

SHOREWOOD FOREST UTILITIES, INC.

425 Utility Dr.
Valparaiso, IN 46385
219-531-0706

BOARD OF DIRECTORS MEETING

President, Greg Colton
Vice President, Dan Clark
Treasurer, Jerry Hanas
Secretary, Ken Buczek
Director, Terry Atherton

Meeting of March 16, 2017

NOTE: All minutes are summarized to give the community the essential information of what has taken place at meetings and what votes were taken. Board discussions and public comments are not presented verbatim.

Pursuant to the call of the Board of Directors of Shorewood Forest Utilities, Inc., Board President Greg Colton called the March 16, 2017 meeting to order at 7:02 p.m. in the Shorewood Forest Club House. Directors Greg Colton, Dan Clark, Terry Atherton, and Ken Buczek were present, Director Jerry Hanas was absent. Also attending were Forest Ash, Plant Manager, John Sturgill from McMahon Associates, the Utility's engineering adviser, and three members of the Utility.

Approval of Prior Minutes:

Board President Colton stated that he had circulated the minutes for the December 15, 2016 Special Meeting along with the Special Meeting minutes of January 19, 2017, and the February 16, 2017 regular minutes. Mr. Colton asked if there were any questions concerning the minutes from the February 16, 2017. There were none. The minutes of the Board of Directors Regular Meeting of February 16, 2017 were then accepted and approved. Mr. Colton asked if there were any questions concerning the minutes from the January 19, 2017 special meeting, there were none. The minutes of the Board of Directors Special Meeting of January 19, 2017 were then accepted and approved. Mr. Colton asked if there were any comments or suggestion or changes concerning the minutes from the December 15, 2016 Special Meeting. Mr. Colton then addressed the last page of the draft minutes, concerning the Board Resolution. At the conclusion of the Special Meeting, the Board discussed amending the preliminary resolution, and it was clear from the discussion how the Board intended to amend the preliminary resolution, but the actual wording chosen at that time lacked clarity. If you were to look at the discussion above the amended resolution it is very clear what we were trying to do, so Mr. Colton suggested that the amended resolution be changed to reflect what was intended, per the discussion. Mr. Colton asked Mr. Atherton if he would like to give it a try. Mr. Atherton stated we need to try to simplify the resolution so it is easy to understand. There was a discussion concerning the lots that were to be included into the CTA. Mr. Buczek made a motion to approve the December 15 Special Meeting minutes subject to amending the resolution to reflect the changes. Mr. Clark seconded, and all were in favor. The motion carried. The December 15, 2016 minutes were approved subject to the modification of the language of the amended resolution.

Shop Report:

A copy of the February 9, 2016 through March 16, 2017 Shop Report, prepared by Forest Ash, Plant Manager, was distributed to all Members who were present, and is summarized as follows:

Shop Report

Main Plant

1. Permit capacity is 450,000 GPD. We had an average flow of 187,900 GPD and our high flow was 245,000 GPD. We treated a total of 5.262 million gallons of wastewater last month, or 42% of our permitted capacity. The following percentage rates are an indication of how efficiently the plant is operating: 99.5% removal of BODS; 99.6% of Suspended Solids; 99.6% of Ammonia; and 97.6% of Phosphorus (80% minimum).
2. On February 23rd, we walked to the creek for our normal monthly inspection.
3. On March 3rd, INAW came out and replaced the water meter for the plant. We noticed that with all the water off we have 1 gallon a minute going through the plant, telling us we have a leak. We believe that one of our yard hydrant is leaking. Right now, we are shutting the water off to the plant when we go home.
4. On March 4th, we were called out for Microscreen 2 auger VFD failure. We cleaned out the microscreen and put Microscreen 1 in service.
5. We have removed the block heater from the generator and have received the new one.
6. We have received Blower 2 back from being rebuilt, and have installed it.
7. On March 10th, CJ from Nexom was here with engineers from Australia. While here CJ informed me that they have the claim shell designed and the cost would be \$8,300.00, but he felt they could get it for half. I turned the bid, and drawings over to McMahon for negotiations.

Lift Stations

1. Lift station pump run times from February 1 - 28, 2017

Station	Cycles	Run Time (hrs)	Station	Cycles	Run Time (hrs)
Sagamore	672	33.8	Nature Preserve	1299	133.4
Pixley	385	24.3	Devon	2147	57.3
Edgewood	450	53.9	Main	5276	132.9
Surrey Hill	439	25.4	Wessex	559	36.4
Wexford	574	30.9	Scarborough	429	14.7
Amhurst	1192	101.7	Shorewood ct.	1058	128.7
Roxbury	1736	63.5			

2. On February 13th, we replaced pump 2 at Shorewood Ct. with a new 10 HP Tsurumi pump.
3. On February 14th, we installed a new 5 HP Tsurumi pump in Wexford to replace pump 1, which was damaged by a power surge.
4. On February 23rd, we replaced pump 2 at Sagamore with a new 5HP Tsurumi pump.
5. On February 24th, Sagamore called for communication failure. We reset the PLC power supply and the station started communicating.
6. On March 8th, a wind storm caused Sagamore to lose communication. We reset the PLC and got communication back.
7. On March 8th, we were called to Shorewood Ct. twice to reset pump failures caused by the wind storms.
8. On March 8th, we were called to check the generator at Edgewood. The generator was running rough.

