Minutes

YPSILANTI COMMUNITY UTILITIES AUTHORITY
BOARD OF COMMISSIONERS MEETING
Tuesday, January 28, 2003 – 3:00 p.m.
YCUA Administration Building
2777 State Road
Ypsilanti, MI 48198-9112

Members Present: Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, Karen Lovejoy Roe, and Peter J. Murdock

Members Absent: None

1. CALL TO ORDER: Stumbo called the meeting to order at 3:00 p.m.

2. MINUTES OF THE PREVIOUS MEETING: Motion by Doe to receive and file the minutes of the December 17, 2002. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

3. NEW BUSINESS:

   A. Request to Approve – Dedication of YCUA Administration Building to Eldon Ahles - Larry R. Thomas

   Mr. Thomas directed the Board’s attention to a resolution regarding the dedication of the YCUA administration building to Eldon Ahles. Mr. Thomas then read the Resolution into the record:

   “WHEREAS, Eldon P. Ahles, as first Director of the Ypsilanti Community Utilities Authority, served the Ypsilanti Community in many distinctive ways; and

   WHEREAS, as the leader of YCUA, Mr. Ahles laid the foundation for this invaluable resource for the Ypsilanti community; and
WHEREAS, as Director, Mr. Ahles established and consistently carried on the mission of the Authority “to provide top quality, cost effective, and environmentally safe water and wastewater services of our customers;” and

WHEREAS, Mr. Ahles established one efficient utility administration for the City and Township of Ypsilanti at the Ypsilanti Community Utilities Authority; and

WHEREAS, Mr. Ahles purchased the land for the Authority’s wastewater treatment plant and oversaw its design and construction, and

WHEREAS, Mr. Ahles inspired an excellent work ethic and pride for the Authority; and

WHEREAS, love and care for the employees of YCUA and the citizens of the Ypsilanti Communities were always utmost in his mind and actions.

NOW, THEREFORE, BE IT RESOLVED THAT the YCUA Board of Commissioners hereby dedicates and names the YCUA Administration Building the “Eldon P. Ahles Administration Building,” which we hope will inspire others to emulate the leadership, dedication, and commitment so ably demonstrated by Eldon P. Ahles.”

Mr. Thomas recommended approval of the request to dedicate the YCUA Administration Building to Eldon Ahles.

Comments were then made by Tom Kmet, Debbie Isles, Ralph Walls, Perry Thomas, Scott Martin, Preston Harris, Kelly Miller, Fred Davis, Larry Doe, Karen Lovejoy Roe, Pete Murdock, and Brenda Stumbo, each, in turn, commending Mr. Ahles for his dedicated service to YCUA, thanking him for his crucial role in developing their careers, and commenting on his faithful friendship.

Brenda L. Stumbo thanked Larry R. Thomas for his initiative in presenting the Resolution on behalf of Eldon and stated that it requires a director and a leader the caliber of Mr. Thomas to present such a welcomed idea.

The Resolution and comments were met with vigorous applause from the assembly.

Motion by Koryzno to accept Mr. Thomas’s recommendation for approval of the request to dedicate the YCUA Administration Building to Eldon Ahles. Support by Roe. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve – Resolutions and Contract re: $7.4 Million YCUA System No. 4 (Township) Bonds – Dennis R. Neiman
Mr. Neiman directed the Board’s attention to three resolutions and a contract between Ypsilanti Township and YCUA regarding the sale of bonds for the water supply improvements for Ypsilanti Township in the amount $7.4 million:

1. Resolution 03-1 To Approve The Contract Authorizing The Issuance and Sale of YCUA Water Supply System No. 4 Bonds,

2. Resolution 03-2 Authorizing The Issuance of $7.4 Million Ypsilanti Community Utilities Authority Water Supply No. 4 Bonds,

3. Ypsilanti Township Resolution To Approve The Contract Authorizing The Issuance and Sale of YCUA Water Supply System No. 4 Bonds (for information only), and


Mr. Neiman indicated that he supplied all of the documents and that they are in order for Board approval. He also explained that this is required paperwork for the bond sale to take place.

Mr. Neiman recommended approval of the Resolutions and Contract re: $7.4 Million YCUA System No. 4 (Township) Bonds.

Brenda L. Stumbo interjected that the documents are relative to the road improvements programs in the Ypsilanti Township.

Mr. Neiman added that the bond issuance is contingent upon funding from the State of Michigan Drinking Water Revolving Fund, which is, in turn, waiting for some Federal funds to be released.

Mr. Thomas added that this project, as well as the projects in the City of Ypsilanti, are the first two items on the contingency list at MDEQ.

Motion by Doe to accept Mr. Neiman’s recommendation for approval of the Resolutions and Contract re: $7.4 Million YCUA System No. 4 (Township) Bonds. Support by Roe. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve – Ultraviolet Disinfection Project Change Order No. 1 - Larry R. Thomas

Mr. Thomas directed the Board’s attention to Change Order No. 1 for the Ultraviolet Disinfection Project. He indicated that the change order increases the contract price by $33,589.79 and increases the completion time by 141 days. Mr. Thomas also explained that the contract time was extended after the original start date was changed. He pointed out that the largest single cost item is dealing with the protection of a duct bank,
which required protection with sheet piling to avoid the possibility of collapse during the excavation of the junction chamber. Mr. Thomas explained that the duct bank in question did not appear on the original contract drawings. He further advised that all the changes were the result of situations discovered in the field.

