

High Knob Utilities, Inc.

Meeting Minutes for January 14th, 2006

Call to Order: Keith Arnett called the monthly meeting of the High Knob Utilities, Inc (HKUI) Board to order at approximately 8:05 a.m. HKUI Board members in attendance were Keith Arnett, Bob Brown, Jem Anderson and Josh Douglas.

Previous Minutes: The Board reviewed minutes for the December 12th HKUI Board meeting and approved them with one minor correction.

Treasurer's Report: Through December 31st, total revenues were \$252,552, including \$18,375 from 21 tap fees paid in 2005. Expenditures through December 31st totaled \$246,976 -- \$13,393 in Capital Project expenses (the January 2006 State Loan payment of \$30,768.38 moved from Capital Expenses to the Interest Expense account within Operating Expenses) and \$233,583 in other Operating Expenses. Refund of taxes paid by HKUI in 2003 and 2004 reduced Taxes Other than Income by \$4,064. As of the end of December, HKUI had \$21,089.93 in its bank account, with Accounts Receivable of \$3,188 and \$878,216 due on the Virginia State Loan. In response to a question from Ken Pino, Bob Brown reported that he had received an end-of-year invoice from HLOAI and would pay it when funds from customer billings were available. In addition, HKOAI owes HKUI water capitalization fees, and HKOAI intends to make their agreed 2005 and 2006 payments when they receive their sanitary district funds. Finally, Josh Douglas inquired about the value of purchasing a Certificate of Deposit with some of the surplus funds in HKUI's bank account; Bob Brown plans to build a surplus large enough to make the July payment on the Virginia State Loan. The Board also considered and approved the 2006 budget.

Staff Reports: Marcy McCann reported that collection efforts by Daniel Pond's office resulted in one previous customer visiting the High Knob office. He did not wish to work with Mr. Pond and asked the office to research the bill; the office substantiated the bill and a letter from Keith Arnett resulted in a \$200 payment, accompanied by a handwritten note on the Arnett letter (the former customer does not believe he owes the entire amount). Marcy will apprise Mr. Pond of the response to date.

The office has received approximately 240 Backflow Survey questionnaires from the third quarter billing and remaining customers will receive a other questionnaire with their fourth quarter billing (which should be mailed around January 17th). In addition, the billing will include a request for email and phone contact information to allow the staff to improve its customer contact information.

The staff is devising a method to assure contractors follow through on the Contractor's Agreement stipulation that obligates the builder

...to advise the person(s) who buy the lot (improved or unimproved) of the details surrounding the High Knob water system. Additionally, the builder agrees to

provide the buyer a copy of the HKOAI information packet dated August 2005, which contains additional water system information. Further, the builder agrees to inform the buyer (owner) that the buyer must apply for a water service account no later than the date of settlement.

The Board discussed whether it would be appropriate to continue billing the builder until the homeowner requests an account and/or add the packet cost to the tap fee. The consensus opinion was that the billings should be taken from the builder's performance bond.

There were only two shutoffs for the third quarter—one involving a bounced check and the other paid directly to Jerry when he arrived to cut off the water.

Marcy has continued meeting regularly with Jerry Pomeroy to coordinate activities and Rosalie Norem continues to volunteer her assistance with office matters on Tuesday afternoons. The staff also thanks Martha and Mary Gehly for providing food for the Field Services crew.

Water Operator's Report: Dan Althouse reported that average water production was 44,100 gallons per day (production is generally lower during the week), including a sizeable leak on High Knob Road near the bottom of the mountain—due to failure of a plastic fitting dating from the 1970s.

The annual Virginia Department of Health (VDH) sampling, consisting of several dozen tests, was completed in December. There were no identified problems. Due to a family emergency, the December Bac-T was not sent in until January.

The damage to the Playground Substation from an electrical surge earlier in 2005 is almost fully repaired. Dan still needs to re-scale the road temperature readings.

The fourth quarter readings are complete. One small leak (on the HKUI side of the meter) was discovered and repaired.

The staff installed generators this week, after delays due to ice and the holidays, and the electricians should take care of their part in the next week or two.

The primary activities for the staff in January, weather permitting, will be replacing meters and installing a high-pressure relief valve at the Mountain Top reservoir. Later in the year, the staff will install blow-off hydrants and move the pool off the potable water system (including installing a backflow preventer). Dan's focus will be annual water and capitalization reports and two minor SCADA issues. He will then tackle the engineering description of the water system and update the VDH operations permit.

The SCADA system is operating well, and has reduced staff visits to monitor the system from daily visits to all sites to three visits per week. Synchrony has developed the fix to the problem with the reports segment and will install the software fix later in the week.

Unfinished Business: Bob Brown met with the auditor about four months ago, but hasn't heard anything since. He intends to send an email to the County to apprise them of the situation and request assistance.

New Business: There are several proposals in discussion for emergency phone lines. In addition, Keith Arnett asked that Board members let each other know when/if they go to the office to sign checks, so other members won't make an extra trip for nothing. The Board also briefly discussed the fact that if High Knob chooses to hire a part-time assistant for Marcy McCann, the Board will have to consider obtaining another computer and some networking equipment.

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

Adjournment: The meeting adjourned at 8:45 a.m. The next meeting is scheduled for 7:00 p.m. on February 13th. An Operations Committee meeting, if necessary, would be scheduled for Monday, January 30th at 7:30 p.m.

Jem Anderson
Secretary, HKUI Board