

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
July 23, 2019**

Board Members Present:

Mr. Creighton Mershon, Chair
Mr. Paul Esselman
Ms. Tierra Kavanaugh Wayne
Mr. Craig Willman

Not Present:

Greg Fischer
Dr. Sharon Kerrick, Vice Chair
Dr. Sundeep "Sunny" Dronawat

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
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
Ms. Kim Reed, One Water Innovation Director
Ms. Jenni Schelling, Director, Internal Audit
Ms. Shannon Tivitt, Director, One Water Project Liaison
Mr. Chris Bombay, Manager, Water Quality and Compliance
Mr. Adam Carter, President Union
Ms. Beverly Soice, Paralegal

Visitors:

The regular called meeting of the Board of Water Works (BOWW) was held on Tuesday, July 23, 2019 at the Louisville Water Company (Louisville Water or the Company) located at 550 South Third Street, Louisville, Kentucky. Chair, Creighton Mershon, called the meeting to order at 11:00 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Paul Esselman moved to approve the Regular Called Meeting Minutes of June 18, 2019 seconded by Craig Willman and the motion unanimously carried.

Spencer Bruce advised the Board of the accident that occurred yesterday near the intersection of 23rd and Oak Streets. One Louisville Water employee sustained fatal injuries and another remains in the hospital recuperating.

Report Provided by the President/Chief Executive Office

Mr. Bruce introduced Chris Bombay, Manager of Water Quality and Compliance who provided a summary of the events and impact of the Jim Beam warehouse fire in Woodford County which

occurred on July 2. The warehouse eventually collapsed and an unknown amount of bourbon was released into adjacent Glenn's Creek which feeds into the Kentucky River. The spill depleted the dissolved oxygen levels in the river, leading to a substantial fish kill. Louisville Water staff worked with emergency responders, state officials and water treatment plant managers as they tracked the 23-mile plume of bourbon/ethanol, soot/ash, and dead fish as it moved down 71 miles of the Kentucky River to the confluence with the Ohio River at Carrollton. Once the plume reached the Ohio River, Louisville Water staff began tracking the plume over the 54 river miles from Carrollton to Louisville. This information was used to develop a monitoring and treatment plan to protect water quality. The plume reached Louisville Water's Zorn intake on July 9. Preparations were made to minimize treatment impacts. While there was no public health concern, treatment adjustments were made to ensure the taste and odor of our treated water. River water quality was back to normal on the morning of July 11. There were no water quality impacts as a result of this event.

In the interest of time, Mr. Bruce referred the Board to his report in the Board packet.

Board Policies Reviewed

Michael Tigue advised that the Executive Leadership Team (ELT) reviewed all of the Company's policies prior to the 2018 year-end. He noted some of the policies were in good shape and only needed small changes while others needed significant re-writing. Depending on the subject matter, some policies are approved by the BOWW, while others are approved by the President or Vice Presidents.

This month the three policies to be presented include the Charitable Organizations Policy, Customer Service Policy and Providing Water Service to New Customers Policy.

Mr. Tigue reviewed each policy with the Board.

After a thorough discussion, Mr. Esselman moved to approve the Charitable Organizations Policy, Customer Service Policy and Providing Water Service to New Customers Policy. Tierra Kavanaugh Wayne seconded and the motion unanimously carried.

Change Order No. 2 Approved for Project No. 14325: Crescent Hill Filter Plant – Chemical Building Renovation – Phase I

Tim Kraus presented Change Order #2 to increase the contract with JRA Architects (JRA) for construction inspection on the upcoming Crescent Hill Filter Plant – Chemical Building Renovation – Phase 1 project to the Board for its approval.

Mr. Kraus reviewed the work included in Phase 1 of the project which prepares the building for the future project phases to renovate the building and provide needed fire protection, improved ingress and egress and future office space. The low bid for construction of Phase 1 is \$2,227,000.

Mr. Kraus discussed the circumstances necessitating the need for the Change Order which includes additional subconsultants for environmental observations and testing associated with lead paint removal; third party site safety representation and assistance with compliance; and an on-site resident inspector during construction.

The estimated cost for these three subconsultants is \$214,069 and is included in JRA's Change Order #2. JRA's original contract for design services was \$254,500. Change Order #1 increased JRA's design contract \$176,440. The overall project budget is sufficient to cover these changes;

however, JRA's contract changes, including Change Orders #1 and #2, total \$390,509. The sum of JRA's original design contract and Change Orders #1 and #2 is \$645,009.

Ms. Wayne expressed her concern regarding the number of overall change orders that are being presented to the Board for review and approval. Mr. Kraus agreed to meet with Ms. Wayne to discuss her concerns and to review historical data. This data will also be presented to the entire Board at a future Board meeting.

Mr. Esselman moved to approve Change Order #2 in the amount of \$214,069 and to establish a total revised JRA contract amount of \$645,009 for Project No. 14325 – Crescent Hill Filter Plant – Chemical Building Renovation – Phase 1. Mr. Willman seconded and the motion unanimously carried.

Contract Awarded for Project No. 14325: Crescent Hill Filter Plant – Chemical Building Renovation – Phase I

Mr. Kraus requests Board authorization to award the construction contract for Phase 1 of the Crescent Hill Filter Plant, Chemical Building Renovation Project.

