

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 Szefer
Director, Margie Stiles

Meeting of March 21, 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 (00:01)

President Greg Schafer called the March 21st, 2019 Shorewood Forest Utilities, Board of Directors Public Meeting to order at 7:04 p.m. in the Shorewood Forest Clubhouse. Present were President Greg Schafer, Vice President Anthony Cimino, Secretary/Treasurer Tom Szefer, and Director Margie Stiles. Also, in attendance were Plant Manager Forest Ash, Administrative Assistant Linda Walla, and 5 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 (1:35)

Secretary/Treasurer Tom Szefer stated that the Public Meeting Minutes for January 24th, 2019 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 President Greg Schafer and seconded by Director Margie Stiles to accept the Public Meeting Minutes for January 24th, 2019 for approval. The motion was unanimously approved with Vice President Anthony Cimino voting by proxy.

CLASS ACTION LAWSUIT (2:17)

President Greg Schafer stated that there is nothing we can share at this particular time.

CANDIDATES NIGHT & APPLICATION DEADLINE TO FILE (2:34)

Secretary/Treasurer Tom Szefc stated that the deadline to file is Friday, April 12th at 5:00 p.m.; Candidates Night will be on Thursday, April 18th at 7:00 p.m.

President Greg Schafer stated that we have applications at the office if anyone would be interested in running for two Director positions that are open on the Shorewood Forest Utility Board. He further added that we do have two people that have already filed.

OPERATIONS REPORT (January & February 2019) (4:32)

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.
- In January we had an average flow of 227,200 GPD and our high flow was 343,700 GPD. We treated a total of 7.0 million gallons of wastewater.
- In February we had an average flow of 234,100 GPD and our high flow was 343,700 GPD. We treated a total of 6.6 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:

JANUARY	INCOMING (Av)		OUT GOING (Av)		I.D.E.M. (Limits)	
	lbs.	mg/l	lbs.	mg/l	lbs.	mg/l
CBOD	671	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

FEBRUARY	INCOMING (Av)		OUT GOING (Av)		I.D.E.M. (Limits)	
	lbs.	mg/l	lbs.	mg/l	lbs.	mg/l
CBOD	495	244	7.4	4.0	93.9	25
TSS	1161	598	5.9	3.1	112.7	30
AMMONIA		15.8		0.1		1.5
PHOSPHORUS		5.9		0.3		1.0

CBOD - Carbonaceous Biochemical Oxygen Demand.

TSS - Total Suspended Solids

- **Shop Log**
 1. Cleaned Surrey Hill Lane, Edgewood, and Pixley Lift Stations.
 2. Installed a new squirrel cage on both micro screens.

3. Made numerous repairs on the Vactor Truck: replaced the fuel tank strap, repaired a hole inside the vacuum tank, scrapped and repainted the inside of the vacuum tank, fixed a water line leak near the tailgate and repainted fenders and shields that were rusted.
4. The Vactor Truck was sent out to a repair facility to have the clutch repaired.
5. During the high winds, we experienced short power outages at the plant causing the variable frequency drive converters to go into default mode, so we had to come out on several occasions to restart the blowers. We decided to shut the power off and let the gas-powered generator take over until morning. I was called out again at 1:30 a.m. for low-air pressure and power failure; the generator had stopped running, however, the power was back on at this point in time so I put the plant back on electric power.
6. With the high winds and the NIPSCO outages, we also had the Wexford Court and Shorewood Court Lift Station pumps fail that went into default mode and had to be reset.
7. We are installing a shallow well pump in the filter room to help in cleaning the plant; this should reduce the amount of water we use by IAW, reducing our water bill.
8. I have reviewed the sewer line videos and have found approximately 30 high-priority areas that need to be addressed. High priority meaning that there is a hole in the pipe, the pipes are cracked, or we have heavy roots in the lines. I also have met with Kevin from Abe's Plumbing to obtain a bid for repairs.
9. In our routine cleaning of the final filters we discovered a hole in the bottom of both troughs and have taken them off line to be repaired. We notified IDEM that they were off line for repairs and have asked if we can remove the filters from service for good.

