

**MINUTES OF THE REGULAR MEETING OF DIRECTORS
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
September 26, 2018**

The regular meeting of the Directors of The Water Works Board of the City of Birmingham was held on Wednesday, September 26, 2018 at 11:30 a.m., at 3600 First Avenue North, Birmingham, Alabama.

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

Inasmuch as eight Directors were present, a quorum was in attendance.

The meeting was also attended by: Mac Underwood, General Manager; Sonny Jones, Assistant General Manager of Engineering and Maintenance; Darryl Jones, Assistant General Manager of Operations and Technical Services; Michael Johnson, Assistant General Manager of Finance and Administration; Tammy Wilson, Executive Assistant to Assistant General Managers, Sonny Jones and Darryl Jones; Grace Amison, Executive Assistant to the Board of Directors; George Anderson, Barry Williams, Doug Stockham, Keith Witt, Alesia Price, Rick Jackson, Shirley Russell, Steve Franks, Rosalind Jones and Chris Hill, Board Employees; Mark Parnell, Parnell Thompson, LLC; Kelvin Howard, Kelvin Howard, LLC; Tommy Palladino, Agency 54; Brian Ruggs and Patrick Flannelly, ARCADIS; Theo Johnson, Volkert, Inc.; Matthew Arrington, Terminus Municipal Advisors; Townsend Collins, Raftelis Financial Consultants, Inc.; Kim Bivins, Birmingham Construction Industry Authority; Walter Lewis and Ryan Lambs, Piper Jaffray; Olivia Martin, Attorney General Office; Ken Simon, Simon & Associates; Nicole Perry and Mark Johnson, Creative Benefits Solutions; Chandra Abesingha, C E & Associates, Inc.; Don Mosely, COB; Isaac Ballard and Nelda Thompkins, BWWB Retirees.

Board Chairman Tommy Joe Alexander called the meeting to order at 11:30 a.m. and welcomed the meeting body. GM Underwood called on Information Technology Manager, George Anderson to open the meeting with prayer.

Next, GM Underwood requested the Board adopt a resolution commending the September 2018 Employees of the month, as set forth in agenda item 1. 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. Ronald A. Mims and seconded by Mr. William R. Muhammad, that the Board hereby recognizes and commends Darin Roberson and Wendell Cox, as the Operations and Technical Services Division Employees of the Month for September 2018, on having achieved outstanding job performance, attendance, and work above expected levels;

BE IT FURTHER RESOLVED, that a copy of this resolution be spread upon the minutes of the Water Works Board of the City of Birmingham and a copy presented to each employee.

Resolution No. 7887 is hereby adopted by Directors Alexander, Dickerson, King, Muhammad and Mims.”

* * * * *

Immediately following, Director Clark entered the meeting at 11:32 a.m. Human Resources Manager, Paul Lloyd congratulated the September 2018 Employees of the Month. The employees were introduced, and each stated their name, position and number of years of service. They were nominated by their Manager, Jonathan Harris. The employees developed a protocol for using an online TTHM Analyzer to control coagulant and chlorine dosing to minimize TTHM formation at the Shades Mountain Filter Plant and distribution system. Director Munchus entered the meeting at 11:33 a.m. Assistant General Manager, Darryl Jones explained in more detail how samples are collected and tested in the Board’s EnviroLab and in real-time. Chairman Alexander congratulated the employees and presented them with a check.

Next, GM Underwood requested the Board adopt a resolution authorizing surviving spouse monthly retirement benefits from the Board’s Retirement Trust Fund in accordance with the terms of the pension plan and as stated on the attached memo, effective October 1, 2018, for Ms. Mary H. Bush, the surviving spouse of Earnest Bush, as set forth in agenda item 2.1. Director Lewis entered the meeting at 11:37 a.m. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, Earnest Bush, a retiree of The Water Works Board of the City of Birmingham (“The Board”), passed away on September 20, 2017; and

WHEREAS, Earnest Bush was receiving, up until the time of his death, monthly retirement benefits from the Board’s Retirement Trust Fund in the amount of \$1,241.27, and under the terms of the Board’s Retirement Plan, his spouse is now entitled to receive 50% of that monthly benefit until such time as she either remarries or passes away; and

WHEREAS, the surviving spouse, Mary H. Bush received her spouse regular pension payment for the month of October 2017. She will receive retroactive payments for the months of October 2017 - September 2018 (minus the difference in receiving her spouse’s monthly payment in October of 2017) and will begin receiving her surviving spouse monthly benefit of \$620.64, effective October 1, 2018. The retroactive amount is \$6,206.41.

