

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
January 18, 2022
Virtual Meeting**

Board Members Present:

Dr. Sharon Kerrick, Chair
Dr. Sundeep “Sunny” Dronawat, Vice Chair
Mr. Paul Esselman
Ms. Jennifer Fust-Rutherford
Mr. William E. Summers, IV

Not Present:

Mr. Greg Fischer
Mr. Greg Dearing

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Mr. Aaron Jackson, Budget Manager, Louisville Metro Government
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
Mr. Tim Kraus, Vice President, Engineering and Production Operations, and Chief Engineer
Ms. Lynn Pearson, Vice President Finance and Treasurer
Ms. Kelley Dearing Smith, Vice President, Communications and Marketing
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations
Mr. Michael Tigue, Vice President, General Counsel and Corporate Secretary
Mr. Adam Carter, Union President, Local 1683, AFSCME
Ms. Laura Armistead, Director, Information Technology
Mr. Jeremy Stephens, Director, Risk Management
Mr. Brian Sturgeon, Computer Network Administrator
Ms. Beverly Soice, Paralegal

Visitors:

Mr. Dan Borsch

The regular called meeting of the Board of Water Works (BOWW) was held on Tuesday, January 18, 2022 by video teleconference via Zoom. Chair, Dr. Sharon Kerrick called the meeting to order at 11:02 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

William Summers moved to approve the Regular Monthly Meeting minutes of December 21, 2022. Dr. Sunny Dronawat seconded, and the motion unanimously carried.

Dr. Kerrick introduced Dan Borsch who asked to speak to the Board concerning the ongoing Frankfort Avenue project. Mr. Borsch expressed his dissatisfaction with the management of the project.

Dr. Kerrick and Dr. Dronawat thanked Mr. Dronawat for his comments and asked if he had any suggestions. Mr. Borsch shared a few suggestions and thanked the Board for its time.

Report Provided by the President/Chief Executive Officer

Spencer Bruce stated he is proud to announce that even with the obstacles of 2021, Louisville Water employees generously provided to the community through our Combined Giving Campaign. This year's campaign raised more than \$136,000 through employee payroll deductions, one-time contributions, and virtual events. The money will benefit four company-supported charities: Fund for the Arts, Metro United Way, Louisville Water Foundation, and Water For People. The total is an increase from the 2020 campaign which raised more than \$130,000.

Mr. Bruce thanked the entire Combined Giving Campaign committee, as well as all the employees who assisted the team members in making this year's effort another success.

Michael Tigue provided an overview of a new Combined Giving Campaign plan moving forward.

Fourth Quarter 2021 Certification of Projects & Change Actions

Mr. Bruce certified that the following Projects and Change Actions were authorized during the Fourth Quarter of 2021 in accordance with the Capital Projects Authorization Policy and Procedure.

Project Proposals Requiring Board

Project Number	Project Name	Requested Total	Contribution	LWC Net Cost	Current Year
Total					

Project Change Actions/Admin Notifications Requiring Board Approval:

Project Number	Project Name	Previously Approved Total Estimate	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
11310	BEP Revonvate Sludge Lagoons #1-#4	\$ 19,970,280.00	\$ 3,035,000.00	\$ 23,005,280.00	\$ -
16094	Frankfort Ave 60" Transmission	\$ 12,961,589.00	\$ 3,604,338.00	\$ 16,565,927.00	\$ -
Total		\$ 32,931,869.00	\$ 6,639,338.00	\$ 39,371,207.00	\$ -

Project Proposals Approved by the

Project Number	Project Name	Requested Total Estimate	Contribution	LWCNet Cost	Current Year Estimate
21999-07	Prelim Engr-HRMS Evaluation	\$ 223,500.00	\$ -	\$ 223,500.00	\$ 223,500.00
16256	Chillicoop Rd WM Relocation	\$ 234,580.00	\$ -	\$ 234,580.00	\$ 234,580.00
Total		\$ 458,080.00	\$ -	\$ 458,080.00	\$ 458,080.00

