Members Present: Larry J. Doe, Mark Namatevs, J. Ray Scott, and Gregory A. Peoples.

Members Absent: None. Deedra Climer Bass

1. CALL TO ORDER: Doe called the meeting to order at 4:05 p.m.

2. MINUTES OF THE PREVIOUS MEETINGS: Motion by Scott to receive and file the minutes of the December 18, 2007 meeting. Support by Peoples. In favor: All. Opposed: None. (Motion carried.)

3. NEW BUSINESS:

A. Request to Approve – Comprehensive Annual Financial Report (CAFR) – Larry R. Thomas

Mr. Thomas advised the Board that the Authority’s auditors at Rehmann Robson have completed their audit of YCUA’s finances for the fiscal year ending August 31, 2007. He directed the Board’s attention to the Comprehensive Annual Financial Report (CAFR) and Single Audit as well as a synopsis of the information from Jeff Williams and responses to the Management Letter. Mr. Thomas also explained that Mark Kettner was present to provide an overview of the audit and answer any questions the Board may have.

Mr. Kettner advised the Board that the Independent Auditor’s Report expresses his firm’s opinion that the financial statements as presented are prepared in accordance with generally accepted accounting principles. He indicated that this is not an opinion on the internal controls. Mr. Kettner also explained that, when preparing the audit, it is the auditors’ obligation...
in accordance with standards to document and consider the controls for purposes of planning test work on those financial statements. He pointed out that if the auditors become aware of any issues, it must be communicated to YCUA management. Mr. Kettner explained that the new auditing standards 104 through 111 will become applicable beginning next year, which will require some additional work in documenting and testing the controls and then having a documented link between those planning-type procedures and the procedures that are performed on the year-end balances. He further advised that it is expected that management will maintain the accounting records and the related controls when discharging their responsibilities in such a manner as to be able to present financial statements in accordance with generally accepted accounting principles and that this is what the auditors’ opinion is reiterating.

Mr. Kettner stated that, on the income statement, interest which is listed under non-operating expenses is significantly different from previous years because the interest in prior years was capitalized due to the fact that the new plant was under construction and was not able to produce revenue. He acknowledged that, in order to match revenue and expense, the interest on the debt related to the new construction was capitalized. Mr. Kettner confirmed that it was put into the fixed asset and not into expense. He explained that this item will now be treated as an expense and is part of the decrease in income from last year to this year.

Mr. Kettner pointed out that over $1.6 million of that was applicable to the interest. He also stated that depreciation went up significantly due to this new asset but that this is not seen in the operating expense because it is in each department for water distribution, wastewater treatment, and so on. Mr. Kettner advised the Board that the depreciation this year was $10 million versus $6.7 million for the previous year. He indicated that the increase of over $3 million was anticipated in the budgeting process and was accounted for by adjusting rates shortly after the start of the fiscal year. Mr. Kettner also explained that overall, the budgetary numbers are reasonably close to what was expected for the operations and that there was nothing unusual or unexpected.

He pointed out that one of the things that was noted this year but was not included in the report is the fine-tuning and further level of sophistication in the YCUA finance department. Mr. Kettner explained that Rehmann Robson was brought in several years ago due to some finance needs both internal and external and that Mr. Williams’s presence has contributed mightily to the improvements along with the direction that the directors have provided.
He further advised that there were a couple of items that needed to be addressed and that one was receivables related to the benefit charges. Mr. Kettner stated that the new billing system has done a great job of getting on top of the usage charge but that the benefit charge lagged just a little bit behind it. He acknowledged that staff is on top of it now and that it is no longer an issue.

Mr. Kettner confirmed that the Single Audit is a separate document. He explained that the monies received from the Drinking Water Revolving Fund included $736,000 in federal dollars. Mr. Kettner pointed out that the good news is that there are no issues, findings, or questioned costs.

Mr. Williams advised the Board that the Management Letter addresses items that need attention. He indicated that Rehmann Robson had three items this year and directed the Board’s attention to his summary of their comments and YCUA management’s responses.

Mr. Williams also explained that the first item cited by Rehmann Robson was “two vendor invoices that were reviewed and approved by the engineering management but not by the director or the assistant director.” Mr. Williams explained that these two invoices, while not actually signed by senior management were, reviewed, dated, and assigned an account number by them. He pointed out that his response is that, of the over 6,000 invoices processed last year, this was the only instance where this occurred.