NOW, THEREFORE, BE IT RESOLVED By the Board of Directors of The Water Works Board of the City of Birmingham, on motion duly made by Mr. Ronald A. Mims and seconded by Mr. William R. Muhammad, that the Trustee be, and is hereby instructed to pay a pension of \$620.64 per month to Mary H. Bush from the Board’s Retirement Trust Fund, in accordance with the terms of the Trustee Pension Plan, with the payment to be effective October 1, 2018.

Resolution No. 7888 is hereby adopted by unanimous vote.”

* * * * *

Following, GM Underwood requested the Board adopt a resolution authorizing surviving spouse monthly retirement benefits from the Board's Retirement Trust Fund in accordance with the terms of the pension plan and as stated on the attached memo, effective September 1, 2018, for Ms. Bessie Chambless, the surviving spouse of Cleophia Chambless, as set forth in agenda item 2.2. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, Cleophia Chambless, a retiree of The Water Works Board of the City of Birmingham (“The Board”), passed away on August 30, 2018; and

WHEREAS, Cleophia Chambless was receiving, up until the time of his death, monthly retirement benefits from the Board's Retirement Trust Fund in the amount of \$1,205.56, and under the terms of the Board's Retirement Plan, his spouse is now entitled to receive a portion of that monthly benefit (the Pension Plan states that the 50% spousal benefit shall be reduced by 2.5% for each full year in excess of 10 years by which the Spouse is younger than the Participant at the time of the Participant's death) until such time as she either remarries or passes away; and

WHEREAS, the surviving spouse, Bessie Chambless will begin receiving her surviving spouse monthly benefit of \$452.09, effective September 1, 2018.

NOW, THEREFORE, BE IT RESOLVED By the Board of Directors of The Water Works Board of the City of Birmingham, on motion duly made by Mr. Ronald A. Mims and seconded by Mr. William R. Muhammad, that the Trustee be, and is hereby instructed to pay a pension of \$452.09 per month to Bessie Chambless from the Board's Retirement Trust Fund, in accordance with the terms of the Trustee Pension Plan, with the payment to be effective September 1, 2018.

Resolution No. 7889 is hereby adopted by unanimous vote.”

* * * * *

Next, GM Underwood requested the Board to adopt a resolution authorizing surviving spouse monthly retirement benefits from the Board's Retirement Trust Fund in accordance with the terms of the pension plan and as stated on the attached memo, effective October 1, 2018, for Ms. Ann Cooper, the surviving spouse of Leo Cooper, as set forth in agenda item 2.3. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, Leo Cooper, a retiree of The Water Works Board of the City of Birmingham (“The Board”), passed away on September 4, 2018; and

WHEREAS, Leo Cooper was receiving, up until the time of his death, monthly retirement benefits from the Board's Retirement Trust Fund in the amount of \$4,487.97, and under the terms of the Board's Retirement Plan, his spouse is now entitled to receive a portion of that monthly benefit (the Pension Plan states that the 50% spousal benefit shall be reduced by 2.5% for each full year in excess of 10 years by which the Spouse is younger than the Participant at the time of the Participant's death) until such time as she either remarries or passes away; and

WHEREAS, the surviving spouse, Ann C. Cooper will begin receiving her surviving spouse monthly benefit of \$1,907.39, effective October 1, 2018.

NOW, THEREFORE, BE IT RESOLVED By the Board of Directors of The Water Works Board of the City of Birmingham, on motion duly made by Mr. Ronald A. Mims and seconded by Mr. William R. Muhammad, that the Trustee be, and is hereby instructed to pay a pension of

\$1,907.39 per month to Ann C. Cooper from the Board's Retirement Trust Fund, in accordance with the terms of the Trustee Pension Plan, with the payment to be effective October 1, 2018.

Resolution No. 7890 is hereby adopted by unanimous vote.”

* * * * *

Following, GM Underwood requested the Board approve Directors' actual travel expenses for the 2018 Annual Alabama Water Resources Symposium Conference held September 5 – 7, 2018, in Orange Beach, Alabama, as set forth in agenda items 3.1 through 3.6. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, the Board of Directors has adopted a Travel Expense Reimbursement Policy, as amended; and

WHEREAS, pursuant to Resolution No. 7683 adopted by the Board of Directors on January 11, 2018, approval was given to attend the 2018 Annual Alabama Water Resources (AWR) Symposium Conference scheduled September 5 – 7, 2018, in Orange Beach, Alabama; and

WHEREAS, in accordance with Act No. 2015-164, approval is requested for the following actual expenses relative to the above-referenced conference.

