

# **SHOREWOOD FOREST UTILITIES, INC**

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

## **BOARD OF DIRECTORS PUBLIC MEETING**

President, Greg Schafer  
Vice President, Anthony Cimino  
Secretary & Treasurer, Tom Szeffc  
Director Dave Bengston  
Director, Greg Colton

### **Meeting of August 17, 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.

#### **CALL TO ORDER**

Pursuant to the call of the Board of Directors of Shorewood Forest Utilities, Inc. Board President Greg Schafer called the August 17, 2017 meeting to order at 7:01 p.m. in the Shorewood Forest Club House. Present were President Greg Schafer, Vice President Anthony Cimino, Secretary/Treasurer Tom Szeffc, and Director Greg Colton. Also attending was Plant Manager Forest Ash and 13 members of the Utility.

#### **Introduction of Officers**

President Greg Schafer welcomed everyone to the meeting and asked that the Board of Directors introduce themselves:

Greg Colton introduced himself as the current Director and stated that he has been on the Board since 2013. He stated that he has lived in Shorewood since 2004 and has experience in utility law.

Anthony Cimino stated that he was recently elected to the Board last month as the acting Vice President and has lived in the Shorewood neighborhood for about 30 years. Mr. Cimino also stated that his background is specifically in banking with a focus on profit and loss, cutting expenses, and increasing revenue.

Tom Szeffc, current Treasurer & Secretary stated that he lived in Shorewood since 1992 and he was on the Utility Board for 10 months in 2009, but had to resign because he was elected to the Property Owner's Association Board. He stated that he has a mechanical engineering degree and his field of expertise is selling high-tech laboratory and inline instrumentation.

Plant Manager Forest Ash introduced himself as the Shorewood Forest Plant Operations Manager. He stated that on September 7<sup>th</sup>, he will celebrate 20 years of working for Shorewood Forest Utility. Plant Manager Forest Ash added that he does have a class 3 license and has the experience to qualify for a class 4 license, but since our facility is not a class 4 facility, IDEM will not allow it. He also stated that in the past 20 years, there have been many changes involving the plant and two or three years ago he was also given the title of Office Manager and has had to maintain the office work in addition to running the plant.

President Greg Schafer stated that he is the acting president and has lived in Shorewood for about 35 years. He stated that he has raised his children here and loves this community. He stated that he decided to run for the Board of Directors because he felt there was a need for change. President Greg Schafer stated that he is happy to be on the Board and to expect several changes on how business will be conducted. He also stated that changes in the by-laws will be forthcoming in a few short months. President Greg Schafer proclaimed that the Rules of Roberts will be used when conducting the monthly meetings; however, if a member raises their hand needing clarification, the Board will stop and answer their question. He commented that we will respect everyone in the room and that everyone will have a chance to express their opinion. He stated that everyone's opinion is important.

## **OPERATIONS REPORT (JULY 2017)**

As reported by Plant Manager Forest Ash:

### **I.D.E.M. (Indiana Department of Environmental Management) Violation**

As of July 31st, we have gone 14 months without exceeding our effluent limitations.

On July 21st, during the course of the night, we had 2 3/4 inches of rain causing aeration tank 3 to overflow. The overflow was reported to I.D.E.M. Nick Ream came out for an inspection of the overflow, and stated that we were being wrote up for the spill. We will receive a letter of violation in the mail.

### **Office Help**

We have hired Linda Walla for part- time help in the office.

### **Waste Hauling**

We have been with Waste Management since June of 2013 and we have been experiencing rate increases over the last couple of years. In July of 2017, I received another request for a rate increase of approximately \$120.00, raising the monthly fee to \$860.00. We started looking at other waste haulers to get quotes. Republic gave us a quote for \$152.00 a month, which is a savings of \$710.42 a month or \$8,525.04 a year.

### **Backup Generator for Main**

We can purchase a backup generator for the main lift station at a cost of approximately \$14,000.00. With the added help in the office, it frees up my time a little to where we can install this ourselves, saving approximately \$5,000-\$7,000.

### **Analytical Testing**

We have been sending our analytical testing to Astbury Labs. If we purchase the equipment and do the lab work in-house, it is possible to save approximately \$17,000.00 a year. We have received one bid from Hach for around \$19,000.00. They will instruct us on needed hardware and supplies, help set it up and teach us how to do the testing.

### **SCADA (Supervisory Control and Data Acquisition) Upgrade**

We have contacted Wonderware for the upgrade of our system and have found out that the \$18,000.00 they want is only for a five-year developer license. We are in the process of looking for other systems that will sell a license that does not expire.

### **Pay Scale for Employee Call Outs:**

Plant Manager Forest Ash stated that he and President Greg Schafer discussed a minimum 3-hour overtime pay and mileage for an employee emergency call out. Plant Manager Forest Ash stated that currently an employee gets paid mileage and wages for the time that it actually takes to complete a job.

