

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS OF THE
WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
October 11, 2023**

The regular bi-monthly meeting of the Directors of The Water Works Board of the City of Birmingham was held on Wednesday, October 11, 2023, at 11:30 a.m., at 3600 First Avenue North, Birmingham, Alabama, Training Room. The Public has the option to listen by phone by calling (888) 398-2342 Code: 5608731.

The following Directors were present via roll call: Lucien B. Blankenship, William “Butch” Burbage, Jr., Tom Henderson, Tereshia Huffman, George Munchus, Dalton NeSmith, Jr., Mashonda Taylor, and Larry Ward. Director Ronald A. Mims was absent.

Others present were: Michael Johnson, General Manager; Iris Fisher and Derrick Murphy, Assistant General Managers; Kelvin Howard, Kelvin Howard, LLC; Byron Perkins, Perkins Law, LLC; Anitra Clark, Corporate Governance Specialist; Tammy F. Wilson, Executive Assistant to Assistant General Manager Derrick Murphy; Marsha Hammonds, Rosalind Jones, Jackie Hill, David Walker, Anthony Hazel, Drusilla Hudson, Rick Jackson, Derrick Gray, Charles McGee, and Jeff Wade, BWWB Employees; Olivia Martin, State of Alabama Office of the Attorney General; Kim Bivens, Ashley Orl, Chris Swain, and Michael Bell, Birmingham Construction Industry Authority; Patrick Flannelly, ARCADIS U.S.; Kirk Mills, Kimley-Horn; Peiffer Brandt, Raftelis Financial Consultants; Bill Todd, O2 Ideas; Roy Johnson, AL.com; Phillip Moultrie, Valent Group; Pat Sigars, Goudy Construction; Jonathan Hardison, WBRC-TV; and COB Police Officer.

Chairwoman Tereshia Huffman called the meeting to order at 11:30 a.m. General Manager Michael Johnson opened the meeting with prayer.

Following a roll call, eight directors were present; therefore, there was a quorum.

Next, the Board was asked to approve the agenda for October 11, 2023; adding two additional items, as Items 4 and 5, as recommended in the Finance Committee meeting, which was held just prior to this meeting. 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 Ms. Tereshia Huffman, that the Board of Directors hereby approves the October 11, 2023, Regular Board of Directors’ meeting agenda and adds item 4, Request Board to approve the allocation of \$10,000.00 from funds budgeted for its Community Educational Program in support of the Classic in Pink Affair Luncheon highlighting Breast Cancer Awareness hosted by the Birmingham Urban League; and item 5, Request Board to approve the allocation of \$10,000.00 from funds budgeted for its Community Educational Program in support of the Alabama Black Women's Roundtable Luncheon highlighting empowerment hosted by the Music Speaks Louder Than Words Foundation and partners, as recommended by the Finance Committee.

Resolution No. 9421 is hereby adopted by unanimous vote.”

* * * * *

Following, the Board moved to the first item on the agenda, a request for the Board to approve the minutes of the Regular Board of Directors’ meetings held July 26, 2023, August 9, 2023, and September 13, 2023. 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. George Munchus, that the Board hereby approves minutes of the Regular Board of Directors' meetings held July 26, 203, August 9, 203, and September 13, 2023.

Resolution No. 9422 is hereby adopted by unanimous vote.”

* * * * *

Next, Under Reports of Committee, General Manager Johnson announced the meetings scheduled for the month of October. Director Munchus asked for clarification on the 2024 proposed rate increase amount. General Manager Johnson confirmed a \$2.76 per month or a 5.8% increase.

