

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
July 16, 2024
Louisville Water Tower**

Board Members Present:

Dr. Sundeep “Sunny” Dronawat, Chair
Ms. Cathe Dykstra
Ms. Jennifer Fust-Rutherford
Dr. Sharon Kerrick
Mr. William “Bill” E. Summers, IV

Not Present:

Mayor Craig Greenberg

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Ms. Dana Mayton, Louisville Metro, Deputy Mayor
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
Ms. Kelley Dearing Smith, Vice President, Communications and Marketing
Mr. Jeff Knott, Vice President, Information Technology
Mr. Tim Kraus, Vice President, Engineering and Chief Engineer
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations
Mr. Michael Tigue, Vice President, Compliance, General Counsel and Corporate Secretary
Mr. Larry Bryant, Director, Production Operations
Ms. Sue Purdy, Director, Finance and Accounting
Mr. David Jared, President, Local 1683 of the AFSCME, AFL-CIO
Mr. Jordan Basham, Director, Infrastructure Planning and Records
Ms. Jenni Schelling, Director, Internal Audit
Mr. Steven Berry, Microcomputer and Network Analyst
Ms. Beverly Soice, Paralegal

Visitors:

Mr. Alex P. “Mike” Herrington, Jr., Stites
Mr. Erik Whitehead

The meeting of the Board of Water Works (BOWW) was held at the Louisville Water Tower located at 3005 River Road, Louisville, KY on Tuesday, June 18, 2024. Chair, Dr. Sunny Dronawat called the meeting to order at 11:05 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

William E. Summers, IV moved to approve the annual and regular monthly meeting minutes of June 18, 2024. Cathe Dykstra seconded, and the motion unanimously carried.

President/CEO Report Given

Spencer Bruce explained that Lynn Pearson was not able to attend today’s meeting due to a family emergency. He added that Sue Purdy will be providing the Finance Report.

Mr. Bruce advised that he had the pleasure of meeting this year's Thomas Family Scholarship winner late last month. This is Louisville Water's fourth year presenting a \$10,000 scholarship to a local high school senior as part of our partnership with YMCA's Black Achievers Program. One of the requirements for the annual scholarship is that the student must continue their higher education in Kentucky. The initial awardee had to relinquish the scholarship due to attending an out-of-state university.

Cionna Wilson graduated from Ballard High School and will begin her fall semester at the University of Kentucky where she plans to major in computer science.

Budget Increased and Contract Awarded for Project No 15468: KY-Oak-Glenmary 48" Main Rehabilitation - Phases 1 and 2 and Award Contract

Tim Kraus requested that the Board authorize to increase the budget of record and to award the construction contract for KY-Oak-Glenmary 48" Main Rehab Phase 2 Project to Garney Companies, Inc. The budget increase will provide funding for both Phases 1 and 2. The original project budget developed in 2018 is not adequate to fund Phases 1 and 2.

Phase 2 of this project includes rehabilitation of 7,900 linear feet of 48-inch, 1890's vintage cast iron water main and replacing it with 48-inch ductile iron pipe. The project begins along Oak Street at South Brook Street then heads east to East St. Catherine Street, under railroad tracks, then east along East Kentucky Street, across a new bridge over Beargrass Creek and terminating at Vine Street, just west of Barrett Avenue located in downtown Louisville.

Louisville Water received competitive bids from four prequalified contractors. The lowest bidder was Garney Companies, Inc. with a bid of \$13,865,050. This bid was 35.2% lower than the Project Manager's estimate. The total approved project budget is \$11,500,000, which currently includes Phase 1 and Phase 2. Phase 1 bid was awarded to Garney Companies. Approved stimulus funding for Phase 1 equals \$6,161,142 and Phase 2 equals \$7,530,282 for total stimulus funding in the amount of \$13,691,424.

Mr. Summers moved to increase the budget of record for this project to \$25,660,079, with a net project budget of \$11,968,655 after stimulus funding, and to award the contract for Phase 2 to Garney Companies, Inc. Ms. Dykstra seconded and the motion unanimously carried.

Mr. Bruce advised that the Roe Hill Road project will be postponed until later in the meeting when Louisville Water's outside counsel arrives.

