

Board Of Water Works
REGULAR CALLED MEETING MINUTES
September 20, 2022
Louisville Water Company and Virtually

Board Members Present:

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

Not Present:

Mayor Greg Fischer

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Mr. Aaron Jackson, Louisville Metro Budget Director
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
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, Compliance and General Counsel
Ms. Shannon Tivitt, Executive Director, One Water
Mr. Pete Goodman, Director, Water Quality
Mr. Jeremy Raney, Director, Engineering
Ms. Jenni Schelling, Director, Internal Audit
Mr. Jim Smith, Director, Regional Development
Mr. Brian Sturgeon, Computer Network Administrator
Ms. Beverly Soice, Paralegal

Visitors:

Mr. Christian L. Juckett, Rubin & Hays
Mr. Nick Lococo, Rubin & Hays
Mr. David Miller, Mercer

The meeting of the Board of Water Works (BOWW) was held on Tuesday, September 20, 2022 at the Louisville Water Company located at 550 South Third Street, Louisville, Kentucky and virtually via Microsoft Teams. Chair, Dr. Sunny Dronawat called the meeting to order at 11:05 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Aaron Jackson asked that his name be added to reflect that he attended the August 16, 2022 BOWW meeting. With the edit requested by Mr. Jackson, William Summers moved to approve the Regular Monthly Meeting minutes of August 16, 2022. Seconded by Greg Dearing motion unanimously carried.

President/Chief Executive Officer Report / Second Water Purchase Agreement Approved with Hardin County Water District #2

Spencer Bruce stated that he does not have a CEO report to provide, but rather he will be presenting the Second Water Purchase Agreement with Hardin County Water District #2.

Mr. Bruce advised that Louisville Water first entered into a contract with Hardin County Water District #2 (HCWD2) in 2013 and, recently, we are working with the district on a historic new agreement. Ford's plans for the BlueOval SK Battery Park in Glendale brings tremendous growth opportunities for both utilities. Over the past few months, staff have met with HCWD2 to determine the short and long-term project needs.

The proposed agreement requires Louisville Water to construct approximately 23,000 linear feet (LF) of 36-inch transmission main, 47,000 LF of 30-inch transmission main, 21,000 LF of 24-inch transmission main, and a new elevated storage tank along Wilson Creek Road, as well as to expand hydraulic capacity at the Minor Lane Booster Pump Station (BPS), Chapeze BPS, and HCWD2's master meter. Together, these improvements will increase Louisville Water's maximum available supply to HCWD2 from 5 million gallons per day (MGD) to 11 MGD. The proposed facilities will be constructed generally along the I-65 corridor, beginning at the Salt River and extending southwardly to Colesburg Road in Lebanon Junction. Louisville Water will complete this work in phases, with Phase 1 scheduled for completion by December 31, 2026, and Phase 2 scheduled for completion by December 31, 2029.

Louisville Water will own and operate the improved water mains and other newly installed facilities up to the existing point of delivery. The estimated cost for the project is \$107 million, funded through minimum water purchases. HCWD2's portion of the project will be approximately \$70 million. The proposed contract requires HCWD2 to continue to purchase 1 MGD until December 31, 2024, to complete the term of the current water purchase contract. Beginning January 1 of each subsequent year, the agreement provides for incremental increases.

The proposed wholesale agreement will support and promote the significant economic development underway along the I-65 corridor as well as the entire region, benefiting Hardin County. Finance staff have reviewed the funding expenditure and confirmed a return on investment consistent with other wholesale contracts. The agreement expires December 31, 2074 but may be extended by written agreement of the parties.

Mr. Dearing moved to authorize the President and CEO to enter into a wholesale purchase agreement with HCWD2 pending approval by the HCWD2 Board. Paul Esselman seconded, and the motion unanimously carried.

Contract Awarded for Roe Hill Road Area Water Main Extension and Booster Pump Station and Resolution Approved for Acceptance and Execution of State Resolving Fund Loan

In Tim Kraus' absence, Jeremy Raney presented the engineering items to the Board.

Mr. Raney introduced Christian L. Juckett and Nick Lococo with Rubin & Hays, bond counsel for the Kentucky Infrastructure Authority (KIA).

Mr. Raney advised the Roe Hill Road Booster Pump Station and Water Main Extension project is located in Bullitt County off Knob Creek Road. Currently, an eight-inch water main extends from Knob Creek Road 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 a connection to drinking water but have not been financially able to do so.

