PRELIMINARY RESOLUTION

A PRELIMINARY RESOLUTION BY THE BOARD OF THE LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT AMENDING ITS JANUARY 1, 2026 BULLITT COUNTY SCHEDULE OF RATES, RENTALS AND CHARGES FOR WASTEWATER SERVICES PURSUANT TO KRS CHAPTER 76.

WHEREAS, the Louisville and Jefferson County Metropolitan Sewer District ("MSD") was created and established pursuant to Chapter 76 of the Kentucky Revised Statutes ("KRS") in the interest of public health for the purpose of providing adequate wastewater and drainage facilities in the City of Louisville and Jefferson County, Kentucky; and

WHEREAS, pursuant to KRS Chapter 76, the schedule of rates, rentals and charges shall be established and revised from time to time so as to produce aggregate revenues to MSD sufficient for the payment of interest on and principal of all revenue bonds and other obligations of MSD, all costs and expenses of operating and maintaining MSD's wastewater and drainage system, and for the payment of all costs of renewals and replacements of such system; and

WHEREAS, pursuant to the Kentucky Interlocal Cooperation Act, (KRS 65.210 *et. seq.)*, any public agency may enter into agreements with another public agency, or agencies, to acquire by purchase or lease, any real or personal property, or any interest, right, easement, or privilege therein, outside of its municipal or jurisdictional boundaries; and

WHEREAS, MSD entered into an Interlocal Cooperation Agreement ("ILA") with the County of Bullitt, Kentucky and the Bullitt County Sanitation District ("BCSD") which vested in MSD all powers and authority of BCSD and Bullitt County necessary and appropriate for the acquisition, ownership, management and operation and expansion of the BCSD Wastewater System; and

WHEREAS, on December 1, 2021, MSD acquired the BCSD Wastewater System; and

WHEREAS, Section 12.2 of the ILA required that beginning January 1, 2022 and each calendar year thereafter through January 1, 2026, MSD's increases in charges for wastewater collection and treatment services will not exceed the increases authorized by Bullitt County Ordinance No. 17-2 adopted by Bullitt County Fiscal Court on February 7, 2017; and

WHEREAS, Section 12.2.3 of the ILA required MSD to maintain the existing capacity charges for customers in the former BCSD service area until December 31, 2024, at which time MSD will evaluate those charges and fees for consistency with others in the region and to develop facilities to accommodate projected growth in Bullitt County; and

WHEREAS, Section 12.3.1 of the ILA required MSD to increase wastewater charges for customers residing in areas of Bullitt County served by the Big Valley Wastewater System and the Hunters Hollow Collection System to rates equal with other MSD customers in Bullitt County beginning January 1, 2022, and required that these customers will also pay equivalent capacity charges beginning January 1, 2022, and each calendar year thereafter; and

WHEREAS, Section 12.3.2 of the ILA required MSD to increase wastewater charges by 12% for areas served by the Big Valley Wastewater System and Hunters Hollow Collection System beginning January 1, 2023, and each calendar year thereafter through January 1, 2026; and

WHEREAS, on December 21, 2021, the MSD Board noted that, per the terms of ILA Section 12.3.1, the Big Valley and Hunters Hollow customers would experience a significant rate increase on January 1, 2022. Further, due to the delay in MSD's closing on the BCSD acquisition, these customers were not made aware of the coming rate increase months in advance, as initially intended, and therefore had insufficient time to prepare, including time to learn about and apply for MSD's rate assistance programs; and

WHEREAS, on December 21, 2021, the MSD Board agreed to a phase-in of the rate equalization for the Big Valley and Hunters Hollow customers with other customers in Bullitt County called for in ILA Section 12.3.1 such that the rates for customers of all three systems will equal on January 1, 2026; and

WHEREAS, as of January 1, 2026, wastewater rates for customers of the former Bullitt County Sanitation District, Big Valley Wastewater System and Hunters Hollow Collection System were equalized; and

