

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
February 21, 2024**

A regular bi-monthly meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, February 21, 2024, at 11:30 a.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: William “Butch” Burbage, Jr., Thomas E. Henderson, Tereshia Q. Huffman, George Munchus, Carl Dalton NeSmith, Mashonda S. Taylor and Raymond “Larry” Ward. Director Lucien B. Blankenship was not present.

Others present were: Michael Johnson, General Manager; Iris Fisher, Philip King and Derrick Murphy, Assistant General Managers; Cynthia Williams, Board Administrator; Vanessa Washington, Executive Assistant; Colandus Mason, Rick Jackson, Brad Steffens, Rosalind Jones, Cassandra Bell, Carolyn White, Dana Richardson, Jeff Wade, David King, A’khi King, Anthony Hazel, and David Walker, BWWB Employees; K. Mark Parnell, Parnell Thompson Law, LLC; Kelvin Howard, Kelvin W. Howard, LLC; Olivia Martin, State of Alabama Attorney General’s Office; Patrick Flannelly and Zakiya Seymor, ARCADIS, US, Inc; Bill Todd, O2 Ideas; Lindsay McAdory, CBG Strategies; Haz Humphrey and S. Worsham, Hazen and Sawyer; Kamilah Gray Lewis, City of Birmingham; Kirk Mills, Kimley-Horn; Gary Anderson and Gregory Cade, Environmental Litigation Group; and Chandra Abesingh, CE Associates.

Chairwoman Huffman called the meeting to order at 11:30 a.m., and Assistant General Manager Fisher opened the meeting with prayer.

Inasmuch as seven directors were present, Chairwoman Huffman declared a quorum in attendance.

Following, General Manager Johnson asked the Board to approve the agenda. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By the Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Larry Ward and seconded by Mr. George Munchus, that the Board of Directors hereby approves the Regular Board of Directors’ meeting agenda for February 21, 2024. Resolution No. 9516 is hereby adopted by unanimous vote.”

* * * * *

Next, the Board proceeded to the first item on the agenda, Request Board to approve minutes of the Regular Board of Directors’ meeting held November 29, 2023, and December 6, 2023. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED BY The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made Mr. Carl Dalton NeSmith and seconded by Mr. George Munchus, that the Board hereby approves minutes of the following meetings:

- Regular Board of Directors’ Meeting held November 29, 2023.
- Regular Board of Directors’ Meeting held December 6, 2023.

Resolution No. 9517 is hereby adopted by unanimous vote.”

Following, General Manager Johnson proceeded to the Reports of Committees. He indicated the following scheduled meetings:

- Human Resources Committee Meeting – Wednesday, February 21, 2024, immediately following the Regular Board of Director’s Meeting.
- Regular Board of Directors’ Meeting – Wednesday, March 6, 2024
- Engineering & Maintenance Committee Meeting – Wednesday, March 6, 2024, immediately after the Regular Board of Directors’ Meeting
- Executive Committee Meeting – Wednesday, March 13, 2024
- Regular Board of Directors’ Meeting – Wednesday, March 20, 2024
- Finance Committee Meeting – Wednesday, March 20, 2024, immediately after the Regular Board of Directors’ Meeting

Next, General Manager Johnson, asked the Board to hear Reports of Officers. Chairwoman Huffman thanked Cynthia Williams, Board Administrator, for her hard work and for scheduling the 2024 Board/Committee meetings. Also, Chairwoman Huffman thanked the Chair of the Committees for providing the schedule for the 2024 Committee meetings Afterwards, Chairwoman Huffman stated she sent an email to General Manager Johnson regarding the article written about the church that was experiencing an issue. She asked General Manager Johnson to provide an update on the news article regarding the status of the church issue and Birmingham Water Works’s response. Director Taylor arrived at 11:34 a.m. General Manager Johnson responded that the church had a bill over \$2,000.00. He stated Birmingham Water Works had been in contact with the customer to determine the issue. General Manager Johnson said staff responded to the media request on the church’s issue; however, the media wrote the article prior to staff’s response. He stated that Birmingham Water Works went out yesterday to check the customer’s meter reading, which was correct. General Manager Johnson said a crew was dispatched again to go out this morning to survey the area for a leak; however, no leak was found on the customer’s meter nor in the neighborhood. Also, he indicated that the water was tested and there was no chlorine; however, there was drainage from the storm. General Manager Johnson said staff will continue to work with the customer; however, leak accounts are monitored for approximately 30 days to analyze whether consumption is fluctuating, which would indicate a leak. Chairwoman Huffman asked if Birmingham Water Works went to the customer’s house on yesterday, because of the media’s news article. She voiced concern of whether the media’s news article prompted Birmingham Water Works to go out to resolve the issue. General Manager Johnson responded no. He said Birmingham Water Works had been out previously to the customer’s home (approximately

