

**Board Of Water Works  
REGULAR CALLED MEETING MINUTES  
February 16, 2021  
Virtual Meeting**

**Board Members Present:**

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

**Not Present:**

Greg Fischer

**Others Present:**

Mr. Spencer Bruce, President and Chief Executive Officer  
Mr. Daniel Frockt, CFO, Louisville / Jefferson County Metro Government  
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations  
Ms. Kelley Dearing Smith, Vice President, Communications and Marketing  
Mr. Tim Kraus, Vice President, Engineering and Production Operations, and Chief Engineer  
Dr. Tom Lockett, Vice President, Information Technology  
Ms. Lynn Pearson, Vice President and Treasurer  
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  
Ms. Megan Hancock, Customer Service and Business Operations  
Ms. Jenni Schelling, Director, Internal Audit  
Ms. Shannon Tivitt, Director, Project Liaison, One Water  
Mr. Brian Sturgeon, Computer Network Administrator  
Ms. Beverly Soice, Paralegal

**Visitors:**

The regular called meeting of the Board of Water Works (BOWW) was held on Tuesday, February 16, 2021 by video teleconference via Zoom. Chair, Dr. Sharon Kerrick called the meeting to order at 11:01 a.m.

**Minutes of the Previous Regular BOWW Meeting Approved**

Greg Dearing moved to approve the Regular Monthly Meeting Minutes of January 19, 2020. Seconded by Paul Esselman and the motion unanimously carried.

**Report Provided by the President/Chief Executive Officer**

Spencer Bruce stated that in January, the Environmental Protection Agency (EPA) finalized the Revised Lead and Copper Rule (LCRR). The revised rule focuses on reducing the sources of lead in drinking water but adds requirements that will present multiple challenges including

modifications to our operational protocols, the need for additional resources, and improvements in how we communicate to our customers. Utilities have three years to comply.

While our drinking water does not contain lead when it leaves the treatment plants, the EPA regulates this rule at the customer's tap. Louisville Water's known public lead service lines have been removed, however, there are issues associated with private lead service lines and our public service line inventory that need to be addressed.

Louisville Water is convening an internal task force to determine resource needs and develop a comprehensive implementation strategy to ensure compliance with the revised rule in 2024.

### **Contract Awarded for CHFP North/South Filter Gallery Rehabilitation and Project Budget Increased**

Tim Kraus advised the approved Capital Improvement Plan (CIP) includes funding for renovating the North/South Filter Building. The current project budget is \$12,893,000.

The North/South Filter Building consists of twelve north filters (permanently removed from operation eight years ago) and six south filters that remain in operation. The scope of the project includes replacing the aging filter media, valves, select piping, air scour system, and appurtenant items in the south filters; installing a new filter-to-waste/recycle system for the south filters; removing the existing filter media and all items within the north filters and closing in the filter cavities with geofoam and grout topping; replacing all guardrails in the North/South Building to comply with OSHA; performing lead abatement and coatings renovation; and replacing and/or removing electrical and SCADA components within the Filter Building.

Four bids were opened on January 27, 2021, ranging from \$11,783,306 to \$13,948,000. The apparent low bidder was Dugan & Meyers LLC with a bid of \$11,783,306, which was 23.5% below the engineer's estimate. Since the original bid estimate was prepared, the scope has been expanded to include lead abatement in the pilot plant testing area and lead abatement in the lower area of the pipe gallery. As a result of the bid, and additional scope, the project budget estimate has increased by \$1,058,100 to \$13,951,100.

Dr. Kerrick asked if any minority owned or local companies submitted bids for this project. Mr. Kraus responded that Dugan & Meyers is a locally owned company.

Jennifer Fust-Rutherford asked if Louisville Water has used Dugan & Meyers on other projects. Mr. Kraus advised that yes we have used them, but it has been a few years.

Dr. Sunny Dronawat moved to award the contract CHFP North/South Filter Gallery Rehabilitation to Dugan & Meyers LLC and to establish a new budget estimate of \$13,951,100. Seconded by William Summers, IV, the motion unanimously carried.