Mr. Thomas stated that conditions found in the field make it appropriate to increase the contract price and the delay in the signing of the contract caused a delay in the start time. Mr. Thomas stated that Contingency funds were approved for this budget.

Mr. Thomas recommended approval of the Ultraviolet Disinfection Project Change Order No. 1, increasing the contract amount by $33,589,79 and increasing the completion time by 141 days, to be funded from the contingency fund.

Brenda L. Stumbo inquired as to whether the Authority planned to track the contingency budget. Barbara Kreger responded affirmatively.

Motion by Doe to accept Mr. Thomas’s recommendation for approval of the Ultraviolet Disinfection Project Change Order No. 1, increasing the contract amount by $33,589,79 and increasing the completion time by 141 days, to be funded from the contingency fund. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – YCUA/WTUA 2000 Agreement Amendment No. 3 - Larry R. Thomas

Mr. Thomas directed the Board’s attention to Amendment No. 3, which was drafted by YCUA attorney Tom Daniels and recently approved by the WTUA Board. He advised that the purpose of this amendment is to set the percentages that will be used for paying the costs for the plant expansion/improvements project over the next several years. Mr. Thomas also explained that these percentages will stay fixed until the end of the project, at which time a look back will occur and the final allocations are determined based on actual costs for the project. He pointed out that the percentages used for the bond sale are 71.58% WTUA and 28.42% YCUA. Mr. Thomas explained that these percentages were used for the bond sale and for trust account funding.

Mr. Thomas stated that this agreement sets the percentage of project costs for the life of the project. He acknowledged that it is very likely that the percentages will change over time and calculating these changes on an ongoing basis would be time consuming and possibly counter-productive. Mr. Thomas confirmed that keeping the percentage constant for the life of the project will make accounting easier with one final adjustment at the end of the project.
Tom Daniels commented that it is important to remember that the 17 MGD expansion is 100% paid for by WTUA. He advised that, when you look at the entire project, these percentages come into play. Mr. Daniels further indicated that the existing contract has an attachment, similar to that attached to the proposed amendment, which was based only on a preliminary feasibility study from March 1999.

Mr. Thomas recommended approval of the YCUA/WTUA 2000 Agreement Amendment No. 3, contingent upon final from the YCUA/WTUA Negotiating Team.

Karen Lovejoy Roe inquired as to whether the percentages were likely to change again in the future. Mr. Daniels indicated that the percentages would only a change as a result in a change in cost figures.

Motion by Roe to accept Mr. Thomas’s recommendation for approval of the YCUA/WTUA 2000 Agreement Amendment No. 3, contingent upon final from the YCUA/WTUA Negotiating Team. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

E. Sumpter Township Request for Additional Wastewater Treatment Plant Capacity - Larry R. Thomas

Mr. Thomas advised the Board that YCUA staff met with Sumpter Township recently. He indicated that Sumpter Township is requesting an additional .33 CFS of wastewater treatment plant capacity, which equates to .21 MGD. Mr. Thomas also explained that, at present, the Sumpter Township contract allows them .65 MGD.

He pointed out that now would be a good time to examine the wastewater treatment plant’s capacity and, if there is any potential for increasing capacities of these two existing customers. Mr. Thomas reminded the Board that, at last month’s meeting, a similar investigation was approved for Augusta Township. Mr. Thomas explained that a new revised contract would be required of Sumpter Township for additional capacity, which would have advantages for the Authority.

Mr. Thomas recommended approval of the request for authorization to enter into contract negotiations with Sumpter Township regarding Board request for additional wastewater treatment plant capacity.

Karen Lovejoy Roe stated that she was under the impression that the capacity of the expanded plant was already accounted for. Mr. Thomas indicated that the purpose of the study was to determine whether the available capacity exists.
Ms. Roe inquired as to which communities had requested capacity in the past. Mr. Thomas that both York and Salem Townships, neither of which are current YCUA customers, had requested capacity but were declined.

Edward B. Koryzno, Jr. inquired as to whether this would be an opportunity to revise the language in their existing contract. Mr. Thomas responded that that opportunity represented one of the biggest potential benefits for the Authority.

Brenda L. Stumbo interjected that the landfill that takes Canadian waste and its Leachate will never come to YCUA.

Karen Lovejoy Roe inquired as to whether this additional capacity was being requested strictly for the Carlton Park Manufactured Home Community. Mr. Thomas responded affirmatively.

Motion by Koryzno to accept Mr. Thomas’s recommendation for approval of the request for authorization to enter into contract negotiations with Sumpter Township regarding Board request for additional wastewater treatment plant capacity. Support by Doe. In favor: All. Opposed: None. (Motion carried)

F. Request to Approve – YCUA Overhead Calculation - Barbara Kreger

Ms. Kreger directed the Board’s attention to a letter from her regarding the YCUA overhead calculation. Ms. Kreger advised the Board that she has calculated YCUA’s overhead percentage to be 46.84% and is recommending that the Authority keep its overhead rate at 46%. However, she indicated that she is also recommending that this amount be used only on labor and vehicle costs and are recommending that a 20% overhead amount be used on all parts and other costs from outside sources. Ms. Kreger also explained that this portion of the overhead charge will be a reduction from the current charge.