February 12, 2024) but did not find any leaks at the time. He stated it was Birmingham Water Works second time going to the customer's home regarding a leak on the account. General Manager Johnson stated that staff was working with customer on the issue to resolve the matter. He stated that if a leak is present, it is not on the customer's side of the meter. General Manager Johnson stated it appears something else may be happening with the customer's account. He said staff notified customer of an issue prior to (January 31, 2024), the customer's first request for Birmingham Water Works' assistance. In conclusion, General Manager Johnson said the customer received a robocall prior to January 31, 2024, notifying customer of a high-water bill.

Following, Chairwoman Huffman asked Rick Jackson, Public Relations Manager, about Birmingham Water Works' response time when receiving a media request. She asked whether staff indicates to the media that the issue is being worked on and the time frame said issue will be addressed or does staff wait until they have the answer to respond. Mr. Jackson responded that the response to the media's request is immediate. He said if an answer is available immediately, the response is provided to the media at the time of the request; however, if the answer takes longer, the media is notified immediately that the answer will require a longer length of time.

Next, Director Munchus asked that the Committee/Board meetings time be added on the respective agenda and for staff to send him the meeting times. Next, he asked General Manager Johnson about the timeline in getting a consultant for the Historically Underutilized Businesses (HUB) Program, because the company is missing out on opportunities. Director Munchus said he wants the people in the community to know that Birmingham Water Works has not abandoned its commitment to small businesses. General Manager Johnson responded that the HUB program has not been abandoned. He said three responses have been received in reference to the HUB program Request for Proposals (RFP). General Manager Johnson stated that presentations to staff have been scheduled for the respondents to present beginning Friday, February 23, 2024, and the other two respondents will present the following week. He indicated that each respondent would present to directors at the Executive Committee Meeting scheduled for March 13, 2024.

Following, Carolyn White, Internal Audit Manager, was recognized to provide the Board with a summary of the report she presented to the Finance Committee late last year. Mrs. White began with a summary of significant conditions and corrective actions being worked on with management. She stated this would allow the internal auditor to test corrective actions put in place to ensure that the corrective actions are working as stated. Mrs. White stated the internal auditor's goal is to make recommendations that will enhance operations in becoming more efficient with controls and performance. Mrs. White highlighted five significant conditions in various areas. She stated the first condition, Audit of Internal Controls over the Journal Entry Process, management is working on the conditions but indicated more staff is needed to execute the recommended actions. The second condition, Audit of Internal Controls over Human Resources Recruitment, Hiring, & Payroll Functions, outstanding condition is the hiring process. She said management has put corrective actions in place for improvement; however, the internal audit department has not had an opportunity to test its corrective actions, but the corrective action will be tested in 2024. The third condition, Audit of Internal Controls over Purchasing Process, configuration of users' accessibility/authorization needs improvement. Regarding, the fourth condition, Assessment of Internal Controls for Automated Clearing House (ACHs), management is working with the bank and the Information Technology Department to improve the process of transferring money

electronically to minimize fraud on Birmingham Water Works. Director Munchus inquired about the \$40,817.25 financial loss to Birmingham Water Works. He asked if the loss was caused by the vendor. Mrs. White responded that the vendor's system was hacked due a legitimate looking vendor email. Also, Director Munchus asked if the vendor reimbursed the company for the funds. Assistant General Manager Fisher responded no. She said Birmingham Water Works had to pay the vendor because the vendor never received the money. Director Munchus asked staff to provide him the name of both vendors relating to said transaction. There was a brief discussion on the matter being reported to the Federal Bureau of Investigation (FBI) and the police department. Afterwards, Mrs. White continued to the fifth condition, Observation of Annual Inventory Count. Mrs. White said management indicated that an organizational assessment was performed by a consultant on this condition; however, she is unaware of the consultant's recommendation. She stated it is too late to add outsourcing inventory in the FY2024 budget, but it may be considered later. Next, Mrs. White discussed the pending audits for FY2024, which consists of Automated Data Analytics (*Payroll, P-Cards, Purchasing, Revenue, Billing, and Zero Consumption, etc.*), Audit of Internal Controls over Pension Transactions for plan compliance and correct calculations, Audit of Internal Controls over Human Resources Hiring Process to retest their hiring process, and Inventory Count Observation - Annual. Mrs. White concluded her presentation.

