

**MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING  
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM  
September 18, 2018**

A Human Resources Committee Meeting of The Water Works Board of the City of Birmingham was held on Wednesday, September 18, 2018, at 9:00 a.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following HR Committee Members were present: Directors George Munchus, Ronald A. Mims, and Brenda J. Dickerson. The following Non-Committee Members were also in attendance: Directors Deborah Clark, Tommy J. Alexander, and William R. Muhammad.

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

The meeting was also attended by: Mac Underwood, General Manager; Michael Johnson, Darryl Jones, and T.M. "Sonny" Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Vanessa Washington, Executive Assistant to Michael Johnson; Paul Lloyd, Cherita King, Sonja Patterson, Rick Jackson, George Anderson, Joyce Dupree, Rhonda Lewis, Sam Day, and BWWB Security, Board Employees; Tommy Palladino, Agency 54; Mark Parnell, Parnell Thompson, LLC; Kelvin Howard, KWH, LLC.; Brian Ruggs, ARCADIS; Derrick Murphy, AWPM; Nicole Perry, Sam Woods, and Mark Johnson, Creative Benefit Solutions.

Dr. Munchus indicated that two of the Committee members requested to table agenda item three and four. Per GM Underwood, agenda item three (Training Magazine's Top 125 Application Process) has a deadline for filing the application. He suggested staff can continue the process as usual and update the Board. Next, Dr. Munchus asked if there was any reason to not table item four (BWWB Values Discovery Project). Since there were no objections, agenda item three and four was tabled. GM Underwood called the meeting to order at 9:04 a.m.

Next, GM Underwood proceeded with the agenda and requested the Committee to hear a presentation on the proposed FY 2019 Health Insurance Program, as set forth in agenda item one. Human Resources Manager Paul Lloyd gave an introduction of Creative Benefit Solutions (CBS). Mr. Lloyd explained that CBS is BWWB'S benefit consultants and their focus is analytics. Nicole Perry, CBS, summarized information from the employee survey and focus group meeting on health benefits. In addition, she discussed the interest in two health insurance plans. Then, Dr. Munchus asked Mark Johnson, CBS if any of the retirees had been interviewed. After Mr. Johnson indicated that no retirees had been interviewed, Dr. Munchus requested retirees to be interviewed in the process going forward. The health insurance presentation continued as Mr. Johnson discussed budget projections, 2019 Plan design recommendations (the premier plan in comparison to BWWB current base plan), and various other health programs including Go365, the Abacus Diabetes Rewards Program, and the Wellness Coordinator, etc. However, Mr. Johnson recommended the premier health plan for active employees only due to the cost and keeping pre-65 retirees on BWWB's current base plan. Next, Mr. Johnson introduced Sam Woods to discuss wellness programs. Mr. Woods also discussed Go365 and pharmacy cost. Director Burbage entered the meeting at 9:32 a.m. Next, Mr. Johnson informed the Board that the one issue of the Go365 mall is taxation, tracking and reporting from the HR team on its utilization. Director Muhammad asked

Mr. Johnson to explain the benefits as they relate to the budget. He asked what happens to the surplus, since the company is under budget for healthcare. Also, it was discussed that the surplus rolls over into the reserves. There was interest from Director Muhammad in earmarking the funds. However, GM Underwood stated that funds typically have not been earmarked because rate increases could go up and the company wants unrestricted reserve for the best benefit of the Board and company. Mr. Johnson briefed the group on large insurance claims and coverage. Per GM Underwood, the proposal from Creative Benefits recommending the Board to offer two health insurance plans (60/40 option) will reduce the Operating and Maintenance (O&M) Budget by \$1.5 million. Finally, the health insurance presentations from Creative Benefits was concluded. Dr. George Munchus made a motion to move agenda item one to the full Board. Mr. Ronald A. Mims seconded the motion.

Next, GM Underwood requested the Committee to hear a presentation on funding Other Postemployment Benefits directly from the OPEB Plan in accordance with the OPEB Plan's purpose now that the OPEB Plan is fully funded, as set forth in agenda item two. A handout entitled *Other Postemployment Benefit (OPEB) Plan (a copy of which is on file with the Committee meeting book)* was distributed during the meeting. AGM Michael Johnson presented background information to the Committee on the OPEB Plan and the BWWB active members and retirees that are receiving benefits. Then, he explained that the purpose for establishing the OPEB Plan was to fund post-employment benefits such as medical, dental, vision, and other similar benefits offered by BWWB, which would reduce the Operating and Maintenance (O&M) Budget. Per AGM Johnson, the OPEB Plan funded status is over 100%. The recommendation to the Committee is to pay the OPEB benefits in the amount of \$2,122,945.00 from the OPEB Plan instead of the O&M budget, effective January 1, 2019. Also, BWWB would budget and make its contributions (ADC) in the amount of \$637,258.00 to the OPEB Plan each year as actuarially determined. After AGM Johnson completed his presentation, Mr. Ronald A. Mims made a motion to move agenda item two to the full Board and Dr. Brenda J. Dickerson seconded the motion.

Next, Dr. Munchus indicated that agenda item three, which requested the Committee to hear a presentation on Training Magazine's Top 125 Application Process was tabled, as well as, agenda item four, which requested the Committee to hear an update presentation on the BWWB Values Discovery Project (an initiative of our Employee Engagement Program).