She pointed out that overhead covers costs that the Authority incurs not directly related to employee time.

Ms. Kreger recommended approval of the overhead charge of 46% on labor and vehicle costs and 20% on parts and costs for outside services.

Motion by Roe to accept Ms. Kreger’s recommendation for approval of overhead charge of 46% on labor and vehicle costs and 20% on parts and costs for outside services. Support by Doe In favor: All. Opposed: None. (Motion carried)

G. Request to Approve – Water Meter Fee Schedule - Barbara Kreger

Ms. Kreger directed the Board’s attention to a water meter fee schedule, which she is recommending to become effective September 1, 2003. She
advised the Board that this fee schedule uses the methodology for overhead recommended in the previous agenda item. She indicated that the fee schedule has no increase for a 5/8” or ¾” which is the normal residential sized meter. Ms. Kreger also explained that a slight increase of $5 is recommended for the second meter (sprinkling meter) and an increase of $50 for a one-inch meter. She pointed out that more substantial increases are recommended for the 1½” and 2” inch meters, as the current charges do not even cover the cost of the parts.

Ms. Kreger explained that this fee will, however, apply to all meters sold for new accounts. She further advised that, at the present time, radio read meters are only charged to accounts within new subdivisions and all other new accounts are charged for the price of non-radio read meters, which is equivalent to the second meter above. However, Ms. Kreger stated, all new installations are radio read meters.

She acknowledged that this is an update to cover current costs for installing water meters in new accounts. Ms. Kreger confirmed that no exact figure is available, but this new fee schedule will allow the Authority to recover the costs of the installation of new meters in new accounts.

Ms. Kreger recommended approval of the water meter fee schedule.

Motion by Roe to accept Ms. Kreger’s recommendation for approval of the water meter fee schedule. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

H. Request to Approve – Executive and Confidential Employee Handbook - Gwyn Belcher

Ms. Belcher directed the Board’s attention to an Executive and Confidential Employee Handbook, which replaces the previously approved Non-Bargaining Unit Employee Handbook. She advised the Board that this handbook clarifies much of the language in the handbook approved last year.

Ms. Belcher indicated that the previously approved handbook contained language that staff feels requires clarification. She also explained that this clarification was discussed at the recent Personnel Committee meeting and received Board support.

She advised that the two significant changes were:

1. Downgrading the position of Human Resources Generalist to Human Resources Administrative Assistant, which will result in a $12,000 savings yearly.
2. Changing the way the Authority has been accumulating paid time off to be more inline with industry standards and to provide the Authority with a strong recruiting tool.

She also advised the Board that she had voluntarily excluded herself from the new benefits being offered by the changes to the Handbook.

Ms Belcher recommended approval of the Executive and Confidential Employee Handbook.

Motion by Koryzno to accept Ms. Belcher’s recommendation for approval Executive and Confidential Employee Handbook contingent upon those changes also being applicable to Gwyn Belcher. Support by Roe. In favor: All. Opposed: None. (Motion carried)

I. Request to Approve – Insurance Clarification - Gwyn Belcher

Ms. Belcher advised the Board that employees who retired prior to 1996 received the benefit of continuing health insurance from the Authority until age 65, at which time YCUA then provided supplemental health insurance to Medicare coverage as long as the employee lives. She indicated that spouses continued to be covered through YCUA’s family plan for as long as the employee lived. Ms. Belcher also explained that, upon the employee’s death, the spouse would lose YCUA health insurance coverage. She pointed out that, in 1996, contract language was changed in the Teamsters’ contract that allowed for the spouse to retain the health insurance coverage after an employee’s death as long as the spouse was eligible to receive the employee’s MMERS pension. Ms. Belcher explained that this change effected Teamster employees and executive and confidential employees.

She further advised that she is of the opinion that continuing spouse’s health insurance benefit is appropriate for the two retired directors of the Authority. Ms. Belcher stated that this issue was discussed at the recent Personnel Committee meeting and received the committee’s support.

She acknowledged that the Authority will continue to have the liability for health insurance coverage of the former directors’ spouses in the event of the retired directors’ deaths.

Ms. Belcher recommended approval of the request that the two retired directors of the Authority receive the same health coverage benefit as the present director in recognition of their dedication and commitment to the Ypsilanti Community Utilities Authority.
Motion by Roe to accept Ms. Belcher’s recommendation for approval of the request that the two retired directors of the Authority receive the same health coverage benefit as the present director in recognition of their dedication and commitment to the Ypsilanti Community Utilities Authority. Support by Doe. In favor: All. Opposed: None. (Motion carried)

J. Director’s Report - Larry R. Thomas

Mr. Thomas advised the Board that Detroit Water and Sewerage Department has announced a water rate increase for all of its customers effective July 1, 2003. He stated that YCUA’s individual increase calculates to 15.06%. Mr. Thomas further advised that this increase was about .5% higher than was anticipated.

