

SHOREWOOD FOREST UTILITIES, INC.

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

BOARD OF DIRECTORS PUBLIC MEETING

President, Greg Schafer
Vice President, Anthony Cimino
Secretary & Treasurer, Tom Szeffc

Meeting of January 24, 2018

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.

CALL TO ORDER (00:07)

Board President Greg Schafer called the Board of Directors of Shorewood Forest Utilities, Inc., called the January 24, 2018 meeting to order at 7:11 p.m. in the Shorewood Forest Club House. Present were President Greg Schafer, Vice President Anthony Cimino and Secretary/Treasurer Tom Szeffc. Also, in attendance were Plant Manager Forest Ash, Administrative Assistant Linda Walla, and 3 members of Shorewood Forest Utilities.

President Greg Schafer welcomed everyone to the meeting and stated that meetings are run using the Rules of Roberts Law; every time there is an issue being presented, members will have a chance to interact by asking questions and commenting on these issues while the Board discusses each issue. He encouraged members to ask questions if they need clarification or provide their valuable input to help the Board better understand their concerns.

APPOINTMENT OF NEW BOARD MEMBER (1:15)

President Greg Schafer announced that the first order of business was to appoint a new Board Member to fill the vacancy left by Director Greg Colton. He stated that the vacancy occurred through action of the Board. According to the Bylaws under Article VI, The Board of Directors, Section 6.02 titled Vacancies reads as follows: *"Any vacancy that shall occur on the Board of Directors shall be filled by a majority vote of the remaining Directors, and the Director so chosen shall serve the unexpired portion of the term of the person whom he or she replaces."*

President Greg Schafer pointed out that the current Bylaws state that Margie Stiles who was appointed by a majority of the vote by the remaining Directors will carry out her duties until Director Greg Colton's term expires or the current Board decides to remove her at their discretion.

President Greg Schafer would like to revise this Bylaw to state that when a vacancy occurs, that vacancy should be **temporarily** appointed by the Board, but then the appointment should be voted on by the community at the very next election that occurs, not necessarily when the vacancy term expires. He explained that Margie Stiles had the fourth highest vote count of anybody that ran in this past election and was entitled to a seat on the Board had the Bylaws been revised. President Greg Schafer went on to say that he witnessed firsthand how Margie Stiles worked as hard as anybody out there during this past

campaign. He added that she will be the very **first woman** to sit on the Utility Board for Shorewood Forest Utilities and that he believes she will be a tremendous asset to the Board.

A motion was introduced by President Greg Schafer and seconded by Secretary/Treasurer Tom Szefc to nominate Margie Stiles as the new Board Member to fill the vacancy left by Director Greg Colton. The motion was approved unanimously.

Margaret Stiles took her seat at the front of the room with the rest of the Board of Directors. President Greg Schafer informed her that she can participate in any discussions and vote on any actions that the Board takes starting with tonight’s meeting.

OPERATIONS REPORT (December 21st, 2017 to January 23rd, 2018) (7:18):

A copy of the Operations Report was handed out to all members that were present. Plant Manager Forest Ash presented the Operations Report as follows:

Normal Operations

- We had an average flow of 188,700 GPD and our high flow was 232,300 GPD. Our I.D.E.M. allowable permit is 450,000 GPD. We treated a total of 5.848 million gallons of wastewater last month.
- The following are the NPDES (National Pollutant Discharge Elimination System) permit monthly average limits and the lab results of the final effluent:

| | INCOMING (Av) | | OUT GOING (Av) | | I.D.E.M. (Limits) | |
|------------|---------------|-------|----------------|------|-------------------|------|
| | lbs. | mg/l | lbs. | mg/l | lbs. | mg/l |
| CBOD | 673.3 | 413.0 | 3.9 | 2.5 | 37.6 | 10 |
| TSS | 773.2 | 479.0 | 4.7 | 3.1 | 45.1 | 45.1 |
| AMMONIA | | 29.0 | 1.1 | .63 | 4.5 | 1.2 |
| PHOSPHORUS | | 7.0 | | .3 | | 1 |

CBOD - Carbonaceous Biochemical Oxygen Demand.

