

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
August 19, 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. William "Bill" E. Summers, IV

Not Present:

Mayor Craig Greenberg
Mr. Ken Marshall

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
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. Adam Purvis, Vice President, Local 1683 of the AFSCME, AFL-CIO
Ms. Channa Newman, Director, Community Relations
Ms. Jenni Schelling, Director, Internal Audit
Mr. David Mulloy, Manager, Infrastructure Planning
Mr. Steve Berry, Microcomputer and Network Analyst
Ms. Beverly Soice, Senior Paralegal

Visitors: Evan Nathan, Hazan & Sawyer

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, August 19, 2025. Vice Chair Jennifer Fust-Rutherford called the meeting to order at 11:05 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Jacob Brown moved to approve the regular monthly meeting minutes of July 22, 2025. Cathe Dykstra seconded, and the motion unanimously carried.

President/CEO Report Given

Spencer Bruce reported that Louisville Water staff joined other water and wastewater utilities last month in Knoxville, Tennessee for the annual Water Professionals Conference (WPC) co-hosted by the KY/TN sections of the American Water Works Association (AWWA) and Clean Water Professionals. Employees from water quality and distribution, engineering, metering, operations, and communications represented Louisville Water.

The conference included a robust schedule of educational sessions, but it also provided opportunities for attendees to network and collaborate in addition to recognizing employees and utilities for their hard work and dedication.

Louisville Water employees shared their expertise in technical sessions covering a range of topics such as riverbank filtration, best communication practices, and a panel discussion with some of the women of Local 1683. Our supervisor of water quality and compliance, Emily Fritz, highlighted the work we are doing to help local schools and daycares to meet the EPA's Lead and Copper Rule Improvements.

The WPC proudly highlights and supports younger attendees who are on track to becoming water professionals. One example is the annual Rengao Song Scholarship, named in honor of one of Louisville Water's former Water Quality directors. Upon receiving the 2025 scholarship, Mercy Kangogo told us it was a meaningful affirmation of her commitment to the water industry. Kangogo is working on her PhD in engineering and computational sciences at Tennessee State University.

Mr. Bruce provided other WPC highlights.

On the second day of the conference, Louisville Water Manager of Metering Field Operations Megan Talley officially stepped into her new role as AWWA Chair for the KY/TN Section. She and the rest of the AWWA Board and planning committees will help plan WPC 2026 in Lexington.

Project No 17222: CHPS 60" Internal CFRP Repairs Ratified and Contract Approved

Larry Bryant requested the Board of Water Works ratify the unbudgeted capital project for the Crescent Hill Pump Station (CHPS) 60" Internal Carbon Fiber-Reinforced Polymer (CFRP) Repairs in the amount \$900,000 and award a contract of \$672,687.53 to Structural Preservation Systems, LLC.

During construction of the secondary pump station at the Crescent Hill Water Treatment Plant (CHWTP), water was discovered flowing into the construction area that was traced back to a 60-inch finished water main. This 60-inch main is a critical discharge pipe from the CHPS and is one of two plant discharge mains to the Eastern Parkway 42-inch transmission main. The other feed to the Eastern Parkway 42-inch will be shut down for construction work on the secondary pump station. Without both mains, the ability to discharge from CHPS would be greatly limited, eliminating most of the redundancy from the CHWTP.

Also, multiple cracks in the main were identified during the initial inspection and Louisville Water staff determined the most efficient, economical, and least disruptive way to repair and return to service was to structurally repair a 90-foot section of the main using CFRP. The criticality of this main along with the risk of catastrophic failure and its associated costs led staff to invoke the Exigent Work Provisions of the Capital Projects Authorization Procedure.

Under a Certificate of Emergency, certified on July 24, 2025, a contract was established with Structural Preservation Systems, LLC and MAC Construction for installation of CFRP repairs at the CHWTP.

Jennifer Fust-Rutherford moved to ratify an unbudgeted capital project in the amount of \$900,000 and approval of a contract with Structural Preservation Systems, LLC in the amount of \$672,687.53 for the CHPS 60" internal CFRP repairs. Mr. Brown seconded, and the motion unanimously carried.

Contract Awarded for Project No. 16607: B.E. Payne - Lime System Improvements

Mr. Bryant requested approval from the Board of Water Works to award a construction contract in the amount of \$5,016,412 for the BE Payne Plan - Lime System Improvements Project to Thieneman Construction Inc.

