

**MINUTES OF THE FINANCE COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
November 4, 2024**

A Finance Committee meeting of the directors of The Water Works Board of the City of Birmingham was held on Monday, November 4, 2024, at 3:30 p.m., at 3600 First Avenue North, Birmingham, Alabama.

The following Committee members were present: Directors Larry Ward (Committee Chairman) and Director William “Butch” Burbage.

Others present were: Darryl Jones, Interim General Manager; Mac Underwood, Interim Deputy General Manager, Barry Williams, Derrick Murphy, and Philip King, Interim/Assistant General Managers; Cynthia Williams, Board Administrator; Vanessa Washington, Executive Assistant; Colandus Mason, Rick Jackson, Reauchann Richardson, Anthony Hazel and David Walker, BWWB Employees; General Ronald L. Burgess, BWB Consultant; K. Mark Parnell, Parnell Thompson Law, LLC; Olivia Martin, State of Alabama Attorney General’s Office; Matthew Arrington, Terminus Municipal Advisors, LLC; Peiffer Brandt, Raftelis Financial Consultants, Inc; Frank Adams and Alex Perez, Direct Communications; and Rinesha Coleman, Allied Security.

Inasmuch as two of the Committee members were present, a quorum was declared in attendance. Committee Chairman Ward called the meeting to order at 3:35 p.m., Interim General Manager Jones opened the meeting with prayer.

Next, Committee Chairman Ward asked the Committee to approve the agenda. Director Burbage made a motion to approve the agenda and Committee Chairman Ward seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Following, the Committee moved to the first item on the agenda, Request Committee to Approve Minutes of the Finance Committee Meetings held May 22, 2024, and July 24, 2024. Director Burbage made a motion to approve the minutes and Committee Chairman Ward seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Next, the Committee moved to Reports of Officers: Request Committee to hear an Internal Audit Update. Interim General Manager Jones introduced Reauchann Richardson, Internal Audit Manager and he asked her to present the Update. She distributed a handout entitled “*2024 Internal Audit Update and 2024 Plan*”. A copy is on file in Diligent. Ms. Richardson stated the 2024 Plan is a preliminary outline for said year. She indicated that the internal audit’s objective is to assist external audits as they come through with relevant internal audit plans. Ms. Richardson said she has currently audited the Warehouse and Observed Physical Inventory. She stated there were some Warehouse issues identified; however, they are in remediation since she has pointed out her findings from Observed Physical Inventory. Also, Ms. Richardson said she initiated the Accounts Payable Financial Audit today to ensure expenses are being recorded timely, completely, accurately, and appropriately. In conclusion, Ms. Richardson stated the last Audit to be initiated will be the Transportation Audit; however, she must make sure that compliance and reporting assets are correct. Director Burbage

commented that there have been problems with Accounts Payable; therefore, he would like for her to place an emphasis in that area. Director Huffman entered the meeting at 3:39 p.m. Ms. Richardson responded that she started the process relative to auditing Accounts Payable this morning. Director Ward commented that they are happy to have Ms. Richardson at the company and look forward to working with her. He said she has access to the members of the Finance Committee. Next, Attorney Parnell pointed out that Ms. Richardson needs to report to the Finance Committee on a quarterly basis. He said technically Ms. Richardson answers to the Finance Committee and reports to the General Manager administratively. Attorney Parnell told Ms. Richardson if she has a need to meet with the Finance Committee to let the General Manager know. Director Ward said if Ms. Richardson needs to meet on an emergency basis or sooner than quarterly to notify them; otherwise, he asked Cynthia Williams, Board Administrator, to schedule Ms. Richardson to appear before the Finance Committee, on a quarterly basis. Ms. Williams indicated she would schedule the meetings as directed. Ms. Richardson commented that the Internal Auditor's charter is outdated because it has not been revised for a while. She indicated that she would like to present the charter to be revised and signed-off on. Director Ward said the Committee is open to any suggestions, but not the mistakes and errors from the past. He stated the Committee looks forward to the changes Ms. Richardson plans to bring.

