

**MINUTES OF THE FINANCE COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
Tuesday, April 20, 2021
11:30 a.m.**

A Finance Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Tuesday, April 20, 2021 at 11:30 a.m., via in-person and electronically [via teleconference/telephone-public].

The following Committee members were present via a roll call: Committee Chairman Larry Ward, Ronald A. Mims and William “Butch” Burbage, Jr. Other directors present were Lucien Blankenship and George Munchus.

The meeting was also attended by: Michael Johnson, General Manager; Derrick Murphy, Jeffrey Thompson and Iris Fisher, Assistant General Managers; Cynthia Williams, Board Administrator, Vanessa Washington, Executive Assistant; Colandus Mason, Rick Jackson, Geraldine Davis, Shirley Russell, Michael Griffin and Carolyn A. White; BWWB Employees, K. Mark Parnell, Parnell Thompson Law, LLC; Matthew Arrington, Terminus Advisors, LLC; Peiffer Brandt, Raftelis; Richard Finley, The Finley Group; Jay Roberson, The World Games 2022; J. Robert Burton, Sweet Alabama; Scott Douglas, Greater Birmingham Ministries; Rev. Majadi Baruti, Dynamite Hill-Smithfield Community Land Trust; Yvonne Green Davis, Yvonne Green Davis, PC; Michael Jones and Juanita Jones, Securities Capital Corporation.

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

Committee Chairman Ward called the meeting to order at 11:30 a.m.

Next, agenda item one requested the Committee to approve minutes of the Finance Committee Meetings held August 6, 2020, August 27, 2020 and September 29, 2020; necessary to perform essential minimum functions of the governmental body. Director Mims made a motion to approve the agenda item. Director Burbage seconded. Agenda item one was approved unanimously by the Committee.

Following, Committee Chairman Ward asked permission to adjust the agenda before approval. Jay Roberson and the Sweet Alabama agenda items were moved before agenda item two. Director Mims made a motion to approve the amendment to the agenda. Director Burbage seconded. The adjustments to the agenda were approved unanimously by the Committee. Presenters were allowed 8 minutes for their presentation.

Next, agenda item five requested the Committee to hear a presentation from Jay Roberson, Vice President – Sales, regarding the World Games 2022; necessary to perform essential minimum functions of the governmental body. Mr. Roberson showed a video regarding the 2022 World Games. He stated the event would take place July 7-17, 2022. After the video, he discussed various highlights, competition venues and mentioned the two honorary icons from Alabama (*Charles Barkley & Randy Owen*). He concluded with an overview of a patron partnership proposal for BWWB with Water Sports at Birmingham Crossplex for the World Games 2022, being an option. The Water Sports would be eight days of competition. Mr. Roberson stated that BWWB as a patron

partner was an investment in the community. GM Johnson suggested that BWWB lawyers review the comprehensive request. Several directors agreed that legal counsel should review the potential partnership. Mr. Roberson also noted that they were a 501(c)(3) entity. Mr. Roberson concluded his presentation. Chairman Mims stated he fully supported the request for partnership as it is a worthy cause.

Following, agenda item six requested the Committee to hear a presentation from Sweet Alabama; necessary to perform essential minimum functions of the governmental body. Robert Burton introduced his team and presented information on Preventing Water Shut-Offs during a Global Health Crisis. He discussed background information on said topic. He expressed concerns that customers were offered a three to six-month payment plan; although some customers had seven months of non-payment relating to their water service. Per Mr. Burton, organizations have sent a letter to Governor Kay Ivey for federal aid under the CARES Act to affected Alabama water utilities to offset lost revenue from past due low-income customer accounts. Also, letters were sent to many other governmental organizations and utilities relating to preventing water shut offs. Afterwards, Scott Douglas and Reverend Majadi Baruti presented their views of the current problem and poverty. Mr. Burton's team was advised that BWWB is working with customers on the matter. Director Blankenship suggested the BWWB team study the American Rescue Plan to identify where BWWB can assist beyond potentially receiving resources for infrastructure. Per AGM Fisher, the funds are covered under the Emergency Rental Assistance Program, which are paying utility bills. In addition, the progress made by staff to assist customers includes *(1) contacting the City, the County and the State regarding said funds (2) Rick Jackson, Public Relations Manager, has contacted the City regarding publicizing the program to ensure customers have knowledge of the program (3) the State asked BWWB to register as a vendor because the programs are similar and (4) the County is still in the beginning phase of creating their program so BWWB will need to follow-up to become a vendor.* Mr. Jackson stated that the City will have a virtual townhall meeting on Thursday, April 22nd at 6:00 p.m., to allow the public to call in and receive information on how the Emergency Rental Assistance Program will operate. Following, Mr. Burton asked the Committee to pass a motion to vote on the following policies: *(1) provide a twelve month payment plan without penalties and late fees, in addition to including multiple documented outreach to customers (2) Notification of the availability of utility assistance programs (including the H2O) Foundation and (3) a waiver of late fees for reinstatement of services until 2022.* Sweet Alabama and team concluded their presentation. Subsequently, Committee Chair Ward stated that there would be no vote or motion for a resolution at this time.