The scope of work for this project is to replace the existing lime system with a new lime system with a capacity rated for 15 MGD to 90 MGD plant flows. The new system will install new lime slakers and bin vibrator equipment, lime aging tanks, fine grit classifiers and grit disposal conveyor system, slurry piping and upgraded dosing stations, and instrumentation and controls.

Three bids were received for this work. Thieneman Construction Inc. was the apparent low bidder in the amount of \$5,016,412.

Ms. Fust-Rutherford moved to award a contract to Thieneman Construction Inc in the amount of \$5,016,412 for the BE Payne Plan - Lime System Improvements. Ms. Dykstra seconded, and the motion unanimously carried.

Contract Awarded for Project No. 16660: 2024 MRRP Shepherdsville Road Area

Mr. Bryant requested approval from the Board of Water Works to award a construction contract in the amount of \$2,785,000 for the Shepherdsville Road Area Main Replacement and Rehabilitation Program (MRRP) to MAC Construction & Rental Co., Inc.

This project consists of the supply and installation of a total of 8,640 linear feet of distribution water main replacement, with pipe sizes ranging from 4-inch diameter to 12-inch diameter along five streets located in south Louisville.

Louisville Water received competitive bids from five pre-qualified contractors. The project manager's estimate for the project was \$3,750,000. The lowest bidder was MAC Construction & Excavating, Inc. with a bid of \$2,785,000. This bid was 25.7% lower than the project manager's estimate. The current approved project budget is \$4,586,460.

Mr. Brown moved to award a contract to MAC Construction & Excavating, Inc. in the amount of \$2,785,000 for the Shepherdsville Road Area MRRP. William E. Summers seconded, and the motion unanimously carried.

Acquisition of Property Authorized and Budget Established for Project 224-10-0014: 940 PZ – Aiken Rd Elevated Storage Tank

Mr. Bryant reported that Louisville Water has plans to build an elevated storage tank along Aiken Road in eastern Jefferson County, near the Shelby County line. This tank will serve a rapidly developing area of the county as well as the North Shelby Water Company, which is a wholesale customer. As this area has developed, Louisville Water has received numerous low-pressure complaints from customers in the area. Operational changes, such as running the Aiken Road Booster Pump Station constantly, have helped improve pressure slightly but an elevated storage tank and a shift to a higher-pressure zone are needed to permanently address the low-pressure complaints.

Over the last couple of years, Louisville Water has received plans for several large developments in the area. Staff attempted to work with the developers to find a tank site in these new developments, but an agreement could not be reached. Staff have worked with a realtor, and two

properties have been identified with owners receptive to offers. These properties are in the Aiken Road area and have been appraised for \$220,000 and \$300,000, respectively. Staff believe it is prudent to acquire the properties for the tank before any future development further limits already scarce sites in the area.

Mr. Brown moved to establish a project budget for the Aiken Road Elevated Storage Tank in the amount of \$12,000,000 and the acquisition of properties for the tank site not to exceed \$600,000. Ms. Dykstra seconded, and the motion unanimously carried.

Approve 2025 Biennial Inspection

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

In April 2025, Louisville Water issued an assignment to our Engineer of Record Hazen & Sawyer to perform the inspection and to report on the adequacy and condition of the water works system.

The 2025 Biennial Inspection report was provided to the Board members under separate cover. Hazen & Sawyer commented favorably concerning the condition of the facilities inspected stating, "overall, it is Hazen's opinion that Louisville Water's exceptional maintenance and operation of the inspected facilities contribute to continued industry recognition and facilitates excellent drinking water production and supply."

Mr. Mulloy provided an overview of the report.

Ms. Dykstra moved to accept the 2025 Biennial Inspection Report. Mr. Summers seconded, and the motion unanimously carried.

Mr. Mulloy advised that in accordance with the bond requirements, staff will file the Biennial Inspection report with the Issuer, the Trustee and Metro Louisville.

The Board took a short break for lunch at 11:43 am and resumed the meeting at 12:00 pm.

Investment Report

Lynn Pearson provided an update on investments held in the Company's portfolio.

Financial Report Given

Ms. Pearson reported that Louisville Water has completed a critical step in the process of issuing our Series 2025 bonds, obtaining ratings from Moody's Investor Services and S&P Global Ratings. Members of the Executive Leadership Team and Finance staff met with Moody's and S&P on July 23 and 25, respectively. We gave a comprehensive overview of the Company's operations and financial condition with a presentation that was structured around the priorities of our Strategic Business Plan.