Project Change Actions Approved by the President with Total Estimate Changes:

Project Number	Project Name	Previously Approved Total	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
11310	BEP Revonvate Sludge Lagoons #1-#4	\$ 19,970,280.00	\$ 3,035,000.00	\$ 23,005,280.00	\$ -
16094	Frankfort Ave 60" Transmission	\$ 12,961,589.00	\$ 3,604,338.00	\$ 16,565,927.00	\$ -
16110	New Small Service and Irrigation Retro 2021	\$ 2,754,804.00	\$ 285,000.00	\$ 3,036,804.00	\$ -
Total		\$ 35,686,673.00	\$ 6,924,338.00	\$ 42,608,011.00	\$ -

Project Change Actions Approved by the President with no change Total Estimate Changes:

Project Number	Project Name	Previously Approved Total	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
16095	Trans Valve Cond Assess 2021	\$ 2,000,000.00	\$ -	\$ 2,000,000.00	\$ 400,000.00
Total		\$ 2,000,000.00	\$ -	\$ 2,000,000.00	\$ 400,000.00

Status of Open Projects with Total Estimates over \$2,000,000:

Project Number	Project Name	Total Estimate	Total Cost To Date	Status	Budget Year Category
11264	Transmission - Cardinal Hill Second Supply Phase 2B	\$3,708,490	\$125,621	Pending Capital	2005 Budget
11310	BEP - Renovate Sludge Lagoons #1, #2, #3, and #4	\$19,970,280	\$13,487,673	Work In Progress	2006 Budget
11615	Transmission - Gene Snyder Freeway Section 1B	\$9,133,000	\$383,107	Pending Capital	2007 Budget
11616	Transmission - Gene Snyder Freeway Section 2A	\$6,641,500	\$64,331	Pending Capital	2007 Budget - Program Child
13109	ZPS - Standby Generator	\$15,408,083	\$14,576,681	Work In Progress	2011 Budget
13264	CHPS - Replace Slate Roof and Improve Masonry	\$6,137,000	\$215,725	Pending Capital	2012 Budget
13274	Metering - AMI for Jefferson County	\$61,000,000	\$22,526,985	Design In Progress	2013 Budget
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$9,982,740	\$6,896,564	Work In Progress	2015 Budget
14330	CHWTP - Standby Generator	\$12,987,000	\$12,618,316	Completed Not	2015 Budget -
14524	ATT RBF for CH	\$221,905,253	\$5,724,658	Pending Capital	2017 Budget
14542	Transmission - Urton Lane	\$5,297,725	\$232,853	Pending Capital	2017 Budget
15036	Condition 2017 - Reservoir Yard Piping and Valves	\$5,000,000	\$56,350	Design In Progress	2017 Budget - Program
15253	900 Plan - Old Henry Rd to Terra Crossing Blvd	\$2,374,551	\$60,257	Pending Capital	2018 Budget
15438	660 Plan-SW Jefferson Cty Improvements-Lower Hunters Trace 20"	\$4,857,300	\$2,067,403	Work In Progress	2019 Budget
15458	Condition 2019 - PCCP	\$8,074,818	\$11,847,579	Completed Not	2019 Budget - Program
15468	Kentucky,Oak,Glenmary Transmission Main Rehab 2019	\$11,500,000	\$321,963	Design In Progress	2019 Budget
15506	660 Plan-SW Jefferson County Improvements-Blanton Lane 20 inch	\$5,464,300	\$497,925	Design In Progress	2019 Budget - Unbudgeted
15511	690 Plan:Preston Hwy Area	\$7,476,000	\$3,871,348	Work In Progress	2019 Budget - Program

- Pending - An approved project that has not yet begun. Some projects may go to Design and back to Pending if put on 'hold' with no construction.
- Design - The project is currently in Preliminary or Final Design, but a contract has not yet been awarded for construction.
- Work in Progress - Project has full approval to move forward, construction has begun, and a contract has been executed, if applicable.
- Complete Not Closed - Construction is complete, assets are in-service, but the project has not yet been closed due to various reasons.
- Contributed Capital is excluded from the Total Cost.