Budget Increased and Contract Awarded for Project No. 16427: 690 Plan North Nelson Water District New Hwy 245 BPS

Ms. Kraus requested Board authorization to increase the project budget to \$4,143,000 and to award a contract for the 690 Plan North Nelson Water District (NNWD) New Highway 245 Booster Pump Station Project.

The 690 Plan NNWD New Highway 245 BPS Project will allow Louisville Water to increase supply to Nelson County. Currently, Louisville Water serves the wholesale customer through an existing booster pumping station along Highway 245. The existing booster pump station can deliver 2.5 million gallons per day (MGD) to an existing NNWD tank on Weller Loop. This project consists of a new 7 MGD above ground booster pumping station along Highway 245 in Bullitt County and demolition of the existing pumping station. This new larger booster pump station will allow Louisville Water to increase supply to NNWD's tank and to serve an additional tank owned by the City of

Bardstown. The pump station will work in conjunction with the new transmission main and master meter that received Board approval in May of 2024.

The current budget for this project is \$2,417,280, which was established during the planning stage of the project. The initial design capacity of the station was set at 6 MGD. Due to forecasted growth in the region, it was decided to increase the capacity to 7 MGD. As the design progressed, it was anticipated that a budget increase would be required. The requested budget increase of \$1,725,720 will bring the new total project budget to \$4,143,000.

Louisville Water received competitive bids from six prequalified contractors. The apparent low bid for this project was C J Hughes Construction Co., Inc. in the amount of \$3,513,000. The low bid is 6.6% lower than the engineers estimate.

Ms. Dykstra moved to increase the budget for this project to \$4,143,000 and to award the contract to C J Hughes Construction Co., Inc., once the North Nelson Water Agreement has been signed by all parties. Mr. Summers seconded, and the motion unanimously carried.

Mr. Kraus took a moment to introduce Larry Bryant, currently the Director of Production Operations. Mr. Kraus stated that Larry will be sworn in as the new Vice President and Chief Engineer at The August meeting.

Contract Awarded for Project No. 16645: E. Blue Jay Road Main Replacement

Mr. Kraus requested Board authorization to award the construction contract for the E. Blue Jay Road Area Main Replacement Project to Basham Construction & Rental Co., Inc.

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 6,275 +/- linear feet of 4-inch, 6-inch, 8-inch, and 12-inch DR-14 C900 PVC water mains along six streets, located in the Zoneton area in north Bullitt County.

Louisville Water received competitive bids from four prequalified contractors for construction of this project. The lowest bidder was Basham Construction & Rental Co., Inc. with a bid of \$1,992,000. This bid was 31.4% lower than the Project Manager's estimate.

Ms. Dykstra moved to award the contract for this project to Basham Construction & Rental Co., Inc., in the amount of \$1,992,000. Dr. Sharon Kerrick seconded, and the motion unanimously carried.

Unbudgeted Project No. 322-24-0004: Private Lead Service Replacement Project - Economically Disadvantaged Area Approved and Budget of Record Established

Mr. Kraus requested that the Board establish a budget of record for the Private Lead Service Replacement Project - Economically Disadvantaged Area in the amount of \$40,924,030.

Louisville Water has replaced all known public lead service lines in its service area. However, material records for private property service lines are limited. Louisville Water is committed to assisting homeowners in its service area to identify and replace private lead services. Louisville Water believes that most private property lead services will be associated with structures built prior to 1950, which we estimate at approximately 60,000 total services. Of these 60,000 properties, approximately 32,000 are in economically disadvantaged areas.

Louisville Water is expecting to receive a loan of \$32,134,730 from the Kentucky Infrastructure Authority as a part of the Bipartisan Infrastructure Law of which 71% is forgivable (\$22,791,330) with the remaining 29% of the loan amount (\$9,343,400) carrying a 0.5% interest rate, to identify and replace private service lines containing lead or galvanized steel materials in economically disadvantaged areas. Louisville Water will be responsible for covering the remaining project costs with capital funds, which we estimate to be an additional \$8,789,300.

Ms. Dykstra moved to establish a budget for the Private Lead Service Replacement Project in the amount of amount of \$40,924,030. Dr. Kerrick seconded, and the motion unanimously carried.

