

**MINUTES OF THE SPECIAL MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
November 6, 2017**

The special meeting of the directors of The Water Works Board of the City of Birmingham was held on Monday, November 6, 2017 at 3:30 p.m., in the principal office of the Board, 3600 First Avenue North, Birmingham, Alabama.

The following Directors were present: Sherry Lewis, Tommy Joe Alexander, Deborah Clark, Butch Burbage, Ronald A. Mims, William Muhammad, George Munchus, Brett King and Brenda Dickerson.

The meeting was also attended by: Mac Underwood, General Manager; Michael Johnson, Sonny Jones and Darryl Jones, Assistant General Managers; Grace Amison, Executive Assistant to the Board of Directors; Anitra Hendrix, Executive Assistant to the General Manager; George Anderson, Rick Jackson, Cherita King, Derrick Maye, Barry Williams, Michael Griffin, Shelia Patterson, Terrell Jones, Paul Lloyd and Rosalind Jones, Board Employees; Mary Thompson, K. Mark Parnell, Parnell Thompson, LLC; Kelvin Howard, Kelvin Howard, LLC; Dorian Kendrick and Lauren McLernon, Agency 54; Jerry Jones and Brian Ruggs, ARCADIS; David Merrida, Birmingham Construction Industry Authority; Olivia Martin, State of Alabama.

Inasmuch as all of the directors were present; Chairwoman Lewis declared a quorum in attendance.

Chairwoman Lewis called the meeting to order at 3:35 p.m. and Assistant General Manager Darryl Jones opened with prayer.

Following, the General Manager asked the board to review the final proposed 2018 Operating and Maintenance and Capital budgets, as set forth in agenda item 1. The General Manager stated the proposed 2018 Operating Budget is \$99,760,242.00. He indicated that revenue available for debt service would be \$80,142,758 with the total debt service being \$63,359,253. He stated the proposed budget includes a 2% merit, 1.7% COLA and a 2.9% rate increase. He stated the proposed 2018 Capital Budget is \$63,983,510. He stated the only changes in the budget are the 2018 Consulting Schedule that reflects external public relations of \$300,000 which is a reduction of \$150,000. He indicated the 2017 Consulting Schedule included \$300,000 in one area and \$150,000 in another area. He stated the \$150,000 was moved back into one area and it was designated as Public Relations. Director Mims stated he thought it was requested for the \$150,000 to remain where it was. Chairwoman Lewis stated she did not ask for that money to be a separate item; however, that item can be voted on. Director Munchus questioned whether items 3 and 4 could be voted on separately. Chairwoman Lewis responded yes. The General Manager stated the Reserve Fund Balances reflects final Economic Development Reserve Fund Balance of \$8,738,100 which was increased by \$2,000,000. He stated the contract compliance amount that was earmarked in the 2017 Budget is being rolled into the Economic Development Reserve Fund Balance. Director Muhammad questioned how is it being rolled in. Chairwoman Lewis stated the item would be voted on today. Director Muhammad stated the item was not a budget item but an item that was proposed, voted on and it passed. Chairwoman Lewis stated the board can make changes. Director Muhammad stated the item would need to be rescinded in order to do that. Board Attorney Mark Parnell stated the board could rescind the item or proactively roll it back in.