NOW, THEREFORE, BE IT RESOLVED, on a motion duly made by Mr. Ronald A. Mims and seconded by Dr. George Munchus, that the following board member(s) be reimbursed for his or her actual expenses pertaining to said conference as follows:

- Tommy Joe Alexander for total actual expenses including conference and workshop registration, business use of Personal Automobile, lodging (room and tax only), and business meals in the amount of \$1,286.92 (as listed on the attached Itemized Travel and Business Expense Reimbursement).
- Deborah Clark for total actual expenses including conference and workshop registration, business use of Personal Automobile, lodging (room and tax only), and business meals in the amount of \$1,110.26 (as listed on the attached Itemized Travel and Business Expense Reimbursement).
- Brenda J. Dickerson for total actual expenses including conference and workshop registration, business use of Personal Automobile, lodging (room and tax only), business meals and other in the amount of \$1,297.08 (as listed on the attached Itemized Travel and Business Expense Reimbursement).
- Ronald A. Mims for total actual expenses including conference and workshop registration, business use of Personal Automobile, lodging (room and tax only), business meals and other in the amount of \$1,118.04 (as listed on the attached Itemized Travel and Business Expense Reimbursement).

- William R. Muhammad for total actual expenses including conference registration, business use of Personal Automobile, lodging (room and tax only), business meals and other in the amount of \$1,100.84 (as listed on the attached Itemized Travel and Business Expense Reimbursement).
- George Munchus for total actual expenses including conference registration, business use of Personal Automobile, lodging (room and tax only), and business meals in the amount of \$1,086.78 (as listed on the attached Itemized Travel and Business Expense Reimbursement).

Resolution No. 7891 is hereby adopted by a roll call vote as follows:

Director Alexander, Yes; Director Muhammad, Yes; Director King, Yes; Director Dickerson, Yes; Director Munchus, Yes; Director Mims, Yes; Director Clark, Yes; Director Lewis, Yes.”

* * * * *

Next, the Board was asked to approve payments of invoices, as set forth in agenda items 4.1 to 4.4. Director Munchus stated he had a question regarding item 4.4. GM Underwood indicated Staff had reviewed the items and recommends them for payment asking for a motion to approve items 4.1 through 4.3. 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. Ronald A. Mims and seconded by Dr. George Munchus, that the Board hereby authorizes staff to execute payments of invoices to the following:

4.1	<u>Dominick Feld Hyde, P.C.</u> BWWB OPEB Plan performed August 8, 2018 BWWB Pension Plan performed August 1, 2018	\$ 178.00 <u>356.00</u>
4.2	<u>Volkert, Inc.</u> For professional services rendered for June 2018	\$ <u>4,588.77</u>
4.3	<u>Cory Watson Attorneys</u> For professional services rendered for September 17, 2018	\$ <u>15,885.98</u>

Resolution No. 7892 is hereby adopted by unanimous vote.”

* * * * *

Following, the Board was asked to approve an invoice for payment, as set forth in agenda item 4.4. Director Muhammad asked what the attorneys meeting with the Chair and Vice-Chair was regarding. Attorney Mark Parnell stated there was a meeting with Attorney Emory Anthony

and following a meeting with the Chair and Vice-Chair. Following those meetings was a meeting regarding the Board interviewing potential engineering firms, attorney Parnell stated. There was an additional meeting with employees regarding disputes pertaining to high water bills according to attorney Parnell. 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. Ronald A. Mims and seconded by Mr. Brett A. King, that the Board hereby authorizes staff to execute payment of an invoice to the following:

4.4	<u>Parnell Thompson, LLC</u>	
	For professional services rendered for August 2018	<u>\$107,085.82</u>

Resolution No. 7893 is hereby adopted by unanimous vote.”

