
Members Absent: Karen Lovejoy Roe

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 March 25, 2003. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

3. NEW BUSINESS:

   A. Request to Approve - YCUA - Charter Township of Ypsilanti Amended and Restated Contract re: $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti) – Dennis R. Neiman

   Mr. Neiman advised the Board that the contract between YCUA and Ypsilanti Township regarding the sale of bonds for our second connection project needs to be updated. He indicated that the project has been delayed pending approval from DWSD on our plans. Mr. Neiman also explained that they have now given YCUA their approval. He pointed out that the Authority has approval for financing through the DWRF and will be starting the project in the next few weeks. Mr. Neiman explained that the contract needs to be re-stated with new dates. He further advised that it is
substantially the same contract previously approved by this Board with the adjustment of current dates.

Brenda L. Stumbo requested clarification as to whether the amended contract also referred to the City of Ypsilanti. Mr. Neiman responded affirmatively, indicating that their bonds will be issued at the same time.

Mr. Neiman recommended approval of the YCUA - Charter Township of Ypsilanti Amended and Restated Contract re: $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti).

Motion by Doe to accept Mr. Neiman’s recommendation for approval of the YCUA - Charter Township of Ypsilanti Amended and Restated Contract re: $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti). Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

B. Request to Approve - YCUA Resolution No. 03-11 Approving Amended and Restated Contract re: $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti) - Dennis R. Neiman

Mr. Neiman advised the Board that this is the resolution related to item A above.

Mr. Neiman recommended approval of YCUA Resolution No. 03-11 Approving Amended and Restated Contract re: $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti).

Motion by Doe to accept Mr. Neiman’s recommendation for approval of YCUA Resolution No. 03-11 Approving Amended and Restated Contract re: $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti). Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

C. Request to Approve - YCUA Resolution No. 03-12 Authorizing the Issuance of $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti) - Larry R. Thomas

Mr. Neiman advised the Board that this is a resolution of authorization related to item A above.
Mr. Neiman recommended approval of YCUA Resolution No. 03-12 Authorizing the Issuance of $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti).

Motion by Doe to accept Mr. Neiman’s recommendation for approval of YCUA Resolution No. 03-12 Authorizing the Issuance of $5 Million YCUA Water Supply System No. 3 Bonds (Charter Township of Ypsilanti). Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

D. Request to Approve – Tetra Tech MPS Proposal for Professional Services re: YCUA Drinking Water Quality Report for Calendar Year 2002 - Larry R. Thomas

Mr. Thomas advised the Board that each year, the Authority is required by Federal law to send to the users of our water system a Consumer Confidence Report. He indicated that the report must be mailed prior to July 1st of each year. Mr. Thomas also explained that he requested from Tetra Tech MPS a proposal for the preparation of the CCR. He pointed out that their fee is $3,500. Mr. Thomas explained that the total project, with printing and postage, is anticipated to cost $17,812.96. He further advised that $6,817.97 would be charged to the contract communities. Mr. Thomas stated that, in the planning meetings, YCUA staff would be discussing ways to reduce some of these costs.

Mr. Thomas recommended approval of the Tetra Tech MPS Proposal for Professional Services re: YCUA Drinking Water Quality Report for Calendar Year 2002 in an amount not to exceed $17,812.96 to be funded from the operations and maintenance budget.

Motion by Koryzno to accept Mr. Thomas’s recommendation for approval of the Tetra Tech MPS Proposal for Professional Services re: YCUA Drinking Water Quality Report for Calendar Year 2002 in an amount not to exceed $17,812.96 to be funded from the operations and maintenance budget. Support by Doe. In favor: All. Opposed: None. (Motion carried)

E. Request to Approve – Amendment to the YCUA – Augusta Township Sanitary Sewer Construction Agreement dated May 6, 1976 - Larry R. Thomas