President Greg Schafer explained that sometimes an employee, in addition to a regular 40-hour work week, will be called out to the plant in the middle of the night or on the weekend. He stated that it could be for a minor issue such as turning on a switch which could take 15 minutes and the employee would get paid his mileage and 15 minutes of his hourly pay. President Greg Schafer stated this is not a good way to treat our employees and there should be a 3-hour minimum overtime wage (time & a half) for showing up to the plant after regular hours, which would not apply to Plant Manager Forest Ash since he is a salary employee. He stated the employee should get at least \$40 for showing up because it is hard to ask someone to get up in the middle of the night to come to work and pay them \$15. He stated it would be customary for the industry to pay an employee at least 3 hours of overtime pay for show-up time and if the job took longer, the pay would reflect that as well. Overtime pay does not cover travel time.

#### ***A question was raised by a member as to the procedure in calling out an employee for an emergency.***

President Greg Schafer replied that if Plant Manager Forest Ash gets a call or alarm from SCADA, he will then designate the employee who will go out to the plant. He stated that if it is a serious matter, Plant Manager Forest Ash will go.

#### ***A question ensued by a member as to whether the pay is considered overtime wages since the employee has already put in a regular 40-hour work week.***

President Greg Schafer replied that by Federal law, an employee gets paid time and a half for any time worked after 40 hours. He stated that the wages for the current employees range from \$11.00 to \$17.00 per hour, which means that we are not talking about a huge expense and could not see asking an employee to rescue our plant for \$5.00 while the rest of us sleep at night. He stated that he would like to follow the industry standards, meaning that if an employee is called out on an emergency call, they would get paid a minimum of 3 hours of overtime pay. He also asked Plant Manager Forest Ash to keep records on any employee who refuses to go out on a call.

#### ***A question was raised by a member as to whether mileage is paid in addition to wages and how much mileage.***

President Greg Schafer replied that mileage would also be added on and that we follow the current Federal guideline. Plant Manager Forest Ash added that at the beginning of the year, the Federal guideline for reimbursing an employee was 55 or 56 cents per mile.

#### ***A question was asked by a member as to whether travel time was included in the 3 hours of pay.***

President Greg Schafer answered that the travel time is not included in the 3 hours of pay. He gave an example where one of the plant employees was called out to change a battery in an electric lock system and he had to come from Lafayette. The job took the employee 15 minutes and he was paid \$4.50 plus 50 cents per mile.

***A question was raised by a member as to whether the \$40 was to be paid per hour or in total.*** President Greg Schafer stated that the \$40 was an estimation for the total as some of the wages are as low as \$12 per hour (\$12.00 times 3 hours is \$36.00).

#### ***A member asked Plant Manager Forest Ash to comment on how often he takes the calls himself and how often he sends someone else.***

Plant Manager Forest Ash replied that it depends on the problem and that in a year's time, he has had to go out to the plant 7 or 8 times, whereas the other employees have had to go out 15 to 20 times. Treasurer/Secretary Tom Szefc commented that this means we have approximately 30 emergency calls per year that are after hours. President Greg Schafer stated that other utility plants have staff to monitor operations around the clock, which of course we do not want to do.

*A member commented that the cost would be approximately \$2400 per year - 3 hours of overtime pay for 30 emergency calls.*

*A question was posed by a member as to whether employees have refused to come out to a call after hours.* Plant Manager Forest Ash replied that he has had issues in the past. He stated that employees will be rewarded for good performance and taken to task for refusal to show up.

Treasurer and Secretary Tom Szeffc asked Plant Manager Forest Ash if employees refused to come out or were they just unavailable. Plant Manager Forest Ash replied that he could think of two reasons off the top of his head for refusals. He stated that one time the employee refused to go to the plant because of a snowstorm. Plant Manager Forest Ash also stated that another reason for a refusal was because the employee had been drinking all day.

*A question was raise by a member as to whether the employee was on call when he refused.* Plant Manager Forest Ash replied that they are all on call 24/7.

*The same member asked if perhaps Plant Manager Forest Ash can arrange for employees to alternate call outs.* Plant Manager Forest Ash stated that this isn't possible because Mike has only been on the job for a year and a half while Phillip has nine years of experience, so Phillip will be called out for serious issues, while Mike will be called out for minor issues.

**It was moved by President Greg Schafer and seconded by Vice President Anthony Cimino to recognize a 3-hour minimum wage at overtime rates (time & a half) to be paid for a call out to the plant after a regular 40-hour work week in addition to mileage. Overtime pay does not cover travel time. The motion was approved unanimously.**

*A question was asked by a member as to what happens if an employee gets a call out and he has to work more than three hours.* President Greg Schafer stated that they may be out there for 9 or 12 hours for which they would get paid. He stated that there was a power outage one time for 48 hours and employees had to show up. Plant Manager Forest Ash corrected President Greg Schafer and stated that he was the only one that came out during that time and he is a salaried employee. President Greg Schafer thanked Plant Manager Forest Ash for saving the utility money and for all his effort.

