

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
Director, Margie Stiles

Meeting of January 24, 2019

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.

Note: Customer and member are used interchangeably except for the Shellbourne Conference Center which is a customer only; they are not a member because they do not have voting rights.

CALL TO ORDER (00:02)

President Greg Schafer called the January 24th, 2018 Shorewood Forest Utilities, Board of Directors Public Meeting to order at 7:01 p.m. in the Shorewood Forest Clubhouse. Present were President Greg Schafer, Secretary/Treasurer Tom Szeffc, and Director Margie Stiles. Also, in attendance were Plant Manager Forest Ash, Administrative Assistant Linda Walla, and 2 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 of Directors better understand their concerns.

APPROVAL OF MINUTES (00:50)

Secretary/Treasurer Tom Szeffc stated that the following 2018 Executive Meeting Minutes are ready for approval: July 25th, August 27th, September 12th, November 1st, and November 20th. He further stated that the 2019 Executive Meeting Minutes for January 15th are ready for approval. He also informed the Board that the Public Meeting Minutes for September 20th, 2018 and December 20th, 2018 are ready to be approved.

The July 19th, 2018 Public Meeting Minutes are not ready for Board approval due to the class action lawsuit and collection of revenue from past due accounts taking a higher priority by the Board of Directors in which these tasks are extremely time consuming.

A motion was made by Secretary/Treasurer Tom Szeftc and seconded by Director Margie Stiles to accept the 2018 Executive Meeting Minutes for July 25th, August 27th, September 12th, November 1st, and November 20th, along with the 2019 Executive Meeting Minutes for January 15th, as well as the Public Meeting Minutes for September 20th, 2018 and December 20th, 2018 are ready to be approved. The motion was unanimously approved with Vice President Anthony Cimino voting by PROXY.

OPERATIONS REPORT (December 2018) (2:53)

Plant Manager Forest Ash presented the Operations Report as follows:

- The plant has been running efficiently; we have not only met, but well exceeded all National Pollutant Discharge Elimination System (NPDES) permit *winter limit* requirements.
- We had an average flow of 238,800 GPD and our high flow was 320,100 GPD. We treated a total of 7.3 million gallons of wastewater.
- The following are the National Pollutant Discharge Elimination System (NPDES) permit monthly average limits and the lab results of our influent and effluent:

DECEMBER	INCOMING (Av)		OUT GOING (Av)		I.D.E.M. (Limits)	
	lbs.	mg/l	lbs.	mg/l	lbs.	mg/l
CBOD	672	314	5.7	3.2	93.9	25
TSS	1034	463	5.2	2.8	112.7	30
AMMONIA		20.1		0.3		1.5
PHOSPHORUS		6.0		0.5		1.0

CBOD - Carbonaceous Biochemical Oxygen Demand.

TSS - Total Suspended Solids

- **Shop Log**
 1. Cleaned Roxbury & Wessex Lift Stations.
 2. Finished installing the transfer switches for the new generators that were installed at the Roxbury, Amhurst and Wexford Lift Stations.
 3. Once NIPSCO installs the gas lines for our generators at the Roxbury, Amhurst, and Wexford Lift Stations, they will be operational.
 4. The pump that feeds the Ferric Chloride to the plant failed; we replaced it with a new one.
 5. We have inventoried the old Rotary Phase converters and have found one that was in working condition. This gives us a backup if one fails (Roxbury and Surrey Hill Lane).
 6. We cleaned lift stations #1 & #2 at Sagamore.
 7. We were called out to the Sagamore Lift Station #1 for a high flow level. Upon arrival, I found that neither pumps were working. I could not find anything wrong; there was power at all points, so I decided to manually engage the motor starter; once it was engaged, both pumps began to work again. I checked the amperage on the pumps; both were good, and the pumps are still working.

