

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
June 16, 2025
Louisville Water Tower**

Board Members Present:

Dr. Sundee "Sunny" Dronawat, Chair
Ms. Jennifer Fust-Rutherford, Vice Chair
Mr. Jacob Brown
Ms. Cathe Dykstra
Mr. Ken Marshall
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 Operations
Mr. Larry Bryant, Vice President, Production Operations and Chief Engineer
Ms. Kelley Dearing Smith, Vice President, Strategic Communications and Marketing
Mr. Jeff Knott, Vice President, Information Technology
Ms. Lynn Pearson, Vice President, Finance and Treasurer (*retiring*)
Ms. Jennifer Crough, Vice President, Finance
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations
Mr. Michael Tigue, Vice President, Compliance, General Counsel and Corporate Secretary
Mr. Homer M. Barger, III, President, Local 1683 of the AFSCME, AFL-CIO
Mr. Adam Purvis, Vice President, Local 1683 of the AFSCME, AFL-CIO
Mr. Carlos Felix, Director, Information Technology
Ms. Jenni Schelling, Director, Internal Audit
Mr. Greg Armenta, Manager, Distribution Operations
Mr. David Mulloy, Manager, Infrastructure Planning
Mr. Steve Berry, Microcomputer and Network Analyst
Ms. Beverly Soice, Senior Paralegal

Visitors:

The meeting of the Board of Water Works (BOWW/Board) was held at the Louisville Water Tower located at 3005 River Road, Louisville, KY on Tuesday, June 16, 2025. Chair, Dr. Sunny Dronawat called the meeting to order at 11:04 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Cathe Dykstra moved to approve the regular monthly meeting minutes of May 20, 2025. William E. Summers, IV, seconded, and the motion unanimously carried.

President/CEO Report Given

Spencer Bruce stated that staff attended this year's Annual Conference & Expo hosted by the American Water Works Association (AWWA) in Denver, CO.

The Partnership for Safe Water recognized the Crescent Hill Water Treatment Plant for

maintaining the Excellence in Water Treatment Award for 10 consecutive years. It is one of 19 plants in the country to achieve this prestigious award level. Crescent Hill and the B.E. Payne Treatment Plant were also honored with the 25-year Directors Award for their commitment to continuous improvement.

Kelley Dearing Smith became the first woman and the first communicator to receive the Abel Wolman award from AWWA. Kelley continuously promotes the value of tap water, creates partnerships to highlight how water fuels economic growth, and works tirelessly to show the need for effective communications at a local utility.

Mr. Bruce also stated he was able to see Louisville Water's all-women team, The Lady Legends, compete in the national pipe-tapping competition. It was a highlight of the week to see their hard work showcased in front of a large crowd cheering them on.

Mr. Bruce added that in addition to all the awards, several Louisville Water employees gave presentations on issues pertaining to water quality, water's role in the economy, and the importance of building our brand and sharing our story.

Unbudgeted Spring Top Lid Vault Frame Replacement Project Approved

Dave Vogel reported that Louisville Water has a small number of very old meter vaults going back to the early 1900's that we refer to as spring top lid vaults. During the AMI project, as metal lids were replaced with composites, irregularities were found in many of these older facilities. Installation challenges with the fit of the covers led us to modify the composite lids or, in some cases, install slightly larger new lids over the vaults. The consensus from the operations management team, as well as frontline field personnel, is that it is time to upgrade these facilities.

Staff have identified 425 vault/frame assemblies that need to be replaced and anticipate locating another 100 during the span of this project. Upgrading these assemblies will ensure that the metering equipment is secure and help minimize the likelihood of lids becoming loose or unstable.

The anticipated unit cost for each upgrade is \$3,500 and, with 525 estimated upgrades, equates to a total project cost of \$1,837,500. The project will begin in 2025 and conclude in 2026.

Mr. Summers moved to approve this unbudgeted project in the amount of \$1,837,500. Jacob Brown seconded, and the motion unanimously carried.

Contract Authorized for Project 16665: CHFP Reservoir Liner Replacement and Residuals Removal

Larry Bryant requested that the Board of Water Works authorize a contract award in the amount of \$21,539,000 for the CHFP Reservoir Liner Replacement and Residuals Removal Project.

The Crescent Hill Water Treatment Plant Reservoir Cleaning and Liner Replacement contract includes taking each side of the reservoir out of service, draining and cleaning the basins, replacing the synthetic liner and making other miscellaneous repairs to the reservoir. The existing reservoir liner was installed approximately 25 years ago and has reached the end of its useful life. The liner replacement project will require each side of the reservoir to be out of service for two years for an overall four-year construction duration. At the end of the project the site will be restored, and Reservoir Avenue will be repaved. This contract does not include rehabilitation or upgrading of the reservoir guardrail. That portion of the work is being advertised and bid separately.

