

High Knob Utilities, Inc.

Meeting Minutes for January 12, 2004

Call to Order: Keith Arnett called the monthly meeting of the High Knob Utilities, Inc (HKUI) Board to order at 7:05 pm. The meeting time was changed from the morning of January 10th to accommodate the schedules of HKOAI and HKUI Board Members. HKUI Board members in attendance were Keith Arnett, Jem Anderson, Bob Brown, Scott Cooper, and Josh Douglas.

Previous Minutes: The Board accepted the minutes of the December meeting, which Jem Anderson provided previously via email.

Treasurer's Report: Mr. Brown presented the final 2003 report and a preliminary 2004 budget. Discussion of 2003 figures centered on expenses for the previous month (approximately \$21,800) and the status of five delinquent accounts (three of five have agreed to pay their arrears) totaling slightly over \$2000. The preliminary 2004 budget generally reflects either budgeted or actual expenses from 2003—whichever is greater—and assumes a 15% increase in customer billings with 25 new tap fees. The presented 2004 figures do not reflect either revenue or expenses from the state loan (which are presumed to be equal), but a revised estimate should be available in February which reflects that information

Operations Committee Report: Due to holiday scheduling issues, there was no December meeting of the Operations Committee. The next meeting is tentatively scheduled for January 26th, in the HKOAI/HKUI office.

Water Manager's Report: Dan Althouse reported that he continues to average 18 hours per week on water issues for the 394 (+/-) houses on High Knob. The HKOAI staff repaired two leaks, identified two sections with suspected leaks, and installed 6 new taps (four cross-road) during the month. He expects to install five more taps in the coming month. Also, on January 14th, the Virginia Department of Health (VDH) will be visiting the new house installing its septic field next to the Paved Road well and inspecting the newly-constructed reservoirs. Water production averaged 52,600 gallons per day, and the Mountain Top and Salt Lick reservoirs continue to overflow occasionally.

Among ongoing projects, the new reservoirs need landscaping and some internal plumbing and electrical work, and the Mountain Top pressure systems needs to be installed by March (final plans are in review by VDH). Each will cost about \$36,000 (they had been projected to cost \$40,000). Also, plans are complete for the Playground Valve Station, have been submitted to VDH, and can be constructed and installed (including the building) by the Fall at a total cost of a bit over \$31,000 once the final site is determined. There is also a new round of lead and copper testing about to begin, and Mr. Althouse needs a few more houses to participate.

The next draw of funds from the State loan will total \$90,232, and will pay for completion of the reservoirs, SCADA deposit, and legal expenses. Mr. Anderson asked about a schedule for HKOAI staff work to support the water project, which Mr. Althouse had promised during the December HKUI Board meeting. Mr. Althouse indicated he would have it ready for the January Operations Committee meeting.

Finally, in response to a query from a homeowner, Mr. Althouse agreed to provide a copy of his report, with the understanding that the report is not deemed official until after the next HKUI Board meeting.

Unfinished Business: The financial audit is now well underway, and Mr. Brown will close HKUI's account with First Bank, since we cannot have a line of credit in use at the same time as the State loan. In addition, the Board members were reminded to visit Greater Atlantic to sign signature cards.

New Business: There were no items of new business from the Board. During the homeowner question/comment period, however, there was discussion about ownership of water system assets—they were property of HKOAI and are now HKUI property, with the exception of a few items that remain with HKOAI to avoid paying property tax. Also, there was a question about the need for the \$81 quarterly “floor” for water use. That charge is levied to generate revenue for the ongoing water system project.

The January meeting of the HKUI Board adjourned at 7:45 pm. The next meeting will be February 14, 2004 at 8:00 am.

JEM P. ANDERSON

HKUI Board Secretary