

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 June 16, 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 June 16, 2016 meeting to order at 7:06 p.m. in the Shorewood Forest Club House. Directors Greg Colton, Jerry Hanas, Ken Buczek and Terry Atherton were present. Vice President Randy Becker was absent. Also in attendance were Philip Burbrink, and four 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 May 19, 2016. There were none. The minutes of the Board of Directors Regular Meeting of May 19, 2016 were subsequently accepted and approved.

Shop Report:

A copy of the May 14, 2016 through June 8, 2016 Shop Report, prepared by Forest Ash, Plant Manager, was distributed to all Members who were present, and is summarized as follows:

Shop Report

May 14th through June 8th, 2016

Main Plant

1. Permit capacity is 450,000 GPD. We had an average flow of 185,100 GPD and our high flow was 245,100 GPD. We treated a total of 5.739 million gallons of wastewater last month, or 41% of our permitted capacity. The following percentage rates are an indication of how efficiently the plant is operating: 99.3% removal of BODS; 99.5% of Suspended Solids; 99.6% of Ammonia; and 95.9% of Phosphorus (80% minimum).
2. On May 25th, we walked to the creek for our monthly inspection.
3. On May 20th, micro screen 1 called for an auger VFD failure. We cleaned rags out of the auger and put it back in service.
4. On May 28th, micro screen 1 called for an auger VFD failure. We cleaned rags out of the auger, but could not get the auger running. We were able to fix the auger on May 31st.
5. On June 2nd, the Final sampler was not full when we took our samples. We replaced the suction tubing and put the sampler back in service.
6. On June 3rd, micro screen 1 had an auger VFD failure. We cleaned rags out of the auger and put it back in service.

Lift Stations

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

Station	Cycles	Run Time (hrs.)	Station	Cycles	Run Time (hrs.)
Sagamore	676	29.3	Nature Preserve	1473	193.1
Pixley	407	25.5	Devon	1103	52.8
Edgewood	569	72.4	Main	6305	162.5
Surrey Hill	578	33	Wessex	595	83.3
Wexford	690	32.2	Scarborough	549	17.3
Amhurst	1388	120.8	Shorewood ct.	817	174.7
Roxbury	2078	73.7			

2. Nature Preserve has been calling with communication failures. We have added radio mast to the antenna and the problem persists.
3. On May 14th, we were called by Sagamore, Nature Preserve, and Devon lift stations for power failure. We towed the generator to Devon and left it overnight.
4. On May 14th, we were called to Nature Preserve for a power failure. We reset the breakers in the main panel and power was restored.
5. On May 18th, we installed a new 5 HP Tsurumi cutter pump in Sagamore.
6. On May 24th, we were called to Nature Preserve, Sagamore, and Devon lift stations for power failure. We towed the generator to Devon and left it until morning.

Sewer Lines & Manholes

1. Metz has completed the final 800 feet of the scheduled cleaning and televising for this year.

Other

1. No issues this month.

Submitted By
Forest W. Ash

Questions and Answers:

1. Mr. Atherton asked what was going on with microscreen #1. Philip responded that we were getting things into the sewer that should not be there. We have pulled out a hair brush, and plastics that have jammed the microscreen auger.
2. Mr. Atherton asked why we have so much trouble with number one and not the other. Philip explained that we alternate the microscreens on a weekly basis and it just happen to be #1 that jammed this time.
3. Mr. Atherton asked if we had raised the antenna mast to the Nature Preserve Lift Station. Philip explained that we had added to it and it is now approximately 40 feet tall, but it is still 15-20 feet below grade and the height of surrounding trees. During the winter months Nature Preserve's communications are fine; during the summer, with tree foliage, it loses communication.
4. Mr. Atherton asked about trimming the trees. Philip explained we cannot do that ourselves and would have to hire a tree trimmer.
5. Mr. Colton asked what the cost was for a mast. Philip said that we have found a 50 foot extend-a-pole for about \$250.00, the 10-foot mast that we have been adding is cheaper, but they are starting to give way.
6. Mr. Atherton asked if we ever talked to a resident about leasing their roof for an antenna. Philip said he was not sure but we have talked about moving the antenna to the top of Nature Preserve to get away from the trees. However; the cost was too high to do so.