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

The next key step in the process is pricing the Series 2025 issuance. The pricing will be conducted at 11 a.m. on Thursday, August 21, 2025, at which time the Pricing and Sale Committee (Sunny Dronawat, Spencer Bruce, and Lynn Pearson) will make the award to the lowest and best bidder at the competitive bond sale. The closing of the transaction is scheduled for September 9, 2025.

Water revenue is considerably under budget for the month of July, largely as a result of unusually wet weather. This shortfall is only partially offset by favorable variances in other operating revenue, total operating expenses and non-operating income and expense. As a result, net income for the month is short of budget by \$173,000. Details of the Company's financial performance as compared to budget and prior year are as follows.

Consumption of 3.2 billion gallons for July is 136 million gallons less than budget, and 79 million gallons lower than July 2024. All classes except commercial and private fire services are under budget for the month. Year-to-date consumption is flat to budget but remains above prior year by 2.8%. Residential and industrial are both below budget through July, but these shortfalls are offset by an overage in commercial consumption.

Water Revenue for July is \$1.1 million less than budget and \$874,000 higher than the prior year. All customer classes with the exception of public fire hydrants are under budget for the month. For the year-to-date period, water revenue is 2.1% lower than budget and 6.9% higher than prior year levels.

Other Operating Revenue for July is \$67,000 higher than budget and \$41,000 over year-ago levels. The variance to budget is primarily driven by revenue from the home warranty program and customer charges. The increase from July 2024 is also driven by higher revenue from the home warranty program along with sewer billing charges. These favorable variances are offset to an extent by lower customer fees. Year-to-date, other operating revenue is \$415,000 above budget and \$645,000 higher than prior year. The year-to-date variance to budget is primarily due to higher revenue from the home warranty program, with cross connection fees and customer charges contributing to a lesser degree.

Operating and Maintenance Expenses for July of \$9.5 million are \$195,000 lower than budget and \$501,000 less than July 2024. The July variance to budget is primarily due to favorable variances in utilities, transportation, bad debt and insurance reserves costs. These favorable variances are partially offset by unfavorable variances in a number of categories including labor and labor-related and materials and supplies costs. The decrease from July 2024 is mainly a result of lower chemicals, insurance reserves, utilities, materials and supplies and transportation costs. These favorable expenses are somewhat offset by higher labor and labor-related expenses and contractual services. July year-to-date operating and maintenance expenses are \$171,000 lower than budget and are \$4.7 million higher than year-ago levels. Contractual services, labor and labor-related expenses, utilities, bad debt, and systems support and maintenance costs are all lower than budget through July. These favorable variances are offset by higher chemicals, insurance reserves and materials and supplies costs. The variance to prior year through July reflects increased contractual services, insurance reserves, utilities, systems support and maintenance, and labor and labor-related costs.

Total Operating Expenses for July of \$16.4 million are \$733,000 lower than budget and \$465,000 less than prior year. The budget variance is mainly due to lower operating and maintenance, depreciation expense and water service in lieu of taxes. The variance to prior year is due to lower

operating and maintenance expense and water service in lieu of taxes slightly offset by higher depreciation expense. Total operating expenses year-to-date are \$1.7 million lower than budget and \$6.2 million over year-ago levels. The year-to-date budget variance is primarily the result of lower depreciation expense mainly due to the timing of closing projects.

Interest Income through July is \$2.2 million, which is \$34,000 higher than budget due to a lightly higher effective interest rate earned than anticipated. Year-to-date through July, interest income is \$1.9 million less than prior year due to a lower average dollar amount invested than in 2024 and to a lesser extent, lower interest rates.

Interest Expense through July is \$3.7 million which is \$536,000 less than budgeted due to higher amounts of interest capitalized than anticipated. Year-to-date through July, interest expense is \$687,000 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.

Communication and Marketing Report Given

In Dearing Smith's absence, Channa Newman provided the communications and marketing report.

Louisville Water's outreach efforts reached more than 60,000 people in July through events where we served Louisville Pure Tap®, summer camps with hydration and science experiments, back-to-school events, community outreach with the service line inventory effort, and tours at Louisville Water Tower.

Education and Outreach Staff were part of the Bullitt County Back to School Kindergarten Kickoff this year. Staff showcased the importance of choosing water over sugary drinks with our Rethink Your Drink display. And of course, Tapper was a hit, as always!