* * * * *

Next, the Board was asked to approve the FY 2019 health insurance plan design (Base Plan and Premier Plan), base plan rates for employees/under 65 retirees, COBRA rates which will remain the same; Premium Plan rates which will be established and slightly higher than the Base Plan rates and to authorize the General Manager or Assistant General Managers to execute these Plans. Former IWWB Employees & Under 65 IWWB Retirees Plan Design and Rates will not change, as recommended by the Human Resources Committee, and set forth in agenda item 5. 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 A. King and seconded by Dr. Brenda J. Dickerson, that the Board hereby approves the FY 2019 health insurance plan design (Base Plan and Premier Plan), premium rates for employees and Under 65 retirees, and COBRA rates and to authorize the General Manager or Assistant General Managers to execute said Plans. Former IWWB Employees & Under 65 IWWB Retirees Plan Design and Rates will not change, as recommended by the Human Resources Committee.

Resolution No. 7894 is hereby adopted by Directors Alexander, Muhammad, King, Dickerson, Munchus and Clark. Directors Mims and Lewis Abstained.”

* * * * *

Following was a request for the Board to hear a presentation of the preliminary FY 2019 Operations and Maintenance Budget and the FY 2019 Capital Budget (a copy of which is on file with the Board meeting book). Assistant General Manager, Michael Johnson stated he would simply orient the Board on the presentation knowing that the first Budget Workshop would be held next Friday. The agenda includes a rate setting overview, financial policies, O & M budget, 2019 consumption projections and 2019 revenue projections. AGM Johnson explained that we do not simply set rates, we look at what revenue requirements are, our demand and policies. We also analyze historical consumption, projected consumption for the new year, update our rate stabilization and equalization model and confirm the revenue budget for the new year. Regarding the Rate Stabilization and Equalization (RSE) background, it was established by the Board in 2003

and it is the way we systematically and logically work through the variables that help us determine rates. Key inputs are updated annually such as the Operating Budget, the Capital Improvement Plan and our Projected Water Consumption, which are all approved or developed by the Board and Raftelis Financial Consultants (RFC). The key outputs generated by the model are the proposed rate increase, multi-year rate projections, estimated financial performance and customer impacts. Board policies include rate increases below the industry average, with 1.9% projected rate increases for 2019; O & M increases less than 5%, with 1.80% projected for 2019 and a goal of 25% of the Capital Budget being funded from PAYGO by 2017, with 32.5% projected in 2019. Director Munchus asked if the goal is to increase PAYGO? AGM Johnson responded yes, adding the only down-side is having to raise rates. Director Muhammad asked if the rate increase projected for 2019 was 1.9%. AGM Johnson responded yes. Director Munchus asked how far the rates are projected out. AGM Johnson responded 5-years. Director Dickerson asked why longevity was not listed. AGM Johnson stated it is and it is included in another schedule. General Manager Underwood stated Staff would get those detailed schedules to the Board. AGM Johnson stated it was a goal of this Board to keep rate increases maintained at the lowest levels. The rate increase forecast was projected out through 2023, with the base charge not being increased until 2022 to 3.90%. The volumetric increase for 2020 and 2021 is projected at 7.90%. Director Munchus stated that was a big spike. AGM Johnson stated all of this would be discussed in the upcoming Budget Workshops in greater detail. Director Clark stated she believed we needed a lot of discussion and in her world that is a big spike. GM Underwood stated in the Cost of Study we had discussed that those in the upper tiers or high-volume users would be paying higher rates. Director Dickerson asked if one of Raftelis' recommended scenarios would be included during the workshops. AGM Johnson responded yes. Chairman Alexander stated he did not like going up that high on the rates either. Director Lewis asked if this information had been discussed with the head of the Finance Committee and the Chairman of the Board before it was put on paper and presented today. Chairman Alexander stated it had not been discussed with him about the 7.90%. Director Lewis responded that this should not even be on paper then. Townsend Collins, with Raftelis explained that the 7.90% is only on the volumetric, not on the base charge. The high-volume users will only be affected. Director Dickerson stated it was her understanding that all five of Raftelis' scenarios would be discussed. Director Clark asked why the Board was receiving this information right now. Chairman Alexander stated there was a meeting yesterday on Lake Purdy Dam where a figure of \$35 million was discussed. Chairman Alexander asked where that money was coming from. GM Underwood stated it would be a future bond issue on Capital Projects and it was in the proposed Capital Budget. Director King stated there are some customers that use just under the minimum. AGM Johnson agreed and stated that they pay a lower rate. The first tier has a lower rate GM Underwood added. Director Muhammad stated Peiffer Brandt, with Raftelis presented an option where there were four tiers and the only tier that went up was the last tier and that is the one he supported. Director Clark asked why all four options were not being presented today. GM Underwood stated individual Board Members asked for different things. Director Dickerson stated we should be looking at all the options Raftelis presented. GM Underwood stated all the options are still on the table and can be discussed in the first Budget Workshop. Director King stated he thinks keeping the rate increases low makes us just kick the can down the road and he believed we ought to be more at 3.00% to 3.50% to keep it more stable. Director Dickerson stated our debt service was too high. Director Clark said she believed we needed to cut everywhere we can. AGM Johnson referred to slide 17 where the 2018 to 2019 budgets were compared. GM Underwood addressed the Jefferson County Sewer issue in response