Plant Manager Forest Ash pointed out a situation where an employee was called out, the problem was fixed, but half way home the system failed and the employee had to return to the plant. President Greg Schafer stated that they are on the clock until they get the job done.

Plant Manager Forest Ash asked if we must pay them the extra mileage since they were half way home and President Greg Schafer explained that in the construction business, they pay port to port mileage. President Greg Schafer stated that the mileage should be calculated from home to plant and from plant to home.

## **FINANCIAL REPORT**

A copy of the financial summary was handed out to all members that were present. Treasurer/ Secretary Tom Szeffc presented the financial reports as follows:

**The Summary Financial Report for June as of June 30, 2017, (a copy of the full report can be obtained from the SFU office) is highlighted as follows:**

- Income \$74,985.85; Expenses \$40,447.44; Bond Payment \$26,626.67; Escrow Payment \$1,732.88; Net Income \$6,178.86.
- Year-To-Date Service Ratio is 1.47 (1.25 is required to be in compliance with our Bond Covenants).
- Funds Currently In Accounts: Operating Fund \$298,215.09 (4.97 months of cash on hand); Capital Replacement Fund \$797,794.73; Construction Fund \$143,451.44; Capacity Fees Fund \$358,416.86.

**The Summary Financial Report for July as of July 31, 2017**, (*a copy of the full report can be obtained from the SFU office*) is highlighted as follows:

- Income \$77,727.47; Expenses \$32,255.10; Bond Payment \$26,422.50; Escrow Payment \$1,732.88; Net Income \$17,316.99.
- Year-To-Date Service Ratio is 1.48 (1.25 is required to be in compliance with our Bond Covenants).
- Funds Currently In Accounts: Operating Fund \$259,692.08 (4.33 months of cash on hand); Capital Replacement Fund \$792,027.33; Construction Fund \$129,939.47; Capacity Fees Fund \$358,441.21.

### **Questions and Comments Regarding the Financial Report:**

Treasurer/ Secretary Tom Szeffc stated that he formulated a new template for the monthly financial reports that would be easy to follow and would show exactly where the money is flowing. He pointed out that there is a difference between the Utility payments and Utility invoices when reviewing the income line. (Income is realized in the month it is earned, not when the payment is received.)

Treasurer/Secretary Tom Szeffc also stated that the Utility must maintain a debt-to-service ratio of more than 1.25 to be compliant with the Bond Covenants. Plant Manager Forest Ash stated that the first year we have a ratio lower than 1.25, we would have to hire an accountant to help us figure out how to raise the ratio. He stated that in the second year, if the debt-to-service ratio wasn't over 1.0, our bonds would be called in.

*A member wondered if the hookup fees (\$1,000 per home) included in the Operating Fund were monies on hand.* President Greg Schafer stated that we do have these monies on hand and he explained that a builder pays us a sewer tap-in-fee in the amount of \$1,000 and we give him a receipt for the payment, which the builder will take to the County to get his permit. Treasurer/Secretary Tom Szeffc stated that all monies in the unrestricted fund are monies on hand. Plant Manager Forest Ash explained that we are on an accrual accounting basis and income is recognized when it is earned, not when payment is received. He gave an example whereby if we invoiced \$100,000 for the year, but \$97,000 cash was received from customers, we would have a \$3,000 bad debt balance which will be written off at the end of the year.

Vice President Cimino asked if Plant Manager Forest Ash knew the dollar amount of the delinquent accounts that we currently have. Plant Manager Forest Ash replied that last month there were about \$18,000 in delinquent accounts.

## **OLD BUSINESS**

### **Blum Contract**

President Greg Schafer explained that there was a new subdivision of 208 homes to be built by Blum on the south side of County Line 100 North. He stated that per the utilities By-Laws, the annual meeting is to be held on the 1<sup>st</sup> Monday of July each year. President Greg Schafer stated that for some unknown reason, the Board did not have the July meeting on the 1<sup>st</sup> Monday of July; therefore, the Blum Contract is

not valid. He also stated that there was a lawsuit filed declaring that the original vote by the community to accept the expansion was not properly executed.

### **Board Appointee**

President Greg Schafer stated that on the 20<sup>th</sup> of July, three weeks later, the Board called a special meeting prior to the annual meeting where they appointed a Board member and signed Blum's contract. President Greg Schafer explained that the annual meeting should have taken place first and the election ballots should have been counted. President Greg Schafer stated that the legality of the Board's action will be challenged in court.

### **Election Results**

President Greg Schafer stated the election results were as follows:

Greg Schafer had 216 ½ votes

Tom Szefc had 215 ½ votes

Anthony Cimino had 198 votes

Margret Stiles had 162 ½ votes

Terry Atherton had 113 ½ votes

Ken Buczek had 107 votes

President Greg Schafer stated that there was an open seat at the time of the election. He stated that Jerry Hanas, Treasurer at that time, stepped down three months earlier because he was unhappy with the way things were being managed. President Greg Schafer explained that on the night of the election, instead of having that seat filled by the membership, which is how it should be, the Board decided to appoint someone to that seat. President Greg Schafer stated that this too shall be challenged by the new Board and President Greg Schafer will suggest that a revision be made to the by-laws.