FINANCIAL REPORT (7:59)

Secretary/Treasurer Tom Szeftc presented the financial reports as follows:

SHOREWOOD FOREST UTILITIES, INC.
MONTHLY, YTY & YTD FINANCIAL REPORT FOR DEC 31, 2018

LINE #	DECEMBER	SOURCE	CASH FLOW	DECEMBER
1	Income:		Sewer Pymts, Tap-In Fees, Penalties	\$ 77,494.15
2	Expenses (Including Legal Expenses = \$0.00):		Operating Fund Account	\$ 19,898.02
3	Bond Payment (2014A & 2014B Regions Bank):		Bond Payment	\$ 26,527.92
4	Debt Service Reserve (2014A & 2014B Regions Bank):		Escrow Payment	\$ 1,732.88
5	Surplus / Deficit:	Line 1 - 2 - 3 - 4		\$ 29,335.33
2018 INCOME & EXPENSES				
6	Income:	+ Line 1	Sewer Pymts, Tap-In Fees, Penalties	\$ 929,189.54
7	Expenses (Including Legal Expenses = \$7,875.00):	+ Line 2	Operating Fund Account	\$ 406,138.22
8	Operating Income Before Bond Payments:	Line 6 - 7		\$ 523,051.32
9	Bond Payments (2014A & 2014B Regions Bank):	+ Line 3	Bond Payments	\$ 322,747.52
10	Debt Service Reserve (2014A & 2014B Regions Bank):	+ Line 4	Escrow Payments	\$ 20,794.56
11	Surplus / Deficit:	Line 8 - 9 - 10		\$ 179,509.24
12	Debt / Service Ratio (Must be Greater Than 1.25):	Line 8 / (\$28,893 * 12)	Line 8 / (Highest Bond Pmt Ever x 12 Pmt Periods This Year)	1.51
RESTRICTED FUNDS				
BOND FUND:				
13	Bond Payment Fund (2014A & 2014B Regions Bank):	+ Line 3	Bond Payments + Int	\$ 1,532,171.40
14	Bond Payment Fund Target (2014A & 2014B Regions Bank):			\$ 4,687,458.01
15	Amount Still Owed:	Line 13 - 14		\$ (3,155,286.61)
ESCROW ACCOUNT (TO BE RETURNED WHEN BONDS ARE PAID OFF):				
16	Debt Service Reserve (2014A & 2014B Regions Bank):	+ Line 4	Debt Service Reserve + Int	\$ 328,096.84
17	Debt Service Reserve Target:			\$ 325,920.00
18	Amount Still Owed:	Line 16 - 17		\$ 2,176.84
UNRESTRICTED FUNDS				
OPERATING FUNDS				
19	Operating Fund (First Source Bank): <i>TRF \$0.00 - Money Market Account (Fifth Third Bank):</i> <i>AR \$0.00 - Money Market Account (Fifth Third Bank):</i>	<i>Line 27</i>	Sewer Payments Include: Cash + Credit & Debit Cards + Savings & Checking Accounts. Tap-In Fees (\$1,000 / Home) Penalties + Int	\$ 136,515.22
20	Petty Cash:	<i>Line 19</i>	Operating Fund	\$ 100.00
21	Total:	Line 19 + 20		\$ 136,615.22
22	Operating Funds Available (Months):	Line 21 / \$40,000		\$ 3.42
IMPROVEMENT & REPLACEMENT FUND				
23	Capital Improvement & Replacement Fund (First Source Bank): <i>TRF \$0.00 - Money Market Account (Fifth Third Bank):</i> <i>AR \$3,000.00 - Money Market Account (Fifth Third Bank):</i>	<i>Line 27</i>	Capacity Fees (\$2,000 / Home) + Int	\$ 5,109.74
RESERVE FUNDS				
24	Certificate of Deposit (First Source Bank):			\$ 1,150,000.00
25	Certificate of Deposit Interest (Since Oct 9, 2017):	Dec Interest (\$58.60/Day; 31 Days) =	\$1,816.60	\$ 26,252.20
26	Total:	Line 24 + 25		\$ 1,176,252.20
27	Money Market Account (Fifth Third Bank): <i>TRF \$0.00 - Operating Fund (Fifth Third Bank):</i> <i>AR \$0.00 - Operating Fund (First Source Bank):</i> <i>TRF \$3,000.00 - Capital I & R Fund (First Source Bank):</i> <i>AR \$0.00 - Capital I & R Fund (First Source Bank):</i>	<i>Line 19</i> <i>Line 23</i>		\$ 388,334.39
28	Money Market Interest (Since Mar 27, 2018):	Dec Interest =	\$498.71	\$ 4,368.32
29	Total:	Line 27 + 28		\$ 392,702.71
30	Business Elite Checking (Fifth Third Bank): <i>AR \$0.00 - Operating Fund (First Source Bank):</i>	<i>Line 19</i>		\$ 100.00
31	Total Reserve Funds:	Line 26 + 29 + 30		\$ 1,569,054.91
32	Total Unrestricted Funds:	Line 21 + 23 + 26 + 29 + 30		\$ 1,710,779.87