Mr. Thomas advised the Board that the Authority is in the process of preparing a contract amendment for Augusta Township for additional
capacity in the wastewater plant. He indicated that, as part of the discussions with Augusta Township, one of our developers, Pulte Homes, was requesting additional capacity in the Whittaker Road sanitary sewer. Mr. Thomas also explained that the capacity of that sewer is owned jointly by YCUA and Augusta Township. He pointed out that YCUA is at its limit of capacity when the building approved in the area tributary to that sewer is completed. Mr. Thomas explained that one portion of a Pulte development had been submitted, which would cause YCUA to exceed its capacity by approximately 40 residential units. Mr. Thomas stated that Augusta Township agreed to transfer capacity for those 40 residential units to YCUA. He directed the Board’s attention to a contract amendment to the YCUA – Augusta Township Whittaker Road Sewer Agreement. He acknowledged that Augusta Township’s attorney drafted the contract amendment and our attorney has reviewed the same and is in agreement with the language.

Brenda L. Stumbo requested that, since Mr. Deitering is no longer the Supervisor of Augusta Township, Mr. Thomas obtain verification that the amendment was, indeed, approved by the Augusta Township Board prior to signing.

Mr. Thomas recommended approval of the Amendment to the YCUA – Augusta Township Sanitary Sewer Construction Agreement dated May 6, 1976, contingent upon verification that the same was approved by the Augusta Township Board.

Motion by Doe to accept Mr. Thomas’s recommendation for approval of the Amendment to the YCUA – Augusta Township Sanitary Sewer Construction Agreement dated May 6, 1976, contingent upon verification that the same was approved by the Augusta Township Board. Support by Koryzno. In favor: All. Opposed: None. (Motion carried)

F. Parkview Apartments – Delinquent Account Status – Thomas E. Daniels

Mr. Daniels advised the Board that Parkview Apartments is a not-for-profit apartment complex in the City. He indicated that, over the past several years, they have not fully paid their water bills. Mr. Daniels also explained that YCUA has placed on the tax rolls several hundred thousand dollars in delinquent accounts. He pointed out that the county has reimbursed YCUA for those delinquencies.

Mr. Daniels explained that the county is contemplating foreclosure
procedures next year on Parkview Apartments, however, due to a recent change in the state law regarding liens on property, YCUA may not be able to collect the delinquent accounts. He further advised that YCUA may be required to reimburse the county for payments forwarded to us.

Mr. Daniels stated that he and YCUA staff have been meeting on this issue with Ed Koryzno, and city staff and also Catherine McClary, the county treasurer. Ms. McClary then gave a presentation to bring the Board up to date on the situation.

Edward B. Koryzno, Jr. stated that his concern was that YCUA customers who pay their bills are not saddled with making this debt good; that, in other words, he would like to see this service terminated before the bill can get any higher.

Larry R. Thomas interjected that it was a very strong possibility that the Authority will, indeed, terminate service to the account in the near future. Mr. Daniels concurred that that was a sound plan.

Informational only; no motion from the Board required.

G. Request to Approve – Updates to YCUA Travel and Education Policy - Gwyn Belcher

Ms. Belcher advised the Board that YCUA staff has been working with the Personnel Committee to update the Travel and Education Policy. She directed their attention to the policy provided in their packets, which she indicated had been reviewed by the Personnel Committee.

Ms. Belcher recommended approval of the Updates to YCUA Travel and Education Policy.

Motion by Koryzno to accept Ms. Belcher’s recommendation for approval of the Updates to YCUA Travel and Education Policy. Support by Doe. In favor: All. Opposed: None. (Motion carried)

H. Community Development Projects - Samuel S. Hu

Mr. Hu presented to the Board the Monthly Community Development Plan Review for April 2003, summarized as follows:

1. Project Name:       Creekside Village West
                       Proj. Location: Northwest corner of Tuttle Hill and
Project Stage: Merritt Roads, Ypsilanti Township
Stage: Detail Engineering and Permit Application
(Water and Sewer Permits)
Received by YCUA: March 13, 2003
(Model Water & Sewer)
Developer: Pulte Land Development Corp., Royal Oak, MI
Engineer: Atwell-Hicks, Inc., Ann Arbor, MI
Background: The developer proposes to develop a Single Family community.
Area of Development: 148 acres
Number of Units: 197 lots
Estimated water use: 88,650 gpd (450 gpd/lot x 197 lots)
Estimated sanitary sewer use: 59,100 gpd (300 gpd/lot x 197 lots)
Equivalent to: 197 detached dwelling units