Mr. Kraus reviewed the work included in Phase 1 of the project which prepares the building for the future project phases to renovate the building and provide needed fire protection, improved ingress and egress and future office space.

On June 19, 2019, Louisville Water received bids from four prequalified contractors for construction of this project. The Project Manager's estimate for the project was \$2,200,000. The low bidder was Corbett Construction, Inc., with a bid of \$2,227,000. In November 2018, the Board approved a total project budget of \$9,982,740 for all project phases.

Mr. Esselman inquired as to the likelihood of additional change orders being submitted on this project. Mr. Bruce explained that there is significant electrical work to be done, but we will not know exactly what additional electrical work there might be until the workers begin the project.

Mr. Willman added that there have been several change orders presented to the Board lately, however, he does understand there is a learning curve. At a future Board meeting, Mr. Kraus agreed to develop a presentation that explains typical reasons for change orders and to review information showing how few change orders actually occur throughout the year as compared to the total annual project spend.

Mr. Esselman moved to award the Crescent Hill Filter Plant – Chemical Building Renovation Phase 1 project to Corbett Construction, Inc., for \$2,227,000. Seconded by Mr. Willman and the motion unanimously carried.

Project Scope Expanded and Contract Increased for Project No. 15035: Condition 2017 – PCCP

Mr. Kraus advised Louisville Water completed the inspection of 16.92 miles of 24", 30", and 60" prestressed concrete cylinder pipe (PCCP) along multiple corridors. Louisville Water's historical damaged PCCP pipe section rate is approximately 0.40%. Upon review of the reporting received in February 2018, a total of 70 pipe sections (1.55%) were identified as being damaged. Following a thorough review, the determination was made to replace and/or rehabilitate 45 of those pipe sections deemed to be most at risk with the remaining to be monitored and re-evaluated during the next inspection cycle.

During the inspection, several sections of the 30-inch main running along Fern Valley Road were identified with damages requiring repairs. During preparations to replace damaged pipe sections just east of Preston Highway, it was discovered that the existing parallel 12-inch distribution water main was located directly on top of the 12-foot deep 30-inch main. The 12-inch main would have to be relocated prior to replacement of the damaged 30-inch main. Timing and duration of the relocation would be critical as it would impact sensitive customers including a retirement community, an elementary school, and would shut down two+ lanes of Fern Valley Road.

A change order quote was requested from Southern Pipeline Construction to relocate 120 ft of the 12" main, increase traffic control devices and maintenance, increase manpower and equipment to repair 30" main on a 24/7 basis, and repave three lanes of Fern Valley Road in the vicinity of the work. The change order was received on May 17, 2019, in the amount of \$375,892.95 and was 0.90% higher than the Project Engineer's cost estimate. Staff reviewed the change order and found it acceptable.

Mr. Willman moved to increase the project scope to include the items listed, the change order for Southern Pipeline Construction be approved setting a new contract amount of \$5,150,704.11, and the budget of record for the Condition 2017-PCCP be increased to \$9,990,987.79. Seconded by Mr. Esselman and the motion unanimously carried.

Exigent Change Order Ratified for Cardinal Hill Slope Stability Project

Mr. Kraus requested Board ratification of an Exigent Contract Change Order for continued work for Cardinal Hill Slope Stability construction Project. On March 14, 2019, a Certificate of Emergency was issued by the President to allow immediate corrective action to be taken to reduce subsidence and to protect the 60-inch reservoir supply main in Cardinal Hill Road.

On March 29, 2019, RAM Engineering & Construction, Inc, was selected via an invitation-only bidding process to correct the slope failure at Cardinal Hill. They started work April 11, 2019 and completed 68 Soldier Pile installations in early July. During these installations Staff requested verification of the life expectancy of partially and fully buried weathering steel H-beams. Without a coating and atmospheric conditions to allow weathering steel to patina for corrosion protection, life expectancy was less than 40 years, therefore a coating was recommended. To access the beams on the slope for surface preparation (e.g. sandblasting) and coating application, temporary shoring is required to protect the workers. The total cost for coating application task is \$282,151.

The other \$63,053 cost for Change Order #1 includes miscellaneous adjustments during the installation of the Soldier Piles such as boulder obstructions and excessive subsurface water as allowed for in the contract. The total Change Order amount is \$345,204. The existing Project Budget contingency will be used; therefore, the Project Budget does not need to increase.

Daniel Frockt asked if the change order requests are received from contractors across the Company or if they are received from just a handful of contractors. Ms. Wayne asked if we are tracking change order requests. Mr. Bruce and Mr. Kraus responded that we have few change orders throughout the year. We track them and managing the number of change orders as a component of the Corporate Executive goals. At a future Board meeting, Mr. Kraus agreed to develop a presentation that explains typical reasons for change orders and to review information showing how few change orders actually occur throughout the year as compared to the total annual project spend.

Mr. Willman moved to ratify Change Order #1 to RAM Engineering & Construction, Inc., in the amount of \$345,204, bringing the total contract amount to \$1,968,925. Ms. Wayne seconded and the motion unanimously carried.

Contract Awarded for Project No. 15255: Condition 2018 – PCCP

Mr. Kraus advised that Louisville Water's 2018 Condition Assessment Project was initiated to perform electromagnetic condition assessment on 13.05 miles of 24", 30", 36", and 48" prestressed concrete cylinder pipe (PCCP) along multiple corridors in Louisville Water's service area.