Kelley Dearing Smith discussed the communication efforts that her department will be implementing and the challenges that Louisville Water may face in obtaining the information and cooperation from the property owners.

President & CEO Authorized to Execute a Resolution Accepting State Revolving Funds for Project No. 16126: Roe Hill Road Area CDBG/SRF Project and Approve In-Kind Contributions

Mr. Kraus requested that the BOWW authorize Mr. Bruce to execute a resolution accepting a \$537,850 State Revolving Funds (SRF) loan for the Roe Hill Road Project and to approve \$100,000 of in-kind labor contributions.

The scope of work for the Roe Hill Road area project is to install 9,600 linear feet of 4-inch water main, 2,500 linear feet of 6-inch water main, one fire hydrant, a booster pump station, and appurtenances, to provide potable water to 37 unserved residences on Roe Hill Road, Kerr Lane, P'Poole Lane and Perkins Court in Bullitt County, Kentucky.

Louisville Water received a Conditional Commitment Letter from the Kentucky Infrastructure Authority (KIA) on April 2, 2021, stating that the requested SRF loan of \$537,850 was approved at an interest rate of 0.25% over 20 years with 50% principal forgiveness. However, the agreement required modifications due to certain requirements that contradicted Louisville Water's Bond Covenants. Over the past three years, negotiations have occurred to change the terms and conditions of the agreement with KIA to meet both the needs of the KIA and to ensure compliance with our Bond Covenants.

Bullitt County Fiscal Court successfully obtained Community Develop Block Grant (CDBG) funding in the amount of \$537,850 on July 8, 2021, to allow the project to proceed. This project has been a priority for Judge Jerry Summers in Bullitt County who has committed general funds to cover the principle on the loan that is not forgivable. In addition, the Louisville Water Foundation agreed to contribute \$100,000 towards the project, if Louisville Water would contribute \$100,000 of in-kind labor and easement acquisition and the Bullitt County Fiscal Court contributed \$1,275,654 from the American Rescue Plan Act completing the required project funding.

Mr. Summers moved to authorize Spencer Bruce to sign a resolution accepting the \$537,850 SRF loan for the Roe Hill Road Project and to approve \$100,000 of in-kind labor contributions. Dr. Kerrick seconded, and the motion unanimously carried.

The Board took a short break at 12:00 p.m. for lunch. The meeting resumed at 12:17 p.m.

Compensation and Benefits Committee

Terrence Spence reminded the Board that Humana exited the commercial employer offered healthcare market as of December 2023. Since Louisville Water had an existing two-year fixed rate

contract, Human ultimately agreed to extend its coverage with Louisville Water through September 30, 2024.

Mr. Spence advised that earlier this year he and Mike Simon worked with Aon to develop an RFP for healthcare insurance and distributed it to the remaining healthcare providers in the market. He advised the results of the RFP were communicated to the Compensation and Benefits Committee at its July 8, 2024 meeting.

In response to the RFP, the initial quoted rates fell between 16% and 22.5% higher than the current insurance rates being paid to Humana. The RFP and proposed rates are for the period October 1, 2024 through December 31, 2025. Through continued negotiations with both Anthem Blue Cross / Blue Shield (Anthem) and UnitedHealthcare both providers lowered their proposed rates to 14% and 16.5% (respectively). Aon and Louisville Water continued negotiations with Anthem with best and final offers provided for the current plan designs, and a high deductible healthcare plan which includes a health saving account (HSA).

Mr. Spence stated that Anthem’s proposed rate increase for the current plan design is 8%, however, as negotiations continue, the percentage will likely go down.

Jennifer Fust-Rutherford moved to approve a contract be awarded for employee health insurance with Anthem with a maximum increase of 8%. Seconded by Ms. Dykstra, and the motion unanimously carried.

Oldham County Advisory Board

Dave Vogel provided a summary of the discussion which took place during the Oldham County Advisory Board meeting held on June 4, 2024.

Second Quarter Certification of Projects & Change Actions Authorized

Mr. Bruce certified that the following Projects and Change Actions were authorized during the Second Quarter of 2024 in accordance with the Capital Projects Authorization Policy and Procedure.

