

**MINUTES OF THE EXECUTIVE COMMITTEE MEETING
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM
Thursday, September 30, 2021
11:30 a.m.**

An Executive Committee Budget Workshop meeting of the directors of The Water Works Board of the City of Birmingham was held on Thursday, September 30, 2021, via in-person and electronically [via teleconference/telephone - Public].

The following Committee members were present via roll call: Ronald A. Mims, William “Butch” Burbage Jr., Tom E. Henderson, Dalton NeSmith, Chris Rice and Larry Ward. Director Lucien Blankenship via telephone.

The meeting was also attended by: Michael Johnson, General Manager; Derrick Murphy, Jeffrey Thompson and Iris Fisher, Assistant General Managers; Cynthia Williams, Board Administrator; Vanessa Washington, Executive Assistant; Anitra Clark, Colandus Mason, Marsha Hammonds, Tim Garrett, Rosalind Jones, Rick Jackson, Terrell Jones, Jeff Wade and Charles McGee, BWWB Employees; Peiffer Brandt, Raftelis; Byron Perkins, Perkins Law, LLC.; Patrick Flannelly, ARCADIS; and Richard Finley, The Finley Group.

Inasmuch as a majority of the Committee members were present, a quorum was in attendance.

Chairman Mims called the meeting to order at 11:34 a.m. Assistant General Manager Iris Fisher opened the meeting with prayer. GM Johnson announced that the phone system was down and asked that everyone speak into the microphone. Chairman Mims requested that a place be designated on future agendas to allow for public comments. GM Johnson clarified that the public comments placement referenced by Chairman Mims pertained to regular board meeting agendas.

Next, the Committee proceeded to approve the agenda as printed. Director NeSmith made a motion to approve the printed agenda and Director Ward seconded the motion. The Committee approved the printed agenda by unanimous vote.

Following, the Committee proceeded to the approval of minutes, which there were no minutes.

Next, the Committee proceeded to the report of officers, which there were no reports.

Following, as there was no unfinished business, the Committee proceeded to new business. Agenda item one requested the Committee to recommend to the Board to approve the Strategic Plan for FY2022 through FY2026. Chairman Mims requested directors to review the information for discussion and to allow staff time to research questions. Director NeSmith made a motion to approve agenda item one and Director Henderson seconded the motion. The agenda item was approved by unanimous vote. Said item was moved to the full Board for consideration. Directors Munchus and Huffman were not present for the vote.