7. Philip was asked what caused the recent power outage. He said he was not sure what caused the first one, but was told that a tree fell across the power lines on CR 500 West. He also explained that Sagamore and Nature Preserve have generators on them, but Devon does not, so we have to bring our generator out to the lift station for temporary power.

There were no further questions.

Treasurer's Report:

Treasurer Hanas gave the financial report, Restricted Bonds total \$161,815, Debt Service Reserve of \$268,783 with a Debt Service Reserve target of 325,920, leaving amount still owed of \$57,137. We have Capital Replacement Fund of \$787,818, Construction Fund of \$224,600, Capacity Fee of \$354,176 total Restricted Investments of \$1,366,594. The Utility has Total Operating Funds of \$166,824, 2.8 months of cash on hand, Payables of \$24,627 and Receivables of \$171,145. We had Income of \$375,082 Operating Expense of \$215,460 giving a Net Operating Income of \$159,622. Bond payments of \$143,506 giving an Income after Bond Payments \$16,116, and the Debt Service Coverage Ratio is 1.10.

Mr. Hanas explained that we have had some non-recurring expense the beginning of this year, like the Metz televising and cleaning of the sewer lines that has drove the Debt Ratio down. The expense from last year has increased by about \$90,000.00 Metz has been about 50% of that, increased NIPSCO bills are some of the other. With the added expense we will be probably be within \$20,000.00 of our budgeted target. We should be able to make the debt ratio by the end of the year, maybe not by a healthy margin but we should meet it. Mr. Hanas explained that he is working with Danielle Heskett (CPA) and Forest to project the budget for 2017 and 2018. We are trying to get settled in with the increase of the power bill to see if it might constitute a rate increase, but as of right now we are trying to see where we are at.

President Colton asked if there were any questions on the financials.

1. Mr. Szeffc asked if the ratio was supposed to be 1.25. Mr. Hanas responded yes.
2. Mr. Szeffc asked, what the amount of past due accounts was. Mr. Hanas responded that we were at about \$20,000.00 a couple of months ago and were working to reduce that amount.
3. Mr. Szeffc asked if you had a rental house who was responsible for the bill, the renter or the owner? Mr. Hanas responded that the owner was responsible for the bills. There was considerable discussion concerning renters, landowners, and the disconnection of sewer lines. Mr. Colton explained that we were working on all legal aspects, and have been trying to find the least expensive alternative and least damaging way to shut off the residents that are past due. Mr. Colton referred to our rules and regulations and stated that the home owner is the responsible party, as the utility member, for all sewer bills incurred during their ownership of a home served by the Utility.

Old Business:

President Colton, presented the engineering services contract for the Roxbury sewer project from McMahan Associates. The Board accepted the contract from McMahan. The cost of the Engineering is \$8,200.00.

There was a discussion about the dip in the pipe, what caused the sag, and what would happen if we did not fix the pipe. It was explained the we did not know what caused the pipe to sink and that was what the core boring process would tell us. If we did not fix the sewer, the possibility exists that the sewer would fill with solids and plug up. It would require annual maintenance of cleaning the sewer to prevent this from happening.

President Colton presented a second contract from McMahan concerning the replacement of aeration tanks 1 and 2 and the addition of a new clarifier. At the May meeting, we had discussed this extensively and the reason we needed to do this project for redundancy as IDEM requires. The Board tabled it at the May meeting. Mr.

Atherton asked if there were any changes from last meeting, Mr. Colton responded no. There was a discussion on the clarifier and the Board decided to table a vote on the project until next monthly meeting.

New Business:

There was no new business.

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

The floor was then opened to the membership for questions.

There was a discussion on the change of the bylaws concerning voting rights of members located outside of Shorewood Forest subdivision.

President Colton adjourned the meeting at 8:15 pm.

Respectfully submitted,

Kenneth L. Buczek, Secretary