He stated that the increases were due to a usage study performed by DWSD for the first time since the early 80s. Mr. Thomas indicated that this study showed YCUA’s max day usage was much higher than it was in 1982, when Ypsilanti had its own water plants.

Karen Lovejoy Roe inquired as to whether the Pittsfield Tower would decrease YCUA’s max day usage. Mr. Thomas responded that a huge amount of storage would be required to lower the max day usage but that storage does flatten out the max hour usage, which is another figure used to calculate rates.

Edward B. Koryzno, Jr. inquired as to whether this calculation included Detroit’s capital improvements costs. Mr. Thomas responded that their fees go to pay both operation and maintenance costs and capital costs. He further explained that, during this five-year period of extensive capital improvements, the Detroit water rates are likely to continue to reflect double-digit increases. Eventually, though, he advised, the rate increases will continue to taper off.

Mr. Thomas then invited the Board members to the Ypsilanti Chamber of Commerce First Tuesday Breakfast on February 4, 2003, which is to be sponsored by YCUA with keynote speech by Senator John Dingell.

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 Doe to pay the bills in the amount of $2,401,847.52 plus an addendum in the amount of $858,943.75. Support by Roe. In favor: All. Opposed: None. (Motion carried)

7. **PUBLIC COMMENTS:**

There were no public comments for the month.

8. **ADJOURNMENT:** Motion by Koryzno to adjourn the meeting at 3:46 p.m. Support by Roe. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

LARRY J. DOE, Secretary/Treasurer
RESOLUTION NO. 03-1 TO APPROVE THE CONTRACT
AUTHORIZING THE ISSUANCE AND SALE OF
YCUA WATER SUPPLY SYSTEM NO. 4 BONDS
(CHARTER TOWNSHIP OF YPSILANTI)

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 28th day of January, 2003 at 3:00 o’clock p.m., Eastern Standard Time.

PRESENT: Commissioners Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, Karen Lovejoy Roe, and Peter J. Murdock

ABSENT: Commissioners None.

The following preamble and resolution were offered by Commissioner Larry J. Doe and supported by Commissioner Karen Lovejoy Roe:

WHEREAS, the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, intends to authorize the issuance and sale of its Water Supply System No. 4 Bonds (Charter Township of Ypsilanti) pursuant to Act 233, Public Acts of Michigan, 1955, as amended in an amount of not to exceed Seven Million Four Hundred Dollars ($7,400,000), for the purpose of defraying the cost of acquiring and constructing water supply system improvements to service the Charter Township of Ypsilanti; and

WHEREAS, a Contract has been prepared between the Authority and the Township to provide for the financing of the cost of acquiring and constructing said improvements, which Contract has been reviewed by the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Contract dated as of February 1, 2003 between the Authority and the Charter Township of Ypsilanti is hereby approved and the Chairman and Secretary are each authorized to sign the same on behalf of the Authority.
2. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution by and the same hereby are rescinded.

AYES: Commissioners    Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, Karen Lovejoy Roe, and Peter J. Murdock

NAYS: Commissioners   None.

RESOLUTION DECLARED ADOPTED.

LARRY J. DOE, Secretary/Treasurer
I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a regular meeting held on the 28th day of January, 2003 and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.

LARRY J. DOE, Secretary/Treasurer
RESOLUTION NO. 3-02 AUTHORIZING THE ISSUANCE OF
$7,400,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY
WATER SUPPLY SYSTEM NO. 4 BONDS
(CHARTER TOWNSHIP OF YPSILANTI)

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority held on the 28th day of January, 2003, at 3:00 p.m., Eastern Standard Time.

PRESENT: Commissioners Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, Karen Lovejoy Roe, and Peter J. Murdock

ABSENT: Commissioners None.

The following preamble and resolution were offered by Commissioner Larry J. Doe and supported by Commissioner Karen Lovejoy Roe:

WHEREAS, the Ypsilanti Community Utilities Authority (the “Authority”) has been incorporated under the provisions of Act 233, Public Acts of Michigan, 1955, as amended (the “Act”), by the Charter Township of Ypsilanti and the City of Ypsilanti (the “City”) for the purposes set forth in the Act; and

WHEREAS, the Authority and the Charter Township of Ypsilanti (the “Local Unit”) have entered into a Contract (the “Contract”) for the acquisition, construction, financing, operation and maintenance of water supply system improvements, more particularly described in the Contract, to provide improved water supply system service for the Local Unit (the “Project”); and

WHEREAS, under the provisions of the Contract, the Local Unit has obligated itself to pay the cost of the System to be financed by the issuance of bonds of the Authority by paying the installments plus interest thereon, as specified in Section 10 of the Contract, and the Local Unit has further obligated itself to levy taxes annually to the extent necessary for the purpose of meeting said installments plus interest thereon, subject, however, to applicable constitutional, statutory and charter tax rate limitations, all as provided in Section 11 of the Contract; and
WHEREAS, the use of the water supply system improvements will be made available to the Local Unit and citizens thereof, in return for annual payments which will be applied to offset the payment obligations of the Authority; and