Bids were opened on April 9, with three bids being received. The low bid was found to be unresponsive. The lowest responsive bid was Dugan & Meyers LLC in the amount of \$21,539,000, which is 15% lower than the engineer's estimate. The total approved project budget is \$39,797,000. Award of the contract is contingent upon the bidder obtaining a Beneficial Use Permit for Water Treatment Residuals disposal.

Mr. Brown moved to authorize the contract with Dugan & Meyers in the amount of \$21,539,000. Ms. Dykstra seconded, and the motion unanimously carried.

Second Quarter Dividend Declared

Lynn Pearson advised that Louisville Water pays 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 2024, 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 2025.

The annual audit has been completed. Net income of \$90,809,883, requires a total 2024 dividend to Louisville / Jefferson County Metro Government, Kentucky of \$32,243,827. The total dividends paid during 2024 were \$25,101,534. The difference between the dividend paid for 2023 and the actual dividend computed and declared for 2023 is \$7,142,293. The difference will be added to the dividend payment in a future quarter in 2025 as directed by Louisville Metro Office of Management and Budget.

The 2025 Annual Budget provides for a budgeted annual dividend of \$30,039,324. Mr. Summers moved to declare the second quarterly 2025 dividend in the amount of \$7,509,831. Ms. Dykstra 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 \$25,101,534 was paid in 2024 based on estimated Adjusted Net Income of \$49,009,992 and

WHEREAS, the annual audit for 2024 has now been completed which establishes the full dividend for 2024 as \$32,243,827 based on actual Adjusted Net Income of \$72,080,288, it would be in order at this time to amend the Board resolution of December 17, 2024 to increase the 2024 annual dividend by \$7,142,293 from \$25,101,534 to \$32,243,827, the difference to be added to a future quarterly 2025 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 2025 Louisville Water Company Annual Budget reflects the 2025 annual dividend to be \$30,039,324, it would be in order at this time to declare a regular second quarter dividend of \$7,509,831; therefore, be it

RESOLVED, the 2024 annual payment is increased from \$25,101,534 to \$32,243,827 and the difference of \$7,142,293 will be added to a future quarterly 2025 dividend payment and

RESOLVED, the regular second quarter 2025 dividend of \$7,509,831 is hereby declared, and further

RESOLVED, that the President of the Company hereby is authorized and directed to pay \$7,509,831 to the Louisville / Jefferson County Revenue Commission on June 30, 2025, this being the second quarterly dividend for 2025.

Audit Committee Report Given

Ms. Dykstra provided a summary of the topics discussed at the Audit Committee meeting held on June 6, 2025.

Closed Session Held

Mr. Summers moved to go into Closed Session to discuss an employee matter pursuant to KRS 61.810(f) at 12:15 p.m., seconded by Jennifer Fust-Rutherford, and the motion unanimously carried.

Open Session Resumed

Mr. Brown moved to return to Open Session and adjourn the meeting at 1:00 p.m., seconded by Ms. Dykstra, and the motion unanimously carried.

Oldham County Advisory Board Report Given

Mr. Vogel provided a summary of the topics discussed at the Oldham County Advisory Board meeting held on May 28, 2025.

Financial Report Given

Ms. Pearson advised that water revenue was significantly under budget for the month of May. This shortfall was only partially offset by favorable variances in other operating revenue and non-operating income and expenses. As a result, net income for the month fell short of budget by \$698,000. Details of the Company's financial performance as compared to budget and prior year are as follows.

Consumption of 2.6 billion gallons for May is 73 million gallons less than budget, and 66.5 million gallons higher than May 2024. The residential, commercial, and industrial classes are all under budget for the month. These unfavorable variances are slightly offset by budget overages in the wholesale and irrigation customer classes. Year-to-date consumption remains above budget and prior year by 1.3% and 4.1%, respectively. Commercial and wholesale are the primary drivers of the favorable budget variance through May.

Water Revenue for May is \$830,000 less than budget and \$1.0 million higher than the prior year. All customer classes except for wholesale and public fire hydrants were under budget for the month. For the year-to-date period, water revenue is 1.0% lower than budget and 7.7% higher than prior year levels.