Following, the Committee moved to the second item on the agenda, Request Committee to Recommend to the Board to Adopt a Resolution Authorizing the Interim General Manager, in consultation with the Board's Financial Advisor, Terminus Municipal Advisors, LLC, and the Water Works Board's legal counsel, Parnell Thompson, LLC, to Appoint a Bond Transaction Team. Director Burbage made a motion to recommend said item be moved to the Board for approval and Committee Chairman Ward seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Next, the Committee moved to the third item on the agenda, Request Committee to Recommend to the Board to Adopt a Resolution to Allow Employees to Sell Accrued/Unused Vacation Time in Excess of 80 hours in December 2024. Director Burbage asked was there an approximate amount based on what has been done historically. Interim Assistant General Manager Williams responded that the amount varies depending on the number of hours that employees have not used during the year; however, all is earned vacation time. Interim Assistant General Manager Williams said he will provide the information to Director Burbage before the next meeting. Director Huffman made a motion to recommend said item be moved to the Board for approval and Director Burbage seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote. Director Munchus entered the meeting at 3:42 p.m.

Following, the Committee moved to the fourth item on the agenda, Request Committee to Recommend to the Board to Approve the American Rescue Plan Act (ARPA) Sub Recipient Agreement with Jefferson County in the Amount of \$1,810,360.00; and to authorize the Interim General Manager and/or Assistant General Manager to execute the agreement. Interim General Manager Jones asked Assistant General Manager Murphy to provide a brief update on the item. Interim Assistant General Manager Williams interjected, in response to Director Burbage's vacation buyback question; he informed the Committee that the approximate amount for vacation buyback is between \$500,000.00 to \$600,000.00. Following, Assistant General Manager Murphy began his update. He stated the ARPA agreement with Jefferson County is for the installation of 5,570 feet of

6-inch pipeline, which is north of Old Springville Road in the Clay area. He stated that currently, some residents in the Clay community still use a well for their water service; therefore, the purpose is to connect them to the BWW water system. Assistant General Manager Murphy said Jefferson County has funds available slated for certain projects. He said, on last year, Jefferson County was given a list of projects for unincorporated Jefferson County. Director Ward asked what the benefit was to BWW. Assistant General Manager Murphy responded that BWW is getting 5,570 feet of 6-inch pipe. Following, Director Ward asked how many customers BWW would be serving. Assistant General Manager Murphy stated he did not have the actual number of customers, but he would provide the information to the Committee at a later date. Per Assistant General Manager Murphy, there are not a lot of customers; however, it will provide a lot of connectivity to water lines in the area. Director Ward commented that the referenced area is growing, and he asked whether expanded growth was expected. Assistant General Manager Murphy responded that when looking at the schools/education system numbers in Clay, the Clay/Trussville area has been expanding. Director Huffman made a motion to recommend said item be moved to the Board for approval and Director Burbage seconded the motion. On a motion duly made and seconded, the motion was approved by unanimous vote.

Next, the Committee moved to the fifth item on the agenda, Request Committee to recommend to the Board to Approve Utegration/Cognizant Additional Scope of Services to perform the Phase 0 Assessment in Support of the Planned Migration to S/4HANA, at an out-of-pocket cost to the Board of \$125,000.00; and to authorize the Interim General Manager or Interim Assistant General Manager to execute the necessary documents. Interim General Manager Jones asked Interim Assistant General Manager Williams to briefly explain the item, as he previously discussed in a committee meeting. Interim Assistant General Manager Williams stated SAP Phase 0 is being started in preparation for the SAP 4HANA upgrade. He stated that SAP Phase 0 will assist with the existing state of BWWs on-premises solution in preventing difficulties that may be encountered as BWW prepares to update to the new SAP system. He said all the stakeholders will come together to discuss the changes, which should be a two-month process, ending December 2024. Interim General Manager Jones commented that Utegration/Cognizant currently does work for BWW; which is the reason for wanting said company involved with this assignment, and to expedite the process. Chairman Ward made a motion to recommend said item be moved to the 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 moved to the sixth item on the agenda, Request Committee to Recommend to the Board to Approve an Agreement with Raftelis Financial Consultants, Inc., effective January 1, 2025, through December 31, 2025, to continue to serve as the system's Rate Consultants (Independent Rate Consultants), at an out-of-pocket cost to the Board not-to-exceed \$394,800.00; and to authorize the Interim General Manager and/or the Interim/Assistant General Manager to execute the agreement. Director Burbage made a motion to recommend said item be moved to the 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 Huffman made a motion to adjourn the meeting and Director Burbage seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting adjourned at 3:47 p.m.

_____/s/_____
Darryl R. Jones
Interim General Manager

_____/s/_____
Larry Ward
Committee Chairman

_____/s/_____
William "Butch" Burbage, Jr.
Director

_____/s/_____
Tereshia Q. Huffman
Director