Mr. Williams explained that the second item is a reference to cash draw-down requests for DWRF-eligible project costs that were not prepared until two months or more after the end of the fiscal year. He further advised that this is true but that this was an unusual circumstance in that this was the DWRF that was canceled when the contractor was found to be non-compliant. Mr. Williams stated that this particular DWRF project was postponed from its original start date and proceeded the following year. He acknowledged that YCUA does now have a procedure in place wherein any DWRF reimbursements will be triggered by a dollar-threshold of $5,000 or every two months, whichever occurs first.

Mr. Williams confirmed that, while Rehmann Robson is aware that YCUA management has implemented a process to review and approve general ledger entries as a batch on a monthly basis, it was noted during the audit that there were instances where additional journal entries were made after the review and approval of the monthly batch and that were, therefore, not subject to that review and approval process. He explained that Rehmann Robson has recommended that this process be modified to insure that all general ledger entries are subject to independent review and approval. Mr.
Williams pointed out that YCUA staff agrees with this recommendation and that the process will be modified accordingly. He also stated that the monthly journal entry referred to was what staff called the month-end maintenance allocation entry, which spreads the maintenance department expenses between the other operating departments. Mr. Williams advised the Board that this entry does not affect expenses and is the final entry each month.

He indicated that the third item relates to inspection fees payable. Mr. Williams also explained that, last year, Rehmann Robson commented that procedures were needed for the monthly reconciliation of the inspection fees subsidiary records for the general ledger control account. He pointed out that this was implemented however, in accomplishing this, staff now knows that, because of the age of certain accounts, the Authority should analyze the various accounts to determine whether the inspection services have indeed been provided and, therefore, if the account should be relieved if the project is completed and if the inspection fees should be returned or if the accounts were properly stated. He further advised that staff also agrees with this item. Mr. Williams stated that, within the last month, the engineering manager has created a Standard Operating Procedure that addresses all future developer deposits and, in addition, the accounting and engineering departments met this week to determine a process for reviewing older account deposits on a case-by-case basis and will subsequently submit recommendations to management for that purpose. He acknowledged that several developer deposits have already been reviewed and refunds will be released the next day after the cash requirements.

Mr. Williams confirmed that there are footnotes for each of these items if the Board requires additional information. He explained that he has included a graphic summary of the fiscal year that reviews sales, operating expenses, and cash flow between prior fiscal years and the current fiscal year. Mr. Williams pointed out that his summary also examines the cause of those variances.

Larry R. Thomas interjected that the YCUA Finance Committee reviewed the Comprehensive Annual Financial Report (CAFR) and the Single Audit at their meeting the week previous and concurs with a recommendation to approve.

Mr. Thomas recommended approval of the Comprehensive Annual Financial Report (CAFR).
Motion by Namatevs to approve the Comprehensive Annual Financial Report (CAFR). Support by Scott. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – DWSD Water Contract – Larry R. Thomas

Mr. Thomas directed the Board’s attention to a draft water contract between DWSD and YCUA. He indicated that DWSD has been working on the model for this agreement with its contract customers for several years through the Technical Advisory Committee (TAC). Mr. Thomas also explained that YCUA has been involved in the TAC meeting as well as its sub-committee meetings and has had significant influence in the contract. He pointed out that, along with Mike Jessee, Gwyn Belcher, Jeff Castro, he and YCUA attorney Tom Daniels were involved in the final negotiations of this contract and its appendices. Mr. Thomas explained that this is a 30-year contract that will replace the current contract that continues indefinitely but can be terminated in 2017. He further advised that the new contract has certain advantages to the Authority over the existing contract, such as a commitment from DWSD to a minimum and maximum pressure at each of YCUA’s connections into their system.

Mr. Thomas stated that DWSD is committing to continuing the TAC for the period of the contract, through which YCUA and all other DWSD contract customers will continue working with DWSD staff on matters of mutual concern. He acknowledged that the new contract increases the costs to a DWSD customer that terminates the contract or leaves the system early, thereby decreasing the likelihood that the remaining customers would then be responsible for picking up the continuing costs. Mr. Thomas confirmed that this contract allows YCUA to also set an amount of annual purchase of water and to set the maximum daily flow and the maximum hourly flow rate during the contract period. He explained that this is of particular advantage to YCUA as maximum flow rate and maximum hourly flow rate significantly affect the cost per unit of water purchased.