Other Operating Revenue for May is \$59,000 higher than budget and \$23,000 below year-ago levels. The variance to budget is primarily driven by revenue from service line protection, which was above budget because of a performance incentive award received in May. This budget

overage was offset to an extent by a shortfall in profit from sales of materials. The decrease from May 2024 is mainly due to the low level of profit on sale of materials and reduced late fees, offset by higher revenue from service line protection. Year-to-date, other operating revenue is \$302,000 above budget and \$475,000 higher than prior year. The year-to-date variance to budget is primarily due to higher revenue from service line protection and late charges.

Operating and Maintenance Expenses for May of \$9.6 million are \$296,000 above budget and \$1.5 million higher than May 2024. The May variance to budget is primarily due to overages in insurance reserves and materials and supplies costs. Labor and labor-related expenses and chemicals are also above budget, but to a lesser degree. These unfavorable variances are slightly offset by favorable variances in contractual services and utilities expense. The increase from May 2024 is mainly due to higher insurance reserves, labor and labor-related, contractual services, chemicals, and materials and supplies costs. May year-to-date operating and maintenance expenses are very close to budget, coming in only \$59,000 higher, and are \$3.9 million higher than year-ago levels. Insurance reserves, chemicals and materials and supplies costs are all higher than budget through May, but these variances are offset to a significant extent by lower contractual services, labor and labor-related, utilities, bad debt, and systems support and maintenance expenses. The variance to prior year through May reflects increased contractual services, insurance reserves, chemicals, utilities, systems support and maintenance, and labor and labor-related costs.

Total Operating Expenses for May of \$16.2 million are \$51,000 higher than budget and \$1.7 million more than prior year. The budget variance is due to higher operating and maintenance expense offset by lower depreciation. The variance to prior year is due to higher operating and maintenance expense and to a lesser extent higher water service in lieu of taxes and depreciation. Total operating expenses year-to-date are \$743,000 lower than budget and \$4.8 million over year-ago levels. The year-to-date budget variance is primarily the result of lower depreciation.

Interest Income through May is \$1.7 million, which is \$19,000 lower than budget due to a lower level of funds invested than anticipated. Year-to-date through May, interest income is \$1.3 million less than prior year due to a lower dollar amount invested than this time last year and to a lesser extent, lower interest rates.

Interest Expense through May is \$2.7 million which is \$272,000 less than budgeted due to higher amounts of interest capitalized than anticipated. Year-to-date through May, interest expense is \$411,000 lower than year-ago levels. This favorable variance is mainly due to lower interest on bonds as a result of principal repayments made in 2024 in addition to slightly higher capitalized interest.

Net Income before Distributions and Contributions for May is \$4.2 million, which is \$698,000 less than budgeted. In comparison between years, net income for May is \$522,000 less than 2024. May year-to-date net income of \$20.3 million is \$368,000 higher than budget and \$2.9 million above prior year.

Communication and Marketing Report Given

Ms. Dearing Smith advised that the Annual Water Quality Report was released in May. Efforts to highlight our water quality and deliver copies of the report continue through the summer with direct marketing and in-person events.

We continue to provide weekly updates on the River Road Residual Line project through an email newsletter. We produced another series of Instagram stories with local social media influencers that highlighted the access to restaurants along the project route.

Several television stations highlighted Louisville Water's connection to the Kentucky Derby with live interviews and photos from our archives and May's open date at the WaterWorks Museum included a Mother's Day theme that brought dozens of visitors.

The top social media post in May was a feature on a JCPS senior who received Louisville Water's Thomas Family Scholarship, a \$15,000 award named in honor of the first documented African Americans to work at Louisville Water. Anaya Coleman is a senior at Central High School.

Community and school outreach programs reached more than 13,000 people in May. This includes 31 engagements for classroom programs and community events, and eight school field trips and tours at the WaterWorks Museum.

In May, Bats Baseball, Muhammad Ali Airport and Louisville Botanical Gardens partnered with us for co-branded activities. Staff were part of the Louisville Free Library's summer reading kick-off.

Louisville Water is a partner in the Kentucky Cabinet for Economic Development's long-range planning. In May, we hosted Cabinet leadership and others who work in economic development in central Kentucky at the Louisville Water Tower for a legislative priority workshop.

The Muhammad Ali airport has installed four new bottle filling stations in the terminal and baggage claim. We have also updated the branding on the existing fill stations. There are now more than 100 filling stations throughout the service area with a Louisville Water message.

Customer Service and Distribution Operations Report Given

Mr. Vogel reported that staffing levels have been good in Call Center Operations, and three new employees graduated to the floor in May. The Customer Service team responded to 246 emails and the New Service Applications team processed 215 applications for the month. The new pledge portal was deployed on May 20 and was rolled out to several assistance groups including Louisville Metro. Work on the new customer portal is going well, and we remain on schedule for deployment in September. Additionally, work to accommodate the use of Experian for the online identity check process for service "starts and stops" was completed.

