

**IN THE CIRCUIT COURT OF JEFFERSON COUNTY, ALABAMA**  
**CIVIL DIVISION**

**JIM HICKS, and all others** )  
**similarly situated, Ratepayers of Central** )  
**Alabama Water,** )  
 )  
**Plaintiffs,** )  
 )  
**v.** )  
 )  
**CENTRAL ALABAMA WATER, a** )  
**public utility; THE CITY OF** )  
**BIRMINGHAM REGIONAL WATER** )  
**WORKS BOARD** )  
**d/b/a CENTRAL ALABAMA WATER;** )  
**JEFFREY F. THOMPSON, individually** )  
**and in his official capacity as Chief** )  
**Executive Officer;** )  
**JEFFREY W. BRUMLow, individually** )  
**and in his official capacity as Board** )  
**Member; BILL MORRIS, individually** )  
**and in his official capacity as Board** )  
**Member; THOMAS C. HUDSON JR.,** )  
**individually and in his official capacity** )  
**as Board Member; PHILLIP R.** )  
**WIEDMEYER, individually and** )  
**in his official capacity as Board** )  
**Member; and JACK DAVID** )  
**STANDRIDGE, individually and** )  
**in his official capacity as Board Member,** )  
 )  
**Defendants.** )

Civil Action No.: \_\_\_\_\_

**CLASS ACTION COMPLAINT FOR APPOINTMENT OF RECEIVER,**  
**INJUNCTIVE RELIEF, DECLARATORY JUDGMENT, AND DAMAGES**  
**JURY TRIAL DEMANDED ON ALL ISSUES SO TRIABLE**

**I. INTRODUCTION**

1. Plaintiff Jim Hicks, on behalf of himself and all others similarly situated — the ratepayers of Central Alabama Water ("CAW") — brings this class action against CAW,

its Board of Directors, and its Chief Executive Officer to remedy a sustained and rapidly escalating pattern of arbitrary, capricious, reckless, and unlawful decisions that, within less than twelve months, have fundamentally jeopardized the safety, reliability, and affordability of public drinking water for more than 770,000 customers across Jefferson, Shelby, St. Clair, Blount, and Walker Counties, Alabama.

2. Unlike a traditional corporation funded by equity and debt from diverse sources, Central Alabama Water is funded **entirely and exclusively** by its ratepayers. No Federal, state, or local tax dollars support CAW's operations or capital program. Every dollar spent, every dollar wasted, and every dollar borrowed is paid by the men, women, and families who pay their monthly water bills. Ratepayers are the sole financial foundation of this public utility — they are, in every functional and legal sense, its creditors, its equity holders, and its only source of sustainability.
3. The individual Board Members and CEO named herein are not merely administrators carrying out ministerial functions. They are corporate fiduciaries. The Alabama Supreme Court has expressly held that the fiduciary duties applicable to directors of private corporations — including the duty of care and the duty of loyalty — apply with equal force to directors and officers of public corporations such as CAW. *Aliant Bank v. Four Star Invs., Inc.*, 244 So. 3d 896 (Ala. 2017). These duties are personal obligations, the breach of which gives rise to personal liability. The actions described in this Complaint constitute willful, reckless, and self-interested violations of those duties — and the individual Defendants are personally liable for the consequences.
4. Since assuming control in May 2025, the new Board and management have executed a breathtaking series of unilateral, unvetted, and unlawful decisions that have

damaged the system, endangered public health, wasted ratepayer funds, and placed CAW on a financial trajectory that, if unchecked, will result in catastrophic infrastructure failure and dramatically higher costs for every customer. These decisions include: halting an \$85 million high-hazard dam rehabilitation mid-construction, leaving a 116-year-old dam in a structurally compromised state; eliminating the entire water quality laboratory; terminating over 200 employees including critical operational staff; closing a payment center that assisted over 20,000 customers monthly; abandoning required enterprise and electrical upgrades; secretly discontinuing fluoridation in violation of state law; and triggering a credit downgrade that will increase borrowing costs borne solely by ratepayers.

5. The Alabama Supreme Court has confirmed that courts of equity may appoint a receiver over a public water utility "upon the occurrence of any contractual default" or, independently, upon a showing of "a clear legal right to be protected, no other adequate remedy, and a showing that the complainants will otherwise sustain irreparable damage." *Water Works & Sewer Bd. of Prichard v. Synovus Bank*, SC-2023-0881 (Ala. May 17, 2024). That court further recognized that "fraud, conspiracy or covinous conduct or extreme mismanagement" independently necessitates the appointment of a receiver. *Nesbitt v. Hagan*, 265 Ala. 213, 216, 90 So. 2d 217, 219 (1956).

6. The actions described herein constitute precisely such extreme mismanagement. They are not the product of years of passive neglect — they are deliberate, accelerating, and continuing. The Board and its CEO have, in less than one year, dismantled the institutional, technical, and financial infrastructure of a water system serving nearly a million people. The harm to ratepayers is present, concrete, and irreversible if not immediately restrained. Accordingly, Plaintiffs seek, as their primary and most urgent

relief, the appointment of an independent receiver to administer and operate the CAW system. Plaintiffs further seek damages, declaratory judgment, and injunctive relief for the harms already inflicted.