TSS - Total Suspended Solids

- Even though in the month of December we met all NPDES monthly average limits, due to the inclement weather, Aeration #4 froze over causing us to exceed a one-day ammonia perimeter; we have a 3.5 daily perimeter limit and we had a 4.6.
- Monday through Thursday, we spend an average of 6 man-hours a day cleaning, taking samples, and taking care of our daily plant operations.
- On Fridays, we spend approximately 12 hours per day performing our daily maintenance and cleaning the final filters.
- We have completed 25 locates for 811.

Plant Operations

- We have moved the raw sampler into the micro screen building. It was freezing three or more times a week causing us to spend time thawing it out.
- The waste pipe for Aeration #3 froze and had to be cut and bypassed.
- The returns for Aeration #4 froze and had to be thawed out for three days.

- We have had vendors in to trouble shoot the booster pump failures on the micro screens.
- We have had one micro screen auger failure.
- We have blown out the magnesium feed line four times.
- We are now storing the dry bags of magnesium in the shop. Storing the magnesium in the micro screen building was causing bags to absorb moisture and clump up, leading to wasted material.

Lift Stations

- We rewired Pump 1 at Devon Lift Station to run off the PLC after pulling the pump multiple times and finding nothing in it.
- We removed a float weight from Devon that was preventing a pump from sitting down fully and creating a seal.
- We have had two power outages which required that we pull the mobile generator to Wexford, Amhurst, and Roxbury Lift Stations. One lasted two hours and one lasted seven hours.
- We replaced pump 2 at Nature Preserve with a new 5 hp Tsurumi cutter pump.
- We replaced pump 1 at Wessex with a new 10 hp Tsurumi cutter pump. The old flange had to be modified to fit the new pump.
- We rewired the pumps at Scarborough to run using the PLC. Both pumps are now working in Scarborough.
- The backwash lift station was rewired to allow for the use of a hand switch.
- We have been called to lift stations 10 times for pump related issues.

Major Projects

- We have replaced multiple hydraulic lines on the Vactor truck. The boom arm base has been ground down, heated, straightened, welded, and repainted.

Shellbourne Conference Center Faulty Mag Meter

Plant Manager Forest Ash made an addition to his shop report as follows: In December, the Shellbourne Conference Center reported an excessive amount of wastewater treated (1 ¼- 1 ½ million gallons) due to what was thought to be a problem with their lift station; their bill for that month was roughly \$12,000, almost 4 times as high as their highest bill. A reading was taken on January 21st and the flow was once again excessive (980,000 gallons). Phoenix Innovations was called out to clean the mag meter and adjust the sensitivity switch. (The mag meter determines the flow through the sewer pipe in order to determine how many gallons are pumped over to Shorewood Forest Utilities). They suggested to Shellbourne that they replace the mag meter which is over 25 years old. Due to the faulty mag meter, the reading in December and January was fictitious and inaccurate.

President Greg Schafer added that in December the contractor, Gasvoda, while working on the pumps in the tank at Shellbourne, had to pump the tank almost completely down and due to the faulty mag meter, there is no accurate indication as to how many gallons were pumped over to Shorewood Forest Utilities. He explained that it takes a tremendous amount of sewage to empty the tank and Shellbourne must pay for that sewage.

It was moved by Secretary/Treasurer Szeftc and seconded by Vice President Cimino to give Forest Ash the authority to further investigate the flow of excessive sewage to empty the tank at Shellbourne and estimate a reasonable calculation in order to adjust their bill accordingly. The motion was approved unanimously.

President Greg Schafer pointed out that all the expenses incurred for Shellbourne repairs are 100 % their responsibility.

Questions From The Membership

Greg Colton (lot 723) inquired whether the ammonia perimeter issue was considered to be a violation. Plant Manager Forest Ash replied that it is considered to be a daily violation; it had to be reported to IDEM and we are waiting for a response.

Greg Colton (lot 723) inquired about the freezing in the waste pipes this winter. Plant manager Forest Ash replied that the ground has shifted and therefore the pipe is now pitching backwards instead of forward. **President Greg Schafer** explained that the pipe is not really clearing itself when the pump shuts off and that is why it froze, but we were back in operation by noon the next day.