Project Proposals Requiring Board Approval:

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

Project Change Actions/Admin Notifications Requiring Board Approval:

Project Number	Project Name	Previously	Change In Total	Requested Total	Change In Current Year
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$13,612,740	\$495,000	\$14,107,740	\$495,000
16106	Northwestern Pkwy Area-MRRP	(\$435,000)	\$435,000	\$0	\$640,000
16378	690 Plan Transmission Clermont Tank to Belmont BPS	(\$5,637,000)	\$5,637,000	\$0	\$3,609,300
16397	Private Lead Svc Line Repl 2023	(\$1,500,000)	\$1,500,000	\$0	\$1,500,000
16426	690 Plan N Nelson Water Dist Hwy 245 and MM	(\$7,131,640)	\$7,131,640	\$0	\$0
16563	6808 Manslick Rd Repair	(\$495,000)	\$495,000	\$0	\$495,000
Total		(\$1,585,900)	\$15,693,640	\$14,107,740	\$6,739,300

Project Proposals Approved by the President:

Project Number	Project Name	Requested Total	Contribution	LWCNet Cost	Current Year Estimate
Total					

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

Project Number	Project Name	Previously	Change In Total	Requested Total	Change In Current Year
14325	CHFP - Chemical Building and Lab Fire Protection and	\$13,612,740	\$495,000	\$14,107,740	\$495,000
16106	Northwestern Pkwy Area-MRRP	(\$435,000)	\$435,000	\$0	\$640,000
16131	Farms at Lovers Ln Sec 4	(\$113,894)	\$113,894	\$0	\$113,549
16378	690 Plan Transmission Clermont Tank to Belmont	(\$5,637,000)	\$5,637,000	\$0	\$3,609,300
16397	Private Lead Svc Line Repl 2023	(\$1,500,000)	\$1,500,000	\$0	\$1,500,000
16426	690 Plan N Nelson Water Dist Hwy 245 and MM	(\$7,131,640)	\$7,131,640	\$0	\$0
16434	Park Vue Townhomes	(\$130,559)	\$130,559	\$0	\$109,995
16496	Oldham County Public Library	(\$188,651)	\$188,651	\$0	\$187,926
16563	6808 Manslick Rd Repair	(\$495,000)	\$495,000	\$0	\$495,000
16630	BEP 60" Repair 5207 Olde Creek	(\$225,000)	\$225,000	\$0	\$225,000
16638	New Lrg Svc, FH & FS 2024	(\$189,000)	\$189,000	\$0	\$175,500
Total		(\$2,433,004)	\$16,540,744	\$14,107,740	\$7,551,271

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
16238	2022 MRRP - Ralph Ave Area		\$0	\$0	\$1,500,000
16428	690 Plan Trans Minor Ln BPS		\$0	\$0	\$200,000
16449	Tom Wallace Rd Main Ext		\$0	\$0	\$691,333
16603	BEP-Clearwell High Svc P Exp		\$0	\$0	\$850,000
16604	BEP Plan-Raw Water Supply-Eval		\$0	\$0	\$750,000
16605	BEP Plan-PAC System Install		\$0	\$0	\$350,000
16606	BEP Plan-Standby Gentr Impr		\$0	\$0	\$425,000
16607	BEP Plan-Lime System Imprvts		\$0	\$0	\$515,000
16665	CHFP - Reservoir Liner Replacement/Sludge Removal		\$0	\$0	\$300,000
Total			\$0	\$0	\$5,581,333

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	\$19,970,280	\$18,211,364	Work In Progress	2006 Budget
13264	CHPS - Replace Slate Roof and Improve Masonry	\$6,137,000	\$215,725	Pending Capital	2012 Budget
13274	Metering - AMI for Jefferson County	\$61,000,000	\$62,437,075	Work In Progress	2013 Budget
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$14,107,740	\$19,043,408	Work In Progress	2015 Budget
14524	ATT RBF for CH	\$221,905,253	\$5,724,658	Pending Capital	2017 Budget
14542	Transmission - Urton Lane	\$5,297,725	\$789,366	Pending Capital	2017 Budget
15036	Condition 2017 - Reservoir Yard Piping and Valves	\$5,000,000	\$60,972	Design In Progress	2017 Budget - Program
15468	Kentucky,Oak,Glenmary Transmission Main Rehab 2019	\$11,500,000	\$1,167,243	Work In Progress	2019 Budget
15515	E Manslick Rd - MRRP 2019	\$2,928,001	\$1,567,379	Pending Capital	2019 Budget - Unbudgeted

- 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 Certification of Contracts & Bids Awarded

Mr. Bruce certified that the following contracts were awarded during the Second Quarter of 2024 in accordance with the Purchasing Policy and Procedure.

