

## 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 August 18, 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 August 18, 2016 meeting to order at 7:08 p.m. in the Shorewood Forest Club House. Directors Greg Colton, Jerry Hanas, Ken Buczek, Terry Atherton and Randy Becker were present. Also in attendance were Forest Ash plant manager, and six members of the Utility.

#### Approval of Prior Minutes:

Board President Mr. Colton asked if there were any questions concerning the minutes from the previous Board meeting of June 16, 2016. There were none. The minutes of the Board of Directors Regular Meeting of June 16, 2016 were accepted and approved.

#### Shop Report:

A copy of the June 9, 2016 through August 17, 2016 Shop Report, prepared by Forest Ash, Plant Manager, was distributed to all Members who were present, and is summarized as follows:

#### Shop Report

June 9<sup>th</sup> through July 18<sup>th</sup>, 2016

##### Main Plant

1. Permit capacity is 450,000 GPD. We had an average flow of 170,300 GPD and our high flow was 237,600 GPD. We treated a total of 5.109 million gallons of wastewater last month, or 38% of our permitted capacity. The following percentage rates are an indication of how efficiently the plant is operating: 99.6% removal of BODS; 99.6% of Suspended Solids; 99.7% of Ammonia; and 94.9% of Phosphorus (80% minimum).
2. On June 16<sup>th</sup>, we walked to the creek for our monthly inspection.
3. On June 12<sup>th</sup>, we were called in for the SCADA computer not communicating. We reset the computer and put it back in service.
4. On June 14<sup>th</sup>, we pulled pump 2 in the headworks lift station after it failed to run when turned on. We found nothing in the pump and put it back in service.
5. On June 14<sup>th</sup>, we were called to Micro Screen 1 for an auger VFD failure. We cleaned rags out of the micro screen and put it back in service.
6. On June 21<sup>st</sup>, we were called to Micro Screen 2 for an auger VFD failure. We turned on screen 1 which also jammed. We cleaned out both micro screens and returned them to service.
7. On July 6<sup>th</sup>, Micro Screen 2 called for an auger VFD failure. We tried to clean out the Micro Screen but could not get the auger to turn.
8. On July 12<sup>th</sup>, Micro Screen 1 called for auger VFD failure. We cleaned out the auger and put it back in service.

##### Lift Stations

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

2. On  
we  
Devon  
failure.

Station	Cycles	Run Time (hrs)
Sagamore	629	27.9
Pixley	456	28.3
Edgewood	559	62.6
Surrey Hill	549	43.9
Wexford	683	32.0
Amhurst	1219	107.1
Roxbury	1876	65.6

Station	Cycles	Run Time (hrs)
Nature Preserve	1134	138.1
Devon	886	49.8
Main	5488	140.6
Wessex	535	73.0
Scarborough	531	12.7
Shorewood ct.	783	171.9

June 11<sup>th</sup>, we called to for a power. When we inspected the the power was a breaker in the had blown. June 13<sup>th</sup>, we pump 1 at after receiving failure. We

station on, but cabinet

3. On  
pulled  
Devon  
a pump

found that the pump had sucked a float into the volute.

- On June 23<sup>rd</sup>, we were called to Surry Hill for high level. We found a wire in the Roto-phase was burned through. We repaired the wire and put the station back in service.
- On July 1<sup>st</sup>, we dropped a tree in Nature Preserve in an attempt to get better radio communication.
- On July 7<sup>th</sup>, we went to Scarborough lift station for a low wet well float alarm. We found wires to the PLC were loose and after tightening them the problem has not repeated.
- On July 15<sup>th</sup>, we pulled pump 2 at Sagamore after it called for a failure. We cleaned rags out of the pump and put it back in service.

### Sewer Lines & Manholes

- On June 18<sup>th</sup>, we were called to Surry Hill In for an emergency locate.
- On June 23<sup>rd</sup>, we raised a manhole in Arbor Lakes.
- The mandrill and vacuum testing on the new Sagamore sewer is underway.

### Other

- On June 25<sup>th</sup>, we were called out to reset the SCADA computer when it stopped communicating.
- On June 25<sup>th</sup>, we were called for an emergency NIPSCO locate.

