

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
May 11, 2022**

A regular meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, May 11, 2022 at 11:30 a.m.

The following directors were present: Tom Henderson, Dalton NeSmith, Tereshia Huffman, Chris Rice, Larry Ward, George Munchus, Lucien Blankenship. Directors William “Butch” Burbage, Jr., and Ronald A. Mims participated via telephone.

Others present were: Michael Johnson, General Manager; Derrick Murphy, Jeff Thompson and Iris Fisher, Assistant General Managers; Cynthia Williams, Board Administrator; Anitra Clark, Corporate Governance Specialist; Rick Jackson, Jeff Wade, Charles McGee, Colandus Mason, Cassandra Bell, and David Walker, BWWB Employees; K. Mark Parnell, Parnell Thompson, LLC; Byron Perkins, Perkins Law, LLC; Kelvin Howard, Esq.; Kimberly Baylor Bivins, Birmingham Construction Industry Authority; Martha Bozeman, Agency 54; LLC; Sherri Richardson, State of Alabama Attorney General’s Office; Trish Brown, ARCADIS, U.S.; and Theo Johnson, Jacobs.

Chairman Rice declared a quorum in attendance.

Chairman Rice called the meeting to order at 11:34 a.m. and Assistant General Manager Iris Fisher opened with prayer.

Following, Chairman Rice 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. Thomas Henderson, that the Board hereby approves the agenda for the May 11, 2022 Regular Board of Directors’ Meeting. Resolution No. 9041 is hereby adopted by unanimous vote.”

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Following, the Board moved to the first item on the agenda, Request Board to approve minutes from its Regular Board of Directors’ Meetings held March 23, 2022. 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. Dalton NeSmith, that the Board hereby approves minutes from its Regular Board of Directors’ Meeting held March 23, 2022. Resolution No. 9042 is hereby adopted by Directors Henderson, NeSmith, Huffman, Rice, Ward, Munchus; and Director Blankenship abstained from voting.”

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Following, Chairman Rice asked to hear Reports of Committee. As there were no reports, the General Manager stated the upcoming committee meetings. Chairman Rice stated he would like the Governmental Affairs meeting added the list to inform the public when that meeting is held. The General Manager stated that

meeting is not an official committee. Board Attorney Mark Parnell recommended Chairman Rice share information regarding the Governmental Affairs meeting as a part of the Chairman's report.

Following, Chairman Rice asked to hear Reports of Officers. Chairman Rice stated the task force for the Governmental Affairs team involves himself, Director Henderson, and the Board's consultants. He stated the next meeting would be held May 17, 2022 at 9:30 a.m. and any director is welcomed to attend. He stated a monthly report will be issued and he feels it is important to be transparent regarding this team. Subsequently, he stated within the next 30 to 60 days he would like to address customer billing issues. Director Munchus stated he would like an update regarding automated meter reading. Chairman Rice stated there are discussions being held regarding automated meter reading and that information would be shared later. The General Manager stated a Request for Proposal is currently being crafted for automated meter reading. Director Munchus then stated he met with the Executive Director for the H2O Foundation. He indicated the foundation needs help and the BWWB should increase its funding to the foundation. Chairman Rice stated he would like for the H2O Foundation to present a quarterly report at the last board meeting in June.

Next, the Board heard Division Reports. Assistant General Manager Fisher presented the report for the Finance and Administration Division. Ms. Fisher stated the report is from the first quarter of 2022. She reported the number of active customers was 200,000. She gave an overview of the balance sheet and indicated the income statement for the first two months in the 2022 budget was off balance; however, it appears the balance is falling back in line; the operating net revenue available for debt service and paygo is \$3.198 million; and net revenue over expenses is \$1.9 million. She stated unusual rain and billing challenges have affected revenue; Pension expenses, and power costs are \$146,000 over budget which is due to an increase in charges from Alabama Power; and contractor charges had a favorable balance of \$217,000. She then gave an overview of Large O&M variances; and she indicated labor, travel and legal costs are under budget. Assistant General Manager Fisher then gave an overview of the fees for Jefferson County for the first quarter of 2022. She stated collection for Jefferson County is at 97.8 percent. She then gave an overview of investments stating there is a CD up for maturity on July 16, 2022 and indicated mGic will assist with this. She stated Paygo is \$72 million which funds the Capital program. She indicated the Board approved for \$1.2 million to be moved from the Customer Support program into Paygo. Director Munchus questioned whether the \$1.2 million would be moved at some point from Paygo back to the Customer Support program in order to assist the H2O Foundation. The General Manager responded that would be a Board decision based on a recommendation from staff. Assistant General Manager Fisher then gave an overview of HUB participation as of March 31, 2022. She indicated \$766,000 was spent on HUB consultants and \$1.8 million was spent with consultants; therefore, 42.86 percent was spent on HUB consultants. Assistant General Manager Fisher then gave an overview of HUBs by category and indicated the year-to-date HUB percentage is 32.17% which exceeds the goal for 2022. Assistant General Manager Fisher gave an overview of BWWB Employees and stated there is currently 64 open positions. She then gave an overview of HomeServe and stated there are approximately 54,000 active policies.