WHEREAS, the Authority now proposes to issue its bonds, as authorized by Section 9 of the Act, in anticipation of and secured solely by the contractual obligations of the Local Unit to provide the necessary funds to pay the Local Unit’s share of the cost of acquiring and constructing the System (hereinafter defined), and all things necessary to the authorization and issuance of the Authority’s bonds under the Act having been done and the Authority being now empowered to issue, and desirous of authorizing the issuance of, the bonds; and

WHEREAS, the Project qualifies for the State of Michigan Drinking Water Revolving Fund (“DWRF”) financing program being administered by the Michigan Department of Environmental Quality (“MDEQ”) and the Michigan Municipal Bond Authority (“MMBA”), whereby bonds of the Authority are sold to the MMBA and bear interest at a fixed rate of two and one-half percent (2.50%) per annum; and

WHEREAS, the plans for the Project have been prepared and shortly shall be approved by MDEQ; and

WHEREAS, in pursuance of the authority granted by Act 233, the Authority desires to issue and sell the necessary bonds to the MMBA to pay the cost of the Project; and

THEREFORE, BE IT RESOLVED BY THE BOARD OF THE AUTHORITY AS FOLLOWS:

Section 1. Definitions. Wherever used in this resolution or in the Bonds to be issued hereunder, except where otherwise indicated by the context:

(a) “Authority” means the Ypsilanti Community Utilities Authority.

(b) “Bonds” means the bonds of the Authority described herein and, specifically, in Section 5 hereof.
(c) “Contract” means the contract between the Authority and the Local Unit.

(d) “Contractual Payments” means the debt service installment payments required to be made by the Local Unit to the Authority pursuant to the provisions of Section 10 of the Contract and pledged to the payment of the principal of and interest on the Bonds authorized by the provisions of this resolution.

(e) “Department of Treasury” means the Department of Treasury of the State of Michigan.

(f) “Depository Bank” means the Michigan bank or trust company selected by the Board which is a member of the Federal Deposit Insurance Corporation.

(g) “System” means the Ypsilanti Community Utilities Authority Water Supply System No. 4 (Charter Township of Ypsilanti), consisting of the acquisition, construction and equipping of water supply system improvements in the Local Unit, including site acquisition and development therefor, and necessary demolition thereof as more particularly described in the Contract, together with all necessary appurtenances and rights in land thereto, being defrayed from the proceeds of the Bonds.

Section 2. Plans and Specifications; Necessity. The plans, specifications and cost estimates for the System as prepared by the Authority’s consulting engineers (the “Consulting Engineers”) are hereby accepted and approved, and it is hereby determined to be advisable and necessary for the public health of citizens of the Local Unit to acquire, construct and complete the System as provided in said plans and specifications.

Section 3. Estimated Cost; Useful Life of Local Unit’s Share of System. The total estimated cost of acquiring and constructing the System, including payment of incidental expenses as specified in Section 5 of this resolution, in the amount of $7,400,000 and the Local Unit’s share thereof ($7,400,000), is hereby approved and confirmed. The estimated period of usefulness of the System is
determined to be not less than thirty (30) years.

Section 4. Authorization of Bonds. For the purpose of defraying the Local Unit’s share of the cost of the System, including payment of engineering, legal and financing expenses, and other expenses incident thereto and incident to the issuance of the Bonds, there shall be borrowed the sum of $7,400,000, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated WATER SUPPLY SYSTEM NO. 4 BONDS (CHARTER TOWNSHIP OF YPSILANTI), the principal of and interest thereon to be payable solely out of the Contractual Payments required to be paid by the Local Unit pursuant to the Contract, shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, and payable on April 1 in the years and amounts as follows:

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Final determination of the payment dates and amounts of principal installments of the Bonds shall be evidenced by execution of a Purchase Contract (the “Purchase Contract”) between the Authority and the MMBA providing for sale of the Bonds, and the Chairman, Secretary and Treasurer of the Authority (the “Authorized Officers”) are each authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above.

The Bonds or principal installments thereof will be subject to prepayment prior to maturity in the manner and at the times as provided in the form of Bonds contained in this Resolution or as may be approved by the MMBA at the time of prepayment.

The Bonds shall bear interest at a rate of two and one-half percent (2.50%) per annum on the par value thereof or such other rate as evidenced by execution of the Purchase Contract, but in any event not to exceed the rate permitted by law, and the Authorized Officers shall deliver the Bonds in accordance with the delivery instructions of the MMBA.

The principal amount of the Bonds is expected to be drawn down by the Authority periodically, and interest on such principal amount shall accrue from the date such principal amount is drawn down by the Authority.

The Bonds shall not be convertible or exchangeable into more than one fully-registered bond. Principal of and interest on the Bonds shall be payable as provided in the Bond form in this Resolution.

The Secretary of the Authority shall record on the registration books payment by the Authority of each installment of principal or interest or both when made and the canceled checks or other records evidencing such payments shall be returned to and retained by the Secretary.

Upon payment by the Authority of all outstanding principal of and interest on the Bonds, the MMBA shall deliver the Bonds to the Authority for cancellation.