WHEREAS, MSD's fiscal year 2027 budget reflects continued costs associated with operating and maintaining the Bullitt County wastewater system, meeting debt service requirements, and making significant capital investments necessary to maintain reliable wastewater service and provide needed system capacity in Bullitt County; and

WHEREAS, Section 12.2.2 of the ILA requires MSD, beginning January 1, 2027, and each year thereafter, to increase wastewater charges by no more than 3% until such charges equal those of MSD's Jefferson County customers; and

WHEREAS, the proposed amended Bullitt County Schedule of Rates, Rentals and Charges will be published, giving notice that objections and/or comments on the schedule may be filed within a period of thirty (30) days from the date of said publication.

NOW, THEREFORE, BE IT RESOLVED by the Board of MSD that,

The above recitals are hereby incorporated into the Resolution as if set forth fully within, and MSD's Bullitt County schedule of wastewater rates, rentals, and charges be, and they are hereby amended to include the following new rates in addition to current rates and said new rates shall be used for billings rendered on and after February 1, 2027:

I. Section 1.0, Wastewater Service Charges, is hereby amended and shall read as follows:

1.0 Wastewater Service Charge

The Wastewater Service Charge is based on water used as measured by a Louisville Water Company meter(s).

1.1. The first 2,000 gallons of usage shall be billed at $57.67 per month.

1.2. A consumption charge of $16.77 applies for each additional 1,000 gallons of usage per month.

II. Section 3, Penalty Charges, is hereby renamed Wastewater Penalty Charge, amended and shall read as follows:

Pursuant to KRS 76.090, whenever any sewer rates, rentals, or charges for services remains unpaid for a period of thirty days (30) days after the same becomes due and payable, the property, the owner thereof, and the user of the service shall be deemed delinquent until such time as all service rates, rentals and charges are fully paid and shall be subject to cut off of sewer connection and service. It is unlawful for any delinquent to use water from any public water service or system and discharge same into a public sewer. No public water service or system shall furnish the delinquent with water to be discharged into a public sewer. MSD may enter into agreements with any public water company or public water service providing for the discontinuance of water service to delinquents.

A Delinquent Bill Penalty or "Late Charge" shall be added to all wastewater service bills not paid by their due dates in accordance with the Late Charges policy in use by MSD's billing and collection agent, the Louisville Water Company, or as otherwise determined by MSD.

A Payment Extension fee shall be added to all wastewater service bills granted a single payment extension in accordance with the Late Charges policy in use by MSD's billing and collection agent, the Louisville Water Company, or as otherwise determined by MSD.

III. Section 4, Unusual Discharge Fee, is hereby renamed Unusual Discharge Fee - Wastewater, amended and shall read as follows:

Any business, firm or individual introducing into MSD's sewer system a substance detrimental to MSD's sewers, wastewater treatment facilities, pumping facilities or wastewater treatment processes, or which results in abnormal costs for MSD, shall be charged and shall pay the actual total costs incurred as determined by MSD. For additional information please see: Industrial Waste.

The term "discharge" as used in this Section 4.0 shall mean any spilling, leaking, pumping, pouring, emitting, emptying, injecting, escaping, leaching, dumping, or disposing of any substance into the sanitary, combined, or stormwater sewer system.

Any business, firm, or individual proposing to discharge any substance that is not consistent with typical wastewater discharge in composition or flow rate to the sanitary or combined sewer system shall prepare and submit an application for such discharge. MSD will review, comment, modify, and approve or disapprove the application. MSD may charge an application review fee. MSD may also charge fees for accepting or handling the discharge including inspection, sampling, testing, and monitoring fees. Accidental discharges shall be reported to MSD at the earliest opportunity. MSD may charge field response, review, inspection, investigation, sampling, testing, monitoring, quality charges, sewer rates, and other applicable fees. MSD may pursue enforcement actions, including penalties, fines, and remedial measures, for failure to follow proper discharge procedures.