Next, Assistant General Manager Jeffrey Thompson presented the Operations & Technical Services Division report. He then gave an overview of the finished and raw water pumpage. He stated finished water is currently 7.1 percent below finished water for 2021. He indicated leak repairs have contributed to that number. He stated 11 billion gallons of raw water was pumped for the First Quarter 2022, indicating there was a slight decrease from the last quarter. He stated rainfall is trending to be a wet year and he indicated Inland Lake is full and Lake Purdy is down six inches; however, it is still in good shape. Assistant General Manager Thompson stated raw water usage for industrial customers is currently down 2.5 percent. He stated commercial customers are tracking as usual. He then gave an overview of power and chemical costs. He stated power costs are \$150,000 over budget for the quarter. He indicated chemical costs are currently down; however, that is about to change. He stated chemical costs will be increasing 58 percent on June 1, 2022 after receiving information from a major chemical supplier. He stated there will be a \$600,000 increase annually for one chemical. Director Munchus questioned which chemical costs that much. Assistant General Manager Thompson responded sodium hypochlorite, which is the bleach used to clean the water. Director Munchus questioned what does the

supplier attribute to the increase in cost. Assistant General Manager Thompson responded the cost is attributed to distribution and production costs. Chairman Rice questioned when staff was notified of the increase. Assistant General Manager Thompson responded staff was notified late last week. Chairman Rice then questioned when the purchase order would be renewed. Assistant General Manager Thompson stated it is a contract through the end of the year, but the supplier has stated they will walk away from the contract. Chairman Rice then questioned why the Environmental Protection Agency (EPA) rule wasn't included during the budget process. Assistant General Manager Thompson responded the EPA rule making was not finalized prior to the budget process; therefore, staff was unaware of the impact that it would have on the budget. He stated chemical companies are preparing for the implementation of the EPA regulation. Chairman Rice stated he would like to see a breakdown of the cost of the fuel versus the other increase in percentages and the reasons why within two weeks. Director Munchus questioned whether this is a sole source provider. Assistant General Manager Thompson stated the suppliers of chemicals are very limited. Board Attorney Mark Parnell stated he would meet with staff to discuss this issue because if there is a contract, involving a lowest bidder, the contract must be honored. He stated BWWB needs to know why the suppliers wouldn't honor the price agreed to. Subsequently, Assistant General Manager Thompson gave an overview of the EnviroLab. Director Munchus questioned whether there is adequate staff in the EnviroLab. Assistant General Manager Thompson stated he may ask for one more person in the department. He stated the Consumer Confidence Report was currently being printed to distribute to BWWB customers. Assistant General Manager Thompson then gave an overview of the Industrial and Commercial Accounts, and the Security Department.

Next, Assistant General Manager Derrick Murphy presented the Engineering & Maintenance Division report. Assistant General Manager Murphy gave an overview of capital program projects; the pipeline replacement program; and the distribution system performance. He stated the Division performed well in the first quarter. He stated more taps are being requested for renovated homes to Airbnb in preparation for the World Games. He stated overtime has increased due to increased leak reports in February and March. Assistant General Manager Murphy indicated that BWWB will inundated due to engagement with the World Games and Homeland Security. He stated the WIFIA funding application process is going well. He stated the application was submitted and additional information was requested from WIFIA. He stated the State of Alabama has been given \$300 million for the Lead and Copper Rule. He indicated resources are continually being updated to inform BWWB of the funding that can be applied for. He then gave an overview of FY22 opportunities and challenges. Chairman Rice stated he would like to see the status of the capital project, including projects that have over a sixty-day delay in starting the project.

Following, the Board moved to the second item on the agenda, Request Board to approve payments 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 Mr. Dalton NeSmith, and seconded by Mr. Larry Ward, that the Board hereby authorizes staff to execute payment to the following:

- 2.1 Agee Law, LLC for professional services rendered April 2022 in the amount of \$7,770.00.
- 2.2 Pat Lynch & Associates for professional services rendered April 1-30, 2022 in the amount of \$10,000.00.
- 2.3 Kelvin W. Howard, LLC for professional services rendered March 2022 in the amount of \$16,770.00.

Resolution No. 9043 is hereby adopted by Directors Henderson, NeSmith, Huffman, Rice, Ward, Munchus; and Director Blankenship voted no.”

Following, the Board moved to the third item on the agenda, Request Board to approve payment of invoice from Hilliard, Smith & Hunt, LLC. 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. George Munchus, and seconded by Mr. Dalton NeSmith, that the Board hereby authorizes staff to execute payment to Hilliard, Smith & Hunt, LLC for professional services rendered April 2022 in the amount of \$13,000.00. Resolution No. 9044 is hereby adopted by Directors Henderson, NeSmith, Rice, Ward, Munchus, and Blankenship; and Director Huffman abstained from voting.”

Following, the Board moved to the fourth item on the agenda, Request Board to approve a two-year agreement with Message Point Media of Alabama, Inc., to maintain digital signage and messaging services for BWWB-TV; and to authorize the General Manager and/or Assistant General Manager to execute said agreement, as recommended by the Communications Committee. Director Blankenship questioned whether the term of the agreement was one year or two years. The General Manager responded the term for the agreement is two years. 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 Huffman, and seconded by Mr. George Munchus, that the Board hereby approves a two-year agreement with Message Point Media of Alabama, Inc., to maintain digital signage and messaging services for BWWB-TV, based upon Board approval date, at a total out-of-pocket cost of \$47,195.00; and authorizes the General Manager and/or Assistant General Manager to execute said agreement, as recommended by the Communications Committee. Resolution No. 9045 is hereby adopted by unanimous vote.”

Next, Director NeSmith then 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 was adjourned at 12:23 p.m.

/s/
Christopher B. Rice
Chairman/President

Attest:

/s/
Raymond L. Ward
Secretary-Treasurer