Following, the Board moved to Reports of Officers. The General Manager was recognized to make a presentation regarding the FY2024 Operations and Maintenance (O&M) Budget (a copy of which is on file in Diligent Boardbooks). A one-page document of the FY2024 Preliminary Consulting Budget was provided to the Board (a copy of which is on file in Diligent Boardbooks). The General Manager stated budgets are prepared using The Effective Utility Framework, which includes 10 attributes. During the budget process, consumption, revenue requirements and policy are considered, as well as the impact on the customer. General Manager Johnson stated Paygo funds are used in the budget process, so less money is borrowed and used to fund the Capital Program, and he indicated the Board currently has reserves of 240 days and should have 399 days by the end of the year. Additionally, debt service targets are met each year. Rosalind Jones, BWB Comptroller, gave an overview of the budget process. Ms. Jones stated the budget needs are based on the Board’s Strategic Plan, adding that individual department meetings were held virtually, focusing on variances. Ms. Jones stated that the budgets are prepared in accordance with the GFOA Certificate Program. Assistant General Manager Fisher discussed the preliminary O&M Budget, which resulted in a 6.24% increase, in the amount of \$133,124,224.00. She noted that the numbers regarding the property insurance are an estimate. Director Munchus stated he would speak to Mr. Moultrie later regarding the \$1 million property and casualty insurance increase, after the amount was confirmed by AGM Fisher. Director Ward asked what was collected in insurance premium claims last year. Mr. Moultrie stated he would have to pull a report. AGM Fisher stated she would follow-up and provide this information the Board. Director Munchus asked if it was necessary to provide insurance to the level the Board has been doing. Mr. Moultrie stated that it was a requirement for the Board to maintain insurance on its assets, not necessarily something that he agreed with though. Director Blankenship asked if the bond companies allow for self-insured. Mr. Moultrie stated he did not believe so, but the Valent Group

tries to yield the best premium results. AGM Fisher stated Staff was recommending a Cost-of-Service Study, which is common to do so every three years. Next, Peiffer Brandt gave an overview of the 2024 projection considerations regarding demand. He stated projections are based on historical trends of actual consumption and other expectations along with continued declining per capita demand. He gave an overview of residential, non-residential, wholesale, and raw water projections. He indicated the volumetric rate changes for 2024 are projected to be \$8.37/ccf for residential, \$4.57/ccf for non-residential, and \$1.42/ccf for raw water. He also gave an overview of the base charge rate changes per meter size. He stated the average impact to the customer is projected to be \$2.76 per month. He then gave an overview of revenue projections were made for 2024 as well as debt service coverages recommended for 2024. Director Munchus asked what the projected increase would be for year 2025. Mr. Brandt estimated it to be a little lower than 5.8%.

Next, Assistant General Manager Murphy presented the FY2024 Capital Plan. A copy of the presentation is on file in Diligent. Assistant General Manager Murphy presented the Capital Budget portion, updating the Board first on a cease-and-desist order which was issued regarding satisfying Watershed Protection requirements on the Liberty Park development, explaining that a walk-thru inspection would come prior to resuming any further construction. Assistant General Manager Murphy stated the winter months would bring leaks as water expands in the ground. He addressed how some of the ongoing projects are being handled due to a shortage in the Engineering Department. He stated projects such as dam work are being completed with the use of outside specialized consultants. He stated the Board is close to being down only 5 vacant engineering positions, due to recently filling a position and a pending offer. Chairwoman Huffman asked if staff is encouraging engineers to obtain Project Management Program certifications. Mr. Murphy responded yes, and stated continuing education is important, adding that coming in, engineers should be ready to go with some level of expertise. He then gave an overview of the BWWB system showing how large the distribution system is. He gave an overview of high hazard dams, tank maintenance, ongoing projects, and pipeline projects. He indicated pipeline replacement was highlighted as a main focus beginning in 2020 and continuing forward. He stated the GIS Program is important and being advanced with the help of WIFIA. Assistant General Manager Murphy provided a contrast with supply and demand during Covid-19 versus now, which is showing improvement. He stated the budget for the Pipeline Replacement Program for 2024 is \$22 million and the budgeted Capital Program for 2024 is \$84 million. He stated a new EnviroLab was purchased and there are renovations planned for the new building. He indicated all of the Board's scheduled pipeline projects are listed on the company portal. Director Munchus questioned the status of tank painting. Assistant General Manager Murphy responded drones have been approved by ADEM to inspect tanks which should help speed things along. He stated two tanks are scheduled to be painted in 2024.

Following, under New Business, the Board moved to the second item on the agenda, a request for the Board to approve payments of invoices to the following. 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. George Munchus, that the Board hereby authorizes staff to approve payments of invoices to the following:

- 2.1 The Jones Group, LLC, for professional services rendered September 2023, in the

amount of \$10,000.00.