Submitted By  
Forest W. Ash

### Shop Report

July 19<sup>th</sup> through August 17<sup>th</sup>, 2016

### Main Plant

- Permit capacity is 450,000 GPD. We had an average flow of 196,900 GPD and our high flow was 296,000 GPD. We treated a total of 6.104 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: 99.4% removal of BODS; 99.7% of Suspended Solids; 99.6% of Ammonia; and 97.1% of Phosphorus (80% minimum).
- On July 11<sup>th</sup>, we walked to the creek for our normal monthly inspection.
- On July 19<sup>th</sup>, we found the water line to the new headworks building was leaking. We called the contractor and had it repaired under warranty.
- On July 24<sup>th</sup>, we found a hole in the suction tubing of the magnesium pump and replaced it with a stock piece of hose.
- On July 25<sup>th</sup>, Micro screen 1 had an auger VFD failure and had to be cleaned out.
- On August 11<sup>th</sup>, Micro screen 2 called for a booster VFD failure. We reset the alarm, set up a fan to blow in the control panel and put it back in service.
- On August 15<sup>th</sup>, while we were working on Edgewood lift station it began to rain hard and the Micro-screen auger failed on both micro-screens. We cleaned both micro-screens out and got them running. Around 8:30 pm we were called out for the argue failure again, we were able to get the Micro-screens running. Upon arrival we noticed during heavy rain Aeration 3 was overflowing. We begin wasting and pumping into the other aeration tanks to stop the overflow. Before I got home the micro-screens called for argue failure, at that time I just shut of the lift station until the next morning.
- August 16, We called Midwest Excavating to facilitate clean up at the plant.
- On August 16<sup>th</sup>, we cleaned the micro-screens, we could not get number 1 micro-screen argue to turn. We were able to get Micro-screen 2 working however it failed 5 times. At 5pm we turned off the lift station pumps and bypassed the micro-screens. I called CJ from Blue water, he told me he would have a tech come out and find out what the problem was.

18. On August 17<sup>th</sup>, around 1 p.m. the tech called and told me he cannot make it to our facility but told me how to take the screen off the micro-screens to clean them out.
19. August 18<sup>th</sup>, we took the screens apart cleaned them and put both micro-screens back on line. Pictures are attached.

**Lift Stations**

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

9. On pulled station. pump

Station	Cycles	Run Time (hrs)
Sagamore	662	29.9
Pixley	478	29.5
Edgewood	575	66.8
Surrey Hill	559	32.7
Wexford	890	43.9
Amhurst	1400	134.8
Roxbury	2169	79

Station	Cycles	Run Time (hrs)
Nature Preserve	1178	134.1
Devon	1013	59.2
Main	6216	160
Wessex	565	69.6
Scarborough	616	15.3
Shorewood ct.	796	186.2

August 1<sup>st</sup>, we pump 2 at the headworks lift. There was nothing in the and it functioned properly upon reinstallation. August 8<sup>th</sup>, we pump 2 at Shorewood Ct.

was running slow and pulled it. We found nothing in the pump, cleaned it off, and put it back in service.

11. On August 8<sup>th</sup>, we noticed Devon pump 1 was running slowly and pulled the pump. We found a few rags in the pump. After cleaning we put the pump back in service.
12. On August 14<sup>th</sup>, we were called by a resident at Edgewood for sewage in the basement. He stated he had a plumber out and that the lines were full. Upon arrival we found that the lift station was full. The alarm system did not work. We found the controls fuse had blown, we replaced the fuse and the station begin to work. Around 9 am on the 15<sup>th</sup>, the station called for power failure. The fuse had blown again, I begin trouble shooting to find what was wrong and could not find anything. I Called Mark from MB Controls out to help. Mark also could not find anything wrong we replaced the fuse and the station worked. I went to the office to file the IDEM bypass report and was leaving when the station called again for power failure. I replaced the fuse again. Around 4 a.m. the station called again. After trouble shooting the station, I isolated the trouble to the transformer. I called Mark, he came out and verified my findings, and we installed a new smaller transformer that would only work the controls until we can get a bigger transformer in.