TRF = TRANSFERRED FUNDS		AR = ACCOUNTS RECEIVABLE	
Money Market (Fifth Third Bank):	\$ 400,000.00 @ 1.5% APY Interest Rate	Opened: Mar 27, 2018; Matures: Mar 27, 2019	
CD (First Source Bank):	\$ 1,150,000.00 @ 1.86% APY Interest Rate	Opened: Oct 9, 2017; Matures: Apr 9, 2019	
Bond 2014A (Regions Bank) [Non-Taxable]:	\$ 2,430,000 @ 1% » 4.6% Interest Rate	Opened: Apr 2014; Matures: Apr 2029	
Bond 2014B (Regions Bank) [Taxable]:	\$ 1,045,000 @ 2% » 5.25% Interest Rate;	Opened: Apr 2014; Matures: Apr 2029	

ARREARAGES AS OF DECEMBER 31, 2018

CUSTOMERS IN ARREARS	DOLLAR RANGE OF ARREARS	PAYMENTS OUTSTANDING
28	\$.01 - \$65.00	\$ 787.81
118	\$65.01 - \$140.00	\$ 14,522.77
8	\$140.01 - \$300.00	\$ 1,932.09
3	\$300.01 - \$450.00	\$ 1,104.00
1	\$450.01 - \$650.00	\$ 597.96
0	\$650.01 - \$800.00	\$ 0.00
1	OVER \$800.01	\$ 1,103.70
	AV. DELINQUENCY	
159	\$126.09	\$20,048.33

ARREARAGES AS OF JANUARY 23, 2019

CUSTOMERS IN ARREARS	DOLLAR RANGE OF ARREARS	PAYMENTS OUTSTANDING
22	\$.01 - \$65.00	\$ 634.42
52	\$65.01 - \$140.00	\$ 6,290.63
8	\$140.01 - \$300.00	\$ 1,932.09
3	\$300.01 - \$450.00	\$ 1,104.00
1	\$450.01 - \$650.00	\$ 597.96
0	\$650.01 - \$800.00	\$ 0.00
1	OVER \$800.01	\$ 1,103.70
	AV. DELINQUENCY	
87	\$134.06	\$11,662.80

President Greg Schafer informed everyone that we had new signs made up, that will go up tomorrow (*January 25th*), and the signs remind you that your payment is due on the 1st of the month, although technically you are not late until after the 15th. He commented that hopefully that will stimulate members to pay their bills.

Director Margie Stiles informed everyone that tomorrow (*January 25th*) she will be calling all members who owe less than \$140.00 to remind them they are past due on their account.

Secretary/Treasurer Tom Szefc informed everyone that on the *January 23rd* Arrearage Chart, we have only 13 members who owe more than \$140.00, so they will be getting letters tomorrow.

Secretary/Treasurer Tom Szeftc stated that we have enough email addresses now to set up a system that we can email everyone and remind them that their payment is due; however, we just don't have the time to do that right now. **President Greg Schafer** stated that there is software that will load those email addresses for us because entering 1100 emails could be a little bit of a task. He also added that software called Constant Contact is one we could take a look at; he used that one himself. **Plant Manager Forest Ash** added that Quick Books (*which we are currently using*) can also do it.