Secretary/Treasurer Tom Szeffc wanted to know if we could use less chemicals in treating the plant because our outgoing test results (see charts) are far below what the Indiana Department of Environmental Management (I.D.E.M.) requires and we are just driving up the cost of treating the plant. **Plant Manager Forest Ash** said that he had already backed off treating the plant by 13% and he will continue to do so each month until the outgoing results approach the I.D.E.M. limits. He also stated that last year we spent \$25,000 on chemicals and the prices just jumped 33%; so he is looking at other chemicals to use that are cheaper and less corrosive.

FINANCIAL REPORT (14:32)

Secretary/Treasurer Tom Szeffc presented the January and February financial reports as follows:

One item he wanted to point out is that line #1 on the Financial Charts is based on the accrual method of accounting, the rest of the lines are based on the cash method. This means that when we report \$75,817.26 for line #1 in January and \$73,860.39 for line #1 in February, this represents the amount that was billed, not actually received.

SHOREWOOD FOREST UTILITIES, INC.

MONTHLY, YTY & YTD FINANCIAL REPORT FOR FEBRUARY 28, 2019

LINE #	FEBRUARY INCOME & EXPENSES	SOURCE	CASH FLOW	FEBRUARY
1	Income:		Sewer Pymts, Tap-In Fees, Penalties	\$ 76,606.39
2	Expenses (Including Legal Expenses = \$0):		Operating Fund Account	\$ 37,952.16
3	Bond Payment (2014A & 2014B Regions Bank):		Bond Payment	\$ 26,527.92
4	Debt Service Reserve Payment (2014A & 2014B Regions Bank):		<i>Escrow Payment (Overpaid)</i>	\$ 1,732.88
5	Surplus / Deficit:	Line 1 - 2 - 3 - 4		\$ 10,393.43
2019 INCOME & EXPENSES				
LINE #		SOURCE	CASH FLOW	YEAR-TO-DATE
6	Income:	+ Line 1	Sewer Pymts, Tap-In Fees, Penalties	\$ 152,488.65
7	Expenses (Including Legal Expenses = \$10,875.00):	+ Line 2	Operating Fund Account	\$ 76,648.24
8	Operating Income Before Bond Payments:	Line 6 - 7		\$ 75,840.41
9	Bond Payments (2014A & 2014B Regions Bank):	+ Line 3	Bond Payments	\$ 53,055.84
10	Debt Service Reserve Payments (2014A & 2014B Regions Bank):	+ Line 4	<i>Escrow Payments (Overpaid)</i>	\$ 3,465.76
11	Surplus / Deficit:	Line 8 - 9 - 10		\$ 19,318.81
12	Debt / Service Ratio (Must be Greater Than 1.25):	Line 8 / (\$28,893 * 2)	Line 8 / (Highest Bond Pmt Ever x 2 Pmt Periods This Year)	1.31
RESTRICTED FUNDS				
BOND FUND:				
13	Bond Payment Fund (2014A & 2014B Regions Bank):	+ Line 3	Bond Payments + Int	\$ 1,589,791.15
14	<i>Escrow Reimbursement</i>	<i>Line 4</i>		\$ -
	<i>AR - Swept from Debt Service Reserve (Regions Bank):</i>	<i>Line 18</i>		\$ -
15	Bond Payment Fund Target (2014A & 2014B Regions Bank):			\$ 4,687,458.01
16	Amount Still Owed:	Line 13 + 14 - 15		\$ (3,097,666.86)
ESCROW ACCOUNT (WILL BE USED TO PAY DOWN THE BOND PAYMENT FUNDS 2014A & 2014B):				
17	Debt Service Reserve (2014A & 2014B Regions Bank):	+ Line 4	Debt Service Reserve + Int	\$ 328,217.73
18	<i>TRF - Swept to Bond Payment Fund (Regions Bank):</i>			\$ -
19	Debt Service Reserve Target:			\$ 325,920.00
20	Surplus:	Line 17 - 18 - 19		\$ 2,297.73
UNRESTRICTED FUNDS				
OPERATING FUNDS				
21	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>AR \$0.00 - Capital I & R Fund (First Source Bank):</i>	<i>Line 29</i> <i>Line 25</i>	Sewer Payments Include: Cash + Credit & Debit Cards + Savings & Checking Accounts. Tap-In Fees (\$1,000 / Home) Penalties + Int	\$ 169,483.47
22	Petty Cash:	Line 21	Operating Fund	\$ 100.00
23	Total:	Line 21 + 22		\$ 169,583.47
24	Operating Funds Available (Months):	Line 23 / \$40,000		\$ 4.24
IMPROVEMENT & REPLACEMENT FUND				
25	Capital Improvement & Replacement Fund (First Source Bank): <i>TRF \$0.00 - Operating Fund (First Source Bank):</i> <i>AR \$0.00 - Money Market Account (Fifth/Third Bank):</i>	<i>Line 29</i>	Capacity Fees (\$2,000 / Home) + Int	\$ 4,321.95
RESERVE FUND				
26	Certificate of Deposit (First Source Bank):			\$ 1,150,000.00
27	Certificate of Deposit Interest (Since Oct 9, 2017):	\$58.9654/Day for 31 Days =	\$1,651.03	\$ 29,895.47
28	Total:	Line 26 + 27		\$ 1,179,895.47
29	Money Market Account (Fifth/Third Bank): <i>TRF \$0.00 - Operating Fund (First Source Bank):</i> <i>AR \$0.00 - Operating Fund (First Source Bank):</i> <i>TRF \$0.00 - Capital I & R Fund (First Source Bank):</i> <i>AR \$0.00 - Capital I & R Fund (First Source Bank):</i>	<i>Line 21</i> <i>Line 25</i>		\$ 365,079.54
30	Money Market Interest (Since Mar 27, 2018):		Interest = \$422.75	\$ 5,268.03
31	Total:	Line 29 + 30		\$ 370,347.57
32	Business Elite Checking (Fifth/Third Bank): <i>AR \$0.00 - Operating Fund (First Source Bank):</i>	<i>Line 21</i>		\$ 100.00
33	Total Reserve Funds:	Line 28 + 31 + 32		\$ 1,550,343.04
34	Total Unrestricted Funds (Operating, I & R, Reserve Funds):	Line 23 + 25 + 28 + 31 + 32		\$ 1,724,248.46