Next, Director Munchus said management's response stated that Birmingham Water Works is short on resources, which impacts implementing some of the recommended corrective actions. He asked how long before management would have the necessary staff in place. General Manager Johnson responded that several matters were mentioned by Mrs. White; however, the configuration matter is an issue that staff is working through. He stated Mrs. White did not go into detail about a request to configure the company's system to automatically generate financial statements for the Other Post-Employment Benefits (OPEB) Plan and the Pension Plan. General Manager Johnson said staff is performing the Plans configuration manually; however, the issue is being addressed under the organizational assessment. Afterwards, Chairwoman Huffman asked about the status of filling Mrs. White's position upon her pending retirement. General Manager Johnson said management is still searching for a replacement. He stated the position is posted internally and externally. General Manager Johnson said three recruiting firms are assisting with process and a career fair is scheduled for March 19, 2024. He said two external applicants are being verified for a possible interview. Director Munchus asked whether someone will replace Mrs. White before she leaves. General Manager Johnson responded that management is actively trying to fill the Internal Audit Manager's position. He stated there are two staff members at the current time in the area that conduct audits. Director Ward asked who would be supervising after Mrs. White leaves. General Manager Johnson responded that the General Manager (himself) would be supervising. Director Munchus inquired about the reporting structure and asked whether the Internal Audit Manager should report to the Board of Directors. General Manager Johnson responded no, which is appropriate internal controls. In addition, he said the person in that position reports to him just for administrative issues. Chairwoman Huffman inquired about the problem of hiring a candidate when the company has the help of three recruiting firms and a fully staffed Human Resources Department. General Manager Johnson said there has been difficulty in getting applicants because of a hard and competitive job market; however, management is looking at a work from home policy for flexibility as well as other creative things to attract applicants.

Following, Chairwoman Huffman revisited the matter of the church referenced earlier that was having issues. She asked if the church had an outside faucet and if so, was it locked. General Manager Johnson responded he was unsure. He stated staff will evaluate various issues when performing the leak survey, such as internal flappers, outside faucets, etc. Director Ward asked if the church went to the tv station after contacting Birmingham Water Works, which General Manager Johnson responded, they went to the media before contacting Birmingham Water Works. Chairwoman Huffman sought answers from General Manager Johnson of the interaction timeline between staff and the church. General Manager Johnson stated someone from the church came to Birmingham Water Works on January 31, 2024, to request a balance on the account. He stated the first communication was January 23, 2024, when staff called the customer to notify customer of a high bill.

Next, Director Taylor inquired about the internal cross training process/procedure for internal employees to prepare them for leveling up to higher roles. General Manager said some roles required management to seek outside candidates because internal staff did not have a specific requirement, for example, the Internal Audit Manager position. However, he stated there are other positions that will be reviewed to prepare individuals for a next level role. Director Taylor stated she was looking for more upscaling opportunities internally. She said management will continue to have issues with hiring. Director Taylor said there are many vacancies in the company. She indicated that evaluations of job descriptions and combining jobs will eventually need to take place. Director Taylor stated that there are internal employees that do not know how they can grow within a company. She asked General Manager Johnson how he is re-evaluating the process to grow staff internally. General Manager Johnson stated the issue is being discussed; however, succession planning and training classes have been implemented to assist with the process. He stated management prefers to fill its vacancies through internal staffing. General Manager Johnson said it would take changing how things have been done in the past to identify individuals on the track to fill a position, which should help. Assistant General Manager Fisher commented that Career Pathing, which will be discussed in the following Human Resources Committee Meeting, is being implemented with Water Treatment, in addition to a Career Pathing Plan for each department.

