

SHOREWOOD FOREST UTILITIES, INC.
425 Utility Dr.
Valparaiso, IN 46385
219-531-0706

BOARD OF DIRECTORS MEETING

President, Terry Atherton
Vice President, Randy Becker
Vice-President, Gary Maxwell
Treasurer, Phil Litherland
Secretary, Mike Kenney
Assistant Treasurer, Donna Atherton

Regular Meeting of December 17, 2012

NOTE: All minutes are summarized to give the community the essential information of what has happened 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 Terry Atherton called the December 17, 2012 meeting to order at 7:01 p.m. in the Shorewood Forest Clubhouse. Directors Gary Maxwell, Phil Litherland, Randy Becker, & Mike Kenney were present. Also, in attendance were Plant Manager Forest Ash, Office Manager Linda Walla, and several residents. Assistant Treasurer Donna Atherton was not able to attend the meeting.

President Atherton welcomed everyone to the last regular meeting of the year and wished everyone Happy Holidays.

Approval of Prior Minutes:

A motion was made by Director Litherland and seconded by Director Maxwell to approve the minutes for the November 19, 2012 Board of Directors Regular Meeting. The motion was approved unanimously.

President Atherton stated that the minutes from the October 15, 2012 Board of Directors Regular Meeting was not prepared at the time of our November meeting and were subsequently finished. He stated that the Directors approved the minutes via email, so they would be published in the upcoming Shorelines. He stated that the minutes need to be formally approved.

A motion was made by Director Maxwell and seconded by Director Litherland to approve the minutes for the October 15, 2012 Board of Directors Regular Meeting. The motion was approved unanimously.

Shop Reports:

A copy of the December Shop Report prepared by Forest Ash, Plant Manager, was distributed to all Members that were present, and is as follows:

November 20 – December 13, 2012

Main Plant

1. Our NPDES Permit is for 450,000 GPD. We had an average flow of 158,770 GPD and our high flow was 215,190 GPD. We treated a total of 4.8 million gallons of wastewater last month, or 35% of our permitted capacity. IDEM does not grade us on percentage rates, except for the Phosphorus level that has an 80% minimum. The following percentage rates are only a scope of how efficiently the plant is operating. We had a removal rate of 99.5% of BODS, 99.4% of Suspended Solids, 99.7% of Ammonia, and 95.7% of Phosphorus. We have had no violations for 34 months.
2. On November 20th, we walked to the outfall for our monthly inspection; the outfall was clean.
3. On November 30th, we came in and found the return was down to 128,000 gallons. We had to blow back the return. I pulled 3 buckets of rags out of the clarifier.
4. Because of the lift station cleaning, we have been having foam problems.

Lift Stations

1. Lift station pump run times from November 1-30, 2012

Station	Cycles	Run Time (hrs)	Station	Cycles	Run Time (hrs)
Sagamore	318	7.4	Nature Preserve	593	60.0
Pixley	585	26	Devon	1829	50.6
Edgewood	643	44.5	Main	5750	138.9
Surrey Hill	750	59.2	Wessex	532	34.9
Wexford	376	23.8	Scarborough	370	370
Amhurst	1188	163.9	Shorewood Ct.	356	32.5
Roxbury	820	51.3			

2. On November 20th, the level transducer went out at the Pixley Lift Station. We removed the Wika transducer and replaced it with a new Dwyer transducer.
3. On November 29th and 30th, Niles Industrial cleaned the lift stations.
4. On December 4th, we were called to the Wessex Lift Station for pump failure. We reversed the wires to un-jam the pump and it is now working.

Sewer Lines & Manholes

1. Pro-Form has been working on the CIPP project. They have 5 lines to complete.
2. We were called to lot 724 on Concord; they were getting water in their basement. We looked at our sewer, and could not see any problems on our side. We told them they would have to call a plumber.

Other

1. McMahon's engineers have been in, and looked at the plant. They also have done some elevation shots.

Questions regarding the Shop Report:

President Atherton commented that the new micro-strainer should eliminate the problem of rags getting stuck in the clarifier (item #3 under Main Plant).

Forest had stated that due to a very busy day, the Ph sample was inadvertently not taken and he reported this to IDEM. Forest stated that it is not a violation, but it is considered to be a reporting error and IDEM should not fine Shorewood Forest Utilities, Inc. President Atherton asked Forest to get this information in writing. Forest stated that Eddie Depositor from IDEM has not returned his call as yet, but he will continue to follow-up on the situation (item #4 under Main Plant).