## **II. JURISDICTION AND VENUE**

7. This Court has subject matter jurisdiction pursuant to Alabama Code §§ 6-6-220 et seq. (Declaratory Judgment Act), the general equity jurisdiction of the Circuit Court of Jefferson County, and Alabama Code § 6-6-620, which recognizes the power of a circuit court to appoint a receiver in a pending action.
8. Venue is proper in Jefferson County because Central Alabama Water's principal offices are located at 3600 1st Avenue North, Birmingham, Alabama 35222, and a substantial portion of the events giving rise to this Complaint occurred in Jefferson County.
9. Central Alabama Water serves customers in Jefferson, Shelby, St. Clair, Blount, and Walker Counties and is the largest water utility in the State of Alabama, serving more than 770,000 customers.

## **III. PARTIES**

### **Plaintiffs**

10. Plaintiff Jim Hicks is a ratepayer of Central Alabama Water residing in Jefferson County, Alabama. He pays for water and sewer services provided by CAW as his sole source of water service, and he has no adequate alternative remedy to address the harms described herein.
11. Plaintiff, Hicks, brings this case on behalf of a class of similarly situated persons – all ratepayers Central Alabama Water – pursuant to Alabama Rule of Civil Procedure 23.

12. All Plaintiffs bring this action on behalf of themselves and a class of all current and future ratepayers of Central Alabama Water who have been or will be harmed by Defendants' actions described herein.

### **Defendants**

13. Defendant Central Alabama Water ("CAW"), formerly known as The Water Works Board of the City of Birmingham ("BWVB"), is a public utility corporation organized under Alabama Act No. 2025-297, operating as the City of Birmingham Regional Water Works Board. CAW operates four water treatment facilities and maintains more than 4,150 miles of water mains serving central Alabama. CAW's operations and capital program are funded **entirely** by ratepayer revenues. No governmental tax appropriation supports CAW.
14. Defendant Jeffrey F. Thompson is the Chief Executive Officer of CAW, hired on November 20, 2025. He is sued in his official capacity. As CEO of a public corporation, Thompson owes fiduciary duties of care and loyalty to the ratepayers and the public he serves. He is personally liable for actions taken in breach of those duties.
15. Defendants Jeffrey W. Brumlow, Bill Morris, Thomas C. Hudson Jr., Phillip R. Wiedmeyer, and Jack David Standridge are members of the CAW Board of Directors, appointed pursuant to Act No. 2025-297. They are sued in their individual and official capacities. Said individuals owe fiduciary duties of care and loyalty to the ratepayers and the public. They are personally liable for actions taken in breach of those duties.

### **IV. FIDUCIARY DUTIES OF THE INDIVIDUAL DEFENDANTS**

16. The Alabama Supreme Court has expressly held that the fiduciary duties owed by directors and officers of private corporations — including the duty of care and the duty of

loyalty — apply with equal force to the directors and officers of public corporations. *Aliant Bank v. Four Star Invs., Inc.*, 244 So. 3d 896 (Ala. 2017). CAW is a public corporation within the meaning of that holding, and the individual Board Members and CEO Thompson are bound by these duties in their personal capacities.

### **A. The Duty of Care**

17. The duty of care requires directors and officers to act as "ordinarily prudent and diligent men . . . under similar circumstances." *Briggs v. Spaulding*, 141 U.S. 132, 152 (1891). Directors of a corporation "in managing the corporate affairs are bound to use that amount of care which ordinarily careful and prudent men would use in similar circumstances. Their duties are those of control . . . ." *Graham v. Allis-Chalmers Mfg. Co.*, 188 A.2d 125, 130 (Del. Ch. 1963). The duty of care has also been described as a "duty of attention" — an affirmative obligation to be informed before acting. See Bayless Manning, *The Business Judgment Rule and the Director's Duty of Attention: Time for Reality*, 39 Bus. Law. 1477 (1984).
18. The duty of care imposes upon each individual Board Member and upon CEO Thompson the obligation to: (a) become and remain adequately informed before taking action affecting the system; (b) exercise reasonable diligence in overseeing the operations, finances, and capital program of CAW; (c) seek and consider appropriate expert guidance before making decisions with significant engineering, financial, or public health consequences; and (d) attend to warning signs of danger to the system, its customers, and its financial integrity.

19. No ordinarily prudent and diligent director, adequately informed of the facts, would have: (a) authorized a stop-work directive on a 116-year-old high-hazard dam mid-construction, without prior board approval and without independent engineering assessment of the structural consequences; (b) eliminated the entire water quality laboratory, the primary defense against undetected contamination of drinking water; (c) terminated 23% of the workforce in a single day without operational continuity analysis; (d) discontinued fluoridation prior to providing the legally required 90-day notice; or (e) abandoned four major capital projects simultaneously without engineering or financial justification. Each of these decisions reflects a failure of attention, diligence, and informed judgment that falls far below the standard of an ordinarily careful and prudent director.