OLD BUSINESS (CHANGES SINCE THE DECEMBER 20th PUBLIC MEETING) (15:19)

By-Laws (Public Meetings to be Announced)

President Greg Schafer stated that in the months of February and March we will aggressively address revising the By-laws. He further stated that ultimately when we make our determination as to what By-laws we would like to revise, we will ask for a public meeting by mail and let everyone know what we are suggesting and to please come down and comment at the meeting. He also added that we will have at least a couple meetings on that; what you will see in the letter is the current language in the Bylaws, the suggested change, and the Board's reasoning behind those changes. He went on to say that he is a little concerned that members don't really understand the language that is contained in those By-laws; what the Board is looking to do, protects and benefits the membership in its entirety.

NEW BUSINESS (17:08)

Purchased 3 Additional Generac Generators

President Greg Schafer informed everyone that we have purchased 3 additional Generac Generators which are located at Wexford Road, Amhurst Court, and Roxbury Road. He added that those are 30 Kw, water cooled, state of the art generators and they have been sitting on the pads for 8 weeks now while we wait for NIPSCO to connect the gas lines to them. He also added that those generators will keep the lift station operational if there is a power outage; all the newer subdivisions (Sagamore, Edgewood, and Arbor Lakes) are already supported by generators and with the three we just put in, we only have 4 lift stations to go which we are looking to get those in place this year.

President Greg Schafer stated that Home Depot is really giving us a great price on these generators; of course, we wait until Menards has their 11% off sale and then Home Depot will match that and give us an additional 11% off.

President Greg Schafer informed everyone that we have an old 150 Kw generator at the plant which we are not sure if we need one that large, but we are going to look at that one this year too because if that one goes down when we have a power outage, we will really have our hands full.

Bids for Surrey Hill Lane and Roxbury Control Panels

Note: There are 14 lift stations in Shorewood Forest and the subdivisions Shorewood Forest Utilities serves. Each lift station has two pumps (one is a backup) that pump the raw sewage up hill to the plant or to the next lift station. Each lift station has a control panel and possibly a converter, to transfer electricity from the underground wiring NIPSCO provided to the electric motors attached to the pumps. The electricity provided to the lift stations are either single phase (3 wires) or 3 phase (4 wires); what we normally have in our homes is single phase electricity; 3 phase electricity is generally for heavy-duty equipment.

For the 3 phase wiring that NIPSCO has provided to those lift stations, we do not need converters or sophisticated control panels because the pump motors and the underground wiring are 3 phase already. It is the single phase wiring that NIPSCO has provided to the lift station that require converters and sophisticated control panels.

There are generally 3 kinds of converters that are used by Shorewood Forest Utilities: rotary phase, add-a-phase, and variable frequency drive (VFD). Variable frequency drive converters are preferable because we only have 2 rotary phase and 3 add-a-phase equipped lift stations left and we would like to standardize all our pump motors with the variable frequency drives which is the newer technology and uses less electricity.

Keep in mind, all our pumps in the lift stations will only run on 3 phase electricity and different kinds of converters require different kinds of control panels. Rotary phase and add-a-phase converters only convert single phase electricity to 3 phase electricity, while variable frequency drive converters can do both, convert single phase electricity to 3 phase electricity or accept 3 phase electricity (if you want to be able to vary the speed of the motor which varies the speed and prolongs the life of the pump).

Variable frequency drive converters are small enough to be mounted inside the control panel. The add-a-phase converters have to be mounted on the outside of the control panel and it is essentially a transistorized version of the rotary phase converter. The rotary phase converters (which are fast becoming obsolete) have to be located outside the control panel on the ground because it is equipped with a 20-horsepower motor. These converters are then wired to the motors on the pumps, so in a sense, you have a converter which sole purpose is to change single phase electricity to 3 phase electricity.

