

High Knob Utilities, Inc.

Meeting Minutes for June 11th, 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 May 9th and approved them as submitted.

Treasurer's Report: Two new taps since the end of April added \$\$1,750 in annual revenue through May 31st, bringing the total to \$122,046. Expenses since the end of February totaled \$20,805 (total for 2005, through April 30th, was \$53,896), most of which resulted from labor expenses. Capital expenses for the period totaled \$2484, bringing the total through April 30th to \$6,549. HKUI cash available was \$44,046.72 as of April 30th. HKUI owes \$875,666 on the State loan (there may be one more funds draw taken, of around \$30,000), and the Board should have an exact figure for its first loan payment in time for the June HKUI Board Meeting.

Operations Committee Report: The Joint Operations Committee met April 25th, 2005. Keith Arnett presented the portions of the JOC minutes pertaining to HKUI operations, including:

- the water capitalization funds reconciliation (revenues since July 2004 are kept in a separate escrow account, which will make future reconciliations much easier)
- the monthly maintenance schedule, including progress to date and plans for projects scheduled over the next few months.
- Discussion of a list of operational recommendations from Marcy McCann. The Committee endorsed the list and assigned the Ad Hoc Committee to work with Marcy on the necessary actions.

Staff Reports: Keith Arnett introduced Marcy McCann, the new High Knob Office manager, to the Board and meeting attendees. She has been reviewing past staff reports to the Board to guide future reporting and indicated her surprise at the amount of traffic in the office and pace of our operations. She further reported that a contractor contacted her to register a need for a tap, and that she had received payments totaling \$26,900 thus far.

Two task schedules were presented to the Board—one handwritten and one typed—indicating completed and planned tasks from March through August. Completed tasks included reading water meters, installing a water line to the Maintenance shed, installing two water taps and replacing three meters. Tasks planned for May include installing more taps, replacing more meters, and reservoir completion/maintenance work.

In addition, a customer reported a defective meter. Coincidentally, this customer had very large bills resulting from a leak on his property. The staff was unable to identify the problem, but will probably test the meter in accordance with the tariff (Rule No. 7).

Jerry Pomeroy requested course materials for water manager licensing. The process will take a year or so, since he must run a system for a year under the supervision of a licensed manager before he can take the licensing examination.

Finally, the staff discovered that the new meter unit supplier (previously reported in the minutes of the March 14th, 2005 HKUI Board Meeting) quoted a price for the meter only. He has not yet responded with a cost including the base—which suggests the total price would not be lower than the current unit.

Unfinished Business: The Board discussed reconciliation of HKOAI/HKUI Water Capitalization funds. Comparison of revenues from the 1999 Special Assessment through June 30th, 2004 (end of the last complete HKOAI fiscal year) with expenses from 1999 through 2003 yields a difference of \$61,036 which HKOAI owes HKUI. The Board unanimously accepted the report, which must also be approved by the HKOAI Board. The HKOAI and HKUI Treasurers will then develop a plan to reconcile this and other balances due between the two organizations. For example, due to an undercharge of salaries, HKUI owes an undetermined sum to HKOAI.

Though the Warren County Supervisors met regarding the tax issue (featured in minutes from February and March 2005 HKUI Board Meetings), their intent was not completely clear. Doug Stanley recommended that the HKUI Board interpret the results as addressing Calendar Year 2005 forward.

New Business: Josh Douglas does not plan to run for the HKOAI Board and may therefore resign from the HKUI Board in favor of the new HKOAI Board President.

Ms. McCann recommended High Knob adopt a payroll service to handle staff pay issues and identified two firms capable of doing the work. The HKOAI Board is the employer of record and will determine whether and how to do so.

The office will be open 9:00 am to 3:00 pm (though the “official” hours will remain 9:00 am to 2:00 pm) Monday through Friday.

Bob Brown reported that HKOAI would have its books reviewed; he recommended that the HKOAI Board act on any recommendations or findings before the HKUI Board gets involved.

Warren County has selected an auditor, who could become HKOAI’s auditor if that Board so decides. Bob Brown feels HKUI may also wish to use that firm, which has experience with other local entities and offers a price comparable to Sareen.

Jem Anderson is reviewing the HKUI Bylaws, at the request of Keith Arnett, to clarify issues where their guidance was unclear.

Question and Comment Period: A customer inquired about the Virginia Department of Health (VDH) testing issue (addressed in detail in the April 11th, 2005 HKUI Board Meeting minutes), wondering why the Board didn’t use the media to communicate the information. Keith Arnett replied that since the quarterly bills were being sent anyway, it was unnecessary to take a

different approach. The staff has ordered the relevant test kit and expects to perform the test in conjunction with the next scheduled test cycle.

Also, the SCADA system was completed last week; VDH is due to inspect the system in the next 30 days, but their office is shorthanded (due to military reserve mobilization).

Executive Session: The Board met briefly in executive session to address personnel matters. No votes were taken by the Board during the executive session.

The meeting adjourned at 8:15 p.m. The next meeting is scheduled for 9:00 a.m. on June 11th; there will be no June HKOAI Board meeting (as is traditional preceding the HKOAI Annual Meeting).

Jem Anderson
Secretary, HKUI Board