- 2.2 O2 Ideas, Inc., for professional services rendered September 2023, in the amount of \$10,000.00.
- 2.3 Pat Lynch & Associates, for professional services rendered September 2023, in the amount of \$10,000.00.
- 2.4 Hilliard, Smith & Hunt, LLC, for professional services rendered September 2023, in the amount of \$13,000.00.
- 2.5 Agee Law, LLC, for professional services rendered September 2023, in the amount of \$13,125.00.
- 2.6 Perkins Law, LLC, for professional services rendered August 2023, in the amount of \$20,020.00.

Resolution No. 9423 is hereby adopted by unanimous vote.”

* * * * *

Next, the Board moved to the third item on the agenda, a request for the Board to exercise its bid option to terminate a professional services agreement with The Jones Group, LLC, 60-days from today’s date of October 11, 2023. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, on or about December 20, 2018, The Water Works Board of the City of Birmingham ("the Board") entered into an agreement with The Jones Group, LLC for professional services (“the Agreement”);

WHEREAS, the Agreement is subject to termination by either party with or without cause by giving to the other party not less than a 60-days’ notice in writing; and

WHEREAS, it is the intention of the Board to terminate the Agreement.

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. Tom Henderson and seconded by Mr. William “Butch” Burbage, Jr., as follows:

- 1. That, effective immediately notice is hereby given to The Jones Group, LLC that the Board terminates the Agreement effective 60-days from today’s date, October 11, 2023.
- 2. The Board’s General Manager is hereby authorized and instructed to send a copy of this Resolution to The Jones Group, LLC providing this notice of the terminations of the Agreement.

Resolution No. 9424 is hereby adopted by Directors Burbage, Henderson, Huffman, NeSmith, Taylor and Ward. Directors Blankenship and Munchus abstained from voting.”

* * * * *

Following, the Board moved to the fourth item on the agenda, a request for the Board to approve the allocation of \$10,000.00 from funds budgeted for its Community Educational Program in support of the Classic in Pink Affair Luncheon highlighting Breast Cancer Awareness hosted by the Birmingham Urban League, that will have a beneficial impact on the Water Work’s Board’s service area as it works to carry out its Corporate Purpose; and to authorize the General Manager to take such steps as is necessary to sponsor the Classic in Pink Affair Luncheon, as recommended by the Finance Committee. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, pursuant to Resolution No. 8908, The Water Works Board of the City of Birmingham has established its Community Educational Program (the “Program”); and,

WHEREAS, pursuant to the Program, the Water Works Board may participate in events and functions if the Water Works Board’s participation: protects its water sources and its consuming public; obtains optimum utility management, improves water quality and system reliability; improves reliability of high-quality water; provides educational, scientific and technological information about the Water Works Board to its consuming public; ensures access to and the wise use of water resources and the protection of the environment; and, engages in such activities that are beneficial to the entire water system and that are otherwise necessary, appropriate and consistent with the Water Works Board’s corporate powers (all of which is hereinafter referred to as “Corporate Purposes”); and,

WHEREAS, under the Program, the Water Works Board has identified non-ratepayer funding that may be used for funding the Program (the “Funds”); and,

WHEREAS, on October 27, 2023, the Birmingham Urban League will host the Classic in Pink Affair Luncheon to highlight Breast Cancer Awareness that will have a beneficial impact on the Water Works Board’s service area; and,

WHEREAS, the Classic in Pink Affair Luncheon presents the Water Works Board with an opportunity to accomplish its Corporate Purposes; and,

WHEREAS, the Water Works Board desires, subject to the below, to sponsor the Classic in Pink Affair Luncheon in a way that will accomplish the Water Works Board’s Corporate Purposes.

NOW THEREFORE, BE IT RESOLVED on a motion made by Mr. George Munchus and seconded by Ms. Tereshia Huffman as follows:

1. It is hereby found and declared that the Water Works Board’s participation in the Classic in Pink Affair Luncheon will accomplish its Corporate Purposes. Specifically, the Water Works Board’s participation in the Classic in Pink Affair Luncheon will allow it to: provide

educational information about the Water Works Board to its consuming public; help ensure access to and the wise use of water resources; have signage and distribute educational materials about the positive role that drinking water has on a person’s health; and, otherwise engage in activities that are beneficial to the entire water system and is appropriate and consistent with the Water Works Board’s corporate powers.

