

High Knob Utilities, Inc.

Meeting Minutes for October 10, 2005

HKUI Annual Meeting

Call to Order: Keith Arnett called the annual meeting of the High Knob Utilities, Inc (HKUI) Board to order at 7:00 p.m. HKUI Board members in attendance were Keith Arnett, Bob Brown, and Josh Douglas.

Previous Minutes: Minutes from the HKUI 2004 Annual Meeting were reviewed and accepted with no revisions.

Treasurer's Report: Mr. Brown reported revenue for the year to date totaled approximately \$189,712, with about \$140,633 spent on "ordinary" HKUI expenses and an additional \$19,330 on capital projects. HKUI has a debt of about \$895,000 with the State of Virginia to fund the water system upgrade project. Income is projected to be more than budgeted because of more homes being built than forecast. Annual payments on the water loan will be slightly over \$62,000, in two payments per year. An interest only payment has been made this year, and regular payments begin in January.

President's Report: Keith Arnett presented a report on the completion of the water improvement project. Mr. Arnett thanked the professional staff and Dan Althouse for their contributions to the success of the project to date. He also noted that a number of smaller projects remain, such as the back up power system, and fencing of the reservoirs. Mr. Arnett raised the issue that as the building at High Knob slows down, the HKUI revenue stream will flatten out. However, expenses will continue to rise at least by the rate of inflation, and that as some point expenses will overtake income. A rate increase may be required at that point, but it will not be 5-7 years before this point is reached. Finally, Mr. Arnett thanked the members of the HKUI Board for their service to High Knob.

Presentation of Candidates: Mr. Arnett then introduced the candidates for the HKUI Board for 2004-2005. Mr. Arnett agreed to return to the Board, along with Jem Anderson, Bob Brown, and Josh Douglas. Robert Clough chose not to be a candidate, and Vince Bonzagni and Don Day agreed to submit their names for consideration. The floor was then opened for additional nominations; none were made, and a motion was made by Doug Stanley to accept the slate of candidate, seconded by Louise Fahey. The motion passed unanimously. No candidate availed himself of the opportunity to make a statement.

The HKOAI Board then retired to closed session to vote for the five open positions. After returning to the meeting, the HKOA board publicly voted on its candidates with a motion by Louise Fahey and seconded by Don Day to elect the following candidates:

Jem Anderson
Keith Arnett
Vince Bonzagni
Bob Brown
Josh Douglas

Selection of Officers: Mr. Arnett thanked all of the candidates, and the newly elected HKUI board went into executive session to select officers. When the Annual meeting reconvened, the HKUI Board announced its officers for the 2005-2006 year:

President – Keith Arnett
Vice President – Vince Bonzagni
Treasurer – Bob Brown
Secretary – Jem Anderson
Director – Josh Douglas

Other Business: No other business was brought before the HKUI Board. The annual meeting of HKUI adjourned at 7:25 pm.

Respectfully submitted,

Keith Arnett, President