IV. Section 10, Excess Cost Payments for Sewer Extension is hereby amended and shall read as follows:

If a wastewater extension funded by a private developer provides the opportunity to affect MSD's long-term sewer plans, MSD may participate in the cost of construction of the facilities.

10.1 When determining whether to contribute money to and/or obtain easements for the construction of sewer facilities, MSD shall consider the following factors:

10.1.1 The extent to which funds are available.

10.1.2 Whether the project is consistent with MSD's Design Manual, Standard Specifications, and Master Plan or Action Plan, taking into consideration the location of the infrastructure, timing of construction, sizing of the infrastructure and the service area.

10.1.3 Whether the project will bring public sewers closer to areas needing service.

10.1.4 Whether the project is necessary to protect public health, safety and welfare.

10.1.5 Whether the project, when completed, will generate significant revenue for MSD's wastewater and drainage system.

10.1.6 Whether the project, when completed, will eliminate existing pump stations.

10.2 Oversized Sewers

10.2.1 When sewers to or through a development are required to be oversized in order to serve properties upstream or adjacent to a proposed development, MSD may participate in the cost of sewers as determined by MSD.

10.2.2 When the oversized sewer is deeper than required to serve the development and will result in additional excavation beyond the applicant's needs, MSD may reimburse for additional trench and rock excavation as determined by MSD.

10.2.3 When conditions exist other than those described in sections 10.2.1 and 10.2.2, MSD will evaluate each situation and prepare unit calculations based on the current construction cost conditions and other factors as determined by MSD.

10.3 Additional Sewers

10.3.1 MSD may require additional infrastructure to be installed and/or easements to be obtained within or outside a development in accordance with MSD's Master Plan, Action Plan or Regulatory Enforcement Action.

10.4 Pump Station Decommissioning and Upsizing

10.4.1 MSD may elect to eliminate existing pump stations within or adjacent to an existing development.

10.4.2 When a pump station must be constructed to serve a development and there is an opportunity to upsize the pump station to serve additional properties, MSD may require the pump station to be upsized and pay excess costs as determined by MSD.

10.5 Design Costs

10.5.1 MSD may share in the design costs of sewer infrastructure constructed by private developers when the planned facilities must be altered to meet MSD's Master Plan or Action Plan. The excess design costs shall be determined prior to the start of final design.

10.6 Conditions

10.6.1 Available funding as determined by MSD.

10.6.2 A written agreement between MSD and the developer as to the excess costs having been executed prior to the execution of a Lateral Extension Agreement.

10.6.3 Agreement by the developer to obtain additional bonding and insurance as determined by MSD. Additional bonding and insurance requirements shall be included in the written agreement.

10.6.4 A determination by MSD that the payment of excess cost is equitable and in the best interest of MSD based on consideration of the factors set forth at section 10.1.

V. Section 12, Emergency Wastewater Rate Assistance Program (EWRAP), is hereby amended and shall read as follows:

12.1. Definitions

12.1.1. "Household" means an individual or group of individuals who are living together in the principal residence sharing common living arrangements.

12.1.2. "Gross household income" means all earned and unearned income, including lump sum payments received by a household during the calendar month preceding the month of application.

12.1.3. "Income-eligible residential customer" means a direct residential customer of MSD having a gross total household income at or below one hundred seventy-five percent (175%) of the official poverty income guidelines updated annually in the Federal Register by the U.S. Department of Health and Human Services under authority of 42 U.S.C. 9902(2), or who is eligible for the Low Income Home Energy Assistance Program state plan prepared by the Kentucky Cabinet for Health and Family Services, Department for Community Based Services at the time of application.

12.1.4. "Principal residence" means the place where the customer is living voluntarily and not on a temporary basis; the place the customer considers home; the place to which, when absent, the customer intends to return; and is identifiable from another residence, commercial establishment or institution.