Following, GM Underwood requested the Committee to review Section 5.6 in the Employee Handbook and Section 5060 in the HR Management Guide – (Employee Job Transition for Injury/Medical Reasons), as set forth in agenda item five. GM Underwood asked Human Resources Manager, Paul Lloyd to review the topic with the Committee. Mr. Lloyd stated the intent was to maximize medical improvement where an employee is assigned to work light duty due to a work-related injury. He stated 120 days is the time frame for transitioning into another job for an on the job injury and a 90-day transition period is provided for injuries unrelated to work. The purpose is to provide a level of protection for the company if an employee cannot do their existing job nor any other job in the company. There was concern expressed about an employee no longer having a job for a work-related injury, because s/he could not find a position to transition into. Then, Attorney Mark Parnell stated a resolution was passed to stay the policy until further evaluation from the Board. Therefore, Dr. George Munchus made a motion to table said item. Dr. Brenda J. Dickerson seconded the motion. Next, some Board members expressed

concerns about whether an employee received training and the availability of training. GM Underwood expressed concerns about creating unbudgeted positions. Director Munchus left meeting at 10:32 a.m.

Next, GM Underwood requested the Committee hear an update on the Pension Deduction Review Project, as set forth in agenda item six. Human Resources Manager, Paul Lloyd presented information on overtime that had been included when computing an employees' pension contribution. Per Mr. Lloyd, January 1, 2008 overtime was excluded from final average earnings which led to a change in the payroll process. The change involved not deducting pension from overtime earnings for employees hired 2008 or afterwards. He addressed the earning codes issues in Ultipro and the pension contributions being deducted from employees' overtime. Board members expressed significant concern with the Ultipro software quality and performance in addition to staff's time frame for discovering the error. GM Underwood indicated that the plan is to migrate to SAP payroll. Per Mr. Lloyd, the amount of money to be refunded from 2008 through 2018 for active employees is approximately is \$8,200.00 per year plus interest, which is about 100-150 employees. Chairman Alexander left the meeting at 10:51 a.m. The other two groups consisted of rehired employees and terminated employees that needed to be researched. Chairman Alexander returned to the meeting at 10:53 a.m. Per Mr. Lloyd, once the numbers are finalized, the pension deductions will be refunded via a check in payroll. After much discussion, the presentation was concluded.

Next, GM Underwood requested the Committee hear an update on the Performance Management Program Review Report, as set forth in agenda item seven. Human Resources Manager Paul Lloyd gave an overview of the Performance Management Program. Mr. Lloyd began the presentation by explaining BWWB uses a goals and competencies-based performance management system. He stated that BWWB uses the following four primary review forms: manager performance, supervisor performance, professional performance (exempt), and team member (non-exempt), which are based on a five-point rating scale. Mr. Lloyd summarized information on the rating scale, as well as best industry practices. Afterwards, he stated that reducing the number of competencies, including behavioral examples, and an evaluation of the rating scale are options to be considered to enhance BWWB's program for the future. Per Mr. Lloyd, the development of a Performance Management Project Team is recommended. This Team would be led as an Organizational Development Project to review and recommend the desired changes that would be most impactful and successful for the company. Director Clark indicated for Mr. Lloyd to do research on the system to find out everything involved, the parameters, and what a new system will offer BWWB before implementing a random system. However, Mr. Lloyd stated he previously looked at SAP. Director Lewis entered meeting 11:08 a.m. GM Underwood stated Barry Williams is familiar with the payroll system and understands the functions of Ultipro. Per GM Underwood, he will connect Mr. Lloyd with Mr. Williams to ensure HR is familiar with the SAP system. Next, there was discussion about merit raises. Director Mims requested information on the numbers for the of cost living, merit raises, longevity pay, managers and above salaries, vehicles and major equipment budget requests, and the money saved by not filling open jobs on the books, by September 26, 2018.

Subsequently, agenda item 8 under new business, GM Underwood distributed handout entitled *Proposed Budget and Board Meetings, Scheduled Conferences and Holidays - October*

2018 and November 2018 (a copy of which is on file with the Committee meeting book). He stated they needed to get the budget meetings scheduled to finalize the budget. Director Muhammad indicated that detailed budget meetings and budget workshops are needed to discuss information in further detail. However, regarding new business, Director Muhammad inquired about the investigation on the Innovation Award and whether the HR Committee was intending to take any action. Per Dr. Dickerson, the Committee will have a conversation with Attorney Emory Anthony, Jr. for a recommendation, then bring the item back to next Committee meeting. In addition, Director Muhammad inquired about the Treasury position investigation and as to how the position came about. Per Director Mims, the Committee will review the issue and possibly have an answer by the September 26, 2018 board meeting. In a continued discussion on the Treasury position, there was a request for information on the job description, department personnel, and the purpose for restructuring. Afterwards, the issue of nepotism was discussed. There was also a request for a list of related employees companywide. The next topic of discussion was on a succession plan for the company. Director Clark expressed concerns and indicated the need to have someone that AGM Darryl Jones can train. GM Underwood stated that there is a succession plan in place; therefore, he would send the information to the board members after the meeting. Next, Director Muhammad indicated as a reminder that the by-laws state the board can only choose a general manager. There were no speakers present upon the conclusion of new business.

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 11:38 a.m.

\_\_\_\_\_/s/\_\_\_\_\_  
George Munchus, Ph.D.  
Director

\_\_\_\_\_/s/\_\_\_\_\_  
Ronald A. Mims  
Director

\_\_\_\_\_/s/\_\_\_\_\_  
Brenda Dickerson, Ph.D.  
Director

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Mac Underwood  
General Manager