

**MINUTES OF THE HUMAN RESOURCES COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
August 22, 2017**

A Human Resources Committee Meeting of The Water Works Board of the City of Birmingham was held on Tuesday, August 22, 2017, 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 Tommy J. Alexander, Brett A. King, and Deborah Clark. Director Sherry W. Lewis arrived at 9:06 a.m. and William R. Muhammad arrived at 9:12 a.m.

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

The meeting was also attended by: Mac Underwood, General Manager; Michael Johnson and Darryl Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Vanessa Washington, Executive Assistant to Michael Johnson; Paul Lloyd, Cherita King, Joyce Dupree, Rick Jackson, George Anderson, Jr., Board Employees; K. Mark Parnell and Mary Thompson arrived at 10:24 a.m., Parnell Thompson, LLC; Kelvin Howard, KWH, LLC.; Dorian Kendrick and Jesse Lewis, Agency 54; Dan Meadows and Alan Wood, S.S. Nesbitt & Company, Mark Johnson and Nicole Perry, Creative Benefits. T.M. "Sonny" Jones, Assistant General Manager was not in attendance.

GM Underwood called the meeting to order at 9:07 a.m. and proceeded with the agenda. Agenda item one requested the Committee to hear a presentation regarding proposed Health Insurance Benefits for FY2018. AGM Michael Johnson gave an overview of the presentation purpose and content. He stated that there is a strategy behind the presentation from Creative Benefit Solutions on healthcare. In addition, AGM Johnson indicated that ten percent of the budget consists of healthcare. Next, AGM Johnson turned the presentation over to Mark Johnson from Creative Benefit Solutions (a copy of which is on file with the Committee meeting book). Mark Johnson began the presentation with the Executive Summary. He discussed key areas of trends exceeding the benchmark. The key areas consisted of pharmacy utilization, urgent care facility utilization, and preventative office visits utilization. However, the 2017 budget versus actual is trending 25% below projection. Per Mark Johnson, the plan design over the last three years has helped stabilize the budget. Next, he gave a brief overview on disease management strategy. Relative to disease management, the statistics were given for a voluntary banded rate structure based on tobacco utilization and biometric participation, diabetes management programs, health reimbursement arrangement and healthy behavior tracking, rewards, and health coaching program. He stated that the go365 program, a tracking and monitoring website, allows employees to accumulate points. These points are then converted to dollars for health expense reimbursement. The health reimbursement arrangement is connected to activity, steps and other various parameters. Also, he explained that the company Abacus was retained to help diabetics manage diabetes. Dr. Dickerson inquired about the percentage of BWWB population that are diabetic. Mark Johnsons stated that approximately 25% are diabetics. GM Underwood stated that the goal has been to target pre-diabetics to prevent them from becoming diabetic. Then, Dr. Munchus asked

why only approximately 14% of eligible members were actively participating in the go365 program. Per Mark Johnson, the participation level is a result of go365 being a new program in addition to being voluntary. Also, Mark Johnson stated that Abacus's goal is outreach to membership and for participants to access diabetic supplies and drugs at no cost. The participant must be compliant, which is measured and consists of ten points. The company gets data from Blue Cross Blue Shield in addition to interacting with the diabetics' physicians on treatments plans. Afterwards, he highlighted that kidney failure, renal failure, and cancer are the top three costly claimants. Furthermore, he continued with a summary detailing plan demographics in addition to enrollment versus claims. Mark Johnson presented information on high drug utilization and the spike in preventative initiatives such as office visits. Dr. Dickerson asked Mark Johnson to explain disease management programs. GM Underwood clarified that Abacus and the go365 programs are disease management. Then, Mark Johnson discussed Budget Projections. According to Mark Johnson, the 2017 budgeted expense was \$9.8 million, \$2.9 million from the members, totaling a cost of \$12.7 million. However, the 2017 estimated expense was \$9 million; giving a surplus of \$3.6 million dollars. Director Alexander asked how the surplus would be used. In response, Mark Johnson stated the top things to be considered is premium reduction and/or large claimant reserve, increasing the HRA allocation, frequency of HRA allocation distributions, adding a hypertension and/or obesity program, limiting pharmacy networks, reviewing the pharmacy formulary, and reviewing the urgent care copay. According to Mark Johnson, a premium reduction is the number one recommendation. Chairwoman Lewis expressed concern about only having six months of data on which to base a recommendation. She does not want to reduce premiums and come back the next year to only increase the premiums. Mark Johnson's recommendation for the \$3.6 million dollars surplus consisted of two options. The first option consisted of doing nothing. There would be no changes to the plan design and no premium increase. The second option consisted of a 10% premium reduction with no plan design changes. However, Mark Johnson indicated the Employee Association Feedback is option 1- do nothing to the plan. Their preference is to keep the premium and plan design the same, but reserve the surplus money. There was a round table discussion about reserves. GM Underwood stated the recommendation is to keep everything the same. After much discussion, the agenda item was moved by Director Ronald A. Mims and seconded by Dr. George Munchus, thus approval was given to move forward to the full Board for approval at the Regular Board of Directors' Meeting to be held on Thursday, August 24, 2017. GM Underwood clarified that Mark Johnson would provide further research on item two (increasing HRA allocation - Employee & Spouse), item three (frequency of HRA allocation distribution), and four (adding hypertension and or obesity program) from slide 49 titled "Things to Consider".

Next, agenda item two requested the Committee to discuss the Proposal for a Problem Resolution Policy submitted by Director Muhammad. Director Muhammad gave a presentation on the pros and cons for a Problem Resolution Committee. He provided the "Responses to Pros and Cons of a Problem Resolution Committee" handout to the Committee (a copy of which is on file with the Committee meeting book). There was a difference of opinion on the need for a Problem Resolution Committee. GM Underwood indicated that BWWB already has a policy in place for disciplinary actions and having a Problem Resolution Committee undermines Supervisors, Superintendents, Managers, Assistant General Managers, and the Human Resources Department. Management provided the following handouts to the Committee: Highlights of Employee Handbook Policies for the Board, Problem Resolution Committee Proposal with Handbook References, Comparison of BWWB Current Problem Resolution Procedures, and Complaints for

Corrective Action Review and Appeals Process Charts (copies of which are on file with the Committee meeting book). Dr. Munchus indicated he does not see an issue with having a Problem Resolution Committee because it would be optional. Per Dr. Munchus, the resistance shows there is a need for one, however, he does not believe a lot of the employees would take advantage of it. There was a discussion among Board members pertaining to the ability to go into Executive Session to discuss good name, character, and infractions if necessary. The Board continued to discuss the Pros and Cons of a Problem Resolution Committee. After much discussion, the agenda item was moved by Dr. Dickerson and seconded by Dr. George Munchus, thus approved to move forward to the full Board for approval at the Regular Board of Directors' Meeting to be held on Thursday, August 24, 2017.

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 11:12 a.m.

_____/s/_____
George Munchus, Ph.D.
Director

_____/s/_____
Ronald A. Mims
Director

_____/s/_____
Brenda Dickerson, Ph.D.
Director

_____/s/_____
Mac Underwood
General Manager