# Board Of Water Works
## REGULAR CALLED MEETING MINUTES
## June 16, 2026
## Louisville Water Tower

Board Members Present:
Ms. Jennifer Fust-Rutherford, Chair
Mr. William "Bill" E. Summers, IV, Vice Chair
Mr. Jacob Brown
Ms. Cathe Dykstra
Mr. Ken Marshall
Dr. Sunny Dronawat

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, Distribution Operations and Customer Service, *retiring*
Mr. Larry Bryant, Vice President, Production Operations and Chief Engineer
Ms. Jennifer Crough, Vice President, Finance and Treasurer
Ms. Kelley Dearing Smith, Vice President, Communications and Marketing
Mr. Carlos Felix, Vice President, Information Technology
Mr. Jeremy Raney, Vice President, Distribution Operations and Customer Service
Mr. Michael Tigue, Vice President, Compliance, General Counsel and Corporate Secretary
Mr. Adam Purvis, President, Local 1683 of AFSCME, AFL-CIO
Ms. Jenni Schelling, Internal Audit
Ms. Shannon Tivitt, One Water, Project Director
Mr. Willie Buckner, Manager, IT Infrastructure Support
Mr. David Mulloy, Manager, Infrastructure Planning
Mr. Mike Simon, Manager of Human Resources
Ms. Dakota DeRoche, Project Engineer
Mr. Steven Berry, Microcomputer and Network Analyst
Mr. Erin Rickett, Security Specialist
Ms. Beverly Soice, Senior Paralegal

Visitors:
Mr. Rob Williams, Hazen & Sawyer
Mr. Vince Monks, Cornerstone Engineering and Geotech Services

The meeting of the Board of Water Works (BOWW/Board) was held at Louisville Water Tower, located at 3005 River Road, Louisville, KY on Tuesday, June 16, 2026. Chair Jennifer Fust-Rutherford called the meeting to order at 11:04 a.m.

Michael Tigue administered the oath of office to Jeremy Raney as the Vice President of Customer Service and Distribution Operations. The Board members and others present congratulated Jeremy on his promotion.

## Minutes of the Previous Regular BOWW Meeting Approved

William E. Summers, IV moved to approve the regular monthly meeting minutes of May 19, 2026. Cathe Dykstra seconded, and the motion unanimously carried.

## President/CEO Report Given

Spencer Bruce stated for the last six years, Louisville Water has awarded an aspiring student our Annual Thomas Family Scholarship. This year, the scholarship committee selected South Oldham High School's Quincy Barnett. Quincy is the first scholarship recipient outside of Jefferson County.

Quincy accepted the $15,000 award during the 47th Annual YMCA Black Achievers Awards Celebration on February 28 and last month, our Executive Leadership Team and committee members welcomed Quincy and his parents to our corporate office.

Quincy plans to attend Morehead State University in the fall to study mechanical engineering.

The Thomas Family Scholarship is named after the first Black family on Louisville Water's payroll in the late 1800s.

## Contract and Project Budget Increase Approved for Project 16665: CHFP Reservoir Liner Replacement and Sludge Removal

Larry Bryant requested Board of Water Works approval to increase the project budget and to authorize a contract change order to Dugan & Meyers for the CHFP Reservoir Liner Replacement and Sludge Removal Project.

The Crescent Hill Reservoir construction was completed in 1879 and remains an essential part of the treatment process for the Crescent Hill Water Treatment Plant. This includes taking each side of the 106-million-gallon reservoir out of service; draining, removing treatment residuals, and cleaning the basin; and then 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.

This Contract was awarded in June 2025. At the time of bidding, the Reservoir was in service, so assumptions were made about the quantity and nature of solids to be removed. Once the reservoir was drained, the contractor used LiDAR (laser imaging, detection and ranging) to find the actual residual solids volume. This was higher than the assumed bid quantity. The solids content of the residual was also much higher than bidders were told to assume. Both factors resulted in more loads of water treatment residual to haul to the disposal site.

Mr. Bryant advised that approval of a contract change order is requested to accommodate the additional work associated with this change of conditions for hauling and disposal. The current budget for this project was approved by the Board prior to bid of this phase of the project. To support the cost of this change order an additional $1,493,000 in project budget is being requested.