President Atherton commented that he noticed the energy consumption for the Pixley Lift Station has been increasing over time and inquired whether the level transmitter was causing the pumps to operate more frequently. Forest replied that the transmitter was the cause for the increased energy consumption for the Pixley Lift Station.

President Atherton asked Forest if Pro-Form has scheduled the completion of the CIPP project. Forest stated that Pro-Form would be back this week and next week to finish up the project.

Financial Reports:

A copy of the financial summary for the month of November was handed out to all members that were present. Treasurer Litherland presented the Financial Report as follows:

The Summary Financial Report as of November 30, 2012 (*a copy of the full report can be obtained by Members from the SFU office*) is highlighted as follows: Capital Replacement Fund \$222,343.74; Capacity Fees Fund \$558,668.64; Total Operating Fund \$331,080.27 (6.62 months of cash on hand); November Income \$69,546.63; November Expenses \$40,011.86; 2002 & 2005 Bond Payment \$17,613.96; November Net Income \$11,920.81; Year-To-Date Debt Service Ratio is 2.00 (1.25 is required to be in compliance with our Bond Covenants).

Treasurer Litherland stated that barring any unforeseen expenses in December, our Year-To-Date Debt Service Ratio should remain close to 2.00, which is well above 1.25, the required ratio to be in compliance with our Bond Covenants. President Atherton stated that Shorewood Forest Utilities, Inc. is currently in line with the targeted number of \$150,000, which was budgeted last year to be moved over to the Capital account, barring any unforeseen expenses in December.

Questions regarding the Financial Report:

Tom Szeffc (lot 878) inquired what the Bond Debt Service Reserve Accounts were. President Atherton stated that these funds are required by the Bond Covenants to set aside, in advance, one year's principal and interest payment for each bond.

Old Business:

Solicitation of Proposals for Laboratory Services- Forest Ash

Forest reminded everyone that last month he obtained the following annual bids for laboratory services: Microbac \$39,168.00; Test America \$27,918.00; and Astbury \$23,484.00. We currently use Test America, but their 3-year contract has expired. Forest stated that at the last meeting there were questions regarding the ability of Astbury to transmit the reports online. Forest stated that

Astbury will provide the data from the lab work via fax, mail, and/or email, but they do not yet have the capability of viewing the data on line, on a daily basis. Forest stated Astbury will give us the results of the ammonia and phosphorus tests within a 48- hour time period, instead of the 24- hour time period that we requested. President Atherton inquired if this is a critical requirement. Forest replied that a 24-hour turnaround time is not critical, since we now do bench testing on the ammonia samples. Director Litherland asked if this was a three-year contract and Forest replied that it was. After a brief discussion, President Atherton asked Forest to inform Astbury that they have a tentative award of the contract, but that the Board would like to see the terms of the agreement before taking formal action. President Atherton stated that the Board will take formal action at the next meeting in January.

Solicitation of Proposals for Sludge Removal- Forest Ash

Forest stated that he sent out requests for proposals and should have the bids by the January Board Meeting.

New Business

There was no new business to discuss.

Progress Reports and Updates:

Utility Website – Director Becker

Director Becker stated that the Website is up; however, it is not functioning. He stated that before Christmas, the problems should be fixed. Office Manager, Linda Walla, stated that DataMine is asking for payment and that she just received the bill. President Atherton asked Director Becker if it is his recommendation to hold the payment, since the website is not functioning. Director Becker replied that it is not the fault of DataMine and that Shorewood Forest Utilities, Inc. should pay the annual hosting fee and the cost of the domain name.

Wexford Lift Station Landscaping- Director Litherland

Director Litherland stated that the Arborvitaes have been planted at the Wexford Lift Station.

350 West Modifications- President Atherton

President Atherton stated that he has been in contact with Mr. Bengel, who is the engineer/surveyor working on the easement documents and they are close to be completed.

Wexford Road Replacement Project – President Atherton

President Atherton stated that there were two issues with the project: the Arborist had to identify the trees that may be affected by the project and develop a care plan for each of them; and the soil issue, in which we needed to identify the underlying cause for the sagging line in the first place. President Atherton stated that a report was commissioned by K & S Engineering to test the soil and the conclusion is that there is no problem with the soil. President Atherton stated that the reason for the sagging lines was poor construction. He stated that we will not have this problem with the new line. Director Maxwell inquired whether we should communicate this to the residents that are affected by this project. President Atherton stated that we need to let the residents know the results of the findings and asked Director Maxwell to do so.