### **B. The Duty of Loyalty**

20. The duty of loyalty requires that corporate directors commit allegiance to the enterprise and acknowledge that "the best interest of the corporation and its shareholders must prevail over any individual interest." *Massey v. Disc Mfg., Inc.*, 601 So. 2d 449, 452 (Ala. 1992). The basic principle is that "the director should not use his corporate position to make a personal profit or gain other personal advantage." *Id.* The duty of loyalty is transgressed "when a corporate fiduciary . . . uses his corporate office . . . to promote, advance or effectuate a transaction between the corporation and such person (or an entity in which the fiduciary has a substantial economic interest, directly or indirectly) and that transaction is not substantively fair to the corporation." *Id.*; see also Dennis J. Block, Nancy E. Barton & Stephen A. Radin, *The Business Judgment Rule: Fiduciary Duties of Corporate Directors and Officers* 71 (2d ed. 1988).

21. In the context of a public water utility, the duty of loyalty further requires that directors act in the best interests of the ratepayers and the public they serve — not in furtherance of the political, ideological, or personal interests of the appointing authority or of individual Board Members. By accepting appointment to the Board of a public corporation whose sole financial supporters are its ratepayers, each individual Defendant committed allegiance to the enterprise and its ratepayers above any personal or political interest.
22. The individual Defendants have breached their duty of loyalty by: (a) making decisions that serve the cost-cutting preferences and political objectives of the appointing authority rather than the long-term financial health of the utility and its ratepayers; (b) conducting a CEO search in secret, excluding minority Board members from participation in violation of proper governance and their fiduciary duties to the full board; (c) revising the employee handbook without board vote to eliminate employee rights and suppress dissent within the organization; (d) closing the payment center that served over 20,000 customers monthly; (d) adopting bylaws that limit board debate and prohibit "disparaging remarks," suppressing the exercise of fiduciary duties by minority board members; and (e) on information and belief, making or facilitating management decisions that benefit persons or entities with relationships to individual Board Members without adequate disclosure or substantive fairness review.
24. The business judgment rule does not shield these individual Defendants from liability. The protections of the business judgment rule are forfeited when directors fail to act on an informed basis, in good faith, and in a manner they honestly believe to be in the best interest of the corporation. Actions taken in bad faith, in a grossly negligent manner,

or in breach of the duty of loyalty are not protected. *See Smith v. Van Gorkom*, 488 A.2d 858 (Del. 1985); *Aliant Bank*, 244 So. 3d at 896. The decisions described herein — including the unilateral email stop-work order on a high-hazard dam, the single-day elimination of the entire water quality laboratory, and the secret CEO search — were made without adequate information, without appropriate expert consultation, and without genuine deliberation, and do not qualify for business judgment rule protection.

#### **IV. CLASS ACTION ALLEGATIONS**

25. Plaintiffs bring this action as a class action pursuant to Rule 23 of the Alabama Rules of Civil Procedure on behalf of the following class: All residential ratepayers of Central Alabama Water (or its predecessor, the Birmingham Water Works Board) at any time since May 13, 2025, who have been or will be harmed by the acts and omissions described in this Complaint (the "Class"), subject to the exclusion set forth in paragraph 16 below.
26. Class Exclusion — Compulsory Counterclaim Protection. Excluded from the Class is any residential customer who, as of the date this action is filed or at any time during the pendency of this litigation, owes a delinquent balance to Central Alabama Water for water or sewer service charges, such that CAW could assert a compulsory counterclaim against that customer for collection of such debt under Rule 13(a), A.R.C.P. This exclusion is intended to protect such customers from the involuntary assertion of collection claims against them as a consequence of their participation in this litigation, and to preserve the integrity and manageability of the Class. Any residential customer who satisfies or otherwise resolves any such delinquency during the pendency of this action may petition the Court to be included in the Class upon a showing that no compulsory counterclaim

remains viable against them. Judges and Lawyers. Also excluded from the Class are Judges who preside over cases where this action is brought and Lawyers who are involved in this case as counsel for Plaintiffs or counsel for Defendants.

27. Numerosity. The Class consists of a substantial number of customers across five counties, making joinder of all individual class members impracticable. CAW serves more than 770,000 customers; the large majority are residential customers who are current on their accounts and qualify for Class membership.
28. Commonality. Common questions of law and fact exist for all class members, including: whether Defendants acted arbitrarily and capriciously; whether Defendants violated statutory and regulatory duties; whether Defendants' actions jeopardize public health and water safety; whether Defendants have wasted ratepayer funds; and whether Plaintiffs are entitled to the appointment of a receiver, injunctive relief, declaratory judgment, and damages.
29. Typicality. Plaintiffs' claims are typical of the claims of all class members in that all are residential ratepayers who pay for water services and whose rates, service quality, and public health protections are directly affected by Defendants' decisions.
30. Adequacy. Plaintiffs will fairly and adequately protect the interests of the Class and have retained counsel competent and experienced in class action litigation. Neither Plaintiffs nor their counsel have interests antagonistic to those of the Class.