Louisville Water's condition assessment contractor, Pure Technologies, completed the inspection of the scheduled mains in late 2018. Louisville Water's historical damaged PCCP pipe section rate is approximately 0.40%. This value was used in estimating the number of repairs (17) and the project budget for the 2018 Condition Assessment Project. Upon review of the reporting received in September 2018, a total of 167 pipe sections (4.55%) were identified as being damaged. After a thorough review, the determination was made to replace and/or rehabilitate 30 of those pipe sections deemed to be most at risk with the remaining to be monitored and re-evaluated during the next inspection cycle (budgeted to begin in 2020).

The work will be executed through previously negotiated time and material Transmission System Repairs and/or Capital Improvements Master Agreements 17-150. MAC Construction & Excavating, Garney Companies, and Southern Pipeline Construction are to be awarded the repair work. Proposals were requested and quotes were received from each contractor.

Mr. Esselman moved to award a contract in the amount of \$1,508,332.67 to MAC Construction & Excavating, Inc. for the repair work on the Crescent Hill 30" and 48" transmission mains, and the budget of record for the Condition 2018-P.C.C.P. project be decreased to \$9,891,147.52. Mr. Willman seconded and the motion unanimously carried.

2019 Payment Assistance Funding Authorized to the Louisville Water Foundation

Dave Vogel advised that in 2010 Louisville Water Company (LWC) initiated a Payment Assistance Program. The intent of this program is to provide assistance to low income customers in helping them pay their water and sewer bills. Funding for the program has been based on Home Serve revenues provided to Louisville Water from the previous year. The Louisville / Jefferson County Metropolitan Sewer District (MSD) and HomeServe have also contributed to the overall funding of the program. Since the inception of this program more than 4,500 families have received assistance.

In order to fund this effort for 2019, the BOWW must first approve a donation to the Louisville Water Foundation. Once this donation is made, the Louisville Water Foundation will then be solicited for the annual Payment Assistance Program grant. The recommended funding for this effort is \$250,000 for 2019. It is anticipated that the amount solicited from the Louisville Water Foundation for the Payment Assistance Program will be similar to the historical funding levels which will enable the Louisville Water Foundation to consider donations to other water-related charitable activities going forward.

Mr. Esselman moved to donate \$250,000 to the Louisville Water Foundation to fund the 2019 Payment Assistance Program and other water-related charitable activities. Seconded by Ms. Wayne and the motion unanimously carried.

Ms. Wayne left the meeting.

Second Quarter 2019 Certification of Projects & Change Actions

Mr. Bruce certified that the following Projects and Change Actions were authorized during the Second Quarter of 2019 in accordance with the Capital Projects Authorization Policy and Procedure.

Project Proposals Requiring Board Approval:

Project Number	Project Name	Requested Total Estimate	Contribution	LWC Net Cost	Current Year Estimate
15515	E Manslick Rd - MRRP 2019	\$3,815,000	\$0	\$3,815,000	\$310,000
15520	Ford Collins Lane Meter Rehabilitation	\$1,557,585	\$0	\$1,557,585	\$1,557,585
Total		\$5,372,585	\$0	\$5,372,585	\$1,867,585

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
3999-444-0001	I.T. - Oracle Unlimited License Agreement	\$1,700,000	\$570,000	\$2,270,000	\$1,420,000
15035	Condition 2017 - PCCP	\$9,501,900	\$489,088	\$9,990,988	\$878,977
15255	Condition 2018 - PCCP	\$7,343,000	\$3,484,670	\$10,827,670	\$1,876,741
15513	Cardinal Hill-Slope Stability	\$1,576,000	\$1,194,400	\$2,770,400	\$1,194,400
Total		\$20,120,900	\$5,738,158		\$5,370,118

Project Proposals Approved by the President:

Project Number	Project Name	Requested Total Estimate	Contribution	LWCNet Cost	Current Year Estimate
15526	Adams St/Quincy St MRRP	\$105,000	\$0	\$105,000	\$105,000
15527	Reloc-KY 22 at Goose Creek Wm Relocation	\$155,170	\$0	\$155,170	\$12,000
224-19-0002	Preliminary Engineering -Allmond Facility Renovation	\$245,000	\$0	\$245,000	\$170,000
Total		\$505,170	\$0	\$505,170	\$287,000

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
15288	Small Services LWC 2018	\$1,221,841	\$224,281	\$1,446,122	\$67,284
Total		\$1,221,841	\$224,281	\$1,446,122	\$67,284