Following a thorough discussion, Jacob Brown moved to increase the contract amount by $4,284,007, for a new total contract of $25,823,007 and to increase the project budget by the amount of $1,493,000 with a new total project budget of $41,290,000. Mr. Summers seconded, and the motion unanimously carried.

**Second Quarter 2026 Dividend Declared**

Jennifer Crough advised that Section 508 of the Series 2009 Water System Revenue Bond Resolution provides that the Louisville Water Company will pay to the Louisville / Jefferson County Revenue Commission an annual dividend on the Louisville Water Company stock owned by Louisville / Jefferson County Metro Government, Kentucky. The dividend declared for 2025, 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 adjustment is to be paid with or deducted from the regular quarterly dividend payments in 2026.

The annual audit has been completed. Net income of $88,948,870 requires a total 2025 dividend to Louisville / Jefferson County Metro Government, Kentucky of $34,865,053. The total dividends paid during 2025 were $30,039,324. The difference between the dividend paid for 2025 and the actual dividend computed and declared for 2025 was $4,825,729. The difference will be added to the dividend payment in a future quarter in 2026 as directed by Louisville Metro Office of Management and Budget.

The 2026 Annual Budget provides for a budgeted annual dividend of $32,806,956.

Ms. Dykstra moved to declare the second quarterly 2026 dividend in the amount of $8,201,739. Mr. Summers 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 $30,039,324 was paid in 2025 based on estimated Adjusted Net Income of $52,533,772 and
> WHEREAS, the annual audit for 2025 has now been completed which establishes the full dividend for 2025 as $34,865,053 based on actual Adjusted Net Income of $67,214,904, it would be in order at this time to amend the Board resolution of December 16, 2025 to increase the 2025 annual dividend by $4,825,729 from $30,039,324 to $34,865,053, the difference to be added to a future quarterly 2026 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 2026 Louisville Water Company Annual Budget reflects the 2026 annual dividend to be $32,806,956 it would be in order at this time to declare a regular second quarter dividend of $8,201,739; therefore, be it

RESOLVED, the regular second quarter 2026 dividend of $8,201,739 is hereby declared, and further
RESOLVED, that the President of the Company hereby is authorized and directed to pay $8,201,739 to the Louisville / Jefferson County Revenue Commission on June 30, 2026, this being the second quarterly dividend for 2026.

**Unbudgeted Oracle Customer Care & Billing System Upgrade Approved**

Carlos Felix first thanked Sunny Dronawat for his thoughts on this matter and for his assistance in developing the presentation being shared with the Board today.

Mr. Felix stated he is requesting approval of an unbudgeted project in the amount of $5,060,000 to proceed with the migration of the Company's Customer Care & Billing (CC&B) system to Oracle Customer to Meter (C2M) on the Oracle Cloud Infrastructure (OCI). This authorization will allow the Company to proceed with the necessary steps to transition the CCB system from version 2.8 to Oracle's new standard customer information system, ensuring continued operational integrity and alignment with cybersecurity standards, and setting a course for a cloud-ready future.

This upgrade provides planning and execution authority for software, implementation, infrastructure, and integration work required for the upgrade.

The CCB system is Louisville Water's core customer and revenue platform. The current version operates under limited vendor support and therefore must be updated.

To accelerate project commencement and reduce implementation risk, management recommends proceeding under the Company's established procurement procedures to directly engage a proven implementation partner with familiarity with the current system environment.

Ms. Dykstra moved to establish an unbudgeted project in the amount of $5,060,000 and award the implementation contract to TMG Consulting in the amount of $3,004,731. Mr. Summers seconded, and the motion unanimously carried.

**Data Security Policy Revision Approved**

Mr. Felix advised that in accordance with the Company's policy review and update procedures, the Data Security Policy has been updated to remove legacy language and align with the Company's recently established cybersecurity policies and supporting procedures.

These revisions ensure consistency across the Company's information security governance framework and reflect the evolution of the Company's technology environment, including the use of cloud platforms and enhanced security capabilities.

Ms. Dykstra moved to approve the updated Data Security Policy as presented. Mr. Summers seconded, and the motion unanimously carried.

**Oldham County Advisory Board Report Given**

Dave Vogel provided a summary of the Oldham County Advisory Board meeting that was held on May 27, 2026.

The Board of Water Works took a short break for lunch at 12:05 p.m. The meeting resumed at 12:30 pm.

**Audit Committee Report Given**

Ms. Dykstra provided a summary of the matters discussed at the Audit Committee meeting held on June 2, 2026.