President Greg Schafer stated that after the votes had been tallied and the Board, per the by-laws, chose the positions of President, Vice President, Secretary, and Treasurer, the first action was to negate the Blum contract and to void the previous Board's appointment of the open seat.

President Greg Schafer stated that the Annual Meeting should have occurred on the 1<sup>st</sup> Monday of July or July 3<sup>rd</sup> and the transfer of power should have taken place then, but it did not. President Greg Schafer stated that this is now in litigation and he cannot comment any further.

***A member asked whether there was a membership vote in regard to the expansion issue and what were the results.*** President Greg Schafer stated that he believes that 208 were in favor of the expansion and 119 were opposed. (There were also many ballots that were not qualified to be counted). ***The member pointed out that this means the community voted to accept the expansion.*** President Greg Schafer clarified the fact that there were 357 ballots in a box, but nobody knew who voted, who had the right to vote or if someone voted 2 or 3 times. President Greg Schafer stated that this is the first time in the history of the Shorewood POA or Utilities, that we could not reconcile which ballot belonged to which member and could not discern if they were qualified to vote.

***This member disagreed with President Greg Schafer and stated he felt this was a fair election and the American way.*** President Greg Schafer argued that in any voting situation you must show some level of identification to illustrate that you have the right to vote. He further stated that there is always a way to reconcile who is entitled to vote.

***A question was asked by a member as to where the members get their ballots from.*** President Greg Schafer replied that they were allegedly mailed to some people, while others stated they never received a ballot. President Greg Schafer stated that members who were in good standing were reporting that they had not received a ballot.

***Margaret Stiles (lot 553) stated she had been circulating a petition against the expansion and found out that those who readily signed the petition had not received a ballot to vote and were not given the information regarding the expansion.***

***Amber Harris (lot 550) stated her (territorial expansion) ballot did not have any indication who was voting, the address or lot number; but the ballot for the election did have this information.***

***A member asked for clarification on why we did not recognize the vote.*** President Greg Schafer explained that we do not know whose ballots they are or if they were qualified to vote.

***Amber Harris (lot 550) explained that on election night, the election ballots were counted and they validated that every member was in good standing and should be voting. She stated that this is how it is typically done.***

***A question was asked by a member as to who mailed out the ballots.*** President Greg Schafer stated that Donna Flannigan of Flanagan's Bulk Mail Service mailed out both the election and the expansion ballots. ***A comment was made by a member stating that without lot numbers on the ballots, they could be duplicated easily.***

***Frank Draschil (lot 102 Arbor Lakes) inquired about the time frame regarding the Blum contract if it were to get approved and go down state for additional approval.*** President Greg Schafer stated that it would take weeks, but we have voided the contract.

***A question was raised by a member as to whether we would be sued for voiding the Blum contract.*** President Greg Schafer stated that we could be sued.

***A member asked if there would be another vote to see if members wanted this expansion since we voided out the contract.*** President Greg Schafer stated that the lawyers demanded that another election be held where everyone receives a ballot and where the ballots can be verified as to who voted and who has a right to vote. President Greg Schafer stated that members wanted a redo, but the previous Board did not.

***A member commented that the ballot for the election of the bond issuance was also done the same way as the ballots for the expansion.*** President Greg Schafer stated that he will discuss the bonds later as it is the worst bond issue that he has ever seen in his 42 years of doing business.

***Amber Harris (lot 550) wanted to know why the ballots for the expansion were different than the election ballots.*** Director Greg Colton who was on the previous Board stated that they wanted the vote to be anonymous, so they devised a way not to use lot numbers, but it could be traced back. President Greg Schafer stated that the POA keeps the voting anonymous. He stated that the ballot itself has no name or lot number; however, when you have completed marking off the ballot, you must put it in the envelope with the lot number on it. He explained that this way, the Board doesn't know the name of the person voting, but knows that a particular lot has voted and this lot has only one vote assigned to it.

President Greg Schafer commented that we just had a violation for an overflow because of the rain and yet the previous Board wanted to add 208 more homes for Shorewood Forest Utilities to service.

***A question was posed directly to Director Colton who was also on the previous Board as to why they rushed into the contract.*** Director Colton stated that he is being sued personally and cannot comment on this issue.

***A member who was present when the ballots for the expansion were counted observed that no procedure was put in place for tallying the ballots.*** He stated that volunteers from the audience were

asked to count the ballots. President Greg Schafer explained that the POA assigns two proctors to oversee the counting process and that there are always checks and balances to assure proper voting.

