC) to bid the investment of bond proceeds and cash

reserves up to \$150,000,000.00 and to take all actions and execute such documents as may be necessary to consummate the transactions contemplated therein; necessary to perform essential minimum functions of the governmental body. Director Munchus made a motion to approve agenda item three. Director Dickerson seconded. GM Johnson explained that the board occasionally has funds that need investing. The purpose is to receive a larger amount/better interest rate from the guaranteed investment contract than from treasury securities. He stated any interest on the GIC must go into the fund it came from. Director Muhammad inquired whether GIC funds were subject to the SAFE Act, which GM Johnson answered no. They are 100% collateralized with federal government securities. The agenda item was approved by a unanimous voice vote. Said agenda item was moved to the full board for consideration.

Next, agenda item four requested the Committee to approve and to recommend to the Board a decision to purchase or not purchase the structures and improvements per the Recreational Site Agreement on lot 55 at Inland Lake. Mr. Glenn Peters, who holds the Recreational Site Agreement on lot 55, has a potential buyer, Adam and Lea Henry. The Board must exercise its right of first refusal within 90 days of receipt of the sales contract, which was 8/10/2020. The sales price is \$215,000.00; necessary to perform essential minimum functions of the governmental body. There was much discussion on the topic. GM Johnson stated these structures are typically not purchased by the board. In addition, he does not see the value for its purchase price and is not recommending BWWB purchase the property. Directors asked various questions which were answered by staff and board attorneys. Some concerns were expressed in relation to BWWB purchasing and developing the property, as well as other possible options. GM Johnson explained that the property has limited use. The property is in the watershed. Director Mims made a motion that BWWB forego its first right of refusal and to allow the property to be sold. Director Dickerson seconded. The Committee unanimous agreed to not purchase the property. Said agenda item was moved to the full board for consideration to not purchase the property.

Following, agenda item one requested the Committee to hold its second workshop on the Draft FY2021 Operations & Maintenance (O&M) and Capital Budgets; necessary to perform essential minimum functions of the governmental body. There were no questions regarding the Capital Budget, thus, AGM Fisher presented the O&M budget presentation titled partially *Essential to Life (a copy of which is on file with the Committee meeting book)*. She discussed the recommended budget and budget adjustments. Then, Public Relations Manager Rick Jackson was recognized to make a brief presentation. He explained the impact of hiring two employees for his department as opposed to solely using consultants/Agency 54. Per Mr. Jackson, staff engages with vendors directly, provide a different level of customer service, media monitoring and press releases are handled internally and are some of the things that provide savings. He answered questions and concluded his presentation. A director reiterated that Mr. Jackson's presentation was not listed on the Agenda. Another director indicated said presentation should have been presented at a Communications Committee Meeting. Afterwards, AGM Fisher continued with presenting the O&M budget. She discussed debt service coverage. In addition, there was much discussion among the directors regarding a water rate increase and the impact. Director Munchus inquired on how a zero percent rate increase was determined. It was explained that the rate is determined by the RSE model. Per AGM Fisher, zero percent rate increase would cause less PAYGO and extend the time frame to 2028 or 2029 for reaching 70% PAYGO. AGM Fisher concluded her presentation, after addressing concerns and answering questions from the Committee. The directors came to a

consensus that a third budget workshop was not needed. GM Johnson announced that the public hearing is scheduled for November 5, 2020 at 5:30 p.m. He reminded the directors that said preliminary budget included a 1.3% cost of living (*COLA*), longevity, and no merit increase. Director Burbage confirmed that after the public hearing on November 5, 2020, the rate increase and budget vote would take place at the Regular Board of Directors' Meeting scheduled for November 18, 2020. Information Technology Manager Colandus Mason gave a brief overview on *BWWB Virtual Public Hearing Meeting Logistics (a copy of which is on file with the Committee meeting book)*. The directors were informed that a trial run would precede the October 28, 2020 Board Meeting. He informed directors that additional software would need to be downloaded. Additional handouts distributed to directors were as follows: (1) Governmental Accounting, Auditing, and Financial Reporting and (2) Principles of Water Rates, Fees, and Charges (*copies which are on file with the Committee meeting book*).

Subsequently, there was no new business, as set forth in agenda item five.

As there was no further business before the Committee, Director Blankenship made a motion to adjourn the meeting. Director Dickerson seconded. Thus, Director Burbage adjourned the meeting at 3:09 p.m.

/s/

 Ronald A. Mims
 Chairman/President

 Brenda J. Dickerson, Ph.D.
 First Vice-Chairwoman / First Vice
 President

 Deborah Clark
 Second Vice-Chairwoman /
 Second Vice President

 William R. Muhammad
 Secretary-Treasurer

/s/

 William "Butch" Burbage, Jr., CPA
 Assistant Secretary-Treasurer

 Tommy J. Alexander
 Director

/s/

 Lucien Blankenship, Esq.
 Director

 Brett A. King, Esq.
 Director

/s/

 George Munchus, Ph.D.
 Director

/s/

 Michael Johnson, MBA, CPA
 General Manager