Mr. Thomas pointed out that, by allowing YCUA to set these figures, staff is able to take full advantage of its storage facilities and keep the maximum hourly flow rate to a minimum level, thereby minimizing its future rate increases. He also stated that the various iterations of this contract have been reviewed extensively by the TAC and the final version has been extensively vetted by a smaller group of DWSD officials and seven contract customers and their attorneys. Mr. Thomas advised the Board that he and Tom Daniels worked with this smaller group over the past few weeks. He indicated that the final version of the contract was
presented to the full TAC on January 17th and the model contract for the entire group is being voted on over the next two weeks. Mr. Thomas also explained that there is an online poll that allows the various customers to vote. He pointed out that the YCUA Finance Committee has reviewed the contract and recommends approval of the same.

Mr. Thomas explained that DWSD Director Victor Mercado, public relations consultant George Ellenwood, DWSD attorneys Laurie Koester and Bob Walter, and Project Innovations consultant Charlie Fleetham were all present at the meeting to address the Board as needed. He further advised that, should the Board approve this contract, YCUA will be the first DWSD contract customer to do so.

Mr. Mercado advised the Board that it is an honor and a privilege to attend their meeting. He indicated that the model contract has been a long process and that YCUA has been an integral and vital part in the process of developing the same. Mr. Mercado also explained that this contract has not only been developed by DWSD but was developed together with the customers. He pointed out that this is a contract that belongs to all the parties involved.

Mr. Mercado explained that thanks are due to Larry Thomas, Tom Daniels, and the YCUA staff for their valuable input in this process. He further advised that this could not have been done without these individuals.

Mr. Thomas recommended approval of the DWSD water contract as presented.

J. Ray Scott inquired as to whether the cost of general infrastructure improvements throughout the system will be shared amongst all contract customers. Mr. Mercado responded that costs related to improvements in the transmission lines are a common cost that is passed on to all DWSD customers. He added that there are some costs that are customer-specific but that costs relating to the distribution mains are shared.

Thomas E. Daniels commented that it is nice to see the representatives from DWSD in attendance at the YCUA Board meeting because he and the TAC members from YCUA worked so closely with them over the past several years. He indicated that, when he first got involved in the process, he had his doubts about DWSD’s willingness to really negotiate and work with the customers to develop a contract that addressed their mutual needs but that he walked away from the process with a completely different viewpoint. Mr. Daniels also explained that DWSD did indeed have the attitude and approach to addressing the concerns of its contract customers
and that the result is a contract that is consistent and succinct and one which he feels comfortable in recommending to the YCUA Board without any reservation whatsoever.

Motion by Peoples to approve the DWSD water contract as presented. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)

C. Request for Final Acceptance - Partridge Creek Development as a Public Utility – T. Michael Jessee

Mr. Jessee directed the Board’s attention to two letters from OHM relative to this matter, one recommending acceptance of the Partridge Creek North community development as a public utility and one recommending acceptance of an offsite water main along Whittaker Road as well.

Mr. Jessee recommended acceptance of Partridge Creek Development as a public utility.

Motion by Peoples to accept Partridge Creek Development as a public utility. Support by Scott. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve - Telephone System Replacement Project – T. Michael Jessee

Mr. Jessee advised the Board that, since YCUA moved into its present facility in approximately 1982, it has been using the same telephone system. He indicated that the system has had some minor upgrades over the years but that the infrastructure has basically remained the same for the last 25 years. Mr. Jessee also explained that it was recently decided that the system was in need of updating and an RFP was developed with the assistance of the maintenance department Information Technology Supervisor Wayne Dudley. He pointed out that ten vendors attended a mandatory pre-bid meeting. Mr. Jessee explained that, from those ten vendors, three responded with bids: Wiltech, Bell Telephone and Data, and Great Lakes Telecom. He further advised that this RFP was very extensive in length and detail and that it took a 47-page spreadsheet to evaluate the proposals. Mr. Jessee stated that, of the three proposals received, Great Lakes Telecom came out on top with a score of 376 points with Bell Telephone coming in second with 228 points and Wiltech in third place with 190 points. He acknowledged that there was a tremendous amount of due diligence required to evaluate the proposals.