## **NEW BUSINESS**

### **Republic Contract**

Vice President Anthony Cimino stated that the Board wanted to explore monthly expenses. He stated that the contract with Waste Management to pick up the dumpster was due for renewal and that the monthly fee would be increased from \$760 to \$860.42, which is a significant increase. He stated that by making a few phone calls, we found out that Republic could do the same service for \$152.00 per month, giving us a monthly savings of \$710.42. and a yearly savings of \$8,525.04. He stated that there will be a \$100 one-time fee by Republic to relocate the dumpster. He stated that this is a huge win for the new Board who has only been in office for 30 days and a savings of almost \$9,000. He stated that he would like to continue to investigate on how the utilities can save money (the contract with Republic was signed on August 8, 2017).

*A question was posed as to how the Waste Management cost issue came up for investigation.* President Greg Schafer stated that the contract came up for renewal with a significant increase over the previous year. He stated that he compared costs with the POA, who was paying \$185 per month for their dumpster pick-up. He then stated that Plant Manager Forest Ash called two or three vendors to compare prices. President Greg Schafer stated that Republic quoted a price of \$202 per month and that he counter offered with a price of \$150 for a three-year contract (the final quote was \$152.00 per month for three years).

### **Banking/Interest**

President Greg Schafer stated that we have \$1,150,000 on deposit with a bank, which he refused to mention and they paid us less than 1/10 of 1% interest on that money or \$924 last year.

President Greg Schafer stated that he went to both banks, including the bank where we have \$400,000 on deposit and we need to make money on our money or we will move our accounts and business to another bank. He stated that of course, they don't want to lose our business. He explained that the banks are using our money to generate loans at 5 or 6 percent, producing \$60,000 or \$70,000 per year in income, while they pay us \$900 to use our money.

President Greg Schafer told the banks that we would like to take out a CD at 2 or 2 1/4% interest for 18 months, which would earn us about \$26,000. He stated that in case we needed this money, we can borrow against the CD and they could hold the CD as collateral and we would then pay them 2% above what they pay us. President Greg Schafer stated that you must negotiate these types of transactions and that we're going to make our money work for us and not give it away.

*Shane Schafer (lot 268) asked if a non-for-profit organization can put money into a CD.* President Greg Schafer said that we could embark on such a transaction. He explained that a non-for-profit corporation or 501(c)12 must have 85% of their income generated from the membership. He stated that currently, only 5% of our income is from non-members and we will have to keep a close eye to make sure that 85% of income comes from the membership.

### **Suspended Metz Televising**

President Greg Schafer stated that we will be suspending the televising of our sewer lines by Metz. He explained that the former Board thought if we were a member of the I.U.R.C. (Indiana Utility Regulatory Commission), it is mandated that we must run a television camera through our gravity flow sewers every 7 years. President Greg Schafer explained that it is a suggestion by IDEM, not a requirement.

President Greg Schafer stated that we have been setting aside funds every year to have Metz run cameras through the sewers to see what issues we may have. He stated that recently a blockage was found on Scarborough and it was removed. He stated that this is good, but our Utility plant has a larger problem with overflows, such as the ones we experienced three weeks ago, which earned us a violation. He said that we have about 200,000 gallons per day coming through our plant, but on the day of the overflow, we had 450,000 gallons come through.

He stated that our sewer system is experiencing infiltration whereby water enters our system through manhole covers, broken pipes, downspouts from members' homes and sump pumps being tied into the system.

President Greg Schafer stated that when we do not have a lot of rain, our plant does just fine with the number of houses that are tied into our system, but we have trouble almost every time there is a heavy rain fall. President Greg Schafer explained that it was decided to scientifically calculate the areas that have problems. He stated that we have 13 lift stations and we will calculate with the help of our software (SCADA) the typical run time of each lift station during a normal day and then compare it to a day where we have a heavy rain fall. He stated that once the problem area is identified, we can bring in Metz to televise that area, instead of doing random camera televising. President Greg Schafer stated that we need to identify those problems before we can expand. He stated that we had originally set aside \$40,000 for Metz to televise our sewer lines, but reduced the budget to \$20,000. He stated that so far, we have spent \$16,000 to televise our sewer lines and we are now suspending this service.

***Shane Schafer (lot 268) inquired how we propose to handle the new customers from the Sagamore Phase 2, which would include 80-100 lots and what type of problems do we expect.*** President Greg Schafer replied that this is a contractual agreement and we have not entered into any other contracts except for the Blum contract, which we have negated.

***Shane Schafer (lot 268) proclaimed that it is therefore imperative that we figure out how the storm water is reaching these areas when we are taking on an additional 80-100 new customers.*** President Greg Schafer agreed wholeheartedly. President Greg Schafer stated that the sewer problems are more than likely coming from the Shorewood Subdivision since they have 8 miles of clay pipe. He stated that when it is dry, big trees go down deep for water and the roots grow into the pipe and crack it. He stated that the new subdivisions have PVC pipe. President Greg Schafer stated that the Roxbury project could cost us \$250,000 since we have 1,200 feet of sewer lines to replace and must cross 16 to 17 driveways. President Greg Schafer stated that he is astute when it comes to this type of construction and we need to fix Shorewood's problems before taking on more customers.