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

ARREARAGE AS OF MARCH 4, 2019

CUSTOMERS IN ARREARS	DOLLAR RANGE OF ARREARS	PAYMENTS OUTSTANDING
27	\$.01 - \$65.00	\$ 635.31
71	\$65.01 - \$140.00	\$ 8,812.76
19	\$140.01 - \$300.00	\$ 4,171.04
2	\$300.01 - \$450.00	\$ 738.76
3	\$450.01 - \$650.00	\$ 1,469.12
0	\$650.01 - \$800.00	\$ 0.00
1	OVER \$800.01	\$ 1,188.02
	AV. DELINQUENCY	
123	\$138.33	\$17,015.01

ARREARAGE AS OF MARCH 15, 2019

CUSTOMERS IN ARREARS	DOLLAR RANGE OF ARREARS	PAYMENTS OUTSTANDING
28	\$.01 - \$65.00	\$ 556.73
37	\$ 65.01 - \$140.00	\$ 4,535.94
14	\$140.01 - \$300.00	\$ 3,197.80
2	\$300.01 - \$450.00	\$ 738.76
2	\$450.01 - \$650.00	\$ 1,005.24
0	\$650.01 - \$800.00	\$ 0.00
1	OVER \$800.01	\$ 1,188.02
	AV. DELINQUENCY	
84	\$133.60	\$11,222.49

Patricia Stochel (Lot 376) wanted to know why people don't pay their bill.

Secretary/Treasurer Tom Szefc replied that they forget. He further stated that we get a lot of apology letters with their late payment and no hostile letters.

President Greg Schafer stated that we have an attorney working on this issue right now, regarding the contract with Indiana American Water to shut off anyone's water who doesn't pay their sewer bill. **Secretary/Treasurer Tom Szeffc** added that Indiana American Water said they will not help us because we are not a municipality, but then President Greg Schafer found a law that states they do have honor the agreement they have with us.

Patricia Stochel (Lot 376) wanted to know if Indiana American Water comes out to turn the water off. President Greg Schafer replied that they do and there is a \$65 charge to turn it off and another \$65 charge to turn it back on in addition to what the customer owes the Utility.

Secretary/Treasurer Tom Szeffc stated that as soon as the customer is late with their payment a red letter is sent telling them to pay immediately because if they are moving we want to catch them as soon as possible. **Administrative Assistant Linda Walla** stated that we don't want them to get so far behind that they can't afford to pay.