2. That the General Manager is authorized and instructed to take such steps as is necessary to sponsor the Classic in Pink Affair Luncheon. Such sponsorship shall include the Water Works Board accomplishing the Corporate purposes set forth above.

3. The sponsorship shall not exceed \$10,000.00 and shall be paid from the Funds. Furthermore, any and all expenses incurred by the Water Works Board such as employee time and educational materials shall also only be paid from the Funds.

Resolution No. 9425 is hereby adopted by unanimous vote.”

* * * * *

Next, the Board moved to the fifth item on the agenda, a request for the Board to approve the allocation of \$10,000.00 from funds budgeted for its Community Educational Program in support of the Alabama Black Women's Roundtable Luncheon highlighting empowerment hosted by the Music Speaks Louder Than Words Foundation and partners, that will have a beneficial impact on the Water Work’s Board’s service area as it works to carry out its Corporate Purpose; and to authorize the General Manager to take such steps as is necessary to sponsor the Alabama Black Women’s Roundtable Luncheon, as recommended by the Finance Committee. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, pursuant to Resolution No. 8908, The Water Works Board of the City of Birmingham has established its Community Educational Program (the “Program”); and,

WHEREAS, pursuant to the Program, the Water Works Board may participate in events and functions if the Water Works Board’s participation: protects its water sources and its consuming public; obtains optimum utility management, improves water quality and system reliability; improves reliability of high-quality water; provides educational, scientific and technological information about the Water Works Board to its consuming public; ensures access to and the wise use of water resources and the protection of the environment; and, engages in such activities that are beneficial to the entire water system and that are otherwise necessary, appropriate and consistent with the Water Works Board’s corporate powers (all of which is hereinafter referred to as “Corporate Purposes”); and,

WHEREAS, under the Program, the Water Works Board has identified non-ratepayer funding that may be used for funding the Program (the “Funds”); and,

WHEREAS, on October 24, 2023, the Music Speaks Louder than Words Foundation will host the Alabama Black Women’s Roundtable that will have a beneficial impact on the Water Works Board’s service area; and,

WHEREAS, the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable presents the Water Works Board with an opportunity to accomplish its Corporate Purposes; and,

WHEREAS, the Water Works Board desires, subject to the below, to sponsor the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable in a way that will accomplish the Water Works Board’s Corporate Purposes.

NOW THEREFORE, BE IT RESOLVED on a motion made by Mr. George Munchus and seconded by Ms. Tereshia Huffman as follows:

1. It is hereby found and declared that the Water Works Board’s participation in the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable will accomplish its Corporate Purposes. Specifically, the Water Works Board’s participation in the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable will allow it to: provide educational information about the Water Works Board to its consuming public; help ensure access to and the wise use of water resources; have signage and distribute educational materials about the positive role that drinking water has on a person’s health; and, otherwise engage in activities that are beneficial to the entire water system and is appropriate and consistent with the Water Works Board’s corporate powers.

2. That the General Manager is authorized and instructed to take such steps as is necessary to sponsor the Music Speaks Louder than Words Foundation’s Alabama Black Women’s Roundtable. Such sponsorship shall include the Water Works Board accomplishing the Corporate purposes set forth above.

3. The sponsorship shall not exceed \$10,000.00 and shall be paid from the Funds. Furthermore, any and all expenses incurred by the Water Works Board such as employee time and educational materials shall also only be paid from the Funds.

Resolution No. 9426 is hereby adopted by unanimous vote.”

* * * * *

Following, as there was no further business before the Board, a motion was made by Director NeSmith and seconded by Director Ward to adjourn the meeting. On a motion duly made and seconded, the meeting was adjourned unanimously at 12:39 p.m.

_____/S/
Tereshia Q. Huffman
Chairwoman

Attest:

_____/S/
Larry Ward
Secretary-Treasurer