***A member suggested that if you want to obtain an indication of the source of the problem, you can look at the lag time from when the rain hits to when there is a spike in the plant. He stated that our pipes are buried ranging from 6-20 feet, so if there is an immediate spike, it is probably from sump pumps.***

President Greg Schafer responded that although we probably do have a few sump pumps tied into our system, he believes that since we are taking on 1,000 gallons per minute and sump pumps move about 20 gallons per minute, it is not the main issue. He agreed with the member that the time it takes to spike is relative to the source of the problem. He believes that if the lag time is 3 hours for example, it is more likely that the water table has risen and it reached the pipes. He believes that if the lag time is immediate, there is probably a manhole issue that is collecting water in a low-lying area. He found out that some of the manholes don't have gaskets. He stated that we have roughly 350-400 manholes and Plant Manager Forest Ash has done some work on this in the past.

President Greg Schafer stated that there is a simple test for spotting issues with the downspouts. He explained that smoke is put into the main sewer system and if a downspout is tied into the system, we will

see smoke coming out of the gutters. He stated that it is not possible to do the smoke testing for the sump pumps.

### **Backup Generator for Main Lift Station**

President Greg Schafer stated that on Shorewood Drive, just north of Roxbury Road, where the boats are parked, there is a lift station. He stated that this is a primary lift station which serves about 600 homes where sewage is pumped straight down Shorewood Drive to the utility plant. He stated that we have no standby natural gas generator at that site, but that all new subdivisions have standby natural gas generators.

President Greg Schafer, stated that Plant Manager Plant Manager Forest Ash just repaired our main generator (185 kW) which runs our whole plant.

Plant Manager Plant Manager Forest Ash explained that if we have a serious rainfall and we lose power to that lift station, we will have approximately 20 minutes before someone's basement starts backing up.

President Greg Schafer stated that he will put a motion to the board to buy a 48-kW natural gas-powered generator for our primary lift station. He stated that he asked for some competitive quotes and one bid was \$21,200 and another bid was just under \$20,000. He stated that he can buy that generator tomorrow from Home Depot for \$11,636 and the transfer switch which will cost \$643, leaving us with a total cost of \$12,279. He also stated that instead of spending another \$7,000 or \$8000 on installation, Plant Manager Forest Ash can install the generator. President Schafer stated that we're going to get a rebate check from Home Depot for about \$1300, so we will be able to buy the generator and transfer switch for just under \$11,000. He stated that his goal is to have a gas-powered generator at every lift station just like the new subdivisions have.

***One resident asked if this was a cheap generator because President Greg Schafer didn't say it was the best generator.*** President Greg Schafer replied that this was a Generac generator, which is currently the world's leader in standby natural gas generators. President Greg Schafer also stated that the generator is not air cooled, but water cooled, which extends the generator's life considerably.

Vice President Anthony Cimino commented that for \$12,000 this is a rather inexpensive insurance policy for the 600 homes that could be affected in a matter of minutes.

Secretary Treasurer Szefc stated that he went on the Internet and did price checking and determined that the Home Depot price was the best price and the other places weren't giving an additional 11% off.

***Another resident asked if the natural gas generator will tap into NIPSCO's line and what will the meter cost.*** President Greg Schafer said that we don't know for sure because last time we got a free meter from NIPSCO when we put the new transformer in at Wells Common. He stated that we could see a \$1200 expense and maybe as high as \$1500, but doesn't expect that. He explained that NIPSCO has been good to us in the past and they don't want people calling and complaining about their sewage when the power goes down; they like having those gas generators there.

President Greg Schafer stated that it might take 30 days to get the generator up and running because we must call for locates, pour the concrete, and set the gas meter out there.

***A resident asked if there was going to be any major problem in hooking that gas generator up.*** President Greg Schafer replied that he believes there will be none.

*Another resident asked about the cost of the concrete platform.* President Greg Schafer stated that he thinks it will cost about \$800 if he contracts it out, but we can do it ourselves. He stated that the major cost is going to be the concrete. President Greg Schafer stated that in four seconds the generator will be up to full power.

**A motion was made by President Greg Schafer and seconded by Vice President Cimino to purchase the Generac 45 kW natural gas-powered generator and a 600-amp transfer switch from Home Depot at total cost of \$12,779.24. The motion was approved unanimously.**

### **Sagamore Phase 2 Acceptance**

President Greg Schafer inquired if all the necessary testing had been completed. Plant Manager Forest Ash answered that the manholes have been vacuum tested and the sewer lines have been pressure tested. Plant Manager Forest Ash stated that everything checked out. President Greg Schafer explained that when the construction of a subdivision phase is completed, it becomes our property and we have a contractual obligation to maintain the sewers.

**It was moved by President Greg Schafer and seconded by Treasurer, Secretary Tom Szeffc to accept Phase 2 of the Sagamore Subdivision. The motion was approved unanimously.**

### **Analytical In-house Testing**

President Greg Schafer stated that about 97% of what goes into the plant is just water and the rest of it is contaminants, solids and paper. He stated that "The State" (Indiana Department of Environmental Management) wants to make sure what is coming out of our plant is up to snuff and therefore, we have to test three times a week for the quality of the water.