Next, the Board proceeded to the second item on the agenda, Request Board to approve payment of invoices. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Ms. Mashonda S. Taylor and seconded by Ms. Tereshia Q. Huffman, that the Board hereby authorizes staff to execute payments to the following:

- 2.1 Dominick Feld Hyde, P.C. as follows:
 - 2.1.1 For professional services rendered January 1, 2024 through January 31, 2024 related to the Pension Plan in the amount of \$168.00.
 - 2.1.2 For professional services rendered January 1, 2024 through January 31, 2024 related to the Other Post Employment Benefit (OPEB) Plan in the amount of \$990.00.

- 2.2 Terminus Municipal Advisors, LLC for professional services rendered January 2024 in the amount of \$10,000.00.
- 2.3 Agee Law, LLC for professional services rendered January 2024 in the amount of \$12,210.00.
- 2.4 O2 Ideas, Inc. for professional services rendered January 2024 in the amount of \$17,900.00.
- 2.5 CBG Strategies, LLC for professional services rendered January 2024 in the amount of \$25,350.00.
- 2.6 Parnell Thompson, LLC for professional services rendered January 2024 in the amount of \$57,832.00.

Resolution No. 9518 is hereby adopted by unanimous vote.”

Following, the Board proceeded to the third item on the agenda, Request Board to approve the items recommended by the Engineering and Maintenance Committee. Director Munchus asked that his abstention be noted on agenda items 3.1.1 and agenda item 3.1.2. during the vote. Also, Director Munchus stated he wanted to discuss agenda item 3.4. He said although the referenced project is not under the Historically Underutilized Businesses (HUB) program category; there is policy on non-discrimination, equal opportunity, etc. Director Munchus requested Board Attorney Parnell to find out the principal engineers for each entity and asked him to encourage them to work with Birmingham Water Works voluntary HUB program as the company moves forward on the projects. Afterwards, Director Munchus concluded his discussion and abstained on agenda item 3.4. Director Munchus asked Board Attorney Parnell whether he had any issues working with him on the request for agenda item 3.4. Board Attorney Parnell responded he has no issue working with Director Munchus on the item. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Carl Dalton NeSmith and seconded by Ms. Mashonda S. Taylor, that the Board hereby approves the following items, as recommended by the Engineering and Maintenance Committee:

- 3.1 To exercise its bid option to extend one-year agreements to:
 - 3.1.1 Mueller Co., LLC, for estimated annual quantities of Fire Hydrants, at an estimated out-of-pocket cost to the Board of \$306,940.38; and to authorize the General Manager and/or Assistant General Manager to execute the agreements.

- 3.1.2 Mueller Co. LLC., for estimated annual quantities of Resilient Seated Gate Valves - AIS (American Iron and Steel), at an estimated out-of-pocket cost to the Board of \$639,322.69; and to authorize the General Manager and/or Assistant General Manager to execute agreements.
- 3.2 To approve an agreement with Alabama Department of Transportation (ALDOT), Project No. BR-0119(513), for a Temporary Construction Easement, acquisition of property, and land swap for public purposes, including a public road and appurtenances, drainage, and other public improvements on Highway 119, at total estimated cost of \$22,260.00, resulting in an out-of-pocket cost to the Board of \$0.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement.
- 3.3 To approve an agreement with Alabama Department of Transportation (ALDOT), Project No. CMAQ-3715(266) [City Form No. 2], for a Reimbursable Agreement, with the City of Mountain Brook, for the relocation of Water Board facilities, at the intersection of Cahaba Road, U.S. Highway 280 (SR-38), Lane Park Road and Culver Road, at a total estimated cost of \$562,716.33, less estimated ALDOT reimbursement totaling \$562,716.33, resulting in an out-of-pocket cost to the Board of \$0.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement.
- 3.4 To approve an agreement with Signature Homes and U. S. Steel, to supply approximately 7,380 feet of pipeline and inspection services, for the Blackridge Development (South-end Water Infrastructure), located between Highway 150 and Morgan Road, to support Birmingham Water Works' Board system redundancy, at an estimated out-of-pocket cost to the Board of \$1,000,000.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement.
- 3.5 To rescind Resolution No 9469 to Jones Utility & Contracting Company, Inc., contract, and to authorize rebidding for installation of approximately 7,360' of 16" DICL pipe (non-restrained & restrained); 4,500' of 12" DICL pipe (non-restrained & restrained); 4,280' of 8" DICL pipe (non-restrained) and related appurtenances along Highway 79, Bethel Road and Bone Dry Road in unincorporated Jefferson County and along Highway 79 and Kiowa Road in unincorporated Blount County, at a bid amount of \$8,825,965.00; plus estimated cost of materials and Water Board labor in the amount of \$2,999,310.97; for an estimated out-of-pocket cost to the Board of \$11,825,275.97.
- 3.6 To purchase structures and improvements, per the Recreational Site Agreement held by Dr. William Earle Riley, on Lot 58 at Inland Lake, at an out-of-pocket cost to the Board of \$450,000.00.
- 3.7 To enter into an agreement with Alabama Power for a Waterline Crossing Easement (Everlee Crossing) for public purposes, between Highway 150 and Shannon Road to support the Birmingham Water Works Board's ability for system redundancy, at