First Source Bank CD & Fifth Third Bank Money Market

President Greg Schafer stated that interest rates are up again and our First Source Certificate of Deposit Account (1.86% APY) and Fifth Third Bank Money Market Account (1.5% APY) are maturing soon, so it is time to reinvest our reserves once again. He also added that he checked around with six banks and Fifth Third Bank had the best rates. He further added that we want to break that certificate of deposit up into \$50,000 increments to lessen our penalty incase we need access to those funds.

President Greg Schafer made a motion to invest \$1,600,000 at 2.4% (APY) in a CD in \$50,000 increments (32 CD's in all) at Fifth Third Bank for 12 months, assuming we can't get a better deal anywhere else between now and the day after our current CD matures with First Source Bank which is on April 9th. Secretary Treasurer Tom Szeffc seconded that motion. The vote was 3 ayes and Vice President Anthony Cimino had to abstain because his employer will not allow him to vote on these kinds of issues.

President Greg Schafer made a motion to invest \$100,000 at 2.05% (APY) in a money market account at Fifth Third Bank for 12 months assuming we can't get a better deal anywhere else between now and the day after our current account matures which is on March 27th. Secretary Treasurer Tom Szeffc seconded that motion. The vote was 3 ayes and Vice President Anthony Cimino had to abstain because his employer will not allow him to vote on these kinds of issues.

OLD BUSINESS (CHANGES SINCE THE JANUARY 24th PUBLIC MEETING) (35:03)

Storm Water Infiltration Report

Secretary/Treasurer Tom Szeffc clarified that the reason he is revisiting this subject is because the Board passed a motion at the January meeting to give the members until the end of May to fix the situation.

President Greg Schafer explained that on a day with heavy rainfall, we see our in-flow skyrocket from 200,000 gallons a day to 1.3 million gallons per day, which is at least 6 to 7 times our normal flow. He went on to say that the Utility will be testing to find out who is in violation; the resident must fix the problem now because if the Utility Board discovers who is in violation, the resident will not only have to remedy the problem but will be assessed a \$1,000 fine.

Secretary/Treasurer Tom Szeffc stated that at the last meeting there was a motion made by the Utility Board that residents will have until the end of May to determine whether or not their downspouts or sump pumps are tied into our sewer system, but we were not able to send out the letters to notify the members.

He proposed that we give the members until the end of September to resolve the violation. **President Greg Schafer** stated that there is no need to extend the deadline because this subject has been discussed at previous meetings; the penalty can be waived at the discretion of the Board if they feel it is warranted. He also stated that he will write the letter to the membership.

Vactor Truck Repairs

Plant Manager, Forest Ash informed the members that the paint on the inside of the Vactor Truck tank was peeling and it was starting to rust; we scraped and painted the inside liner of the tank in-house. He went on to say that we now have the Vactor Truck in pretty good working order. He commented that when we first got the truck, we had problems with the hydraulic lines breaking, the tailgate leaking, and the clutch and the fuel tank strap needed to be replaced.

President Greg Schafer added that the Vactor Truck was put to good use the other day when the pressurized main failed in Deer Creek. He explained that an excavator was hired to fix the main and the Vactor Truck was used to suck up the sewage, keeping the area clean while the main was being repaired.

Shellbourne

President Greg Schafer reported that we are receiving about \$10,000 less in income per year from the Shellbourne Conference Center (non-member) in comparison to previous years, which seemed to have occurred after they replaced a faulty meter and now suddenly we are getting very low flow readings. He explained that Shellbourne pays by the gallon and they use the Shorewood flow as a bench mark as to how much they pay per gallon; one year their yearly bill was \$39,000 and last year the yearly bill was only \$25,000, which is a big difference; so we are going through the process of investigating the situation by measuring how much total flow is coming into our plant and measuring how much flow is just from Shorewood only; if we subtract the difference, that should give us the flow from Shellbourne. President Schafer stated that if we determine that Shellbourne does owe, they will be billed for the difference.

NEW BUSINESS (44:11)

Generac Generators

President Greg Schafer reported that we have purchased three additional Generac generators from Home Depot, once again at great sales price and we are hoping to have those three in service in the next month and a half; we will then need three more, so that all the lift stations have a back-up generator.