Greg Colton (lot 723) inquired whether the repair of the hydraulic lines on the Vactor truck was typical maintenance. **President Greg Schafer** replied that the truck was built in 1994, it is over 30 years old, so this type of repair is typical for its age.

IDEM's (Indiana Dept. of Environmental Management) Surprise Visit

Plant Manager Forest Ash reported that IDEM (Indiana Dept. of Environmental Management) made a surprise visit today and inspected the micro screens and the plant. The **IDEM Inspector Nick Ream** stated that he was going to write up Shorewood Forest Utilities for a violation due to the fact that Aeration tank #2 is not in service. **Plant Manager Forest Ash** explained to Nick Ream that Aeration 1 and 2 aren't in operation because we have enough capacity with Aeration 3 and 4 and it is up to the operator's discretion. **Nick Ream** observed that Aeration #2 is in bad shape, but **Plant Manager Forest Ash** pointed out that we could use it in an emergency situation. **IDEM Inspector Nick Ream** revised his initial report to indicate that Aeration #2 is being used marginally and there is no violation.

Plant Manager Forest Ash stated that IDEM did write us up regarding the "chain of custody". He explained that when waste samples are taken, the date and time on the paperwork must be filled out by us and by the lab person picking up the samples; the dates were entered but the times were not. **IDEM Inspector Nick Ream** stated that we must be more consistent in filling out the dates and times.

Questions From The Membership

Greg Colton (lot 723) inquired why IDEM has a problem with Aeration Tank #2 which has been like this for the past several years. Plant Manager Forest Ash explained that he believes the reason for IDEM's interest in Aeration #2 is probably due to the last overflow we had in August of last year.

Grab Sampler

President Greg Schafer stated that we put a grab sampler on the micro screen which is now giving us good data on what is flowing into the plant and how well the micro screens are filtering. He reminded the members that when the micro screens were first installed, the IDEM did not recognize them as providing any beneficial factors and did not give us any credit due to the fact that the micro screens had never been used in the state of Indiana; there was no history at the at time to indicate how well they were working. He added that IDEM needs a full year of data before considering any qualification of performance and we now have 30 days of data to see what percentage we are screening out, which means the aeration systems will have fewer solids to process.

Micro Screen Hot Water Flush System

Plant Manager Forest Ash stated the micro screen hot water flush system or booster pumps had failed. He called Blue Water and they inspected the VFD's (Variable Frequency Drive) that operate the booster pumps. Blue Water determined that it was not the VFD's, so they contacted Mark from MB Controls and he discovered it was actually the motors that had failed, so he ordered new motors and will install them at no cost to the Utility. **President Greg Schafer** pointed out that the equipment was only two years old and we spent 1.5 million dollars for this equipment; and we should not have to repair it this soon. He added

that he is expecting 25 or 30 years of service before we have to get into any type of real consideration of replacement.

Lift Stations

President Greg Schafer reported that in the past we had trouble with keeping both pumps operational at every lift station. **Plant Manager Forest Ash** added that there were issues with the previous pumps; however, the newer pumps that were purchased are the Tsurumi cutter pumps which are different than the regular extractor pumps that had been used in the past. He explained that the extractor pumps require a thermal overload and a seal fail in the control panel; the Tsurumi pump comes with an internal thermal overload, inside the pump, and has no seal fail. He stated that when his crew was wiring the Tsurumi pumps they were not bypassing the thermal overload and the seal fail in the control panel and this was causing the alarm failures. He explained that once they had redone the wiring in the control panel for the Tsurumi cutter pumps, this issue was resolved. He added that if the Tsurumi cutter pumps fail, they will still receive an alarm from the SCADA (Supervisory Control and Data Acquisition) system. He also added that all the lift stations are fully operational, meaning both pumps are working at full capacity.

