

**MINUTES OF THE REGULAR BI-MONTHLY MEETING AND PUBLIC HEARING
OF DIRECTORS OF THE WATER WORKS BOARD OF THE CITY OF
BIRMINGHAM
November 10, 2021**

The regular bi-monthly meeting and Public Hearing of the Directors of The Water Works Board of the City of Birmingham was held on Wednesday, November 10, 2021 at 5:30 p.m., at 3600 First Avenue North, Birmingham, Alabama – In Person, 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 Blankenship, William “Butch” Burbage, Jr., Tom Henderson, Tereshia Huffman, Ronald A. Mims, George Munchus, Dalton NeSmith, Jr., Chris Rice and Larry Ward.

Others present were: Michael Johnson, General Manager; Iris Fisher, Derrick Murphy and Jeffrey Thompson, Assistant General Managers; K. Mark Parnell, Parnell Thompson Law, LLC; Byron Perkins, Perkins-Law, LLC; Kelvin Howard, Attorney; Cynthia Williams, Board Administrator; Tammy F. Wilson, Executive Assistant to Assistant General Managers Derrick Murphy and Jeff Thompson; Anitra Clark, Corporate Governance Specialist; Terrell Jones, Interim Security Manager; Colandus Mason, Information Technology Manager; Marsha Hammonds, Systems Support Supervisor; Jeff Wade and Charles McGee, Electrical and Mechanical Shop; Rick Jackson, Public Relations Manager; Valecia Dulaney, Communications Coordinator; Olivia Martin, Office of the Attorney General; Rosalind Jones, Accounting Manager; Linda Jones – James, Budget Officer; Peiffer Brandt; Raftelis Financial Consultants; Martha Bozeman, Kevin Wainscott and Tommy Palladino, Agency 54; Ben Wegleitner, Speaker from Cahaba River Society; W. J. (Bill) Robert Walker, Madelyn Welch, Thomaston, Speakers; COB Police Officer Treadwell.

Chairman Mims called the meeting to order at 5:31 p.m. Assistant General Manager, Iris Fisher opened the meeting with prayer.

All directors were present, so a quorum was in attendance.

Next, Chairman Mims called for approval of the agenda that was before the meeting body. 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. Dalton NeSmith and seconded by Dr. George Munchus that the Board of Directors hereby approves the November 10, 2021 Regular Board of Directors’ meeting and Public Hearing agenda.

Resolution No. 8915 is hereby adopted by unanimous vote.”

* * * * *

Following, the Board was asked to approve minutes from the Regular Board of Directors’ meeting held August 25, 2021, 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 Dr. George Munchus and seconded by Mr. Tom Henderson, that the Board hereby approves minutes of the following meeting:

- Regular Board of Directors’ Meeting held August 25, 2021

Resolution No. 8916 is hereby adopted by unanimous vote.”

* * * * *

Next, under Reports of Committee, Director Blankenship gave an update from the Human Resources Committee, stating there a lot of new positions and vacant positions and he reminded Staff to be mindful of the Succession Plan. There were no other reports from Committees and no Reports of Officers. There was no Unfinished Business discussed.

Following, under New Business, as set forth in agenda Item 2, General Manager Michael Johnson began a presentation pursuant to Act No. 2015-164, Section (4c), that BWWB was holding a Public Hearing to consider taking action consistent with Resolution No. 4166 which was adopted on December 22, 2003 as amended (i.e., adoption of the Rate Stabilization and Equalization Procedure, RSE Model) that will result in a rate increase. GM Johnson stated a budget presentation would be made so the public has a clear understanding of the 2022 Budget. AGM Leadership introductions were made as each talked about their division’s highlights. AGM Thompson gave a quick system overview, pointing out the major intakes and reservoirs within the system. The total Raw Water capacity is 289 MGD and Finished capacity is 189 MGD. GM Johnson gave an overview of the key inputs and key outputs regarding the rate setting structure, along with goals and policies. GM Johnson highlighted bond ratings in which BWWB has received top status. The proposed FY 2022 rate increase of 3.9% is below the industry average of 4.61% for 2010 – 2022. Additionally, no debt will be used to fund the FY 2022 Capital Budget. All cash will be used as part of the Board’s strategy to reduce its reliance on long term debt. The budget process; from needs based on the O&M and Capital projects, plus Strategic Plan goals, to the process being embraced by BWWB leadership was shared. The O&M budget increased to 6.45% for year 2022. AGM Fisher talked about the preparation of the Board’s budgets noting that they are produced in accordance with the Government Finance Officers Association (GFOA) Certificate Program. The preliminary FY 2022 budget along with the approved FY 2022 budget will be available on the company website AGM Fisher stated. Highlights of the FY 2022 O&M Budget include accomplishing goals in the areas of product quality, customer satisfaction, workforce development, infrastructure stability, financial viability and effective governance. Some projections were shared regarding consumption and revenue. AGM Murphy presented the