to Director Muhammad's desire to understand it better. GM Underwood provided a summary of the cost of collections from 2017 and 2016 (a copy of which is on file with the Board meeting book) from the audit report. The Board remits weekly all sewer service charges collected, and it bills the county for the cost of collecting these charges which includes a portion of general overhead. The amounts charged under these agreements were reflected as reductions in prior years' operating budgets GM Underwood stated. In prior years, this reduced the operating account. GM Underwood explained that Staff has met with auditors. Going forward, it will be reflected as \$13.5 million in new revenue and you must increase expenses by \$4.8 million, adding it is an accounting entry to still get you back to the \$8.5 million. Director Muhammad stated he did not want any more accounting explanations because he does not understand GAAP (Generally Accepted Accounting Principles), he wanted common sense explanations. GM Underwood stated the budget included meter readers, service men responsible for turn on and turn off customers, cashiers, accounting department for water and sewer and that cost was \$4.8 million higher than in the prior agreement. This was netted down as a Joint Service Agreement. It is not costing any more. Director Lewis asked what the cost is per month, around \$400,000.00? GM Underwood agreed that it was about \$400,000.00. Director King clarified that this was not a new expense. The only additional cost was for the six new employees at around \$366,000.00. Director Muhammad stated this can be discussed further in the Budget Workshop. GM Underwood stated occasionally you must restate audit and financial reports. You follow the recommended guidance on how to do that. Director Clark stated Banks, Finley, White & Company and Raftelis may need to come in and discuss this with the Board step by step to get a global view. GM Underwood stated this was done in the rating agency presentation to prepare for the bond issue. AGM Johnson proceeded with the budget presentation stating that the 2019 total O & M Budget is \$106.6 million, which is an 1.8% increase. Director Clark asked if longevity was included in this budget. AGM Johnson responded yes. Director Munchus asked if we froze the budget at the 2018 amount if the company would still be able to operate. AGM Johnson stated we would have to make up about \$1.8 million. Director Clark stated that might be a good place to start, to see what could be moved. Director Lewis asked for a column showing 2018 to compare what is being proposed for 2019. AGM Johnson responded that Staff could provide that. Director Dickerson asked for the number of employees and their position. GM Underwood stated he has that and provided a booklet (a copy of which is on file with the Board meeting book). GM Underwood stated there were no new positions in the 2019 budget. AGM Johnson stated each department's detailed line item budgets are reviewed line by line and Managers, AGMs and the GM decide the amount to be budgeted. Director Dickerson stated she would like to see longevity, COLA and merit separated. GM Underwood stated the front page of the booklet is the summary of Divisions and which Departments report to them. The number of positions and any vacancies are also included. Director Lewis asked if the Treasury Department has fifteen people with one vacancy. GM Underwood referred to that section of the book on page 90, showing one vacant position. Some discussion occurred regarding the Treasury Department and job descriptions. GM Underwood stated the Treasury Department collects all cash, including getting it in the bank and invested as quickly as possible. Director Lewis stated her understanding was that the Treasurer position was watching the investments and money. AGM Johnson stated he still oversees that as well, but a company this size needs more than one person. AGM Johnson stated he and Michael Griffin meet as often as needed to discuss investments. Director Clark stated the Board does not have a clear understanding of what is going on and this needs to be looked at in a different setting. Director Dickerson asked if there was a search to fill the Treasurer position. GM Underwood responded

yes. Director Clark asked for a complete report of the Treasury position that was filled in 2017. GM Underwood explained the various tabs within the booklet, which included part-time positions.