## **V. FACTUAL ALLEGATIONS**

### **A. Background: Ratepayers as the Sole Funding Source and the Restructuring of Birmingham Water Works**

31. CAW is funded entirely and exclusively by ratepayer revenues. Its operating expenses — including labor, chemicals, power, and maintenance — are paid from rates collected from customers. Its capital program — infrastructure rehabilitation, pipe replacement, facility upgrades, and debt service on bonds — is likewise funded from ratepayer revenues or bonds repaid by ratepayer revenues. No Federal, state, or county general fund appropriation supports CAW's operations or capital needs. There is no tax subsidy. The financial health of CAW — and the cost and quality of water service — is therefore entirely a function of how ratepayer funds are managed.
32. In May 2025, the Alabama Legislature enacted Act No. 2025-297, which dissolved the BWWB and replaced it with a newly appointed regional Board, redesignating the utility as Central Alabama Water. The new Board held its inaugural meeting on May 13, 2025.
33. From the outset, the new Board operated with a lack of transparency that alarmed elected representatives, and public health officials.

### **B. Halting the Lake Purdy Dam Rehabilitation Mid-Construction: Immediate Public**

#### **Safety Crisis**

34. Lake Purdy Dam, built in 1909, is a 116-year-old high-hazard dam rated among the most prominent of Alabama's more than 350 high-hazard-potential dams. The Lake Purdy reservoir supplies approximately 20% of CAW customers who have no alternative water source. Professional engineers had for years warned of the risk of catastrophic failure and possible loss of life.
35. For its fiscal year ending September 30, 2021, CAW's predecessor undertook an \$85-plus million multi-phase dam rehabilitation project following years of engineering study.

36. Contractor Thalle Construction was actively performing concrete work on the dam — having poured hundreds of cubic yards of roller-compacted concrete and installed structural supports — when, on January 2, 2026, CAW's CEO sent a stop-work directive by email, citing funding issues. This was done without prior Board approval and while the dam was in a partially-constructed state, with work completed on some sections but not others.
37. Thalle Construction issued a public statement expressing concern, noting that "the company is concerned that the directive to suspend work was issued given the current state of construction." CAW's own CEO acknowledged the stop-work order was issued while evaluating cost savings, not due to any new safety finding.
38. By halting construction mid-pour, Defendants left the dam in a structurally more complex and potentially more vulnerable condition than before construction began. CAW will now be required to pay substantial remediation costs — estimated on information and belief to involve millions of dollars — merely to stabilize the dam to its pre-construction condition. The 2026 revised budget allocates only \$7.7 million for "site stabilization measures and monitoring" — a fraction of what is needed to complete the rehabilitation. These wasted costs are borne exclusively by ratepayers.
39. Alabama's dam safety program, established in 2023, is voluntary, and CAW may face no mandatory inspection regime. The risk of catastrophic dam failure — with potential for loss of life downstream and permanent loss of water supply for 20% of customers — constitutes irreparable harm of the highest order.

### **C. Elimination of the Water Quality Laboratory: Direct Public Health Threat**

40. Among the employees and functions eliminated in the mass layoff described below was the entire water quality testing laboratory, including all laboratory staff. CAW announced its intention to outsource water sampling and testing functions previously performed in-house.
41. The in-house laboratory is critical to rapid detection and response to contamination events, regulatory compliance, and the protection of public health. Outsourcing introduces delays, reduces direct accountability, and creates gaps in the chain of custody for water quality data — increasing the risk of undetected contamination reaching consumers.
42. Elimination of the laboratory staff reduces CAW's capacity to comply with monitoring requirements under the Safe Drinking Water Act, the Alabama Safe Drinking Water Act, and regulations administered by the Alabama Department of Environmental Management (ADEM). Ratepayers bear the cost of any regulatory violations, corrective actions, and potential federal enforcement actions that follow.

### **D. Mass Termination of Over 200 Employees**

43. On March 14, 2026, CEO Jeffrey Thompson announced the termination of 135 employees — approximately 23% of the utility's workforce — in a single day. In addition, CAW eliminated 76 vacant but funded positions, bringing the total workforce reduction to 211 positions. After these reductions, CAW employs only 449 people — a dramatic decrease from its prior workforce capacity.
44. The layoffs disproportionately affected Black employees, generating allegations of racial discrimination. S&P Global cited the "substantial reorganization of management" as

a factor in its credit downgrade, which directly increases borrowing costs borne by ratepayers.

45. Prior to the mass layoffs, management terminated the president of the employee association after he compiled and submitted a list of employee questions for senior management — in apparent retaliation for protected employee-association activity. CAW management also revised the employee handbook without a Board vote, removing all references to the employee association and eliminating employees' right to independent review of adverse employment actions.

46. The mass layoffs have severely impaired the morale, capacity, and institutional knowledge necessary to safely operate a complex water utility, increasing the risk of operational failures that jeopardize public health and impose additional costs on ratepayers.

#### **E. Unlawful Discontinuation of Fluoride**

47. On March 20, 2026, CAW announced a systemwide policy to stop adding fluoride to its drinking water, affecting more than 770,000 customers across five counties. This decision was taken without the legally required notice to the State Health Officer under Alabama Code § 22-23-21.

48. Ala. Code § 22-23-21 (1975) requires any public water system intending to permanently change its fluoridation status to provide written notice to the State Health Officer no fewer than 90 days before implementing the change, including the proposed date, reasons, and every affected community. CAW filed notice with ADPH on March 12, 2026, for an implementation date of June 10, 2026, but evidence indicates CAW had already discontinued fluoridation at its Shades Mountain plant — the last functioning fluoridation system — prior to the required notice period.