July's open day at the WaterWorks Museum featured a firefighter, farmer, a chef, and the vice-president of Local 1683 reading "Tapper's Big Adventure," a children's book about how water is used in the community. The event attracted more than 200 people and positive media coverage.

Several members of the Communications and Marketing Department shared best practices in communications and outreach at the Water Professionals Conference in Knoxville, Tennessee.

Customer Service and Distribution Operations Report Given

Dave Vogel reported that the shift to monthly billing is almost complete with the last two cycles receiving their final bimonthly bill within the next two weeks. On August 26, we will be holding a celebration breakfast at which time the final batch of bi-monthly water bills be uploaded.

Mr. Vogel noted that you may have heard in the media that Bullitt County Schools are closed today due to a main water break. The main that broke is owned by Mt. Washington, not a Louisville Water main. We are reaching out to authorities in Mt. Washington to offer any assistance they may need.

Mr. Vogel directed the Board to his report for additional information.

Engineering and Production Operations Report Given

Mr. Bryant reported that 2025 capital program expenditures through July totaled \$96,601,690, which is \$41,606,398 or 75.65% higher than the same period last year. These expenditures equate to 43.95% of the 2025 total capital program of \$219,793,657.

The amount of water produced and delivered to the system in July was 153.0 MGD, which was 3.0% higher than July 2024 and 7.7% higher than the July five-year average. For year-to-date, the amount of water delivered to the system was 3.6% higher than 2024, and 8.6% higher than the five-year average.

All water quality goals for July 2025 were achieved. No water-quality violations were incurred. A total of five water-quality customer complaints were received in July (the five-year average is 13 complaints).

Water Quality personnel completed 6,330 analyses on 2,628 samples. Personnel collected 280 routine distribution-system compliance samples and three repeat samples. Zero Total Coliform and zero E. coli detections were noted. Personnel also collected 52 main-break compliance samples associated with 25 repairs. Eleven local boil-water advisories were issued due to field conditions and one 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. 96,0053 pounds of powdered-activated carbon (PAC) were applied across 12 days during July 2025 in response to odor detections in the river.

Human Resources and Labor Relations Report Given

Terrence Spence 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).

- Four 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 Company posted and filled six regular full-time and two temporary full-time internal union jobs.
- Plumber Leader Assessment conducted, three union employees passed.
- Union-proud month was celebrated/observed with multiple employee appreciation activities.

Human Resources Initiatives

- Facilitated new employee and new leader orientation sessions.
- Louisville Water's Oracle Human Capital Management (HCM) transition team participated in an implementation status update with third-party implementor ACSE.
- HR recruited and filled thirty-six vacancies year-to-date in 2025 for various departments.
- HR Generalist held Anthem Wellness Program informational sessions at all facilities.
- Facilitated Customer Service of Excellence Training sessions.
- Completed the 2025 employee mid-year performance goals evaluation process.

Employer of Choice

- Employee Activities Committee (EAC) hosted an employee Blizzard Day event.
- Conducted monthly discussion with the employee Touch-Point group.

Inclusion & Belonging

- Louisville Water hosted the first of a series of employee Touch Point engagement sessions.
- Results from a recent Employee Inclusion Survey were shared with staff, highlighting favorable outcomes across multiple areas.

Information Technology Report Given

Jeff Knott reported that the new Cybersecurity Policy has been finalized and will be submitted to the Executive Leadership Team for approval. It serves as a comprehensive framework for Louisville Water's updated procedures, which were reviewed by Dean Dorton in an independent audit. Their feedback confirmed the policy's appropriateness for a utility of our size and scope, and their recommended refinements have been incorporated.

The policy aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework, covering all five core functions—Identify, Protect, Detect, Respond, and Recover—through supporting procedures such as Access Control, Incident Response, Configuration Management, and System Integrity. It also references future additions, including the Data Classification Policy developed during a recent workshop. This framework ensures regulatory compliance, operational stability, and a scalable foundation for future governance.

The final tasks for the Digital Strategy phase 3a project were completed in July. Upon completion, a presentation was provided to the ELT for approval. The project has now been paused awaiting next steps including review, approval, and eventual posting of a job description that will lead to implementation. The job description is presently under review by our third-party team pricing consultant, Mercer.

Overall, the HCM project is on track and well-controlled, with corrective actions underway to maintain momentum. No significant risk threatens the timeline or objectives. We are confident of a successful year-end launch and will continue providing regular progress updates.

There being no further business, the meeting was adjourned at 12:39 p.m.

Respectfully submitted,



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