FINANCIAL REPORT (30:57)

A copy of the financial reports for the months of November and December were handed out to all members that were present. Treasurer/Secretary Tom Szefc presented the Financial Reports as follows:

The Summary Financial Report as of November 30, 2017 (*a copy of the full report can be obtained from the SFU office*) is highlighted as follows:

- **November:** Income \$77,000.03; Expenses \$36,749.25; Bond Payment \$26,422.50; Debt Service Reserve (Escrow Payment) \$1,732.88; Surplus/Deficit \$12,095.40.
- **Y-T-D:** Income \$841,362.07; Expenses 388,980.32; Bond Payments \$291,872.52; Debt Service Reserve (Escrow Payment) \$19,061.68; Surplus/Deficit \$141,447.55; Debt/Service Ratio 1.42 (*1.25 is required to be in compliance with our Bond Covenants*).
- **Y-T-Y Restricted Funds (2 Bonds; \$3,475,000; Mar 2014):** Bond Payments \$1,180,756.51; Remaining Balance \$3,506,701.50.
Debt Service Reserve (Escrow Payment) \$301,101.12 (*Funds to be returned after the Bonds are paid off*); Remaining Balance \$24,818.88.
- **Y-T-Y Unrestricted Funds:** Operating Funds \$300,896.66 (*5.01 months of cash on hand*); Capital Replacement Fund \$94,448.32.
- **CD (\$1,150,000.00; Oct 9, 2017):** Interest \$3,047.20

The Summary Financial Report as of December 31, 2017 (*a copy of the full report can be obtained from the SFU office*) is highlighted as follows:

- **December:** Income \$84,446.78; Expenses \$40,764.45; Bond Payment \$27,034.17; Debt Service Reserve (Escrow Payment) \$1,732.88; Surplus/Deficit \$14,915.28.
- **Y-T-D:** Income \$925,808.85; Expenses 429,744.77; Bond Payments \$318,906.69; Debt Service Reserve (Escrow Payment) \$20,794.56; Surplus/Deficit \$156,362.83; Debt/Service Ratio 1.43 (*1.25 is required to be in compliance with our Bond Covenants*).
- **Y-T-Y Restricted Funds (2 Bonds @ \$3,475,000; Mar 2014):** Bond Payments \$1,207,913.84; Remaining Balance \$3,479,544.17.
Debt Service Reserve (Escrow Payment) \$303,006.01 (*Funds to be returned after the Bonds are paid off*); Remaining Balance \$22,913.99.
- **Y-T-Y Unrestricted Funds:** Operating Funds \$373,963.78 (*6.23 months of cash on hand*); Capital Replacement Fund \$75,321.01.

The Centier Bank Operating Fund has been closed [12-29-17] and \$3,625.51 has been moved to the 1st Source Bank Operating Fund. The Centier Bank Lock Box Operating Fund has been closed [12-29-17] and \$105,102.49 has been moved to the 1st Source Bank Operating Fund. The total transfer was \$108,728.00.

- **CD (\$1,150,000.00; Oct 9, 2017):** Interest \$4,863.20

President Greg Schafer inquired how much money will be transferred at year-end from the Operating Account to the Capital Replacement Account. **Secretary/Treasurer Tom Szeffc** replied that we will transfer \$225,000, leaving \$150,000 in the Operating Account and approximately \$300,000 in the Capital Replacement Account.

OLD BUSINESS (37:54)

SCADA System Upgrade

Plant Manager Forest Ash stated that he has been trying to obtain prices to upgrade the SCADA System so that the plant can be managed remotely. He added that when he attended the Indiana Rural Water Association Seminar last year, he met a representative from Georgie Booth and Company who gave us a bid of \$43,125 to upgrade the SCADA System with the iFIX program; this would include a new computer and dual hard drives. He also stated that the iFIX program was \$1,000 less than the RS Logics Program, according to the representative at Georgie Booth and Company; which is an alternative program we are considering offered by another company.

Plant Manager Forest Ash stated that he was also able to obtain a fixed bid from Mark at MB Controls which was not to exceed \$27,275 for the iFIX program and although this would not include a new computer, we could probably purchase a new computer cheaper on our own. He also explained that Mark from MB Controls can work on the network at his home because he has Comcast and their download time is faster than what we have at the plant.

President Greg Schafer stated that the significant price difference in the bids was due to the labor cost that Georgie Booth and Company had quoted. He was concerned that Mark from MB Controls, who had problems in the past with troubling shooting the SCADA System might continue to have problems. **Plant Manager Forest Ash** clarified that Kamp Synergy is the company who did the initial SCADA installation and troubleshooting, not Mark from MB Controls. **President Greg Schafer** stated that he would like some assurance that once the installation is complete, everything will be working properly. He also stated that we would need to switch from Frontier to Comcast for faster internet speed in order to run this new equipment. He suggested that we proceed with this project and add the cost of a new computer, roughly \$1,000.