40. The Alabama Department of Public Health (ADPH) stated on March 26, 2026, that CAW's public statements indicate fluoridation may have already been discontinued, which would require CAW to resume fluoridation immediately until proper notice is given, pursuant to Ala. Code § 22-23-21(b). (1975).
50. A public debate needs to take place, as contemplated by the statutory and legal requirements applicable to Central Alabama Water, regarding scientific evidence regarding whether the removal of fluoride disproportionately harms children and low-income communities who lack access to private dental care. Health officials, including the Jefferson County Health Officer, have stated that this decision will increase tooth decay, particularly in children — a public health harm many contend is paid for by ratepayers and borne disproportionately by those most vulnerable. Alternatively, many contend that fluoride may be harmful if ingested internally. Ultimately, as identified, this debate needs to take place and should not have been decided in a non-transparent manner.

#### **F. Abandonment of Critical Infrastructure Projects**

51. CAW halted a \$25 million electrical infrastructure upgrade to the Western Filter Plant, one of CAW's four water treatment facilities. This upgrade was necessary to ensure reliable operation of the plant and to protect against power failures that could disrupt water treatment. Halting it leaves the plant operating with aging electrical infrastructure, increases the risk of outages, and will require future restart costs paid by ratepayers.
52. CAW abandoned its upgrade to the SAP enterprise resource planning system, which is essential to financial management, billing, payroll, and regulatory compliance. Abandonment leaves CAW operating on aging systems, increasing the risk of billing errors

(a persistent source of customer complaints), financial mismanagement, and regulatory non-compliance.

53. CAW abandoned the rollout of an automated meter reading (AMR) system, eliminating that project from the 2026 capital budget. The AMR project would have reduced billing errors and improved leak detection — each a direct benefit to ratepayers. Billing accuracy has been a persistent problem, and abandonment of AMR ensures this problem will continue to burden ratepayers indefinitely.
54. CAW also eliminated its entire Information Technology department and announced plans to outsource IT functions without adequate analysis of the risks to data security, billing system integrity, and operational technology. This is particularly concerning given the simultaneous abandonment of the SAP upgrade.

#### **G. Elimination of In-Person Payment Options and Imposition of Fees**

55. CAW eliminated its cashier positions and closed public-facing payment offices, removing the option for ratepayers to pay their water bills in person with cash. CAW now requires customers to pay online (subject to a \$2.49 processing fee), by phone (subject to a \$2.49 processing fee), by mail, or at Walmart (subject to a \$2.00 processing fee). Each available alternative imposes additional fees on ratepayers or requires internet access and a bank account.
56. Many CAW ratepayers are elderly, low-income, or otherwise lack reliable internet access or bank accounts. The elimination of in-person cash payment creates a discriminatory and inequitable barrier to service for vulnerable populations, while the mandatory processing fees constitute a rate increase imposed without proper process.

## **H. Credit Downgrade and Compounding Financial Harm to Ratepayers**

57. On February 11, 2026, S&P Global downgraded CAW's bond rating from AA to AA- and placed the utility on CreditWatch Negative — signaling at least a 50% probability of a further downgrade within 90 days. S&P cited declining liquidity, aging infrastructure, and substantial management reorganization — all directly attributable to the actions of the new Board and management.

58. Because CAW's capital program is funded entirely by ratepayer-backed bonds, a lower bond rating means CAW will pay higher interest rates on all future borrowing. These increased borrowing costs will be passed directly and exclusively to ratepayers through higher water rates — a concrete and calculable financial harm flowing directly from Defendants' mismanagement.

## **I. Additional Arbitrary Actions Demonstrating Pattern of Mismanagement**

59. In June 2025, the Board voted 5-to-2 to terminate the contract of newly-hired Deputy General Manager and General Counsel. CAW subsequently settled a lawsuit arising from that termination — with the cost of that settlement borne by ratepayers.

60. The Board adopted by-laws prohibiting "disparaging remarks," requiring all questions to be directed toward the chair, and limiting debate to two comments per member per issue — effectively suppressing the dissent of minority Board members with fiduciary duties to the public.

61. The Board conducted a CEO search in secret, excluding two of its own members from the process. Those Board members filed a lawsuit alleging they were prevented from exercising their fiduciary duties. Within hours of the CEO's hiring, Thompson placed the General Manager and four Assistant General Managers on paid administrative leave, then

voted to replace all executive management while using the administrative leave designation to avoid triggering contractual severance obligations — conduct three of the displaced executives allege constitutes fraudulent suppression and misrepresentation.

62. The revised 2026 budget cuts capital expenditures to \$39 million — a fraction of prior years — further reduces water quality testing staffing, and threatens the utility's ability to meet regulatory monitoring requirements. All capital and operating costs are funded by ratepayers.