Plant Manager Forest Ash explained that there are several different tests we must do to make sure that we are in compliance. He stated that we check the following: B.O.D. (Biochemical Oxygen Demand), D.O. (Dissolved Oxygen), C.B.O.D (Chemical Biochemical Oxygen Demand), Ammonia, TSS (Total Suspended Solids), E. coli, and phosphorus. He stated that recently we were told by I.D.E.M. that we have some of the best discharge effluent of anybody around here.

President Greg Schafer stated that we must test three times a week which is required by I.D.E.M. He stated that a representative from Astbury Labs comes by and picks up the samples, takes them back to their lab to be tested which is costing us \$23,963 a year. He explained that most utility plants do their own testing and that Plant Manager Forest Ash is licensed to test since he has a Class III license to operate a plant. He also stated that Philip, another employee whom has a class II license is also classified to test the samples. President Greg Schafer stated that we are looking at spending about \$15,000-\$16,000 for equipment and Secretary/Treasurer Tom Szeffc is working on those numbers. He stated that Plant Manager Forest Ash is currently talking to the people who are testing our samples and they are going to help us set up a lab and teach us. President Greg Schafer stated that we will have a cost of maybe \$15,000 - \$16,000 this year for the equipment and have already spent \$13,000 or half of the original cost of \$23,000, so there would probably be no savings this year. He stated that from this point forward, we should be saving every bit of \$24,000 by doing our own testing. President Greg Schafer commented that it makes sense for us to do the testing in-house.

Plant Manager Forest Ash stated that we will not be saving the whole \$24,000, because we have to purchase the chemicals and the cost of the chemicals will probably be somewhere between \$6,000 and \$7,000, which includes the bottles and petri dishes to do the testing. Secretary/Treasurer Tom Szeffc stated that there are a few lab supply houses like Fisher Scientific and Baxter Healthcare where we can probably get the supplies cheaper.

President Greg Schafer stated that we can do the testing in-house and save a lot of money. He stated that there was no reason not to and it may even be more convenient because we don't have to be there to have someone pick up the samples and worry about the results. President Greg Schafer stated that at this point we are considering testing in-house and investigating all costs associated with doing so.

### **SCADA Upgrade**

President Greg Schafer stated that the SCADA system is our software that allows for remote monitoring and controls our plant's processes; for example, communicating with the lift stations and monitoring how much effluent is coming into and going out of the plant. He stated that unfortunately the system is old. Plant Manager Forest Ash stated that the system was upgraded 4 or 5 months ago, and we were told that it would be compatible with Windows 7, but it was not. He stated that the computer wasn't talking to the PLC's (programmable logic controller used to control devices such as motors and sensors) and they would have to reset the computer each time.

President Greg Schafer explained that the software we have now is read-only, meaning we can only collect data. He stated that we are exploring the possibility of getting software that can remotely access the plant processes, instead of manually having to fix the problem. He explained that now if a valve needs to be opened, an employee would have to manually open the valve. He stated that the software to automate the systems would cost approximately \$20,000. He stated that this type of software; for example, can tell us if a tank level is increasing by remote access which may help us in avoiding a violation since we can quickly fix the problem by pushing a few buttons. President Greg Schafer stated that we are currently investigating the different products available.

*A member inquired whether we have anyone in addition to Plant Manager Forest Ash who is knowledgeable on the SCADA system.* President Greg Schafer stated that in addition to the Plant Manager Forest Ash, Phillip Burbrink who is second in command, has a class 2 license and is astute in SCADA system.

### **Articles & By-laws**

President Greg Schafer vowed that this Board would revamp the By-laws. He stated that he would personally like to put back in place the by-law that would allow a person the right to vote although he or she has an outstanding utility bill. He stated that for example, a person is not asked if they have paid their county taxes before they can vote for the President of the United States. He stated that the 501(c)12 allows one member to have one vote.

President Greg Schafer explained that per the By-laws, the only issues that go to the membership for a vote are the CTA expansion or a bond issuance. He stated that currently, the Board can decide, without the membership vote whether to sell the Utility Company. He believes that 5 members of the Board should not be able to decide to sell the Utility company that 1100 people own. He stated that if this subject were to ever be discussed, he would like the membership to vote on it. He also stated that the quorum is currently 10% of the membership and he would like to see that the quorum be at least 50%, if not 66% to make sure that is really what the membership wants. He warned that if the Utility was sold, an outside vendor could take on sewer business from anyone and our Shorewood Subdivision could end up being a sewer trap. He stated that he believes the community should decide such an important decision and he would like to give the power back to the membership.

President Greg Schafer would also like to have an initial special meeting with input from the members regarding amendments to the By-laws. He stated that before taking an immediate vote, he would like to take a few weeks or a month to review the changes and then have another special meeting where a second reading of the By-laws would occur and then the final voting would take place.

