

SHOREWOOD FOREST UTILITIES, INC.

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

BOARD OF DIRECTORS MEETING

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

Meeting of April 21, 2016

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

Pursuant to the call of the Board of Directors of Shorewood Forest Utilities, Inc., Board President Greg Colton called the April 21, 2016 meeting to order at 7:05 p.m. in the Shorewood Forest Club House. Directors Greg Colton, Randy Becker, Ken Buczek and Terry Atherton were present. Director Jerry Hanas was absent. Also in attendance were Plant Manager Forest Ash, and five members of the Utility.

Approval of Prior Minutes:

Board President Mr. Colton asked if there were any questions concerning the minutes from the previous meeting of March 17, 2016. There were none. The minutes of the Board of Directors Regular Meeting of March 17, 2016 were subsequently accepted and approved.

Shop Report:

A copy of the March 17, 2016 through April 19, 2016 Shop Report, prepared by Forest Ash, Plant Manager, was distributed to all Members who were present, and is summarized as follows:

Shop Report

March 17th through April 19th, 2016

Main Plant

1. Permit capacity is 450,000 GPD. We had an average flow of 196,900 GPD and our high flow was 278,900 GPD. We treated a total of 6.096 million gallons of wastewater last month, or 44% of our permitted capacity. The following percentage rates are an indication of how efficiently the plant is operating: 97% removal of BODS; 96.9% of Suspended Solids; 76.6% of Ammonia; and 93.7% of Phosphorus (80% minimum).
2. On March 21st, we walked to the creek for our monthly inspection.
3. Aeration tank 3 was taken down, cleaned, and new diffusers were installed.
4. Clarifier 3 was taken down and cleaned out.
5. On March 21st, Wealing brothers hauled sludge out of the West digester.
6. On April 4th, we took Blower 1 apart and cleaned out the bearing.
7. On April 5th, we pulled pump 3 in the headworks lift station. We cleaned rags out of the pump and put it back in service.
8. On April 7th and 8th, Wealing Bros hauled sludge from the West Digester.

Lift Stations

1. Lift station pump run times from March 1 - 31, 2016

Station	Cycles	Run Time (hrs)	Station	Cycles	Run Time (hrs)
Sagamore	625	27.4	Nature Preserve	1544	215.2
Pixley	422	26.2	Devon	1343	51.9
Edgewood	561	88.5	Main	6340	167.9
Surrey Hill	528	30.5	Wessex	556	47.4
Wexford	520	24.6	Scarborough	540	19.7
Amhurst	1477	127.4	Shorewood ct.	763	148.4
Roxbury	2184	77.5			

- On March 22nd, we cleaned the floats at Edgewood lift station.
- On March 23rd, we pulled pump 1 at Sagamore lift station. We cleaned rags out of the pump and put it back in service.
- On March 23rd, we pulled pump 1 at Nature Preserve. We cleaned rags out the pump and put it back in service.
- On March 26th, we noticed Edgewood had ran for over 8 hours, so we raised the low float to attempt to make the pump shut off properly.
- On April 10th, we went to Edgewood and found the floats tangled up. We untangled the floats and put them back in service.
- On April 11th, we replaced the low float at Edgewood.
- On April 12th, we put a new Tsurumi pump in at Scarborough.
- On April 15th, we extended the radio mast at Nature Preserve by 10 feet.

Sewer Lines & Manholes

- Abe's Plumbing has been patching cracked sewer lines.
- Metz has been cleaning and televising sewer lines.

Other

- We have received the new clarifier gear reduction drive.
- London Witte came in for the annual audit

Submitted By
Forest W. Ash

Questions and Answers:

- Mr. Ash reported that during the installation of the new aeration system in late March, the Utility had elevated ammonia levels in violation of our permit, thus ending a 72-month streak without any violations. IDEM was notified of the violations. Since the installation was completed and the new aeration system began operation, there have been no further violations.
- Mr. Atherton told Mr. Ash according to the report from MCO there were solids in the outfall. Mr. Ash responded that he went down to the creek and found some algae growth, took a stick and stirred the water and the algae was gone.
- President Colton asked if extending the Nature Preserve mast the extra ten feet helped? Mr. Ash stated since we extended the mast we have not had an outage call from that station.
- President Colton asked about progress by Metz in televising our sewer lines. Mr. Ash responded that Metz has completed 21,000 feet of the 24,000 feet that is supposed to be televised this year. The remaining two-thirds of the system will be televised in the next two years. Mr. Ash confirmed that he

prioritized the lines to be televised and cleaned this year, so capital replacements should be highest in this year, lower in year two, and almost none in year three.

There were no further questions.

Treasurer's Report:

Director Terry Atherton gave the financial report. Restricted Bonds total \$134,845, Debt Service Reserve of \$267,043 with a Debt Service Reserve target of 325,920, leaving amount still owed of \$58,877. We have Capital Replacement Fund of \$787,140, Construction Fund of \$350,192, Capacity Fee of \$352,140 total Restricted Investments of \$1,489,472, and total Restricted Bond & Investments of \$1,891,361. The Utility has Total Operating Funds of \$192,552, 3.2 months of cash on hand, Payables of \$92,895 and Receivables of \$167,618. We had Income of \$224,303, and Operating Expense of \$113,476, giving a Net Operating Income of \$110,826. Bond payments were \$86,104, giving an Income after Bond Payments of \$24,723. The Debt Service Coverage Ratio was 1.28.