Vice President Anthony Cimino commented that the bid includes a 1-year support, but inquired as to what happens after the first year. **President Greg Schafer** replied that we could probably purchase a second-year of support.

Secretary/Treasurer Tom Szeffc asked, "are the source codes included with iFIX?" **President Greg Schafer** responded that it is included; Wonderware (which is the company we currently use) wanted us to enter into a 5-year rental agreement for the codes, whereas iFIX includes the source codes. He added that the representative from Georgie Booth and Company was very complimentary of the iFIX software because it has a chip operation, whereby it can be removed and reprogrammed if need be.

A motion was made by Secretary/Treasurer Tom Szeffc and seconded by Vice President Anthony Cimino to begin the project of upgrading the SCADA system to get it operating like it is suppose to

and manage the plant from an automation point of view; to accept the bid from MB Controls in the amount of \$27,275, as well as the purchase of a new computer costing roughly \$1,000, with all additional costs not to exceed a total of \$30,000. The motion was approved unanimously.

NEW BUSINESS (46:26)

Sewage Payment Delinquency & Contract with Indiana American Water

President Greg Schafer informed everyone that for a very long time, Shorewood Forest Utilities has struggled with getting members to pay their delinquent bills. We are now entering into an agreement with Indiana American Water, whereby if our sewer bill is not paid by the customer under the time frame that we establish, the water company will shut off the member's water and it will remain off until their sewer bill has been paid in full, along with a \$65.00 fee required to turn the water back on and an administration fee of \$10 - \$15.00.

President Greg Schafer announced that if the water is shut off, you will be required to pay a security deposit of two bi-monthly sewer payments, \$260.00. Therefore; if the water is shut off for non payment, it will cost the customer roughly an additional \$300 on top of the arrearage to have the water turned back on. He expressed his belief that although we are not trying to make enemies, there are a lot of people in this subdivision and the surrounding subdivisions who pay their bills on time and are offended that we have got about \$70,000 to \$80,000 in accounts receivable that are in arrears; it is not fair to the people who do pay their bills.

President Greg Schafer went on to say that this Board has been very active in addressing the problem of bad debt; we have offered numerous ways to pay your bills including - online or credit and debit cards. He reported that since the coupon booklets were introduced, roughly 30 customers have paid in advance for the year to avoid the possibility of forgetting to pay their bills, since we are not mailing out invoices.

Vice President Anthony Cimino asked, "how many customers had paid in advance in past years?" **Plant Manager Forest Ash** replied that we had approximately 10 to 15 customers who paid in advance for the prior year.

President Greg Schafer pointed out that if the water has been turned off, we will have to notify the Health Department as the house will be deemed to be uninhabitable without a sewerage processing system, but we are going to take this very, very aggressive position.

A motion was made by President Schafer and seconded by Director Margaret Stiles to enter into a contract with Indiana American Water to shut off water service to those Shorewood Forest Utility members who are in arrears in paying their sewer bills. The motion was approved unanimously.

Time Frame for Shutting Off Indiana American Water on Past Due Accounts

President Greg Schafer reminded everyone that the sewage bill is due on the 1st of every other month, late after the 15th. He suggested that on the 30th of that month, a letter would reach the customer reminding them they are 15 days late and keep in mind the signs would also be visible at the entrances of the subdivisions when payment is due. He also suggested that if payment is not received within 10 days after the letter arrived, a door hanger would be placed at the residence to inform them that their water will be shut off; and 3 days before the water is to be shut off, we should place a courtesy call to the customer to warn them of the impending shut off. He informed everyone that once the water is turned off, even if you make your payment 5 minutes after the shut off, there is no guarantee when that water will be turned back on; Indiana American Water said it could take up to 10 days before the water is turned back on.

President Greg Schafer asked Plant Manager Forest Ash what is the amount of the largest customer receivable that is in arrears. **Plant Manager Forest Ash** stated that it is \$2,200 from a current resident still living in the subdivision.