President Greg Schafer stated that during the last power outage, the main generator in our plant was running erratically; Plant Manager Forest Ash had to put it in manual control; that lasted for 3 to 4 hours; then it stopped working altogether. He also added that they found that there were three or four fuel leaks on the injector system; they called for parts, but they are not available because the generator is so old; it was purchased in 1992 as a used generator. He also stated that the Board unanimously agreed to immediately purchase a new 150 KW generator with a transfer switch for the plant at a list price of roughly \$30,000. He went on to say that every time we purchase a generator from Home Depot, we have done so when they have their 11% rebate; we also used a previous rebate gift card and applied it toward the purchase of the new plant generator, which brought the price down to about \$26,400 and it should be delivered in the first week of May. He went on to say that this generator will run on natural gas which is cleaner; the old generator ran on diesel, which can gum up in very cold weather.

Surrey Hill Control Panel

Plant Manager Forest Ash stated that we still have two lift stations, Surrey Hill and Roxbury that have the old rotary-phase converter which converts single-phase electric into three-phase electric, so it can power the 20-horsepower motor that has to run a 7 ½ Hp pump; and this process uses quite a bit of electricity.

Plant Manager Forest Ash reported that we are in the process of upgrading the control panel to the VFD's (variable-frequency drive) which is all solid state and converts single-phase into three-phase electric without motors running. He explained that the rotary-phase converter at the Surrey Hill Lift Station needs to be replaced as the bearings are worn and it makes a lot of noise, disrupting the neighbors. He further informed everyone that we do have a used rotary-phase converter in our inventory stock in case it goes out; however, we did order a new control panel for the Surrey Hill Lift Station at a cost of roughly \$15,000, which should be delivered in the next 30 days. He also stated that the Surrey Hill Lift Station is getting a natural gas-powered generator, so the control panel and generator will be installed at the same time. He added that although the Roxbury Lift Station will also need an upgraded control panel, we will wait until all the generators have been purchased.

President Schafer commented that we are trying to standardize our equipment, which was not done in the past; for example, all of the generators that we are purchasing are standardized in that they are the exact same size and are all water cooled. This way we can keep simple parts on the shelf in case a repair is needed. The VFD panels are the latest and greatest technology that gives us accurate information with the computer that we have.

Questions/Comments from The Membership

Jeff Mills (Lot 125) stated that he lives next to the Shorewood Drive Lift Station and had lodged a complaint last year that the Arborvitae trees that were planted around the lift station to beautify the area were restricting his visibility when coming out of his drive-way and the Board said they couldn't do anything about it. He also stated that he noticed this year, some of the Arborvitae were tipped over and some of them had die. He asked the Utility Board to take into consideration his visibility issue when replacing the trees; perhaps there is a way to satisfy both sides.

Secretary/Treasurer Tom Szefc replied that they were moved back from the road 30 inches last year when he made the complaint.

Jeff Mills (Lot 125) added that the gesture was appreciated and did help some with the visibility but did not solve it completely. He wondered if perhaps there is some kind of landscape that doesn't grow so tall.

Plant Manger Forest Ash informed everyone that the idea was to let the Arborvitae roots take hold and then trim them down.

Jeff Mills (Lot 125) replied that that would be ok.

Secretary/Treasurer Tom Szefc stated that the trees were planted at the POA Board's suggestion.

Jeff Mills (Lot 125) replied that all he is asking is for a little consideration when we do the landscaping this year.

Deer Creek

President Greg Schafer stated that we addressed this subject earlier in the meeting; the forced main failed, which had failed in the same place a few years prior and Alex Metz Excavation had repaired it. He commented that we weren't happy that the repair failed, but we were under the gun to fix the problem as soon as possible; the guys who did this repair did a good, accurate, and fair job.

Secretary/Treasurer Tom Szefc wanted to know how we found the problem. **President Greg Schafer** answered that there was a large area of paper that seeped from under the ground. **Plant Manager Forest Ash** explained that while he was putting up the reminder signs to pay the sewer bill, he checked the areas where the mains are located and spotted the problem.

COMMENTS FROM THE BOARD (58:35)

President Greg Schafer stated excitedly that he is thrilled Director Margie Stiles decided to run again. He complimented the work she had done to collect outstanding customer balances, along with the effort that Treasurer/Secretary Tom Szefc had put forth. President Greg Schafer stated that he was also thrilled that Carlotta Holmes decided to run. He recognizes the fact that Board Members are volunteering their time and services and appreciates their effort.

COMMENTS FROM THE MEMBERSHIP (59:47)

There were no comments from the Membership.

ADJOURNMENT

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

The meeting was adjourned at 8:04 p.m.