Capital Budget portion of the presentation. At 6:18 p.m. Director Blankenship exited the meeting. AGM Murphy talked about the aging infrastructure and the high points of the Capital Planning Strategy; reorganization of the Capital Program, risk reduction and resilience improvements, filter rehabilitation at water treatment plants, water system reliability, dam rehabilitations and distribution system piping replacement. Galvanized steel pipe and unlined cast iron pipe account for 67% of maintenance activity. Challenges and opportunities including current market conditions were briefly talked about. GM Johnson wrapped up the presentation with highlights of industry recognition and awards BWWB has received including awards from EPA, ADEM, AWWPCA, Partnership for Safe Water, AWWA and Training Magazine. BWWB has received very favorable reports from Moody's Investors and S&P Global as well. In summary, the approval of the O&M and Capital Budgets would result in a 3.9% residential rate increase for FY 2022, wholesale rates in effect January 1, 2021 would decrease effective January 1, 2022, current raw water rates in effect would remain in effect in FY 2022 and fire hydrant fees in effect October 1, 2021, would increase effective October 1, 2022. Director Munchus asked about the Customer Assistance Program. GM Johnson stated it is in place, but under review with attorneys, adding that Jefferson County did not match funds. Director Munchus also inquired about the 2022 revenue projection. AGM Fisher responded that she believed we would be at 97% - 98% in 2022.

Following, speakers were recognized. Robert Walker, from the Wahouma Neighborhood Association, asked if the Board had found other sources of revenue in lieu of a rate increase. Madelyn Welch had a question about billing, and she was directed to an onsite billing specialist to assist her. Bill Thomaston inquired if BWWB was still doing business with the entities involved in corruption who were indicted. GM Johnson stated BWWB would respond in writing through Board attorneys to Mr. Thomaston's question. Mr. Thomaston also wondered if the reason for the rate increase was due to debt service. Ben Wegleitner, with the Cahaba River Society, asked if BWWB had received their written comments. GM Johnson indicated that the correspondence was received from the Cahaba River Society.

Next, GM Johnson gave some closing comments and stated the next steps would be to place approval of the 2022 O&M and Capital Budgets on the Board agenda at the next Board meeting.

Following, the Board was asked to approve payment of an invoice to Terminus Municipal Advisors, LLC, as set forth in agenda Item 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. Larry Ward and seconded by Ms. Tereshia Huffman that the Board hereby authorizes staff to execute payment to the following:

- Terminus Municipal Advisors, LLC, for professional services provided October 2021, in the amount of \$6,500.00.

Resolution No. 8917 is hereby adopted by unanimous vote.”

* * * * *

Next, the Board was asked to approve payment of an invoice to Agee Law, LLC, as set forth in agenda Item 4. 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 Ms. Tereshia Huffman and seconded by Dr. George Munchus that the Board hereby authorizes staff to execute payment to the following:

- Agee Law, LLC, for professional services provided October 2021, in the amount of \$15,000.00.

Resolution No. 8918 is hereby adopted by unanimous vote.”

* * * * *

Following, the Board was asked to approve payment of an invoice to Agency 54, as 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 Dr. George Munchus and seconded by Mr. Tom Henderson that the Board hereby authorizes staff to execute payment to the following:

- Agency 54, for professional services provided October 2021, in the amount of \$25,000.00.

Resolution No. 8919 is hereby adopted by unanimous vote.”

* * * * *

Next, the Board was asked to authorize expenditures with Luminary Automation & Engineering (LAE), a Sole Source provider, for hardware, software, security and services for the SCADA Security & Resilience System Program, at an out-of-pocket cost of \$3,523,900.00, as recommended by the Engineering and Maintenance Committee, and set forth in agenda Item 6. 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. Dalton NeSmith and seconded by Dr. George Munchus, that the Board hereby authorizes expenditures with Luminary Automation & Engineering (LAE), a Sole Source provider, for hardware, software, security and services for the SCADA Security &

Resilience System Program, at an out-of-pocket cost of \$3,523,900.00, as recommended by the Engineering and Maintenance Committee. [Note: This expenditure is exempt from bidding under the Alabama Competitive Bid Law because it is a Sole Source provider].

Resolution No. 8920 is hereby adopted by unanimous vote.”

* * * * *

As there was no further business before the Board, a motion was made and seconded, and the meeting adjourned at 7:05 p.m.

/S/
Ronald A. Mims
Chairman/President

Attest:

/S/
William “Butch” Burbage
Secretary-Treasurer