### **Investigation of Health Insurance for Employees**

President Greg Schafer stated that Plant Manager Forest Ash and both our employees have absolutely no insurance or retirement benefits. He stated that he believes this is not how we should treat our employees, especially one who has been with us for 19 years. He stated that Secretary/Treasurer Tom Szefc would aggressively look at what it would cost us to get some level of health insurance for our people. President Greg Schafer suggested that we should offer a retirement plan where if the employee puts \$1000 into the account and the Utility would match it with a \$1000, to a specified level. He also commented that tonight we are informing the membership that employee health insurance is one of the things that is going to cost us money, but we don't want Chesterton Utilities stealing Plant Manager Forest Ash away from us because they're offering him health insurance and we don't have it. He stated that although tonight we talked about saving a lot of money, this is one of the things that is going to cost us.

Vice President Anthony Cimino thanked Plant Manager Forest Ash for his service and he applauded the work he is doing. He stated that we will take care of him however we can within reason.

### **Backup Generator for Office**

President Greg Schafer stated that we do not have a backup generator for the utility plant office. He explained that we can have this nice elaborate software system which can remotely control all our equipment, but does no good when the lights go out. He stated that we probably need to put a much smaller generator in there like a 24 kW (kilowatts) air cooled generator, which will probably cost about \$4000. He stated that we are not looking to spend that today, but Plant Manager Forest Ash says he can install that equipment. President Greg Schafer commented that to him, this is cheap insurance and every community outside Shorewood has these things; we should have them too.

*A resident wanted to know that if we are getting such a good deal on the lift station generator, why don't we get the generator for the office now.* Secretary/Treasurer Tom Szefc replied that we are waiting on the \$1,300 rebate check from Home Depot for purchasing the lift station generator and we will take that rebate check and buy the other one. President Greg Schafer stated that it is not a rebate check, but rather a gift card from Home Depot.

## **COMMENTS FROM THE BOARD AND MEMBERSHIP**

Vice President Cimino stated that we are paying \$2,700 for our cell phones and land lines and he would like to review the last 3 to 6 months of our bank statements and look at line items for each expenditure to see where we can save money. He also stated that it looks like we're paying \$450 a month for our land lines and cell phones and he thinks he can also save money there. He also stated that it looks like we have paid about \$5,000 in customer billing expenses such as envelopes, invoices, and postage for the last six months.

Director Cimino asked Plant Manager Forest Ash if we ever considered debit cards, credit cards, or electronic payments. Plant Manager Forest Ash replied that he has considered that and it is going to cost us a lot of money. President Greg Schafer commented that it should not cost us if the bank has our million dollars. Plant Manager Forest Ash stated that he talked to Centier Bank and they wanted nothing to do with this. He stated that they wanted to charge us \$40 a month just to be on the vendors list and then they wanted to charge \$.25 per check.

Director Cimino stated that he was reviewing a list of charges that occur for mailing out our invoices to our membership. President Greg Schafer stated that he can get a payment book for two years of payments for \$.99 per book. He stated that we can mail this to customers once every two years, probably at a cost of \$600 for mailing and our customers could pay just like they would for a car payment.

President Greg Schafer agreed with Director Cimino's idea of supplementing that with ACH (*Automated Clearing House*) where customers can pay online and the only time we will mail anything is if we do not receive a payment from the customer. Treasurer/Secretary Tom Szefer stated that if we pay the entire year in advance maybe we can give a 3 1/2% discount because that's what it would cost to pay by credit card. ***Amber Harris (lot 550) stated that she might not remember to pay the bill,*** so President Greg Schafer replied that we will put signs up at the entrance reminding people when the bills are due. ***Amber Harris (550) stated that it might be easier if we pay every month,*** but President Greg Schafer replied that it doubles our cost. Director Anthony Cimino stated that right now we are on pace to spend \$10,000 just to mail out invoices. President Greg Schafer stated that if you want to pay by debit or credit card the price might go up to \$135 - \$141 for a bi-monthly invoice. He also stated that we are not opposed to using credit cards, it's just that we cannot pick up that expense; we would have to pass the expense onto the customer. Director Cimino stated that we are going to explore some options where we might be able to use direct withdrawal and hopefully save about \$8000 - \$9000 a year. Plant Manager Forest Ash stated that he wanted to clarify the expense for the envelopes; it is paid once a year, not every month.

***Margaret Stiles (lot 553) inquired whether a customer can still pay by check.*** President Greg Schafer stated that we will still accept checks, but we also want to offer other payment options.

***A member stated that when the Arbor Lakes expansion came up, the developer was supposed to pay all expenses and although we negated the contract, there has to be expenses associated with the election such as the printing of the ballots and the clerical work, etc. The member wanted to know whether we have a resource for going back and reclaiming those funds.*** President Greg Schafer stated that he would have to go back and read the contract to see if we can be reimbursed.

## **ADJOURNMENT**

**Motion to adjourn was made by Vice-President Cimino, seconded by President Greg Schafer, and unanimously approved.**

The meeting was adjourned at 9:05 p.m.