

## **SHOREWOOD FOREST UTILITIES, INC.**

425 Utility Drive  
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 May 19, 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 May 19, 2016 meeting to order at 7:05 p.m. in the Shorewood Forest Club House. Directors Greg Colton, Randy Becker, Ken Buczek, Jerry Hanas and Terry Atherton were present. Also in attendance were Plant Manager Forest Ash, John Sturgill from McMahon and one member 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 April 21, 2016. There were none. The minutes of the Board of Directors Regular Meeting of April 21, 2016 were subsequently accepted and approved.

#### **Shop Report:**

A copy of the April 20, Through May 13, 2016 Shop Report, prepared by Forest Ash, Plant Manager, was distributed to all Members who were present, and is summarized as follows:

#### **Shop Report**

April 20<sup>th</sup>, through May 13<sup>th</sup>, 2016

#### **Main Plant**

1. Permit capacity is 450,000 GPD. We had an average flow of 211,700 GPD and our high flow was 383,800 GPD. We treated a total of 6.35 million gallons of wastewater last month, or 47% of our permitted capacity. The following percentage rates are an indication of how efficiently the plant is operating: 98.8% removal of BODS; 99% of Suspended Solids; 97.9% of Ammonia; and 96.3% of Phosphorus (80% minimum).
2. On April 20<sup>th</sup>, we walked to the creek for our monthly inspection.
3. On April 28<sup>th</sup>, Micro screen 2 called for an auger failure. We cleaned rags out of the auger and put it back in service.
4. On May 8<sup>th</sup>, Micro screen 1 called for an auger failure. We cleaned rags and grit out of the auger and put it back in service.
5. On May 10<sup>th</sup> and 11<sup>th</sup>, we took Blower 1 apart and took it in to be repaired. It has been knocking.

#### **Lift Stations**

1. Lift station pump run times from April 1 - 30, 2016

2. On pulled We and back
- | Station     | Cycles | Run Time (hrs) | Station         | Cycles | Run Time (hrs) |
|-------------|--------|----------------|-----------------|--------|----------------|
| Sagamore    | 647    | 28.9           | Nature Preserve | 1471   | 240.8          |
| Pixley      | 385    | 24.1           | Devon           | 1298   | 56.9           |
| Edgewood    | 507    | 105.7          | Main            | 5746   | 163.4          |
| Surrey Hill | 501    | 30.3           | Wessex          | 524    | 56.1           |
| Wexford     | 547    | 25.5           | Scarborough     | 540    | 18.9           |
| Amhurst     | 1403   | 122.3          | Shorewood ct.   | 751    | 108.6          |
| Roxbury     | 2089   | 75.9           |                 |        |                |
3. On pulled Pump with
4. On May 13<sup>th</sup>, we pulled pump 1 at Sagamore and brought it back to the shop. It needs to be rebuilt.

May 4<sup>th</sup>, we pump 1 at Sagamore. removed rags put the pump in service. May 12<sup>th</sup>, we both pumps at Wessex. 1 was jammed rags and

pump 2 had slowed down, it also had rags. We cleaned both pumps and put them back in service.

### Sewer Lines & Manholes

1. On April 28<sup>th</sup>, we were called to Westchester Lane for a backed up sewer line. The sewer our was running freely. The plumber found roots in the service.
2. On May 3<sup>rd</sup>, we went to Arbor Lakes to oversee the mandrill test, the vacuum test of the manholes, and pressure testing of the new sewer lines.
3. On May 9<sup>th</sup>, we dug up a buried manhole in Arbor Lakes.

### Other

1. Metz has only about 800 feet to complete the scheduled cleaning and televising for this year.

Submitted By  
Forest W. Ash

### Questions and Answers:

1. Mr. Atherton asked Mr. Ash that if the pumps in the lift station were supposed to chop up the rags why were they jamming? Mr. Ash explained that the augers sometimes just get overwhelmed, and sometimes it is that stringy material that gets wrapped around the auger and jams it.
2. Mr. Becker asked if the manhole that needed to be raised was the fault of a contractor. Mr. Ash explained that this particular manhole was on a vacant lot and the rain had washed mud on top of the manhole, burying it.
3. Mr. Atherton asked if we started disinfection. Mr. Ash responded we have as of April first.
4. Mr. Atherton asked if the mandrill and manhole testing had been completed for the last phase of Arbor Lakes. Mr. Ash stated that it had.
5. Mr. Atherton asked if Arbor Lakes had paid its capacity fees. Mr. Ash stated that the capacity fees have been paid.
6. Mr. Atherton asked how much longer Metz would be televising sewers. Mr. Ash stated that Metz had about eight hundred feet left to complete, However, Metz was asked to hold off on that 800 feet until the lines were repaired behind the homes on Shorewood Drive.
7. Mr. Hanas asked if our maximum exposer was the "belly" in the sewer line that was found on Roxbury. Mr. Ash stated the affirmative. Between Roxbury and Brockton, the sewer had subsided and the camera went under water and could not televise the interior of the sewer. Metz had to put their jetter in the sewer to suck the water out, and then televise it with the jetter to view the sewer interior.
8. Mr. Atherton asked if the previous televising had disclosed this problem. Mr. Ash stated that the previous televising had shown a dip in the sewer, but not as bad. There was a discussion about the problem and it was decided to ask McMahon to evaluate the line and develop an estimate on repair costs.