The General Manager stated this is simply an allocation of reserve funds. Director King questioned whether the \$8.6 million in the Economic Development Fund sits there and is there much activity in that fund. The General Manager responded no there is not much activity in that fund. Chairwoman Lewis stated those funds were controlled by the Board's previous attorney. Director King questioned whether the surplus goes into paygo at the end of the year. The General Manager responded yes. Director Munchus questioned whether the budget surplus rolls over into paygo. The General Manager responded yes. Director Munchus requested a copy of the 2015 to 2017 budget summary sheet. Director King questioned whether the allocation of money in the various reserve accounts affects the bond service. Assistant General Manager Michael Johnson stated the RSE policy has these particular funds in it other than the Economic Development Fund. He indicated each month the reserve funds are allocated based on the policy. A discussion then ensued regarding voting on the budget. Chairwoman Lewis stated the Board would vote today regarding which budget to recommend to the public. She clarified that a budget must be presented at the public hearing on November 9, 2017. She indicated once the Board hears from the public, there may be some changes to the budget. Director Dickerson questioned whether the Board has the opportunity to ask questions and make changes to the budget. Chairwoman Lewis responded yes and at the public hearing. Director Dickerson stated she requested a report outlining overtime pay for the past five years. She stated she had not reviewed the entire report; however, she did review 2017 and year-to-date \$600,000 has been spent on 20 employees for overtime. She then gave an overview of the departments related to overtime. She then questioned where in the budget is overtime budgeted. Chairwoman Lewis stated the estimated overtime for the company is broken down by each department. Director Dickerson then questioned what the guided principals for overtime are. Chairwoman Lewis stated that these types of questions are the kind of questions she was trying to get directors to ask during the budget workshops. Director Alexander questioned how much would it cost the board to hire a new employee versus paying a current employee overtime. Director Dickerson stated she would like to see overtime for the entire company. The General Manager gave an example of overtime in a department. He stated the Revenue Water Department install meters on a daily basis and replaces galvanized service lines. He indicated Shades Mountain Filter Plant project was not awarded last year; therefore, there was extra capital money. He indicated money was allocated to the Revenue Water Department for one year to replace galvanized service lines on nights and weekends, with the use of on call contractors. A BWWB employee had to be onsite for this work; therefore, several Water Revenue Department employees worked numerous hours of overtime. Director Munchus questioned why would a BWWB employee need to be onsite. Assistant General Manager Sonny Jones stated the BWWB employee is an inspector and they need to be able to approve where the pipe is laid and the materials used. The General Manager clarified that the project was not continuous but it was funded from extra capital money. Director Dickerson questioned whether additional employees should be hired. Chairwoman Lewis stated overtime has been addressed by the Board every year and overtime occurs based on various circumstances. She stated the Board can monitor the overtime budget monthly. Director King left the meeting at 4:00 p.m. Director Dickerson stated the overtime budget for 2018 is projected to be \$400,000 more than 2017 and she stated she feels that is excessive and could be a safety issue. Chairwoman Lewis stated the Board can put limits on overtime. Director King returned to the meeting at 4:03 p.m.

Next, Chairwoman Lewis asked the Board which budget would they present for the public hearing. She clarified that a budget must be presented to the public on November 9, 2017. Director Muhammad stated he still disagrees with voting on this budget it should just be moved to the agenda for the November 9, 2017 meeting. Chairwoman Lewis then asked for a motion to vote

on item 1, 2018 Proposed Operating Budget, and item 2, 2017 Proposed Capital Budget, to move these items to present at the November 9, 2017 Public Hearing. 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. Tommy Joe Alexander and seconded by Mr. Butch Burbage, that the Board hereby recommends the 2018 Operating and Capital Budgets for approval.

Resolution No. 7638 is hereby adopted by a roll call vote: Chairwoman Lewis, Yes; Director Alexander, Yes; Director Clark, Yes; Director Burbage, Yes; Director Munchus, Abstain; Director Mims, No; Director King, Yes; Director Dickerson, No; and Director Muhammad, No.”

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Next, Chairwoman Lewis then asked for a motion to approve recommending the 2018 Proposed Consulting Schedule to present at the November 9, 2017 Public Hearing. Director Alexander stated he is not against the \$150,000 staying in the budget. Director Clark questioned whether there is an option to use the money or not. Director Alexander responded yes or it will go into the general fund. Director Alexander then made a motion to leave the \$150,000 in the public relations budget. 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. Tommy Joe Alexander and seconded by Mr. George Munchus, that the Board hereby recommends the 2018 Proposed Consulting Schedule, including \$150,000 for public relations, for approval.