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 12,400+/- LF of water main, one (1) fire hydrant, a booster pump station, and appurtenances. This project is funded through an unprecedented combination of a Community Development Block Grant, State Revolving Fund Loan, Bullitt County 2021 American Rescue Plan Act funds, Bullitt County Fiscal Court Land Development funds, Louisville Water contributions, and a Louisville Water Foundation grant which will be applied to interest payments on the SRF loan. The entire project budget to date is \$3,057,354.

Louisville Water opened bids on August 10, 2022. Two bids were received with the low bidder coming in at \$2,620,000, which was \$525,146 higher than the engineer's estimate. The significant price discrepancy can be attributed to a sharp increase in costs and the severe market volatility.

Following a brief discussion, Jennifer Fust-Rutherford moved to award the contract for this project to Basham Construction & Rental Co., Inc. in the amount of \$2,620,000, approve the resolution approving and authorizing an Assistance Agreement between the BOWW and the KIA, and approve the President/CEO execute the Closing Certificate. Mr. Dearing seconded, and the motion unanimously carried.

Third Quarter 2022 Dividend Declared

Lynn Pearson advised that Section 508 of the Series 2009 Water System Revenue Bond Resolution provides that the Louisville Water Company will pay to the Louisville / Jefferson County Revenue Commission an annual dividend on the Louisville Water Company stock owned by Louisville / Jefferson County Metro Government, Kentucky. The dividend declared for 2021, based upon estimated net income, is required to be adjusted after completion of the annual audit to reflect any difference between estimated and actual net income. The amount of such adjustments is to be paid with or deducted from the regular quarterly dividend payments in 2022.

The annual audit was completed in the second quarter. Net income of \$50,349,498 requires a total 2021 dividend to Louisville / Jefferson County Metro Government, Kentucky of \$20,172,360. The total dividends paid during 2021 were \$18,827,358. The difference between the dividend paid for 2021 and the actual dividend computed and declared for 2021 is \$1,345,002. The difference will be added to the dividend payment in the fourth quarter in 2022 as directed by Louisville Metro Office of Management and Budget.

The 2022 Annual Budget provides for a budgeted annual dividend of \$18,992,712. Mr. Esselman moved to declare the third quarterly 2022 dividend in the amount of \$4,748,178. Mr. Dearing seconded and the motion unanimously carried.

WHEREAS, it has been the long established policy of Louisville Water Company to pay a dividend on its common stock related to its net earnings, after giving consideration to any requirements for debt amortization and bond reserve requirements, and
WHEREAS, a covenant written into the 2009 Water System Revenue Bond Resolution sets forth a formula for determining the amount of any such dividend, and

WHEREAS, such covenant requires payment of a dividend each year based on estimated annual Adjusted Net Income, with adjustment upon completion of the annual audit to reflect any difference between estimated and actual net income, such adjustment to be

made in the quarterly dividend payments of the following year, and

WHEREAS, an estimated dividend of \$18,827,358 was paid in 2021 based on estimated Adjusted Net Income of \$40,324,622 and

WHEREAS, the annual audit for 2021 has been completed which establishes the full dividend for 2021 as \$20,172,360 based on actual Adjusted Net Income of \$50,099,498 and the Board resolution of December 21, 2021 was amended on June 21, 2022 to increase the 2021 annual dividend by \$1,345,002 from \$18,827,358 to \$20,172,360, the difference to be added to a future quarterly 2022 dividend payment, as directed by Louisville Metro, and

WHEREAS, the 2009 Bond Resolution requires that the Board of Water Works pay a quarterly dividend based on the formula contained therein, such quarterly payments to be as nearly equal in amount as possible, and

WHEREAS, the 2022 Louisville Water Company Annual Budget reflects the 2022 annual dividend to be \$18,992,712, it would be in order at this time to declare a regular third quarter dividend of \$4,748,178; therefore, be it

RESOLVED, the regular third quarter 2022 dividend of \$4,748,178 is hereby declared, and further

RESOLVED, that the President of the Company hereby is authorized and directed to pay \$4,748,178 to the Louisville / Jefferson County Revenue Commission on September 30, 2022, this being the third quarterly dividend for 2022.

Donation Approved to the Louisville Water Foundation

Dave Vogel advised each year Louisville Water makes a donation to the Louisville Water Foundation to use for water bill payment assistance and other water projects that serve to advance the Foundation's mission. The donation from Louisville Water has typically been funded by setting aside a portion of the HomeServe program revenue from the previous year. The largest percentage of the Foundation's annual contributions supports the Customer Assistance Program, "Drops of Kindness." MSD, HomeServe and employees also contribute funds for this effort. The recommended budgeted donation for 2022 is \$250,000.

