

High Knob Utilities, Inc.

Meeting Minutes for

April 10th 2006

Call to Order: Keith Arnett called the monthly meeting of the High Knob Utilities, Inc (HKUI) Board to order at approximately 7:00 p.m. HKUI Board members in attendance were Keith Arnett, Jem Anderson, Vince Bonzagni, and Josh Douglas.

Previous Minutes: The Board reviewed minutes for the March 11th HKUI Board meeting and approved them as submitted.

Treasurer's Report: Bob Brown was not present, but a Treasurer's Report was provided for Board review. Through March 31st, total revenues were \$61,857, an increase of \$1,217 in March from Customer billings and one tap fee. Expenditures increased \$9,855 to \$23,988 for the year – including \$1,220 for Purchased Power, \$5399 for Materials & Supplies and \$1,869 for Water Operator services. As of the end of February, HKUI had \$60,847.96 in its bank account, with Accounts Receivable of \$2,485 and \$868,215 due on the Virginia State Loan.

Josh Douglas observed that HKUI seems to have excess cash on hand. He recommends the funds be used either to pay down the loan or to invest some funds. Keith Arnett agreed to consider this item as new business. Further, Dan Althouse noted that the Board had budgeted for two chlorine analyzers, and that he had spoken with Bob Brown about their purchase (the estimated cost has \$3,500 to \$3,000). Bob Brown told him there were sufficient funds available to perform the quarterly reconciliation (paying bills for High Knob staff, etc.).

Operations Committee: There was no Operations Committee meeting held in March.

Staff Reports: Marcy McCann gave an oral report. There were two shutoffs this quarter, one unpaid and another due to a bounced check.

Jerry Pomeroy reported that the staff had installed three valve markers and two taps. Three more are due for installation in the next two weeks, and there are eight meters still to be repaired. The crew fixed a leak at 804 Massanutten Mountain (the problem was in the meter apparatus). In addition, the first quarter readings are complete and the crew laid some asphalt to fill in potholes. Vince Bonzagni how long Mountain Top Road would be closed for tap installation, and was told Jerry could backfill the hole quickly, if necessary, to make the road available.

Water Operator's Report: Dan Althouse reported that average water consumption was about 40,000-43,000 gallons per day during the past month, but expressed concern that the springs were running very slowly for this time of year (presumably due to the lack of rain in March)—springs 4, 5, and 6 were producing about 17,000 gallons per day, as opposed to the 40,000-45,000 he'd normally expect. Fortunately, we have sufficient well capacity and can use Spring Reservoir as well. Josh Douglas observed that he had seen production at half that level in the

past; Dan responded to a query from Keith Arnett by reporting that spring production normally increases about a week after a significant rain. Dan also reported that the quarterly samples are complete and the monthly samples nearly so.

The SCADA system continues to run well, but the reports program is still not where it needs to be. Synchrony is working the issue for free, but HKUI still pays for Dan's time, and he is losing patience with them. Keith Arnett recommended taking a more active stance with them, rather than seek a rebate for the report system portion of the contract.

Unfinished Business: Keith Arnett, Bob Brown and Dan Althouse were planning to work together to develop a business calendar, detailing sampling, reports, etc. that HKUI provides to the State and other routine activities. However, there has been no progress as yet; Keith asked Dan to begin compiling a list of such information and send the results via email.

New Business: Josh Douglas moved that the Board appoint a committee of the HKUI President and Treasurer to analyze HKUI finances and, if warranted, acquire a short-term investment (e.g., a certificate of deposit) or pay down the principal on the State Loan. Dan Althouse recommended the Board consider creating a reserve fund. One customer suggested any "excess" funds be returned to the customers; Josh Douglas stated he was unsure whether HKUI's tariff provided that option, and Keith Arnett stated his doubt that doing so would be prudent. George Kistner asked that the Board define "short-term"; Keith Arnett replied that he considered the relevant term to be six months.

Question and Comment Period: A customer on Greenfield Road contacted Marcy McCann after the recent Firewise presentation to report that trees had been placed on their property and that there was a de facto path between the lot containing their house and their vacant lot. Jerry said there was no reason for him to place a water line in that area and agreed to meet with the customer to determine what happened (and what, if anything, should be done).

Executive Session: The HKUI and HKOAI Boards met jointly in executive session to discuss personnel matters.

Adjournment: The meeting adjourned at 8:10 p.m. The next meeting is scheduled for 8:00 a.m. on Saturday, May 13th. Jem Anderson noted that he would be unavailable for that meeting.

Jem Anderson
Secretary, HKUI Board