an estimated out-of-pocket cost to the Board of \$0.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement.

Resolution No. 9519 is hereby adopted by a Directors Burbage, Henderson, Huffman, Munchus, NeSmith, Taylor and Ward. Director Munchus abstained on agenda items 3.1., and he voted no on agenda item 3.4.”

Next, the Board proceeded to the fourth item on the agenda, Request Board to enter into a one-year agreement with J.D. Power to provide the 2024 Water Study subscription for training purposes at an out-of-pocket cost to the Board of \$37,500.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement, as recommended by the Communications Committee. Director Munchus commented that he has zero confidence in J.D. Power but applauds General Manager Johnson in his efforts regarding said item. Director Munchus said he is voting no on agenda item 4. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By the Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Ms. Tereshia Q. Huffman and seconded by Mr. Thomas E. Henderson, that the Board hereby approves a one-year agreement with J.D. Power to provide the 2024 Water Study subscription for training purposes at an out-of-pocket cost to the Board of \$37,500.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement, as recommended by the Communications Committee. Resolution No. 9520 is hereby adopted by Directors Burbage, Henderson, Huffman, NeSmith, Taylor and Ward; and Director Munchus voted no.”

Following, the Board proceeded to the fifth item on the agenda, Request Board to approve agreements. Director NeSmith asked whether the fee had been accepted. General Manager Johnson responded yes. On a motion duly made and seconded, the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Larry Ward and seconded by Ms. Tereshia Q. Huffman, that the Board hereby approves the following agreements:

- 5.1 **To approve** an agreement with Municipal Government Investment Corporation (mGIC) to bid funds from a Guaranteed Investment Contract (GIC) currently with Bayerische Landesbank that matures on February 15, 2024, for \$51,519,811.13, plus accrued interest; and **to authorize** the General Manager and/or Assistant General Manager to execute the agreement.

- 5.2 **To approve** an agreement with Butler Snow LLC., in an amount not-to-exceed \$10,000.00, to provide legal services related to the bid of funds of a Guaranteed Investment Contract (GIC) with Bayerische Landesbank that matures on February 15, 2024, for \$51,419,811.13, plus accrued interest; and **to authorize**

the General Manager and/or Assistant General Manager to execute the agreement.

Resolution No. 9521 is hereby adopted by unanimous vote.”

Subsequently, the Board proceeded to the sixth item on the agenda, Request Board to enter Executive Session to discuss with legal counsel legal matters that are appropriate under Ala. Code Section 36-25A-7(a)(3). Board Attorney Parnell certified the purpose of Executive Session for the above-mentioned. He stated there are litigations to update the Board on. Board Attorney Parnell indicated that the Executive Session should last approximately fifteen to twenty minutes, and he does not expect any action to be taken after Executive Session. On a motion duly made and seconded the following resolution was adopted:

“BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Dalton NeSmith and seconded by Ms. Mashonda S. Taylor, that the Board hereby enters Executive Session to discuss with legal counsel legal matters that are appropriate under Ala. Code Section 36-25A-7(a)(3). Resolution No. 9522 is hereby adopted by unanimous vote.”

The Board entered Executive Session at 12:14 p.m. Director Burbage made a motion for the Board to come out of Executive Session and Chairwoman Huffman seconded the motion. The Board came out Executive Session at 12:42 p.m.

As there was no further business before the Board, Director Ward made a motion to adjourn the meeting and Director Henderson seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting adjourned at 12:42 p.m.

/s/
Tereshia Q. Huffman
Chairwoman

Attest:

/s/
Raymond “Larry” Ward
Secretary-Treasurer