

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

BOARD OF DIRECTORS MEETING

President, Terry Atherton
Vice President, Randy Becker
Treasurer, Jerry Hanas
Secretary, Greg Colton

Meeting of March 19, 2015

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 March 19, 2015 meeting to order at 7:01 p.m. in the Shorewood Forest Clubhouse. Directors Terry Atherton, Randy Becker, Jerry Hanas and Greg Colton were present. Also in attendance were Plant Manager Forest Ash, John Sturgill from McMahon Associates (the Utility's engineering adviser), and three members of the Utility.

Approval of Prior Minutes:

The February 19, 2015 Board of Directors Regular Meeting minutes were accepted and approved.

Shop Report:

A copy of the February 19 through March 17, 2015 Shop Report, prepared by Forest Ash, Plant Manager, was distributed to all Members who were present, and is as follows:

Shop Report

February 19th through March 17th, 2015

Main Plant

1. Permit capacity is 450,000 GPD. We had an average flow of 194,900 GPD and our high flow was 258,500 GPD. We treated a total of 5.459 million gallons of wastewater last month, or 43% of our permitted capacity. The following percentage rates are an indication of how efficiently the plant is operating: 98% removal of BODS; 96.4% of Suspended Solids; 99.7% of Ammonia; and 93.6% of Phosphorus (80% minimum). We have gone 60 months with out a violation.
2. On February 11th, we walked to the creek for our monthly inspection.
3. On February 25th, we were called out for a high alarm in the East Digester. It was a false alarm.
4. The Raw ISCO sampler has been repaired.
5. On March 6th, the clarifier was not working when we came in. We had to reset the breaker and manually turn the arm to get it to move.

6. On March 9th, we had to blow back the clarifier.
7. On March 9th, we noticed the D.O. probe in the plant was not changing levels. We reset the PLC in the plant and it started communicating with the SCADA.
8. On March 11th, we cleaned and installed the U.V. lights in preparation for the disinfection season.

On Lift Stations

1. Lift station pump run times from February 1 - 28, 2015

Station	Cycles	Run Time (hrs)	Station	Cycles	Run Time (hrs)
Sagamore	465	21.6	Nature Preserve	1301	113
Pixley	621	38.6	Devon	1696	61.3
Edgewood	606	45.5	Main	5897	164.7
Surrey Hill	705	31.8	Wessex	611	37.1
Wexford	470	21.1	Scarborough	449	14.2
Amhurst	2248	176.3	Shorewood ct.	657	89.3
Roxbury	972	88.7			

2. On February 23rd, we were called to Wexford for a power failure. When we got to the station the power was restored.
3. On February 27th, we were called to Roxbury for pump 2 failure. The breaker that feeds the motor starter had tripped. We reset the breaker and pumped the station down to test the pump.

Sewer Lines & Manholes

1. No issues this month.

Other

1. We repaired the brake line on the 1999 F-150.
2. We replaced a portion of the fuel return line on the 1999 F-150.
3. We took the 1999 F-150 in for a recall notice.
4. On March 12th, Philip was called out for an emergency locate. NIPSCO had an underground power fault.

Submitted By
Forest W. Ash

Mr. Ash reported that the Utility has now gone five years without a violation.

Mr. Ash reported that the arm on the clarifier stopped working for a while. The clarifier was installed in 2005. President Atherton asked what happens if the clarifier fails and cannot be replaced. Mr. Ash answered we would have to shut off the clarifier and move everything into Tank #4 and Tank #1. This could be a big problem during the rainy season. President Atherton suggested the clarifier was our most critical weakness, and said we need redundancy for the clarifier for Tank #1 and Tank #2, or a new clarifier; Tank #4 by itself does not have enough capacity to handle the entire flow. The life of a clarifier is 7-10 years and our clarifier is getting to the end of its life. A new one costs around \$25,000. President Atherton noted we could use our construction contingency fund to buy a new back-up clarifier, but we also want to use those funds for Phase 2A. He suggested the Board should hold a workshop to discuss the issue.

Mr. Ash reported that the Utility received the agreed-upon reimbursement from NIPSCO's contractor Robert Henry for the repair on Brockton Place. In response to a question from Director Colton, he stated the 6" dip in the road will be fixed.

Treasurer's Report:

Treasurer Jerry Hanas gave the Treasurer's report for February 2015.

Treasurer Hanas reported that the Utility has Restricted Bonds & Investments totaling \$1,882,582, and has 5.3 months of Cash on Hand. Payables total \$3,164 and Receivables total \$107,173. Operating expenses in February totaled \$54,687 and the Utility experienced net operating income of \$89,089. Income after Bond Payments was \$31,195, and the debt service ratio was 1.54.