Next, agenda item two requested the Committee to hear a presentation from Terminus Municipal Advisors, LLC regarding services they provide; necessary to perform essential minimum functions of the governmental body. Matthew Arrington gave an overview of his firm. Per Mr. Arrington, his firm has served the board since 2012. Mr. Arrington stated his firm has saved the board \$165 million due to refunding bonds. In addition, his firm is an Independent Registered Municipal Advisor, which has a fiduciary responsibility to the board and works for the benefit of the board regarding bond transactions. He presented information on their ongoing commitment to the board including experience and capabilities, value to the board (ex: saved \$165 million through transactions). Mr. Arrington stated that per the contract, his firm receives a

\$6,500.00 retainer each month and receives a fee for transactions performed. He stated the firm has been working under the same contract since 2014, which is a half percent of the \$165 million his firm has saved the board. However, he indicated that he may not be able to keep it at that rate in the future. Mr. Arrington concluded the presentation. Dr. Munchus stated that Terminus Municipal Advisors monthly retainer amount was low and should be reviewed by the Finance Committee.

Following, agenda item three requested the Committee to hear a presentation from Raftelis Financial Consultants, LLC regarding services they provide; necessary to perform essential minimum functions of the governmental body. Peiffer Brandt gave an overview of services his firm provides to the board. He presented information such as (1) Who is Raftelis (2) Type of services they provide and (3) What sets them apart from everyone else. Afterwards, he asked Richard Finley of the Finley Group to speak. Mr. Finley gave a brief introduction of his firm and services. Following, Mr. Brandt talked about the annual and ad hoc work his firm provides to BWWB. He stated that a major value they bring is their perspective on best practices, their capabilities, and serving as an objective third party to assist BWWB in making the best decisions. Afterwards, he called for questions and answers in conclusion to his presentation.

Next, agenda item four requested the Committee to hear a presentation on Debt Reduction Opportunities; necessary to perform essential minimum functions of the governmental body. Dr. Munchus asked AGM Fisher if she would be discussing the debt BWWB has with the City of Birmingham that was not of its own making, which she responded no. Dr. Munchus indicated that he still had concerns on that issue. AGM Fisher began with presenting information on opportunities through the WIFIA program and bond refinancing. She discussed WIFIA benefits. AGM Fisher stated it can fund up to 49% of projects (*the agency is responsible for funding the remaining 51%*). She stated BWWB intends to apply the WIFIA Loan for three projects: (1) the Lake Purdy Dam Stabilization Project (2) the Pipeline Replacement Project and (3) the Water Tank Painting Project. Per AGM Fisher, BWWB will apply for \$147 million in WIFIA funding with a total of \$300 million in project funding. The details for the remaining \$153 million will be discussed later. In addition, she stated that WIFIA Benefits include lower interest rates, the ability to draw when necessary (*like a line of credit*), structure repayment five years after the project is substantially complete, and an extended repayment period. Director Blankenship inquired about leftover funds previously allocated to the pipeline project that were unused. GM Johnson stated that any money that was designated to the pipeline capital program is still available for that program, and it has reduced the amount BWWB would borrow. Following, Mr. Arrington discussed the projected WIFIA Cash flow, approvals needed from the board and current market opportunities. He recommended that the board get to a point where it can close on the loan to lock in a favorable interest rate. Per Mr. Arrington, refinancing should be considered anytime there is a minimum of 3% in savings. Dr. Munchus inquired whether the loan could be converted to a grant. Mr. Arrington answered no. Afterward, he stated that BWWB would need to provide 51% of its own funding for the WIFIA loan; however, the company would not have to borrow the money due to the amount of PAYGO and other monies it has generated. He also explained that WIFIA money must be managed and accounted for separately. Mr. Arrington finished discussing refunding opportunities. Following, Mr. Brandt finalized the presentation with a summary. GM Johnson announced that as

part of the next steps for board consideration, a Finance Committee meeting would be scheduled for Monday, May 3, 2021 at 11:30 a.m., where a draft resolution authorizing staff and its Municipal Advisor to move forward with the refunding and recommending a team to complete the refunding would be presented for approval.

Following, agenda item seven requested the Committee to receive an introduction from the Manager of Internal Audit; necessary to perform essential minimum functions of the governmental body. Carolyn A. White introduced herself. Mrs. White listed her various certifications and the positions in her department. She stated that part of her role is to improve company operations. Mrs. White concluded with an overview of the Revised Internal Audit Charter.

Subsequently, the Committee proceeded to agenda item eight, which addressed new business; necessary to perform essential minimum functions of the governmental body. There was no business for discussion.

As there was no further business before the Committee, Director Mims made a motion to adjourn the meeting. Director Burbage seconded. Thus, Committee Chair Ward adjourned the meeting at 1:31 p.m.

_____/s/_____
Larry Ward
Director

_____/s/_____
Ronald A. Mims
Chairman/President

_____/s/_____
William “Butch” Burbage, Jr., Esq.
Secretary/Treasurer

_____/s/_____
Michael Johnson, MBA, CPA
General Manager