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
Total			\$0	\$0	\$0

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

Project Number	Project Name	Total Estimate	Total Cost To	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	\$7,272,800	\$8,036,265	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
13109	ZPS - Standby Generator	\$9,500,000	\$839,761	Design 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	\$58,500,000	\$906,348	Design In Progress	2013 Budget
13512	ZPS - Station #3 Slate Roof Replacement and Masonry Improvements	\$6,569,000	\$5,808,974	Work In Progress	2013 Budget
13523	690 Plan - Preston Highway, Collins Hill Road to Rolling Fork	\$5,863,521	\$5,951,395	Completed Not Closed	2013 Budget - Program
13650	Relocation 2013 - 690 Plan - Preston Hwy Corridor T&D- John Harper Hwy to Highway 44	\$3,655,000	\$1,224,439	Work In Progress	2014 Budget - Unbudgeted
14321	Rehabilitation 2015 - Eastern Pkwy 48-inch main	\$25,761,000	\$20,247,684	Work In Progress	2015 Budget
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$4,882,740	\$531,442	Design In Progress	2015 Budget
14330	CHWTP - Standby Generator	\$12,987,000	\$7,260,992	Work In Progress	2015 Budget -
14498	ZPS,CHPS - 13.8 KV Switchgear Rehab	\$2,174,287	\$2,094,104	Completed Not Closed	2015 Budget -
14515	Condition 2016 - CH Yard Piping and Valves	\$6,741,755	\$6,152,114	Completed Not Closed	2016 Budget - Program
14524	ATT RBF for CH	\$221,905,253	\$5,724,658	Pending Capital	2017 Budget
14530	I.T. - Business Intelligence Expansion: Financial and Human Resources Analytics	\$2,267,127	\$0	Pending Capital	2017 Budget
14534	I.T. - Oracle Utilities CCB,MWM Enhancements	\$3,500,000	\$2,817,558	Work In Progress	2016 Budget
14536	I.T. - Work and Asset Management System - WAM	\$23,526,488	\$12,407,369	Work In Progress	2016 Budget
14542	Transmission - Urton Lane	\$5,297,725	\$224,426	Pending Capital	2017 Budget
14543	860 PZ - Bardstown Road Elevated Storage Tank	\$6,700,000	\$5,806,838	Work In Progress	2016 Budget
14545	Transmission - I-64 Transmission Main, I-64 Clark Station Rd to Hwy 55 in Shelby Co	\$16,180,300	\$15,484,872	Completed Not Closed	2016 Budget
14553	Transmission - Minor Lane Grid-Tie	\$2,191,500	\$2,396,814	Completed Not Closed	2016 Budget -
15035	Condition 2017 - PCCP	\$7,495,160	\$8,610,028	Completed Not Closed	2017 Budget - Program
15036	Condition 2017 - Reservoir Yard Piping and Valves	\$5,000,000	\$51,070	Design In Progress	2017 Budget - Program
15253	900 Plan - Old Henry Rd to Terra Crossing Blvd	\$2,372,000	\$60,257	Pending Capital	2018 Budget
15254	680 Plan - Rivercrest Dr main	\$2,005,750	\$1,205,416	Completed Not Closed	2018 Budget - Program
15255	Condition 2018 - PCCP	\$7,343,000	\$4,491,628	Work In Progress	2018 Budget - Program
15264	MRRP 2018 - Virginia Ave area	\$2,331,500	\$1,133,854	Work In Progress	2018 Budget - Program
15265	MRRP 2018 - Glaser Ln area	\$2,005,900	\$208,716	Work In Progress	2018 Budget - Program
15438	660 Plan-SW Jefferson Cty Improvements-Lower Hunters Trace 20"	\$4,857,300	\$5,795	Design In Progress	2019 Budget
15515	E Manslick Rd - MRRP 2019	\$3,815,000	\$6,387	Design In Progress	2019 Budget -

- 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

Second Quarter 2019 Certification of Contracts & Bids

Mr. Bruce certified that the following contracts were awarded during the Second Quarter of 2019 in accordance with the Purchasing Policy and Purchasing Procedure.

Construction

18-73

Carbon Fiber-Reinforced Polymer Repairs on Large Diameter Water Mains - Master Agreement- 1st CPI Renewal
Structural Preservation Systems LLC

Estimate

18-74	External Post-Tensioning Tendon Repairs on Large Diameter PCCP Water Mains – Master Agreement- 1st CPI Renewal	Structural Preservation Systems LLC	Estimate
19-16 15303	Stonestreet Road Area Grid-Ties Project	Basham Construction & Rental Co., Inc.	\$352,000
19-17 15463	Garden Green Way Area MRRP	Seven Seas Construction (MBE)	\$831,410
19-26 15464	Glenview Avenue Area Water Main Replacement	MAC Construction & Excavating, Inc.	\$796,000
19-32 15455	River Bluff Road Grid Tie Water Main Replacement Project	Todd Johnson Contracting, Inc.	\$121,758
19-34 15274	Glenmary Avenue Area Phase II Lead Service Renewal Project	Tom Brown Construction Co.	\$399,950
19-42 15245	Cedar Grove PRV Station	Basham Construction & Rental Co., Inc.	\$181,000
19-55 15467	41st Street Area MRRP Project	MAC Construction & Excavating, Inc.	\$991,341
19-69 15465	Hawley Gibson Road Area Main Replacement Project	Seven Seas Construction (CMBE)	\$844,475
RFP 17-150 15255	Assignment to Master Agreement - Transmission System Repairs and/or Capital Improvements-Condition 2018 - PCCP -Smyrna Discharge 24" Pipe Section Replacements	Southern Pipeline Construction Co.	\$657,947
RFP 17-150 15255	Assignment to Master Agreement - Transmission System Repairs and/or Capital Improvements-Condition 2018- Ellingsworth 36" Pipe Section Replacements	Garney Companies	\$1,432,475
RFP 18-31	Assignment for Distribution System Repairs & Capital Improvement from the Master Agreement- MDOL needs to utilize for Various Emergency and Regular Distribution Repairs.	Basham Construction & Rental Company	Estimate\$992,765
RFP 18-73 15255	Assignment to Master Agreement -Carbon Fiber-Reinforced Polymer Repairs on Large Diameter Water Mains - Condition 2018 PCCP. Crescent Hill Pipe Section Replacement	Structural Preservation Systems, LLC	\$554,225
RFP 18-74 15255	Assignment to Master Agreement -External Post-Tensioning Tendon Repairs on Large Diameter PCCP Water Mains - Crescent Hill & Ellingsworth Pipe Section Replacement	Structural Preservation Systems, LLC	\$518,000
	SUM BY BIDS AND AWARDS CATEGORY		\$8,673,346