**Sewer Lines & Manholes**

4. No problems

**Other**

3. On July 29<sup>th</sup>, we were called out for the SCADA not communicating. We reset the SCADA and checked the micro screens.
4. We have patched holes in Utility Dr.
5. On August 7<sup>th</sup>, we were called out for an emergency locate. NIPSCO replaced a pedestal.

Submitted By  
Forest W. Ash

**Questions and Answers**

Mr. Hanas, asked if the recent heavy rain is what caused the problem with the micro screens. Mr. Ash stated that the rain contributed to the problem, but the main cause is the rags that were wrapped around the end of the auger. Blue Water has given us permission to remove the end of the auger and clean the shaft to remove the compacted material that was caught in the shaft.

Mr. Atherton then asked if we should be looking at putting a bar screen in the head works to remove the rags and material that are causing the problem. Mr. Ash responded that Blue Water originally stated that we needed to put in a bar screen, however; once they saw the chopper pump in operation they did not feel it was necessary. Mr. Atherton explained that the chopper pumps are cutting materials as they are designed to do, but when certain materials like handiwipes and diapers get in the microscreen auger, the fibers bond back together again. Mr. Ash concurred.

Mr. Ash noted that the warranty for the Microscreens expires next April. Mr. Atherton asked what the possibility was of returning the Microscreens to the manufacture due to the problems we have had with the product. Mr. Ash stated he was not sure, that would be an attorney question.

President Colton moved the discussion to Item #12 in the July-August Shop Report, which involved a lift station problem and sewage that ended up in the basement of an Edgewood resident. Mr. Dick Huttinger, President of the Edgewood Subdivision HOA, Ms. JoAnn Coredig, Mr. John Sawyer, and Mr. Chris Hoepf from Edgewood were all there to discuss the matter.

Mr. Huttinger asked why the Utility did not get a power fail alarm from the lift station. Mr. Ash stated that is a question for which he is trying to find an answer. He could not explain why an alarm call was not generated by the SCADA system.

Mr. Ash stated there are a couple of issues the Utility is looking into. One is why we did not get the call for power fail, and the second issue was why, when the SCADA system was installed into the lift station, the high level float was not put on the battery backup system. The homeowner was advised to submit a claim to the Utility. After additional discussion, Mr. Huttinger commended Mr. Ash and his crew for their response time, once they were called on the phone.

### **Treasurer's Report:**

Treasurer Hanas gave the financial report, Restricted Bonds total \$53,670, Debt Service Reserve of \$272,256 with a Debt Service Reserve target of 325,920, leaving amount still owed of \$53,664. We have Capital Replacement Fund of \$787,897, Construction Fund of \$224,578, Capacity Fee of \$354,211 total Restricted Investments of \$1,366,686. The Utility has Total Operating Funds of \$203,102, 3.4 months of cash on hand, Payables of \$9,383 and Receivables of \$166,935. We had Income of \$531,708, Operating Expense of \$269,886, giving a Net Operating Income of \$261,822. Bond payments of \$200,633 giving an Income after Bond Payments \$61,189, and the Debt Service Coverage Ratio is 1.29.

Mr. Hanas explained that we have had some non-recurring expenses beginning this year, like the Metz televising and cleaning of the sewer lines, which has driven the Debt Service Coverage Ratio down. However; as the months go by we are rebounding a little on our debt service ratio. We will still incur some capital expense this year for the Roxbury project that McMahan is working on. We have increased expenses this year of about \$69,000, primarily due to the Metz project.

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

### **Board Appointments**

President Colton reminded everyone that this year's election was cancelled because only one application was received for the two positions on the Board that expired this year. Consequently, the Board needs to appoint two people to fill the expiring positions. Mr. Atherton made motions to appoint Jerry Hanas and Greg Colton to three-year terms to fill the expiring positions. Randy Becker seconded the motions. The motions were passed, with Jerry Hanas and Greg Colton each abstaining on voting for their own respective reappointments.

