

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
August 24, 2021
Virtual Meeting**

Board Members Present:

Dr. Sharon Kerrick, Chair (via video teleconference)
Mr. Greg Dearing
Mr. Paul Esselman (via video teleconference)
Ms. Jennifer Fust-Rutherford
Mr. William E. Summers, IV

Not Present:

Greg Fischer
Dr. Sundeep “Sunny” Dronawat, Vice Chair

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Mr. Aaron Jackson, Louisville Metro Government
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
Mr. Jeff Knott, Vice President, Information Technology
Mr. Tim Kraus, Vice President, Engineering and Production Operations, and Chief Engineer
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
Mr. Jeremy Raney, Director, Engineering
Ms. Jenni Schelling, Director, Internal Audit
Ms. Shannon Tivitt, Director, Project Liaison, One Water
Mr. Matthew Griffith, Manager, Strategic Business
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, July 20, 2021 at the Louisville Water Company Headquarters, 550 South 3rd Street, Louisville, KY. Chair, Dr. Sharon Kerrick called the meeting to order at 11:03 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Paul Esselman moved to approve the Regular Monthly Meeting Minutes of July 20, 2021, seconded by Greg Dearing and the motion unanimously carried.

Report Provided by the President/Chief Executive Officer

Spencer Bruce advised that Louisville Water is working with our wholesale partner North Nelson Water and the city of Bardstown on an opportunity to provide a long-term water supply solution to Bardstown. Recently, the Bardstown City Council approved a resolution that includes the governing bodies of Nelson County and Bardstown working to build a water main to connect to a Louisville Water existing pipeline.

North Nelson already purchases water from Louisville Water and this solution would allow them to buy a larger amount, and in turn sell it to Bardstown. This Nelson County water solution still needs additional approvals and Louisville Water will need to make system improvements to our infrastructure that connects to North Nelson Water.

A team of Louisville Water employees has worked diligently to build and maintain partnerships in the region that allow us to provide long-term water solutions. That work includes involvement in economic development organizations and participating in events with bourbon distilleries. Bardstown's reputation for its bourbon tourism has a direct connection to the water industry. Louisville Water is of its regionalization efforts over the past few decades and this recent announcement is another example of our partnership approach.

Biennial Inspection Approved

Tim Kraus introduced Jordan Basham who presented the results of the Biennial Inspection.

Mr. Basham advised the Amended and Restated Revenue Bond Resolution adopted November 10, 2009 for Louisville Water specifies that an inspection report be completed every other year and shall accompany the Board of Water Works Annual Report to the Trustees, which is to be filed October 31 of each year. A further stipulation of the bond covenants is that Louisville Water will retain a Consulting Engineer to perform the inspection of the water works system every other year, and to report whether the properties of the water works system has been maintained in good repair and sound operating condition.

In April 2021, Louisville Water issued an assignment to its Engineer of Record, Hazen & Sawyer to perform the inspection and to report the adequacy and condition of the water works system.

Hazen & Sawyer commented favorably concerning the condition of the facilities inspected stating that , "Overall, it is Hazen's opinion that Louisville Water's exceptional maintenance and operation of the inspected facilities contributes to continued industry recognition and facilitates excellent drinking water production and supply."

Bill Summers moved to approve the 2021 Biennial Inspection Report, seconded by Mr. Dearing the motion unanimously carried.

In accordance with the bond requirements, staff will file the Biennial Inspection report with the Issuer, the Trustee and Metro Louisville.

Contract Ratified for Project No. 16107: N 26th Street Area Water Main Replacement

Mr. Kraus stated the N 26th Street Area Project consists of 6,565 linear feet of distribution water main replacement, with pipe sizes ranging from 16-inch diameter to 6-inch diameter along six different streets, located in the Portland area of Louisville Metro. Ratification is requested as a result of the contractor's request to order pipe material before additional increases in pipe cost occur due to manufacturing and shipping delays from recent economic conditions.

On July 28, 2021, Louisville Water received bids from five prequalified contractors for construction of this project. The Project Manager's estimate for the project was \$2,055,000. The low bidder was Seven Seas Construction, with a bid of \$2,189,647.55. The total approved project budget is \$2,677,000. The revised budget of \$2,984,648 will result in an increase of \$307,648.

Mr. Summers moved to ratify the contract award for the N. 26th Street Area Water Main Replacement Project. Jennifer Fust-Rutherford seconded and the motion unanimously carried.

207 and 209 North English Station Road Declared Surplus Property and Retirement of Assets Approved

Mr. Kraus stated that the purpose of this letter is to request that the Board declare the vacant property located at 207 (Lot 3 - partial) and 209 (Lot 1) North English Station Road as surplus assets. Lot 1 is a vacant 2.2-acre parcel with commercial development potential, whereas Lot 3 is a 13.4-acre parcel with industrial-flex or multi-family development potential. Lot 3 is partially occupied by a 3 MG elevated storage tank and a 10 MG standpipe. Approximately 7.6-acres of Lot 3 east of the existing tanks are vacant and do not serve an operational purpose.

Hazen and Sawyer, the Company's Engineer of Record, evaluated this property and issued a Retirement of Asset letter concurring with the position that the referenced parcels can be declared as surplus property and advertised on the open market. In the Retirement of Asset letter, Hazen states:

Louisville Water acquired approximately 16 acres for \$51,918.82 on October 27th, 1967. The property was initially utilized for a water storage tank, the Middletown Distribution Operation Center offices, and a spoil fill site. It was divided into two parcels after the sale of a portion of the property to Shelbyville Road Realty in 2013. The parcel at 207 North English Station Road has two water storage tanks to the west of the roadway and a vacant property to the east of the roadway. The vacant property includes a fill site but is no longer utilized for that purpose, and as such, it can be retired. The parcel at 209 North English Station Road is an out lot. There is no plan for it, and as such, it can be retired.

