

**MINUTES OF THE REGULAR BI-MONTHLY MEETING OF DIRECTORS  
OF THE WATER WORKS BOARD OF THE CITY OF BIRMINGHAM  
September 13, 2023**

A regular meeting of the directors of The Water Works Board of the City of Birmingham was held on Wednesday, September 13, 2023 at 12:00 p.m.

The following directors were present: Tom Henderson, Lucien Blankenship, Larry Ward, Tereshia Huffman, George Munchus, William “Butch” Burbage, Jr., Mashonda Taylor, and Dalton NeSmith. Director Ronald A. Mims was not present.

Others present were: Michael Johnson, General Manager; Derrick Murphy, Assistant General Managers; Cynthia Williams, Board Administrator; Anitra Clark, Corporate Governance Specialist; Drusilla Hudson, Rick Jackson, Jeff Wade, Charles McGee, Rosalind Jones, Jackie Hill, Colandus Mason, Paul Lloyd, Derrick Maye, and David Walker, BWWB Employees; K. Mark Parnell, Parnell Thompson, LLC; Byron Perkins, Perkins Law, LLC; Tiffanie Agee, Agee Law, LLC; Michael Bell and Ashley Orl, Birmingham Construction Industry Authority; Olivia Martin, State of Alabama Attorney General’s Office; Trisha Brown, ARCADIS; Phillip Moultrie, Valent Group; Lindsey McAdory, CBG Strategies; Daymeon Fishback and Greg Burchell, Morgan Stanley; Kent Hartzog, Gresham Smith; Charles Wilkinson, Human Resource Management; and Singh Kahlon, Global Construction Engineering.

Chairwoman Huffman declared a quorum in attendance.

Chairwoman Huffman called the meeting to order at 12:02 p.m. and General Manager Michael Johnson opened the meeting with prayer.

Following, Chairwoman Huffman asked the Board to approve the agenda. The General Manager requested an item be added to the agenda as item number 5, Request Board to approve an agreement with Auditwerx, LLC, a Division of Carr, Riggs & Ingram Capital, LLC to conduct the 2023 SOC 1 Audit, at a total out-of-pocket cost to the Board of \$95,000.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement, as recommended by the Finance Committee. 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. George Munchus, and seconded by Mr. Thomas Henderson, that the Board hereby approves the agenda for the September 13, 2023 Regular Board of Directors Meeting and adds item 5 to the agenda, Request Board to approve an agreement with Auditwerx, LLC, a Division of Carr, Riggs & Ingram Capital, LLC to conduct the 2023 SOC 1 Audit, at a total out-of-pocket cost to the Board of \$95,000.00; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement, as recommended by the Finance Committee. Resolution No. 9404 is hereby adopted by unanimous vote.”

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Following, the Board moved to the first item on the agenda, Request Board to approve minutes of Regular Board of Directors’ Meeting held July 12, 2023. 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 Mr. George Munchus, that the Board approves minutes from the July 12, 2023 Regular Board of Directors’ Meeting. Resolution No. 9405 is hereby adopted by unanimous vote.”

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Following, Chairwoman Huffman asked to hear Reports of Committee. As there were no reports, the General Manager stated there was a Finance Committee Meeting held September 13, 2023 at 10 a.m. He stated the upcoming Engineering & Maintenance Committee Meeting would be held directly following the Board meeting. He stated there will be Executive Committee Meetings held September 18, 2023 at 9:00 a.m., and September 27, 2023 at 9:30 a.m.; a Finance Committee Meeting will be held September 27, 2023 at 10:00 a.m.; and a Regular Board of Directors’ Meeting will be held September 27, 2023 at 11:30 a.m.

