

High Knob Utilities, Inc.

Meeting Minutes for October 9, 2004 HKUI Annual Meeting

Call to Order: Keith Arnett called the annual meeting of the High Knob Utilities, Inc (HKUI) Board to order at 8:00 a.m. HKUI Board members in attendance were Keith Arnett, Jem Anderson, Bob Brown, and Josh Douglas.

Previous Minutes: No minutes from the HKUI 2003 Annual Meeting were available for review.

Treasurer's Report: Mr. Brown reported revenue for the year to date totaled approximately \$176,000, with about \$130,000 spent on "ordinary" HKUI expenses and an additional \$693,000 on capital projects. HKUI has a debt of about \$678,000 with the State of Virginia to fund the water system upgrade project. HKUI Assets grew from approximately \$314,000 at the end of 2002 to about \$451,000 and an estimated \$1,200,000 at the end of 2004 (this total will begin to depreciate in the coming year).

President's Report: Keith Arnett presented a lengthy report on the water improvement project, which was completed using "force labor" by High Knob employees and a contract with E.C. Pace, who performed over \$400,000 worth of work over the Spring and Summer months. Remaining work includes completing work on Greenfield Road and then progressing to Pocahontas, Honeysuckle, and Chestnut Roads, and should be complete this Fall. Mr. Arnett thanked each staff member by name for their contributions to the success of the project to date. He also noted that the SCADA work is moving forward, and should be completed in 4-6 weeks. Training and system adjustments will then be needed to optimize system performance. This year's work should last around 50 years before substantial replacement of system components is needed. Mr. Arnett also suggested having a "Grand Opening" reception in the Spring to celebrate the success of the project.

Other activities in the next year will likely include fencing around the reservoirs, installing backup power systems (as suggested in the study Herb Morgan completed) and fine-tuning the HKUI budget to account for loan payment.

Finally, Mr. Arnett thanked the members of the HKUI Board for their service to High Knob.

Presentation of Candidates: Mr. Arnett then introduced the candidates for the HKUI Board for 2004-2005. Mr. Arnett agreed to return to the Board, along with Jem Anderson, Bob Brown, and Josh Douglas. Scott Cooper, who has taken on a new position in his paid career, chose not to be a candidate, and Robert Clough agreed to submit his name for consideration. The floor was then opened for additional nominations; none were made, and the Board unanimously agreed to

accept the presented candidates. No candidate availed himself of the opportunity to make a statement.

The HKOAI Board then voted unanimously to accept the proposed candidates and the newly elected HKUI Board met in executive session to select officers. When the Annual meeting reconvened, the HKUI Board announced its officers for the 2004-2005 year:

President – Keith Arnett
Vice President – Robert Clough
Treasurer – Bob Brown
Secretary – Jem Anderson
Director – Josh Douglas

Other Business: No other business was brought before the HKUI Board. The annual meeting of HKUI adjourned at 8:25 am.

JEM P. ANDERSON
HKUI Board Secretary