Mr. Jessee confirmed that Great Lakes Telecom came in with the better of the proposals with a cost of $449,289.62. He explained that this includes
$312,239.68 for the paging system and $137,049.94 for the telephone system. Mr. Jessee pointed out that, due to budgetary constraints, staff has decided not to proceed with the entire $449,289.62 project at this time. He also stated that Great Lakes Telecom has agreed to postpone the installation of the paging system until next fiscal year.

Mr. Jessee advised the Board that that YCUA staff wishes to proceed at this time with the $137,049.94 portion of the project relating to the telephone system. He indicated that a contingency budget is also being requested in the amount of $13,700.06 for a total telephone system project in the amount of $150,750. Mr. Jessee also explained that the telephone replacement project will include a new switchboard, all telephones, all switches, and a new T1 line from the State Road facility to the Service Center location on Clark Road. He pointed out that, with the addition of the T1 line, a telephone service savings of approximately $3,800 per month is anticipated.

Mr. Jessee recommended approval of the telephone system replacement project in the amount of $150,750 as well as $93,671.90 for the materials required for the paging system for a total of $244,421.90.

J. Ray Scott inquired as to whether the same price will apply to the paging system portion of the project if it is delayed until the new fiscal year. Mr. Jessee responded that Great Lakes Telecom has agreed to hold that price with the exception of a $2,900 increase for the electrical contractor’s anticipated labor increases provided YCUA purchases all of the raw materials required for the paging system. Mr. Jessee explained that these materials will cost the Authority $93,671.90. He further advised that this is also contingent upon YCUA entering into a contract with Great Lakes Telecom during the first week of the new fiscal year for the remainder of materials and installation on the paging system project, which is approximately $220,000. Mr. Jessee stated that the materials for the paging system can be either stored onsite or at the Great Lakes Telecom facilities. He acknowledged that he will most likely elect to have Great Lakes Telecom store the materials as long as an agreement is signed that they will be responsible for them.

Mr. Jessee confirmed that this new system will put YCUA on the cutting edge of communication technology in its industry. He explained that it was an important specification in the bid documents that the system be expandable and supported for at least seven to ten years. Mr. Jessee pointed out that the RFP took approximately nine months to develop and was quite an endeavor on the part of YCUA staff. He also stated that it
should be noted that the work was all done in house and no design
engineers were consulted.

Mr. Thomas advised the Board that if they approve the $150,000 for the
phone system and the $93,671.90 for the materials, the expenditure will be
$37,671.90 over the $206,000 budgeted amount. He indicated, however,
that the $37,671.90 will be paid from the EPA replacement fund. Mr.
Thomas also explained the only part of the project that is not eligible for
EPA replacement funds is the equipment for the Service Center.

Motion by Peoples to approve the telephone system replacement project in
the amount of $150,750 as well as $93,671.90 for the materials required
for the paging system for a total of $244,421.90. Support by Scott. In
favor: All. Opposed: None. (Motion carried)

E. Request to Approve - Final Change Order re: Hewitt / Valley /
Congress Water Main Project – T. Michael Jessee

Mr. Jessee advised the Board that OHM has submitted the final change
order for the Hewitt / Valley / Congress water main replacement project.
He indicated that the change order addresses 11 items for a contractual
cost reduction of $47,911.45.

Mr. Jessee also explained that item 74 relates to the reduction of 126 tons
of 21AA limestone for road beds. He pointed out that this reduced the
contract by $14,144.62.

Mr. Jessee explained that item 84 relates to the footage of type F4 curb
and gutter to be utilized. He further advised that the contract specified 360
feet but only 7.8 feet was used. Mr. Jessee stated that this results in a
deduction of $5,635.20.

He acknowledged that item 85 addresses the square footage of 4-inch
sidewalk to be utilized. Mr. Jessee confirmed that the contract specified a
requirement of 12,118 square feet but only 5,077.5 square feet were used,
resulting in a deduction of $21,121.

