

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
Secretary-Treasurer, Phil Litherland
Director, Mike Kenney
Assistant Treasurer, Donna Atherton

Regular Meeting of October 15, 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 October 15, 2012 meeting to order at 7:00 p.m. in the Shorewood Forest Clubhouse. Directors Gary Maxwell, Phil Litherland, Randy Becker, Mike Kenney, & Assistant Treasurer Donna Atherton were present. Also, in attendance were Plant Manager Forest Ash, Office Manager Linda Walla, and several residents.

President Atherton welcomed the new Director, Mike Kenney. Director Kenney introduced himself to the Members. Director Kenney has been a Shorewood Forest Resident since 2002. He has a Bachelors Degree in Chemistry from Indiana University and is currently working for a construction management firm.

Approval of Prior Minutes:

The minutes from the September 17th Board Meeting were not prepared and therefore, could not be approved.

Shop Reports:

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

September 15-October 12, 2012

Main Plant

1. Our NPDES Permit is for 450,000 GPD. We had an average flow of 150,810 GPD and our high flow was 196,340 GPD. We treated a total of 4.5 million gallons of wastewater last month, or 34% 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 99.4% of BODS, 99.5% of Suspended Solids, 99.6% of Ammonia, and 90.7% of Phosphorus. We have had no violations for 32 months.

2. On September 28th, we walked to the outfall for our monthly inspection; the outfall was clean.
3. On October 3rd through the 5th, we cleaned the Ferric Chloride containment area. We have found the protective coating on the concrete has failed, and the concrete is disintegrating. We will have to add this on the capital projects to be repaired.
4. On October 12th, Merrell Brothers came in and hauled out the sludge. We had taken a sample from 1, 2, & 4 aeration tanks to the lab for a TSS test. It came back at 5.4% solids.

Lift Stations

1. Lift station pump run times from September 1 – 30, 2012

Station	Cycles	Run Time (hrs)	Station	Cycles	Run Time (hrs)
Sagamore	244	5.9	Nature Preserve	616	58.2
Pixley	416	22.6	Devon	1463	41.4
Edgewood	592	40.2	Main	5701	137.3
Surrey Hill	694	52.1	Wessex	500	40.6
Wexford	448	24.5	Scarborough	373	13
Amhurst	1054	171.9	Shorewood Ct.	304	30.6
Roxbury	798	52			

2. On September 17th, we were called out to the Wexford Lift Station for a high level float alarm. We found the PLC was in fault mode. We reset the PLC and the lift station began to work.
3. On September 19th, we were called to the Shorewood Ct. Lift Station for low wet well float alarm. We found the low level float was caught on the pipe and would not operate. We moved the float and the station is now working.
4. On September 25th, we pulled pump #1 at the Devon Lift Station. We found the pump was jammed; however, when we put the pump back in service, it would not work. After trouble shooting, we found a relay was not working properly. The station is now working.
5. On September 29th, the Wessex Lift Station called a high level alarm. We found that pump #2 had tripped the breaker and set pump #1 as the lead pump.
6. On October 5th, after reviewing SCADA, we found that Nature Preserve Lift Station had a communication failure and a high wet well alarm. We found the PLC in fault mode; we reset the PLC and the station began running.
7. On October 9th, we went to the Wessex Lift Station and pulled pump #2 out to remove debris that was caught in the impeller.

Sewer Lines & Manholes

1. On September 24th, Proform came back out to televise the lines that need to have the CIPP work done.
2. On October 2nd, Reichelt Plumbing repaired the force main from the Shop.

3. On October 2nd, we had a power failure at Devon and Nature Preserve Lift Stations. The power was restored at 7:00 p.m.

Other

1. On September 27th, we changed the oil on the backup generator at the plant.
2. I called Niles Industrial, Tierra Environmental, A. Metz, and Pro-Form for bids to clean out the lift stations; I asked for a 3-year contract. The bids are enclosed.
3. I have the quote for a 5 hp pump to replace the stock pump we had used at the Devon Lift Station.

Questions ensued regarding the Shop Report:

Forest stated that Merrell Bros. didn't finish hauling the sludge and will not be back until Spring. Forest explained that because of the rainfall over the weekend, they could not haul the sludge to the fields and had to take the sludge instead, to their Biosolids Center. He said that Merrell Bros. ran out of time and out of room at their Biosolids Center, so the sludge is sitting in aeration tank #1. Forest stated that he told Merrell Bros. he was dissatisfied with their service. Forest told them that every time they come to haul for us, they seem to find some excuse to pull off the job and go to another job site because we don't have the huge volume of sludge that the bigger plants have. Forest stated that we will obtain other bids for the sludge hauling.