## **VI. CAUSES OF ACTION**

### **COUNT I — Application for Appointment of Receiver**

(Against All Defendants)

63. Plaintiffs reallege and incorporate by reference all preceding paragraphs.
64. The power of a court to appoint a receiver in a pending action is recognized under Ala. Code § 6-6-620 (1075). The Alabama Supreme Court has held that a receiver should be appointed upon a showing of: (1) a clear legal right to be protected; (2) no other adequate remedy at law; and (3) a showing that the complainants will otherwise sustain irreparable damage. *Carter v. State ex rel. Bullock Cnty.*, 393 So. 2d 1368, 1371 (Ala. 1981).
65. The Alabama Supreme Court has further confirmed that "fraud, conspiracy or covinous conduct or extreme mismanagement" independently necessitates the appointment of a receiver. *Nesbitt v. Hagan*, 265 Ala. 213, 216, 90 So. 2d 217, 219 (1956). Courts of equity have "the discretion in receivership proceedings to do what is best for all concerned." *Water Works & Sewer Bd. of Prichard v. Synovus Bank*, SC-2023-0881 (Ala. May 17, 2024).

66. Plaintiffs have a clear legal right to be protected. Ratepayers of CAW are the sole source of all revenues that fund the utility's operations and capital program. Alabama courts have recognized that ratepayers of a public water utility have a legally protected interest in reasonable, non-discriminatory service and in the prudent management of the utility from which they have no alternative source of supply. *Bessemer Water Serv. v. Lake Cyrus Dev. Co.*, 938 So. 2d 894, 900 (Ala. 2006) ("The law will not and cannot tolerate discrimination in the charges of a water works company.... [I]f this is violated or unreasonable rates are charged, the humblest citizen has the right to invoke the protections of the laws equally with another."). As the sole and exclusive funders of CAW, ratepayers hold a cognizable legal interest in the system's assets, revenues, and operations that is as concrete and immediate as that of any creditor.
67. No other adequate remedy exists. Injunctive relief commanding Defendants to cease specific actions will not undo the damage already done, will not restore institutional capacity already dismantled, and will not halt the continuing daily deterioration of the system under the Board's mismanagement. A money judgment, assuming it could be collected, would compensate for past harm but would not prevent the ongoing and accelerating destruction of the system's capacity to deliver safe water. Only the appointment of an independent receiver with operational authority can arrest the harm, stabilize the system, and protect ratepayers from further irreparable loss.
68. Plaintiffs and the Class will suffer irreparable harm absent the appointment of a receiver. The Lake Purdy Dam sits in a partially-constructed, structurally compromised state, exposed to weather and pressure with no completion timeline. The water quality laboratory is gone, reducing the utility's ability to detect contamination in real time.

Fluoridation has been discontinued in potential violation of state law. The credit downgrade compounds daily, increasing the long-term cost of every capital project ratepayers will ever fund. These harms are not theoretical — they are present, measurable, and worsening.

69. The facts alleged herein constitute "extreme mismanagement" within the meaning of *Nesbitt* and the body of Alabama equitable receivership law. Within less than twelve months, Defendants have: (a) halted critical dam rehabilitation mid-construction, leaving a 116-year-old high-hazard structure in a compromised state; (b) eliminated the water quality laboratory essential to contamination detection and regulatory compliance; (c) terminated more than 200 employees, decimating the operational workforce; (d) abandoned four major capital and technology projects; (e) secretly discontinued fluoridation in apparent violation of state law; and (f) triggered a credit downgrade that increases ratepayer costs. Each action, considered alone, represents serious mismanagement. Considered together, they represent a systemic, accelerating crisis requiring judicial intervention.

79. CAW is a public utility corporation organized under the provisions of Ala. Code § 11-50-230 et seq. (1975). The Alabama Supreme Court has confirmed that courts may appoint receivers over public water utilities organized under this enabling law, because the enabling law's prohibition on foreclosure does not prohibit receivership, and receivership is the only effective remedy when a utility is unable or unwilling to perform its core mission. *Synovus v. PWWSB*, SC-2023-0881, at 11.

80. Plaintiffs request that the Court appoint a receiver experienced and qualified, to administer and operate the CAW system, with power to: (a) manage all operations of the system; (b) prioritize and resume the Lake Purdy Dam rehabilitation to protect downstream

public safety; (c) restore water quality laboratory functions; (d) ensure compliance with all state and federal regulatory requirements including Ala. Code § 22-23-21(1975); (e) review and rationalize all staffing decisions; (f) manage capital expenditures consistent with the long-term needs of the system; and (g) report periodically to this Court.

### **COUNT II — Breach of Fiduciary Duty of Care**

(Against Individual Defendants Thompson, Brumlow, Morris, Hudson, Wiedmeyer, and Standridge, in Their Individual Capacities)

81. Plaintiffs reallege and incorporate by reference all preceding paragraphs.
82. The Alabama Supreme Court has expressly held that the duty of care applicable to directors and officers of private corporations applies with equal force to the directors and officers of public corporations. *Aliant Bank v. Four Star Invs., Inc.*, 244 So. 3d 896 (Ala. 2017). The individual Defendants are directors and officers of CAW, a public corporation, and each owes a personal duty of care to the ratepayers and the public the corporation serves.
83. The duty of care requires directors to act as "ordinarily prudent and diligent men . . . under similar circumstances," *Briggs v. Spaulding*, 141 U.S. 132, 152 (1891), and to exercise "that amount of care which ordinarily careful and prudent men would use in similar circumstances." *Graham v. Allis-Chalmers Mfg. Co.*, 188 A.2d 125, 130 (Del. Ch. 1963). The duty of care is also a duty of attention — an affirmative obligation to be and remain adequately informed before taking consequential action. See Manning, 39 Bus. Law. 1477.

