

**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, Chuck McIntire  
Treasurer, Phil Litherland  
Assistant Treasurer, Donna Atherton

**Regular Meeting of March 19, 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 March 19, 2012 meeting to order at 7:06 p.m. in the Shorewood Forest Clubhouse. Directors, Gary Maxwell, Chuck McIntire, Randy Becker, Phil Litherland, & Assistant Treasurer Donna Atherton were present. Also, in attendance were Plant Manager Forest Ash, Office Manager Linda Walla, and several residents.

**Approval of Prior Minutes:**

A motion was made by Director McIntire and seconded by Director Maxwell to approve the minutes for the February 13, 2012 Board of Directors Regular Meeting. The motion was approved unanimously.

**Shop Report:**

As reported by Plant Manager, Forest Ash:

February 14 – March 16, 2012

**Main Plant**

1. Our NPDES Permit is for 450,000 GPD. We had an average flow of 173,100 GPD and our high flow was 257,420 GPD. We treated a total of 5.1 million gallons of wastewater last month, or 38% of our permitted capacity. We removed 99.2% of BODS, 98.5% of Suspended Solids, 99.8% of Ammonia, and 92.8% of Phosphorus. We had no violations this month.
2. On February 17th, we walked to the outfall for our monthly inspection. We did not see any visible solids. The creek and the outfall are clean and odorless.
3. On March 8<sup>th</sup>, 11:30 p.m., SCADA called for power failure at the plant and Sagamore; both generators were running. After I acknowledged the alarms, SCADA called again with alert condition 2, indicating the computer was no longer talking to the SCADA systems. I had to come out and reset the computer and communication was restored.

4. We installed new hour meters on the blowers at the plant. We used meters that we had sitting on the shelf.

**Lift Stations**

1. Lift station pump run times from February 1 – 29, 2012:

Station	Cycles	Run Time (hrs)	Station	Cycles	Run Time (hrs)
Sagamore	118	5.2	Nature Preserve	631	56.7
Pixley	406	22.6	Devon	1065	39.5
Edgewood	678	40.9	Main	6377	162.1
Surrey Hill	602	38.2	Wessex	454	42.2
Wexford	469	40.4	Scarborough	442	19
Amhurst	1280	197.7	Shorewood Ct.	270	28.9
Roxbury	640	68.7			

2. On March 9<sup>th</sup>, the Shorewood Ct. Lift Station alarmed with a pump 1 failure; we reset the VFD. The pump is now working.
3. On March 12<sup>th</sup>, the Surrey Hill Lift Station alarmed with a pump 1 failure. We had to reverse the wires to un-jam the pump; it is now working.

**Sewer Lines & Manholes**

1. We received the special ordered manhole raisers. They will be installed this month.
2. Matt from Simpson came out and we looked over his GPS print. We made changes and added all the manholes that were found. We also included the manholes going to the outfall.
3. All the manholes have been located.

**Other**

1. We sent the pump that we pulled from the Devon Lift Station in to be checked out. The bid is enclosed.

Submitted By  
Forest W. Ash

**Financial Report:**

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

**The Summary Financial Report as of February 29, 2012** (*a copy of the full report can be obtained from the SFU office*) is highlighted as follows: Capital Replacement Fund \$114,311.53; Capacity Fees Fund \$514,202.81; Total Operating Fund \$375,554.27 (7.51 months of cash on hand); February Income \$62,361.07; February Expenses \$23,460.69; 2002 & 2005 Bond Payment \$17,613.96; February Net Income \$21,286.42; Year-To-Date Debt Service Ratio is 2.10 (1.25 is required to be in compliance with our Bond Covenants).

Assistant Treasurer Donna Atherton stated that although we are in the process of closing the 2011 year and do not have the exact amount of our net income (excess), we can make a partial transfer to the capital replacement account.

**Old Business:**

There was no old business to discuss.

**New Business:**

**Approval of Revised Services Agreement with MCO:**

President Atherton stated that during the budget deliberations, the Board requested that we obtain alternate quotes from MCO for reduced level of services. The first quote is for one visit per month at a cost of \$450.00. The second quote is for two visits per month at a cost of \$750.00. Currently, MCO makes 4 visits per month. President Atherton stated that it is the Board's consensus to accept MCO's proposal on the basis of two visits per month.

It was moved by Director Maxwell and seconded by Director Litherland to accept the MCO quote in the amount of \$750 for two visits per month. The motion was unanimously approved.