Resolution No. 7639 is hereby adopted by a roll call vote: Chairwoman Lewis, No; Director Alexander, Yes; Director Clark, Yes; Director Burbage, Yes; Director Munchus, Yes; Director Mims, Yes; Director King, Yes; Director Dickerson, Yes; and Director Muhammad, Yes.”

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Next, Chairwoman Lewis then asked for a motion to approve recommending the 2018 Reserve Fund Balances. Director Alexander then made a motion to accept the Reserve Fund Balances and it was seconded by Director Burbage. Director Muhammad then made a substitute motion to leave \$2 million in contract compliance and Director Munchus seconded the motion. Director Clark questioned if the money is put back in the reserve fund, is there an option to bring it back out. The General Manager responded yes and stated the money could be moved. Director Muhammad indicated he would like for the money to stay in contract compliance. Director Clark questioned Director Muhammad whether he was voting because the item had not been rescinded and did he want it to be rescinded. Director Muhammad stated he is challenging the item based on Roberts’ Rules of Order. Director King questioned where did the actual number of \$2 million come from. Director Munchus responded it is an investment. Director King stated he feels that is a lot of money. Board Attorney Mark Parnell stated the Board can change by affirmative vote to put it back or rescind it. Chairwoman Lewis clarified the substitute motion is to leave the funds where they are in contract compliance. She indicated she has a big issue with the Board not being

in control of its own money and she has a problem with the fact the Board does not have a contract compliance program, and never had one. She indicated the money was in the control of the Board's previous attorney and she feels that the Board can be in control of its own money. Director Muhammad stated the previous attorney was not in control of those funds. He stated the money is in a reserve fund and the Board never developed a contract compliance program. A motion was made by Director Muhammad and seconded by Director Munchus to retain the \$2,000,000 for contract compliance reserve fund. Following, a roll call vote was taken and the motion failed with Directors Munchus, Muhammad, Mims and Dickerson voting for the motion to retain said money for contract compliance reserve fund and Directors Lewis, Alexander, Clark, King and Burbage voting against the motion, thus the motion failed.

Next, Director King stated he is not opposed to the idea but there needs to be plan. Director Clark stated she agreed. Chairwoman Lewis stated the previous motion failed and she then asked for a roll call vote to approve recommending the 2018 Reserve Fund Balances. 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. Tommy Joe Alexander and seconded by Mr. Butch Burbage, that the Board hereby recommends the 2018 Reserve Fund Balance with the \$2 million for Contract Compliance rolled into Economic Development Reserve Funds, for approval.

Resolution No. 7640 is hereby adopted by a roll call vote: Chairwoman Lewis, Yes; Director Alexander, Yes; Director Clark, Yes; Director Burbage, Yes; Director Munchus, No; Director Mims, No; Director King, Yes; Director Dickerson, Yes; and Director Muhammad, No.”

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Following, Chairwoman Lewis clarified that this budget will be presented at the public hearing. The General Manager stated the final budget presentation will be sent to all directors prior to the public hearing. Director Clark stated she does not see anything in the budget regarding longevity. The General Manager stated longevity can be addressed in next year's budget. He stated the money is included in the budget but the Board can decide to move it out. Director Alexander stated the budget can be amended at any time.

Following, Board Attorney Mark Parnell requested the Board go into Executive Session to discuss general reputation and character of an individual and to possibly take action. 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. Brett King and seconded by Mr. Tommy Joe Alexander, that the Board hereby approves an Executive Session to discuss general reputation and character of an individual and to possibly take action. Resolution No. 7641 is hereby adopted by unanimous vote.”

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At 4:38 p.m., the Board, the General Manager, and Board Attorneys entered into an Executive Session. Director King left the meeting at 5:10 p.m. At 5:50 p.m. a motion was duly made and seconded to adjourn the Executive Session.

As there was no further business before the Board, Chairwoman Lewis entertained a motion to adjourn the meeting and a motion was duly made and seconded, and the meeting adjourned at 5:50 p.m.

_____/s/_____
Sherry W. Lewis
Chairwoman/President

Attest:

_____/s/_____
Brett A. King, Esq.
Secretary-Treasurer