Plant Improvements – President Atherton

President Atherton updated the Members, stating that the engineers are currently working on the plant improvement projects and have come to the plant three times to take elevations.

Status of Bids for Repair of Ferric Chloride Containment Structure – Forest Ash

Forest reminded the Board that last month he had given a bid of \$25,000 to remove the tank and that the discussion was tabled. He stated that he did research since then and located a company in Texas that would provide us with a new tank and brand new containment area made out of fiberglass, not concrete for a cost of \$16,000, including the shipping cost. He explained that the fittings on this tank are located on the top, not on the bottom. He explained that currently if the fittings on the bottom break, then everything will come out in the containment area; however if the fittings on the top happen to fail, then the LMI pump could suck out the substance in the tank, without the spillage into the containment area. Forest also explained that our tank is now 13 feet tall, whereas the new tank is only 7 feet tall, but wider.

President Atherton inquired whether the tank would hold as much as our current tank. Forest replied that it would hold just as much. President Atherton asked Forest if the tank requires a different pumping system from what we currently have. Forest replied that we would not have to change anything. Director Becker asked Forest if it would be installed in the same place as the current tank. President Atherton also wondered if we have the room because this tank is shorter and wider, i.e. a different footprint. Forest replied that we do have the room and that the new tank would be placed in front of the existing tank, by the truck station. Forest stated that once the new containment area is installed and operational, the old containment area will be demolished.

Director Litherland inquired what it will cost to install the new tank and demolish the old one. Forest stated that he still needs to check into this further; however, he stated that he wanted to let the Board know that there is another option besides paying \$25,000 to paint the existing concrete containment area that was installed in 1992. He stated that Shorewood Forest Utilities, Inc. could save approximately \$7,000 and purchase brand new equipment.

President Atherton told Forest to contact Tim Bronn from McMahon and Associates to inform them of the option to purchase a new tank and the dimensions etc. President Atherton stressed that we must make sure there is no conflict with their plan design for the plant improvements and upgrades. Director Maxwell asked Forest how suitable the fiberglass tank was in our harsh kind of weather. Forest stated that we currently have a fiberglass tank, but the containment area is concrete.

Solar Panels- Director Litherland

Director Litherland tabled the discussion for the next Board Meeting. He explained that if you drive down County Road 475 West to the top of the Sedley Bridge, and look to the West, you will notice there is a 10-acre field of solar panels. He stated that Shorewood Forest Utilities, Inc. has room on the top of the Filter and Blower Buildings for 30-40 solar panels, which if installed, could off-set the Nipsco expense. He stated that the company installing the solar panels is based in Fort Wayne and he has tried to contact them, but has had no success. Director Litherland stated that he will continue to follow-up on this idea, as he feels it is a worthy project to pursue.

Comments from the Board:

Director Litherland stated that the Board should address the insurance premium comparison from last year and this year. Ron Casassa of Charles and Casassa Insurance explained that there was a decrease in the insurance premium cost from last year to this year, in the amount of

approximately \$1,200, while the coverage either stayed the same or increased in some areas. He explained that the decrease in cost is due to the fact that the insurance company recognizes the education that Forest has and the excellent safety record of the plant, without any insurance claims. President Atherton added that the investment to send Forest and Philip to OSHA Safety Classes and following through with the safety audit has paid off. President Atherton thanked Ron Casassa for all his help. Mr. Casassa asked that President Atherton make him aware of any safety projects that the Utilities is involved in, so he can bring this to the insurance company's attention.

President Atherton made Forest aware of the fact that there are a couple of opportunities for him to be recognized for his excellent safety record. He addressed the fact that the Indiana section of IWPCA has a safety award for small systems that Forest would be eligible to receive based upon his "no accidents record". President Atherton urged Forest to go online and obtain information from their website and apply. President Atherton stated that there is also a chance for Forest to be recognized for his safety program by a peer review. President Atherton stated that these types of awards are a good way to help keep our insurance premiums costs down.

Comments from the Membership:

Tom Szefc (lot 878) commented that the Ferric Chloride containment area should be under cover (shed), so that it could be shielded from the weather elements. President Atherton stated that the Board will look into his suggestion.

Marcia Casassa (618) needed clarification regarding the Ferric Chloride containment area. Forest explained that the current containment area is concrete, while the tank is fiberglass. She inquired what the life expectancy was for the fiberglass tank. Director Litherland responded that it will probably last 25-50 years.

Adjournment:

Motion to adjourn was made by Director Litherland, seconded by Director Becker, and unanimously approved. The meeting was adjourned at 7:39 p.m.