**Approval of 2012 Operating Budget:**

Assistant Treasurer Donna Atherton noted that our billing supplies and mailing charges will increase, due to the fact that Indiana American Water will no longer be doing the billing for Shorewood Forest Utilities, Inc. sewer services. Marcia Casassa (lot 618) inquired whether the billing will continue on a bi-monthly cycle or will we be issuing a monthly bill to our customers. Assistant Donna Atherton stated that instituting a monthly billing cycle would entail a lot of extra work and cost. Director Litherland agreed that Shorewood Forest Utilities, Inc. should retain a bi-monthly billing cycle because most of our customers are accustomed to receiving their bills every two months. Assistant Donna Atherton reminded everyone that the "Snowbird" policy will have to be discontinued once Indiana American Water turns over the billing to us because we will not be able to track the activities of the customer. President Atherton stated that the customer billing expense is projected to go up by 29%.

President Atherton stated the budget provides for a 1% increase in the overall income, due to the conservative estimate of new sewer customers. The Board projected that there would be approximately 10 new customers in Arbor Lakes and Sagamore subdivisions, and maybe one or two new customers added in the Edgewood Subdivision.

President Atherton stated that administration expenses are projected to go down by 36% from last year's actual figures. The lift station expenses will increase by 11% because we will be doing more preventative maintenance activities this coming year. Office expenses will be decreased by 19%. The total plant operations costs will be decreased by 15%, budget to actual. We recently switched uniform vendors from Aramark to Cintas, giving us a savings of 58%. President Atherton reminded the Board that the new MCO agreement for a reduced number of visits will save us approximately \$5,000 in engineering costs, which will give us a 19% overall reduction in professional fees expenditures.

President Atherton stated that the gas and electric bills are budgeted for a 10% increase, due to the expectation of a Nipsco rate increase this year.

President Atherton summarized the Operating Budget as follows: 9.08% increase in budgeted expenses to actual expenditures in 2012 and a 1% increase in income. He stated that all tests have been met. The projected revenue is sufficient to meet all operating expenses as required. We should generate about \$135,000 excess for 2012. We will have a debt service coverage ratio of 1.89 for the year. We are required to maintain a year-to-date debt service coverage ratio of 1.25 to be in compliance with our Bond Covenants. We will be generating 95.7% of our income from members, which is greater than the 85% that we are required to maintain to keep our non-for profit status. Assistant Treasurer Donna Atherton interjected that we will have to verify how many rental customers signed up with Indiana American Water without our knowledge.

Based on the projected operating budget, President Atherton ascertained that a rate increase is not warranted. Of course, he reminded everyone that unforeseen capital expenditures could alter the budget. The Board is currently working on a capital budget for 2012 through 2017. President Atherton emphasized that the goal of Shorewood Forest Utilities, Inc. is to maintain the rates and still meet our expenses.

It was moved by Director McIntire and seconded by Director Litherland to approve the proposed operating budget for 2012 as presented. The motion was unanimously approved.

**Approval of Tri-Partite Agreement with US Bank of Bond Administration:**

Assistant Treasurer Donna Atherton explained that originally 1<sup>st</sup> Source Bank was our bond trustee, until they decided in 2010 that they didn't want to be in the bond business. The only Bank willing to take over our bond business was UMB. This month, we received a letter from US Bank informing us that they have purchased the corporate trust business of UMB and will now be our bond trustee. Donna stated that US Bank will honor the same annual fees that UMB charges us to maintain our bond accounts.

It was moved by Director Litherland and seconded by Director Maxwell to approve the Tri-Partite agreement with US Bank for our 2002 and 2005 bonds. The motion was unanimously approved.

**Progress Reports:**

**Wexford Lift Station Landscaping- Director Litherland:**

Director Litherland stated that he would landscape the area at the Wexford Lift Station as soon as the weather is suitable for planting trees.

**Manhole Repair Report- Director McIntire:**

Director McIntire stated that Forest just received the special parts needed to repair the remaining manholes and will complete the repairs this month. President Atherton inquired whether the missing manhole cover was replaced at the outfall. Forest stated not yet. President Atherton urged Forest to take care of the repair immediately, since this is a liability issue.

**Website Demo-Director Becker:**

Director Becker stated that he has given most of the information to the website designers and they should have a rough demo by Thursday or Friday of next week. President Atherton asked Director Becker to bring the rough website demo to the executive workshop that is scheduled for March 28<sup>th</sup>.

**McMahon Efficiency Report & Letter to IDEM – President Atherton:**

President Atherton stated that once the Board finishes the capital review, he will give IDEM a report of Shorewood Forest Utilities, Inc’s capital plan.

**Comments from the Board:**

Director Maxwell offered his help in anyway that is needed.

**Comments from the Membership:**

Marcia Casassa (lot 618) asked Forest if any of our equipment or systems were affected by the recent solar flares, to which Forest answered no.

**Adjournment:**

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