### **Louisville Water Company Thomas Family Annual Scholarship Approved**

Kelley Dearing Smith advised that in 1854, Louisville Water began construction of Pumping Station No. 1, the Louisville Water Tower, and the original reservoir. Documents show most of Louisville Water's first directors owned slaves and many of the contractors building the water works used enslaved labor. It is also highly likely the brick used to build the original pumping station and water tower were made by enslaved workers. However, our archives do not provide conclusive answers.

The earliest documented African-Americans on Louisville Water's payroll were the three Thomas's. James H. Thomas began his career in 1872 as a porter and worked here until 1905 in a variety of positions. James W. Thomas worked at the company for a few years in the late 1870s as a laborer and teamster. Later in 1882, Thomas L. Thomas began working as porter and he stayed in this role for the next 17 years.

To honor the legacy of the Thomas's, the Company has established the Louisville Water Company "Thomas Family Scholarship." The scholarship will be managed through the YMCA's Youth Black Achiever's Program and will be open to all local African American high school graduating seniors who will be attending a higher education institution in Kentucky. It will award a \$10,000.00 scholarship to be paid out over eight semesters. Louisville Water employee scholarship award selection committee was been created to review and chose the scholarship recipient.

Terrence Spence stated given the civil unrest that took place over the last year, it appeared to be the right time to create such a scholarship.

Recognizing racial disparities in secondary education continue to exist, Louisville Water Company is committed to being a positive force for change. Access to higher education provides in-roads to economic growth, social mobility and access to resources that would be difficult to obtain otherwise. Through the "Thomas Family Scholarship", Louisville Water acknowledges pioneers that helped shape the Company but can also help remove barriers and create a pathway to higher educational opportunities to local minority students in our community. Therefore, Louisville Water's Executive Leadership Team recommends that the Board of Water Works approve the "Thomas Family Scholarship" of \$10,000.00 on an annually reoccurring basis.

After a short discussion, Mr. Summers moved to approve establishing the Thomas Family Scholarship of \$10,000 on an annually reoccurring basis. Dr. Dronawat seconded, and the motion unanimously carried.

#### **Internal Revenue Service Audit Update Provided**

Michael Tigue advised the Board that a payroll audit conducted by the Internal Revenue Service (IRS) has been resolved.

The Board raised questions regarding the onboarding process with Louisville Metro. Mr. Tigue agreed to follow-up with Metro's finance department and report back to the Board via email.

#### **Metro COVID Relief Update Provided**

Dave Vogel provided an update on the Metro COVID-19 Relief Fund which is administered through the Drops of Kindness campaign.

More than 10,000 customers applied for a one-time credit of up to \$500 each. Approximately \$3.3 million in credits were applied to customers' accounts during the first 22 days.

A targeted approach was utilized to get the word out to customers in need of financial assistance. Information about the available funding was distributed via direct calls and/or texts to customers, news outlets, shares on Facebook, and fliers distributed at school and churches. Virtual applications were received through the Association of Community Ministries and Louisville Water Customer Service employees.

Mr. Vogel thanked Vince Guenther and Megan Hancock for their hard work on this funding campaign.

Mr. Vogel advised that staff will be creating a report that will provide data related to the Drops of Kindness funding program.

### **Investment Report Provided**

Lynn Pearson provided a semiannual report to the Board on Louisville Water's investment portfolio.

### **Innovation Update Provided**

Matthew Griffith provided a report on the progress being made on initiatives that are part of the Company's Strategic Business Plan.

### **Financial Report Given**

Ms. Pearson advised that field work for the audit of the 2020 financials is ongoing and the ultimate completion date of the audit and the year-end financial statements is dependent upon the release of the audited pension report from the Kentucky Retirement System. Ms. Pearson then provided a brief overview of preliminary financial results for January.

The year started out on a positive note, even though total consumption and water revenue for January 2020 came in slightly under budget as did other operating revenue. Total operating expense, however, was substantially under budget and non-operating income and expense were also favorable as compared to budget. As a result, net income for the month exceeded budget by \$291,000.

Consumption of 2.3 billion gallons for January is 142 million gallons less than budget, and 354 million gallons lower than January 2020. The budget shortfall was largely a result of the inclement weather in late January which prevented the meter readers from meeting normal schedules.