Subsequently, the Committee proceeded to agenda item two, which requested the Committee to recommend to the Board to receive the Preliminary FY2022 Operation and Maintenance Budget (O&M) and the FY2022 Capital Budget. GM Johnson gave an overview of the information to be presented. Director Rice left the meeting at 11:46 a.m. GM Johnson presented information on Effective Utility Management (EUM), Rate Setting and the RSE Process. GM Johnson also provided information related to BWWB's Financial Goals and Policies. Per GM Johnson, if there is a revenue deficit or targets are not met, rates must be increased, and adjustments made to ensure that the coverage meets target. He stated the FY2022 budget includes \$1.2 million dollars from the Customer Assistant Program fund to be used for PAYGO. Chairman Mims inquired about the standard for reserves. GM Johnson explained that there is no standard for all levels of ratings, but Moody does have a criteria. Director Munchus arrived at 11:58 a.m. Afterwards, GM Johnson concluded his overview and announced that AGM Fisher would present information on the O&M Budget. AGM Fisher discussed the budget process, key budget assumptions and FY2022 budget highlights. Director Munchus inquired about the company's policy on determining employee's eligibility to receive COLA, Merit and/or Longevity Pay, which GM Johnson explained. He also stated that the COLA moves the pay scale for all employees. Per AGM Fisher, the salary survey that is to be updated has recommendations for employees that have reached the maximum of their pay grade. Afterwards, AGM Fisher discussed how the O&M Budget is impacted by the following six goals: (1) Product Quality (2) Customer Satisfaction (3) Workforce Development (4) Infrastructure Stability (5) Financial Visibility and (6) Effective Governance. Next, AGM Fisher stated that the proposed FY2022 Budget is \$116,069,389.00 (*7.14% increase from the previous fiscal year's budget*). She explained the various budget line items that make up the proposed budget in detail and reasons for the increase and concluded her presentation. Following, Mr. Brandt was recognized to present. He talked about the importance of demand. He stated that revenue requirements divided by customer demand determines water rates. Director NeSmith left the meeting at 12:41 p.m. In addition, Mr. Brandt discussed the FY2022 projection considerations and introduced Mr. Richard Finley, who gave an overview of non-residential and wholesale projections. Then, Mr. Brandt presented the debt service coverage. Per Mr. Brandt, his recommendation to the board is not to increase raw water rates for FY2022, but to wait until FY2023 to get aligned with the cost of service. Director Huffman entered the meeting at 12:54 p.m. Next, Mr. Brandt gave an overview on base charge rate changes for FY2022, fire hydrant fees, historical rate trends, and customer impacts. Director Huffman asked Mr. Brandt to give an example of the impact for a customer with a larger bill. Mr. Brandt stated he would provide information to GM Johnson to share with the Board showing a 0 ccf-25 ccf breakdown that will show the increase in dollar amount and percentage. Then, he concluded his presentation with a discussion of the FY2022 Total Revenue Projections and debt service coverage. Afterwards, AGM Murphy gave an overview of the FY2022 Capital Budget. The topics he covered included the following: Current System Assets, 2022 Strategic Plan Project Highlights, Capital Planning Strategy Review, 2022 Proposed Capital Budget and Challenges & Opportunities. Director Huffman inquired about the process for hiring a vendor for Automatic Metering Reading/Infrastructure as it relates to the 2022 Strategic Plan. She asked that BWWB proceed carefully in picking the vendor and to sample instead of applying the automatic metering reading to the entire customer base to avoid costing the company a large sum of money. AGM Murphy

agreed and confirmed that a pilot would be implemented and would last for approximately four seasons. Lastly, he discussed galvanized steel pipe and a breakdown of the FY2022 Proposed Capital Budget and concluded his presentation. Next, GM Johnson discussed the next steps for a budget workshop. He stated that staff’s proposal is that the first budget workshop be held October 7, 2021 at 11:30 a.m. After some discussion, directors decided a second workshop was unnecessary if questions could be asked at the upcoming board meeting scheduled for October 27, 2021. Per GM Johnson, the public hearing is scheduled for November 10, 2021 at 5:30 p.m. and the FY2022 O&M and Capital Budgets would need to be voted on at the board meeting scheduled for November 17, 2021. Also, discussed were ways to provide the public access to the budget books. Following, Rick Jackson indicated that digital ads and printed media would be used to provide notice to the public regarding the Public Hearing. Per Mr. Jackson, the public will have time to send questions in advance if they are unable to attend the Public Hearing.

As there was no further business before the Committee, Director Ward made a motion to adjourn the meeting and Director Huffman seconded. Thus, Chairman Mims adjourned the meeting at 1:45 p.m.

<hr/> /s/ <hr/> Ronald A. Mims Chairman	<hr/> /s/ <hr/> George Munchus, Ph.D. Vice Chairman	<hr/> Lucien B. Blankenship, Esq. Second Vice-Chairman
<hr/> /s/ <hr/> William “Butch” Burbage, Jr., CPA Secretary-Treasurer	<hr/> /s/ <hr/> Tereshia Q. Huffman Assistant Secretary-Treasurer	<hr/> /s/ <hr/> Thomas E. Henderson Director
<hr/> /s/ <hr/> Carl Dalton NeSmith, Esq. Director	<hr/> /s/ <hr/> Christopher B. Rice Director	<hr/> /s/ <hr/> Raymond “Larry” Ward Director
	<hr/> /s/ <hr/> Michael Johnson, MBA, CPA General Manager	