

SUMMARY OF A COMMITTEE MEETING

HELD Tuesday, June 15, 2021

at 11:30 a.m. – (via in-person/telephone)

[THESE ARE NOT THE OFFICIAL MINUTES]

The Governor's Open Meeting Act ("OMA") Proclamation allows members of governmental bodies to hold said meeting electronically (via telephone etc.) for purposes of establishing a quorum, deliberating and taking action; and via electronic equipment allows members of the public to listen to the meeting.

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; Colandus 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, 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.

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 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. A representative from Segal gave an overview of the actuarial Pension Plan results. The representative stated the year was positive and stated participants and liabilities didn't change much. The representative then gave an overview of the reconciliation of effective amortization period; unfunded liability; and peer comparison. The representative indicated the plan is well ahead of other public sector plans. Next, another representative from Segal gave an overview of the actuarial OPEB Plan results. The representative stated the investment returns were very good and indicated there was no issue with the Board's current plan contributions. The representative 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. A representative from 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 they will continue to monitor assets to make sure they are within the Board's policy. The representative stated the OPEB Plan had a value of \$35,499,524 as of March 31, 2021. A director requested a list of money managers by location. 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 12:08 p.m. A discussion was held regarding changes to the current by-laws. A Board attorney gave an overview of the recommended changes and requested the directors to review the drafted by-laws and submit their recommended revisions. A few directors indicated they were pleased with the drafted by-laws. 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. A representative from Sheppard Harris & Associates stated an audit was performed for December 31, 2019 and December 31, 2020. The representative stated there was no difficulties, disagreements or issues to report with the audit. The representative indicated a clean opinion was issued. The representative gave an overview of the assets/financial statements and indicated it was \$162 million in 2019 and \$176 million in 2020 for the Pension Plan. The representative then gave an overview of the OPEB Plan audit. The representative stated there was no difficulties, disagreements or issues to report with the audit. The representative indicated a clean opinion was issued. The representative 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 regarding audit of BWWB Financial Statements for the Year Ended December 31, 2020; necessary to perform essential minimum functions of the governmental body. A representative from Banks, Finley & White stated an audit was conducted for December 31, 2020. The representative indicated an unqualified opinion would be issued. The representative indicated there were no audit adjustments to report. 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. A director 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.