He explained that, with approval of this change order for a reduction in
cost of $47,911.45, the total project cost will be $1,884,338.28, which is
$97,283.57 less than the original contracted amount.

Mr. Jessee recommended approval of Final Change Order re: Hewitt /
Valley / Congress Water Main Project for a reduction in cost of
$47,911.45.

Gregory A. Peoples inquired as to when the project is expected to be
complete. Mr. Jessee responded that it is substantially complete now with
the exception of some restoration and punch list items. Matt Parks from Orchard, Hiltz, and McCliment added that the retainage was reduced down to $60,000 and, in the spring, OHM will walk the site with YCUA representatives and the contractor to make sure the grass is coming up and to address any minor touchups. He stated that, once YCUA has approved the final restoration, OHM will produce the final estimate.

Motion by Namatevs to approve Final Change Order re: Hewitt / Valley / Congress Water Main Project for a reduction in cost of $47,911.45. Support by Scott. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve - Final Change Order re: M-17 Water Main Project – T. Michael Jessee

Mr. Jessee advised the Board that MDOT has submitted its final change order for YCUA’s approval. He indicated that the change order addresses 57 items, which result in a reduction in cost of $136,859.38.

Mr. Jessee also explained that item 1 in the amount of $45,660 relates to temporary piping needed to keep customers with water as the project developed. He pointed out that, when the project was designed by YCUA’s in-house engineers with help from OHM, it was assumed that all of the customer water main issues would be addressed without any additional cost. Mr. Jessee explained that that was not the case and that a number of customers were found to be without water as mains were isolated along Ecorse Road. He further advised that the contractor indicated that they could rectify the situation for a cost of $45,660.

Mr. Jessee stated that YCUA approved the cost to restore service to the customers. The road restoration activities resulted in a decrease of 2,320 square yards of nine-inch reinforced concrete, which reduced the cost by $109,190. He acknowledged that, as construction progressed, it was discovered that the directional drilling process could not be used in all of the anticipated water main installations. Mr. Jessee confirmed that this required the installation of an additional 574 feet of cast iron water main, resulting in an additional cost of $53,686.22. He explained that, with the deletion of the directional drilling process for specific water installation areas, there was a deletion of 432 feet of 12-inch PVC water main, resulting in a deduction of $35,838.72. Mr. Jessee pointed out that the original cost of this project was $1,790,900 and that, with the approval of this change order for a reduction of $136,859.38, the final project cost will be $1,654,040.62.
Mr. Jessee recommended approval of the Final Change Order re: M-17 Water Main Project for a reduction in cost of $136,859.38.

Motion by Namatevs to approve the Final Change Order re: M-17 Water Main Project for a reduction in cost of $136,859.38. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

G. Request to Approve - Final Change Order Factory Street Header Replacement Project - T. Michael Jessee

Mr. Jessee advised the Board that the Factory Street header replacement project in the City of Ypsilanti is complete. He indicated that this was a huge project that included the construction of a new redundant header and the removal and replacement of the old header. Mr. Jessee also explained that Tetra Tech has submitted its final change order for a reduction in cost of $6,964.20. He pointed out that the change order consists of six items.

Mr. Jessee explained that, early in the project, there were two large 20-inch gate valves to be installed but that, upon further inspection, it was discovered that a spur gear should have been included in the specifications. He further advised that a spur gear provides ease of operation versus a direct drive gear because it offsets the torque needed to turn the valves. Mr. Jessee stated that the spur gear option was accepted by YCUA, which increased the cost by $5,562.32.

He acknowledged that there was a $75,000 contract contingency in the bidding documents for the excavation and inspection of the discharge header outside the station. Mr. Jessee confirmed that Tetra Tech and YCUA staff were unsure of the materials of that header and, therefore, the contract could not specify what type of tie-in would be needed to connect the redundant header to the large discharge header underground. He explained that the activity was completed, materials were identified, and the equipment was purchased to make the tie-in. Mr. Jessee pointed out that, out of the $75,000, there was $61,057.48 spent for that activity, which resulted in a reduction of cost of $13,942.52.

He also stated that, with the approval of this change order, the original contract cost of $719,000 will be reduced to $712,035.80, representing a 3.1% saving on the total project cost.