12.2. Wastewater Discount

Beginning November 1, 2026, income-eligible residential customers may receive a thirty percent (30%) EWRAP discount on the wastewater charges on their sewer bill. The EWRAP discount shall apply to wastewater charges. Program participation is limited to 3,000 customers and/or will only be offered until available funding is expended. Existing EWRAP discount customers at November 1, 2026 must reapply.

12.3. Eligibility Criteria

The EWRAP discount shall be available to income-eligible residential customers who:

12.3.1. Apply for and are approved for the discount. Customers shall provide required information in the manner required by Program rules to certify their eligibility.

12.3.2. Are receiving water by separate metered water service for a property or dwelling used solely for residential purposes owned or leased by the customer as his or her principal residence.

12.3.3. Are named customers with MSD and are responsible for paying the sewer bill received from the Louisville Water Company for the customer's principal residence.

12.3.4. Verify and certify gross household income and ownership or leasehold of their principal residence in the manner required by the Program.

12.3.5. Have total gross household income, when computed annually, including the income of all occupants, and regardless of age, that does not exceed 175% of the official poverty income guidelines referenced in section 12.1.3 computed annually.

12.3.6. Are <u>not</u> receiving and have not been approved to receive MSD's Senior Citizen's discount as of the date of application for the Program.

12.3.7. Satisfy all other terms and conditions established by the Program for eligibility.

12.4. Exclusions

MSD customers, age 65 years of age or older, receiving or who have been approved to receive MSD's Senior Citizen's discount, shall not be eligible for the EWRAP discount.

12.5. Effective Date of EWRAP Discount

Except as set forth in Section 12.7, the emergency wastewater rate assistance discount shall commence on the next subsequent billing date following approval of the customer's application and shall continue until October 31, 2027, conditioned upon the customer's continued eligibility. If the program is continued after October 31, 2027, customers will be required to re-apply.

12.6. Program Administration

The Executive Director or his designee may prescribe such policies, regulations and procedures, consistent with the provisions of this Section, as deemed necessary and appropriate to administer and enforce the EWRAP.

12.7. Program Modification / Termination

The EWRAP discount shall continue through October 31, 2027, unless earlier termination at the discretion of MSD, and may be modified by MSD at any time.

VI. Section 13, Senior Citizen Discount, is hereby amended and shall read as follows:

Senior Citizens are eligible for a 30% discount off the wastewater portion of the bill. This discount will be made available to customers of MSD that are 65 years or older, have a gross household income of $40,000 or less, and are the primary titleholder or leaseholder on the property subject to the bill. An application will be sent to those customers that request one and the discount shall begin on the first full billing period following the date that the application is approved by MSD. In order to qualify for this discount, proof of age such as a birth certificate or driver's license must be provided. In addition, proof of all income received during the previous month by any member of the household must be provided. Customers that qualify for this discount will be asked to recertify eligibility every three years or as otherwise determined by MSD.

VII. Section 15, Severability, is hereby amended and shall read as follows:

If any section, clause or provision of this schedule be declared by the courts to be invalid, the same shall not affect the validity of the schedule as a whole or any part thereof, other than the part so declared to be invalid.

VIII. Additional provisions affecting schedule:

All remaining provisions of MSD's Bullitt County schedule of wastewater rates, rentals and charges are not amended herein and shall continue in full force and effect. MSD's Bullitt County Schedule of Rates, Rentals and Charges as amended herein shall become effective February 1, 2027.

ADOPTED on November 16, 2026.

Chair

Attest:

Secretary/Treasurer

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary/Treasurer of the Louisville and Jefferson County Metropolitan Sewer District ("MSD"); that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of MSD at a meeting duly held on November 16, 2026; that the official action appears as a matter of public record in the official records or journal of the governing authority; that the meeting was held in accordance with all applicable requirements of Kentucky law, including Sections 61.805 to 61.850, inclusive, of the Kentucky Revised Statutes; that a quorum was present at the meeting; that the official action has not been modified, amended, revoked, or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this November 16, 2026.

Secretary/Treasurer