Section 6. Execution and Delivery of Bonds. The Bonds shall be signed with the manual signature of the Chairman of the Authority and countersigned by the manual signature of the Secretary
of the Authority. The Bonds shall have the corporate seal of the Authority impressed or imprinted thereon. Bank One Trust Company, National Association, Detroit, Michigan, or such other bank as may be determined by the MMBA, is hereby appointed to act as Transfer Agent for the Bonds.

Section 7. Source of Payment; Pledge; Remedies. The Bonds and the interest thereon shall be payable solely from the Contractual Payments received by the Authority, for the payment of which the Local Unit has, in the Contract, pledged its limited tax full faith and credit pursuant to the provisions of the Act, in the amounts set forth in the Contract. The Local Unit has covenanted and agreed to provide annually general or special funds in amounts sufficient to meet when due its Contractual Payments in anticipation of which the Bonds are issued, or, if necessary, to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory and charter tax rate limitations. All of such Contractual Payments are hereby pledged solely and only for the payment of principal of and interest on the Bonds. The holder or holders of the Bonds, representing in the aggregate not less than twenty percent (20%) of the entire issue then outstanding, may, by suit, action or other proceedings, protect and enforce the aforesaid pledge and enforce and compel the performance of all duties of the officials of the Authority, including, but not limited to, compelling the Local Unit, by proceedings in a court of competent jurisdiction or other appropriate forum, to make the Contractual Payments, appropriate general funds, and levy and collect appropriate taxes as herein authorized and as may be required under the Contract to be so appropriated, certified, levied and collected by the Local Unit for the Contractual Payments.

If required by the MMBA and approved by the Local Unit, the Bonds may additionally be secured by a revenue sharing pledge of the Local Unit.
Section 8. Custody of Funds. The Treasurer of the Authority shall be custodian of all funds of the Authority belonging to or associated with the System, and such funds shall be deposited in the Depository Bank.

Section 9. Establishment of the Debt Retirement Fund. The Authority shall, after the adoption of this resolution and the delivery of the Bonds herein authorized, open a special depository account with the Depository Bank to be designated DEBT RETIREMENT FUND - YPSILANTI COMMUNITY UTILITIES AUTHORITY WATER SUPPLY SYSTEM NO. 4 (CHARTER TOWNSHIP OF YPSILANTI) (the “Debt Retirement Fund”), into which the Authority shall deposit the proceeds of the Bonds representing premium or accrued interest paid at the time of delivery of the Bonds, if any, and all Contractual Payments as received. The moneys from time to time on hand in the Debt Retirement Fund shall be used solely and only for the payment of the principal of and interest on the Bonds.

Section 10. Operation and Maintenance. The operation, maintenance and administration of the System, and the acquisition and construction thereof, shall be under the overall jurisdiction and control of the Authority.

Section 11. Bond Form. The Bonds shall be in substantially the following form:
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WASHTENAW

YPKILANTI COMMUNITY UTILITIES AUTHORITY
WATER SUPPLY SYSTEM NO. 4 BOND (CHARTER TOWNSHIP OF YPSILANTI)

REGISTERED OWNER: Michigan Municipal Bond Authority
PRINCIPAL AMOUNT: Seven Million Four Hundred Thousand Dollars ($7,400,000)
DATE OF ORIGINAL ISSUE: ___________ ____, 2003

The YPSILANTI COMMUNITY UTILITIES AUTHORITY, a public corporation of the State of Michigan (the “Issuer”), for value received, hereby promises to pay to the Michigan Municipal Bond Authority (the “Authority”), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid prior thereto as hereinafter provided.

During the time the Principal Amount is being drawn down by the Issuer under this bond, the Authority will periodically provide to the Issuer a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding Principal Amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this bond.

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth in Schedule A attached hereto and made a part hereof, as such Schedule may be adjusted if less than $7,400,000 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of two and one-half percent (2.50%) per annum. Interest is first payable on October 1, 2003, and semiannually thereafter on the first days of April and October of each year, as set forth in the Purchase Contract.

Notwithstanding any other provision of this bond, as long as the Authority is the owner of this bond, (a) this bond is payable as to principal, premium, if any, and interest at the corporate trust office of Bank One Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the Authority (the “Authority’s Depository”); (b) the Issuer agrees that it will deposit with the Authority’s Depository payments of the principal of, premium, if any, and interest on this bond in immediately available funds at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; and (c) written notice of any redemption of this bond shall be given by the Issuer and received by the Authority’s Depository at least 40 days prior to the date on which such redemption is to be made.
Additional Interest

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the “additional interest”) at a rate equal to the rate of interest which is two percent above the Authority’s cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Issuer’s default. Such additional interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority) the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer’s pro rata share (as determined by the Authority) of such deficiency as additional interest on this bond.

This bond is the single, fully-registered, non-convertible bond in the principal sum of $7,400,000, issued under and in pursuance of a resolution duly adopted by the Board of Commissioners of the Issuer under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying the cost of constructing improvements to the System (as hereinafter defined).