2. Project Name: Onondaga Avenue Sanitary Sewer Extension
Proj. Location: Onondaga Ave. south of Ecorse Rd. Service Drive, Ypsilanti Township
Project Stage: Detail Engineering and Permit Application (Water and Sewer Permits)
Received by YCUA: March 14, 2003 (Model Water & Sewer)
Developer: Mitch Jerden, Plymouth, MI
Engineer: Washtenaw Engineering Company, Ann Arbor, MI
Background: The developer proposes to extend a section of sanitary sewer for three residential dwellings.
Area of Development: N/A
Number of Units: 3 lots
Estimated water use: 1,350 gpd (450 gpd/lot x 3 lots)
Estimated sanitary sewer use: 900 gpd (300 gpd/lot x 3 lots)
Equivalent to: 3 detached dwelling units

3. Project Name: Prospect Road Water Main
Proj. Location: Prospect Road between Geddes and Clark, Superior Township
Project Stage: Detail Engineering and Permit Application (Water Permit Only)
Received by YCUA: March 3, 2003 (No need to model at this time)
Developer: Fairfax Limited Partnership, Ypsilanti, MI
Engineer: JMS and Associates, Inc. Westland, MI
Background: The developer proposes to extend a section of 16-inch water main (1,002 feet) along Prospect Road for future development
Area of Development: N/A
Number of Lots: N/A
Estimated water use: Will be based on the future development.
Estimated sanitary sewer use: Will be based on the future development.
Equivalent to: N/A

4. Project Name: Avis South Phase III (Unit 11)
Proj. Location: Southeast corner of Textile and State Road, Pittsfield Township
Project Stage: Detail Engineering and Permit Application (Water and Sewer Permit)
Received by YCUA: March 5, 2003
Developer: Avis Farms South LLC., Ann Arbor, MI
Engineer: Atwell-Hicks, Inc. Ann Arbor, MI
Background: The developer proposes to develop Phase III of a planned business district. The business district is planned for an office buildings.
Area of Development: 51.73 acs. (gross); 30.23 acs. (net)
Number of Lots: 1 site
Number of Parking: 1,250 spaces
Estimated water use: 62,500 gpd (50 gpd/pkg. x 1,250 pkgs.)
Estimated sanitary sewer use: 43,750 gpd (35 gpd/pkg. x 1,250 pkgs.)
Equivalent to: 140 detached dwelling units.

Informational only; no motion from the Board required.

I. Director’s Report - Larry R. Thomas

Mr. Thomas advised the Board that a special Board meeting has been scheduled for April 30, 2003 at 3:00 p.m. to discuss water and sewer consumption and financial considerations.

Brenda L. Stumbo inquired as to whether this was something that was anticipated. Mr. Thomas responded that it was not anticipated but, rather, it was recently discovered that GM Powertrain has reduced their usage by approximately 50%. He added this is a permanent reduction due to a new water recycling program instituted at the plant has had a detrimental impact on YCUA’s finances. Mr. Thomas added that their decrease in consumption amounts to approximately $2 million in lost revenue.

Ms. Stumbo asked for clarification of the newspaper reports that indicated that Visteon also decreased their usage. Mr. Thomas responded that Visteon has, indeed, reduced their usage but that their decrease was due primarily to
Ms. Stumbo addressed the assembly by stating that the Authority based its 2003 on revenue from Powertrain that was anticipated. She indicated that there are several ways to respond, including deduction of costs, organization restructuring (including possible layoffs), and rate increases to customers. Ms. Stumbo added that layoffs will be a last resort. She promised that the Board would work hard to avoid layoffs and asked that YCUA employees not hesitate to offer their ideas and suggestions.

YCUA employees Lynne Meyers, Renee Courte, and Debbie Isles presented their concerns and posed their questions regarding the decrease in revenue and the possibility of layoffs within the Authority.

