

**MINUTES OF THE FINANCE COMMITTEE MEETING  
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM  
October 4, 2019**

A Finance Committee Meeting of The Water Works Board of the City of Birmingham was held on Friday, October 4, 2019, at 11:30 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following Finance Committee Members were present: Directors Ronald A. Mims, Tommy J. Alexander, and Sherry W. Lewis. The following Non-Committee Members were also in attendance: Directors William “Butch” Burbage, Deborah Clark, Brenda J. Dickerson, George Munchus, and William R. Muhammad.

Inasmuch as all of the Committee members were present, a quorum was in attendance.

Also, the meeting was attended by: Michael Johnson, General Manager; Derrick Murphy, Assistant General Manager; Grace Amison, Executive Assistant to the Board of Directors; Vanessa Washington, Executive Assistant; Rick Jackson, George Anderson, Rosalind Jones, Barry Williams, Shelia Patterson, Joyce Komo, Ben Sorrell, Doug Stockham, Carolyn White and BWWB Security, Board Employees; K. Mark Parnell and Mary Thompson, Parnell Thompson, LLC; Kelvin Howard, KWH, LLC, Commissioner Lashunda Scales, Jacob Cooke, Joseph Bryant, Joseph Boyd, Jefferson County Commission; Andy Mitchell, Agency 54; Patrick Flannelly and Brian T. Ruggs, ARCADIS US, Inc.; Chandra Abesingha, CE Associates; Zack Wilson, AGO; Peiffer Brandt, Raftelis; Walter Lewis, Piper Jaffray.

Director Mims called the meeting to order at 11:30 a.m. Following, George Anderson, I.T. Manager, opened the meeting with prayer.

Following, Director Mims requested the Committee to allow Commissioner Lashunda Scales, Jefferson County Commission, to give a presentation. Commissioner Scales began presentation. She stated that the Jefferson County Commission’s budget had been approved and became effective October 1, 2019. Their approved budget includes \$1.25 million set aside to help customers with high rising sewer cost. Commissioner Scales referenced their previous request, which asked BWWB to match Jefferson County’s funding of \$1.25 million to assist low income residential customers with high rising sewer bills. She expressed interest of receiving a favorable recommendation from the Committee to move item forward to the full board for approval. Commissioner Scales discussed the importance of helping the residents and concluded the presentation. Director Munchus invited Commissioner Scales to stay for the entire meeting to hear the deliberations first hand. He reiterated his support for matching the requested funds and being a proponent of eliminating income equality that permeates the County. Then, Commissioner Scales stated that a conversation regarding refinancing bonds on behalf of Jefferson County would be forthcoming as it was time for them to refinance the bonds.

Director Mims clarified to Commissioner Scales that no votes would be taken, as the meeting, was a Committee. However, he expressed his support of being in favor of the initiative.

Next, GM Johnson proceeded with agenda item one which requested the Committee to recommend to the full Board to amend Resolution No. 8165 relative to appointing Bradley Arant as Bond Counsel for its Senior Taxable Water Revenue Refunding Bonds Series 2019 and to appoint Maynard Cooper Gale as Bond Counsel. GM Johnson stated that item is asked to be amended because the prior attorney had conflicts. Director Clark inquired whether Maynard Cooper Gale had prior conflicts with the board and was that the reason the board hired Attorney Mark Ezell last year, which Attorney Mark Parnell answered yes. Director Lewis and Alexander stated they were not advised previously about the change of Maynard Cooper Gale being considered as bond counsel. After much discussion on bond counsel conflicts, the conversation concluded. Director Tommy J. Alexander made a motion to move said item to the full board. Director Ronald A. Mims seconded the motion. Director Lewis abstained. The agenda item passed to be moved to the full board for consideration. Dr. Dickerson requested from Attorney Mark Parnell that an email be provided to the board stating that Attorney Mark Ezell was unable to be the bond counsel.

Following, agenda item two requested the Committee to hold a workshop on the FY2020 Preliminary Operations & Maintenance (O&M) and FY2020 Preliminary Capital Budget. GM Johnson presented the FY2020 Preliminary O&M budget presentation entitled *Investing in every cent 2020 Preliminary Budget Presentation (a copy of which is on file with the Committee meeting book)*. He gave an overview of the following topics: Rate Setting, Financial Policies, O&M Budget Process, Key Budget Assumptions, and the Preliminary O&M Budget. Dr. Munchus inquired as to where would the revenue from Jefferson County factor in the budget, which GM Johnson stated it falls under Other Revenue. GM Johnson stated that BWWB's rate increase is determined by the process of budgeting to meet the operational and capital needs and financial targets. GM Johnson discussed enhancing Communications and a RFP to enhance the Historically Underutilized Businesses (HUB) Program. Director Clark stated staff should be in contact with the American Contract Compliance Association (ACCA). There was some discussion on the \$1.2 million match for the Jefferson County Commission program to assist low income customers with rising water and sewer cost. GM Johnson indicated the \$1.2 million was not in the proposed preliminary budget of \$104,711,291.00 as the matter is still under discussion. Also, discussed was the H2O Program. Dr. Munchus stated BWWB should be able to administer funds for its own programs. Director Clark indicated that representatives from the H2O program needs to come before the board and present information on the program status. After Director Muhammad expressed his concerns on rushing the budget process, GM Johnson stated that rate payers must be notified of any rate increase by December 1, 2019. Next, Peiffer Brandt, Raftelis, presented information from his presentation entitled *Initial Demand Projections (a copy of which is on file with the Committee meeting book)*. He stated declining per capita demand is the most challenging. Mr. Brandt discussed projections for residential, non-residential, raw water, consumption and revenue. He indicated that the next steps include updating demand, revenue and debt service coverage projections. Afterwards,

Mr. Brandt concluded his presentation. Next, AGM Derrick Murphy, Engineering and Maintenance, presented *FY2020 Capital Plan and Related Projects (a copy of which is on file with the Committee meeting book)*. The proposed FY2020 Capital budget is \$63,934,428.00. He indicated the goal is to review capital expenditures and find ways to ensure efficiency. AGM Murphy stated that Dr. Dickerson requested Pipeline Projects data and performance over years. Therefore, he distributed handouts entitled *Pipeline Replacement Program, and 2. Capital Improvement Program (copies of which are on file in the Committee meeting book)*. He continued with an overview of the projects to be completed at various BWWB Water Filter Plants. AGM Murphy discussed the process and plans for pipeline replacement and valves in BWWB's water system. Also discussed was funds/resources for the ten-year Capital Improvement Plan and consideration of the On-call contractors' program. He concluded with answering several questions from board members. GM Johnson announced Wednesday, October 16, 2019 as the date for the proposed second budget workshop. The group agreed to the date for the second workshop.

As there was no further business to be brought before the Committee, a motion to adjourn the meeting was duly made and seconded, and the meeting adjourned at 12:51 p.m.

\_\_\_\_\_/s/\_\_\_\_\_  
William "Butch" Burbage, Jr., C.P.A.  
Chairman/President

\_\_\_\_\_/s/\_\_\_\_\_  
Ronald A. Mims  
Secretary-Treasurer

\_\_\_\_\_/s/\_\_\_\_\_  
Tommy J. Alexander  
Assistant Secretary-Treasurer

\_\_\_\_\_/s/\_\_\_\_\_  
Michael Johnson, C.P.A.  
General Manager