Sewer Lines & Manholes

1. On February 15th, we were called to 200 N for sewer leak. We had Metz repair the 2" forced main.

Other

1. No issues this month.

Submitted By

Forest W. Ash

Questions and Answers:

Mr. Colton asked if we still were under warranty for the Micro-screens. Mr. Ash stated that the warranty was for one year and we do not have a warranty, however; CJ from Nexom keeps telling us that they are going to take care of us. Mr. Colton asked if there were any other questions, there were none.

Treasurer's Report:

Vice President Dan Clark gave the financial report: Restricted Bonds total \$79,916; Debt Service Reserve of \$284,467 with a Debt Service Reserve target of \$325,920, leaving an amount still owed of \$41,453. Capital Replacement Fund totaled \$824,862; Construction Funds totaled \$177,248; Capacity Fees totaled \$356,335; and Restricted Investments totaled \$1,358,445. The Utility currently has Total Operating Funds of \$269,686 and 4.5 months of cash on hand. We have \$740.00 of payables and \$90,596 in receivables. We had a total income of \$153,788 and expenses of \$46,577; leaving a net Operating Income of \$107,211 for the year to date. Bond payments totaled \$56,720, resulting in an Income after Bond Payments of \$50,491. The Debt Service Coverage Ratio is 1.86. The Utility is required to maintain a Debt Service Coverage ratio of 1.25.

President Colton asked if there were any questions on the financials. There were none.

Old Business:

Mr. Colton remind everyone that a Board election is coming up. The candidates form would go out with the billing at the end of March. The candidate's night is scheduled for June 15, 2017, and the election will be held on July 20, 2017.

Mr. Colton also stated that the ballots for voting on the CTA expansion would hopefully be going out next week. The minutes from the December 15 Special Meeting will be posted on the Utility's web page. He suggested the Board should establish a "financial bench mark" for assessing voter eligibility, with the understanding that the only people eligible to vote would be those members of the Utility who are in good financial standing (not past due on bill payments). The benchmark amount to determine "good standing" might depend on the timing of the billing cycle, e.g. bills that have just been mailed versus those that have been in arrears for a while. Mr. Colton asked the Board for its insight. Mr. Atherton stated that since the next billing would be going out at the end of this month, he would make the motion that we establish that those members who have a balance above \$260.00 should not be eligible to vote. Mr. Clark seconded. There was no further discussion; all were in favor and the motion passed.

New Business:

Mr. Ash reviewed the bids he had received for a 5HP and 10HP pump, equipped with conversion flanges. The bid was approved for purchase.

Mr. Colton then gave the floor to Mr. John Sturgill from McMahan and Associates to discuss the Roxbury sewer replacement project. Mr. Sturgill passed out bids he had received for the project. He stated that he had received four bids as of this afternoon. Mr. Sturgill stated that there was 1,224 feet of 12-inch clay tile to be replaced in the project. He further explained that he and Forest met with Gatlin Plumbing in the field to look at the project last week. A significant amount of

surface restoration would be required as a result of the sewer replacement, involving tree removal, patching driveways and much additional landscaping. The bids were as follows: Grimmer and Gatlin were very close; Grimmer was at \$186,326, and Gatlin was at \$198,835. Mr. Atherton then asked what the engineer's estimate was. Mr. Sturgill stated that he estimated the project at \$225,000, so the bids were coming lower than his estimate. However; after considering the cost and the relative lack of trouble that the sewer had given the Utility, he recommended that the Board think about just relining the sewer. Relining would not correct the observed subsidence in the sewer, but that could be addressed through periodic cleaning to remove any solids build-up.

There was further discussion concerning the Roxbury project. Mr. Atherton made a motion that we take the bids under advisement. Mr. Clark seconded the motion. Mr. Colton asked if there was any additional discussion. Mr. Clark then asked Mr. Sturgill if the main purpose of the project was to correct subsidence in the sewer and lack of slope. Are we to assume that this resulted from the original construction? Mr. Sturgill stated that he did not want to minimize the need to eventually correct the problem with the sewer. It was constructed with 12-inch vitrified clay pipe and there appears to be no intrusion from tree roots, which could be expected given the number of trees planted on top of the sewer. The line has not been problematic to the Utility thus far, but if left unattended it could be. Mr. Sturgill then stated that, in his opinion, the proposed improvements recommended for the wastewater treatment plant were of a higher priority at this time than replacing the Roxbury sewer.

There was more discussion concerning the project. It was then determined that a special meeting could be held to approve and sign a contract should the Board decide to move forward with the Roxbury project. Mr. Colton asked if there were any other comments. There were none. He then asked for a vote on the previous motion to take the bids under advisement. All were in favor and the motion passed.

Mr. Colton then stated that he had received the new hourly rates from McMahon and Associates and that their contract needed to be renewed. The purpose of the contract is to establish pricing for any miscellaneous work requested by the Board. Mr. Atherton made a motion for Mr. Colton to sign and execute the new agreement with McMahon establishing their revised fees. Mr. Clark seconded the motion. A vote was taken and all agreed. The motion carried.

President Colton asked if there were any additional questions from the Board or membership. There were no further questions.

President Colton adjourned the meeting at 7:54 pm.

Respectfully submitted,

Kenneth L. Buczek, Secretary