Mr. Dearing moved to donate \$250,000 to the Louisville Water Foundation to fund the 2022-2023 Customer Assistance Program and other water-related charitable activities. Mr. Esselman seconded, and the motion unanimously carried.

Contract Awarded for Project 16273: Mitchell Hill Road Area Improvements and Increase the Budget of Record

Mr. Raney advised that the Mitchell Hill Road Area Project consists of 2,875 linear feet of distribution water main replacement, with pipe sizes ranging from 12-inch diameter to six-inch diameter along eight neighborhood streets, and the installation of 242 pressure reducing valves on existing services located in southern Louisville Metro.

On August 31, 2022, Louisville Water received competitive bids from two prequalified contractors for construction of this project. The Project Manager's estimate for the project was \$1,530,000. The low bidder was Basham Construction & Rental Co., Inc. with a bid of \$1,727,000. This bid was 13% higher than the Project Manager's estimate and can be attributed to the current volatile material and labor market. The total approved project budget is \$1,919,000.

Mr. Esselman moved to award the contract for the Mitchell Hill Road Area Improvements to Basham Construction & Rental Co., Inc. in the amount of \$1,727,000 and to increase the budget of record to \$1,963,000. Ms. Fust-Rutherford seconded, and the motion unanimously carried.

Award Contract for Project 16363: 2023 MRRP - N. Hubbards Lane Area and Reduce the Budget of Record

Mr. Raney advised the North Hubbards Lane Project consists of 4,715 linear feet of distribution water main replacement, with pipe sizes ranging from eight-inch diameter to four-inch diameter along three neighborhood streets, located in northeastern Louisville Metro.

On August 24, 2022, Louisville Water received competitive bids from three prequalified contractors for construction of this project. The Project Manager's estimate for the project was \$1,526,000. The low bidder was C.J. Hughes Construction Co., Inc. with a bid of \$1,997,078. This bid was 31% higher than the Project Manager's estimate and can be attributed to the current volatile material and labor market. The total approved project budget is \$3,603,000.

Following a brief discussion, Mr. Esselman moved to award the contract for the N. Hubbards Lane Area improvements to C.J. Hughes Construction Co., Inc. in the amount of \$1,997,078 and to reduce the budget of record for this project to \$2,353,000. Mr. Dearing seconded, and the motion unanimously carried.

2023 Small Business Main Replacement and Rehabilitation Program (MRRP) Approved

Mr. Raney advised staff is requesting approval and funding for the 2023 Small Business Enterprise (SBE) Main Replacement and Rehabilitation Program. This program was developed to encourage greater participation in our capital program among small contractors who otherwise would not be able to bid on the larger MRRP program due to prequalification limits.

The Program consists of six individual projects whose combined scope of work includes replacement of 4,220 linear feet of six-inch water main, 790 linear feet of 12-inch water main, renewal of water services, and replacement of fire hydrants.

This program includes projects on Creek Trail Court (\$390,456), Lake Dreamland Road (\$781,905), Mariemont Road (\$296,436), Oxmoor Center 12-inch (\$575,529), S. 36th Street (\$308,362) and University Road (\$615,670). Mr. Raney noted that only the projects valued higher than \$500,000 must be approved by the BOWW.

Following a brief discussion, Mr. Esselman approved and moved to proceed with the Lake Dreamland Road, Oxmoor Center 12-inch, and University Road SBE MRRP projects, and to establish a budget of record for each project as indicated above. Mr. Dearing seconded, and the motion unanimously carried.

Unbudgeted Private Lead Service Line Replacement Projects Approved

Mr. Raney stated staff is asking the Board to authorize an unbudgeted project in the amount of \$3,000,000 for the Private Lead Service Line Replacement – Known Lead Project.

Louisville Water data currently indicates that there are approximately 800 known private lead service lines within our service area. This project will include an estimated 50% replacement of those services based upon results from the ongoing Private Lead Service Pilot Project. The EPA's

Lead and Copper Rule calls for utilities to make two attempts to contact customers with lead, however Louisville Water will make three documented attempts to gain participation from eligible customers. The current estimated cost of the project is \$3,000,000.

Mr. Raney explained that our water does not contain lead, but if the water flows through private lead service lines on customers' private property, it could become contaminated with lead particles. He added that lead is toxic and the human body cannot eliminate it, and children, unfortunately, are more susceptible to its effects.