84. Each of the individual Defendants breached the duty of care by approving, ratifying, or failing to prevent the following actions, none of which an ordinarily prudent and diligent director, adequately informed, would have taken: (a) issuing a stop-work directive on a 116-year-old high-hazard dam mid-construction without prior Board approval, independent engineering assessment, or a structural stabilization plan; (b) eliminating the entire water quality laboratory without a validated replacement protocol, regulatory approval, or transition period; (c) terminating 23% of the workforce in a single day without operational continuity analysis; (d) discontinuing fluoridation prior to the legally required 90-day notice; (e) abandoning four major capital and technology projects simultaneously without engineering or financial review; (f) expanding the CEO's authority to make major policy and spending decisions without Board oversight; and (g) delegating, ceding, or abandoning the Board's oversight and control functions essential to its governance role.

85. As a direct and proximate result of the individual Defendants' breach of the duty of care, Plaintiffs and the Class have suffered damages including: wasted ratepayer funds from the mid-construction halt of the Lake Purdy Dam; remediation costs; settlement costs from improperly handled employee terminations; increased borrowing costs resulting from the credit downgrade; increased payment processing fees; diminished water quality protections; and public health harms from the unlawful discontinuation of fluoridation.

86. The individual Defendants are personally liable for these damages. The business judgment rule affords no protection because the decisions at issue were not made on an informed basis, were not the product of reasonable deliberation, and were not genuinely believed to be in the best interest of the corporation and its ratepayers.

**COUNT III — Breach of Fiduciary Duty of Loyalty**

(Against Individual Defendants Thompson, Brumlow, Morris, Hudson, Wiedmeyer, and  
Standridge, in Their Individual Capacities)

87. Plaintiffs reallege and incorporate by reference all preceding paragraphs.
88. The duty of loyalty requires corporate directors to commit allegiance to the enterprise and to acknowledge that "the best interest of the corporation and its shareholders must prevail over any individual interest." *Massey v. Disc Mfg., Inc.*, 601 So. 2d 449, 452 (Ala. 1992). A director "should not use his corporate position to make a personal profit or gain other personal advantage." *Id.* The duty is transgressed "when a corporate fiduciary . . . uses his corporate office . . . to promote, advance or effectuate a transaction between the corporation and such person (or an entity in which the fiduciary has a substantial economic interest, directly or indirectly) and that transaction is not substantively fair to the corporation." *Id.*
89. In the context of a public water utility funded entirely by ratepayers, the duty of loyalty requires that directors place the interests of ratepayers and the enterprise above the political, ideological, or personal interests of the appointing authority or of the individual Board Members. By accepting appointment to the Board, each individual Defendant committed personal allegiance to the enterprise and its ratepayers.
80. The individual Defendants have breached the duty of loyalty by: (a) making decisions that serve the cost-cutting preferences and political objectives of the appointing authority rather than the long-term financial health and safe operation of the utility; (b) conducting the CEO search in secret, excluding minority Board members with independent

fiduciary obligations, thereby using their Board positions to advance majority-faction control over the enterprise rather than to serve the enterprise as a whole; (c) adopting bylaws that suppress minority Board member participation in governance, thereby entrenching the majority's control over a public trust; (d) revising the employee handbook without Board vote to eliminate employee rights and suppress internal dissent; and (e) on information and belief, making or facilitating management decisions that benefit persons or entities with relationships to individual Board Members without adequate disclosure, recusal, or substantive fairness review.

81. As a direct and proximate result of the individual Defendants' breach of the duty of loyalty, Plaintiffs and the Class have suffered damages including those described in paragraph 66, which are incorporated herein. The individual Defendants are personally liable for all damages proximately caused by their self-interested or faithless conduct.

**COUNT IV — Breach of Duty to Ratepayers (Official Capacity)**

(Against All Defendants)

82. Plaintiffs reallege and incorporate by reference all preceding paragraphs.

83. CAW and its Board members, in their official capacities, owe a duty to ratepayers to manage the utility in a manner that ensures the safe, reliable, and affordable delivery of water service; protects public health; maintains infrastructure in sound condition; and uses ratepayer funds prudently and in the public interest.

84. Defendants breached these duties by the acts and omissions described herein, including halting the dam rehabilitation mid-construction; eliminating the water quality

laboratory; implementing mass layoffs that impaired operational capacity; abandoning required infrastructure upgrades; and discontinuing fluoridation without lawful notice.

85. As a direct and proximate result, Plaintiffs and the Class have suffered the damages described herein, all of which are borne exclusively by ratepayers.

**COUNT V— Violation of Ala. Code § 22-23-21 (1975) (Fluoridation)**

(Against Defendants CAW, Thompson, Hudson, Wiedmeyer, Standridge, Brumlow, and Morris)

86. Plaintiffs reallege and incorporate by reference all preceding paragraphs.

87. Ala. Code § 22-23-21 (1075) requires written notice to the State Health Officer no fewer than 90 days before any permanent change in fluoridation status, including the proposed date, reasons, and all affected communities.

