

**MINUTES OF EXECUTIVE COMMITTEE MEETING  
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM**

**June 15, 2021**

An Executive Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Tuesday, June 15, 2021 at 11:30 a.m.

The following Committee members were present via a roll call: Committee Chairman Ronald A. Mims, William “Butch” Burbage, Jr., Lucien Blankenship, George Munchus, Larry Ward, Dalton NeSmith, Tom Henderson. Director Chris Rice participated via telephone. Director Tereshia Huffman was not present.

Others present were: Michael Johnson, General Manager; Derrick Murphy, Iris Fisher and Jeff Thompson, Assistant General Managers; Cynthia Williams, Board Administrator, Anitra Clark, Executive Assistant to the General Manager/Corporate Governance Specialist; Colandrus Mason, Rick Jackson, Terrell Jones, Jeff Wade, David King, and Rosalind Jones, Board Employees; K. Mark Parnell, Parnell Thompson Law, LLC; Emory Anthony, Esq.; Patrick Flannelly, ARCADIS, U.S.; Jeanette Cooper, Robert Burrell, and Matt Powell, Segal; Daymeon Fishback, David Searcy, and Greg Burchell, Morgan Stanley; Connie Harris, and Jaren Ross; Sheppard Harris & Associates; James White, Banks, Finley, White & Company.

Chairman Mims declared a quorum in attendance.

Chairman Mims called the meeting to order at 11:31 a.m. and the General Manager opened with prayer.

Following, Chairman Mims asked the Board to approve the agenda. Director Ward made a motion to approve the agenda and Director Munchus seconded the motion. On a motion duly made and seconded, the agenda was approved by unanimous vote. Subsequently, Director Blankenship requested Item 8 be discussed earlier on the agenda. Chairman Mims requested the General Manager to recommend when item 8 could be discussed. The General Manager recommended discussing Item 8 after Item 5.

Following, the Committee moved to the first item on the agenda, Request Committee to approve minutes from Executive Committee Meetings held October 6, 2020; October 20, 2020; November 4, 2020; and November 12, 2020; necessary to perform essential minimum functions of the governmental body. Director NeSmith made a motion to approve the minutes and Director Blankenship seconded the motion. On a motion duly made and seconded, the minutes were approved.

Following, the Committee moved to the second and third items on the agenda, Request Committee to hear a presentation from Segal Advisors regarding the Actuarial Report for the Pension Plan as of January 1, 2021; necessary to perform essential minimum functions of the governmental body; and Request Committee to hear a presentation from Segal Advisors regarding the Actuarial Report for the Other Post-Employment Benefits Plan (OPEB) as of January 1, 2021; necessary to perform essential minimum functions of the governmental body. Jeanette Cooper, Segal, stated conversations were currently being discussed to have meetings regarding scholarship opportunities for students to pursue careers in the actuarial field. Matt Powell, Segal, gave an overview of the actuarial Pension Plan results. Mr. Powell stated the year was positive and stated

participants and liabilities didn't change much. He then gave an overview of the reconciliation of effective amortization period; unfunded liability; and peer comparison. Mr. Powell indicated the plan is well ahead of other public sector plans. Next, Robert Burrell, Segal, gave an overview of the actuarial OPEB Plan results. Mr. Burrell stated the investment returns were very good and indicated there was no issue with the Board's current plan contributions. He indicated the funding policy should be revisited if there are any changes.

Following, the Committee moved to the fourth and fifth items on the agenda, Request Committee to hear a presentation from Morgan Stanley regarding investment performance of the Pension Plan as of December 31, 2020 and March 31, 2021; necessary to perform essential minimum functions of the governmental body; and Request Committee to hear a presentation from Morgan Stanley regarding investment performance of the Other Post Employment Benefit (OPEB) Trust as of December 31, 2020 and March 31, 2021; necessary to perform essential minimum functions of the governmental body. Daymeon Fishback, Morgan Stanley, stated the Pension Plan was at \$192 million as of June 15, 2021 and the OPEB Plan was at \$37 million. He indicated consumers are concerned about inflation and changes in personal incomes. Greg Burchell, Morgan Stanley, stated the Pension Plan had a value of \$184,597,890 as of March 31, 2021. He gave an overview of the market outlook and stated Morgan Stanley will continue to monitor assets to make sure they are within the Board's policy. He stated 75 percent of the investments are in equity with a 20-year allocation to produce a return of 6 percent. Mr. Burchell recommended lowering the return assumption. He stated 20 percent of investments were in unfunded liability. He then gave an overview of the cash flow and asset allocation. Mr. Burchell gave an overview of the money managers and indicated 45 percent are minority owned. Next, Mr. Burchell stated the OPEB Plan had a value of \$35,499,524 as of March 31, 2021. He indicated 28 percent of the investments were in fixed income. Director Munchus requested a list of money managers by location. He then questioned why there were no money managers from Birmingham. Mr. Burchell stated the money managers must meet evaluation criteria and currently they are not confident in money managers from Alabama. Director Ward left the meeting at 12:06 p.m.