Procurement of Emergency Materials and Services

15513	CERTIFICATE of EMERGENCY- Cardinal Hill Road Slope Stability	GRW	\$27,822
	SUM BY BIDS AND AWARDS CATEGORY		\$27,822

Procurement of Materials and Services

11-03	Lockbox Services - 2019-2020 Contract Extension	Fifth Third Bank	Estimate\$162,473
12-05	Cold Water Meters-2019 PPI Contract Extension	Badger Technology	Estimate\$297,748
		Neptune Technologies	Estimate\$343,336
12-05	Request Permission to go to open market for Cold Water Meters with Encoders	Neptune Technology Group	Estimate\$152,251
14-119	New Services 2019 Contract Extension	Basham Construction	Estimate\$277,523
		Debbie Southerland Excavating (CWBE)	\$845,994
15-06	Water Pressure Regulators- 3rd & Final PPI Renewal	Ferguson Waterworks	Estimate \$58,419
15-113	Compostable Cups, 8 oz. and 12 oz. - 4th and Final PPI Renewal	Baumann Paper Co.	Estimate \$58,190
15-38	Water Bottles - 16 oz. and 22 oz. - 4th and Final PPI Renewal	Authentic Promotions.com	Estimate\$109,375
15-90	Heavy Equipment Rentals- 3rd CPI Renewal	Construction Machinery Company -Section C & D	Estimate \$50,492
		Whayne The Cat Rental Store- Section A, B, C, D & E	\$95,586

15-99	Crew Truck Cab & Chassis 4th & Final PPI Renewal		
14295	Kentucky Truck Sales, Inc.		\$218,377
16-0216	Waste Disposal- (Joint Bid with MSD) -3rd Renewal		
	Waste Management of Kentucky	Estimate	\$42,566
16-126	Assignment from Master Contract for Contingency Pump Repairs- BEPP		
	High Service #4 Pump Discharge Head Rework		
	Layne Christensen Company	Estimate	\$30,400
17-02	Overhead Intercom Paging System -BE Payne		
	Unified Technologies		\$149,049
17-114	Vehicle Suspension Repairs - Light & Heavy Duty		
Metro Contract#	Bill's Auto Spring Service	Unit Rate Contract	\$21,000
17-14	Ductile Iron Fittings 2nd PPI Renewal		
	Ferguson Waterworks		\$74,171
17-161	Fire Protection District Servicing Agreement 1st CPI Renewal		
	Multiple Fire Districts	Estimate	\$153,004
17-161	Fire Protection District Servicing Agreement- 2nd CPI Renewal		
	Anchorage Fire District	Estimate	\$168,687
17-32	Transportation and Disposal of sludge from Central WTP at FT. Knox, KY facility. 2019 Contract Extension		
	Derby City Environmental (fka B&H Environmental Services, Inc)	Estimate Unit Price Contract	\$60,000
17-61	Assignment to Contingency Contract for Motor Repairs- BEPP High Services #5 Motor Repair		
	Horner Industrial Group	Estimate	\$45,041
18-01	Assignment from PeopleSoft Managed Services Master Agreement-Oracle SOA Applications Architect		
	Sierra-Cedar	Estimate	\$395,200
18-19	Uniforms 1st PPI Renewal		
	National Workwear, Inc.		\$67,225
18-48	Assignment to Master Agreement Electro-Mechanical Work for Water Treatment or Distribution Facilities. Removal and Reinstallation of ZPS #3 Yard Valve Gearbox		
	Ward Engineering	Estimate	\$33,600
18-48	Electro-Mechanical Work for Water Treatment or Distribution Facilities 1st CPI Renewal		
	Gatterdam & Morgan Electric (Pump Work)	Estimate Unit Price Contract	\$50,000
18-64	10YD Mobile Mixing Concrete Truck -1st CPI Renewal		
	Pro-All International Mfg., Inc.	Estimate	\$238,636
18-65	Polywrap -1st & Final PPI Renewal		
	Hamilton Plastics, Inc.		\$46,167
19-18	Ultra Low Sulfur #2 Diesel Fuel- Joint Bid with Tarc		
	Petroleum Traders Corp.	Estimate	\$380,160
19-31	Hydraulic, Machine & Gear Oils		
	Whayne Supply	2 Year Estimate	\$102,033
19-44	Restraint Joint Clamps		
	Core & Main	Estimate	\$80,358
19-53	Plastic Meter Vaults & Extension Rings		
	Bingham and Taylor Corp	Estimate	\$140,239
19-61	Pavement Restoration		
Metro Contract	Flynn Brothers	Estimate	\$400,000
IFB190147			
GSA Contract	F5 Appliance Upgrade		
GS-35F-0119Y	CBTS Technology Solutions LLC		\$103,205
GSA Contract	WAM Implementation Phase 2 Development Effort		
47QTCA18D00CC	KloudGin		\$203,600
Ky State Contract	Cisco Advance Malware Protection		
MA1400000876 AR233	Volta, Inc		\$29,100
KY State Contract	Lab Equipment Purchase- Automated Disk Extraction System		
MA7581600000757-15029	VWR International		\$43,186
KY State Contract	Multifunction Device Replacements and Upgrades		
MA7581500000977	Lang Company		\$55,764
KY State Contract	Veritas Renewal		
MA7581800000597	SHI		\$24,182

