

High Knob Utilities, Inc.

Meeting Minutes for November 13th, 2005

Call to Order: Keith Arnett called the monthly 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, Vince Bonzagni, and Josh Douglas.

Previous Minutes: The Board reviewed minutes for the October 10th HKUI Board meeting and approved them as submitted. The Board also reviewed the minutes of the 2005 HKUI Annual Meeting, and found no significant discrepancies—they will be accepted at the next annual meeting. Jem Anderson was not present at these meetings and abstained from the discussion. Mr. Anderson also agreed to forward the August 2005 HKUI Board Meeting minutes for review by the Board.

Treasurer's Report: Through October 31st, total revenues totaled \$248,861, including \$16,625 from a total of 19 tap fees paid in 2005. Expenditures through October 31st totaled \$221,781--\$43,085 in Capital Project expenses and \$178,696 in Expenses (the largest accounts, Materials & Supplies and Contractor Services, will largely become part of the Capital Projects account at the end-of-year reconciliation). As of the end of October, HKUI had \$20,621.97 in its bank account, with Accounts Receivable of \$60,548 and \$895,096 due on the Virginia State Loan.

In response to a query by Josh Douglas, Bob Brown estimated HKUI would have approximately \$15,000 - \$20,000 of cash on-hand at the end of 2005; Dan Althouse felt the total would be closer to \$30,000.

Operations Committee Report: The Joint Operations Committee met on October 24th. There was substantial discussion of the progress, status, and plans for water line replacement on Chestnut Trail. Further discussion included the state of Butler Reservoir renovations, backflow problems discovered at three houses, migrating the pool to spring water from Adkins Reservoir (rather than the potable water system) and the procurement of two 500-gallon propane tanks to support backup generators. Don Day also showed the Committee a chart indicating availability of propane at various temperatures (as temperature decreases, availability of vapor in the tank decreases). The Committee also agreed to schedule future meetings on an "as-needed" basis, rather than scheduling one each month.

Staff Reports: Marcy McCann reported that, in response to a request from Daniel Pond, she had researched and verified the status of HKUI collection activities (including successful collection of one debt from a former homeowner); Mr. Pond will begin collecting these debts. The amount in question is approximately \$3,000. Marcy also located another indebted homeowner, who believed the tenant was paying the bill and sent letters to three other addresses whose owners are not identified in High Knob Office records.

The third quarter billing, using a new invoice/statement form, included a backflow survey (which must be done annually). The new form, which features computed credits and balances and a balance due printed on the form, makes recording payments easier, saves paper, and costs only about a penny per sheet. The layout is still being “fine-tuned”, but will include a logo (the logo version was not available in time, so the printer provided 500 copies of the form free of charge). Vince Bonzagni asked how small balances were handled; Marcy replied that there is no firm standard on what constitutes a small balance, but that she lists small amounts as “information only” rather than expecting to receive a payment of a small amount (and assessing late fees, etc.). Keith Arnett praised the quality of the new form and inquired about the possibility of having the balance due printed on the top section (returned with the payment) as well as the lower section of the form.

Builders have been sent requests (using the same form that had been used with local realtors) to notify the High Knob office when a house is being sold to facilitate transfer of responsibility for water bills and initiate appropriate record keeping for the new customer. Two builders complied immediately. Further, Marcy and Rosalie Norem (who has been volunteering on Tuesday afternoons, assisting in managing the office) have begun separating builder agreements into separate files, one file for each lot, to facilitate tracking expenses for each new construction. They plan to go back for at least the past two years, investigating payment and release of bond payments for each tract.

Marcy has also been meeting weekly with Jerry Pomeroy to coordinate activities, and has ordered High Knob T-shirts for herself.

Finally, Marcy observed that splitting HKOAI and HKUI costs and generating two checks has proved cumbersome at times. She and the respective Treasurers are considering having one organization or the other pay certain bills, then receive reimbursement (especially for relatively small bills).

Water Manager’s Report: Dan Althouse reported that the work at Salt Lick Springs Reservoir was complete, except for a manhole to facilitate sampling. The tank proved to be in better condition than he’d feared. Paved Road Reservoir is also fully on-line, and Butler is 65%-70% done (Dan estimates two four-hour work periods remain). Lee has been spending half-days with Dan and the remainder on projects Jerry left for him.

In addition, the annual health department inspection found no remaining discrepancies from the last review, new chlorinators have been installed at Paved Road, the Salt Lick Springs pH work is done, and the liquid propane tanks at Mountain Top and Alpine are installed and inspected. Dan plans to install the generators on top of the reservoirs, with pans underneath to be sure there is no leakage of generator oil into the reservoirs—the work is half done.

There is one minor issue with the SCADA software, which Synchrony is working to fix.

Dan will meet with Dave Bushman on November 14th to draft a list of maintenance needs for the next year.

Finally, there was discussion of the problems encountered with Sprint phone lines. HKUI received a bill for \$783 (negotiated down from their initial claim the bill would be \$2,000 - \$3,000) due to our failure to call Miss Utility before we started digging and cut two of their lines. While Sprint has not done well in publishing the locations of its lines, the onus was on HKUI to make the inquiry. Ironically, since Sprint laid their lines over HKUI water mains, they cut their own lines when they dug them up for relocation.

Unfinished Business: The HKUI Board unanimously approved a proposal to have HKOAI repay funds owed to HKUI for past water capitalization fees. HKOAI will pay \$5,000 per year toward the principal on the Virginia State Loan. A brief discussion of how this would be accounted for in the records of the two organizations ensued.

New Business: The HKUI Board will meet December 3rd at 9am to draft a budget for 2006. The draft will be approved at the next Board Meeting for transmittal to the Virginia Resources Authority, which must receive the draft budget by December 15th. Josh Douglas recommended that a long-term expenses/projects spreadsheet be created to guide future HKUI budget/investment decisions.

The Board also discussed briefly a recommendation to issue a press release covering the completion of the Water Project. Vince Bonzagni recommended a copy be provided to Judge Wetzel. Doug Stanley agreed to help get such a release published.

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

Executive Session: The meeting adjourned at 9:05 a.m. The next meeting is scheduled for 7:00 p.m. on December 12th.

Jem Anderson
Secretary, HKUI Board