Ms. Fust-Rutherford moved to declare these assets as surplus excluding the land needed to maintain proper operations of the two water tanks and authorize staff to proceed with advertisement on the open market. Mr. Dearing seconded and the motion unanimously carried.

Project No. 16126: Roe Hill Road Water Main Extension and Booster Pump Station Project Approved

Mr. Kraus advised that the Roe Hill Road Booster Pump Station and Water Main Extension project is located in Bullitt County off Knob Creek Road. This project has been a priority for Judge Jerry Summers in Bullitt County. Currently, an 8-inch water main extends from Knob Creek Road 1,200 feet onto Roe Hill Road and stops at the base of Roe Hill. Past this point, there are 37 residential homes that have long expressed an interest in having city water but have not been financially able to do so. Staff is requesting the BOWW approve and accept the State Revolving Fund (SRF) loan commitment and endorse proceeding with the in-kind labor contribution to proceed with the Roe Hill Road Water Main Extension Project.

The scope of work for this project is to furnish all labor, tools, equipment, and materials required by the contract documents to supply and install approximately 12,100 LF of 4-inch water main, a booster pump station, and appurtenances. This project will be funded through a combination of a Community Development Block Grant (CDBG), a SRF loan and community contributions.

On October 20, 2020, the BOWW passed a resolution which authorized Mr. Bruce to execute and submit an application to obtain funding assistance from the State Revolving Loan Program and to be Louisville Water's Official Project Representative for funding assistance. Louisville Water received a Conditional Commitment Letter from the Kentucky Infrastructure Authority (KIA) on

April 2, 2021, stating that the requested SRF loan was approved. Bullitt County Fiscal Court successfully obtained CDBG funding on July 8, 2021, to allow the project to proceed. The Louisville Water Foundation agreed to contribute \$100,000 towards the project if Louisville Water will contribute \$100,000 of in-kind labor and easement acquisition. Bullitt County Fiscal Court and resident Tapping Fees will pay the remaining balance of the debt service.

Mr. Dearing moved to approve and accept the SRF loan commitment and endorse proceeding with the in-kind labor contribution by Louisville Water for the Roe Hill Road Water Main Extension Project. Mr. Summers seconded and the motion unanimously carried.

The Board took a short break at 11:46 a.m. to retrieve their lunch and returned to the meeting at 12:10 p.m.

Closed session

Mr. Dearing moved to go into closed session to discuss the possible acquisition of property pursuant to KRS 61.810(b) at 12:10 p.m., seconded by Mr. Summers and the motion unanimously carried.

Return to Open Session

Mr. Summers moved to return to open session at 12:28 p.m., seconded by Mr. Dearing, the motion unanimously carried. No action was taken in closed session.

Property Acquisition Authorized

Mr. Dearing moved to authorize staff to negotiate for the acquisition of property on Strawberry Lane. Seconded by Mr. Summers, the motion unanimously carried.

Investment Report

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

Strategic Business Plan 2021 Progress Update

Matthew Griffith provided the history and an overview of Louisville Water's Strategic Business Plan. He also provided a summary of the overall results of the Company's strategic plan goals. Mr. Kraus reviewed the water quality and infrastructure investment achievements and challenges; Ms. Pearson provided an overview of financial achievements and challenges; Dave Vogel and Kelly Dearing Smith provided a joint overview of the customer and shareholder achievements and challenges; Terrence Spence provided a summary of the Employer of Choice achievements and challenges; and Mr. Bruce provided an overview of Business Transformation achievements and challenges.

One Water Update

Shannon Tivitt provided the following summary of the items discussed at the Louisville One Water Partnership Board meeting held on July 29, 2021.

The Board elected Mr. J.T. Sims as Chair and Mr. William Summers as Vice-Chair, each for another term.

The Board approved the expenditure of \$27,626 for the 2021-2022 renewal of the One Water Board's insurance coverage through the Louisville Area Governmental Self Insurance Trust (LAGIT).

The Board received a copy of the Second Quarter Shared Services Reimbursement Report for 2021.

The Second Quarter Summary of the 2021 One Water Project Plan was presented to board members. The plan includes ten (10) projects for the year and is aligned with the four (4) One Water Goals: *Improve Every Customer Experience, Sustain Partnership/Partner for Progress, Drive Revenue Growth and Create Efficiencies.*

The Board voted to move the next One Water Board meeting from October 22, 2021 to November 4, 2021.

Dr. Kerrick thanked Mr. Summers for his continued service on the One Water Board.

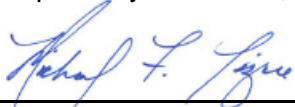
Other Officers' Reports

Dr. Kerrick stated that in the interest of time, the officer's report be taken under advisement.

Mr. Kraus added that the Louisville Water and the Kentucky/Tennessee (KY/TN) Section of the American Water Works Association (AWWA) partnered to honor Louisville Water retiree Dr. Rengao Song with a scholarship for a graduate student who embody his spirit of innovation and excellence in water quality. Grant applications were reviewed by a selection committee. Rachel Kaiser, a PhD student in the Environmental Sciences Program at Tennessee Tech University was chosen to receive the \$10,000 scholarship. This inaugural scholarship was recently awarded at the KY/TN Water Professionals Conference in August 2021.

There being no further business, Ms. Fust-Rutherford moved to adjourn the meeting at 1:03 pm. Mr. Summer seconded and the motion unanimously carried.

Respectfully submitted,



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