Metro Contract 321949	Oracle Maintenance Team Fishel	\$43,269
RFP 15-0423	Auditing Services- 4th & Final CPI Renewal Crowe Horwath	Estimate \$70,233
RFP 15-45	Assignment #5 -IT Project Consulting Services - Master Agreement- CCB and MWM Enhancements for AMI project TMG Consulting	Estimate\$170,000
RFP 15-45	Assignment#7-IT Project Consulting Services - Master Agreement- Enhancements 2019 for Oracle Utilities O&M Support TMG Consulting, Inc.	Estimate\$345,000
RFP 16-126 15454	Assignment from Master Contract for Contingency Pump Repairs- Overhaul ZPS Pump #8 RPM, Inc	\$53,250
RFP 16-21	Assignment# 1 Renewal Operational Report Development, Enhancements and Support Intoollect LLC	\$96,650
RFP 17-61 15454	Assignment to Contingency Contract for Motor Repairs- ZPS Pump #8 Motor Rewind Mohler Technology	\$258,930
RFP 18-01	Oracle Remote Application Management Support-RFP 35% Technical, 30% Interview, 35% Cost. Award Contract for CC&B, EBS, MWM, PIP, SOA, and WAM. Oracle	Estimate \$1,226,200
RFP 18-48 15454	Assignment to Master Agreement Electro-Mechanical Work for Water Treatment or Distribution Facilities. Overhaul ZPS Pump #8 Ward Engineering Company, Inc.	\$122,940
WKU-553	AMI Project Implementation Services Volta, Inc	\$34,000
WKU-553	Software-as-a- Service for Security and Networking (SAAS) Volta, Inc	\$163,795
SUM BY BIDS AND AWARDS CATEGORY		\$8,390,604

Procurement of Professional Services

	Strategic Innovation Professional Consulting Services Arcadis	\$23,400
17-61	Bearing Replacement and Cleaning of RBF#3 Motor - Assignment #7 HORNER INDUSTRIAL GROUP	Estimate \$22,802
KY State Contract	Advertising, Marketing, Creative/Graphic Design & Public Relations Services Master Agreement- Marketing Partner for Pure Spout Product Bandy Carroll Hellige (BCH)	NTE \$48,500
RFP 14-21 MA7581600000633	Plant & Facilities Engineering Services - Master Agreement - RFP (Technical-45%, Interview-30%, Cost-25%) 4th CPI Renewal CDM Smith	Annual Contract Estimate\$500,000
RFP 17-13 19937 Task 7.2	Assignment from Engineer of Record - Master Agreement RFP (50% Technical, 25% Interview, 25% Cost Proposal) 2019 Biennial Inspection Hazen & Sawyer	\$78,969
RFP 17-13	Engineering Consulting Services for Engineer of Record - Master Agreement RFP (50% Technical, 25% Interview, 25% Cost Proposal) RFP 2nd Renewal Hazen & Sawyer	Estimate
RFP-16-02 19999-02	Assignment from Architectural & Facility Engineering Design Services - Master Agreement - Preliminary Engineering-Allmond Facility Renovation JRA Architects	NTE\$185,600
SUM BY BIDS AND AWARDS CATEGORY		\$859,271

Procurement of Sole Source Materials and Services

	Carbon Dioxide Tanks and Carbon Dioxide Airgas	Estimate \$23,016
15-171	Advertising at the KFC Yum! Center 5th Contract Period Sole Source Renewal Louisville Arena Sports & Entertainment Properties (LASEP)	\$33,000
RFP 14-10	AMR Meters, Registers, Endpoint Transmitters and Equipment - RFP (Technical / Proposal Evaluation 75%, Cost Proposal 25%) Neptune Technology Group, Inc.	Estimate\$745,019
Sole Source	HERE (fka Navteq) Mapping Data - Maintenance for Mobile Workforce Management (MWM) - Renewal Korem	\$20,500

Sole Source	Micro Focus Maintenance Renewal	
	Micro Focus	\$20,435
Sole Source	Oracle Sun Server Maintenance Renewal	
	Oracle	\$23,873
Sole Source	Oracle Unlimited License Agreement Maintenance Renewal	
	Oracle	\$834,695
Sole Source	Renewal of Automic Maintenance	
	Computer Associates (CA) Broadcom	\$249,009
Sole Source	Server Troubleshooting and Upgrade	
	Gray Matter Systems	Estimate \$25,000
SUM BY BIDS AND AWARDS CATEGORY		\$1,974,547
GRAND TOTAL		\$19,925,590

Risk Management Claim

Mr. Bruce advised this item will be postponed until the August Board meeting.