Dr. Dronawat asked how many total private lead service lines are in our service area. Mr. Raney replied that it's difficult to tell, but we know of approximately 800 private lead service lines and estimate there may be an additional 4,000 in our system. He added that Louisville Water stopped using lead lines in the 1920s.

Following a brief discussion, Mr. Summers moved to approve the Private Lead Service Line Replacement Project in the amount of \$3,000,000. Mr. Dearing seconded, and the motion unanimously carried.

Purchase of Water Treatment Chemicals Approved

Mr. Raney stated that staff is seeking Board authorization to purchase water treatment chemicals listed below for the contract period of October 1, 2022 – September 30, 2023. Current inflationary price pressures have caused chemicals to increase in price. As a result, the estimated annual cost of two treatment chemicals have surpassed \$1.5 million.

Twelve chemicals are required for the water treatment process. In 2022, quicklime and liquid ferric sulfate increased in price to the level of Board approval. It is estimated that 13,600,000 lbs. of quicklime and 1,318,000 lbs. of liquid ferric sulfate will be required for the treatment process. The bid prices for liquid ferric sulfate and quicklime are \$2,007,973.00 and \$1,744,457.54, respectively.

Mr. Dearing moved to establish a budget of record of \$2,007,973.00 for the purchase of liquid ferric sulfate and \$1,744,457.54 for quicklime. Mr. Summers seconded, and the motion unanimously carried.

The Board took a short break at 12:05 pm. The meeting resumed at 12:17 pm.

Compensation and Benefits Committee

Mr. Bruce explained the current difficulties the Company is having filling open positions and retaining existing employees. He added that during 2022, several candidates have declined our offers of employment, primarily due to the salary and/or the mandatory participation in the state's pension plan. Agreeing to the candidates proposed salary demands would result in the candidates making more than existing employees of similar positions.

Terrence Spence consulted with Louisville Water's compensation and benefits consultant, Mercer, to seek their guidance in this situation.

Ms. Fust-Rutherford advised that on August 24, 2022, the Compensation and Benefits Committee reviewed information from Mercer on adjustments to the Compensation Structure. Based on this review, the Committee Recommends:

- Adjusting the Compensation Structure every other year instead of every year.
- During the year when the Compensation Structure is adjusted upward, also adjust all non-contracted employee wages upward the same percentage to maintain their compensation ratio position and not impede progress within their grade/salary.
 - Eligibility requirements for adjustments are based on non-contracted employee performance and quartile ranking: (1) Not Meeting Performance employees are not eligible, (2) Developing Performance, Successful Performance, and Superior Performance are eligible, and (3) Eligible employees in Quartile 4 will receive the adjustment in a lump sum form.
- Provide a 2% salary adjustment to all non-contracted employees in 2022 since the Compensation Structure was adjusted by 2%.

Following a brief discussion, Mr. Esselman moved to approve the recommendations of the Compensation and Benefits Committee as presented by Mercer and outlined above. Mr. Dearing seconded, and the motion unanimously carried.

Oldham County Advisory Board

Mr. Vogel provided a summary of the discussions held during the Oldham County Advisory Board meeting on August 30, 2022.

Mr. Summer's stated he would like for the Board to extend a special recognition for those employees who traveled to eastern Kentucky and provided assistance in the wake of the flooding.

Mr. Dearing stated the Mayor's office has issued proclamations for employees who went to eastern KY to assist with the aftermath of the flooding. Mr. Bruce ask Shannon Tivitt to contact the Mayor 's office regarding possible proclamations.

Financial Report Given

Ms. Pearson reported that Louisville Water has completed the first step in the process of issuing our Series 2022 bonds, obtaining ratings from Moody's Investor Services and S&P Global Ratings. Members of the Executive Leadership Team and Finance staff met with Moody's and S&P on August 19 and 25, respectively. A comprehensive overview of the Company's operations and financial condition was provided, with a presentation structured around the priorities of our Strategic Business Plan. A tour of the Zorn Avenue facilities and Crescent Hill Treatment Plant was provided to the analysts from Moody's.

Louisville Water received top ratings of Aaa from Moody's and AAA from S&P. Receiving Aaa/AAA places Louisville Water in an elite group of water utilities and ensures we receive the most favorable rates on our bond issuance.