David Mulloy, Manager of Infrastructure Planning, provided a summary of the presentation on the result of the Biennial Report that he provided to the Audit Committee.

Mr. Mulloy then provided a summary of the water loss research and pilot projects underway.

Mr. Felix provided a brief, high level review of the IT audit which was discussed in executive session at the Audit Committee meeting.

**Financial Report Given**

Ms. Crough advised the net operating revenue for May was above budget by $0.3 million due to strong water sales and favorability in other operating expenses. However, net nonoperating income and expenses were short by $0.7 million driven by timing with grant revenue and as a result, net income was $0.4 million below budgeted expectations. Details of the Company's financial performance as compared to budget and prior year follows.

Consumption of 2.8 billion gallons for May was 77 million gallons above budget and 179 million gallons higher than May 2025. The favorable variance to budget was primarily in the irrigation and wholesale classes, partially offset by the continued shortfall with industrial. Year-to-date consumption exceeded budget and the prior year by 3.2% and 3.0%, respectively, due to increases across all classes except industrial and Metro.

Water Revenue for May of $20.2 million was $0.2 million higher than budget and $1.8 million higher than the prior year. Irrigation was primarily responsible for the positive budget variance with wholesale contributing to a lesser extent, partially offset by lower revenue in the commercial, industrial, and residential classes. For the year-to-date period, water revenue of $96.5 million was 1.9% and 6.7% above budget and prior year levels, respectively.

Other Operating Revenue for May of $1.9 million was $0.2 million below budget and 1.0% lower than the prior year driven by lower revenue from the home warranty program, cross-connection fees, and other customer charges. Year-to-date, other operating revenue was 2.3% lower than budget and 0.8% higher than the prior year. The year-to-date variance to budget was largely due to lower revenue from the home warranty program and cross-connection fees.

Operating and Maintenance Expenses for May of $9.7 million were essentially flat to budget and $0.1 million higher than May 2025. Higher expenses from labor, chemicals, and insurance were offset by favorability with contractual services and utilities. The miss to prior year was driven by labor, chemicals, power, and transportation expenses, partially offset by lower insurance and materials. May year-to-date operating and maintenance expenses of $53.1 million were $2.5 million higher than budget and $5.3 million higher than the prior year both driven by contractual services and total labor expenses.

Other Operating Expenses for May of $6.9 million were $0.3 million lower than budget, but $0.2 million higher than the prior year. The budget variance was driven by disposition of property favorability along with lower depreciation whereas the prior year variance was driven by higher water service in lieu of taxes and depreciation. Other operating expenses year-to-date were $0.5 million lower than budget, but $1.4 million higher than the prior year. The variance to budget was primarily a result of lower depreciation expense.

Interest Income of $3.7 million through May was $0.3 million above budget due to higher interest rates than anticipated and $2.0 million higher than prior year due to increased investment of funds received from the September 2025 bond issuance.

Interest Expense through May of $5.3 million was $0.8 million less than budget due to higher amounts of interest capitalized than anticipated. Interest expense was $2.5 million higher than the prior year due to the interest from the 2025 bond issuance, partially offset by bond principal payments made in 2025.

Net Income before Distributions and Contributions for May of $5.3 million was $0.4 million less than budget, but $1.0 million more than May 2025. The variance to budget for the month was impacted by timing with grant revenue of $1.0 million, partially offset by increased net operating revenue and lower net interest expense of $0.3 million each. May year-to-date net income of $18.0 million was $0.4 million behind budget and $2.3 million less than the prior year.

**Communication and Marketing Report Given**

Kelley Dearing Smith advised that the first full week of May is “National Drinking Water Week,” a distinction by the American Water Works Association to highlight the value of water. The public relations efforts and community engagement that week generated positive attention for Louisville Water. Mayor Greenberg hosted Tapper at a weekly press event to celebrate the distinction; staff did a “water tasting” on a local morning show, and several media outlets, both local and national, noted the release of the annual water quality report.

Overall media sentiment for May was 60% positive, 10% neutral, and 30% negative. The negative sentiment came from three stories about a water main break.

For digital media, the top story featured a partnership with Louisville Fire and Rescue. Firefighters trained at the B.E. Payne Plant, simulating a rope rescue. A Facebook post on the training had more than 47,000 views and 240 reactions, clicks, and shares.