Financial Report Given

Ms. Lynn Pearson provided a summary of the financial report for June.

The Company had strong financial results in June 2019, with water revenue and total operating expenses performing very favorably to budget. These positive budget variances were offset only to a small degree by unfavorable variances in other operating income and non-operating income and expense. As a result, net income for June is \$923,000 higher than budget.

Consumption of 2.7 billion gallons for June 2019 is 26 million gallons lower than budget, and 300 million gallons less than June 2018. Residential and commercial customer classes are higher than budget in June, while industrial, irrigation and wholesale fell short of budgeted levels. Irrigation was severely impacted by continuing high levels of rainfall, coming in 27% less than budget. Year-to-date consumption remains under budget and prior year, by 3.8% and 7.1% respectively, with all customer classes with the exception of private fire service contributing to the unfavorable budget variance.

Water Revenue for June 2019 is \$262,000 higher than budget and \$212,000 less than prior year. A portion of the June variance is due to a timing difference between May and June as mentioned last month. Water revenue through June is \$2.6 million lower than budget and is \$423,000 under last year. Lower consumption is the key factor driving decreased water revenue for the year-to-date period as compared to both budget and prior year levels.

Other Operating Revenue for June is \$24,000 lower than budget and \$113,000 more than year-ago levels. Through June, other operating revenue is lower than budget by \$174,000, but is \$587,000 higher than 2018. The year-to-date variance to budget is primarily attributable to late fees, cross connection fees, service line protection and strategic initiatives revenue coming in lower than expected, partially offset by the favorable variances in revenue from contract operations, Water Tower, property leases and sale of materials. The favorable year-to-date variance to prior year is driven by higher cross connection and service line protection revenue.

Operating and Maintenance Expenses for June of \$6.1 million are \$490,000 lower than budget and \$65,000 below June 2018. Cost reduction efforts and lower water usage are driving favorable budget variances for the month and the year-to-date period. The favorable variance to budget for June is primarily in contractual services and utilities, partially offset by higher chemicals expense due to increased turbidity levels in the river, along with higher insurance reserves and materials

and supplies. June year-to-date operating and maintenance expenses are \$2.6 million under budget and \$593,000 under year-ago levels. Labor and labor related costs, utilities, materials and supplies, contractual services, bad debt and insurance reserves all contributed to the favorable budget variance through June. Materials and supplies and contractual services are lower partially due to the timing of purchases, so we do expect a portion of those savings to reverse in future months.

Total Operating Expenses for June of \$11.2 million are \$702,000 lower than budget and \$74,000 higher than June 2018. Total operating expenses year-to-date are lower than budget by 4.3% and higher than prior year by 1.4%. The favorable budget variance for the month of June and for the year-to-date period is mainly due to lower operating and maintenance expenses along with lower loss from disposition of property. The year-to-date variance includes a net gain of \$143,000 recognized on the sale of Goshen property in May. The year-to-date variance to prior year is primarily due to higher depreciation and higher loss on disposition of property, offset to an extent by lower operating and maintenance expense.

Non-Operating Income through June is \$629,000, which is \$24,000 lower than budget and \$311,000 less than the same period in 2018. The variance to budget is due to a lower dollar amount available to invest than anticipated, offset by a slightly higher interest rate earned on funds. The variance to prior year is due to a lower dollar amount invested as we continue to spend down cash on the capital program and move towards a bond issuance later in the year.

Non-Operating Expense through June of \$3.1 million is \$152,000 less than budgeted and \$326,000 less than year-ago levels. Interest expense is less than budget due to higher amounts of interest capitalized. Interest expense is less than prior year mainly due to principal payments made on bonds during 2018 which reduced interest expense for the current year.

Net Income before Distributions and Contributions for June is \$4.9 million, which is \$923,000 more than budgeted. In comparison between years, net income is \$224,000 less than June 2018. June year-to-date net income of \$20.8 million is \$370,000 higher than budget and \$742,000 lower than the six months ended June 2018.

Contributions through June of \$7.9 million are \$4.3 million higher than budgeted and \$3.0 million more than prior year. Contributions are higher than budget and prior year primarily due to the Blue Lick Road relocation project which closed earlier than anticipated.

Communications and Marketing Report Given

Ms. Kelley Dearing Smith provided a summary of the communications and marketing report for June.

Louisville Water's effort to build its brand and connect with customers continues to grow. Through June 2019, we have reached over 622,000 people through the Louisville pure tap® program, school and community education efforts and the WaterWorks Museum. These numbers are pacing ahead of 2018.

One area that continues to grow is Louisville Water's reach through digital and online channels. Through June, earned media efforts reached over 57 million people online. Often, this is a story that Louisville Water generates that a television station or media outlet places on its website and then others share. Our staff think and write like journalists by telling a story and including video and photos so that what appears online is the story our team produces.

Recently, the American Water Works Association highlighted our efforts for communication and outreach by including a feature article in the Association's monthly *Journal*, a publication that reaches over 55,000 members each month.

Customer Service and Distribution Operations Report Given

Mr. Vogel provided a summary of the customer service and distribution operations report for June.