This bond is payable solely from the proceeds of contractual payments to be paid by the Charter Township of Ypsilanti, Washtenaw County, Michigan (the “Local Unit”) to the Issuer pursuant to a certain contract dated as of February 1, 2003 (the “Contract”), between the Local Unit and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing water supply system improvements and appurtenances and attachments thereto in the Local Unit, said system being designated as Ypsilanti Community Utilities Authority Water Supply System No. 4 (Charter Township of Ypsilanti) (the “System”). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Unit has pledged its limited tax full faith and credit for the payment of its contractual payments, and the Local Unit is obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable statutory, constitutional and charter tax rate limitations. The Issuer has irrevocably pledged to the payment of this bond the total contractual payments, which said total payments are established in the amount required to pay the principal of and interest on this bond when due.

Bonds may be subject to redemption prior to maturity by the Issuer only with the prior written consent of the Authority and on such terms as may be required by the Authority.

This bond is transferable only upon the registration books of the Issuer by the registered owner of record in person, or by the registered owner’s attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Issuer duly executed by the registered owner or the registered owner’s attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.
It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of this bond, in order to make it a valid and binding obligation of said Issuer, have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of said Local Unit does not exceed any constitutional, charter or statutory limitation.

For a complete statement of the funds from which and the conditions under which this bond is payable and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Contract and the resolution of the Issuer authorizing the issuance of this bond.

IN WITNESS WHEREOF, YPSILANTI COMMUNITY UTILITIES AUTHORITY, by its Board of Commissioners, has caused this bond to be signed in the name of said Issuer by the manual signature of its Chairman and to be countersigned by the manual signature of its Secretary and its corporate seal to be imprinted hereon, all as of the Date of Original Issue.

YPSILANTI COMMUNITY UTILITIES AUTHORITY

By:  
BRENDA L. STUMBO, Chairperson

(Seal)

Countersigned:

By:  
LARRY J. DOE, Secretary/Treasurer
SCHEDULE A

Repayment of the Principal Amount shall be made according to the following schedule until the full Principal Amount disbursed to the Issuer is repaid, unless prepaid as provided in the bond. In event that the Principal Amount disbursed to the Issuer is less than $7,400,000 or in event of prepayment of the bond, the Authority may prepare a new payment schedule which shall be approved by a resolution of the Issuer.

$290,000 2004;
295,000 2005;
305,000 2006;
310,000 2007;
320,000 2008;
325,000 2009;
335,000 2010;
345,000 2011;
355,000 2012;
360,000 2013;
370,000 2014;
380,000 2015;
390,000 2016;
400,000 2017;
410,000 2018;
420,000 2019;
430,000 2020;
440,000 2021;
455,000 2022;
465,000 2023.

Section 12. Additional Bonds. Nothing contained in this resolution or the Contract shall be construed to prevent the Authority from issuing additional bonds under the provisions of the Act, but any such additional bonds shall in no way have any lien on or be payable out of the Contractual Payments pledged to the payment of the Bonds, except such additional bonds as may be necessary may be issued to complete the System pursuant to the authorization provided in Section 16 of the Contract.

Section 13. Construction Fund. The proceeds of sale of the Bonds, other than proceeds for premium or accrued interest described below, shall be deposited in a special depository account in the Depository Bank designated “YPSILANTI COMMUNITY UTILITIES AUTHORITY WATER
SUPPLY SYSTEM NO. 4 (CHARTER TOWNSHIP OF YPSILANTI) CONSTRUCTION FUND” (the “Construction Fund”). Proceeds of the Bonds representing premium or accrued interest paid at the time of delivery of the Bonds shall be deposited into the Debt Retirement Fund established under the provisions of Section 9 of this resolution. The moneys in the Construction Fund shall be used solely and only to pay costs of the improvements authorized in this resolution and any engineering, legal, bond insurance, financing or other expenses incidental thereto on authorization of the Authority, in accordance with the provisions of the Contract. Any unexpended balance remaining in the Construction Fund after completion of the System may be used for the improvement or enlargement of the System or for other projects of the Authority undertaken on behalf of the Local Unit, if such use be approved by the Local Unit. Any balance remaining after such use, if any, shall be paid into the Debt Retirement Fund, and the Local Unit shall receive a credit for the amount of such balance against the Contractual Payment next due.

Section 14. Investment of Funds. Moneys in any funds and accounts of the Authority may be invested by the Authority in United States government obligations, the principal of and interest on which are guaranteed by the United States government, or in interest-bearing time deposits, as shall from time to time be determined by the Authority. In the event such investments are made, the securities representing the same shall be kept on deposit with the depository or depositories of the fund or funds from which such investments are made and such securities and the income therefrom shall become part of the Debt Retirement Fund, to the extent necessary to pay amounts owing on the Bonds.

Section 15. Resolution and Contract. The provisions of this resolution, together with the Contract, shall constitute a contract between the Authority and the holder or holders from time to time of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of the provisions of this resolution and the Contract may be made which would materially lessen the security for the Bonds.

Section 16. Covenants with Bondholders. The Authority covenants and agrees with the
successive holders of the Bonds, so long as any of the Bonds remain outstanding and unpaid as to either principal or interest, as follows:

(a) The Authority will punctually perform all of its obligations and duties under this resolution and the Contract, including the collection, segregation and application of the Contractual Payments in the manner required by the provisions of this resolution.

(b) The Authority will apply and use the proceeds of sale of the Bonds for the purposes and in the manner required by the Contract and this resolution.