Mr. Jessee recommended approval of the Final Change Order Factory Street Header Replacement Project for a reduction in cost of $6,964.20.

Motion by Peoples to approve the Final Change Order Factory Street Header Replacement Project for a reduction in cost of $6,964.20. Support by Namatevs. In favor: All. Opposed: None. (Motion carried)
H. Request to Approve – Washtenaw County Road Commission Contract re: Holmes Road Water Main Project – T. Michael Jessee

Mr. Jessee advised the Board that YCUA staff is gearing up for the replacement of the water mains on Holmes Road. He indicated that the project will start at Rue Deauville and traverse east to Spencer Lane. Mr. Jessee also explained that there will be approximately 2,125 feet of 12-inch diameter pipe and 3,900 feet of 16-inch water main installed along Holmes Road. He pointed out that this will be done in conjunction with the Washtenaw County Road Commission’s paving project in the same area. Mr. Jessee explained that the estimated cost of the project is $1,235,050. He further advised that $995,000 is for construction and a contingency is requested in the amount of $149,250. Mr. Jessee stated that there is a $90,800 not-to-exceed cost for the Washtenaw County Road Commission to do the contract administration for the project. He acknowledged that the WCRC will oversee the project and make sure the contractor performs within specified timelines and make sure that all materials are utilized.

Mr. Jessee confirmed that Tom Daniels and Scott Westover have been working with the WCRC to develop and finalize the contract language, the majority of which has been done and is presented to the Board for their review. He explained that the contract must be signed and submitted to MDEQ by February 15th in order to be in compliance with the Drinking Water Revolving Fund.

Mr. Jessee recommended approval of the Washtenaw County Road Commission Contract re: Holmes Road Water Main Project in the amount of $1,235,050 and authorization to enter into a WCRC finalized contract, upon a recommendation by legal counsel and YCUA staff.

Motion by Scott to approve the Washtenaw County Road Commission Contract re: Holmes Road Water Main Project in the amount of $1,235,050 and authorization to enter into a WCRC finalized contract, upon a recommendation by legal counsel and YCUA staff. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

I. Request to Approve - OHM Proposal re: Huron River Interceptor Infiltration and Inflow Study – T. Michael Jessee

Mr. Jessee advised the Board that the Huron River interceptor is a very large sanitary flow collection system in the City of Ypsilanti. He indicated that the flow begins at approximately St. Joseph Hospital and runs all the way to the Factory Street pump station. Mr. Jessee also explained that, through the years, there have been some concerns
regarding a considerable amount of infiltration and inflow that is getting into this interceptor, most likely somewhere along one of the three Huron River crossings. He pointed out that YCUA has investigated the matter in the past but that the source of the infiltration could not be found.

Mr. Jessee explained that the Authority has now asked for the assistance of OHM in order to complete an in-depth I & I study of the interceptor. He further advised that OHM has responded with a proposal in the amount of $125,000 with an optional assistance item in the amount of $20,000. Mr. Jessee stated that the I & I study will include the monitoring of five flow meters installed at strategically located manholes, three rain gauges, manhole inspection along the flood plain, nighttime spot flow measurements, and a comprehensive review of flow metering data from the Factory Street pumping facility. He acknowledged that the optional task assistance item would allow for robotic televising of sites associated with the interceptor river crossings, help with development of bid packages for televising and/or reviewing the tapes from the televising, a recommendation for cost estimates for emergency I & I removal in the event that a large infiltration is discovered, a focus fill evaluation of any large I & I unidentified source and coordination with MDEQ District Compliance Agreements.

Mr. Jessee confirmed that YCUA staff has reviewed the proposal from OHM and concurs with the same.

Mr. Jessee recommended approval of the OHM Proposal re: Huron River Interceptor Infiltration and Inflow Study in the amount of $140,000.

Motion by Peoples to approve the OHM Proposal re: Huron River Interceptor Infiltration and Inflow Study in the amount of $140,000. Support by Scott. In favor: All. Opposed: None. (Motion carried)

J. Fund Balance Report - Larry R. Thomas

Mr. Thomas directed the Board’s attention to the Fund Balance Report for December 31, 2007. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.


Mr. Thomas directed the Board’s attention to the Financial Report – Authority Net Assets Report for December 31, 2007. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.
Informational only; no motion from the Board required.