Following, Chairwoman Huffman asked to hear Reports of Officers. She stated she would like to schedule a Communications Committee Meeting for the first of October. Director Blankenship arrived at the meeting at 12:06 p.m. Next, the General Manager recognized Morgan Stanley to make a presentation regarding the Investment Performance of the Pension and Other Post-Employment Benefits (OPEB) Plans as of July 31, 2023. Daymeon Fishback, Morgan Stanley, gave an overview of the capital markets for the 2<sup>nd</sup> Quarter stating NASDAQ was up 13 percent; Russell 2000 was up; Dow Jones was up 4 percent; and the S&P 500 was up 8.7 percent. He stated consumers stayed strong in the 2<sup>nd</sup> Quarter; however, there is concern that that may be coming to an end. He stated commercial real estate has vacancies at 13.2 percent. Director Munchus questioned whether the consumer base is based on general households. Mr. Fishback responded the consumer base is referring to general households; however, the lower end consumer is getting hit harder right now. Next, Greg Burchell, Morgan Stanley, gave an overview of the Pension Plan’s performance. He stated the numbers are based on information as of July 31, 2023. He stated the plan has 25 percent in fixed income; and 2 percent of the plan is in cash to fund uninterrupted pension payments and to minimize the need to raise capital by selling investments. Mr. Burchell stated as of December 31, 2022 there was a cumulative withdrawal of \$27 million from the investments. He stated the year was good for equities and it saw gains of \$14 million. He stated the plan also has 54 percent in equity, and 23 percent in international equity. He stated the plan was at \$130 million in 2017 and it is now valued at \$184 million. Mr. Burchell stated the money managers outperformed the markets, with the portfolio having 48 percent in minority managers. He indicated two years ago the decision was made to maintain a conservative approach in the growth sector and as that market moves away, slight underperformance will arise and it will get riskier. He indicated Morgan Stanley feels the market will come back around to this particular money manager and will see outperformance with a pullback. Next, Mr. Burchell gave an overview of the OPEB Plan. He stated the plan’s portfolio has 35 percent in fixed income. He stated interest rates may tick down in the next 12 to 18 months. He stated the plan’s value is currently \$34 million with a withdrawal of \$2.2 million. He indicated the plan is up 11 percent for the 2<sup>nd</sup> Quarter. He then gave an overview of the money managers and stated the portfolio has 43 percent in minority managers.

Following, the Board moved to Speakers. Mr. Singh Kahlon, Global Construction Engineering, spoke regarding outstanding invoices. Mr. Derrick Maye, BWWB Employee Association President, spoke regarding the salary survey.

Following, the Board moved to the second item on the agenda, Request Board to approve payment of the following invoices. 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. George Munchus, and seconded by Mr. Thomas Henderson, that the Board hereby authorizes staff to execute payments to the following:

- 2.1 Terminus Municipal Advisors, LLC for professional services rendered August 2023 in the amount of \$8,500.00.
- 2.2 Agee Law, LLC for professional services rendered August 2023 in the amount of \$9,390.00.
- 2.3 o2 Ideas for professional services rendered August 2023 in the amount of \$10,000.00.
- 2.4 The Jones Group, LLC for professional services rendered August 2023 in the amount of \$10,000.00.
- 2.5 Hilliard, Smith & Hunt, LLC for professional services rendered August 2023 in the amount of \$13,000.00.
- 2.6 CBG Strategies. LLC for professional services rendered August 2023 in the amount of \$15,000.00.
- 2.7 Raftelis Financial Consultants, Inc. for professional services rendered June 2023 related to Consolidated Invoices in the amount of \$18,085.00.
- 2.8 Perkins Law, LLC for the following:
  - 2.8.1 For professional services rendered June 2023 in the amount of \$8,967.00.
  - 2.8.2 For professional services rendered July 2023 in the amount of \$15,468.00.
- 2.9 Birmingham Construction Industry Authority for professional services rendered August 2023 in the amount of \$25,000.00.
- 2.10 ARCADIS U.S., Inc. for professional services rendered June 2023 in the amount of \$398,893.23.

Resolution No. 9406 is hereby adopted by unanimous vote.”

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Following, the Board moved to the third item on the agenda, Request Board to ratify expenditures with Human Resource Management, Inc. for additional out-of-pocket cost compensation analysis work and meetings for the Compensation Study Project at a total out-of-pocket cost to the Board of \$29,968.00, as recommended by the Executive Committee. 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 Mr. George Munchus, that the Board hereby ratifies expenditures with Human Resource Management, Inc. for additional out-of-pocket cost compensation analysis work and meetings for the Compensation Study Project at a total out-of-pocket cost to the Board of \$29,968.00, as recommended by the Executive Committee. Resolution No. 9407 is hereby adopted by unanimous vote.”