President Colton asked if there were any question on the financials, there were none.

President Colton stated that we received the annual audit required by our bond covenants from London Witte Group today, but the Board has not had a chance to review the audit, and it will be discussed at the next meeting.

Old Business:

President Colton asked Mr. Ash to give an update on the Aeration Tank #3 project. Mr. Ash stated that the project was completed on schedule, as planned. There was only one cost that was higher than anticipated. When draining the aeration tank there was a little more sludge than expected so it cost a little more to drain it. Marcia Casassa asked why there was more sludge than expected. Mr. Ash explained that it had been ten years since the tank was last drained. When asked how the new aeration system is operating, Mr. Ash replied that with the old system, the blower used to rev up and down to maintain the desired aeration in the tank, but with the new system the blower is running at a constant twenty nine hertz which is one hertz below half speed, and it is maintaining the required aeration. He expects that the new system will save twenty to twenty five percent of the electric cost for the blower. The improved efficiency is attributed to the fact that the new system has 225 diffusers and the old system had only 158 diffusers.

President Colton expressed his gratitude to the many participants who helped complete this project within the required timeframe: our engineer McMahan Associates prepared the bid specs quickly, the manufacturer Aquarius Technologies Inc. did a great job in getting the materials to us within the aggressive timetable we requested, Gaskill & Walton had a crew ready that worked into the Easter weekend, and the Utility's workers also put in extra time to ensure the project was completed on time.

President Colton asked if there were any further questions. There were none.

New Business:

President Colton asked Mr. Ash to talk about the lots on 164 N 350 West. Mr. Ash explained that we have been approached by a developer who has purchased the property on 164 N 350 West and plans to subdivide it into three or four lots. The developer is looking for permission to tap into our existing forced main. After searching through the Utility's records, Mr. Ash confirmed that the property is already located within our CTA, so the developer should be allowed to tap into our main with the same stipulations as everyone else, including the payment of a \$2,000.00 reservation fee per lot, and once each lot is developed, a \$1,000.00 tap in fee. Bob Band asked if a membership vote is required in order to serve the developer. Director Atherton stated that

since the property is already inside our CTA there is no vote needed. Tom Szefer asked if the new customers would have to pay any charges other than what Shorewood residents pay. Mr. Ash explained that new customers pay the same monthly charge as any other Shorewood Forest Utility customer. Tom Szefer asked if everyone located inside our CTA has the right to tie into the Utility? Mr. Atherton explained that such a person does have a right to tie in, providing there is an existing sewer line to hook up to. If there is no sewer line, then the person would be responsible for paying to extend the sewer line, along with paying the capacity fee, and also the tap in fees.

President Colton gave an overview of the capital projects completed to date, and the potential capital projects to be addressed in the near future. Phase 1A was the addition of variable frequency drives (VFD's) to operate the blowers in a more efficient way. Phase 1B was the addition of the headworks building with the Micro screens. Phase 2A was the new diffuser system in aeration tank #3, which was just completed. The Utility must now decide what capital project should be addressed next. Last Fall some of the Board members met with McMahon & Associates to explore various capital projects and their costs. Mr. Colton noted that at this time the Utility's treatment facility has sufficient capacity to serve our existing customers along with any additional customers for which we have already received capacity fees. Our treatment plant includes aeration tank # 3, which is a concrete tank that is in good shape, and tanks 1, 2, & 4 which are package plants that are getting old and are in need of replacement. Replacing those tanks will be expensive. One thing the Utility lacks at this time is redundancy for its clarifier. IDEM likes us to have redundancy throughout our system, but we only have one clarifier. We have a backup drive for the clarifier, but we do not have the desired redundancy for the clarifier itself. In deciding what project to address next, the Board is proceeding with caution so as not to deplete our capital reserves until we know the extent of any capital expenditures that might be necessary for our collection system or elsewhere. Now that we have prioritized, televised and cleaned one-third of our collection system, we have come a long way in identifying the extent of capital replacements that are needed for our collection system. At this point, we still have some money left over from the bond that needs to be used. The Utility needs to decide in the near future the priority of the projects to be addressed, which will depend in part on the cost of those projects and the funds that are available to the Utility.

A member asked why it is important to add a new clarifier. Mr. Buczek explained that if we lost the existing clarifier for any reason we would not be able to treat the wastewater properly. So the clarifier is of utmost importance.

Mr. Buczek proposed that McMahon & Associates be requested to prepare an estimate of what it would cost for them to prepare the plans and specifications needed to seek bids for a new clarifier and aeration tank. Mr. Atherton seconded the motion and it was approved by the Board.

President Colton asked if there were any further questions from the Board. There were none.

Mr. Colton reminded everyone that the deadline for candidates to turn in their forms for the upcoming board election is May 16th. There are two positions open for this election cycle. June 16th at the board meeting will be Candidates' Night giving candidates an opportunity to explain what they would like to do as a board member. Mr. Colton noted that July 21st is our annual meeting, at which time election ballots will be counted.

The floor was then opened to the membership for questions. A member asked what positions on the board are up for election. Mr. Colton explained that the membership does not vote for officers, it votes for board members. Once a board has been elected, the board members decide among themselves which of them will serve in the roles of President, Vice President, Secretary, Treasurer, and non-officer Director. There were no further questions.

President Colton adjourned the meeting at 7:55 pm.

Respectfully submitted,

Kenneth L. Buczek, Secretary