

High Knob Utilities, Inc.

Meeting Minutes for August 20th, 2005

Call to Order: Keith Arnett called the monthly meeting of the High Knob Utilities, Inc (HKUI) Board to order at 9:05 a.m. HKUI Board members in attendance were Keith Arnett, Jem Anderson, Bob Brown, Rob Clough, and Josh Douglas.

Previous Minutes: The Board reviewed minutes for the July Board meeting and approved them as submitted.

Treasurer's Report: There were no additional tap fees paid since the end of June nor any additional interest income; collection of \$59,578 in customer billings raised total revenue through July 31st to \$187,467. Expenses increased \$6,095 since June 30th, to \$105,492 for the first seven months of 2005. Capital expenses were \$49 for training, bringing the total through July 31st to \$6,830. HKUI cash available was \$36,833.43 as of July 31st. HKUI owes \$895,096 (an increase of \$19,430 with the final draw of loan funds) on the State loan, and anticipates \$50,653 in accounts receivable.

Operations Committee Report: Keith Arnett, Bob Brown, and Ken Pino of the Joint Operations Committee met on August 1st, but there were no substantial issues addressed.

Staff Reports: Marcy McCann provided a brief rundown on Field Service activities, since Jerry Pomeroy was unavailable for the Board Meeting. Most Field Service effort for the past five weeks has been devoted to roads/paving preparation. The crew still managed to install five taps, and there are nine more due. The most critical issue for the crew in the next month will be Salt Lick Springs reservoir, which is leaking badly. In addition, sixteen meters need to be replaced. Jerry has drafted a maintenance schedule, but time spent on the roads means its activities are running five weeks later than shown on the schedule.

Next, Marcy provided her Business Manager Report, highlighting the effort made to organize the activities that must be done to add new accounts for HKOAI and HKUI and record their addition. She also thanked Jerry and Lee for their efforts to complete the HKOAI/HKUI File Room and briefly addressed recent discussions about revamping the rest of the office. She added that water bill payments have been coming in steadily, and that the former owner of a recently-sold property agreed to pay the final water bill (\$90+) due on his account. Further, Marcy took a day off to witness the promotion of her son, a US Marine; the office volunteer covered the office in her absence. The first set of magnetic signs is now mounted on the dump truck, and the others should be ready next week. The blue T-shirts for the staff should be ready in the next two weeks (the existing supply of High Knob T-shirts is exhausted; obtaining more might be a source of revenue, if the Boards agree). A DSL outage from August 15th through August 17th hindered some office functions. Finally, Jerry and Marcy will begin meeting weekly to apprise each other of ongoing projects and status.

Dan Althouse's report indicated that he limited his hours during the previous month, due to the crew's focus on road work. Water production averaged 49,600 gallons per day, and there were no leaks to report in the distribution system. An electrical surge (probably storm-related) blew all the circuits and small control fuses at the playground sub station, but the system is now operating normally. Further, the Paved Road Wells site failed twice, causing reservoir volume to drop; the problem was a corroded electrical panel (the unit was outside for at least eight years before being enclosed in 2002) which caused the breakers to overheat and fail. The unit was replaced, at a cost of \$1200. Dan also completed the second round of radiological and nitrate sampling for the newest wells.

Dan has submitted two sampling plans to the Virginia Department of Health and intends to press them on the overdue update to HKUI's operating license. Josh Douglas asked whether sending these reports in should be within Dan's authority; Keith Arnett replied that the issue is not fully-defined in the existing work agreements, but the Board should probably review/approve a draft and then have the staff send such documents.

Dan worked with Dave Bushman (engineer) on a treatment plan (directed by Virginia Department of Health due to lead and copper testing results) for sources with low Ph values. He has spoken with VDH about the proposal, and should have a required drawing from Bushman Engineering in the next two weeks. Estimated cost is \$1000.

The SCADA system is operating well and providing good value; the staff will stop taking daily manual readings and monitoring shortly and rely more on SCADA for this data. The current punch list for the SCADA project includes programming a transducer at Salt Lick Springs to adjust for minor changes in atmospheric conditions, fixing a problem with trending for the Mountain Top system, reprogramming the programmable logic circuit for the Playground site, addressing a communications error on the Alpine-to-Salt Lick Well-to-Office path, and adjusting a Salt Lick Well valve to allow for manual transfer operations.

Key issues for the rest of the year are (in priority order):

- Repairing and resealing the Salt Lick Springs tank (critical item)
- Moving the High Knob pool off the water distribution system (see previous Board minutes for details) and installing a backflow preventer
- Repairing and resealing the old Paved Road tank
- Repairing and resealing the old Butler tank and returning it to operations
- Preparing for the annual Health inspection
- Installing the new main on Chestnut Trail (materials are in stock)
- Complete the "blowing off" of hydrants as directed by the Engineering Plan (materials are in stock)

Finally, Dan spoke with Synchrony and Generac about backup generators and concluded that minor fluctuations in frequency during a generator switchover would not be an issue for the programmable logic circuits used by our system. He also spoke with an electrician about providing backup power for a more limited set of functions (PLC and pump) and found that doing so would allow use of less expensive switch panels and smaller generators (since they may no longer need to be liquid cooled, the cost savings could be substantial). Don Day indicated

Dan anticipates cost savings of about \$1500 per site. Dan has sought a new quote from the sales representative. Dan also has been developing ideas for an emergency plan that would not require Salt Lick Springs, but would keep things running for several days. Doing so would allow HKUI to get by with lower initial costs and add in larger systems in the future.

Keith Arnett spoke briefly about the challenges for the Board when information arrives piecemeal and paths of authority are not clear (along with the role of the Water Contractor), and suggested this should be a topic of further discussion by the Board.

Unfinished Business: Marcy will soon take a course in Microsoft Excel, using funds allocated by the Board for training.

Keith Arnett spoke of his discussion with Dave Henderson, a software engineer who lives on High Knob, about Mr. Henderson's offer to volunteer his assistance in building a database for HKOAI and HKUI accounts that would streamline the current process of setting up and managing these accounts. The Board agreed that the offer was worth pursuing further.

HKUI received an insurance claim payment for the damaged pumps described in recent Board minutes.

Don Day asked about the Board's willingness to help pay for the new High Knob pickup truck (which cost almost exactly \$25,000). Keith Arnett apprised him of our budget allocation of \$12,500 for that purpose and the Board agreed to provide those funds in a manner to be worked out by the HKUI and HKOAI Treasurers.

New Business: With the exception of Rob Clough, the members of the Board all expressed their willingness to serve another term. The HKOAI Board may choose to place one of its members into the vacant position; in addition, Vincent Bonzagni has expressed an interest in joining the Board.

The Board will take up a draft contract for Dan Althouse's services.

Question and Comment Period: There were no additional questions or comments.

Executive Session: The meeting adjourned at 10:10 a.m. The next meeting is scheduled for 7:00 p.m. on September 12th; Jem Anderson notified the Board that he would be unavailable for that meeting.

Jem Anderson
Secretary, HKUI Board