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Following, the Board moved to the fourth item on the agenda, Request Board to approve the 2023 Compensation Study (Comp Study) to include assigning jobs to new job grades based on market and amending the current Salary Administration Plan to address changes in the proposed 2023 Comp Study, effective September 25, 2023, as recommended by the Executive Committee. Director Munchus questioned whether management had meetings with employees regarding the Comp Study. The General Manager stated several meetings were held with the Employee Association and there were discussions regarding the process. He stated there is a plan to meet with employees to explain how the survey progressed, and discuss the upcoming changes to their salary grades, if the Board approves the Comp Study. Director Munchus questioned why discussions would be held with employees after the Comp Study would be approved by the Board as opposed to having those discussions prior to approval. The General Manager stated management went through the process with the Employee Association and shared management's recommendations. Director Munchus then questioned whether employees had an issue with the Consumer Price Index (CPI) versus the Cost of Labor. The General Manager indicated the information from the *World at Work* Survey would not be used at this time; however, the adoption of the resolution would mean the salary survey would be implemented. He indicated the *World at Work* survey would have to be included in the Salary Administration Plan and the goal is to have that completed by April 2024. Director Munchus clarified based on the General Manager's statement, the *World at Work* survey would not go into effect until January 2025. The General Manager indicated it would go into effect if the Board approves it. On a motion duly made and seconded, the following resolution was adopted:

“WHEREAS, The Water Works Board of the City of Birmingham adopted a Salary Administration Plan on December 12, 1996 bearing Resolution No. 2377; and,

WHEREAS, the Water Works Board, contemporaneously with the adoption of this resolution, has adopted the 2023 Compensation Study; and,

WHEREAS, it is necessary to amend the current Salary Administration Plan to allow it to implement the 2023 Compensation Study; and,

WHEREAS, the Water Works Board desires to amend the current Salary Administration Plan to allow it to implement the 2023 Compensation Study; and,

WHEREAS, notwithstanding said proposed amendment, the Water Works Board will have to further amend its Salary Administration Plan and accordingly directs and instructs the General Manager to work with the Human Resources Committee to recommend to the Board of Directors the necessary process needed to properly amend the current Salary Administration Plan.

NOW THEREFORE, BE IT RESOLVED By The Water Works Board of the City of Birmingham (“the Board”), on a motion duly made by Mr. Thomas Henderson, and seconded by Mr. Dalton NeSmith, that the Board hereby as follows:

1. Section I, Salary Schedule, of the Salary Administration Plan shall be amended by striking the current wording and replacing it with the following:

The salary schedule is as follows:

Grade	Min	Mid	Max	Hrly Min	Hrly Mid	Hrly Max	Annl Min	Annl Mid	Annl Max	Spread to Use
A	\$ 13.39	\$ 16.07	\$ 18.75	\$ 13.39	\$ 16.07	\$ 18.75	\$ 27,851	\$ 33,421	\$ 38,992	40.0%
B	\$ 14.43	\$ 17.35	\$ 20.28	\$ 14.43	\$ 17.35	\$ 20.28	\$ 30,017	\$ 36,095	\$ 42,174	40.5%
C	\$ 15.63	\$ 18.83	\$ 22.03	\$ 15.63	\$ 18.83	\$ 22.03	\$ 32,501	\$ 39,163	\$ 45,826	41.0%
D	\$ 16.80	\$ 20.62	\$ 24.44	\$ 16.80	\$ 20.62	\$ 24.44	\$ 34,936	\$ 42,884	\$ 50,832	45.5%
E	\$ 18.44	\$ 22.68	\$ 26.92	\$ 18.44	\$ 22.68	\$ 26.92	\$ 38,351	\$ 47,172	\$ 55,993	46.0%
F	\$ 20.33	\$ 25.06	\$ 29.79	\$ 20.33	\$ 25.06	\$ 29.79	\$ 42,292	\$ 52,125	\$ 61,958	46.5%
G	\$ 22.52	\$ 27.82	\$ 33.11	\$ 22.52	\$ 27.82	\$ 33.11	\$ 46,849	\$ 57,859	\$ 68,869	47.0%
H	\$ 25.06	\$ 31.02	\$ 36.97	\$ 25.06	\$ 31.02	\$ 36.97	\$ 52,132	\$ 64,513	\$ 76,894	47.5%
I	\$ 28.01	\$ 34.74	\$ 41.46	\$ 28.01	\$ 34.74	\$ 41.46	\$ 58,270	\$ 72,254	\$ 86,239	48.0%
J	\$ 31.45	\$ 39.08	\$ 46.71	\$ 31.45	\$ 39.08	\$ 46.71	\$ 65,421	\$ 81,286	\$ 97,151	48.5%
K	\$ 35.47	\$ 44.16	\$ 52.85	\$ 35.47	\$ 44.16	\$ 52.85	\$ 73,778	\$ 91,853	\$ 109,929	49.0%
L	\$ 40.18	\$ 50.12	\$ 60.07	\$ 40.18	\$ 50.12	\$ 60.07	\$ 83,570	\$ 104,253	\$ 124,937	49.5%
M	\$ 45.71	\$ 57.14	\$ 68.57	\$ 45.71	\$ 57.14	\$ 68.57	\$ 95,079	\$ 118,849	\$ 142,619	50.0%
N	\$ 51.90	\$ 65.14	\$ 78.37	\$ 51.90	\$ 65.14	\$ 78.37	\$ 107,958	\$ 135,488	\$ 163,017	51.0%
O	\$ 58.93	\$ 74.26	\$ 89.58	\$ 58.93	\$ 74.26	\$ 89.58	\$ 122,584	\$ 154,456	\$ 186,328	52.0%
P	\$ 66.53	\$ 84.65	\$ 102.78	\$ 66.53	\$ 84.65	\$ 102.78	\$ 138,373	\$ 176,080	\$ 213,787	54.5%
Q	\$ 75.84	\$ 96.51	\$ 117.17	\$ 75.84	\$ 96.51	\$ 117.17	\$ 157,745	\$ 200,731	\$ 243,717	54.5%
R	\$ 86.29	\$ 110.02	\$ 133.75	\$ 86.29	\$ 110.02	\$ 133.75	\$ 179,477	\$ 228,833	\$ 278,190	55.0%
S	\$ 98.80	\$ 125.97	\$ 153.14	\$ 98.80	\$ 125.97	\$ 153.14	\$ 205,501	\$ 262,014	\$ 318,527	55.0%
T	\$ 110.95	\$ 144.23	\$ 177.52	\$ 110.95	\$ 144.23	\$ 177.52	\$ 230,774	\$ 300,006	\$ 369,239	60.0%
U	\$ 127.59	\$ 165.87	\$ 204.15	\$ 127.59	\$ 165.87	\$ 204.15	\$ 265,390	\$ 345,007	\$ 424,624	60.0%

2. All examples set forth in the Salary Administration Plan are stricken.
3. For calendar year 2024, the changes referred to in paragraphs 1 and 2 above are the only changes made to the Salary Administration Plan. In all other respects, including the application of the across-the-board cost of living adjustment, the Salary Administration Plan shall be implemented and followed.
4. The General Manager is instructed to work with the Human Resources Committee to recommend to the Board of Directors the process needed to amend the current Salary Administration Plan. Such recommendation to be made to the Board of Directors within 60 days of the adoption of this resolution.
5. The new Salary Administration Plan, or amendments to the current Salary Administration Plan, shall be completed and adopted by April 30, 2024.

Resolution No. 9408 is hereby adopted by Directors Huffman, Burbage, Ward, NeSmith, Henderson, and Taylor; Director Blankenship voted no; and Director Munchus abstained from voting.”

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Following, the Board moved to the fifth item on the agenda, Request Board to approve an agreement with Auditwerx, LLC, a Division of Carr, Riggs & Ingram Capital, LLC to conduct the 2023 SOC 1 Audit, at a total out-of-pocket cost to the Board of \$95,000; and to authorize the General Manager and/or the Assistant General Manager to execute the agreement, as recommended by the Finance Committee. 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 Mr. George Munchus, that the Board hereby approves an

agreement with Auditwerx, LLC, a Division of Carr, Riggs & Ingram Capital, LLC to conduct the 2023 SOC 1 Audit, at a cost not-to-exceed \$95,000; and authorizes the General Manager and/or the Assistant General Manager to execute the agreement, as recommended by the Finance Committee. Resolution No. 9409 is hereby adopted by unanimous vote.”

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Next, Director Ward then made a motion to adjourn the meeting and Director Henderson seconded the motion. On a motion duly made and seconded, the motion was approved, and the meeting was adjourned at 12:42 p.m.

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/s/  
Tereshia Q. Huffman  
Chairwoman

Attest:

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/s/  
Raymond L. Ward  
Secretary-Treasurer