In response to a question from Director Becker, Mr. Ash replied that the reimbursement from NIPSCO's contractor Robert Henry will be reflected in next month's financials.

Treasurer Hanas reported that the Bond Covenants for the new bond issuance require audited financials that are due May 1 of each year. London Witte Group has offered a three-year contract to perform the audit and also prepare the IRS Form 990 for an annual price not to exceed \$12,000. To date, no work has been done yet by LWG.

Treasurer Hanas moved that the Board accept LWG's offer. Director Becker seconded the motion and it was approved. Director Colton was instructed by President Atherton to inform LWG that the contract has been officially accepted by the Board.

Old Business – Purchase of New Truck

President Atherton reminded the Board that at last month's meeting we were discussing the need for a new truck. The old F-150 needs new brake lines and gasoline lines, and has other problems. One issue was whether to pay cash, or finance the new truck.

Treasurer Hanas recommended paying cash, which would be a lot simpler than obtaining approval from the Bond Trustee to incur additional debt.

Treasurer Hanas moved that the Board authorize the cash purchase of a new truck, and that we hold off on buying a snow plow for the truck until we know whether we need it. Director Colton seconded the motion. During the ensuing discussion, Mr. Ash indicated that three trucks were under consideration, and all cost roughly the same amount: GM Sierra, Chrysler Ram 2500, and a Ford F-250. Director Colton asked which truck had the best repair record based on Consumer Reports. Mr. Ash had not reviewed Consumer Reports but did state that the Utility's 1999 F-150 had performed very well and that Ford trucks had a very good reputation.

Director Hanas amended his original motion to ask that the Board authorize the purchase of a Ford F-250 at a price not to exceed \$33,000. Director Colton seconded the motion and it was approved.

Old Business - Phase 1B Project Status

John Sturgill from McMahon Associates distributed to Board members a copy of Disbursement Request #10, dated March 19, 2015, which summarized the project costs and disbursements to date.

Mr. Sturgill reported that to date, payments to Gaskill & Walton total 90% of the contracted amount. The projected contingency fund has not changed from last meeting.

Mr. Sturgill reported that Blue Water Technologies was here all week training utility personnel on the operation of the microscreens. The Automatic Systems control panel is still not completed. We will not have full Scada until Monday next week – there are still software bugs to be fixed. The microscreens should become fully operational by next week.

The microscreens were tested the afternoon of the Board meeting, and only one microscreen needed to run because the flow was very low. One of the microscreens had leaking solenoids. Blue Water is going to fix it by providing new ones at no charge.

Director Colton asked how soon we should invite members of the Utility to come and view the new system. President Atherton suggested we should wait a couple weeks or more to get new tank samples that demonstrate the efficiency of the microscreens. He reminded the Board that the new microscreens should reduce aeration costs, but the real value of the microscreens is the increase in capacity that should result from the new system.

Mr. Sturgill opined on the clarifier issue discussed earlier in the meeting, stating it would be prudent to buy a second clarifier drive as a backup. Then if the existing clarifier fails, the old one can be pulled out, the new one installed, and then the old one sent out to get rebuilt and then kept as a spare for re-use when new tanks are installed in Phase 2B. President Atherton agreed it would be good to buy a new one now, and keep it in the box until the Fall, because the lead time to purchase a new clarifier is 30 to 60 days. Mr. Sturgill thought it could take even longer. He noted that clarifiers are not custom built - they are off-the-shelf -- but no one keeps them in stock; they are built as needed. He suggested that when it becomes necessary to pull out the clarifier, the Utility should hire a contractor. Mr. Sturgill reminded the Board that a second clarifier would not increase capacity, it just ensures the necessary redundancy for operations.

New Business

Bumper Crane. Mr. Ash reported that rebuilding the existing crane and then installing it on the new truck would cost approximately \$3,000, versus \$5,348 for a new one. Stow Away Crane can install either a new crane or a rehabilitated crane on the new truck. Mr. Ash stated that once the old crane was rehabilitated it would be as good as a new one.

Director Hanas moved that the Board authorize the rehabilitation of the old crane. Director Becker seconded the motion. After discussion, the Board approved the motion on a vote of 3-1.

Generator. President Atherton asked Mr. Ash about the condition of the Utility's generator, on a scale of 1 to 10. Mr. Ash rated it a 4. The generator was purchased, used, in 1992. It is 150 kW and operates on diesel fuel. President Atherton noted that the Town of Chesterton is selling a 2004, 600kW diesel generator. Mr. Sturgill opined that the Utility only needs a 150 kW generator.

President Atherton adjourned the meeting at 7:46 p.m.

Respectfully submitted,

Gregory Colton, Secretary