Jefferson County Public Schools recognized Louisville Water’s involvement in local schools at its first Community Champion event. The district recognized more than 30 companies and organizations that provide mentorship, resources, and support to students and teachers. Field Elementary’s leadership nominated Louisville Water. The school is adjacent to the Crescent Hill Water Treatment Plant, and our partnership goes back to the first day the school opened.

School and community education efforts reached more than 5,300 people in May with 32 engagements. That number includes 12 field trips to the WaterWorks Museum along with an education day at Bats Baseball stadium.

**Customer Service and Distribution Operations Report Given**

Mr. Vogel referred the Board to his report contained in the agenda book.

Mr. Vogel stated this will be his last report to the Board of Water Works and his last day with Louisville Water will be July 31, 2026. He reported that he has been working closely with Jeremy Raney and he is leaving Louisville Water in good hands. Mr. Vogel stated that it has been an honor and a pleasure working at Louisville Water.

**Engineering and Production Operations Report Given**

Mr. Bryant advised that 2026 capital program expenditures through May totaled $61,780,346, which is $445,829 or 0.72% lower than the same period last year. These expenditures equate to 28.93% of the 2026 total capital program of $216,420,101.

The amount of water produced and delivered to the system in May was 142.1 MGD, which was 6.7% higher than May 2025 and 10.1% higher than the May five-year average. For year-to-date, the amount of water delivered to the system was 5.3% higher than 2025, and 12.4% higher than the five-year average.

All water quality goals for May 2026 were achieved. No water-quality violations were incurred. A total of four distribution-system water-quality customer complaints were received in May (the five-year average is seven complaints). A total of zero treatment-related taste & odor complaints were reported in May.

Water Quality personnel completed 5,851 analyses on 2,263 samples. Personnel collected 270 routine distribution-system RTCR compliance samples and zero repeat samples. Zero Total Coliform and zero E. coli detections were noted. Personnel also collected 65 main-break compliance samples associated with 33 repairs. Twelve local boil-water advisories were issued due to field conditions and zero due to initial water-quality monitoring results.

Nine chemical spills were reported upstream of the Zorn intake. One of these spills resulted in enhanced monitoring of the treatment plant and proactive PAC treatment. Crescent Hill plant operators reported a sheen on the Crescent Hill Reservoir to Water Quality. Water Quality determined that this sheen may be related to a reported upstream spill and advised increased PAC treatment in the plant as a precaution and provided enhanced monitoring. No detections of contamination were detected via laboratory testing. Powdered-activated carbon (PAC) was also applied for 20 days during May 2026 in response to elevated herbicide (Atrazine) detections in the source water. The seven-day rolling average of combined MIB and Geosmin taste-and-odor measurements in Crescent Hill Filter Plant's finished water did not exceed the maximum goal of six ppt in May 2026.

**Human Resources and Labor Relations Report Given**

In Terrence Spence's absence, Mike Simon provided a summary of recent and current interactions between Louisville Water Management and Local Union 1683, AFSCME, AFL-CIO.

There are currently two active grievances; one is in hold status and the second is pending arbitration. The Company posted and filled nine internal union positions.

Human Resources completed 2026 Leadership Essential Skills Training; submitted Louisville Water's 2026 Worker's Compensation Self-Insurance Recertification Form; hired ten Louisville Water Summer Youth Workers; and filled 26 non-union vacancies year-to-date.

Mr. Simon reported that Louisville Water earned the Great Place to Work Certification.

Community involvement for the month of May included attending the Kentuckiana Builds Top Industry Hiring Event and Louisville Water Service Board partnered with Family & Children's Place for Community Action Week.

**<u>Information Technology Report Given</u>**

Mr. Felix provided a brief overview of the Information Technology Report.

Preparing for the Customer Care and Billing (CC&B) upgrade continues to advance.

Teams are also maintaining system stability and supporting ongoing business operations, while continuing to align upgrades and enhancements with long-term platform strategy.

IT continues to mature the Company's cybersecurity and infrastructure capabilities through the implementation of enhanced monitoring, access controls, and system protection measures.

Work also continues to strengthen disaster recovery capabilities, with ongoing coordination, testing, and readiness activities supporting the Company's ability to operate from alternate environments as needed.

There being no further business, the meeting was adjourned at 1:04 p.m.

Respectfully submitted,

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