Construction

20-16	Assignment to Distribution System Repairs & Capital Improvement Master Agreement- Preston Spoil Site EPSC Installation/Repair		
17025	Basham Construction & Rental Co., Inc.		
20-16	Assignment to Distribution System Repairs & Capital Improvement Master Agreement-Lead Service Renewal		
15468	Basham Construction & Rental Co., Inc.		
20-16	Distribution System Repairs & Capital Improvements - Recommendation to Renew Master Agreement - 3rd & Final CPI Renewal	Estimate	
	Basham Construction (LWC SBE)		
	MAC Construction		
	Southern Pipeline (CWBE)		
23-73	External Post-Tensioning Tendon Repairs on Large Diameter PCCP 1st CPI Renewal		
23937	Dywidag Systems International USA Inc		
23-74	Carbon Fiber-Reinforced Polymer Repairs on Large Diameter Water Mains 1st CPI Renewal		
23937	Structural Preservation Systems, LLC		
24-25	Allmond Distribution Center Landscape Improvement Project		
16081	Allterrain Paving & Construction LLC (CWBE & LWC SBE)		\$336,000
24-26	Concrete Paved Services	Estimate	\$817,072
	Allterrain Paving & Construction LLC (CWBE & LWC SBE)		
24-41	Coral Ridge Road Area Water Main Replacement Project		
16122	Allterrain Paving & Construction LLC (CWBE & LWC SBE)		\$235,000
24-43	Yorkshire Blvd and Richard Ave LF Fire Hydrant Water Main		
17008	Argenbright Dirt Works, LLC (LWC SBE)		\$436,120
24-53	Berry Boulevard Area Main Replacement Project		
17018	S-Walk dba Seven Seas Construction (CMBE & LWC SBE)		\$1,231,473
	SUM BY BIDS AND AWARDS CATEGORY		\$3,055,665

Procurement of Emergency Materials and Services

23-74	Assignment to Carbon Fiber-Reinforced Polymer Repairs on Large Diameter Water Mains-BEP 60" Repair – 5207 Olde Creek Way		
16630	Structural Preservation Systems, LLC.	NTE	\$212,181
	SUM BY BIDS AND AWARDS CATEGORY		\$212,181

Procurement of Materials and Services

13-101	Print Utility & Mail Services CPI Renewal - 2024 Extension	Estimate	
	Doxim FKA - Utilitec		
21-01	Catering Services for Louisville Water Tower 2nd Contract Renewal		
	Bristol Catering		\$250,000
21-24	Ductile Iron Fittings & Accessories 3rd PPI Renewal	Estimate	
	Hayes Pipe Supply - Primary Supplier		
24-07	Ultra Low Sulfur #2 Diesel Fuel Bid by Transit Authority of River City (TARC)	Estimate	\$878,190
	Valor Oil		
24-24	Crescent Hill Grounds Maintenance Building Roof Replacement		
16468	Highland Roofing Company, Inc.		\$388,795
24-51	Copper Tubing	Purchase & Delivery	\$456,684
	Plumber's Supply		
GSA Contract	Correction: Vehicle Monitor (GPS Tracking) System 5-year Subscription		
GSA47QTCA22D00DD	Verizon Connect "Reveal" Product		\$249,522
GSA Contract	HCM Project Implementation Support	NTE	\$837,280
GS35F474GA 16447	TMG Consulting		
KY State Contract	NETAPP STORAGE EXPANSION	Estimate	\$610,960
MA75816000000452	PROSYS (CWBE)		
WKU-10392	SaaS for Security and Networking Support Renewal		
	Volta Inc.		\$287,280
	SUM BY BIDS AND AWARDS CATEGORY		\$3,958,711