President Atherton asked Forest if Merrell Bros. was surprised that there was so much sludge for this time of year. Forest stated that it wasn't so much a question of volume, but it took them longer because they had to also pump out the sludge from the aeration tank. In other words, they were pumping from two different sites.

Director Becker noticed the bids obtained for the cleaning of the lift stations did not state that they were a 3- year contract. Forest stated that all three companies are willing to extend a 3- year contract to us and he will make sure it is in writing. President Atherton also asked Forest to include in his request for proposal, a copy of the company's certificate of liability insurance, as well as payment terms (net 30 days).

Director Maxwell inquired which company Forest would recommend to do the lift station cleaning. Forest replied that the Niles bid is the lowest bid; however, he has never worked with them before. Metz has been cleaning the lift stations for the past five years. Director Becker asked Forest if he obtained any references for Niles. Forest stated that he didn't get references, but Niles is a reputable company.

A motion was made by Director Maxwell and seconded by Director Litherland to accept the proposal from Niles Industrial Services to clean the lift stations with the following conditions: the contract will be a one-year agreement with the option of renewing for two more years; a copy of the company's certificate of liability insurance is to be included; and the payment terms must be net thirty days. The motion was approved unanimously.

Director Becker inquired about getting bids for the sludge hauling. Forest stated that the Merrell Bros. contract is up and we are actively seeking bids for future sludge hauling. Director Becker stated that we don't necessarily want them back in the Spring.

President Atherton asked Forest how old the original 5 hp pump was. Forest replied that the pump was about 7 ½ years old. He stated that the seal was bad and that the windings had burned up. He stated that it was cheaper to replace the pump, than try to fix it. President Atherton inquired

whether the new pump for stock will be compatible with the TDH (Total Dynamic Head) for the other 5 hp pump in the lift station and Forest replied that it was compatible.

President Atherton mentioned that he had an opportunity to follow up with Nipsco regarding the power outages that the residents were experiencing in the area of Wilshire, Devon, Guilford and Tremont. He stated that Nipsco will start the electrical improvements for Shorewood Forest Subdivision the latter part of this year or early next year. Forest also stated that the Nipsco engineer told him that by the end of the month, they will be replacing some of the old lines located in the troubled area.

Director Becker noted that it will take 12 to 14 weeks before we will receive the pump from HydroAire and asked if we could get the pump from some other company. Forest replied that we use HydroAire because they have the explosion proof pumps and they are \$1500- \$2000 less expensive than other companies. Forest stated that we keep one pump in stock for the different lift stations: 5 hp, 7 ½ hp, and 10 hp. He stated that we also keep one grinder pump for Pixley in stock.

Financial Reports:

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

The Summary Financial Report as of September 30, 2012 (*a copy of the full report can be obtained by Members from the SFU office*) is highlighted as follows: Capital Replacement Fund \$235,033.17; Capacity Fees Fund \$558,586.84; Total Operating Fund \$335,618.41 (6.71 months of cash on hand); September Income \$65,156.64; September Expenses \$36,080.67; 2002 & 2005 Bond Payment \$17,613.96; September Net Income \$11,462.01; Year-To-Date Debt Service Ratio is 2.01 (1.25 is required to be in compliance with our Bond Covenants).

Director Litherland pointed out that we could not transfer all monies from the Sweep Account into the Operating Account until Indiana American Water can provide us with details regarding the payments that they collected on our behalf. He stated that we were only able to transfer \$110,645.06 from the Indiana American Sweep Account into the Operating Account at this time.

Old Business:

Bids for Annual Cleaning of Lift Stations

President Atherton reminded the Members that the bids for the annual cleaning of the lift stations were discussed earlier in the meeting and Niles Industrial was chosen to do the work.

New Business

Approval of Repairs to the Ferric Chloride Containment Structure

President Atherton stated that Forest will need direction from the Board to solicit bids to do the repairs of the Ferric Chloride Containment Structure at a reasonable cost. Forest stated that the biggest problem will be that the container itself will have to be removed out of the contamination area before they can work on it. Forest explained that the tank will have to be completely drained. Director Litherland inquired what the distance was between the tank and the containment. Forest replied that the distance was about 16 inches. Director Litherland inquired if Proform could do that type of work. Forest stated that he isn't sure if Proform could do that type of work and was thinking to ask for bids from Spectra Tech, Culy, and Chemical Supplies. President Litherland

stated that we need to transfer the liquid out of the tank, move the tank, do the repairs, and put the tank back. Director Litherland stated that he knows someone that does poly tanks and he will have him call Forest.