Next, Townsend Collins talked about consumption. Mr. Collins stated we are still seeing declining per capita demand, so we need to keep that in mind. We have returned to our Standard Methodology of using the actual billing data from 2018 to project for 2019. There are slightly conservative estimates for all classes. The five-year residential trend shows a 1.04% decrease for all blocks. Each month as we go through billing data these projections are updated according to Mr. Collins. We are expecting 2019 consumption to be flat, Mr. Collins stated. For the five-year non-residential projection, there is a 2.05% decrease. The decrease for 2019 raw water is projected to be about 9%, which is highly dependent on steel manufacturing. Assistant General Manager, Darryl Jones explained that this year has been a little wetter than normal also. Director Muhammad asked what is projected in revenue from a volumetric standpoint. Mr. Collins responded \$96.7 million, which is \$2.6 million more than 2018. Director Muhammad asked what the projected revenue from sewer is. GM Underwood responded it is on page 57. Director Muhammad stated it reads \$194 million. Mr. Collins noted there are accounts added during the year as well.

Following, AGM Johnson covered debt service coverage. One of our policy requirements is that we have enough debt service coverage Mr. Johnson stated. Based on a proposed 1.9% rate increase the total revenue per official statement definition is \$193 million. O & M expenses total \$106 million and total revenue available for debt service and PAYGO is \$86.6 million. Total debt service for 2019 would be \$64.5 million. PAYGO spending for 2019 would be 32.5% of the Capital Budget, which is \$22 million. The total revenue requirement is \$193 million giving us a small surplus of \$108,775.00. The target for senior debt service is 1.75 and we would be at 1.94. For total debt service coverage, the RSE Model target is 1.2 and we would be at 1.34 according to Mr. Johnson. Director Munchus asked what would happen if Staff ran the numbers out for 10-years. AGM Johnson responded that Staff could have that for Friday's meeting. AGM Johnson pointed out positive comments from Moody's and Standard and Poor ratings. Director Muhammad asked if the reason we do not have a AAA rating has something to do with having a billion dollars of debt. Director Clark asked if Staff was working on that. AGM Johnson responded yes, adding that PAYGO money was generated internally and that reducing debt is a process. Director Muhammad stated we reduce it by holding O & M down. Director Lewis and Director Clark said some hard choices need to be made. Incorporating the cost of service will be discussed in the next meeting Mr. Johnson stated. Dates of upcoming Budget Workshops were discussed. Director Muhammad stated the By-Laws read if a budget is not passed that we revert back to the 2018 budget. AGM Sonny Jones provided a handout (a copy is on file with the Board meeting book) explaining that 97% of the Capital Budget consists of six project line items. Director Lewis asked for more detail on SAP Phase III. AGM Sonny Jones stated that phase is the Human Resources module and it could be explained in more detail in coming budget meetings.

Under New Business, Director Munchus asked if Staff had requested a response on the Shower of Love Project from the Attorney General (AG) office. GM Underwood asked Board attorney Mark Parnell for an update. Attorney Parnell stated if the group wants to purchase water, then the Board has existing agreements to cover that. If they want a donation, we gave an opinion that there is a conflict. If you want to ask for an AG opinion, we can prepare a formal request Attorney Parnell stated. Director Munchus said he would like to do that. GM Underwood stated

the donation requested was \$5,500.00. Attorney Parnell stated there is a court order preventing the Board from making a monetary donation and providing free water. Director Muhammad asked how it was in conflict to give free water. Some discussion occurred regarding the Board providing water to the hurricane victims. Director Lewis stated we purchased bottled water for that. Attorney Parnell stated he would put together a draft for the AG. Attorney Parnell stated the Board agreed in the consent decree in the late nineties to refrain from these types of contributions.

Next, GM Underwood reminded the Board that they had asked for a list of four positions that need to be filled. Prior to September 14th, these people had been offered positions GM Underwood stated. They are a PMW, a part-time telephone operator and two positions in drafting. Drafting is short by about four positions. Director Clark stated this should have been mentioned when the Board asked for the freeze. It is negligence on an employee's part Director Clark stated, and one who will get a COLA and a Merit increase. Paul Lloyd, Human Resources Manager stated he was not present in the meeting where the freeze took place and explained that there could be a liability issue to withdraw these offers in that the people were offered positions already. Director Clark stated someone should have mentioned this before now and she is just hearing this for the first time. There are some good employees and there are a few that cause problems like this. Director Clark said she did not like it to have this come up at the end of the meeting and this was just one black woman's opinion and she stands on it.

As there was no further business before the Board, the meeting was adjourned at 1:24 p.m.

/s/
Tommy Joe Alexander
Chairman/President

Attest:

/s/
William "Butch" Burbage, Jr.
Secretary-Treasurer