Plant Manager Forest Ash informed everyone that we have two lift stations that have the old rotary phase converters. He added that the new style control panels have variable frequency drives in them and it's cheaper to operate than the rotary phase and is more up to date. He also added that he got a bid on one control panel for \$15,000 without the variable frequency drive because he can get the variable frequency drive cheaper than they can; today he asked them to sharpen their pencil and give him a better price per unit on two control panels, but as of right now, he has not heard back from them. **President Greg Schafer** added that one of the reasons why we are making that change right now is that we are going to be putting a new gas powered generator at Surrey Hill Lane which has a rotary phase converter requiring piping and electrical work, so now is the time to change it out to a variable frequency drive before we put the new generator in; why put the new generator in and pipe to the old technology and then later on we have to re-pipe everything and double do it? He added that we are not in any hurry to change out Roxbury right now because it already has rotary phase converter and components in place and the only thing we have left to do is wait for NIPSCO to connect the gas lines to that generator.

Residential Storm Water Infiltrating SFU's Sewer Main

President Greg Schafer stated that we know on an average day that our flow is generally around 200,000 to 340,000 gallons per day and on a rainy day our highest flow in the last few years was about 800,000 to 900,000 gallons per day; so water is getting into our sewer system one way or another and part of the problem is sump pumps and downspouts that are illegally dumping water into our sewer system. He further informed everyone that a letter will be sent notifying members they will have 120 days or until May 31st to determine if they have a problem and fix it; if they are caught with a sump pump or downspout that is dumping into the sewer system, they are subject to a \$1000 fine. **Secretary/Treasurer Tom Szefc** stated that it is also illegal in the state of Indiana. **President Greg Schafer** added that it is also costly to the membership; how we are going to catch this illegal dumping into the sewer system is to perform a smoke test and/or there are also a few other ways that we are not going to disclose at this time that will allow us to make that determination.

President Greg Schafer stated that if you don't know if you are illegally tied into our sewer system, hire a plumber; but if we have the time, we are willing to send an employee out to take a look at your plumbing to determine if that is a possibility. He added that when your sump pump kicks on, if water is discharging into your yard or out into the street, it is being properly discharged; if not, there is a chance you are dumping that water illegally into our sewer system.

A motion was made by President Greg Schafer and seconded by Secretary/Treasurer Tom Szefer if after May 31st, anyone is caught with their sump pump and/or any type of drain system including a yard basin or downspout collection system illegally discharging into the sewer system, there will be a \$1000 fine to the homeowner. The motion was unanimously approved with Vice President Anthony Cimino voting by proxy.

President Greg Schafer stated that SFU will send out a follow-up letter, so the members will have plenty of time to make the changes, if necessary.

Roxbury Sewer Repair Project

President Greg Schafer stated that there are several sections of our main sewer pipe running along Roxbury that is cracked and sunken; a former Board paid for an engineering study that perhaps we have to update, which we carefully intend to do in the next 2 to 3 months. He further stated that we will take some competitive bidding and determine how to repair that; whether it's a total replacement of the 1200 feet of sewer pipe or some spot patching in different areas; unfortunately, we have 3 or 4 areas where the pipe goes completely underwater, meaning it has settled that much and that has to be dug up and repaired; so we will have to make some calculations and determine what is the best way to repair that.

President Greg Schafer stated that meanwhile Plant Manager Forest Ash is charged with the huge responsibility of looking at all the videos in the entire subdivision to identify all the problems with the main sewer pipe. He added that Plant Manager Forest Ash just ran a report that showed there at least 30 areas in the subdivision right now outside of Roxbury that in some places show buildup of minerals, crack pipe, squashed pipe, tree roots, and so forth; that is less than a quarter of the subdivision. He also added that we are going to be making a determination on this as well; we will put a plan together addressing those issues and make a good assessment as to what to do to bring it up to a safe and operable position for the next 10 or 20 years.

COMMENTS FROM THE BOARD (29:33)

There were no comments.

COMMENTS FROM THE MEMBERSHIP (29:40)

There were no comments.

ADJOURNMENT (29:58)

A motion was made by Director Margie Stiles and seconded by President Greg Schafer to adjourn the meeting. The motion was unanimously approved.

The meeting was adjourned at 7:31 p.m.