Approval of Purchase of Replacement 5 hp Pump for Stock

Forest obtained the bid from HydroAire to purchase a 5 hp pump as a stock item in the amount of \$4,350.00 with an estimated delivery time of 12-14 weeks.

A motion was made by Director Litherland and seconded by Director Becker to accept the proposal from HydroAire to purchase a 5 hp pump for stock replacement in the amount of \$4,350.00. The motion was approved unanimously.

Progress Reports and Updates:

Utility Website – Director Becker

Director Becker stated that he is waiting for the Articles of Incorporation to be notarized before he can include them as a document on the website. Once he receives the Articles of Incorporation, the website could be up and running this weekend.

Wexford Lift Station Landscaping- Director Litherland

Director Litherland stated that he has obtained quotes for the Arborvitae and should be able to plant them this Saturday.

350 West Modifications- President Atherton

President Atherton stated that he is meeting tomorrow with Don Bengel, the engineer hired to do the plans and surveys necessary in preparing the easement documents. President Atherton stated that once he reviews the plans, we should be able to acquire the easements and install the manholes.

Wexford Road Replacement Project – President Atherton

President Atherton stated that a meeting will be held in the Clubhouse, this Thursday at 6:30 p.m. with the residents who are affected by the replacement of the sagging lines located in their backyard, by the lake. President Atherton stated that the final plans are ready and that the engineer will be on hand to address the concerns of the residents. President Atherton stated that after the meeting, he would report back to McMahan and Associates to have them make any necessary changes and then proceed with getting bids.

Director Maxwell asked if we have legal documentation for the residents to sign, allowing us a right of entry. President Atherton stated that we do have a substantial easement, but it wouldn't hurt to have a signed document. President Atherton stated that we could use the same form that we used for the 350 West Modification Project.

Plant Improvements – President Atherton

President Atherton stated that there is a kick off meeting regarding the design for the plant improvements on Thursday afternoon. President Atherton stated that they will go over the design parameters with McMahan and Associates and discuss the details, so that they can draw up the final plans and submit them to IDEM for a construction permit.

President Atherton explained that there are two parts to this first phase: improvements to the Headworks, involving the installation of two micro-strainers, and improvements to the aeration

system, involving the installation of controllers and VFDs on the blower motors. President Atherton explained that since the cost of electricity is one of our biggest expenses, we should do everything in our power to use our energy efficiently. He stated that we could do the improvements to the aeration system without IDEM's permission, since it is a replacement of existing equipment. He stated that we have the money set aside and will not need financing. President Atherton stated that we should be ready to do the work by the first of the year.

Comments from the Board:

There were no comments from the Board.

Comments from the Membership:

Marcia Casassa (lot 618) stated that at the last meeting, we talked about the possibility of installing solar panels on our filter building and inquired whether any follow-up was initiated. Director Litherland replied that he did contact two people, but has not heard back from them yet.

Gerald Ruschak (lot 9) inquired if the Utility bills could be mailed out sooner, as he received his October 2012 invoice very close to the due date. President Atherton stated that he also received his bill late and that many customers experienced the same issue. He explained that we mailed out the invoices using Bulk Mail Service and are trying to find out why it took so long to deliver the billing invoices. Assistant Treasurer Donna Atherton stated that the Utilities used Bulk Mail in past years and it only took 2 to 3 days before the mail was delivered. She also stated that we accounted for the late bills, by adding the number of days that it was late to the due date, in order to avoid charging customers a late fee. She stressed that all customers should review their bills during the transition period. President Atherton apologized to all our customers for the inconvenience. Mr. Ruschak stated that it is understandable, since this is the first bill of the transition period.

Marcia Casassa (lot 618) wanted clarification regarding the unfinished sludge removal. Forest stated that because of the heavy rain, Merrell Bros. had to stop hauling the sludge. Marcia wondered why they just don't come back and finish the job when the ground dries. Forest replied that Merrell Bros. has already moved on to their other scheduled jobs. President Atherton reminded everyone that we will be obtaining bids for the future hauling of the sludge.

Adjournment:

Motion to adjourn was made by Director Kenney, seconded by Director Litherland, and unanimously approved. The meeting was adjourned at 7:35 p.m.