

High Knob Utilities, Inc.

Meeting Minutes for May 17, 2004

Call to Order: Scott Cooper called the monthly meeting of the High Knob Utilities, Inc (HKUI) Board to order at 7:10 pm. Keith Arnett joined the Board a few minutes later. 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 April meeting, with one minor comment from Josh Douglas.

The Board then set the agenda for the remainder of the meeting, deciding to follow the usual agenda with discussion of installation of a new bed on the High Knob truck in New Business section of the agenda and the Sareen & Associates audit of 2002 finances and status of reservoir roof in the Unfinished Business section of the agenda.

Treasurer's Report: Mr. Brown presented a status update, reflecting receipt of one tap fee and \$51,157 in customer billings and significant expenditures for labor costs by High Knob employees for the water project. He further indicated there would be a large draw of funds from the State loan in order to write a large check to E.C. Pace for their water system work.

Operations Committee Report: The Joint Operations Committee met on May 5, 2004 to discuss allocation of High Knob labor and other resource coordination issues. Among the issues discussed were the need to install a new tap with a water meter for the pool, completion of Alpine and Mountain Top reservoirs, HKUI's share of paving costs (which will probably be addressed via a "bill" from HKOAI to HKUI), status of the water system project, and the need to send a letter explaining air and sediment appearing in water as a result of water project activities.

Dan Althouse spoke about complaints he'd received from residents who lost their water service; while notice has been given, some residents felt more information should be available. Dan suggested that HKUI purchase two road signs configured to allow placement of messages indicating planned outages. Keith Arnett asked that 24 hours notice be given before work begins in a given area, and the Board approved expenditure of up to \$300 to procure the signs.

Water Manager's Report: Dan Althouse reported that the water project is slightly ahead of schedule, and noted that the schedule projected most of the work to be completed early in the period of performance. The Mountain Top and Alpine reservoirs are virtually complete, and can be turned on once the water quality sample results are returned. The Mountain Top pressure system is 85%-90% complete, and should be ready for inspection in July.

The Ridge System is performing well. The six-inch lines on Alpine and Salt Lick and the connection between Salt Lick and Windy Way are done, and fire hydrants are in place on Salt Lick. E.C. Pace should begin at the end of Split Rail this week, while the High Knob crew starts at Butler reservoir and goes down Turkey Trot and Boulder Road. The plan should culminate in a one-day down period to complete the connections at the Playground Valve Station.

There was very little leakage in the system this month (Dan found a leak yesterday, next to the intersection of Lazy Livin' and Skyline View, perhaps due to a valve failure), and production averaged about 48,000 gallons per day. The High Knob crew will install a two-inch feed line to the pool house, with a meter, but probably won't add any new taps in May. There is also some fabrication work underway, and the Salt Lick Reservoir electric service was replaced (there will be some rewiring done for lights and controls at other reservoirs done later). Dan feels there are several meters that need to be replaced, but that activity will probably wait until the water project is done.

To date, HKUI has made three requests for state funds, with the latest slightly over \$104,000 to pay for E.C. Pace work on the water lines, HKUI work on water lines and reservoirs, SCADA, engineering, and legal work. Mr. Althouse plans to draw about \$120,000 per month for the next three months, then complete the project with approximately \$70,000 more. Mr. Althouse has been using HKUI cash flow to guide use of loan funds for HKUI labor (he has not yet submitted labor costs, used current cash reserves to fund the Greenfield Road work, and used loan funds for the reservoir work). Keith Arnett asked that Dan plan to reserve enough cash to fund the proposed backup power project, which cannot be paid for with state loan funds. When HKUI executes its plan for backup power, it will first install at a backup site to refine the installation process, then proceed to other sites.

Unfinished Business: The Board approved the Sareen & Associates audit, based on Mr. Brown's recommendation. It then discussed posting of signs at each reservoir to warn residents and guests against walking/playing on the reservoir roofs. It appears three signs may be needed for each reservoir, but the Board agreed to wait for a legal opinion (Kim Renz will contact legal counsel and report at the next Board meeting).

Also, HKUI has a new website, <http://www.HKUI.org>.

New Business: HKUI's red 1987-model truck has been out of use due to severe rust in its bed. The staff removed the bed and cleaned the chassis; they recommend purchase of a tool bed instead of a standard pickup bed. Dan located a used bed and spent \$800, but discovered it was the wrong size. We'll need to spend about \$3,000 to obtain a suitable tool bed, then have it installed; Shade Equipment has the part, and the staff can install it. The Board authorized \$3100 for purchase and installation. They will install the sand dispersal device on the large truck.

In addition, Jem Anderson inquired about moving the stacks of materials next to the pool fence, to reduce the temptation for residents and/or guests to climb over when the pool was closed. Mr. Althouse anticipates the matter will resolve itself as the water project proceeds, but agreed to examine moving some of it.

Question and Comment Period: There were no issues which had not been previously addressed during the meeting.

The May meeting of the HKUI Board adjourned at 7:55 pm. The next meeting has not yet been scheduled.

JEM P. ANDERSON
HKUI Board Secretary