The Call Center operations received 27,312 calls in June with an abandonment rate of 11.1%. The average speed of answer came in at 4:23 m:s for the month which is higher than last year. Resource issues have been a challenge this year. A job fair was held at the Water Tower on June 27 and had almost 400 applicants. Over the coming weeks, we anticipate hiring 8 full time and 4 part time CSRs. The kiosk to accept payments in the lobby continued to be tested and it is anticipated that this will be installed in August. The front lobby handled 6,692 transactions (4,685 cash and 2,007 check) for the month.

Staff met with a representative from JD power to review the full year 2019 residential customer satisfaction results. Overall, we improved from last year's results and again finished with the highest rating in the survey for water quality. Unfortunately, two other utilities in the Midwest improved at a greater rate than we did putting us at third in the Midwest.

Estimated bills for the month were higher than normal due to rainy weather and larger than normal read volume based on how the read/bill schedule fell within the month. For the month, 191,330 meters were read which is the highest volume achieved since January 2018. The Field Services team completed 2,241 disconnection orders in June which is significantly higher than past periods. On June 24, a new process was rolled out to allow Emergency Turners to work inspections orders. Thus far this has been very successful and is allowing us to react to customer needs timelier.

Safety continues to be a major focus and Distribution Operations has not experienced an OSHA recordable injury since October of last year. We finished with 29 main breaks for the month of June which is slightly lower than past periods. Year-to-date our main break activity (261) has been significantly lower than 2018 (415) and the five-year average (305). Capital work has been busy for the month including new service installations, fire hydrant and valve replacements, and lead service renewals. The Allmond Facility safety, parking and security improvement plans are being implemented slowly over the next several months.

Engineering and Production Operation Report Given

Mr. Kraus provided a summary of the engineering and production operations report for June.

2019 capital program expenditures through June totaled \$33,373,940 which is \$11,464,166 or 25.57% lower than the same period last year. These expenditures equate to 30.62% of the 2019 total capital program of \$108,979,178.

The amount of water produced and delivered to the system in June 2019 was 118.3 MGD, which was 9.2% lower than June 2018 and 10.2% lower than the June five-year average. For year-to-date, the amount of water delivered to the system was 6.4% lower than 2018, and 3.3% lower than the five-year average.

There were 18 chemical spills reported by ORSANCO during the month of June; nine occurred upstream of Louisville Water's Zorn intake. There were no spill incidents that prompted additional

treatment. All treatment goals were achieved. Herbicide run-off in the river impacted treatment for 28 days. All treatment goals continue to be achieved.

Water Quality staff monitored 1,203 water quality parameters of a required 997 per federal and state regulatory requirements. There were zero water quality violations.

Staff collected 280 compliance distribution samples. There were zero Total Coliform and zero E-Coli detections. All internal water quality goals were met. Staff also collected 54 main break samples on 27 repairs in the month, of which seven localized boil water advisories were issued due to field conditions and zero were issued due to water quality monitoring results. There were a total of 12 water quality customer complaints, in comparison to the five-year average of 12 complaints.

As of July 1, 2019, there are 2,072 documented lead service lines that remain in our service area. A total of 1,320 of these documented lead services are in some phase of bidding/awarding, construction or in the process of being posted to our records for removal. Of the remaining 752 documented lead services, there are 696 services that are lost and no longer have a meter associated with them, leaving a total of 56 known lead services to be removed.

Human Resources Report Given

Terrence Spence provided a summary of 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).

- Currently there are seven active grievances filed by the Union. Four are under review for possible resolution, one is in pre-arbitration status, and two are commencing arbitration.
- Louisville Water management and union representatives agreed to resume efforts to address concerns regarding emergency call-out/overtime response issues.
- Company and Union representatives conducted a labor management meeting July 15 to review the status of current grievances and discuss resolution proposals.
- Union and Company leadership participated in Louisville Water's Corporate Safety Team meeting on July 12. Both parties discussed the review of third party CDL training for incoming and existing union employees.
- Louisville Water President, Spencer Bruce, Union President, Adam Carter and V.P. of Human Resources/Labor Relation, Terrence Spence met with the consulting group, Working Strategies 2, to discuss ideas to improve the annual Labor Management Conference held at the Kentucky Dam Village State Resort Park in western Kentucky.
- The Company posted one temporary full-time Union classified position to be filled utilizing the Collective Bargaining internal bidding process.

Information Technology Report Given

Tom Lockett provided a summary of the Information Technology (IT) report for June.

Work continues to support Phase One of the Oracle Work & Asset Management (WAM) Implementation in production while developing Phase Two.

Two teams are working on parallel projects with Oracle. One team is working on the Enterprise Business Systems (EBS). These applications include the financial, accounts payable, and purchasing applications. The other team is working on the utility applications such as Customer Care & Billing (CC&B) and Mobile Workforce Management.

IT is working to deploy CISCO's Advanced Malware Protection (AMP) for Endpoints on our desktops and servers. Every file written or copied to the system will be fingerprinted, scanned and tracked.

We are moving from shared space at MSD's Cedar Creek (CC) facility to a Flexential (formerly Peak 10) facility in Nashville, Tennessee. We will move existing storage from CC to this site and will build out new server and network infrastructure. This is on schedule to be completed during the 4th quarter this year.

There being no further business for the Board, the meeting was adjourned at 12:57 p.m.

Respectfully submitted,

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