Ms. Pearson also advised that it came to our attention during the year-end closing process that due to an oversight, the 2020 funding of the Infrastructure Replacement Reserve (IRR) did not take place in December as planned. This is not a material issue as the IRR is currently very well-funded, and future contributions to the IRR may be increased to compensate if deemed necessary by the Board.

### **Communications and Marketing Report Given**

Ms. Dearing Smith directed the Board members to the photographs in her February Communications and Marketing report of the new branded bottle filling stations at the Norton Sports and Learning Complex. These stations are the result of a partnership with the Louisville Urban League. Our work with the League at the new facility will also include education and outreach. The facility had its grand opening on February 15.

### **Customer Service and Distribution Operations Report Given**

Mr. Vogel advised that in late December a firmware issue was detected with some of the Advanced Metering Infrastructure (AMI) endpoint installations. This impacted billing to two of the nine AMI cycles. Once identified, safeguards were put in place and the billing team held and

corrected approximately 1,200 bills before they were sent in January. Safeguards have been put in place to ensure this issue will not reoccur going forward but there were several hundred customers, primarily in the J-town/Fern Creek area, that were underbilled in December prior to the problem being identified. These customers will have corrected usage and, based on our billing tier structure, a small credit applied to their February statements.

There are currently 38,419 AMI endpoints installed. New installations have been paused so that Itron can implement a permanent fix to its endpoint firmware, address premises with identified installation issues, and build out the receiver network. It is anticipated that this may last several months before new installs resume. Itron has been very responsive in solving the problem.

The Metro Grant funding has had a positive impact on our customer delinquency numbers. The current delinquent customer count is now under 13,000 from its high of almost 17,000.

### **Engineering and Production Operations Report Given**

Mr. Kraus advised that 2020 capital program expenditures through December totaled \$101,570,666 which is \$8,486,028 or 9.12% higher than the same period last year. These expenditures equate to 83.82% of the 2020 total capital program of \$121,176,319.

Mr. Kraus reported that earlier this month hackers gained remote access to a Florida water utility's supervisory control and data acquisition (SCADA) system. The hacker accessed the function controlling the levels of sodium hydroxide in the water and attempted to overfeed the chemical above safe levels for consumption. Fortunately, the change was discovered, and the public was in no danger. It has been reported that this particular water utility had no firewall in place, all of the water plant's computers were using the same password, and their computers were running Windows 7 operating system which had not been receiving security updates. Louisville Water, on the other hand, has strong safeguards in place that would prevent such an occurrence.

### **Human Resources and Labor Relations Report Given**

Mr. Bruce advised that Mr. Spence lost connection to the Zoom meeting. Mr. Bruce asked the Board to refer to his letter for his report.

### **Information Technology Report Given**

Tom Luckett provided a summary of the Information Technology (IT) report.

Final testing was completed and upgrade to SP6 (latest release) Oracle Work Order and Asset Management (WAM) was finalized on Sunday, January 31.

Christina Gnadinger was promoted to Manager – Enterprise Applications Development to better align the IT organization and focus on the ongoing application development needs of the business.

This year IT will be concentrating on a regular cadence for testing of Disaster Recovery (DR) plans. Staff will be adding a second data connection to Franklin, TN from Corporate by the end of February. Staff will also be evaluating additional redundancy for the phone system and connectivity between the facilities.

McAfee and Advanced Malware Protection (AMP) replacement has begun with the intent to remove both current Louisville Water endpoint security products and streamline security by implementing SentinelOne. The rollout method is currently being tested to ensure limited disruption to the business. This will be completed in the first quarter of 2021. SentinelOne has the same functionality of both McAfee and AMP but adds next generation endpoint protection for increased security. SentinelOne also has an outstanding reputation for adding high level protection on Linux platforms, which will be beneficial as well.

Dr. Kerrick advised that Dr. Lockett will be retiring soon and thanked him for his leadership.

### **Closed Session Held**


Mr. Esselman moved to go into closed session to discuss executive performance pursuant to KRS 61.810(f) at 1:13 p.m., seconded by Mr. Summers, and unanimously carried.

### **Open Session Resumed**

Mr. Esselman moved to return to open session and adjourn the meeting at 1:29 p.m., seconded by Ms. Rutherford and unanimously carried.

There being no further business, the meeting adjourned.

Respectfully submitted,



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