* This information is time sensitive

Fourth Quarter 2020 Certification of Contracts & Bids

Mr. Bruce certified that the following contracts were awarded during the Fourth Quarter of 2021 in accordance with the Purchasing Policy and Procedure.

Construction

17-150	Assignment to Master Agreement - Transmission System Repairs and/or Capital Improvements. Algonquin Pkwy 24"/30" Corridor Change order # 1	
16095	MAC Construction and Excavating, Inc	\$219,112
17-150	Transmission System Repairs and/or Capital Improvements-4th CPI Renewal	
	Garney Companies, Inc	Estimate \$1,000,000
20-16	Assignment from the Master Agreement for Distribution System Repairs and/or Capital Improvements-2021 Critical Main Reduction-Holy Cross High School Change Order #1	
16116	Southern Pipeline Construction Company	\$115,500
20-16	Distribution System Repairs & Capital Improvement Master Agreement-Change to the Estimate	
	Basham Construction & Rental Co., Inc.	Estimate \$2,701,040
	Southern Pipeline Construction Co.	\$2,461,040

21-119 16235	Sylvania Road Area Water Main Replacement Project C Squared, Inc	\$1,245,000
21-17 15623	Charleswood Road Area Water Main Replacement Change Order #2 Seven Seas Construction	\$199,388
SUM BY BIDS AND AWARDS CATEGORY		\$7,941,080

Procurement of Materials and Services

17-0807 <i>Joint Bid with MSD</i>	Locating Services-Contract- 4th Contract Renewal One Call Concept locating Services	Estimate \$1,251,279
17-129	Fire Hydrants 4th & Final PPI Renewal American Flow Control	Estimate \$687,448
17-140	Crew Truck with Crane 4th PPI Renewal UHL Truck Sales	\$359,649
20-46	Cold Water Meters 1st PPI Renewal Badger Technology Neptune Technologies	Estimate \$176,252 \$154,580
21-03	Louisville Water New Website Design Technical - 45% / Interviews 30% / Cost – 25% Price Weber	\$225,827
21-111	Meter Box Maintenance Basham Construction (secondary) Reid Brothers, Inc (primary)	\$284,988 \$593,119
21-126 16102	Single Axle 6yd Hydro-Excavating Truck BEC Enterprises LLC	\$353,415
GSA Contract 47QTCA18D00CC	WAM KloudGin 2022 License Renewal KloudGin	\$499,036
KY MA 758 2000000580	2022 Utilities Support Renewal (CCB, MWM, WAM, OATS) Mythics	\$948,608
KY MA 758 2000000580	2022 EBS and PeopleSoft Support Renewal Mythics	\$211,313
KY State Contract MA7581400000876	Cisco Servers for Microsoft virtual Windows Server Environment Prosys Information Systems (CWBE)	\$529,398
KY State Contract MA758180000018 16102	Five (5) 2022 Ford F150 XL Extended Cab (4WD V8) Paul Miller Ford	\$225,270
SUM BY BIDS AND AWARDS CATEGORY		\$6,500,182

Procurement of Professional Services

Oracle Applications Technical Architect V-Soft Consulting (CMBE)	Estimate \$386,100
SUM BY BIDS AND AWARDS CATEGORY	
\$386,100	

Procurement of Sole Source Materials and Services

17-153	Assignment to Master Agreement - Electromagnetic Inspection and Leak Detection on Large Diameter Water Mains 4th CPI Renewal Pure Technologies U.S. Inc	Estimate \$1,342,453
SUM BY BIDS AND AWARDS CATEGORY		\$1,342,453
GRAND TOTAL		\$16,169,815

Closed Session Held

Mr. Summers moved to go into closed session to discuss risk management matters pursuant to KRS 61.810(1)(m) at 11:34 a.m., seconded by Jennifer Fust-Rutherford, and unanimously carried. Director of Risk Management, Jeremy Stephens and Director of Information Technology, Laura Armistead also attended the closed session.

