

**MINUTES OF THE FINANCE COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
March 20, 2024**

A Finance Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, March 20, 2024, at 10:00 a.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Committee members were present: Directors Ward (Committee Chairman), Burbage and Huffman. Also, present were Director Henderson and Director Munchus.

Others present were: Michael Johnson, General Manager; Iris Fisher and Philip King, Assistant General Managers; Cynthia Williams, Board Administrator; Anitra Clark, Corporate Governance Specialist; Elyse Page, Executive Assistant to General Manager, Vanessa Washington, Executive Assistant; Rick Jackson, Marsha Hammonds, Rosalind Jones, Cassandra Bell, A'khi King, Jeff Wade, Charles McGee, Anthony Hazel and David Walker, BWWB Employees; Kelvin W. Howard, LLC; Olivia Martin, State of Alabama Attorney General's Office; and Bill Todd, O2 Ideas.

Inasmuch as all Committee members were present, a quorum was declared in attendance. Committee Chairman Ward called the meeting to order at 10:00 a.m., General Manager Johnson opened the meeting with prayer.

Following, the Committee proceeded to approval of the agenda. Director Huffman made a motion to approve the agenda and Director Burbage seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Next, the Committee proceeded to the first item on the agenda, Request Committee to approve minutes of September 27, 2023, October 11, 2023, and December 6, 2023. Director Burbage made a motion to approve the minutes and Director Huffman seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Following, the Committee proceeded to Reports of Officers. Director Ward commented that the report on Birmingham Water Works earnings was interesting, and he asked General Manager Johnson to provide additional information on the results of the guaranteed investment contract (GIC) bid. General Manager Johnson said the Birmingham Water Works has taken advantage of guaranteed investment contracts. He stated the company recently received a bid to invest \$51.5 million in a GIC. General Manager Johnson stated the GIC will generate approximately \$2.6 million in interest earnings with an average earnings rate of 5.07%. He stated there are three other guaranteed investment contracts (two revenue reserve funds and a bond debt service fund) that together will generate an estimated \$4.5 million in investment earnings. Per General Manager Johnson Birmingham Water Works is taking advantage of the higher market interest rate environment. Director Munchus inquired whether the \$4.5 million investment earnings were short term or long term and whether the investment earnings were earmarked for a specific purpose. General Manager Johnson responded the estimated earnings are annually (twelve-month period), and that the investment earnings are used for the company's day to day operations.

Next, the Committee proceeded to the second item on the agenda, Request Committee to recommend to the Board to approve an agreement with Municipal Government Investors Corp. (mGIC), effective April 10, 2024, through December 31, 2024, to serve as Birmingham Water Works' Cash and Investments Advisor, at a cost to the Board not to exceed \$50,000.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement. General Manager Johnson commented that this is the second time Birmingham Water Works has entered in an agreement with mGIC. He stated there is a job position associated with this agreement; however, it has not been filled. General Manager Johnson indicated that the funds associated with this agreement pays for the referenced job position. He stated mGIC's guaranteed investment contract experience will help the Birmingham Water Works take advantage of the opportunities recommended since the position to manage and monitor the company's investment has not been filled. Director Ward stated he is okay with the request for now; however, there needs to be an understanding that GIC Advisor money/fees is taken off the top. He said the company's interest rates are lowered by doing so, and that the amount of money the Advisor gets is unknown. General Manager Johnson responded that the Birmingham Water Works does not pay the mGIC Advisor out-of-pocket. He stated the mGIC Advisor is paid by the provider. However, Director Ward responded that said fee/payment could be a significant amount of money. Director Munchus asked if the Advisor was required to disclose his fee, and could it be a condition of the contract if mGIC agreed, which Director Ward responded probably not. Next, Director Munchus asked, which job position is related to mGIC. Assistant General Manager Fisher responded that the Investment position in the Executive Department was eliminated from the budget in 2024; however, the referenced amount was budgeted under consultants, because staff knew the services would be needed. Director Munchus asked if the position being referenced is the Treasury position, which Assistant General Manager Fisher responded yes. Afterwards, Director Ward commended staff for moving in the right direction. He indicated his approval of the contract ending December 31, 2024, as there will be an upcoming Request for Proposals (RFP) issued to determine interest from others in providing the referenced professional services. Director Huffman made a motion to recommend said item be moved to the full Board for approval and Director Burbage seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Following, the Committee proceeded to the third item on the agenda, Request Committee to recommend to the Board to approve the updated banking resolutions, as set forth in agenda item 3.1, designating those who are authorized to execute banking transactions at Regions Bank on behalf of The Water Works Board of the City of Birmingham and as set forth in agenda item 3.2, designating those who are authorized to execute banking transactions at Truist Bank on behalf of the Water Works Board of the City of Birmingham. Assistant General Manager Fisher stated that whenever there is a change in leadership, the signature cards for the referenced resolutions are updated. She said opposed to removing individuals, the updated signature card becomes the official record regarding who is currently allowed to sign on behalf of Birmingham Water Works, which requires two signatures. Director Huffman made a motion to recommend said items be moved to the full Board for approval and Director Burbage seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Subsequently, the Committee proceeded to the fourth item on the agenda, Request Committee to review and to recommend to the Board to approve the updated Job Description for Manager, Internal Audit. General Manager Johnson stated a Certified Public Accountant (CPA) certificate is required for the position. In addition, he highlighted changes to the job description for the Manager, Internal Audit. General Manager Johnson stated the most significant change to the job description was adding a Certified Internal Auditor (CIA) certification as a requirement. Also, he said there is a recommendation to allow an individual without the certified internal auditor certification three years within employment to obtain certification. In addition, General Manager Johnson stated applications are still being received; however, the next steps will include a review of applications by a panel consisting of Board Attorney Parnell, Assistant General Manager Fisher, and himself. General Manager Johnson said up to three candidates will be brought before the Finance Committee for the Committee to review. Director Burbage made a motion to recommend said item be moved to the full Board for approval and Director Huffman seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

As there was no further business before the Committee, Director Burbage made a motion to adjourn the meeting and Director Huffman seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting adjourned at 10:15 a.m.

_____/s/_____
Michael Johnson
General Manager

_____/s/_____
Raymond “Larry” Ward
Committee Chairman

_____/s/_____
William “Butch” Burbage, Jr.
Director

_____/s/_____
Tereshia Q. Huffman
Director