Following, the Committee moved to the eighth item on the agenda, Request Committee to review and discuss a revision to the By-Laws; necessary to perform essential minimum functions of the governmental body. Director Ward returned to the meeting at 12:08 p.m. A discussion was held regarding changes to the current by-laws. Board Attorney Mark Parnell gave an overview of the recommended changes and requested the directors to review the drafted by-laws and submit their recommended revisions. He stated an email was sent to the directors on May 18, 2021 with the recommended changes. He indicated the recommended changes for the by-laws are a result of the current by-laws being written for a 5-member board. He indicated the officer positions in the by-law were created due to a law that was created in the 1990s that no longer exists. Director Munchus stated he has concerns regarding making changes to the by-laws. Directors NeSmith and Burbage indicated they were pleased with the drafted by-laws. Chairman Mims stated he was not completely comfortable with the changes. Mr. Parnell encouraged the directors to review the recommended changes and submit any changes they may have. Director Ward indicated he feels updating the by-laws will make the Board more efficient and he was good with the recommended changes. Director NeSmith then made a motion for the by-laws to be voted on at the second board meeting in July 2021 and Director Henderson seconded the motion. The motion was approved by a vote of 5-1-1.

Following, the Committee moved to the sixth item on the agenda, Request Committee to hear a presentation from Sheppard-Harris & Associates regarding the Pension Plan and Other Post-

Employment Benefits (OPEB) Plan Audit Reports for the Year Ended December 31, 2020; necessary to perform essential minimum functions of the governmental body. Director NeSmith left the meeting at 12:25 p.m. Connie Harris, Sheppard Harris & Associates stated an audit was performed for December 31, 2019 and December 31, 2020. Ms. Harris stated there was no difficulties, disagreements or issues to report with the audit. She indicated a clean opinion was issued. She then gave an overview of the assets/financial statements and indicated assets were \$162 million in 2019 and \$176 million in 2020 for the Pension Plan. Ms. Harris then gave an overview of the OPEB Plan audit. She stated there were no difficulties, disagreements or issues to report with the audit. She indicated a clean opinion was issued. Ms. Harris indicated the impact of COVID-19 on the financial statements was unclear at this time due to continuation of the pandemic.

Following, the Committee moved to the seventh item on the agenda, Request Committee to hear a presentation from Banks, Finley, White & Company regarding audit of BWWB Financial Statements for the Year Ended December 31, 2020; necessary to perform essential minimum functions of the governmental body. James White, Banks, Finley & White, stated an audit was conducted for the period ending December 31, 2020. Mr. White indicated an unqualified opinion would be issued. He indicated there were no audit adjustments to report. He indicated water consumption did increase during COVID-19. Director Blankenship left the meeting at 12:43 p.m. Director Blankenship returned to the meeting at 12:45 p.m. Director Ward left the meeting at 12:45 p.m. and returned at 12:45 p.m. Director Blankenship left the meeting at 12:49 p.m.

Following, the Committee moved to the ninth item on the agenda, New Business. Director Munchus expressed his appreciation for the Friday reports from the General Manager.

Next, Director Ward then made a motion to adjourn the meeting and Director Henderson seconded the motion. The motion was approved by unanimous vote and the meeting was adjourned at 12:53 p.m.

\_\_\_\_\_/s/  
Michael Johnson  
General Manager

\_\_\_\_\_/s/  
Ronald A. Mims  
Executive Committee Chairman

\_\_\_\_\_/s/  
George Munchus  
Director

\_\_\_\_\_/s/  
Lucien Blankenship  
Director

\_\_\_\_\_/s/  
William R. Burbage  
Director

/s/

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Larry Ward  
Director

/s/

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Dalton NeSmith  
Director

/s/

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Chris Rice  
Director

/s/

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Tom Henderson  
Director