88. Defendants failed to provide timely and legally adequate notice before discontinuing fluoridation at the Shades Mountain Filter Plant. Evidence indicates fluoridation was already discontinued prior to the required notice period. If so, Section § 22-23-21(b) requires CAW to immediately resume fluoridation until proper notice is given.

89. Plaintiffs seek a declaration that Defendants have violated Section 22-23-21 and an injunction requiring immediate compliance.

**COUNT VI— Waste of Ratepayer Funds**

(Against All Defendants)

90. Plaintiffs reallege and incorporate by reference all preceding paragraphs.

91. Because CAW is funded entirely by ratepayer revenues, waste of public funds constitutes direct economic harm to every ratepayer. Defendants have wasted substantial ratepayer funds by: (a) halting the Lake Purdy Dam project mid-construction, necessitating

costly remediation to restore the dam to pre-construction condition; (b) abandoning mid-stream capital projects that will require future restart costs; (c) incurring and settling multiple employee contract lawsuits arising from improper terminations; and (d) making management decisions that triggered a credit downgrade, permanently increasing future borrowing costs borne by ratepayers.

92. Plaintiffs seek an accounting and recovery of wasted funds on behalf of the ratepayer class, as the parties who exclusively bear the cost of all such waste.

### **COUNT VII — Declaratory and Injunctive Relief**

(Against All Defendants)

92. Plaintiffs reallege and incorporate by reference all preceding paragraphs.
93. An actual, present, and justiciable controversy exists between Plaintiffs and Defendants concerning the lawfulness, propriety, and impact of Defendants' actions on ratepayers' rights to safe, affordable, and reliable water service.
94. Plaintiffs are entitled to a declaration that: (a) Defendants have acted arbitrarily and capriciously in managing CAW; (b) Defendants have breached their duties to ratepayers; and (c) Defendants have violated Ala. Code § 22-23-21 (1975).
95. Plaintiffs and the Class will suffer irreparable harm — including compromised water safety, public health degradation, and irreversible infrastructure damage — unless Defendants are enjoined pending and in addition to the appointment of a receiver. Plaintiffs have no adequate remedy at law for these harms.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiffs, on behalf of themselves and all others similarly situated, respectfully pray that this Court:

- A. Appoint an independent receiver — as Plaintiffs' primary and most urgent requested relief — with full authority to administer and operate the CAW system, with power to: (1) resume and complete the Lake Purdy Dam rehabilitation project to protect downstream public safety; (2) restore and maintain water quality laboratory functions; (3) ensure compliance with all applicable state and federal law, including Ala. Code § 22-23-21(1975); (4) review and rationalize all recent personnel, capital, and operational decisions; (5) manage all revenues and expenditures of the system in the ratepayers' interest; and (6) report periodically to this Court;
- B. Certify this action as a class action pursuant to Rule 23, A.R.C.P., designate Plaintiffs as class representatives, and appoint Plaintiffs' counsel as class counsel;
- C. Enter a temporary restraining order and preliminary injunction, pending the appointment of a receiver, (1) prohibiting further disbandment of water quality laboratory functions; (2) requiring compliance with Ala. Code § 22-23-21 (1975) including resumption of fluoridation until proper notice is provided; and (3) staying further major capital project cancellations or personnel reductions pending independent engineering and operational review;
- D. Enter a permanent injunction against Defendants requiring management of CAW in accordance with their public duties, applicable law, and the health and safety of ratepayers;

- E. Enter a declaratory judgment that Defendants have acted arbitrarily, capriciously, and in violation of their duties and applicable law;
- F. Award compensatory damages against the individual Defendants jointly and severally in their individual capacities for their breach of fiduciary duties of care and loyalty, in amounts to be proven at trial;
- G. Award compensatory damages against all Defendants, jointly and severally, for increased costs, rate harms, processing fees, and other economic losses attributable to Defendants' conduct;
- H. Award compensatory damages to Plaintiffs and the Class for increased costs, rate harms, processing fees, and other economic losses attributable to Defendants' conduct;
- I. Award restitution of wasted ratepayer funds, including remediation costs caused by the mid-construction halt of the Lake Purdy Dam project, increased borrowing costs resulting from the credit downgrade, and costs of settling employee contract litigation arising from improper terminations;
- J. Award Plaintiffs their reasonable attorneys' fees and costs;
- K. Grant such further relief as this Court deems just and proper.

Respectfully submitted this 2nd day of April 2026.

**PLAINTIFFS DEMAND TRIAL BY STRUCK JURY**

/s/ John Q. Somerville  
**John Q. Somerville**

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**VERIFICATION**

I, Jim Hicks, being duly sworn, depose and state that I have read the foregoing Complaint and that the facts stated therein based upon my personal knowledge are true, and those stated upon information and belief I believe to be true.

\_\_\_\_\_  
Jim Hicks, Plaintiff

STATE OF ALABAMA  
COUNTY OF JEFFERSON

Sworn to and subscribed before me this 2<sup>nd</sup> day of April, 2026.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

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