The next step is pricing the Series 2022 issuance. The pricing will be conducted at 10 a.m. on Thursday, September 22. The Pricing and Sale Committee will make the award to the lowest and best bidder at the competitive bond sale. The closing of the transaction is scheduled for October 6, 2022.

August financial performance was very strong, with total consumption and water revenue coming in higher than budget. Total operating expense, other operating revenue and non-operating

revenue and expense also performed favorably to budget. As a result, net income for the month exceeded budget by \$1.2 million.

Consumption of 3.4 billion gallons for August is 108 million gallons more than budget, and 67 million gallons lower than August 2021. All customer classes with the exception of industrial were over budget for the month. Year-to-date consumption remains under budget by 1.2% but is 0.1% higher than same period last year. Residential and to a lesser degree, industrial, are the main drivers of the year-to-date budget shortfall. The positive variance compared to this time last year is due to higher consumption in commercial and irrigation offset by lower residential and wholesale consumption, the latter resulting from Hardin County Water District No. 1 bringing their plant back into service earlier than we anticipated.

Water Revenue for August 2022 is \$493,000 higher than budget and \$412,000 higher than the prior year. Higher consumption is the key factor driving higher water revenue for this period as compared to budget. Irrigation, residential, and wholesale were the main drivers of the positive budget variance for August. For the year-to-date period, water revenue is 1.8% less than budget and 3.6% higher than prior year levels.

Other Operating Revenue for August is \$48,000 higher than budget and \$89,000 below year-ago levels. The variance to budget is due to higher revenue from late charges and cross connection fees partially offset by lower revenue from disconnect fees and service line protection. The decrease from prior year is driven by lower revenue from contract operations, partially offset by higher revenue from late charges and sewer billing. Year-to-date, other operating revenue is \$521,000 higher than budget and \$1.2 million higher than prior year. The year-to-date variance to budget is primarily due to higher revenue from late charges and service line protection offset to an extent by lower disconnect fees.

Operating and Maintenance Expenses for August are \$329,000 lower than budget and \$1.5 million higher than August 2021. The August favorable variance to budget is driven by labor and labor related expenses, and to a much lesser extent bad debt and insurance reserves, partially offset by budget overages in power, chemicals and fleet. The impact of inflation is clearly evident in the increase in costs in almost every category over August 2021, including power, chemicals, contractual services and equipment maintenance. Bad debt expense was also significantly higher than the prior year as 2021 benefited from a significant influx of customer assistance funds. August year-to-date operating and maintenance expenses are \$136,000 higher than budget and \$5.9 million higher than year-ago levels. Chemicals, utilities, contractual services, bad debt and fleet expenses were all higher than budget through August, offset to a great extent by lower labor and labor related expenses, insurance reserves, materials and supplies, equipment maintenance and employee training costs. The year-to-date variance to prior year also reflects the significant impact of inflation with higher costs in almost every category.

Total Operating Expenses for August of \$14.1 million are \$637,000 lower than budget and \$1.8 million more than prior year. The favorable budget variance is due to operating and maintenance expense, depreciation expense and net loss on disposition of property coming in under budgeted levels. The net loss this month was offset by gains from the sale of several vehicles. The unfavorable variance to prior year is mainly due to higher operating and maintenance expense along with higher depreciation, offset by a lower net loss from disposition of property vs. 2021. Total operating expenses year-to-date are 1.8% lower than budget and 6.9% over year-ago levels. The year-to-date budget variance is primarily the result of lower depreciation and net loss from disposition of property only slightly offset by higher operating and maintenance expenses. Year-to-date net gain from disposition of property includes \$230,000 gain from sale of property on Johnstontown Road recognized in March, along with total gain

of \$365,000 from the sale of the properties on Minor Lane and the Bullitt County office recognized in June. The remaining favorable variance is due to timing of closing capital projects along with timing related to the AMI metering project.

Non-Operating Income through August is \$142,000 higher than budget and \$183,000 less than August 2021. The favorable variance to budget is due to a treasury investment made at the end of February which is earning at a higher rate than budgeted levels. The variance to prior year is due to a lower overall effective rate earned on our portfolio in the current year, along with a lower dollar amount invested than in August 2021.

Non-Operating Expense through August is \$6,000 less than budget and \$261,000 lower than year-ago levels. Interest expense is lower than prior year due to bond principal payments made in 2021, slightly offset by lower capitalized interest.

Net Income before Distributions and Contributions for August is \$7.2 million, which is \$1.2 million more than budgeted. In comparison between years, net income for August is \$1.4 million less than prior year. August year-to-date net income of \$33.1 million is \$165,000 higher than budget and \$1.2 million lower than prior year.