The final AMI installation work is progressing, and we have just over 4,000 units remaining. Over 1,640 move-in/out were completed through automation in May (i.e., no truck rolls). The final four cycles to be converted to monthly billing will be completed by September. Staff have extended the existing bill print contract to avoid coinciding with the new portal launch.

There were 25 main breaks for the month of May, which is in line with last year (22) and the five-year average (26). Year-to-date break activity (345) is running slightly higher than last year (325) and moderately higher than the five-year average (291). Capital work progressed in May with new service installations along with fire hydrant replacements and renovations, fire service renewals, valve replacements, domestic service renewals, and other engineering capital work. The group of field technicians that were hired in January are continuing their 12 months of training. Three new dispatchers have been onboarded, and staff are currently in the process of filling two supervisor vacancies.

Engineering and Production Operations Report Given

Mr. Bryant advised that 2025 capital program expenditures through May totaled \$62,226,175 which is \$27,718,806 or 80.33% higher than the same period last year. These expenditures equate to 28.97% of the 2025 total capital program of \$219,793,657.

The amount of water produced and delivered to the system in May was 132.7 MGD, which was 3.9% higher than May 2024 and 6.6% higher than the May five-year average. For year-to-date, the amount of water delivered to the system was 5.3% higher than 2024, and 10.3% higher than the five-year average.

All water quality goals for May 2025 were achieved. No water-quality violations were incurred. A total of seven water-quality customer complaints were received in May (the five-year average is five complaints).

Water Quality personnel completed 5,790 analyses on 2,238 samples. Personnel collected 280 routine distribution-system compliance samples. Zero Total Coliform and zero E. coli detections were noted. Personnel also collected 52 main-break compliance samples associated with 26 repairs. Five local boil-water advisories were issued due to field conditions and zero due to initial water-quality monitoring results.

Thirteen chemical spills were reported upstream of the Zorn intake, but there was no resulting impact on water treatment. 35,776 pounds of powdered-activated carbon (PAC) were applied across seven days during May 2025 in response to herbicide detections in the river.

Human Resources and Labor Relations Report Given

Terrence Spencer provided is 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).

- There are three active grievances filed by the union for review/resolution.
- Union and Company leadership held their monthly Labor Management meeting to review ongoing and future initiatives and status updates.
- The Executive Union Management Alliance Council (EUMAC) met and reviewed progress on their jointly established 2025 strategic and operational goals.
- The Company posted seven regular full-time and three temporary full-time internal union jobs.
- HR submitted the Annual Application for Kentucky's State Worker's Compensation Recertification.
- Louisville Water's Oracle Human Capital Management (HCM) transition team participated in an implementation status update with the third-party implementor, ACSE.
- HR conducted mock interview training for Louisville Urban League's Heavy Construction Training participants.
- HR recruited and filled 20 vacancies year-to-date in 2025 for various departments.
- Louisville Water's CORE Council hosted a Men's Mental Health Breakfast facilitated by a representative from the company's Employee Assistance Program (EAP).
- CORE Council hosted an Asian American Pacific Islander Lunch & Learn event facilitated by The Crane House.
- The Company hired 16 Summer Youth Workers assigned to various departments/work areas.

Information Technology Report Given

Jeff Knott reported that following the Data Classification workshop in December, the scope was expanded to include additional functional groups, setting the stage for enhanced collaboration. Discussions were initiated with these areas and preliminary data was gathered, which was reviewed thoroughly. With these insights, a detailed presentation was finalized for the Executive

Leadership Team (ELT) that outlines the recommendations. This presentation is slated for delivery to the ELT in July.

Phase 3a of the Digital Strategy project is nearing completion and will be presented to the ELT in June. The project team participated in workshops to build the vision, goals, objectives, and project-based recommendations to help Louisville Water successfully implement a Digital Strategy.

Louisville Water's Human Capital Management (HCM) implementation continues to advance towards the December 2025 go-live goal. Since the successful launch of Phase 1 in April 2025, the team has maintained steady momentum, focusing on project stabilization and requirements validation. These efforts have established a foundation for ongoing work.

Currently, the HCM project team is validating deliverables and configurations inherited from the prior system implementer, ensuring alignment with the new methodology and quality standards. This validation process is critical for seamless integration and successful deployment by the end of the year. The project remains on track for comprehensive testing, training, and deployment activities, with stabilization planned through March 2026.

There being no further business, the meeting was adjourned at 1:17 p.m.

Respectfully submitted,



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