Mr. Thomas directed the Board’s attention to the Consumption Report. He then proceeded to give a detailed report of the information contained in the report and answered questions from the Board.

Informational only; no motion from the Board required.

M. **Attorney’s Report** – Thomas E. Daniels

Mr. Daniels advised the Board that he has four items to report on. He indicated that the C.A. Hull litigation regarding the damage to the sewer line during the I-94 sound wall construction is in a series of depositions that will begin over the next couple of weeks.

Mr. Daniels also explained that there have been some significant developments in the Bioclimatic / Meade Westvaco litigation. He pointed out that his office recently submitted a written report to YCUA explaining that there are two items on the table as a result of pleadings that Meade Westvaco has now filed in the case. Mr. Daniels explained that one is an effort by Meade Westvaco to transfer the case from the state court in Washtenaw County to the federal court in Detroit, which they have a right to do under certain circumstances. He further advised that YCUA filed a response challenging that request, insisting to the federal court that they do not have jurisdiction and that the matter should remain in the state court. Mr. Daniels stated that this matter is pending and will not be argued until the end of February. He acknowledged that Meade Westvaco followed their request for a change in venue this week with a motion to dismiss YCUA’s claim against them. Mr. Daniels confirmed that YCUA is presently formulating a response to the Motion for Summary Disposition, which is due on February 11th. He explained that, as suspected, the overriding opinion in their dismissal motion is that YCUA does not have a contract with them but rather with the LLC, which they believe releases them from any liability resulting in the LLC’s failure to provide the air ionization equipment as agreed.

Mr. Daniels pointed out that the only progress to report on the WTUA arbitration regarding the retiree health benefit trust fund dispute is that YCUA is now in the process with the American Arbitration Association of selecting the arbitrators to hear the case.

He also stated that relative to the IDI matter, the shut down has been scheduled and that IDI has agreed to be onsite with the appropriate individuals. He indicated that John Herrygers at the Christman Company is scheduling the negotiation of the other remaining details.
J. Ray Scott inquired as to whether any communication has been received from Scott Martin’s attorney. Mr. Daniels responded that any such correspondence should go directly to YCUA’s labor attorney John Hancock and that he maintains his position to stay out of labor-related issues.

Informational only; no motion from the Board required.

M. Director’s Report - Larry R. Thomas

Mr. Thomas advised the Board that he has one item to report on. He indicated that the incinerator has already been shut down for the IDI inspection due to a problem with the granulated activated carbon unit. Mr. Thomas also explained that the GAC unit is part of the air-scrubbing train that cleans the exhaust air from the incinerator. He pointed out that, during the past several months, the differential pressure (the pressure going in versus the pressure going out) has been increasing.

Mr. Thomas explained that, after the holidays, the differential pressure was higher than is allowed by YCUA’s operating permit and the incinerator was taken offline at that point. He further advised that the incinerator is still in the process of being cooled but that the GAC unit has been partially disassembled in order for it to be examined. Mr. Thomas stated that the carbon has been removed and some problems have been discovered in the coalescing filter just before the granulated activated carbon unit. He acknowledged that the filter was not in its proper position but that the reason for that is presently unknown. Mr. Thomas confirmed that new filters are on order and should arrive in the next few weeks. He explained that the carbon media was wet, which staff believes contributed greatly to the problem.

Mr. Thomas pointed out that staff hopes that the new carbon will arrive at about the time that IDI completes its inspection. He also stated that staff is in the process of obtaining quotes from vendors for some cleaning inside the carbon unit as well. Mr. Thomas advised the Board that staff believes a need for cleaning contributed to the problem in that the wet media plugged up the small openings that are intended to allow the exhaust air to pass through.

Informational only; no motion from the Board required.

4. OLD BUSINESS:

There was no old business for the month.

5. OTHER BUSINESS:

There was no other business for the month.
6. **STATEMENTS AND CHECKS:** Motion by Namatevs to pay the bills in the amount of $2,419,831.77. Support by Peoples. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:**

There were no public comments for the month.

8. **ADJOURNMENT:** Motion by Namatevs to adjourn the meeting at 5:15 p.m. Support by Scott. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

MARK NAMATEVS, Secretary/Treasurer