Open Session Resumed

Mr. Summers moved to return to open session at 12:24 p.m. Ms. Fust-Rutherford seconded, and

the motion unanimously carried.

Financial Report Given

Lynn Pearson presented an abbreviated update of the financials.

Our year-end close is underway and progressing well. Financial statements for December and full year 2021 will not be final until the annual audit by our external auditors, Crowe LLP, is complete and the GASB pension expense has been finalized. The audit will primarily be performed remotely again this year due to the ongoing pandemic. The ultimate completion date of the audit and the year-end financial statements is uncertain as it is dependent upon the timing of the release of the audited pension report by the state. This report provides updated liability numbers and other information related to pension and other post-employment benefits that we must have in order to finalize the audit and the financial statements. Below is information on our water consumption and sales based on data we have reviewed through January 13, 2022.

December consumption of 2.5 billion gallons is under budget by 84.2 million gallons but is 4.8 million gallons higher than December 2020. Total consumption for the full year 2021 reflects continuing recovery from the pandemic, coming in at 33.4 billion gallons, which is only 77.6 million gallons below budget, and 1.7 billion gallons higher than the prior year. December water revenues are \$675,000 less than budget and are \$617,000 higher than the prior year. For the full year 2021, residential, commercial and industrial revenue finished the year under budget, but a good portion of those shortfalls were offset by favorable variances in irrigation and wholesale. As a result, overall water revenue for the year is very close to budget, coming within 0.6%.

Communication and Marketing Report Given

Kelley Dearing Smith advised Louisville Water uses a layered approach in reaching customers with information. "New Splash," the monthly e-newsletter which has proven to be an effective tool in communicating. The average open rate for 2021 is 23%, which is well above the national average of 17%.

In 2021, Louisville Water refreshed the trademark for our water, Louisville Pure TapSM and launched an updated marketing strategy. The results highlight the ability of staff to pivot with programming and keep the message relevant and visible even during the pandemic.

New branding was added for bottle filling stations at the University of Louisville, Urban League Sports and Learning Complex, Omni Hotel, Frazier History Museum and Louisville Zoo. There are about 90 branded bottle fill station around Louisville.

Customer Service and Distribution Operations Report Given

Dave Vogel advised that the main break activity for the month of December was lower than past periods. For the month, we experienced 54 main breaks versus 95 last year and 75 for the five-year average. Year to date however, the main break activity (610) continues to run significantly higher than last year (431) and the five-year average (581). Capital work continued in December and included service installations, fire hydrant replacements, fire service renewals, valve replacements, service renewals and fire hydrant renovations. One main replacement project was also completed by Louisville Water crews. Fire hydrant availability continues to be 99% or higher to ensure fire protection is available to our service areas.

The Call Center operations continued to struggle in December due primarily to disconnection call volumes, vacancies, and various employees begin off. We received 24,981 calls in December with

an abandonment rate of 17.8%. The average speed of answer came in at 7:35 m:s for the month, which is significantly higher than past periods. The Call Center added four Customer Service Representatives (CSRs) in December and continues to work on filling the remaining five vacancies. The Metro Covid Relief Grant continues to be offered to eligible customers and the funding is expected to last a few more months. The Low Income Household Water Assistance Program (LIHWAP) launched in mid-December and over \$600K has been distributed to customers. The total funding for the LIHWAP is \$1.2 million which is expected to be exhausted by the end of January.