### **Old Business:**

President Colton presented a contract from McMahan to provide engineering services necessary to draw up plans and specifications in order to solicit bids for the replacement of the aeration #1 and #2 tanks and clarifier. The issue was discussed at a previous Board meeting, and then tabled. Mr. Colton reminded everyone that the Board previously discussed the need for these projects in order to comply with IDEM requirements for redundancy in treatment plant facilities. Mr. Atherton made a motion that the Board accept the contract from McMahan, Mr. Buczek seconded the motion.

President Colton asked if there was any discussion. Mr. Hanas asked why the contract terms were confidential. Mr. Colton explained that they were confidential until the Board accepts the contract, then the terms can be disclosed. After discussion a vote was taken and the motion was approved, with Mr. Hanas abstaining.

President Colton brought up the issue of the proposed change in the Utility's Bylaws, which was the subject of a Special Meeting of the membership on July 15, 2016. The proposed change in the Bylaws was to give all members of the Utility who lived outside of Shorewood Forest Subdivision a full vote, instead of a half vote. Mr. Atherton moved to table the issue. The issue was tabled.

### **New Business:**

President Colton brought to the Board's attention the possibility of a new subdivision, south of 100N, requiring service from the Utility. The developer of the new subdivision is Don Blum. Mr. Colton reported that Mr. Blum needs a letter of intent from the Board of Directors concerning his sewer connection to the Utility, for purposes of rezoning the property. Mr. Buczek made a motion to send Mr. Blum a letter of intent, making clear that membership approval is needed before service can be provided. Mr. Atherton seconded the motion with an amendment that the letter should state that Mr. Blum would have to put into escrow the engineering fees, accountant fees and any other fees that are incurred (including attorney fees to obtain IURC approval) to expand the Utility's CTA, and to further state that Mr. Blum will have to pay the \$2,000.00 reservation fee for each lot that he develops. Mr. Buczek agreed with the amendment and it was seconded. President Colton opened the floor for discussion. Mr. Hanas noted that we have the capacity and it would be beneficial for the Utility to serve a new subdivision. Mr. Atherton stated that from an environmental perspective it has been a standing policy of the Board to protect the watershed of Lake Louise. Having the new subdivision connect to the Utility is preferable to having septic fields that might leach into the lake. The Board approved the motion to send a letter of intent to Mr. Blum.

President Colton asked if there were any further comments from the Board.

Randy Becker stated that he has been on the Board for many years, and that he made a commitment to stay on the Board to help get the Utility back on its feet. Mainly due to the work of Donna and Terry Atherton this has been accomplished. He felt confident the Utility will continue in the right path and therefore his role can now come to an end. In addition, due to added responsibilities at work and in his private life, he did not feel he would be able to devote the time necessary to be an effective Board member. Therefore, effective as of the end of tonight's meeting he resigned his position as a member of the Board of Directors.

President Colton thanked Mr. Becker for his many years of service, and along with the other Board members expressed sadness at losing him as a Board member, and wished him well in his future endeavors.

The floor was then opened to the membership for questions.

Mr. Bob Band stated that if he remembers right the Board may have already sent a letter of intent to Mr. Blum, and wanted to make sure if a new letter is sent, that there be no conflict with whatever was sent before. Mr. Colton said he would check into it.

Mr. Band asked why we are not meeting our debt service ratio. Mr. Hanas explained that the ratio was low at the beginning of the year due to the maintenance cost of televising the Utility's collection lines. But at present we are in fact meeting our debt service ratio, which stands at 1.29. We are required to maintain a ratio of 1.25. Mr. Hanas suggested that a rate increase may become necessary in the next 24 months. Mr. Band asked if a new subdivision would delay a rate increase. Mr. Hanas observed that fees from a new subdivision would increase our Capital Reserves immediately, but the positive impact on operating revenue would happen more slowly.

Mr. Szefc asked why we do not raise the capacity fees along with the tap fees to generate more income for the projects that need done. Mr. Atherton stated that when we do a rate study that would be one thing that should be looked at.

President Colton adjourned the meeting at 8:08 pm.

Respectfully submitted,

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Kenneth L. Buczek, Secretary