Procurement of Professional Services

20-25	Assignment to Master Agreement Surveying, Platting and Mapping-Lakeview Drive to Conestoga Tank		
24999-01	Sabak, Wilson & Lingo, Inc.		\$238,890
22-50	Private Lead Service Program Coordinator 2nd CPI Renewal	Estimate	
	Red 1 Forward, LLC		
	SUM BY BIDS AND AWARDS CATEGORY		\$238,890

Procurement of Sole Source Materials and Services

17007

LOJIC Capital and Operations Costs for Fiscal Year 2024

Louisville and Jefferson County Information Consortium (LOJIC).

SUM BY BIDS AND AWARDS CATEGORY
GRAND TOTAL

\$438,265

\$438,265

\$7,903,712

Financial Report Given

In Lynn Pearson’s absence, Sue Purdy reported that June’s financial performance was strong, despite consumption and water revenue coming in slightly under budget for the month. Other operating revenue, total operating expense and net non-operating expense performed very favorably to budget and as a result, net income for the month exceeded budget by \$1.4 million. Details of the Company’s financial performance as compared to budget and prior year are as follows.

Consumption of 3.0 billion gallons for June is 60 million gallons lower than budget, and 7.9 million gallons lower than June 2023. The wholesale and industrial customer classes are the main drivers of the budget shortfall, offset by positive variances in commercial and residential. Year-to-date consumption is over budget by 0.6% and is lower than prior year by 1.9%, with residential and commercial primarily responsible for the favorable budget variance.

Water Revenue for June 2024 is on budget and is \$1.5 million higher than the prior year. The residential and commercial customer classes are over budget for the month, but shortfalls in industrial, wholesale and Metro government offset these favorable variances. For the year-to-date period, water revenue is 0.1% under budget and 3.2% higher than prior year levels.

Other Operating Revenue for June is \$55,182 higher than budget and \$161,000 higher than year-ago levels. The variance to budget is mainly due to higher revenue from service line protection and service activation/deactivation fees. The increase in service line protection is mainly a timing difference resulting from the change to monthly billing. The increase from June 2023 is due to the same factors, along with an increase in sewer billing revenue. Year-to-date, other operating revenue is \$340,000 higher than budget and \$680,000 higher than prior year. The year-to-date variance to budget is due to higher revenue from service activation/deactivation fees and service line protection, partially offset by lower revenue from late charges.

Operating and Maintenance Expenses for June of \$8.0 million are \$864,000 lower than budget and \$64,000 lower than June 2023. The June variance to budget is driven by labor and labor-related, contractual services and insurance reserves costs partially offset by higher materials and supplies and chemicals expense. The favorable variance to June 2023 is primarily due to lower labor and labor-related, insurance, and materials and supplies costs offset by higher contractual services, chemicals and bad debt expense. June year-to-date operating and maintenance expenses are \$1.5 million lower than budget and \$1.8 million higher than year-ago levels. Labor and labor-related expenses, contractual services, utilities, and bad debt all contribute to the positive budget variance through June, although these favorable variances are somewhat offset by higher chemicals and materials and supplies costs. The variance to the previous year through June reflects increased labor and labor-related costs, along with higher chemicals, materials and supplies, and contractual services.

Total Operating Expenses for June of \$14.5 million are \$1.3 million lower than budget and \$186,000 less than the previous year. The budget variance is due to lower operating and maintenance expense, along with lower depreciation and loss from disposition of property, the latter two mostly due to timing. The variance to June 2023 is due to lower operating and maintenance expense and loss from disposition of property slightly offset by higher depreciation. Total operating expenses

year-to-date are 2.4% lower than budget and 3.1% above prior year. The year-to-date budget variance is primarily the result of lower operating and maintenance costs.

Non-Operating Income through June is \$3.5 million which is \$44,000 higher than budget due to slightly higher interest rates earned than expected. Year-to-date through June, non-operating income is \$259,000 lower than the prior year due primarily to a lower dollar amount invested.

Non-Operating Expense through June is \$3.8 million which is \$216,000 less than budgeted due to higher amounts of interest capitalized than anticipated. Compared to prior year, non-operating expense through June is down \$346,000 due to lower bond interest incurred a result of principal repayments made in 2023.