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 $2,702,271.68 plus an addendum in the amount of $1,136,219.87. Support by Murdock. 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 3:57 p.m. Support by Doe. In favor: All. Opposed: None. (Motion carried)

Respectfully submitted,

LARRY J. DOE, Secretary/Treasurer
MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

YCUA RESOLUTION NO. 03-11 APPROVING AMENDED AND RESTATED CONTRACT RE: $5,000,000 YPSILANTI COMMUNITY UTILITIES AUTHORITY WATER SUPPLY SYSTEM NO. 3 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 22nd day of April, 2003, at 3:00 o’clock p.m., Eastern Daylight Time.

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

ABSENT: Commissioners Karen Lovejoy Roe

The following preamble and resolution were offered by Commissioner Doe and supported by Commissioner Koryzno:

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. 3 Bonds (Charter Township of Ypsilanti) pursuant to Act 233, Public Acts of Michigan, 1955, as amended in an amount of not to exceed Five Million Dollars ($5,000,000), for the purpose of defraying part of the cost of acquiring and constructing water supply system improvements to service the Charter Township of Ypsilanti; and

WHEREAS, an Amended and Restated Contract has been prepared between the Authority and the Township to provide for the financing of part 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 Amended and Restated Contract dated as of April 22, 2003 between the Authority and the Charter Township of Ypsilanti is hereby approved and the Chair 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,

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 22nd day of April, 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
YCUA Resolution No. 03-12 Authorizing the Issuance of $5,000,000 Ypsilanti Community Utilities Authority Water Supply System No. 3 Bonds (Charter Township of Ypsilanti)

Minutes of a regular meeting of the Board of Trustees of the Ypsilanti Community Utilities Authority held on the 22nd day of April, 2003, at 3:00 p.m., Eastern Daylight Time.

Present: Commissioners Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe, Peter J. Murdock

Absent: Commissioners Karen Lovejoy Roe

The following preamble and resolution were offered by Member Doe and supported by Member Koryzno:

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 an Amended and Restated 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 and the City (the “Project”); and

WHEREAS, under the provisions of the Contract, the Local Unit has obligated itself to pay part of 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 with the remainder of the cost of the
System to be financed by revenue bonds to be issued separately by the City; 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 part of 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. 3 (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 not to exceed $6,000,000 and the Local Unit’s share thereof of not to exceed $5,000,000, 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 not to exceed $5,000,000, 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. 3 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 October 1 in the years and amounts as follows:

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<th>Amount</th>
<th>Year</th>
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<td>205,000</td>
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<td>2017;</td>
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<td>275,000</td>
<td>2018;</td>
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</table>
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 Director, Chair, Secretary and Treasurer of the Authority (the “Authorized Officers”) are 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 Bonds principal amount is expected to be drawn down by the Authority periodically, and interest on 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 Chair 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. 3 (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:
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 $5,000,000 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 $5,000,000, issued under and in pursuance of a resolution duly adopted by the Board of Trustees 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 part of 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 Amended and Restated Contract dated as of April 22, 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. 3 (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 Trustees, has caused this bond to be signed in the name of said Issuer by the manual signature of its Chair 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, Chair

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 $5,000,000 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.

$195,000 2004;  
200,000 2005;  
205,000 2006;  
210,000 2007;  
215,000 2008;  
220,000 2009;  
230,000 2010;  
235,000 2011;  
240,000 2012;  
245,000 2013;  
250,000 2014;  
255,000 2015;  
265,000 2016;  
270,000 2017;  
275,000 2018;  
285,000 2019;  
290,000 2020;  
295,000 2021;  
305,000 2022;  
315,000 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. 3 (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 Doe and supported by Member Koryzno and adopted by the following roll call vote:

AYES: Commissioners

Brenda L. Stumbo, Edward B. Koryzno, Jr., Larry J. Doe,
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 Trustees of the Authority at a regular meeting held on April 22, 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.

[Signature]

LARRY J. DOE, Secretary/Treasurer