There were no further questions.

## **Treasurer's Report:**

Treasurer Jerry Hanas reported that the 2015 budget had seen a decline in revenues. We had budgeted revenue of \$ 888,557. The actual was \$ 879,850, which is approximately 1% below the budget. The good news was that budget expense was budgeted at \$ 387,161 and the actual expense was \$ 345,000. Expenses were \$ 33,000, or approximately 8% below budget. As projected, we would be adding approximately \$ 185,000 to the capital fund this year and were 1.98 % above our projected goal. For 2016, the revenues are somewhat stagnant and expenses are up about 6.9%, or about \$ 26,000 higher than the budgeted amount for 2015. We can therefore expect to see some erosion in our cash reserve in the coming years. We will need to analyze the sufficiency of our rates for the next several years. As of April 30, 2016, we are still adequate with cash reserves, having \$ 787,778 in the Capital replacement fund, \$ 294,197 in the Construction fund, and \$ 354,158 in the Capacity fund for a total of \$ 1,436,133 in restricted funds. We also have \$ 227,495 in unrestricted cash, which represent 3.8 months of cash on hand. We had operating income of \$ 301,017 and operating expense of \$ 143,920, giving us a net income of \$ 157,727. We had bond payments of \$ 114,805 leaving a final net income of \$ 42,922 with a debt service of 1.36.

President Colton produced a copy of the audit that London Witte had performed and asked if there were any discussion on the matter. Mr. Ash gave Mr. Hanas an email he had just received from London Witte with a calculation of the Debt Service Ratio. In 2014 the debt service ratio was 1.50. In 2015 it was 1.55. Mr. Hanas suggested that we accept the audit. Mr. Atherton motioned to accept the audit and allow London Witte to disseminate it as needed. Mr. Buczek seconded the motion. The motion carried.

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

## **Old Business:**

President Colton discussed the capital cost to construct an additional clarifier. The Board had asked McMahon to prepare a bid for the design drawings, and the scope of work that would be needed to take us into the bidding stage for the construction of an additional clarifier and possible removal of Aeration Tanks #1 and #2. Because the Aeration tanks and the Clarifier are integrated, the Board has asked McMahon to prepare bid documents that would enable the Board to seek bids on divisions of work, and award the project depending on the availability of funds. Mr. Sturgill had presented the Board with a proposal for two options: one for just constructing the clarifier; the other for constructing a clarifier and a new aeration tank. Mr. Sturgill explained that because of piping and mechanical design considerations there would not be a significant savings in constructing just the clarifier. McMahon had presented a proposal for a lump sum agreement based upon an estimated cost of the project. Their agreement would include the cost of all design services associated with the project, and would not exceed their proposal price. Mr. Atherton asked if their proposal included value engineering. Mr. Sturgill said that value engineering was built into their proposal in anticipation that McMahon would perform that work. There was a discussion about McMahon's proposal, and the Board decided to table it for another meeting.

President Colton asked Mr. Ash if we had any applications returned for the up-coming election. The only application that was received was that submitted by Greg Colton. Since there were no other applications and to save the Utility from spending funds to hold an election, Mr. Colton withdrew his application in anticipation of being appointed by the existing members of the Board of Directors.

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

## **New Business:**

President Colton asked Mr. Ash to talk about Bids received for plant security cameras. Mr. Ash explained that the POA had added cameras to surveil their buildings, and he asked the same security company to submit a bid

for cameras that will cover the plant area. Some of the Board members had asked for cameras in the past. The Board had a discussion on the cameras and tabled it for another date.

President Colton informed the Board that, when reading through the bylaws and the tax codes (which he does in his spare time), he had a concern about the difference in voting values for Utility members located within Shorewood, and those members located in the surrounding communities that the utility serves. He discussed specifically that the Board of Directors consider whether to amend Section 5.05 of the Utility's Bylaws, which provides that Members located within Shorewood Forest subdivision have a full vote, and all Members living outside of Shorewood Forest subdivision have only a half vote. The Board of Directors is considering changing the Bylaws so that all Members living outside of Shorewood Forest subdivision will also have a full vote. In connection with this issue, the Utility sought a legal opinion from a tax attorney. The tax attorney advised the Utility that, in order to ensure the continuation of the Utility's tax-exempt status, the Utility should amend its Bylaws to allow all Members a full vote. The Utility presently serves 1,064 Members. The number of Members in each subdivision is as follows: Shorewood (870), Deer Creek (14), Edgewood (50), Sagamore (80), Arbor Lakes (50).

Mr. Atherton made a motion to notify the members of our intent to discuss the revision of Section 5.05 to give the members outside of Shorewood Forest a full vote. Ken Buczek seconded, and the motion passed.

There were no further questions.

President Colton adjourned the meeting at 8:28 pm.

Respectfully submitted,

---

Kenneth L. Buczek, Secretary