Net Income before Distributions and Contributions for June is \$9.3 million, which is \$1.4 million more than budgeted. In comparison between years, net income for June is \$3.7 million higher than the prior year. June year-to-date net income of \$26.8 million is \$2.7 million more than budget and \$3.2 million above prior year.

Communication and Marketing Report Given

Ms. Dearing Smith advised Louisville Water received tremendous positive attention in June through our own brand journalism and content marketing and traditional media. Overall media sentiment was 95% positive or neutral. In traditional media, highlights included national and local profiles on Louisville Water's role in inventing Pure Spout® filter plus a local television story on water quality. Employee profiles always perform well on social media and a feature on Instagram on why employees "flush" fire hydrants is the most-watched post to date (18,000+ views) on this platform.

After crews finished repairing and coating the water tank along Interstate 64 at the Shelby County line, we produced a video that highlighted the story behind the branding. A LinkedIn post captured 2,100 views in a week.

Louisville Water Tower hosted 16 events in June, a mix of internal use, rentals and tours.

Louisville Water's reputation for proactively talking about water quality was highlighted at the American Water Works Association's annual conference. Ms. Dearing Smith hosted the national taste test competition where 32 utilities from the United States, Canada and Puerto Rico competed for the "best of the best" title. Louisville Water has won this honor twice but was not part of this year's competition. The judges for the event included a certified water sommelier who spoke about Louisville's unique story of trademarking the water and community outreach. A small utility in western Canada won the competition and were absolutely thrilled!

At the conference, Ms. Dearing Smith concluded a three-year term as Chair of the Association's Public Affairs Council. Through this role she represented the water sector and Louisville Water at more than 40 events across the United States. She was honored to have been selected for this role and is grateful for Louisville Water's support.

Customer Service and Distribution Operations Report Given

Mr. Vogel advised that staffing continues to be a challenge in the Call Center operations. We just hired one of the largest new hire groups and recently welcomed seven new employees to the organization. The Call Center also hired two new supervisors in June (one promoted and one external hire).

AMI installations have been completed for all billing cycles in Jefferson County. The remainder of the year will be focused on finishing the larger commercial meters and addressing the “one-offs” that could not be completed during the initial installation wave. Monthly billing conversions are continuing, and two more cycles will be shifted in July. Once completed we will have converted over 180,000 customers to monthly billing.

Engineering and Production Operations Report Given

Mr. Kraus advised the 2024 capital program expenditures through June totaled \$42,767,012 which is \$673,502 lower than the same period last year. These YTD expenditures equate to 1.55% of the 2024 total capital program of \$147,518,045.

The amount of water produced and delivered to the system in June 2024 was 148.7 MGD, which was 4.5% higher than June 2023 and 11.3% higher than the June five-year average, as shown in Exhibit 2. For year-to-date, the amount of water delivered to the system was 1.5% higher than 2023, and 7.5% higher than the five-year average.

All water quality goals for June 2024 were achieved. No water quality violations were incurred.

Five chemical spills were reported upstream of the Zorn intake. Herbicide run-off and an odor event in the river impacted treatment for 11 days. All treatment goals were achieved. Eight water-quality customer complaints were received in June (the five-year average is five complaints).

Human Resources and Labor Relation Report Given

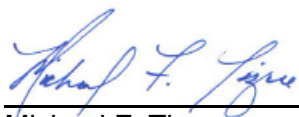
Mr. Spence reviewed the results of the Affirmative Action Programs established for each Louisville Water facility. These programs are required by the Office of Federal Contract Compliance Program and help to ensure equal employment opportunities.

Information Technology Report Given

Jeff Knott advised that the Human Capital Management (HCM) project is progressing smoothly following a successful kickoff meeting held with our project team and systems integrator partner, Highstreet IT. Staff is actively engaged in focused project activities, including comprehensive HCM workshops, thorough knowledge delivery sessions, and detailed information gathering. These efforts are laying a solid foundation for the upcoming implementation activities, which are advancing with no issues.

There being no further business, the meeting was adjourned at 12:50 p.m.

Respectfully submitted,



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