The final planned AMI cycles for 2021 were converted to monthly billing in December. Staff continued to work closely with our new meter reading contractor who is struggling with the same staffing issues we are all experiencing stemming from the pandemic.

Engineering and Production Operations Report Given

Tim Kraus advised that year-end capital program data was not available due to the December books not being closed.

The amount of water produced and delivered to the system in December 2021 was 108.6 MGD, which was 0.5% lower than December 2020 and 1.7% higher than the December five-year average. For year-to-date, the amount of water delivered to the system was 5.6% higher than 2020, and 4.8% higher than the five-year average.

All water-quality goals for December 2021 were achieved and no water-quality violations occurred.

Water Quality personnel analyzed 1,200 water-quality parameters; 994 of which were required pursuant to federal and state regulations. Personnel collected 280 routine distribution-system compliance samples. Zero Total Coliform and zero E. coli detections were noted. Personnel also collected 77 main-break compliance samples for 38 repairs. Five localized boil-water advisories (BWAs) were issued due to field conditions. Zero BWAs were issued due to water-quality monitoring results.

Mr. Kraus stated staff is working with the highway dept to obtain reimbursement for the work and chemicals expended in response to the east end bridge spill.

Human Resources Report Given

Terrence Spence provided a summary of recent and current activity between the Company's Labor Management and Local Union 1683 of the American Federation of State, County and Municipal Employees, AFL-CIO (the Union).

- Currently there are two active grievances filed by the Union in discussion for possible resolution.
- Management and Union leadership participate in weekly COVID-19 update meetings to discuss the pandemic's impact on Louisville Water employees, work schedules, and operations.
- Union Leadership and Labor Relations implemented a Point of Clarification regarding temporary job posting and a Memorandum of Understanding for Graduated Apprentices on pay for temporary assignment.
- The Company posted three temporary full-time and one regular full-time position for the internal union job bidding process.

Louisville Water's Scholarship Award Committee is scheduled to begin reviewing student application packets to select the 2022 "Thomas Family Scholarship" award winner. The committee consists of employees and management, no ELT members are on the committee. YMCA staff review the scholarship applications to confirm they meet the minimum requirements and they send the top five to ten applicants to the Louisville Water committee to review and choose the winner of the scholarship.

Louisville Water developed processes and procedures to comply with the Occupational Safety and Health Administration's (OSHA) Emergency Temporary Standards (ETS) scheduled effective February 9, 2022. However, on January 13, 2022 the United States Supreme Court issued a stay, thereby halting implementation of mandatory testing or vaccinations for all employees under the ETS.

Louisville Water's Diversity Equity & Inclusion (DEI) third party consultant, Integrity Development Corporation (IDC), is scheduled to provide the results of a company-wide Employee Inclusion Survey conducted in late November to the ELT on January 21.

Louisville Water's Human Resources Department completed a multi-year strategic planning process that aligns with the Company's overall strategic business plan specific to the "Employer of Choice" priority.

Louisville Water is also participating in the Best Places to Work in Kentucky. Last week, 300 surveys were sent to Louisville Water employees.

Information Technology Report Given

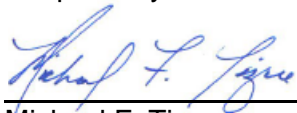
Mr. Bruce stated that Jeff Knox is on PTO and he referred the Board to Mr. Knox's letter.

Mr. Bruce also advised that Foster Burba, a prior president of the Louisville Water from 1974 to 1991 passed away on December 24, 2021. Mr. Bruce shared several of Mr. Burba's accomplishments while he was President. Dr. Kerrick asked that the Board to take a moment of silence to remember Mr. Burba and his contributions to the Louisville Water Company.

Ms. Fust-Rutherford added that she thanked the Risk Management staff for their work on the presentation.

There being no further business, the meeting adjourned at 12:44 p.m.

Respectfully submitted,



Michael F. Tighe
Vice President, General Counsel and
Corporate Secretary