Communication and Marketing Report Given

Kelley Dearing Smith advised that the Communications and Marketing department documented response efforts to restore water service to victims of the recent catastrophic flooding in eastern Kentucky. Louisville Water and 20 other Kentucky utilities travelled to the flooded areas to provide assistance. A series of videos shows the response and Louisville Water's efforts were featured in local, state, and national media.

The flooding response dominated media reach in August. Along with the re-opening of Frankfort Avenue to traffic, Louisville Water's earned media reach soared to 176 million impressions.

The American Water Works Association's (AWWA) monthly publication, *The Journal* featured Louisville Water's efforts to reshape how we approach affordability. The peer-reviewed publication accepted a paper that looked at how Louisville Water and MSD rebranded affordability efforts to Drops of KindnessSM during the COVID pandemic in 2020 and provided more than \$9 million in assistance.

Back-to-school events, health fairs, and community events dominated the August education and outreach efforts. A new partnership with the Latino community featured water quality education. More than 400 people attended an open house at the non-profit center, La Casita where Louisville Water staff provided a message with a reusable Louisville Pure Tap® bottle.

Louisville Water worked with Greater Louisville Inc. (GLI) and other businesses to host a "FAM Tour" for 10 site selectors. The tour provides economic development professionals a behind-the-scenes look at the region's advantages for new businesses. Our participation included working with Beam Suntory to highlight water's connection to one of the state's top industries, distilling. Guests participated in a bourbon and water tasting at Beam's new tourist facility in Bullitt County.

The Water Grows KY campaign continues to receive positive attention across the state. In August, Louisville Water began a series of presentations to Area Development Districts and participated in the Kentucky Rural Water Conference.

Customer Service and Distribution Operations Report Given

Mr. Vogel reported that the Call Center performance had a challenging month in August with 29,816 calls answered and an abandonment rate of 15.8%. The average speed of answer came in at 6:40 m:s for the month which is higher than last year and the five-year average. Staff attended a job fair held at Cardinal Stadium, hosted by JobsUSA and met with 150+ potential applicants. We have reviewed over 20 applications so far and are hopeful to have our remaining vacant positions filled by the end of October.

Customer payment plans have remained high at approximately 9,500 and staff is working with our vendor to tighten some of the requirements. With 175 new service applications completed for the month, there are only 21 sitting in the backlog.

There are 107,649 AMI endpoints in the ground with 98.4% registered as of the end of August.

Engineering and Production Operations Report Given

Mr. Raney advised 2022 capital program expenditures through August totaled \$58,558,591 which is \$12,008,706 or 25.8% higher than the same period last year. These expenditures equate to 52.5% of the 2022 total capital program of \$111,534,377. He estimated expenditures will hit 95% this year.

The amount of water produced and delivered to the system in August 2022 was 141.6 MGD, which was 3.1% lower than August 2021 and 3.1% higher than the August five-year average. For year-to-date, the amount of water delivered to the system was 1.8% higher than 2021, and 6.8% higher than the five-year average.

All water quality goals for August 2022 were achieved. No water quality violations were incurred.

Human Resources Report Given

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

- Union and Company representatives are continuing negotiations for the next collective bargaining agreement (CBA).
- Louisville Water union and non-union representatives attended the annual Kentucky Labor Management Conference held at the Kentucky Dam Village State Park, September 13 – 15.

Integrity Development Corporation (IDC) conducted on-site Diversity, Equity, and Inclusion (Empathic Listening) training to Louisville Water's CORE Council, Wednesday, September 7.

Louisville Water attended the Job News Career Fair hosted by the University of Louisville at Cardinal Stadium.

Louisville Water established and implemented a Referral Bonus Program that provides monetary incentives to employees who refer an external job candidate who is hired by the Company.

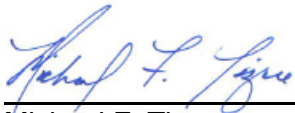
Information Technology Report Given

In Jeff Knott's absence, Mr. Bruce referred the Board to the Information Technology report in the agenda book.

Dr. Sharon Kerrick asked if Louisville Water is using any minority HR consultants. Mr. Spence advised that our DEI facilitator is a minority owned business. Dr. Kerrick stated that Decidedly Diverse is a minority owned business located here in Louisville.

There being no further business, the meeting adjourned at 1:00 p.m.

Respectfully submitted,



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