(c) The Authority will maintain and keep proper books of record and account relative to the application of funds for the construction of the System and the Contractual Payments received pursuant to the Contract. Not later than three (3) months after the end of each year, the Authority shall cause to be prepared a statement in reasonable detail, sworn to by its chief accounting officer, showing the application of the proceeds of sale of the Bonds, the cash receipts from the Contractual Payments during such year and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the construction of the System and application of funds therefor or for the payment of the Bonds during such year. A certified copy of said statement shall be filed with the Clerk of the Local Unit and a copy shall also be sent to the manager or managers of the account purchasing the Bonds. The Authority shall also cause an annual audit of the books of record and account for the preceding operating year to be made by a recognized independent certified public accountant and shall mail such audit to the manager or managers of the account purchasing the Bonds and the Department of Treasury. The aforesaid audit may be submitted to said manager(s) in place of the aforesaid statement.

(d) The Authority shall not invest, reinvest or accumulate any moneys deemed to be
proceeds of the Bonds pursuant to §148(c) of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder, in such a manner as to cause the bonds to be “arbitrage bonds” within the meaning of §103(b)(2) and §148 and the applicable regulations thereunder.

Section 17. Purchase Contract. The proposed forms of Purchase Contract between the Authority and the MMBA and Supplemental Agreement among the Authority, the MMBA and MDEQ are hereby approved, and the Authorized Officers, or any of them, are authorized and directed to execute such documents with such revisions permitted by law and not materially adverse to the Authority as may be necessary or advisable to accomplish the sale of the Bonds to the MMBA as contemplated herein.

The Authorized Officers are hereby jointly or severally authorized to take any actions necessary to comply with requirements of the MMBA and MDEQ in connection with sale of the Bonds to the MMBA. The Authorized Officers are hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MMBA or MDEQ or as may be otherwise necessary or convenient to effect the approval, sale and delivery of the Bonds.

Section 18. Section Headings. Section headings are for convenience only and do not constitute a part of this resolution.

Section 19. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are repealed.

Section 20. Effective Date. This resolution shall become effective immediately upon its adoption.
The foregoing resolution was offered by Member Larry J. Doe and supported by Member Karen Lovejoy Roe and adopted by the following roll call vote:

AYES: Commissioners Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, Karen Lovejoy Roe, and Peter J. Murdock

NAYS: Commissioners None.

LARRY J. DOE, Secretary/Treasurer
I, the undersigned, Secretary of the Ypsilanti Community Utilities Authority, do hereby certify
that the foregoing is a true and complete copy of a resolution adopted by the Board of Commissioners of
the Authority at a regular meeting held on Tuesday, January 28, 2003 and that said meeting was
conducted and public notice of said meeting was given pursuant to and in full compliance with the Open
Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were
kept and will be or have been made available as required by said Act.

LARRY J. DOE, Secretary/Treasurer
RESOLUTION NO. 03-3 TO APPROVE THE DEDICATION OF THE YCUA ADMINISTRATION BUILDING TO ELDON P. AHLES

Minutes of a regular meeting of the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, Michigan, held in the Authority, on the 28th day of January 2003 at 3:00 o’clock p.m., Eastern Standard Time.

PRESENT: Commissioners Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, Karen Lovejoy Roe, and Peter J. Murdock

ABSENT: Commissioners None.

The following preamble and resolution were offered by Commissioner Edward B. Koryzno, Jr. and supported by Commissioner Karen Lovejoy Roe:

WHEREAS, Eldon P. Ahles, as first Director of the Ypsilanti Community Utilities Authority, served the Ypsilanti Community in many distinctive ways; and

WHEREAS, as the leader of YCUA, Mr. Ahles laid the foundation for this invaluable resource for the Ypsilanti community; and

WHEREAS, as Director, Mr. Ahles established and consistently carried on the mission of the Authority “to provide top quality, cost effective, and environmentally safe water and wastewater services of our customers;” and

WHEREAS, Mr. Ahles established one efficient utility administration for the City and Township of Ypsilanti at the Ypsilanti Community Utilities Authority; and

WHEREAS, Mr. Ahles purchased the land for the Authority’s wastewater treatment plant and oversaw its design and construction, and

WHEREAS, Mr. Ahles inspired an excellent work ethic and pride for the Authority; and

WHEREAS, love and care for the employees of YCUA and the citizens of the Ypsilanti Communities were always utmost in his mind and actions.
NOW, THEREFORE, BE IT RESOLVED THAT the YCUA Board of Commissioners hereby dedicates and names the YCUA Administration Building the “Eldon P. Ahles Administration Building,” which we hope will inspire others to emulate the leadership, dedication, and commitment so ably demonstrated by Eldon P. Ahles.

AYES: Commissioners Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, Karen Lovejoy Roe, and Peter J. Murdock

NAYS: Commissioners None.

RESOLUTION DECLARED ADOPTED.

_________________________
LARRY J. DOE, Secretary/Treasurer
I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Commissioners of the Ypsilanti Community Utilities Authority, County of Washtenaw, State of Michigan, at a regular meeting held on the 28th day of January, 2003 and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976 and that minutes of the meeting were kept and will be or have been made available as required by said Act.

LARRY J. DOE, Secretary/Treasurer