Questions From The Membership

Geralyn Stochel (lot 376) inquired whether a lien can be put on this property. Plant Manager Forest Ash replied that we cannot put a lien against their property because we are a private utility company and not a municipality.

A motion was made by President Greg Schafer and seconded by Director Margaret Stiles that on the 30th of the month when sewage payment is past due, a letter would reach the member reminding them they are 15 days late; if payment is not received within 10 days after the letter arrived (by the 10th of the following month), a door hanger would be placed at the residence to inform them that their water will be shut off; 3 days before the water is to be shut off, we would place a courtesy call to the member to warn them of the impending shut off. The motion was approved unanimously.

Change of Operational Hours

President Schafer recommended that the current office hours of 6:00 a.m. to 2:30 p.m. be changed to 7:00 a.m. to 3:30 p.m.. He stated that the reasoning is sometimes it is too dark to address a lift station problem unless we have light (which we can take time to set up if we have to), or it is too cold to go outside until the sun comes out and warms things up a little bit, or we need a part or special equipment and many stores aren't open that early. He clarified that this tends to shorten the work day and completing a project that day could be cut back by an hour.

President Greg Schafer asked Plant Manager Forest Ash for his comments. **Plant Manager Forest Ash** commented that he is fine with it, but the crew isn't fond of the change in operational hours. **President Greg Schafer** stated that he isn't opposed to revisiting the change sometime down the road, but thinks for now this is a positive change and we need to do what is best for the members and the utility.

A motion was made by President Schafer and seconded by Secretary/Treasurer Tom Szefc to change the operational hours of the plant to 7:00 a.m. to 3:30 p.m. effective Monday morning. The motion was approved unanimously.

Job Descriptions

President Greg Schafer stated that we have been concerned about job descriptions and whether employees can comply with what Plant Manager Forest Ash is looking for.

President Greg Schafer inquired whether Plant Manager Forest Ash has compiled a comprehensive job description for all Shorewood Forest Utility employees describing the day-to-day operations for each individual at their pay scale. **Plant Manager Forest Ash** replied that he has a job description compiled for full-time, part-time, and summertime employees; but he would like to review it and may make a few changes. He stated that he can bring the final document at the next meeting.

Ordering of New Pumps

Plant Manager Forest Ash reported that we currently have a 7 ½ hp and 20 hp pump in stock in case a pump needs to be replaced immediately; the 7 ½ hp pump will fit about 7 lift stations and the 20 hp pump is solely for the Main Lift Station, off of Shorewood Drive. He explained that in order to replace the two pumps that were used at the Devon and Wessex Lift Stations, we will need to order a 5 hp and a 10 hp Tsurumi pump and the adapter flanges required to install the pumps at a total cost of \$9,169.00 delivered. He went on to say that the pumps come with a three-year warranty.

A motion was made by Secretary/Treasurer Tom Szefc and seconded by Vice President Anthony Cimino to purchase the 5 hp and 10 hp Tsurumi pumps and adapter flanges at cost of \$9,169.00. The motion was approved unanimously.

Bylaw Changes

President Schafer stated that he would like to call a special meeting in the next month or so for a workshop to discuss the changes and then we will hold a public session for the sole purpose of revising the Bylaws, after which we can act on the changes. All the Board of Directors were in agreement.

COMMENTS FROM THE BOARD (1:07:10)

Vice President Anthony Cimino stated that he feels like we have taken care of the infrastructure of the Utility. We had a pretty healthy year with a lot of changes: bank changes, trash pickup, SCADA System, new billing, new Vactor truck, and now a new procedure to collect arrearages. He stated that he is looking forward to 2018 and beyond.

The newly appointed **Director, Margie Stiles (the first woman on the Utility Board)** commented that she experienced a practical meeting, whereby problems were dealt with immediacy which is very positive in her opinion; touching on personnel, safety, progress and going to the future; and she is very pleased with that. **President Greg Schafer** stated that Margaret Stiles will add a lot to this Board with her point of view.

COMMENTS FROM THE MEMBERSHIP (1:09:09)

There were no comments.

ADJOURNMENT (1:09:19)

A motion to adjourn was made by President Greg Schafer and seconded by Secretary/Treasurer Tom Szefc. The motion was unanimously approved.

The meeting was adjourned at 8:20 p.m.